



## **Jio Financial Services Limited Q3 2023 – 2024**

### **Analyst Call Transcript**

---

#### Call Participants:

Mr. Hitesh Sethia, MD & CEO – Jio Financial Services Limited

Mr. Charanjit Attra, Group Chief Operating Officer - Jio Financial Services Limited

Ms. Jill Deviprasad, Head, Investor Relations – Jio Financial Services Limited

#### Transcript:

Ms. Jill Deviprasad, 4:27

Good evening, everyone. My name is Jill Deviprasad and I'm the head of Investor Relations for Jio Financial Services Limited. On the declaration of the results for 9-Months-ended December 31, 2023 of the Company, it gives me immense pleasure to welcome the analysts, investors, and our colleagues to this virtual meeting. We have with us today, our MD & CEO Mr Hitesh Sethia and our Group Chief Operating Officer Mr Charanjit Attra. This call will be recorded, and the recording will be made public. In this call, all participants will be in a listen only mode. The earnings presentation is uploaded on our website [www.jfs.in](http://www.jfs.in) and on the stock exchanges.

Before I hand over the call, I would like to read out the safe harbour statement. *Certain statements are forward-looking in nature. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual outcomes may differ materially from those included in these statements due to a variety of factors.*

Now, I would like to hand over the call to Hitesh for his opening remarks.

Mr. Hitesh Sethia, 5:46

Thank you, Jill. Good evening everyone, and a very Happy New Year. It is my pleasure to join you today for the 2nd investor call of Jio Financial Services Limited. The prospects of our economy continue to remain bright with all macro indicators pointing to a continued robust growth which in turn provides



opportunities for JFS. As is widely known, the key underpinnings of the growth are favourable demography, rising affluence, increased savings and investments and rising entrepreneurship spirit in India. Digital India will continue to play a vital role as the growth unfolds over the coming years. While the opportunity spectrum continues to remain attractive, we also remain observant about the recent market developments, especially in the unsecured consumer loan segment. As a consequence of some of the early warning signals, the reserve bank of India has increased risk weights for lending to NBFCs and certain lending categories by the NBFCs.

In the quarter ended December 31, 2023, we have successfully completed the sandbox for our consumer durable loans and personal loans. The entire loan process is digital, with robust systems in place for underwriting and customer journeys, to ensure both adequate guardrails and at the same time, seamless experience is provided to our customers. Given the current environmental factors on these products, we are now tightening the credit frameworks to ensure that the foundation blocks on risk and underwriting for JFS remain strong. In the near-term, now our focus is predominantly on secured avenues of lending and leasing.

As a part of our accelerated journey on secured lending roadmap, we have devised an operating lease model which aims to provide what we have called Device-as-a-service for consumer devices across the country which will help us create new markets. In this model, JFS will provide equipment such as digital airfiber, phones, laptops and various other equipment, on lease to end consumers. In addition to providing a unique launch pad to acquire customers in a risk-calibrated manner, the payment track record of these lease rentals over a period of time adds a rich layer of intelligence to cross sell further financial products and services. The operating lease business that I have just described will be launched through a separate wholly-owned leasing subsidiary of JFS.

In this quarter, we have also been working towards a Supply chain financing solution. A supply chain financing solution provides an opportunity to create short-term self-liquidating exposure, which is closely linked with underlying trade and commerce. This product will be launched in the coming quarters. The planned approach here is to first leverage the rich ecosystem of JFS as an opportunity.

With the growing depth and breadth of retail capital markets in India and the rapid advancements that are being made in the public digital infrastructure in the recent years, we see an opportunity in lending against shares and mutual funds. We



believe that our superior technological capabilities and customer experience will be differentiators for us to win in these markets.

Moving forward, on other businesses, we continue to expand the partnership suite for our insurance broking entity and have increased the number of insurance company tie-ups to 27 insurance companies as of December 31, 2023.

We continue to offer a full range of products and solutions across life, non-life and health insurance products for our customers. On the payments bank, we have completely revamped our digital savings account and launched virtual debit cards. Our payment solutions company has successfully completed a pilot of the Jio Voice Box for merchants and the feedback has been positive. Simultaneously, a merchant app has also been launched along with the Jio Voice Box. This is our first step towards digitizing the merchant collections which, in turn, will help us capture valuable data to harness cross sell opportunities. Further, we have enabled Jio Bharat phones with UPI 123.

Now, I would like to give you a short update on governance and other foundational aspects. The Board of Directors of JFS has now been reconstituted and necessary regulatory approvals are in place for the holding company. I am also happy to note that, as a foundational step, we have embedded the principles of ESG as a part of our business process. A board level committee has been set up to provide necessary oversight and guidance. We also continue to build on our technology and management capabilities across various businesses. On the regulatory front, in line with the terms of our scheme of arrangement for demerger from Reliance Industries Limited, we have filed our application with the Reserve Bank of India for conversion of Jio Financial Services from an NBFC to a Core investment company. In this quarter, we have also filed our application with the Securities and Exchange Board of India (SEBI) for an in-principle approval for our Joint Venture with Blackrock on the Asset Management business. From a structural point of view, including the Asset management business and the leasing company, we will now have 6 customer facing entities.

In conclusion, I would like to say that we continue to build on our ambition to democratize financial services across the spectrum by offering simple, affordable, innovative and intuitive products. Our core principles of building the business remain the same, that is, reputation above all, regulatory adherence in letter and spirit, return of capital and return on capital. We will continue to build on the strength of our brand, capital and the team that we are putting together.



Last but not the least, we will also continue to derive benefit from the fact that we do not have any technology debt and hence are putting together a modern fit-for-purpose contemporary technology stack. We remain committed to rewarding your trust in us with superior sustainable returns over the long term.

Now, I would request my colleague Mr. Charanjit Attra, Chief Operating Officer, to take you through the detailed financial statements. Charanjit Over to you.

Mr. Charanjit Attra, 12:50

Thank you, Hitesh and good evening, everyone. I am pleased to present to you the financial highlights for the Nine-months-ended December 31st, 2023. The Financial results for the Nine-Months-ended December 31st, 2023, are prepared under the Indian Accounting Standards as prescribed by the Ministry of Corporate affairs.

Jio Financial Services Limited has submitted an application for conversion of the Company from a systematically important non-deposit taking Non-Banking Financial Company registered with the Reserve Bank of India to a Core Investment Company. This application is in accordance with the approval given by the Reserve Bank of India for the change in the shareholding pattern and control of the Company pursuant to the demerger. The Company is a holding company and operates its financial services business through its consumer facing subsidiaries which are:

Jio Finance Limited (formerly known as Reliance Retail Finance Limited), a registered NBFC and is engaged in the business of lending and making investment in shares and securities in India.

Jio Insurance Broking Limited (formerly known as Reliance Retail Insurance Broking Limited), engaged in the business of insurance broking in India.

Jio Payment Solutions Limited (formerly known as Reliance Payment Solutions Limited), engaged in the business of payment gateways and payment aggregator business including merchant payments.

In addition to the above, the consolidated financial statements also include the results of Reliance Industrial Investments and Holdings Limited, Jio Infrastructure



Management Services Limited and Jio Information Aggregator Services Limited which are subsidiaries and Reliance Strategic Holdings Limited which has been accounted for as an associate in accordance with the Indian Accounting Standards

On December 31st, 2023 Reliance Industrial Investments and Holdings Limited holds:

24.09 crore equity shares of RIL representing 3.56% of the paid-up share capital of RIL; and is the sole beneficiary of 17.19 crore equity shares representing 2.54% of the paid-up share capital of RIL held by Reliance Strategic Holdings Limited.

We also have a Joint venture namely Jio Payments Bank Limited engaged in the business of providing financial services including payment banking facilities and retail banking facilities in accordance with the guidelines issued by the Reserve Bank of India.

The Consolidated Profit After Tax for the nine-months-ended, December 31st, 2023 stood at Rs 1,294 crores and for the Quarter ended December 31<sup>st</sup> 2023 stood at Rs 294 crores. The Standalone Profit After Tax for Nine-months-ended December 31st, 2023 stood at Rs 305 crores and for the Quarter ended December 31<sup>st</sup> 2023 stood at Rs 71 crores. For a new entrant like us which has no legacy book or legacy systems, there is a great opportunity to accelerate our secured lending proposition. Accordingly, we plan to launch a leasing business and a supply chain financing business. Our capability building is well on track. Key leadership positions have been filled and as at December 31<sup>st</sup> 2023 we are 516 people strong. The Technology stack has now been put in place with the completion of the personal loans and the consumer durable loans in sandbox.

Since the figures of the previous year are not comparable, I would now present the quarterly and year-to-date numbers. The Consolidated Pre-Provisioning Operating Profit was Rs. 1,212 crores for the 9-month period ended December 31<sup>st</sup>, 2023. Similarly, the Consolidated Pre-Provisioning Operating Profit was Rs 316 crores for 3-months ended December 31st, 2023 as compared to Rs 537 crore for the 3-months ended September 30<sup>th</sup>, 2023 primarily due to dividend income of Rs. 217 crores in Q2 2024 as compared to no dividend income in Q3 2024 and higher operating expenses in Q3 2024 reflecting certain one-time costs incurred for capability building and CSR activities.



The Standalone Pre-Provisioning Operating Profit was Rs. 417 crores for 9-month period ended December 31<sup>st</sup>, 2023. The Standalone Pre Operating Profit was Rs 98 crores for 3-month ended period December 31, 2023 as compared to Rs 124 crore for the 3-month period ended September 30<sup>th</sup>, 2023 primarily due to higher operating expenses in Q3 2024 reflecting certain one-time costs incurred for capability building and CSR activities.

The Consolidated interest income increased from Rs. 186 crores in Q2-2024 to Rs. 270 crores in Q3-2024 primarily due to increase in average interest earning assets.

The fees and Commission income remained at similar levels Q3-2024 as compared to Q2-2024.

The Net gain on fair value changes decreased from Rs. 164 crores in Q2-2024 to Rs. 103 crores in Q3-2024 primarily due to redemption of certain Money Market Instruments.

The Staff expenses increased to Rs. 33 crores in Q3-2024 from Rs 31 crore in Q2-2024 representing an increase in the number of employees.

The increase in the other operating expenses was primarily due to one-time costs incurred for capability building and CSR activities.

This has resulted in a Consolidated Profit after tax at Rs. 1,294 crores for the 9-month period ended December 31<sup>st</sup> 2023.

The share of JV and associates was Rs. 66 crores in Q3 2024 as compared to Rs. 218 crores in Q2 2024, reflecting no dividend income in Q3 2024 as compared to Rs. 154 crores in Q2 2024.

The Standalone profit after tax was at Rs. 71 crores in Q3 2024 from Rs. 89 crores in Q2 2024.

Now, I would like to hand over the presentation back to Jill. Thank you so much.



Ms. Jill Deviprasad, 20:57

Thank you, both, for the presentation and Thank you everyone for joining this call. Again, our earnings presentation is uploaded on our website [www.jfs.in](http://www.jfs.in) and the stock exchanges. On behalf of JFSL, this concludes the Earnings Call. You may now disconnect your line.