



**HOME
FINANCE**

February 8, 2018

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001

BSE Scrip Code: 540709

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor,
Plot No. C/1, G Block, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051

NSE Scrip Symbol: RHFL

Dear Sir(s),

Re.: Analysts Call

Further to our letter dated February 6, 2018, on the above, we wish to inform that an Analysts Call was held on the Unaudited Financial Results of the Company for the quarter and nine months ended December 31, 2017.

We enclose the presentation made to the analysts on the financial performance of the Company.

Thanking you.

Yours faithfully,

For **Reliance Home Finance Limited**

Parul Jain

Company Secretary & Compliance Officer

Encl.: As Above.

Reliance Home Finance Limited

Registered Office: Reliance Centre, South Wing, 6th Floor, Off Western Express Highway, Santacruz (East), Mumbai – 400 055

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CIN: L67190MH2008PLC183216

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Results for the quarter ended December 31, 2017

Investor Presentation

February 7, 2018

About us

Established presence in the **Self Employed** segment



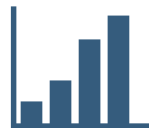
Healthy asset quality reinforced by strong risk management framework



Strong Management Team and Corporate Governance



Robust growth coupled with focus on profitability



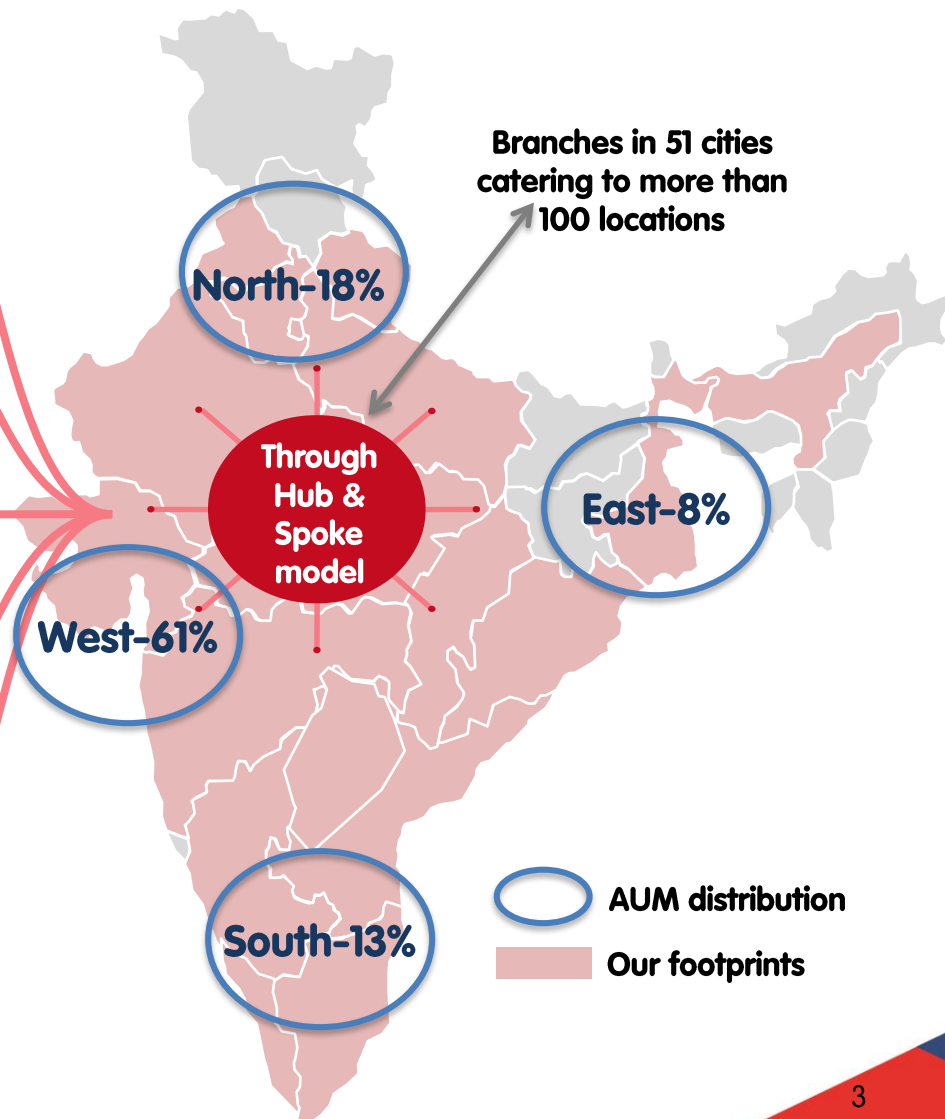
Established brand and parentage



Our portfolio



Branches in 51 cities catering to more than 100 locations



Sustained growth with superior asset quality

- **AUM increased to Rs. 148.6 billion (+54%)** as on December 2017
- Q3 FY18 **disbursements increased by 35%** to Rs. 16.3 billion
- **Affordable Housing**: new sales of Rs. 4 billion; avg. ticket size of Rs. 1.3 million
- **Profit before tax at Rs. 701 million (+103%)**
- **Gross NPAs improved to 0.8% from 1.1%; NIMs improved to 3.8%**
- **Capital Adequacy ratio was at 21.5%; Tier I ratio at 13.5%**



**72% of our
Home Loan
disbursements
cater to the
Self-Employed
segment**

Wide distribution footprint with focus on serving self-employed clientele

- Present in over **100 locations** through a 'hub and spoke' model with **over 41,000 client accounts**
- Launched **6 new branches** pan India during the quarter including 2 affordable housing branches

Product	Customer segment	Primary End use	Strategy
Home Loans	Self employed & Salaried individuals	Purchase of residential property	Key growth driver for future - Funding through expansion in Tier II and III locations
Affordable Housing	Self employed & Salaried individuals	Purchase of residential property	Funding LIG & MIG segment for affordable housing through expansion in Tier II and III locations
Loan against Property	Self Employed individuals and SMEs	Business expansion and purchase of plant & equipments	Cash-flow based lending program
Construction Funding	Real Estate Developers	Construction of Residential projects	Selective sourcing, higher yield and high quality book

The opportunity

HFCs

- Dedicated affordable housing fund has been announced in the budget 2018-19*
- NHB relaxed eligibility criteria for refinancing
- Reduction in standard asset provisioning & risk weights for incremental loans after August, 2017
- SEBI increased exposure limits in HFCs up to 40% in debt-oriented mutual funds

Developers

- Effective GST lowered to 8% from 12% for affordable housing units*
- Infrastructure status awarded to affordable housing enabling builders to access funds at lower cost
- Tax exemption of 100% of profits from construction of affordable housing

Borrowers

- CLSS subsidy allocation increased in the current budget*
- Tax incentives on interest and principal
- For purchase or construction of a house, also to further service the EMIs, the EPFO members can withdraw up to 90% of their account balance

WIN-WIN SCENARIO FOR ALL



Transparency in the real estate sector to significantly improve with RERA which would benefit the HFCs, Developers and the borrowers

**Recent Development*

Shortage of affordable housing (by Economic Group)

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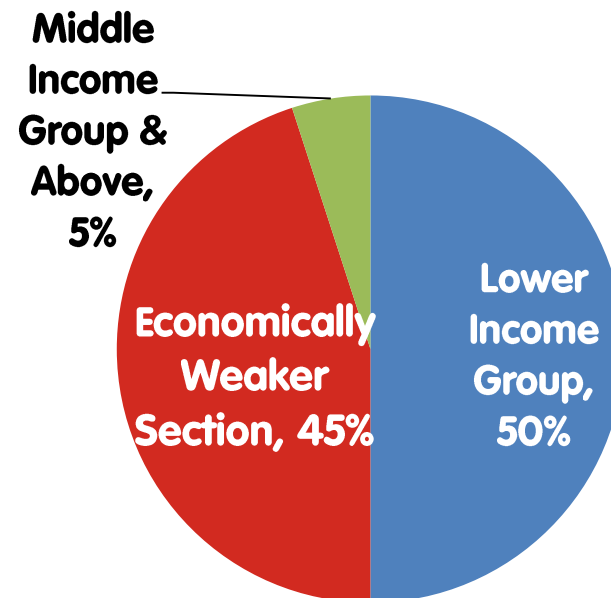
Urban housing requirement
estimated at 45 million by 2022

Affordable Housing limit raised to
US\$ 77,000 million from under US\$
46,000 million

Total housing shortfall estimated to
be 18.8 million units

Over 95% in Low Income Group,
Economically Weaker Sections

Economic group-wise Shortage of Affordable Housing

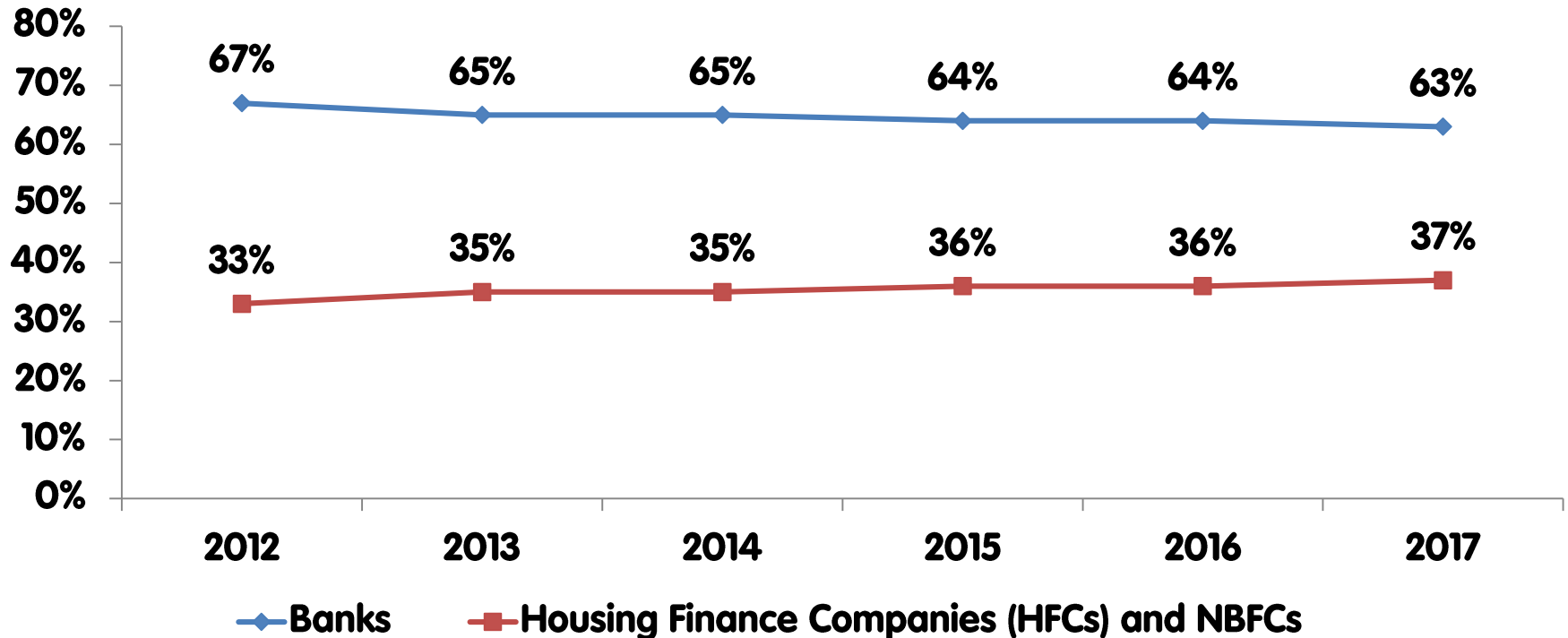


Mortgage penetration is at 9.6% of the GDP which is very low compared to other economies

Affordability* towards housing has improved significantly and is expected to improve further while going ahead

* Affordability being property prices divided by annual income of the individual

Market Share of Banks and Housing Finance Companies (HFCs)



Housing finance industry grew at a **CAGR of ~18%**

(HFCs and NBFCs grew at 21%, while Banks grew at 15%)

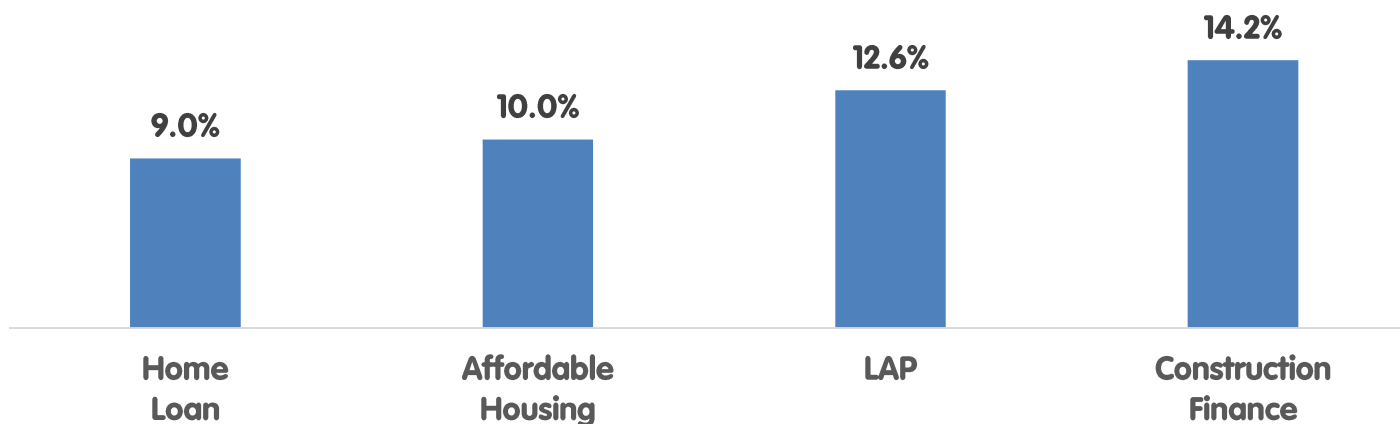
HFCs are expected to **gain market share** on an **incremental basis**

Operational Highlights

(As on Dec 2017)

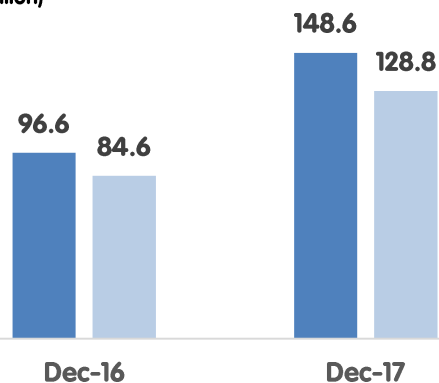
Products	LTV	Share in Total AUM	Avg. Ticket Size (Rs. million)
Home Loan	50%	31%	5.9
Affordable Housing	61%	20%	1.3
Loan against Property	42%	21%	7.6
Construction Finance	39%	28%	97.3

Average Yield (%)



AUM and Total Loan Portfolio

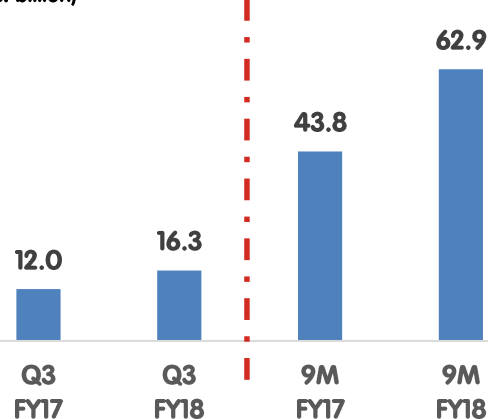
(Rs. billion)



■ AUM ■ Total Loans

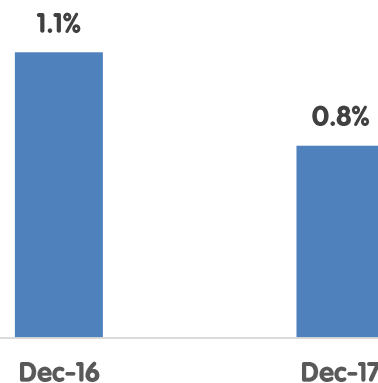
Disbursements

(Rs. billion)



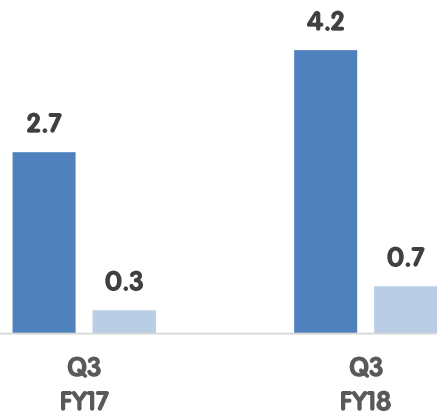
Gross NPLs

(%)



Total Income and Profit Before Tax

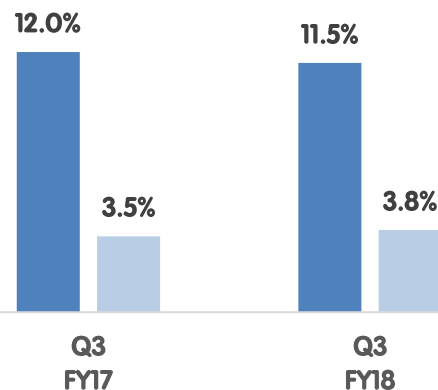
(Rs. billion)



■ Total Income ■ Profit Before Tax

Yield and Net Interest Margin

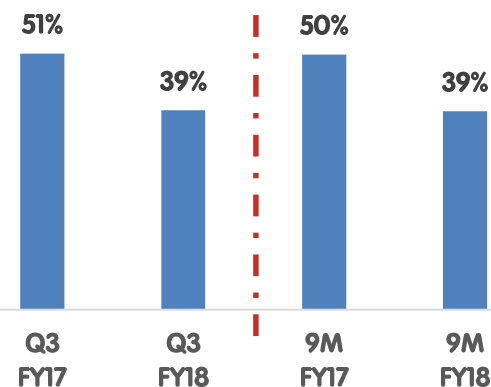
(%)

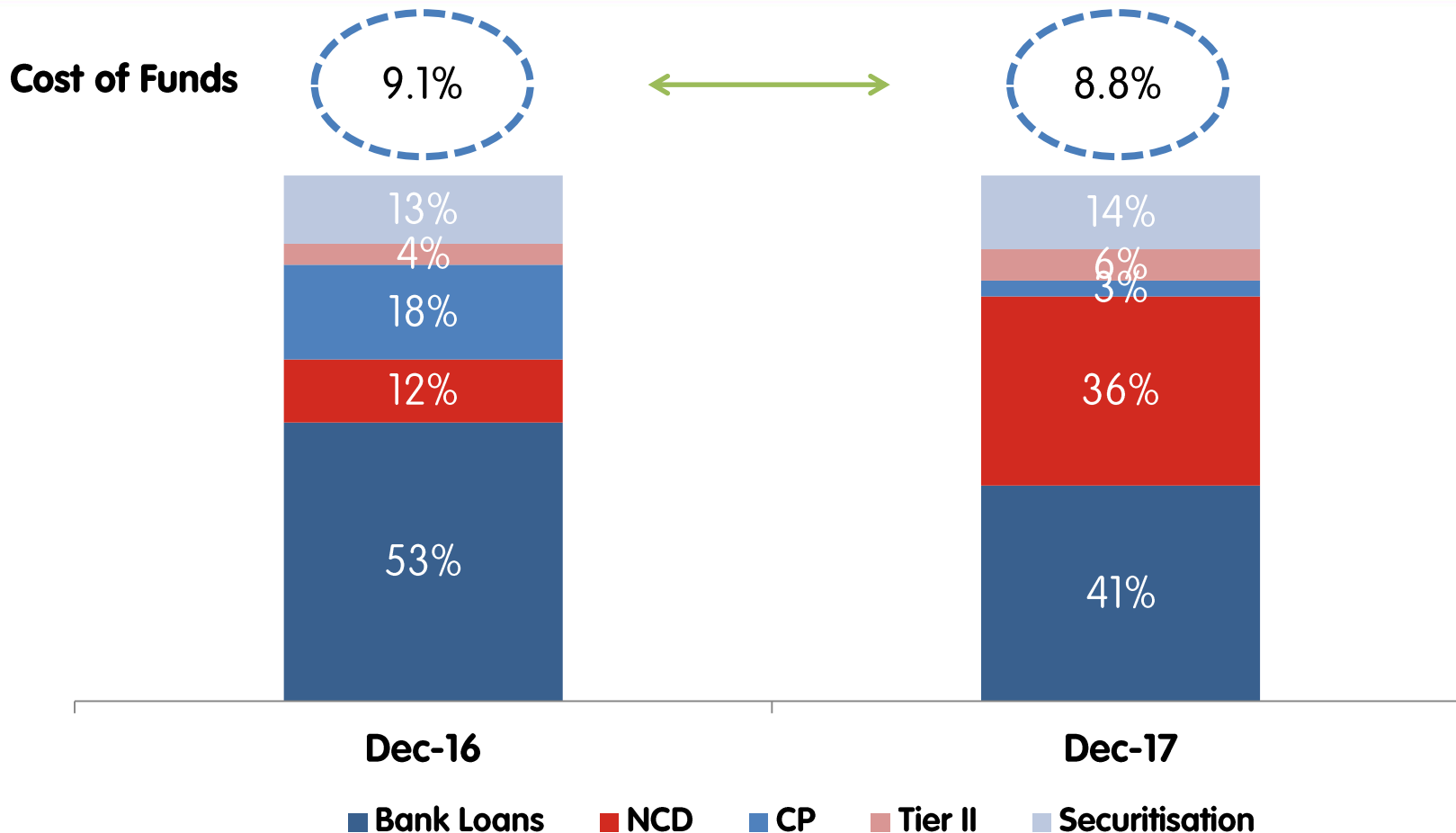


■ Yield ■ NIM

Cost-to-income ratio

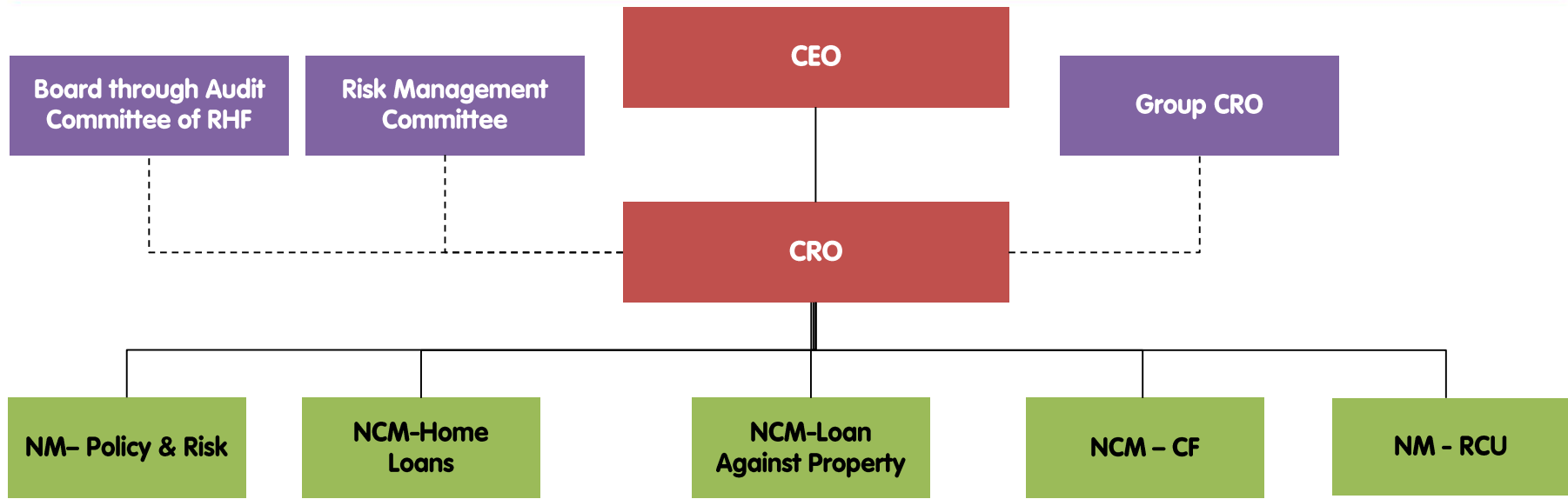
(%)





CRAR	Dec-16	Dec-17
Tier I Capital	11.3%	13.5%
Tier II Capital	5.7%	8.0%
Total	17.0%	21.5%

Instrument	December 2017
Short Term	ICRA A1+
	BWR A1+
Long Term	CARE AA+
	BWR AA+
Public Issue NCD (Secured)	CARE AA+
	BWR AA+
Public Issue NCD (Upper Tier II Secured)	CARE AA
	BWR AA
Tier II Unsecured Debt	CARE AA+
	BWR AA+



Portfolio Risk Reviews

- Monthly portfolio risk reviews conducted by CRMC, chaired by the CEO
- Covers all types of portfolio cuts such as product, geography, vintage, customer type etc. to check portfolio health on key risk indicators:
 - Bounce rates, Non starter rates, Stage-wise flow rates
 - Infant delinquencies
 - Delinquency rates and its trend

Risk Containment Unit (RCU) in place for fraud prevention and investigation aided by fraud database like Hunter (by Experian)

Real Time Risk Monitoring

Objective	Approach
✓ To manage the risk arising out of delegation of absolute credit authority	✓ Scientific method of sampling ✓ Score-based prioritization
✓ To identify & review sanctioned cases to check adequate credit risk mitigation measures have been taken	✓ Super-underwrite & revalidate the sampled sanctioned cases
✓ To highlight to the respective credit team of any critical observation in a case & get it reviewed by higher authority before disbursement	✓ Give feedback to the credit team at various levels to improve underwriting efficiency & drive standardization
✓ To identify underwriting & process gaps & suggest corrective & preventive measures	✓ Monitor effective use of delegated authority & take corrective measures
✓ To give inputs to the policy team / NCM / GCH on observed trends & issues	✓ Give feedback to the policy team

Enterprise-wide Risk Management

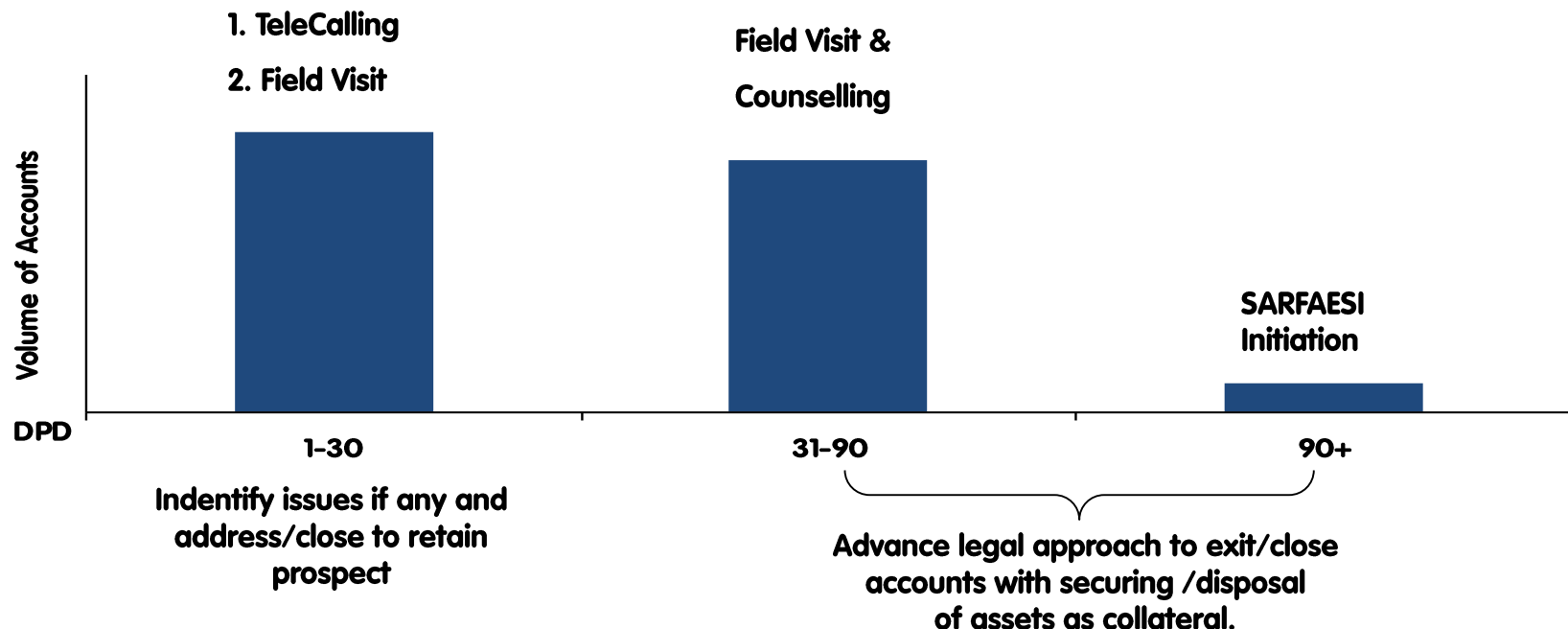
- Risk Bank for each function
- Independent team for Branch Process Risk Reviews, RCSA, managing the various Risk committee meetings, and implementation and sustenance of ISO standards
- Information Security - Awareness and Culture building
- Management level committees are in place

Mechanisms in place to manage and address all concentration risks, and scorecards to assist in effective credit decisions

Collections / Reputation

- Collections team governed by Collections Policy Manual
 - ✓ Manual gives guidelines on collection methodology, code of conduct, reputation risk etc.
- Collection teams are especially sensitized about protecting reputation of the company

Protecting Reputational risks for the company under all circumstances



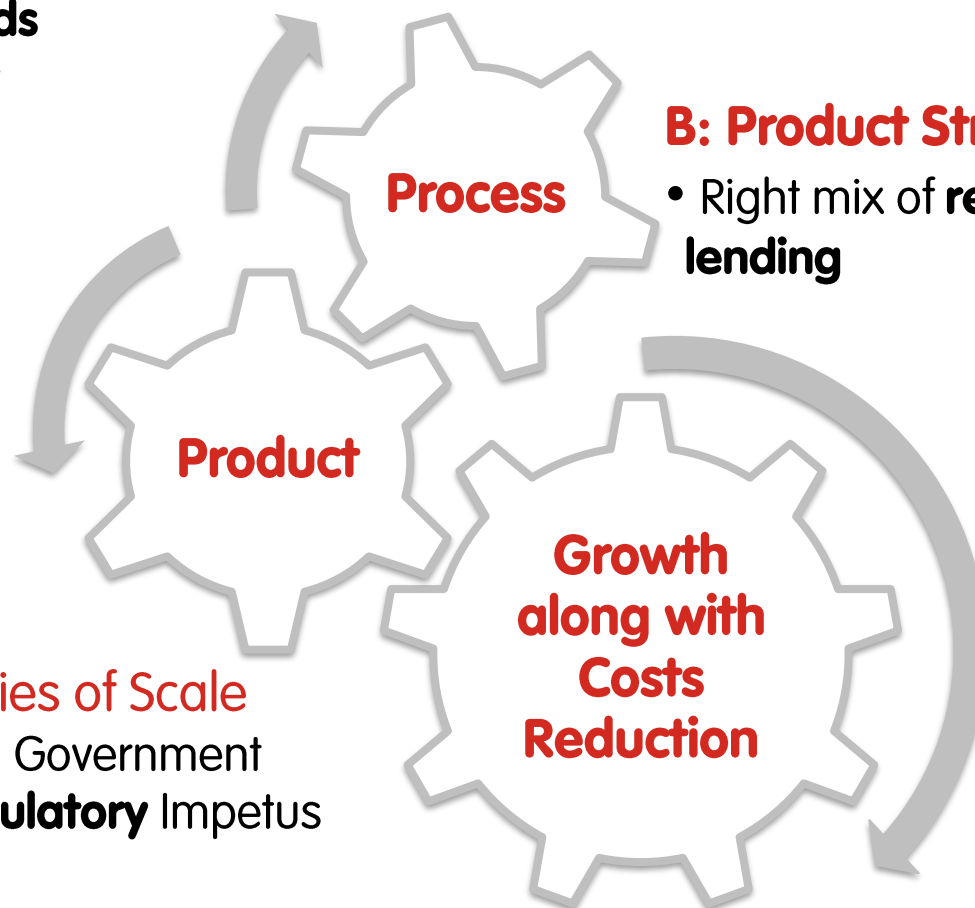
Way forward

A: Process: Leaner Functioning

- Digital processes
- Efficient cost of funds
- Stable asset quality
- Robust collections

B: Product Strategy: Right Mix

- Right mix of **retail** and **non-retail** lending



C: Growth: Economies of Scale

- **Tie-ups:** Builder and Government
- **Budgetary** and **Regulatory** Impetus

D: Costs Reduction: Managing Opex

- **Digital strategy** to help contain **cost to income ratio**
- Low cost model to help attract **low risk** salaried customer

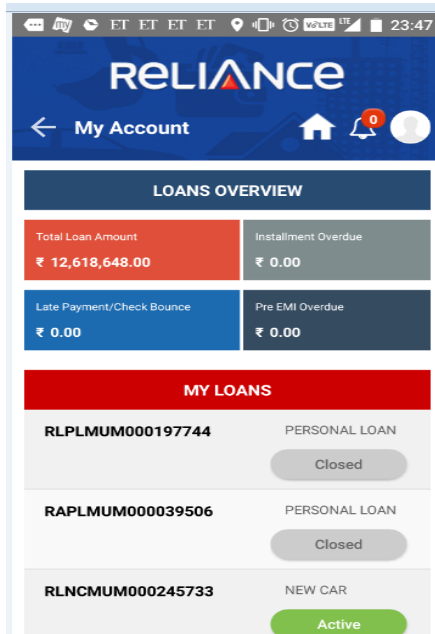
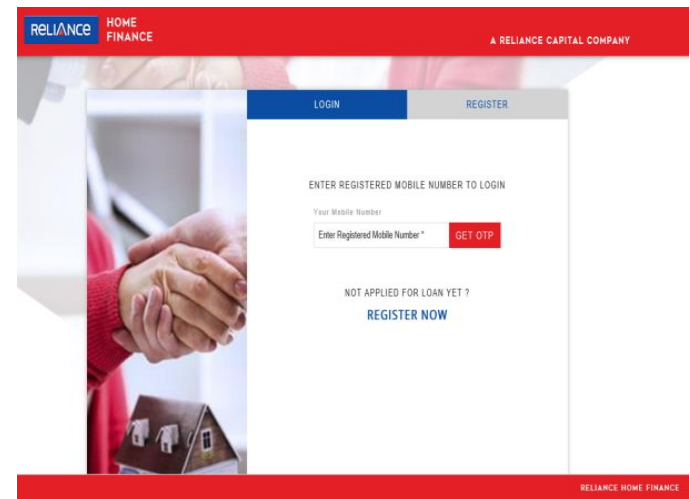
Digital Initiatives – key driver

Digital Lending Platform - "APPLY NOW"

- Online Loan Application & Sanction - "Home Loans"
- Aadhaar, PAN, IVR, Payment Gateway Integration
- Customer can check "Application Status" online

Digital CRM - Lead Management & Customer Service

- Integrated Mobile App for Sales & Service
- Enabled Service as a Tool to attract new business
- Sales Manager's Productivity improvement Tool



e-Collect

- Mobile/TAB based app for Collections Field force
- Electronic Receipt and Auto Reconciliation
- Geo Tagging of Customer and Collection Agent
- Productivity enhancement tool

SelfReliant - Customer Self Service App / Portal

- Customer Access to Loan Details
- Repayment Schedule, Agreement Copy, Interest Certificate
- DSA Access to verify Payouts, Application Status
- Customer Service Team Access



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Thank you

Annexure

Summarised Balance Sheet

(Rs. million)	Sep 30, 2017	Mar 31, 2017	Mar 31, 2016
Capital	5,161	1,158	658
Reserves	13,102	9,827	5,543
Borrowings	115,809	96,784	65,483
Other Liabilities	6,275	5,280	5,252
Total	140,346	113,049	76,936
Cash / bank balance	3,005	2,525	7,201
Investments	2,578	5,078	804
Loans	126,674	99,944	67,526
Fixed Assets	2,390	677	443
Other Assets	5,699	4,825	961
Total	140,346	113,049	76,936

Profit and Loss Statement

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(Rs. million)	Q3 FY18	Q3 FY17	Change (y-o-y)	FY 2017
Disbursements	16,287	12,029	35%	73,331
Net Interest Income	1,208	700	73%	2,168
Total Income	4,206	2,690	56%	11,141
Interest expenses	2,678	1,798	49%	7,531
Other expenses	678	454	49%	1,999
Provisions	149	93	59%	232
Profit before tax	701	345	103%	1,378



Mr. Padmanabh Vora
Independent Director

- Independent Director on the Board and also a Member of the Audit Committee, Nomination and Remuneration Committee and the Chairman of Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee
- A practicing Chartered Accountant and a managing partner in P. P. Vora & Co., Chartered Accountants
- Currently the chairman of NSDL Database Management Limited. Also held positions of managing directorship and chairmanship of IDBI Bank Limited and chairmanship of National Housing Bank



Ms. Deena Mehta
Independent Director

- An Independent Director on the Board and a member of the Audit Committee, Nomination and Remuneration Committee and Risk Management Committee
- An associate member of Institute of Chartered Accountants of India and a fellow member of Securities & Investment Institute of London
- Managing director of Asit C Mehta Financial Services Limited. She has more than 20 years of experience in securities market



Mr. Gautam Doshi
Non-Executive Director

- A Non-executive director on our Board and a member of the Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee
- He is a member of the Institute of Chartered Accountants of India. He has served as the Chairman of the Institute of Chartered Accountants of India for the year 1982–83 and was elected to the Council of the Institute of Chartered Accountants of India for two consecutive terms spanning over 1992 to 1998
- Also a Group Managing Director of Reliance Group



Mr. Amit Bapna
Director & CFO

- A Director on the Board and a member of the Audit Committee, Nomination and Remuneration Committee and Risk Management Committee
- An associate member of the Institute of Chartered Accountants of India
- Over 18 years of experience in varied business environments – manufacturing and financial services
- Has been associated with Reliance Capital Ltd. since 2004 and with the Group since 1999
- Also the Chief Financial Officer of Reliance Capital Limited



Mr. Ravindra Sudhalkar
Executive Director & CEO

- An Executive Director & CEO of the Company and a member of the Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee
- Has over 22 years of experience in Business Development and Sales & Marketing and has been a part of the senior management. Previously worked with Aadhar Housing Finance, Kotak Mahindra Bank, ICICI Bank, CANFIN Homes, GLFL Housing Finance and GRUH Finance
- An MBA in Marketing and also holds a Master's degree in Electronics

Experienced Leadership Team



Krishnan Gopalakrishnan
Chief Risk Officer

- Working with the company for over 10 years
- Over 23 years of experience in Credit, Operations & Finance



Amit Arora
Business Head – HL & LAP

- Over 15 years of experience in Mortgages Sales, Distribution, Third Party Products
- Previously with Standard Chartered Bank, Kotak Mahindra Bank, CITI Bank, with IDFC Chartered Bank



Rahul Mehta
Head- Property Solutions Group

- Working with the company for over 6 years
- Over 15 years of exp. in FMCG & Retail Sales, Real Estate, Property Advisory



Ajith Prabhu
Head - Ops, Customer Service & Credit Administration

- Working with the company for over 9 years
- Nearly over 19 years of experience in Business Excellence, Quality, Credit Administration, Project Management



Abhishek Roy
Head - Marketing & Digital

- Working with the company since April 2017 and with the group for over 3 years
- Over 9 years of experience in Strategic Brand Development & Planning, Media Planning & Digital Marketing



Reshma Sethi
Head Business Excellence

- Working with the company since Feb 2017 and with the group for over 9 years
- Over 16 years of experience in Business Process Excellence, Lean Six Sigma Projects



Sangram Baviskar
Business Head – Const. Finance

- Over 19 years of experience in Mortgages Sales & Real Estate
- Previously worked with Standard Chartered Bank, Barclays Bank, ICICI Bank Ltd, Mahindra & Mahindra Limited and Bell Ceramics Ltd



Rahul Sood
Head - Collections

- Working with the company from Jan 2017
- Over 19 years of experience in Risk, Collections, Business Development, Operations Management
- Previously worked with Kotak Mahindra Bank, GE



Prashant Utreja
Chief Human Resources Officer

- Working with the company for nearly 6 years and with the group for over 6 years
- Nearly over 18 years of experience in Plant, Corporate & Business HR Roles



Shashi Kumar Ravulapaty
Chief Technology Officer

- Working with the company for over 10 years
- Over 35 years of experience in Technology



Akshay Landge
Head - Legal

- Working with the company from March 2017
- Over 14 years of experience in Legal & Compliance
- Previously worked with Kotak Mahindra Bank, NKGSB Bank