

RELIANCE

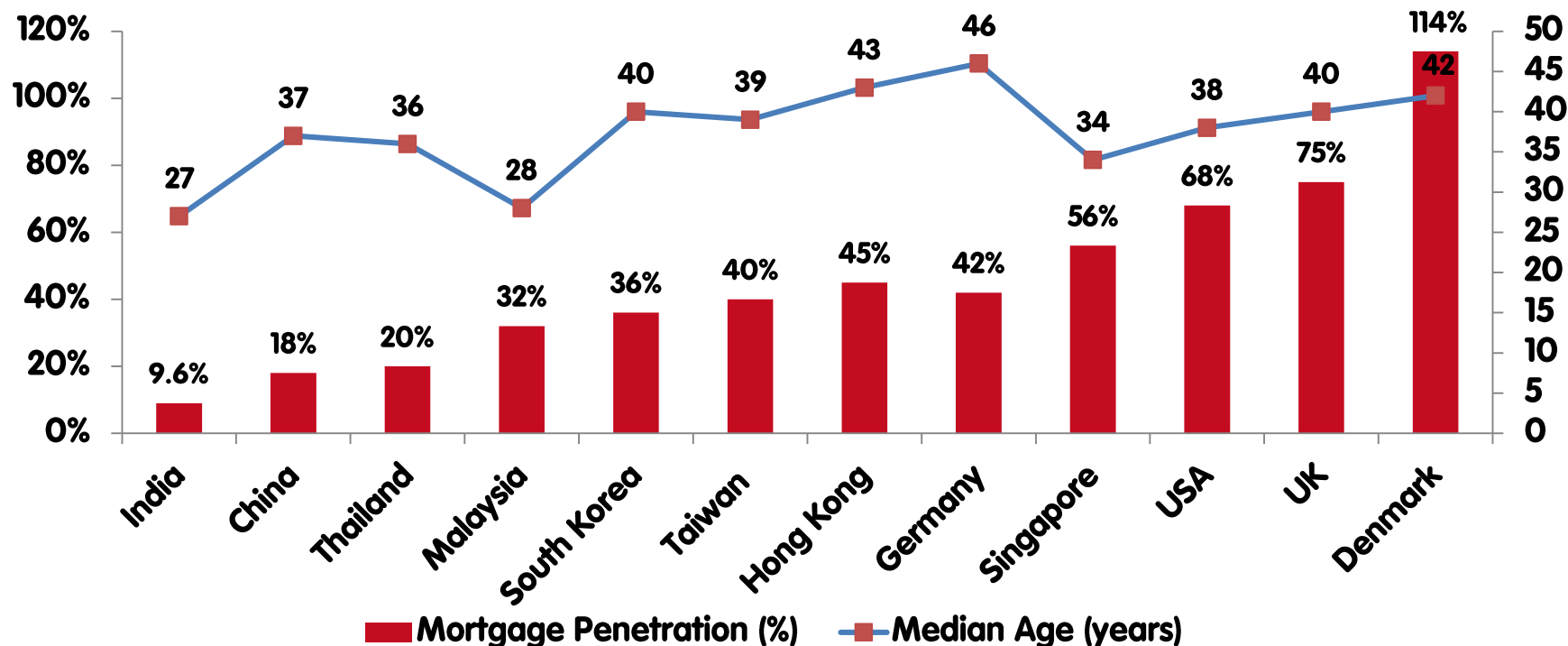
HOME
FINANCE

A RELIANCE CAPITAL COMPANY

Investor Presentation

November 2017

Mortgage Penetration (%) and Median Age (in years)



Extremely favourable demographics, Increasing urbanisation
Very low housing loan penetration
Affordable housing marked as Infrastructure sector

Shortage of Affordable Housing (by Economic Group)

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Urban housing requirement
estimated at 45 million by 2022

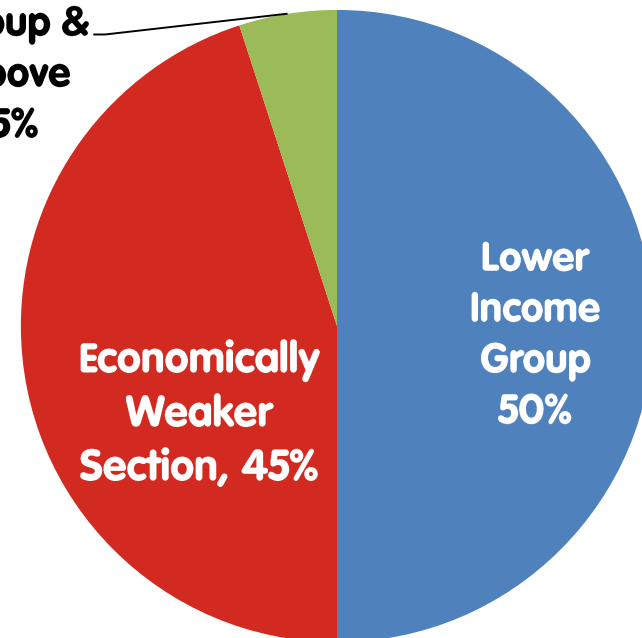
Affordable Housing limit raised
to US\$ 77,000 million from
under US\$ 46,000 million

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

Middle
Income
Group &
Above
5%

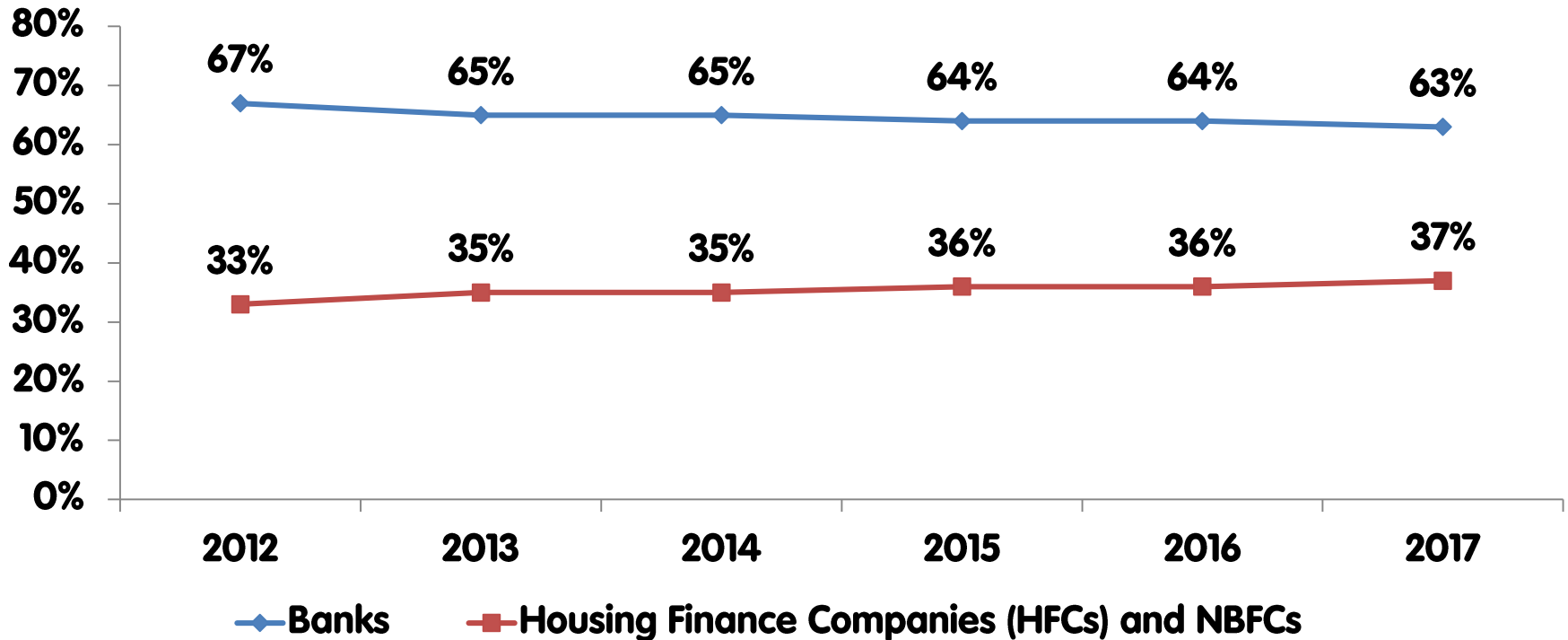


Affordability* towards housing has improved significantly and is expected to improve further while going ahead

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

HFCs and NBFCs have consistently outperformed Banks

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**

HFCs

- 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

- Infrastructure status awarded to affordable housing enabling builders to access funds at lower cost
- Builders will get input tax credit under GST
- Tax exemption of 100% of profits from construction of affordable housing

Borrowers

- Tax incentives on interest and principal
- Interest rate subsidy extended to Middle-income groups under CLSS
- 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

Established presence in the **Self Employed** segment



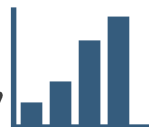
Healthy asset quality reinforced by strong risk management framework



Strong Management Team and Corporate Governance



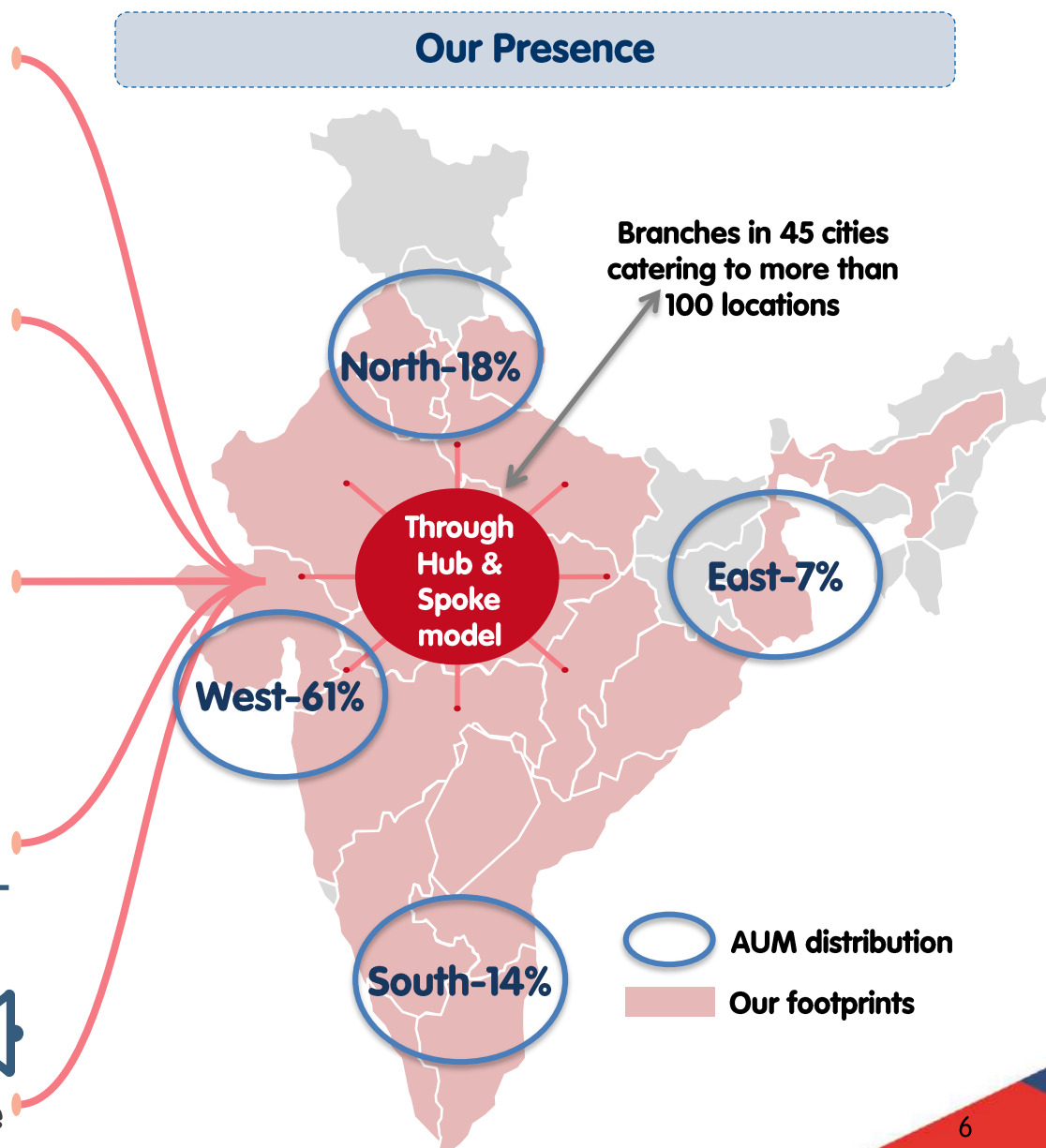
Robust growth opportunity supported by the Government's critical policy agenda



Established brand and parentage



Our Presence



Continued robust growth with superior asset quality

- **AUM increased** to **Rs. 141.2 billion (+53%)** as on September 2017
- Q2 FY18 **disbursements increased** by **26%** to Rs. 20 billion
- **Affordable Housing:** new sales of Rs. 3 billion; avg. ticket size of Rs. 1.2 million
- **Profit before tax** at **Rs. 589 million (+85%); return on equity** at **15.5%**
- **Gross NPAs improved** to **0.8%** from **1.2%**



***73%** of our
**Home
Loan
disbursements** cater
to the **Self-
Employed**
segment*

Wide distribution network with focus on self-employed clientele

- Present in over **100 locations** through a 'hub and spoke' model with **over 38,000 client-accounts**
- **First new Affordable Housing branch** launched in **Vastral (Ahmedabad)**

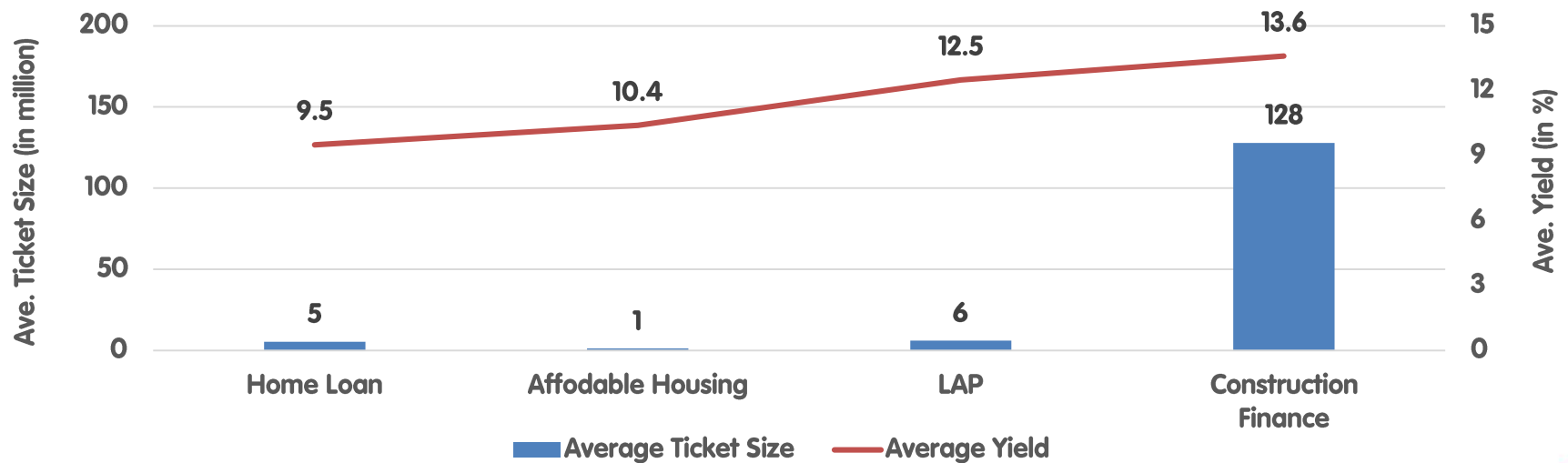
Key Portfolio Strengths

Product	Customer segment	Primary End use	Status
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	Dominant player in this segment
Construction Funding	Real Estate Developers	Construction of Residential projects	Selective sourcing, higher yield and high quality book

Segment details

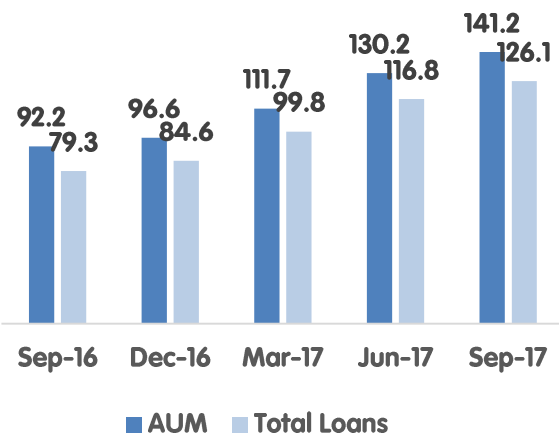
(As on Sept 2017)

Segment	Focus Area for growth	LTV	Share in Total AUM
Home Loan	Self Employed & Salaried	50%	33%
Affordable Housing	Affordable Housing in Tier I & II cities	59%	19%
Loan against Property	Self employed / SMEs	43%	20%
Construction Finance	Developer Financing	32%	28%



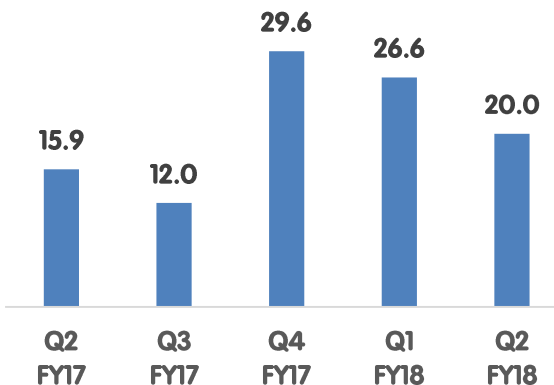
AUM and Total Loan Portfolio

(Rs. billion)



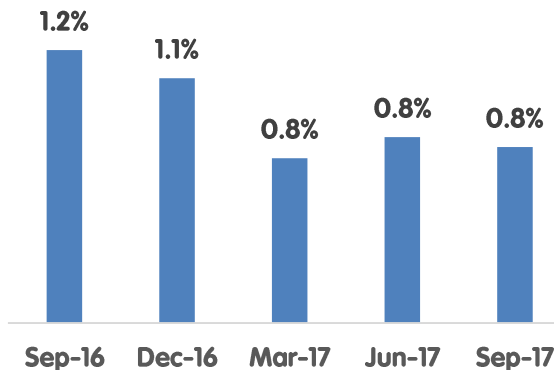
Disbursements

(Rs. billion)



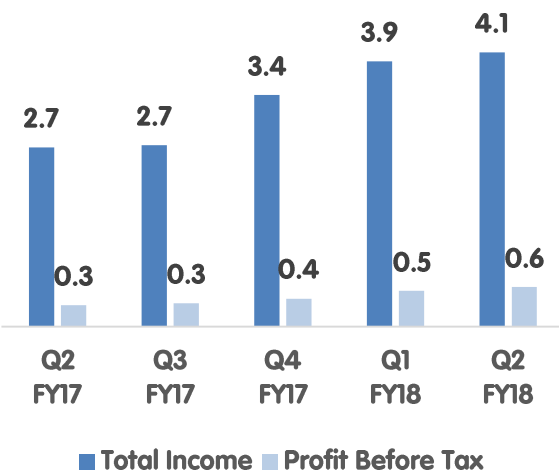
Gross NPLs

(%)



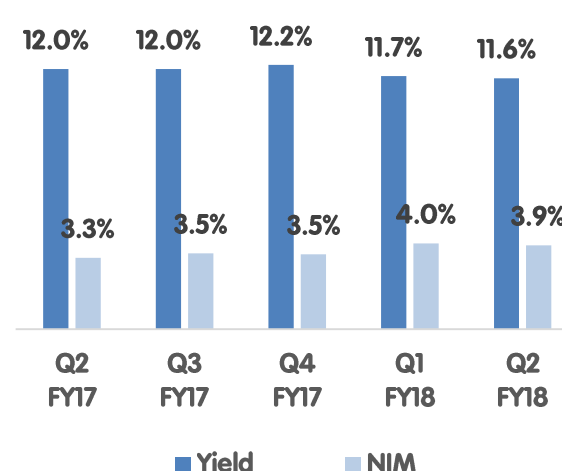
Total Income and Profit Before Tax

(Rs. billion)



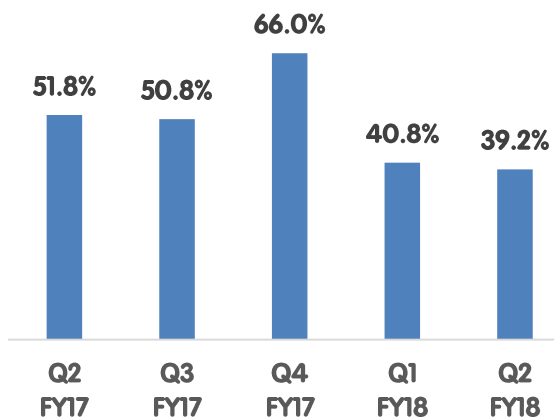
Yield and Net Interest Margin

(%)



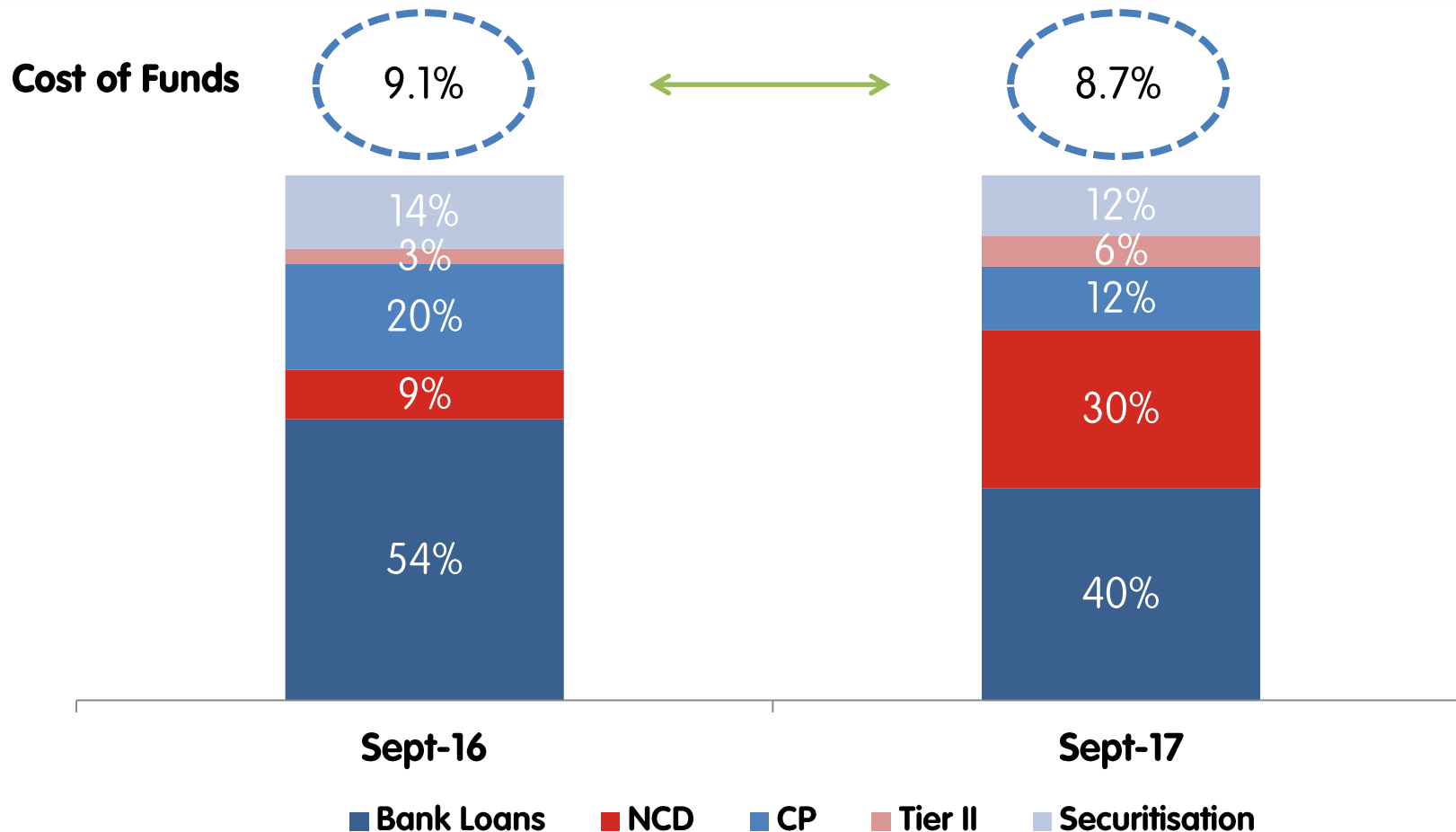
Cost-to-income ratio

(%)



Summarised Balance Sheet

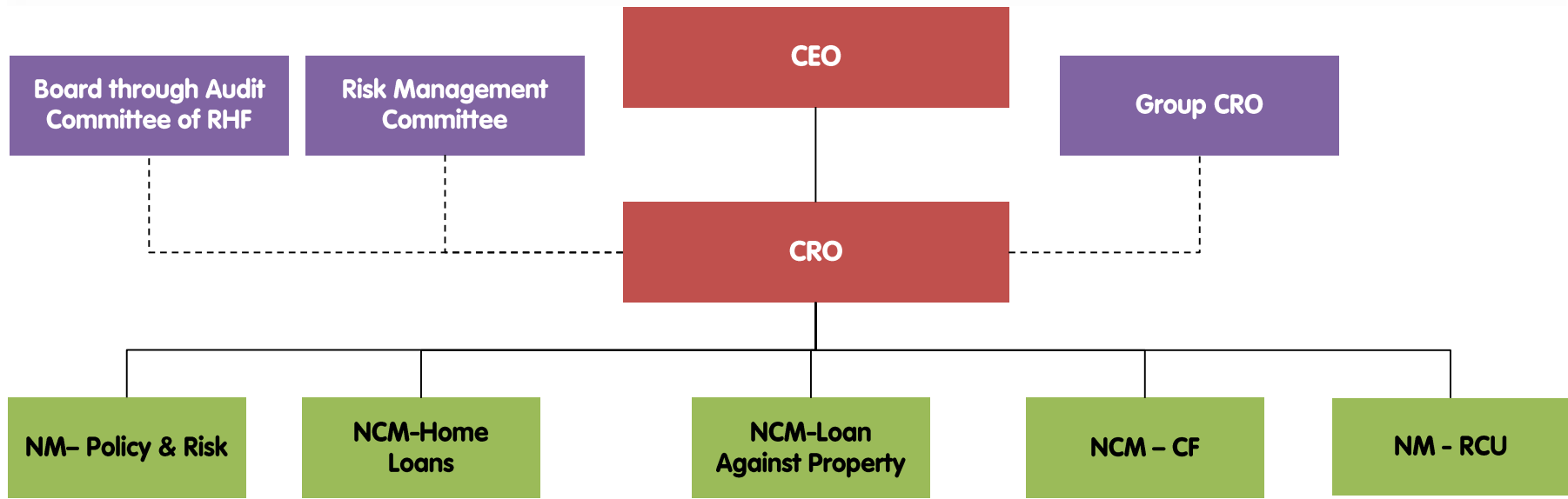
(Rs. million)	Sept 30, 2017	Mar 31, 2017	Mar 31, 2016
Capital	5,161	1,158	658
Reserves	13,102	9,827	5,543
Borrowings	1,15,809	96,784	65,483
Other Liabilities	6,275	5,280	5,252
Total	1,40,346	113,049	76,936
Cash / bank balance	3,005	2,525	7,201
Investments	2,578	5,078	804
Loans	1,26,674	99,944	67,526
Fixed assets	2,390	677	443
Other Assets	5,699	4,825	961
Total	1,40,346	113,049	76,936



CRAR	Sept-16	Sept-17
Tier I Capital	9.2%	13.2%
Tier II Capital	4.9%	8.3%
Total	14.1%	21.4%

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

Strong focus on Risk Management



List of Committees in Place

Committee	Purpose	Frequency of meeting
RMC	Enterprise Risk	Quarterly
CRMC	Credit Risk	Monthly
ORMC	Operational Risk	Quarterly
IRMC	Market Risk	Monthly
ALCO	Liquidity Risk	Quarterly
ISRMC	Information Security	Quarterly

Strong risk culture within the *Enterprise Risk Management Framework*

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

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

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

Risk Containment Unit

- Responsible for **Fraud Prevention, Investigation & Recovery**
- **Decentralized** Operations
- **Trigger based sampling mechanism** - physical & system based
- **Document Verification**
- **Customer Profile Checks**
- **Asset verification**
- **Networking**
- **Education and culture building**
- Member of **Hunter (fraud database)** by **Experian**

Real Time Risk Monitoring

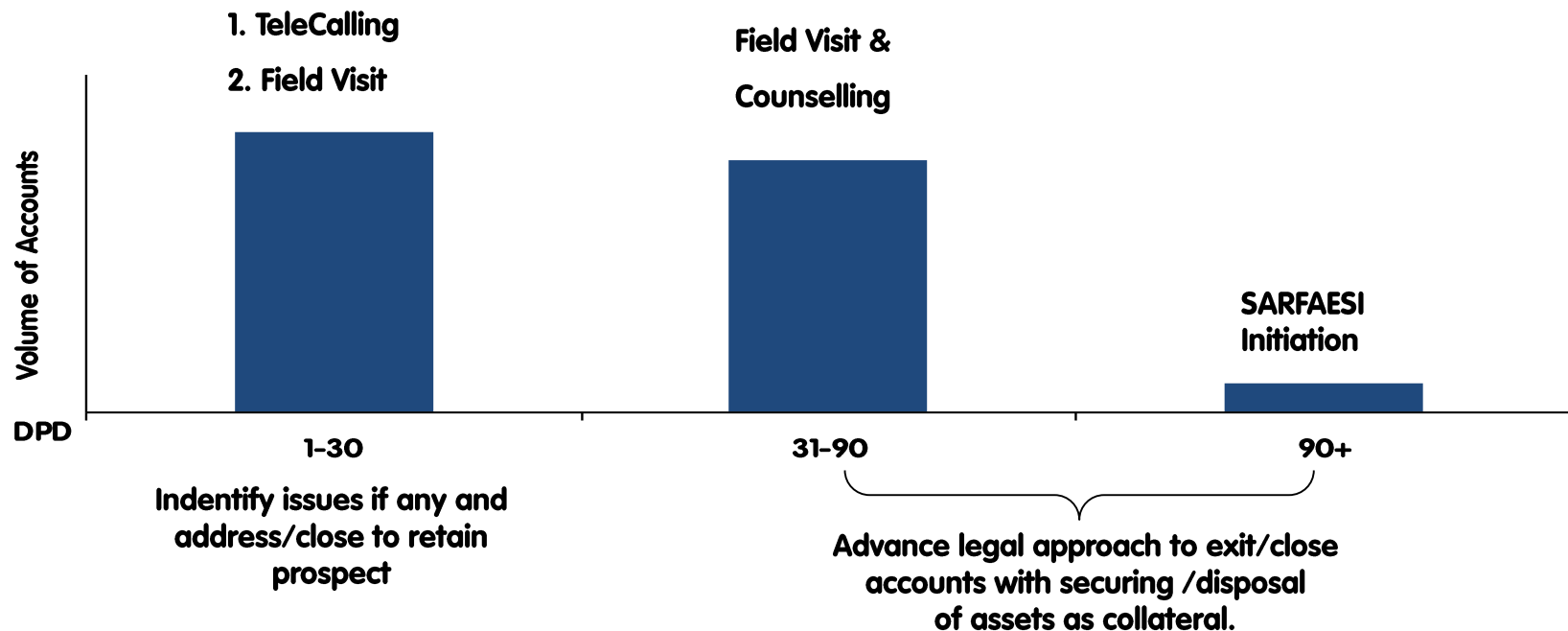
Objective	Approach
✓ To manage the risk arising out of delegation of absolute credit authority	<ul style="list-style-type: none"> ✓ Scientific method of sampling ✓ Score-based prioritization
✓ To identify & review sanctioned cases to check adequate credit risk mitigation measures have been taken	<ul style="list-style-type: none"> ✓ 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	<ul style="list-style-type: none"> ✓ Give feedback to the credit team at various levels to improve underwriting efficiency & drive standardization
✓ To identify underwriting & process gaps & suggest corrective & preventive measures	<ul style="list-style-type: none"> ✓ Monitor effective use of delegated authority & take corrective measures
✓ To give inputs to the policy team / NCM / GCH on observed trends & issues	<ul style="list-style-type: none"> ✓ Give feedback to the policy team

RHFL follows a proactive credit risk mechanism to monitor the risk on its books

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

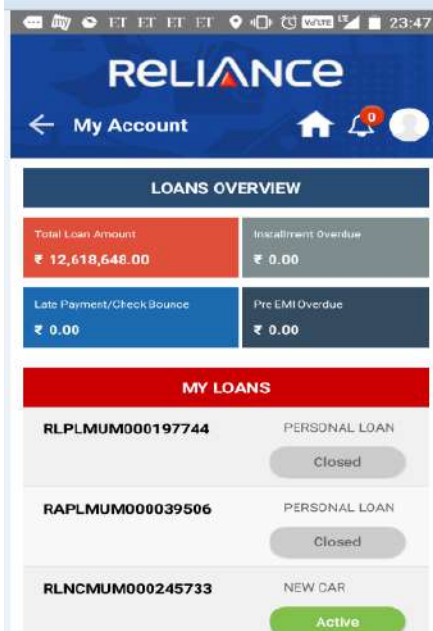
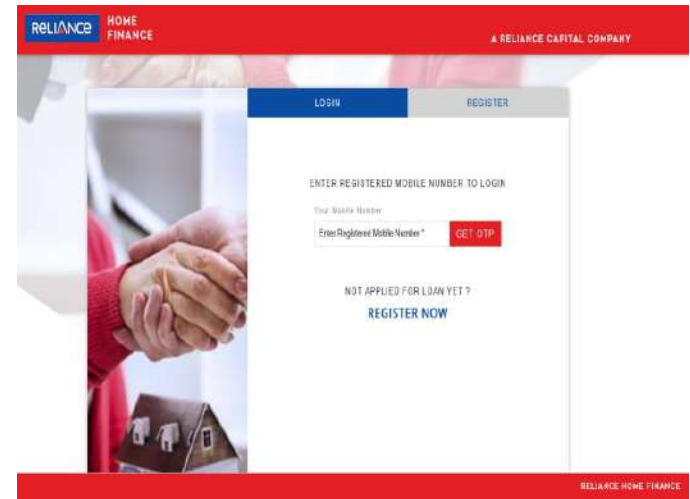


Digital Lending Platform - "APPLY NOW"

- 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



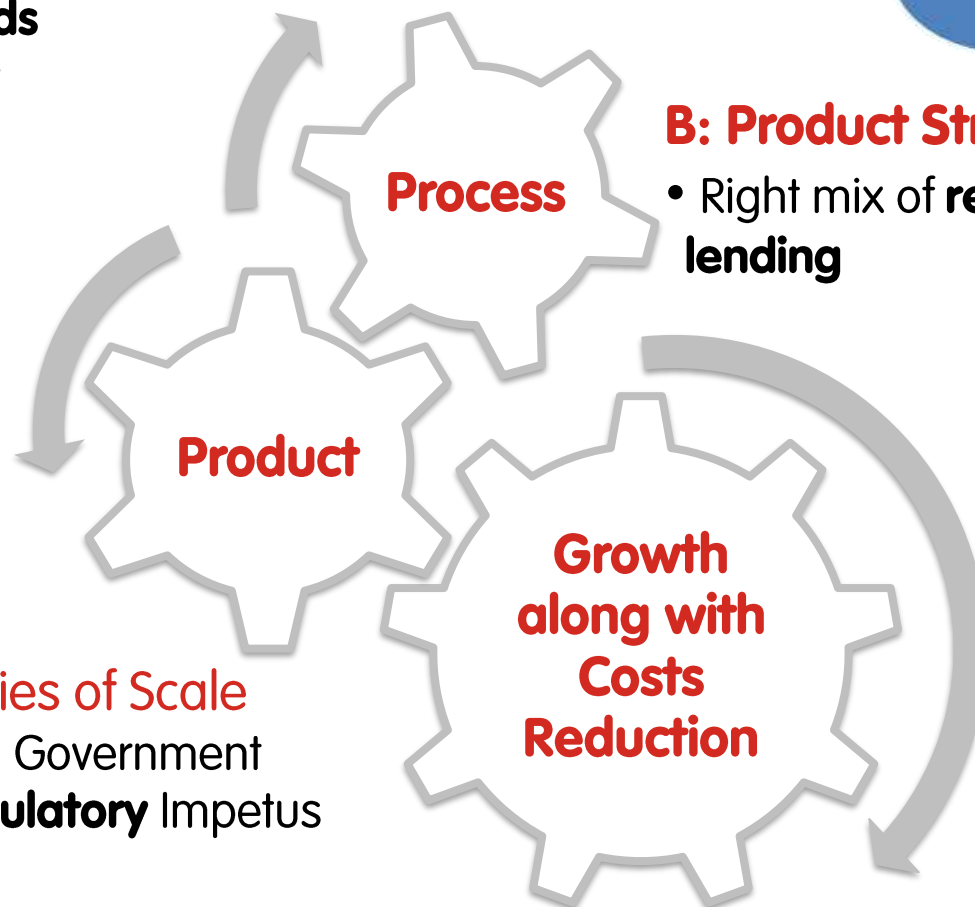
A: Process: Leaner Functioning

- 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

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Thank you

Annexure

Profit & Loss statement

(Rs. million)	Q2 FY18	Q2 FY17	Change (y-o-y)	Q1 FY18	Change (q-o-q)	FY 2017
Disbursements	20,025	15,935	26%	26,552	(25%)	73,331
Net Interest Income	1,016	583	74%	841	21%	2,168
Total Income	4,069	2,665	53%	3,934	3%	11,141
Interest expenses	2,663	1,812	47%	2,472	8%	7,531
Other expenses	661	437	51%	583	13%	1,999
Provisions	156	88	77%	350	(55%)	232
Profit before tax	589	318	85%	529	11%	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 Kotak Mahindra Bank, CITI Bank, Standard Chartered Bank with IDFC 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