Management Discussion

Hanishi Shah - Investor Relations, Adfactors PR
Thank you. Uh, good day everyone, and thank you for joining us today to discuss the Q2 and H1 FY27 business performance of Religare Enterprises and its subsidiaries. We have with us today the management of Religare Enterprises Limited and its subsidiaries. Before we proceed with this call, I would like to mention that some of the statements made in this call may be forward-looking in nature and may involve risk and uncertainty. The company undertakes no obligation to update any forward-looking statements to reflect the developments that occur after the statement is made.

Documents related to the company's financial performance, including the investor presentation, have been uploaded on the stock exchanges and on the company's website. I now hand over the call to Mr. Pratil Gupta, Chief Financial Officer at Religare Enterprises Limited. Over to you, Pratil.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Thank you, Hanishi. Good evening, ladies and gentlemen, and welcome to our Q2 and H1 FY27 earnings conference call. Thank you for joining us. This quarter is important for us as we have been speaking about putting the building blocks in place for the financial services side, and this quarter actually marks our shift from preparation to execution. Further, REL board has been strengthened with shareholder directors, Religare Finvest has resumed lending, and leadership across all 4 of our operating businesses is in place.

Before I take you through the numbers, I would like to invite Mr. Arjun Lamba, our Managing Director, to share his opening remarks. After that, I'll cover the financial services business, which would be REL, Religare Broking, Religare Finvest, and Religare Housing Finance. My colleague Amrit Jindal will then take you through Care Health Insurance operating matrices. Over to you, Arjun. Thank you, Pratul. Good evening everyone, and thank you for joining us. Over the past year, we have laid a strong foundation for each of our businesses by hiring the right talent, setting clear goals, adopting the latest technology platforms We've also capitalized all our subsidiaries and we continue on our path to build and create value for our shareholders.

Uh, this month itself, the RBI approved the appointment of Dr. Anand Barman, Mr. Aditya Barman, Mr. Mohit Barman, and Jimmit Modi as directors on our board. This is a significant step as these are promoter and shareholder directors which are much needed on our board. Our new directors bring vast experience in building enduring businesses. We welcome them and look forward to their guidance. Talking about individual businesses, Religare Finvest, which has a strong balance sheet, adequate capital and liquidity, with an experienced management team at the helm led by Karthik Sridharan, has now resumed lending and recently disbursed our first loan after a span of 10 years just before Diwali.

Now we are in the mode of ramping up our opening branches to be closer to our customers and offering them an array of products. We are focused on scaling this business over time. Care Health is the 2nd largest standalone health insurer in India, growing at a very healthy rate, and we look When we see a long runway for this business with the best-in-class management team at Care led by Ajay Shah, we hope to continue the momentum going forward. Religare Broking has improved its performance under Mr.

Vijay Goel and remains profitable. It is in build-out mode and we will share updates with you as things develop. Uh, Religare Housing- our housing business is also in a build-out phase under Mr. Pawan Gupta, who has recently joined us. We have hired the leadership team here in Emaar Capital

for supporting its growth and expansion. We've also moved our corporate offices to Mumbai. Our focus remains on growing each of these businesses in the short to medium term. Now all the building blocks are in place, be it management teams, capital, tech platforms, board and governance.

So I think the ingredients are there and we will hopefully be bringing good news to you on these platforms in the coming quarters. On the demerger/restructuring, we are in touch with the regulators and this remains a high priority item for us. Uh, with this, I would like to now hand the call back to Pakul. Thank you. Thank you, Arjun. I will straight away move into covering detailed updates before transitioning to Q&A. As I said earlier, our, uh, Q2 marks our shift from preparation to execution.

Our subsidiaries are very well capitalized, leadership is in place, and RFL has moved from readiness to disbursement. Let me walk you through the investor presentation, which is available on our website and on the exchanges. Slide 4 summarizes our business overview. We operate in 2 segments: financial services through Religare Broking, Religare Finvest, and Religare Housing Development Finance Corporation, and insurance through Care Health Insurance, India's second-largest standalone health insurer.

Moving to slide 6, it captures the financial summary. Of REL. On a consolidated basis, REL reported total income of around Rs 4,717 crores for H1 FY27, clocking a growth of 19% YoY. Consolidated loss after tax for the half year was Rs 145 crores. Uh, I would just like to point out that REL has a net worth of close to Rs 3,000-odd crores as of September 30th, 2026. Moving to slide 7, Total income for the quarter was Rs 2,390 crores and total expenses were reported at Rs 2,518 crores, resulting in a loss before tax of Rs 128 crores.

The slide shows in detail quarterly and half-yearly results for your reference. Moving to slide 9, on a standalone basis as a non-operating CIC, REL for the quarter reported income of little over Rs 3 crores. And expenses of around Rs 16 crores, resulting in a loss of approximately Rs 13 crores for the quarter. The total income for the first half was Rs 8 crores and total expenses were in around Rs 31 crores, resulting in a reported loss of Rs 23 crores for the first half of the year. I'll now move to Religare Broking Limited.

On slide 11, the market activity was subdued during the quarter and regulatory changes weighed on trading volumes. Lower client trading affected brokerage revenue, but growth in our client funding book and distribution income offset much of it. For the half year, the business delivered a strong rebound in profitability driven by operational efficiency and a balanced revenue mix. In August this year, REL infused Rs 100 crores into RBL through a rights issue, which strengthened its capital base and helped it to scale up the margin trade financing book.

I am happy to report that recently CRISIL upgraded RBL's long-term rating to CRISIL BBB+ Stable from CRISIL BBB Stable, and its short-term rating also received an upgrade. CARE Ratings reaffirmed its rating to CARE BBB+ and CARE A2. Next slide covers the half-year highlights as well. Total income grew 7% to Rs 197 crores. Driven by 13% growth in brokerage income and 21%+ growth in interest income, with our client debit book up by over 50%. Profit before tax grew 29% to Rs 13 crores, and assets under custody stood at over Rs 56,000 crores.

Brokerage contributed 46% of revenue, interest income brought in 32%, and e-governance contributed 10%. And the balance from depository services and third-party products. On slide 12, Q2 total income rose 9% on a year-on-year basis to Rs 97.4 crores, driven by brokerage and interest income. Quarterly PAT was broadly flat at Rs 2.5 crores against Rs 2.6 crores last year. The consolidated net worth of the broking business and its subsidiaries rose to close to Rs 488 crores,

mainly on account of capital infusion.

On key business matrices, slide 13 is where I am. Cash segment average daily turnover grew from Rs 274 crores to Rs 320 crores year-on-year, in line with the market. Derivatives ADTO rose 12% and unique traded clients increased marginally quarter-on-quarter. On the P&L side, I'm on slide 14. Revenue was broadly stable sequentially Employee cost rose with strategic hiring and annual incentives, and finance cost rose with the funded book. Q2 PBT was Rs 3 crores against Rs 3.3 crores reported last year, while first half total comprehensive income grew 34% to Rs 10 crores from Rs 7.5 crores reported earlier.

We continue to invest in our trading platform, our next-generation architecture and talent, and our approach continues to become better before we become bigger. I'll now quickly move to Religare Finvest Limited, slide 17. This was the quarter RFL moved to resumption and restart. I am happy to report that RFL has resumed its lending. It offers loans against property, business loans, and used car loans to salaried and self-employed borrowers, small business owners, and traders. We restarted in Uttar Pradesh, opening branches in Lucknow, Kanpur, and Noida in the first week of November.

And just before Diwali, RFL disbursed its first loan in New Avadhar. The next phase of branches will open in Tamil Nadu, Rajasthan, and Maharashtra in the near future. Our approach rests on secured first retail lending, faster decisions, fewer touchpoints, and quicker dispersal. Tech-led underwriting with branch-led relationships and growth with guardrails. RFL will be a risk-disciplined organization from day one. Slide 18 gives the overview of financial performance of RFL. It is a middle-layer NBFC as categorized.

Its legacy SME book stands at around Rs 43 crores. PAT for the first half year was Rs 64.5 crores. And net own funds are at around Rs 891 crores. RFL has a robust capital position with a tangible net worth of Rs 963 crores and cash and liquid investments of Rs 660 crores. The net NPA is nil and CAR is over 230%, well above regulatory requirements. On slide 19, we are just capturing the key ratios. The total income for Q2 FY27 was Rs 44.8 crores compared with Rs 20 crores in Q2 of last fiscal, driven by healthy recovery from the GNPA book, which also lifted the profitability.

Profit after tax for Q2 FY27 was Rs 49 crores against Rs 30.8 crores last fiscal. Collection efficiency has remained consistently strong at around 100%, and net NPA is now nil. Finally, on slide 20, The detailed P&L is, uh, descriptive. Net interest income was Rs 39.3 crores for the quarter against Rs 18.5 crores previous year. It is again on account of higher recoveries from the GNPA book. Overall, the performance reflects the team strength in collecting from the NPA pool and building cash, which positions RFL very well for its next phase.

The capital is in place, the branches are open, and the first loan has been disbursed. The priority now is to grow carefully with quality and collection setting the pace. I just take now Religare Housing Development Finance Corporation. RHDCL focuses on self-employed and informal segment customers in semi-urban markets where we see strong potential. Currently, we serve around 2,700 customers through 15 branches in 8 states. About 57% of our customers are self-employed. And over half of them have bureau scores above 700.

We are building a granular portfolio backed by residential mortgages with an average ticket size of around Rs 11 lakhs and a portfolio loan-to-value of about 46%. AUM currently is above Rs 240 crores with 60% home loans and 33% loans against property. With a net worth of Rs 170 crores and a capital adequacy of 117% with no external borrowing. Uh, the business is now in a situation to restart itself in a big way. REL has further committed Rs 250 crores of capital to strengthen its

balance sheet. We continue to hold investment-grade ratings at RHTLCL.

During the quarter, the business also stepped up collection and recovery efforts, which reduced delinquencies and brought the 1+ pool down to 19%. There is an increased focus on home loans for self-construction, and we are identifying high-potential DSAs and connected partners. Slide 24 just describes the financial performance, and slide 25 again depicts that net interest income was Rs 6.6 crores. And operating expenses were close to Rs 17 crores for the first half. This is mainly due to higher depreciation and technology costs as our IT transformation is underway in RHTFCL.

Overall, the company reported a loss of around Rs 8 crores for the quarter, and this is against Rs 5 crores for Q1. This broadly summarizes the financial services segment performance. I will now hand over to Amrit Jindal, CFO of Care Health Insurance, to take you through the Care Health Insurance business. Over to you, Amrit. Thank you, Pratap. Good afternoon, everyone. Before coming to the slide, I'll give highlights for the HRI. Our retail business during H1 grew at 44% year-on-year on a full premium basis, with continued market share gains in retail health insurance.

Total GWP grew by 35%, again on a full premium basis. During the quarter, we raised Rs 300 crores in Tier 2 capital, and post that, uh, in the month of October, we raised another Rs 150 crore as a Tier 2 capital. Profit before tax on an in-days basis for H1 is Rs 392 crores against Rs 276 crores for the same period in the last year. Loss ratio for H1 financial year '27 stands at 66.1%, which has improved by 90 basis points. Now let me walk you through the presentation. I am on slide 27. So company has aggregated a top line of Rs 6,897 crores on a full premium basis with a growth of 35%.

We have a market share of 7.3% among industry and 24% within Sahi segment. Company consistently delivering high teens ROE basis PBT and our investment AUM touched Rs 12,900 crores. Our claim settlement ratio is 97%. Now I'm on slide 28. Over the past 4 financial years, the company has delivered a strong CAGR of 30%. Our retail health market share stands currently at 12.8% against the industry- amongst the industry, and 21.3% amongst Sahits. The organization is a multi-channel organization focusing on all channels, wherein proprietary channel contributes almost 47% of the total GDP.

Additionally, the retail mix has improved by 4% on a YOY basis. On the next slide, it depicts the investment book that we have. The investment book increased by over Rs 1,140 crore compared to June '26, driven by strong business growth and inclusion of sub-debt of approximately Rs 300 crore. Portfolio mix consists largely of bonds and G-Secs, which constitute 92% of the entire book. Investments are predominantly allocated to sovereign and highest-rated instruments, and the debt yield has been consistently in the range of 7.2% to 7.3%.

On the next slide, we achieved a top line of- as we discussed in the, in the previous slides as well, we achieved a growth of 44% in retail business with more than 50% growth in the retail new business. Retail health persistency rate has improved significantly, gone up to 97% from 91%. Claim settlement ratio is maintained at 97%, and our deviances has significantly come down for 10,000 policies and for 10,000 claims as well. The next slide talks on the digital transformation that we have. 99.5% of the policies are issued digitally.

80% of cashless claims are processed within 30 minutes, and our cashless claim entry stands at 74%. Over 60% growth is delivered by D2C new business. The next slide highlights the key capabilities of company's robust mobile app platform. There are 13.8 million app installations, and currently we have 1.2 million active users. Users. The app offers a wide range of features, and 67% of active retail customers, they are now available on the mobile app. Next slide, it gives a comparison of the company's financial performance on an in-days basis, and it gives the GWP on,

on both N and 1/N basis.

Under in-days, profit before tax stood at Rs 392 crores compared with Rs 276 crores in the previous year's corresponding period, with a growth of almost 42%. Our claim ratio has improved by 90 basis points, and our combined operating ratio, it has improved by 70 basis points, and currently we stand at 100.5%. Return on equity based on PBT increased to 12.1% from 10.2% in the previous period, and these are non-analyzed yields for the H1 PDF. The next slide, though we have highlighted all the results in the previous slide, this gives the breakdown of India's P&L.

Under India's insurance revenue as on H1 financial year '27 stands at Rs 6,119 crore, which grew by 29%. Insurance service result increased by over 170% compared to previous year. Which was Rs 129 crore in H1 financial year 27 against Rs 47 crore in H1 financial year 26. Again, combined insurance service ratio has improved by 70 basis points. Next slide, it gives numbers on a 1 by N basis. Again, these are the transition years for 1 by N, and hence these numbers may not be comparable. So that's it from my side.

Handing over back to Pratap. Thank you. Thank you, Avnish. We are now ready to take questions. Back to you, Hanishi.

Questions & Answers

Operator
Thank you. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Rajiv with Motilal Oswal Financial Services. Please go ahead.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Hi, I would like to know from Care Health Insurance, even though this organization was highly profitable, all of a sudden it has not been profitable. So I would like to know by when this organization will come to profitable. Hi, Rajiv, I think you are referring to slide 35 wherein the numbers are on a 1 by N basis. So my request, if we can look at our numbers on an in-days basis, wherein the company is highly profitable. Our profit is almost Rs 392 crores against Rs 276 crores in the same period last year with a combined ratio of 100.5%.

So 1 by N was introduced by regulator in October '24 and these are transition years. So, uh, and hence there is a, there is a loss in, in 1 by N basis. How long that will continue? Uh, so maybe from, uh, October '27 onwards, from next financial year, we are gonna see I'll not say that it will be back to normal, but it will be largely it will be back to back to normal because October 27 will be the third year post that change, and next year we are going to see profit on a one by one basis as well.

Premal Sanghvi - Analyst, Vama Financial
India S B S [Foreign Speech] But

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Yeah, but next year I think the company has adopted India. We filed for a forbearance only for one year, so I think next year on an India basis we are going to show our results only. But just to answer to your query, on a one by one basis, as the next year next year numbers will be very possible. date will be from calendar year 27 and it will be in October 27. so it will be from next financial year, I say,

from October 27, I say, from third quarter

Operator
Next year. okay thank you. The next question comes from the line of Deepak Malhotra with Capgro Capital Advisors LLP. Please go ahead.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Hello, uh, my first question is basically, if you look at on page 9, you have basically talked of fees and commission charges which has risen up by almost 30%. Now when I compare it vis-à-vis your growth in the GWP, which is at 40% plus overall, maybe I can understand this is contributed by that, but at the same time your expense ratio is basically up to 34.4% for H2 FY27 versus 34.2% for H1 FY26. So despite this enormous scale growth in VWAP premium, I don't see any reduction in the expense ratio.

So where is the operating leverage really kicking in? I don't understand that. At the same time, when I look at the expense ratio, the same is almost 5% higher than your competitor, like say Star. And at the same time, as in addition to previous question, your combined ratio is still more than 100%. So I'm not able to make any underwriting profits, you know, uh, in, in, in that sense, before I can make my investment returns. So what is really the status on the same? Thank you. Hi Deepak, Ajay this side.

Yeah, so one on the expense ratio. See, our new business growth, very few years new business growth sees a radical growth compared to renewal business growth. Leverage you will find in the renewal business, but new business growth is higher than 50%. So expense, because of our new business growth is higher, it doesn't It doesn't come down. On the combined, around last, last investor con call, I had insisted and I had made a future guidance-looking statement that will be near 100 in March '28. We seem to be well ahead of that curve.

Operator
Thank you. The next question comes from the line of Mahesh with MK Global Financial Services. Please go ahead.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Yeah, hi, uh, good afternoon and thanks for the opportunity. So I had one question with respect to Care. Uh, so if you look at the claims ratio for the quarter, which is based on GAAP-based accounting, so the claims ratio has gone up from almost 70% to almost 73%. So just wanted to understand what is driving this increase in claims ratio. I understand that Q2 is generally claims-heavy quarter in terms of monsoon season. So is it driven by higher amount of frequency in terms of higher claims with respect to monsoon-related diseases, or is it driven by higher claim severity?

That is the first question. And secondly, if you could just help me with the breakup of the retail raw loss ratios and group loss ratios? Hi, man. So what I recommend and what I would insist is you should only look at claim ratios in NDS. That is driven in 1/365, and that's a right number which we should reflect. 1/N are more accounting methods, but we should only follow NDS method. Yes, I think we have reduced our claim ratio overall. On the

Arjun Lamba - Managing Director, Religare Enterprises Ltd
Retail piece, our claim ratio should be nearing 70, and group I am not too much. Um,

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
So I think, I think on a, on a loss issue, on a retail loss issue, if we look at our renewal loss ratio, it's running almost at the same percentage what it was in the previous year. And our new book loss ratio, it has, it has come down a little bit as compared to previous year. So I think, I think on the discounter retail loss issue and overall our retail losses overall our loss issue has come down by 90 basis points, as we have shown in our India financial statements. got it sir and secondly, you know, could you help us with, you know, your understanding of basically your h paper.

I know, you know, the final version is yet to come out, but if you could just help us qualitatively understand what- how are you seeing the impact on the business? So I'll try to answer it in 2-3 sentences. Number one, on the business, at least our agency business of retail has been doing good percentage of sales. So I don't see it to be impacted. Even D2C seems to be good, that won't be impacted. Approximately 55 to 56% of business is not impacted. But when I look at the guidelines, probably it will do 3 changes.

Number one, we had variabilized few parts of expenses which had- we had given to our partners, like renewal servicing or call center servicing that we will have to bring back in-house. Few discounts have to be passed on to the consumers. And the last and not the least, I see business mix would change, the mix of different channels should change. So while the regulation, there may be a short-term pain, but overall combined, my sense is we'll be able to maintain 99 to 100 on this. Okay, thank you so much.

Operator
The next question comes from the line of Manjit with Neo Group. Please go ahead.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Hi, uh, my question is regarding the profitability that is used by the regulator to calculate solvency ratio. Hello?

Arjun Lamba - Managing Director, Religare Enterprises Ltd
Yes.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Yeah,

Arjun Lamba - Managing Director, Religare Enterprises Ltd
Calculate it on the 1 by N basis, please.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Yes. So by how much time do you think would we take, or even if not time, what needs to change that company does not need to raise capital, uh, to fund the growth? And would we reach that level after 2 years, 3 years, and what all needs to change before we reach [Foreign Speech] hi [Foreign Speech] So I think currently the regulation says that the solvency needs to be calculated on IF basis on which we are calculating. Recently there is IF has also formed a committee within there coming up with a draft regulation on the QIS.

Methodology, and they will be calculated on in-days numbers as well. So, so we have- we also- we are also awaiting those kind of regulations as well, as when they'll come up. But just to give you a context, uh, the difference of a net worth between an IGAP and on an in-days basis as on today would be- or by the end of this year would be almost more than Rs 1,000 crore. So the moment the

solvency is shifted on an in-days basis this Rs 1,000 crore is going to add, uh, to that base and we are going to see a very different number for the solvency.

But, but right now very difficult to comment, comment as, as what the regulation and in what form and shape is, is gonna come. So we are also waiting for that as well and, uh, we are very positive. So historically also we have been generating good ROEs, we have been generating good profits as well. Largely the capital infusion is happening only because of this change in regulation. And we are waiting for these regulations as well. So I think as of now it's very difficult to say that after 2 years whether any capital will be required or not, but this is always an endeavor that capital infusion should not be required and the business should be able to self-sustain after maybe from next year onwards.

Thanks, Abhishek. If the regulation gets changed, well and good, because of the gap of Rs 1,000 crore plus I, uh, RND's profitability even for first half is Rs 300 crores, which will keep getting added to the net worth and going forward. In that case, all is well and good. But in the absence of such a regulation change, and none of this is scientific, but as per the rough calculation, it seems that the combined ratio that we reported somewhere around 110 needs to drop to 100. 5 before, uh, we don't need to raise capital to fund the growth.

Is that understanding correct? And if that is correct, then are there any levers that are in our hand that we can pull to achieve that kind of profitability? Or is my understanding correct that we can probably calibrate growth, uh, to bring down this ratio? That's my last question. Um, I think, I think you were, you were not very audible for the, for the second part of the question. If you can repeat that. I think that if, if the regulation changes, then it is all well and good because of the existing gap of Rs 1,000 crore in network plus all the profits that we are already generating in India Standard, which will also keep getting added to the network.

But in the absence of such a change in regulation, the way solvency is getting calculated today, it seems to me that our existing solvency ratio- uh, sorry, existing combined ratio, which is at 110, needs to drop to somewhere around 105 before we can keep growing without raising the external funds. And if that's true, then what levers do we have internally to bring down this combined ratio from 110 to 105, or whatever is the right number? So, so I think, uh, um, on that, on that combined ratio, I think, um, we have not done the, done the math for that, that what is the combined ratio.

But the combined ratio from the next year onwards, even, even on an IGA basis on which the solvency is calculated, is gonna come down naturally, uh, down, uh, because we'll start seeing the unwinding of the business which was deferred or which has already been deferred in the previous years. From next year onwards, we'll start seeing the unwinding of the 3-year business, and then the deferral of the business would also be for a period of 3 years. So we're gonna see a normalized kind of a profit from next year onwards, which we were historically seeing on an end basis as well.

So So our sense is that maybe from next year or next to next year onwards, if in case there is no regulation change, then we should be in a good position that additional capital might not be required. That is very helpful. Thank you, Avnish.

Operator
A reminder to all participants, you may press star and 1 to ask a question. The next question comes from the line of Yash Sedhani with Integrity Ventures. Please go ahead.

Mukund - Analyst, Saber Edge
Uh, hi sir, I have a couple of questions. First is on line of the demerger. There has not been any update since last RBI application rejection. Uh, how- what are the progress on that steps and how the company is looking at this process from now?

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Yeah, hi. Uh, so like I said, uh, in my opening note that, uh, we are in touch with and engaged with the regulator. Uh, we are also talking to our advisors. As and when we have something, we will obviously bring it, uh, first to our board, and then we will disclose what is to be disclosed. But nonetheless, this remains a high priority item for us, uh, and this from a shareholder perspective, I want to reiterate this, and we will get back to you as and when needed. Okay, thanks, thanks a lot for that.

Uh, second is on, is on, uh, lines of the businesses other than care housing finance, Finvest, and broking. Uh, I think, uh, our plans are still

Mukund - Analyst, Saber Edge
Very big than what, what numbers we are seeing in each of the business. Uh, like, can we, can we put a timeline to when we can expect the expansion in this kind of lines, the business lines, and when can we see the full potential coming out from this business?

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
So I would say it will take us 24, about 24 months. Uh, you will start seeing, uh, stuff. Some may be sooner. Some businesses like broking and all are already on the track. You will see sooner. The NBFC is just started in the month of November, so I would like to give it 24 months. Our housing finance business is also coming along. This will start in January. So I think you have to give us 24 months on this. We are putting the building blocks, uh, in place. We request the shareholders to be patient.

We've got the right talent, we've got the capital, the governance structure, and now I think it's build-out mode. And we'll keep updating you, and you can assess every quarter is how things are proceeding.

Arjun Lamba - Managing Director, Religare Enterprises Ltd
Okay, got it. Thank you, and all the best.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Thank you. The next

Operator
Question comes from the line of Hitendra Pranav with Maximal Capital. Please go ahead.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Yeah, hi sir, I hope I am audible. So sir my question related to the

Arjun Lamba - Managing Director, Religare Enterprises Ltd
Again on the you know the index and the iCap claims ratio, so so you mention you know it is duty the 1 by 365 versus 1 by an accounting and in 1 by an accounting it is you know the the denominator of the students avenues lower so sir is

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
That you are writing currently? Starting with our request, which I think Ajay sir also mentioned, our request is if we can, as far as the profitability loss issue is concerned, we request if we can look at our Ind-AS numbers. We are publishing these numbers and from next year onwards these will become our statutory accounts as well. So from the loss issue side, we should look at Ind-AS numbers and one-by-one numbers are more of an accounting number. Wherein it has an impact of opening reserve, it has an impact of closing reserve, has multiple impacts.

And these are transition years for One9, and hence the reason we are seeing such a huge difference between ratio. So, so this is, this is to answer your query. Okay, sir. Okay. I just wanted to know, you know, in terms of multi-year policies, uh, I mean, you know, the current, uh, you know, the for H1, uh, 27 You know, what percentage of our underwriting is, you know, multi-year policies? Broadly, a broad number or two. I think our multi-year business is in the range of 18 to 20% hit, and this has been the range which was in the last year as well.

We have not seen a major increase, though there is an increase in this year which is not very significant, but this is the range in which the multi-year business is as compared to the retail overall. Understood, sir. Understood. And so, I mean, given- again, you, you have highlighted, touched upon it, uh, but given the IDI, uh, you know, draft regulations, I mean, our broker and, uh, you know, banker is like almost 40% of our distribution mix. So given that, given the current situation, like, uh, are we targeting the current level of growth Or, you know, um, any, any guidance on growth, sir, on the premiums, uh, like for FY27 or, you know, for next, uh, say,

Arjun Lamba - Managing Director, Religare Enterprises Ltd
4 quarters?

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
We still have to work out the details. Probably when the exposure draft or draft come, we'll be able to work out in greater details.

Arjun Lamba - Managing Director, Religare Enterprises Ltd
Currently it's about in the realm of speculation. Let the exposure draft come out and then we will come back. We'll do whatever calibrations are required and we'll come back

Operator
The next question comes from the line of Chintan Mehta with Puniska Family Office. Please go ahead.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Hi sir, thanks for the opportunity. Sir, if you have a number in target for the NBFC division, you are opening branches I think so fast, you mentioned in presentation. So any internal target for the next 1 year or so, let's say next October '27, in terms of AUM?

Arjun Lamba - Managing Director, Religare Enterprises Ltd
I'll ask Kartik to take that question.

Operator
Kartik, uh, so the line for Kartik has dropped. I will get him reconnected.

Arjun Lamba - Managing Director, Religare Enterprises Ltd
Okay, so no problem. Next year, because this year started the business, so current year we are only doing the more than 100, not more than 100 crore, but next year we have target 1,500 to 1,700 crore rupees of disbursements. March 28, yes, April March 28.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Okay, okay. Sorry for asking on the counter side. Why such a low number? I mean we have thousand crore network and we have large banking promoter. So interior next year 1500 crore would be like a one gem leverage, which is not enough return on

Arjun Lamba - Managing Director, Religare Enterprises Ltd
So we are opening the branches and new team is hiring, so the branch is taking another 15 to 18 months time to gear up and give us the full productivity, so that takes time, so and the new product is also we are launching on the faces

Operator
Basis, so it will take time. A reminder The next question comes from the line of Mukund with Saber Edge. Please go ahead.

Mukund - Analyst, Saber Edge
Hi, good afternoon, gentlemen. My question is for the Care team. Uh, superb numbers and good job on capturing the market amidst a tailwind. Um, I just wanted to understand on the retail book, um, you know, what is the range of loss ratios on a book that is more than 3 years old? And on a book that is less than 3 years old? That's the first question, and then I'll ask my second question.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
So the renewal loss ratios, we are aware it is around 75%. 3-year plus, we have to work it out, but my sense is 3-year plus, maybe in the range of 79 to 80. But the good part of renewal commissions are in the range of around 10%, so it gives us a lot of leverage. The renewal combined is well below 100. And new business combined is shade above 100. So that's all.

Mukund - Analyst, Saber Edge
Superb. So that's, that's good to hear because as the book ages, uh, you know, you will do well, uh, unlike one of the other peers who had a problem in this. My second question, um, is the impact of the draft broking regulations that has been debated widely I see that we have some business from Policy Bazaar, which is classified under the broker channel, and then we have banker and corporate agents, which are roughly 18% of our GWP. So what are the thoughts and views in case the draft guidelines are implemented as is?

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
We are awaiting the draft exposure and we are internally trying to work out the business, but we will be able to comment at the right time, probably in March timeframe.

Mukund - Analyst, Saber Edge
Got it, sir. Can I just squeeze in one more question if it's okay?

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Sure, sure.

Mukund - Analyst, Saber Edge
Um, just on the warrants, I wanted to know how much are still unexercised and what are the timelines, uh, given Care is also taking on debt to fund growth.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Yeah, so as of now, uh, out of Rs 1,500 crores, Rs 619 crores worth of, uh, funds have been received. So while 25% of Rs 1,500 crores, which is Rs 375 crores, uh, came in at the subscription time, the remaining amount was something which the promoter family and investors have converted over last 1 year. And that is the funds which have been infused into Care, uh, in the rights issue as well as in broking. And the maturity is in March. So March 2027, we will see remaining Rs 880 crores flowing in.

Arjun Lamba - Managing Director, Religare Enterprises Ltd
And however, and, uh, just for care, I just want to add that, uh, we have a tacit understanding with the companies that whenever they require capital, they will reach out and we will try to make good that capital. And the sub-debt has been raised according to plan, looking at the debt-equity mix and optimization So I think that is going as per plan. It is not a replacement

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Or a substitute. It is as going as per plan.

Mukund - Analyst, Saber Edge
Super sir. So the remaining monies will come in the month of March, right?

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Some might come before. Yeah. So the way we have seen that trend, there has been incremental convergence during last one year. Rs 243 crores of incremental money came in. So we will, we are, we sort of, you know, I think money will come in before- some monies will come in before March, but that will- as and when it comes in, we will update and let you know.

Mukund - Analyst, Saber Edge
Yeah, super, sir. Um, great work at Care and the other entities which are in build-out phase. All the best to the team.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Thank you. Thank you.

Operator
Participants, you may press star and 1 to ask a question. The next question comes from the line of Arvind Dureja, an individual investor. Please go ahead.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Hi, good afternoon everyone. Sorry, I might have missed that because I joined the call a bit late. I wanted to know about the demerger. What's the update on that? That's my other question. Thank you. So the update

Arjun Lamba - Managing Director, Religare Enterprises Ltd
On the demerger is we

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Are in touch with the regulator RBI and with our legal counsel and advisors. Uh, we will get back to you as and when we have an update for you. Uh, but as I had said before, that this remains a high priority priority item for us. So we will- we are making our best effort and we'll get back to you as and when we have some information. Okay, thank you very much and all the best. Thank you.

Operator
The next question comes from the line of Premal Sanghvi with Vama Financial. Please go ahead.

Premal Sanghvi - Analyst, Vama Financial
Hi, can you hear me?

Arjun Lamba - Managing Director, Religare Enterprises Ltd
Yes, we can.

Premal Sanghvi - Analyst, Vama Financial
Uh, this is the question for Karthik sir. Can Karthik throw some light on what are the aspirations for next 5 years for RFL? And you gave an opening remark that you want to build a rich discipline organization. Can you throw light on that also? And how is the team building up? Can you please- yeah,

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Karthik. Yeah, I will- I'll take that question. So So there are, there are 3 pieces to it. One is really building the entire technology backbone, technology infrastructure, uh, that is, that is in motion. We are in the last stages of building out the first phase of the technology stack. The second piece is really putting out the entire physical infrastructure, branch network, pan-India. So that is going to take, uh, couple of years to roll out in full earnest. And the third is really the building the team, the ground team in terms of this.

The aspiration is to be a completely multi-line NBFC focused on retail lending across various customer segments anchored by secured products. And that's the journey which you have just begun, as Pratul mentioned in his opening remarks, that we have disbursed the first loan. And I think we'll just, uh, do the build-out from here over the next, uh, 12 or 16 quarters.

Premal Sanghvi - Analyst, Vama Financial
So your aspiration of, uh, in the last conference call you said around 10,000 to 15,000 book you want to build in this, right? Uh, so by what time frame are you guys thinking about doing this?

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Yeah, this will be over a 4 to 5 year time frame.

Premal Sanghvi - Analyst, Vama Financial
Yeah, thank you very much and all the best.

Operator
The next question comes from the line of Sarvesh Gupta with Maximal Capital. Please go ahead.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Uh, good evening, sir, and thanks for the opportunity. Uh, sir, on your solvency ratio, so does the solvency ratio improve, uh, once we report higher PAT, which we are doing right on in-days basis,

and when we present the balance sheet for the same, for the year ending, does that also improve your solvency ratio? Or this solvency ratio where we are very close to that 1.5 limit is with the in-days financials? So hi, uh, solvency as per the regulatory mandate need to be calculated on an IGAP number and not on in-days basis.

Uh, as per the current regulation, even next year it will be calculated on IGA basis. So currently the solvency is 1.55. As I mentioned in my opening remarks as well, we have raised another Rs 150 crore of sub-debt in the month of October, and we are planning to, uh, raise Rs 300 crore of rights issue as well in the, in the month of November itself. So that will take care of the solvency, uh, as at the end of this year. So like going forward for FY27 and then FY28 onwards, solvency will continue to be on IGAP while your P&L is as per the NDA?

Yeah, so I think next year also the P&L would be on NDA, but solvency need to be calculated on IGAAP. But as I, as I also mentioned, um, uh, on some other question as well, from next year onward we are gonna see normal profits or much better profits even on IGAAP numbers as well. So, uh, and the impact of this consultation paper also needs to be, needs to be seen. Uh, there's a lot of, lot of moving levers as in case the capital would be required or not would be required. But as far as the IGA profitability would be concerned, it could improve significantly from next financial year onwards.

Okay. And sir, on the company structure, so I think there was one paper which was floated from IRDA side on how the holding company can be merged with the operating company or something like that. So any updates or color that you would want to provide there? I mean, from our discussions, we

Arjun Lamba - Managing Director, Religare Enterprises Ltd
Are aware of this, uh, we have taken this into account, but our structure is a little bit different, uh, considering that we have under REL, we have multiple entities

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Today, not just one entity. That, uh, that envisages just one holding company merging with the subsidiary, but in our case, there are a host of other entities. So that does not apply to us apple to apple. But we are well aware of this, of

Arjun Lamba - Managing Director, Religare Enterprises Ltd
The IRDA guidelines.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
But that does- does that help us when it- if we can do that in conjunction with the demerger? If that is- yeah, probably,

Arjun Lamba - Managing Director, Religare Enterprises Ltd
Probably, yeah, probably yes. But again, realm of speculation just now, but probably yes to answer your question.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Okay, sir. Okay, thank you, sir.

Operator
The next question comes from the line of Lalaram Singh, an individual investor. Please go

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Ahead. Good evening, gentlemen. My first question is on growth expectation on this high base of 50% that we have been showing. How should we think about that going forward? Tailwinds continue to remain with the sector. And our execution team is well in place. So I don't know the growth rate what we can project, but we can- we maintain that we'll be growing better than the industry rates. That's our expectation. Thank you.

Arjun Lamba - Managing Director, Religare Enterprises Ltd
Okay, second question is on the demerger. While you can't- I want to understand the timeline that we could expect on this. We

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Can't give you any timeline. I mean, if I had one, I would definitely give it, but I can't give you any timeline. As and when, we will let you know.

Operator
The next question comes from the line of Gokul with BHT Capital. Please go ahead.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Hi, am I audible? Yes. Uh, so on the NBFC, uh, I just wanted to understand, I know you've mentioned, uh, the aspirations, but just if you could quantify what kind of ROA expectations do we have you know, from these 3 products that we have, uh, the next 2 to 3 years once we scale up the operation there? Yeah, so the ROA will be a function of the kind of product. Uh, so if it is a secured product, typically we would see something in the range of around 5, and, uh, it will be slightly higher on the unsecured, uh, product will be slightly

Operator
Higher. But at an overall level, we would be aspiring to have an ROA of around 2.5 to 2.8% in the short term. Sorry,

Arjun Lamba - Managing Director, Religare Enterprises Ltd
We

Operator
Can't hear

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
You. Yeah, yield is, uh, we aspire to keep a yield of, uh, on the book at around, uh, 15.5% or so, uh, That's a, that's a target yield across, uh, across the book.

Premal Sanghvi - Analyst, Vama Financial
Got it. Thank

Operator
You. Participants, you may press star and 1 to ask a question. The next question comes from the line of Yash Sadhani with Integrity Ventures. Please go ahead.

Mukund - Analyst, Saber Edge
Hi, uh, just on a Combined ratio on care, uh, we reported 100.5 on an in-days basis for H1. Uh, if I

just back-calculate this to Q1 and Q2, Q2 comes to around 98.5%. Is my understanding correct?

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Our claim experiences, because of higher surgical cases in Q1, was higher compared to Q2. [Foreign Speech] but it is very anecdotal. If we see quarter on quarter, we should continue to see annual basis. Okay.

Operator
Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for the closing remarks.

Pratul Gupta - Chief Financial Officer, Religare Enterprises Ltd
Thank you everyone for coming on to this call and taking out your precious time. We are available for any clarifications later on as per the details mentioned in the presentation. We look forward to your continued participation and interaction with us. Thank you and have a great day. Thank you. Bye-bye.

Operator
Thank you, sir. Ladies and gentlemen, on behalf of Religare Enterprises Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.