



HOME
FINANCE

September 10, 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.: Unaudited Financial Results for the quarter ended June 30, 2018

Further to our letter dated September 10, 2018, on the above, we enclose a presentation on the financial performance of the Company for the quarter ended June 30, 2018.

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

T +91 22 3303 6000 / F +91 22 3303 6662, E-mail: rhfl.investor@relianceada.com, Website: www.reliancehomefinance.com

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CIN: L67190MH2008PLC183216

A RELIANCE CAPITAL COMPANY

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Results for the quarter ended June 30, 2018

Investor Presentation

September 10, 2018

About Us

AUM – Rs. 164bn

- ✓ **Top 21 Best Workplace in Asia 2018** by **Great places to work**
- ✓ Best BFSI brand - The Economic Times Best BFSI Brands 2018
- ✓ BFSI Awards 2018 - Best affordable housing finance company of the year

Public issue of NCDs – Rs.30bn

- ✓ AUM crossed the mark of **Rs. 112bn**
- ✓ **Ranked 20th** by **Great Place to Work India**
- ✓ CMO Asia - Dream company to work for in Housing Finance companies

Incorporated

- ✓ Started operations in June 2008
- ✓ Got NHB license in January 2009
- ✓ Accredited rating of **AA+** or long term debt programme

2008-10

2012-15

2015-17

2017-18

2018....

Listing on stock exchanges

- ✓ Got listed on the NSE and BSE on September 22, 2017
- ✓ Shareholders of Reliance Capital got **free shares of Reliance Home Finance in 1:1 ratio**

AUM – Rs. 58bn

- ✓ **Accredited A1+** for short term borrowing programme
- ✓ CMO Asia - Stars of the Industry award for excellence in SME loans

Our Presence

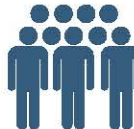
Established presence in the Self Employed segment



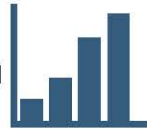
Healthy asset quality reinforced by strong risk management framework



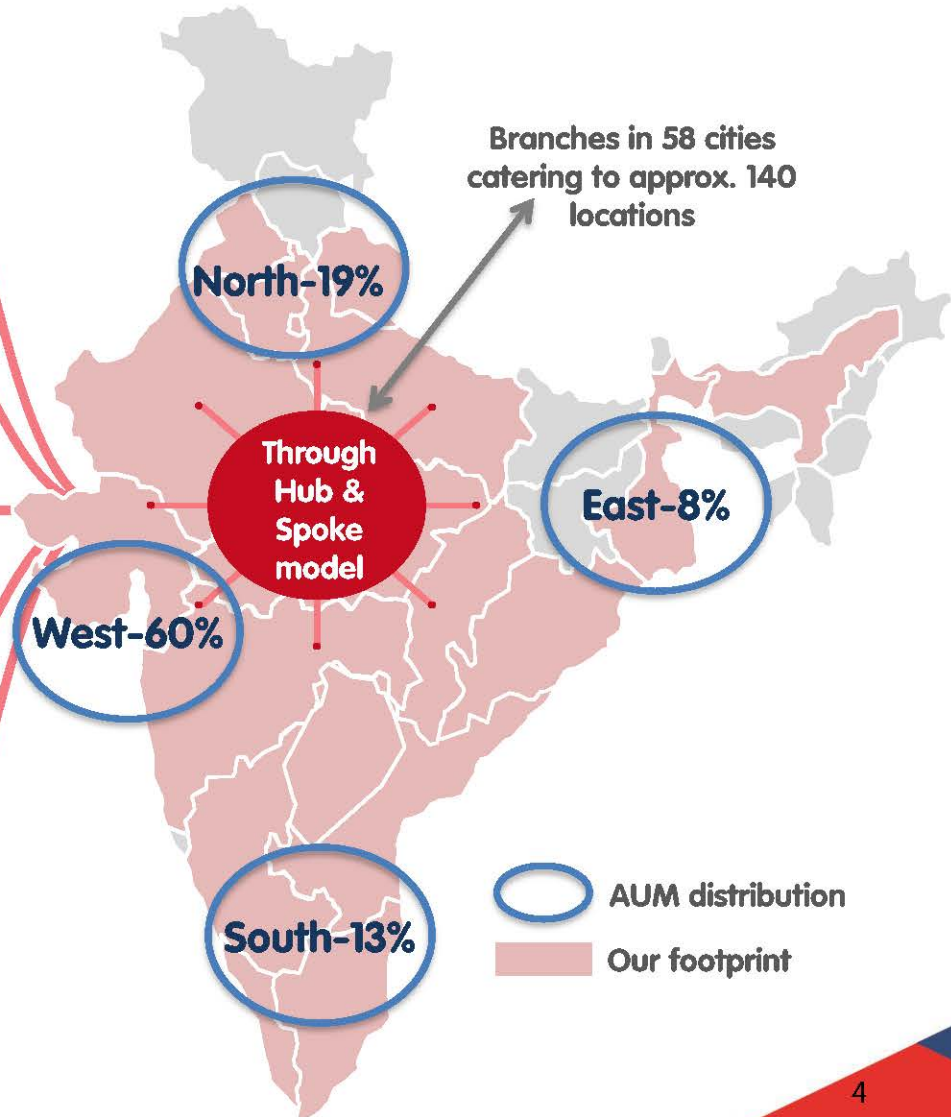
Strong Management Team and Corporate Governance



Robust growth coupled with focus on profitability



Established brand and parentage



Sustained growth with superior asset quality

AUM increased to
Rs. 156.4 billion
(+21%) as on June
2018

PBT for the quarter
at Rs. **724 million**
(+56%)

GNPA stable at
0.8% as on June
30, 2018

**Capital
Adequacy** ratio
was at **21%**; **Tier I
ratio at 13.8%**

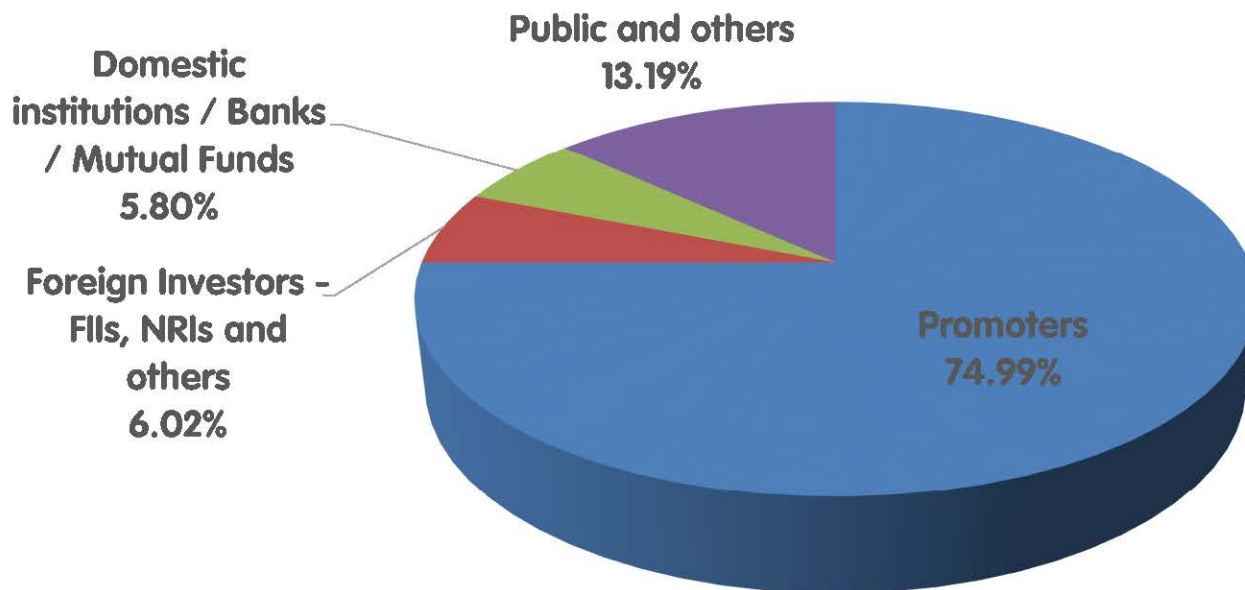


75% of our
home loan
disbursements
cater to the
self-employed
segment

Wide distribution footprint with focus on serving self-employed clientele

- Present in approx. **140 locations** through a 'hub and spoke' model with **over 45,000 client accounts**
- Successfully launched the digital lending platform, which would entail significant cost reduction

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



Key shareholders

Life Insurance Corporation

Aviator Global Investment

Dimensional Fund

Aditya Birla Mutual Fund

Reliance Mutual Fund

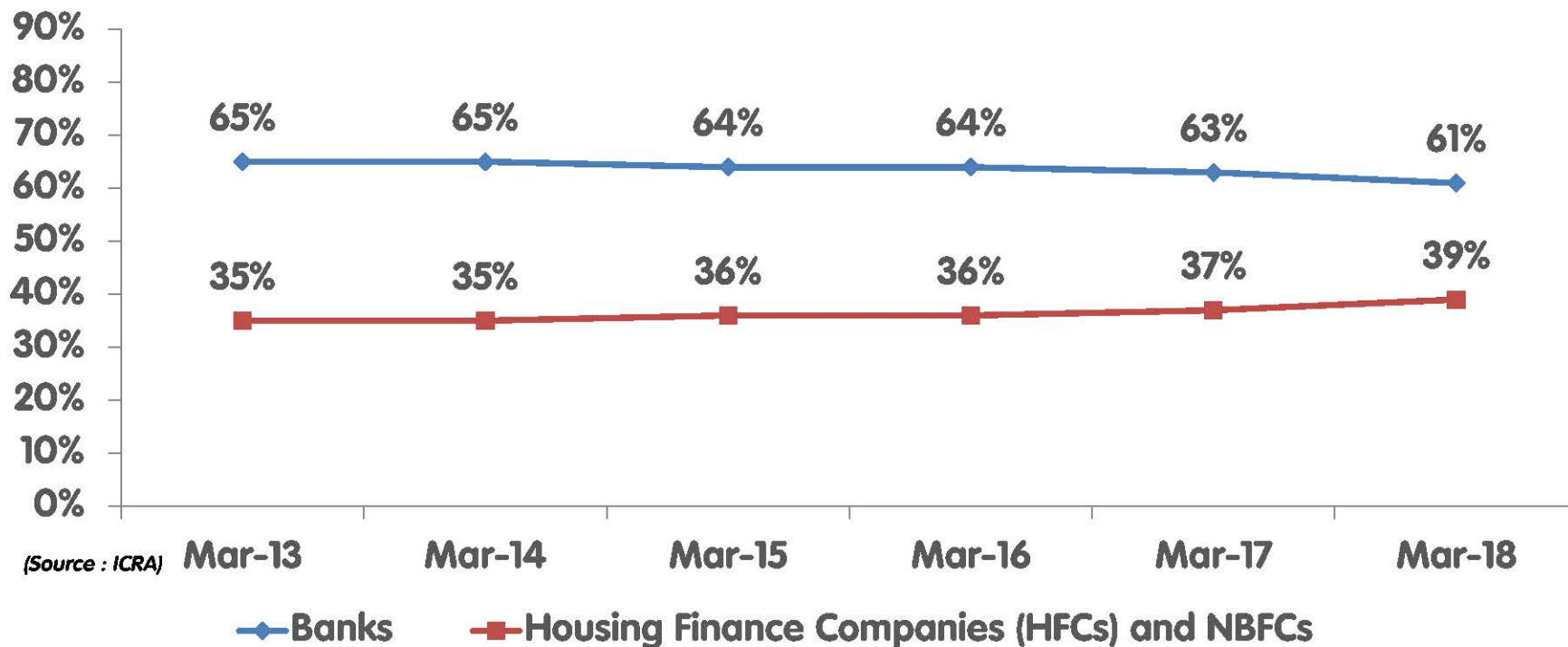
Vanguard Fund

Jupiter India Fund

Valiant Fund

The Opportunity

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

- 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

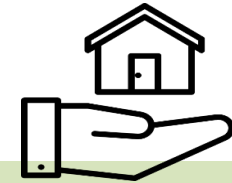
WIN-WIN SCENARIO FOR ALL



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

**Recent Development*

Initiatives to make housing more accessible



- ✓ MIG I (families with household income between Rs 6 lakh and Rs 12 lakh) : Carpet area raised from "up to 120 square metre" to "up to 160 square metre"
- ✓ MIG II (families, with annual income between Rs 12 lakh and Rs 18 lakh) : Carpet area raised from "up to 150 square metre" to "up to 200 square metre"

- ✓ Housing loan limits for PSL eligibility revised from existing Rs 28 lakh to Rs 35 lakh in metropolitan cities, and from Rs 20 lakh to Rs 25 lakh in other cities, provided the overall cost of the dwelling unit in metro and at other cities does not exceed Rs 45 lakh and Rs 30 lakh, respectively



Shortage of affordable housing (by Economic Group)

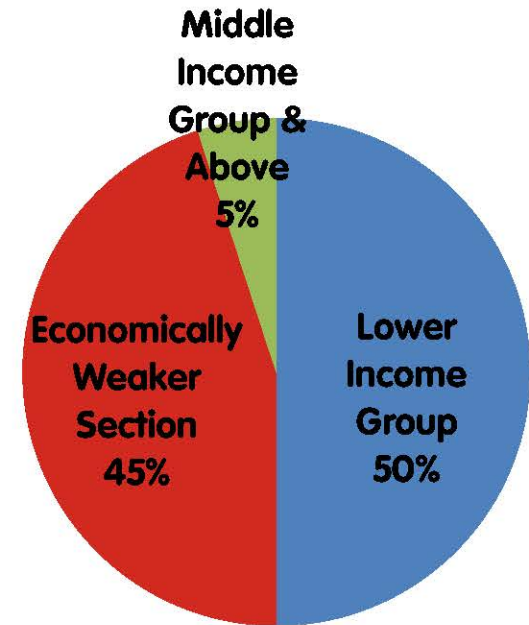
Urban housing requirement estimated at 45 million by 2022

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

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 10% 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

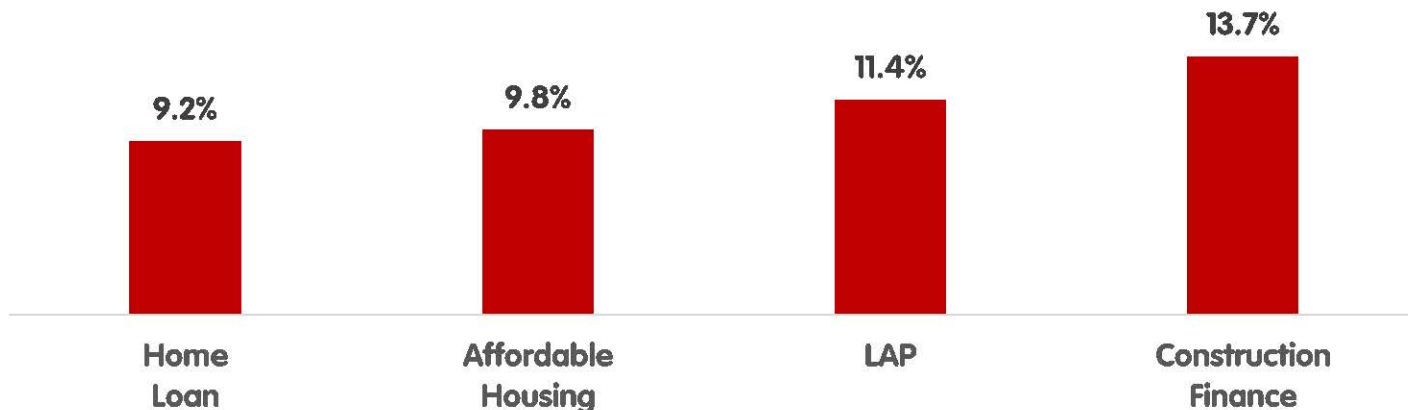
* Affordability being property prices divided by annual income of the individual

Operational Highlights

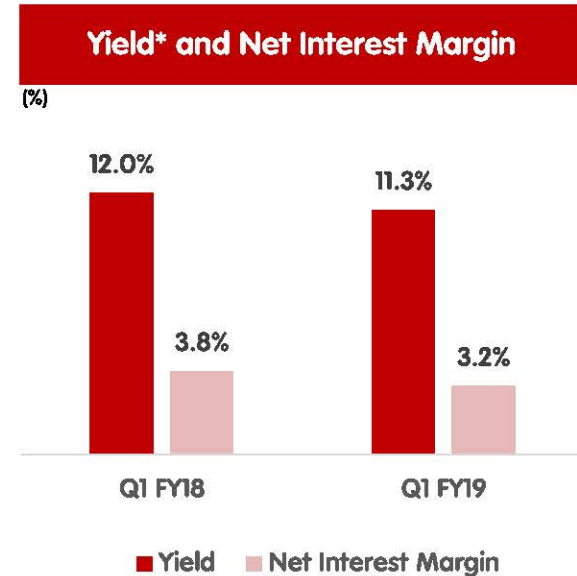
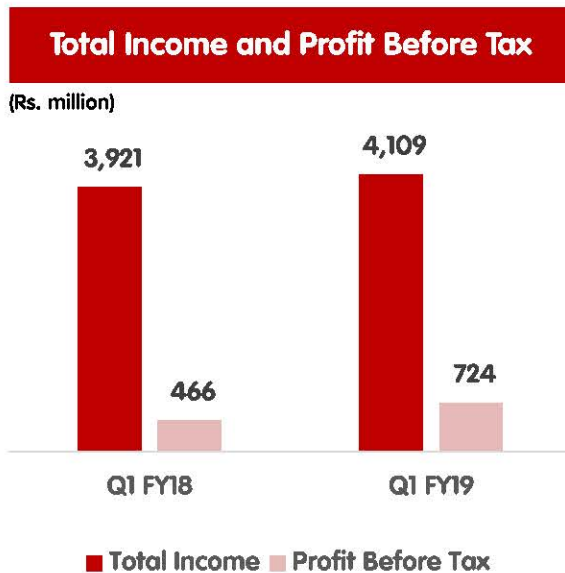
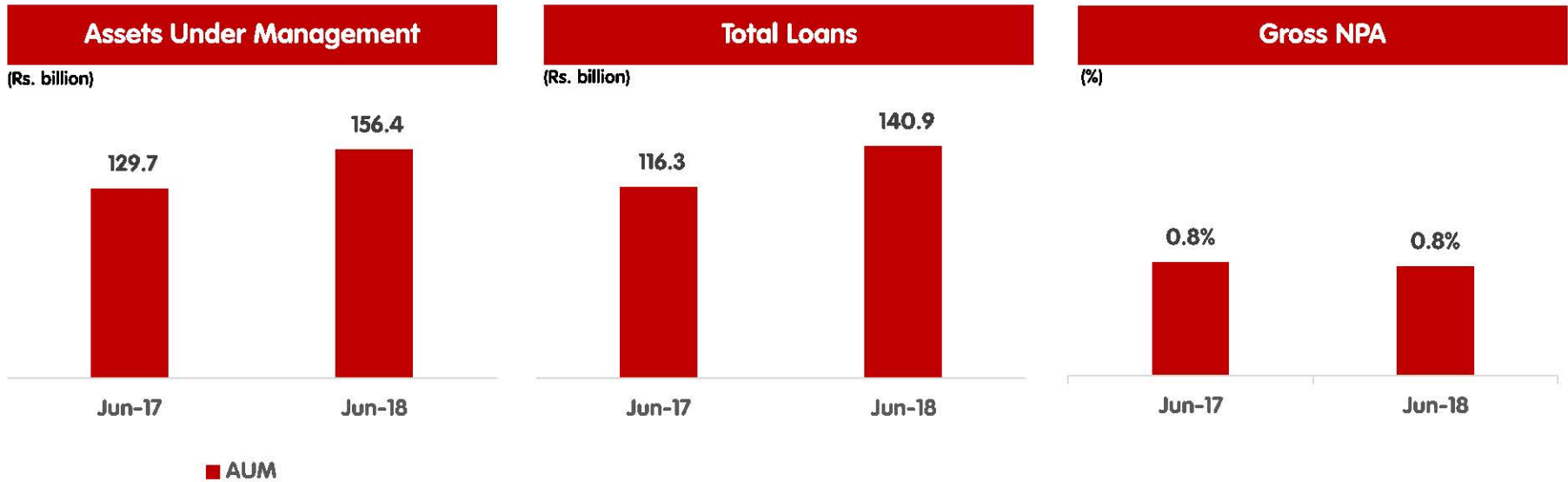
(as on June 2018)

Products	LTV	AUM Mix	Avg. Ticket Size (Rs. million)
Home Loan	55%	31%	6.2
Affordable Housing	65%	20%	1.5
Loan against Property	44%	20%	5.2
Construction Finance	56%	29%	162.4

Average yield (%)

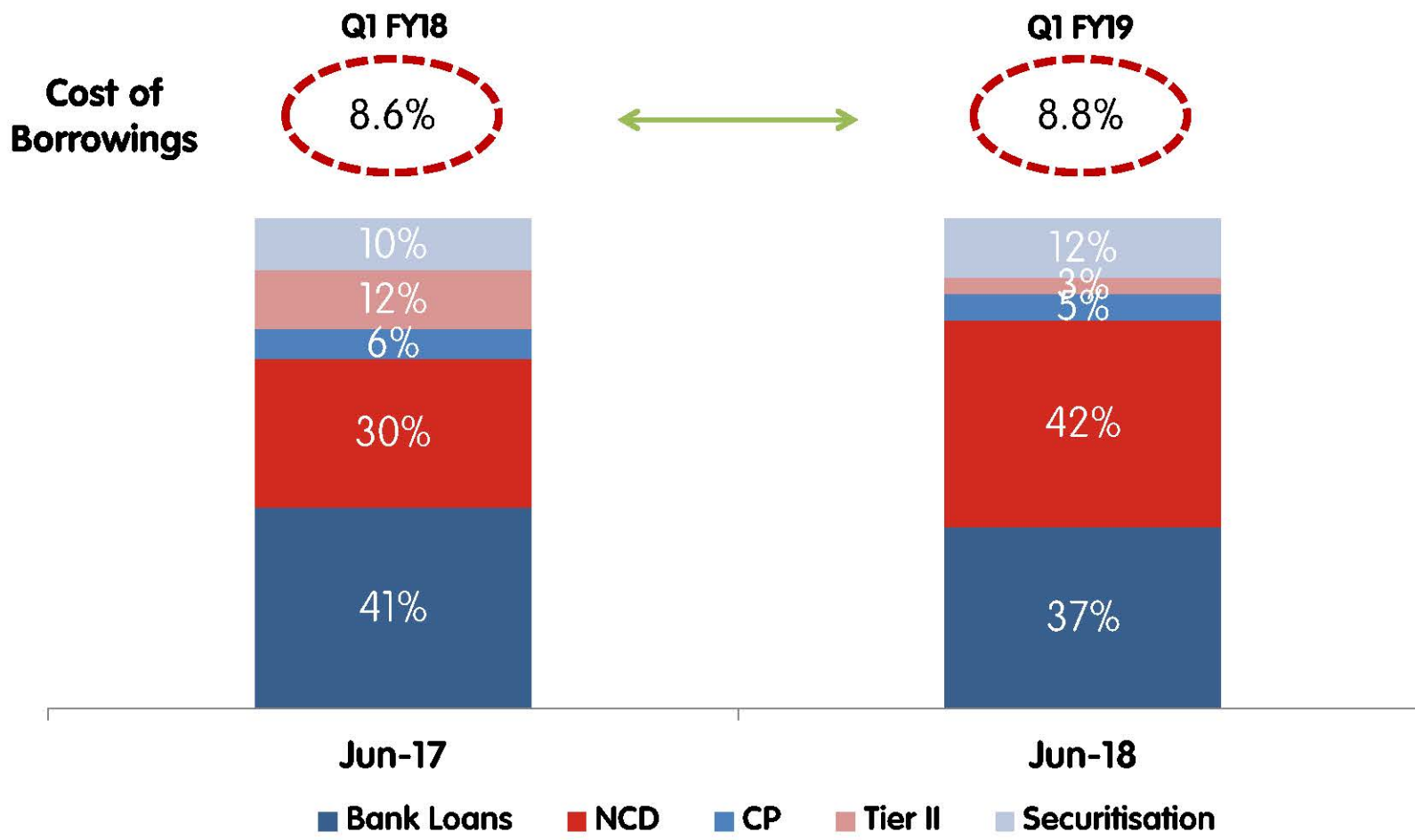


*Rate hike has not been fully factored in the quarter



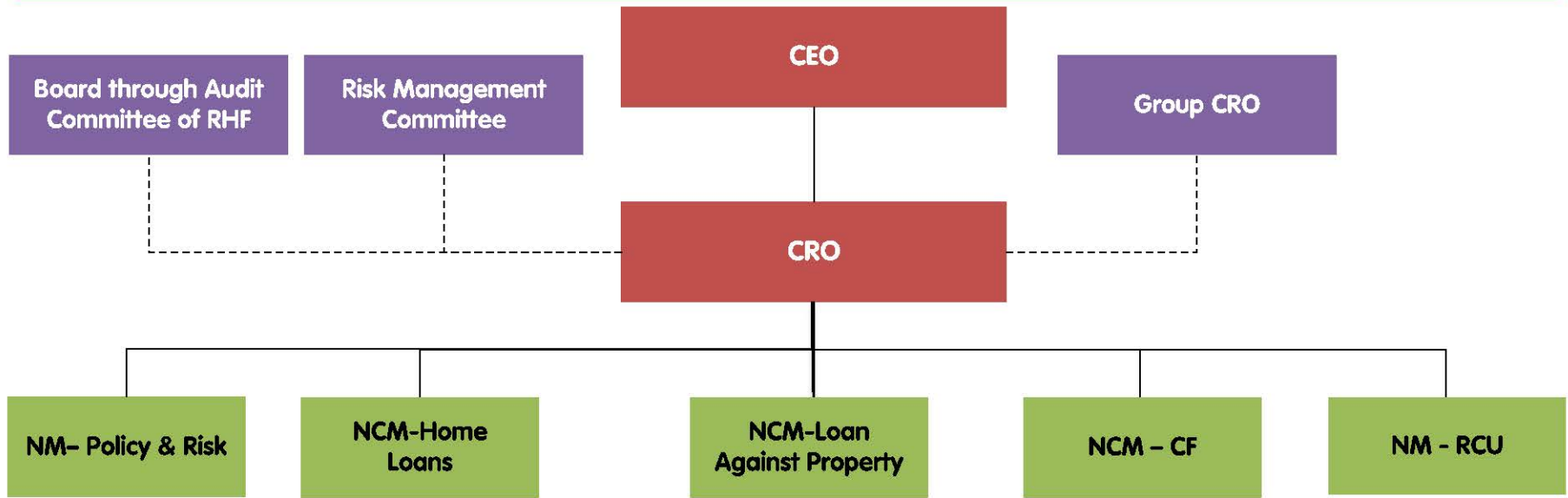
Note: Numbers for Q1FY18 and Q1FY19 are as per IndAS

*Rate hike has not been fully factored in the quarter



CRAR	June 30, 2017	June 30, 2018
Tier I Capital	8.6%	13.8%
Tier II Capital	8.4%	7.2%
Total	17.0%	21.0%

Instrument	March 2018
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	<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

Enterprise-wide Risk Management

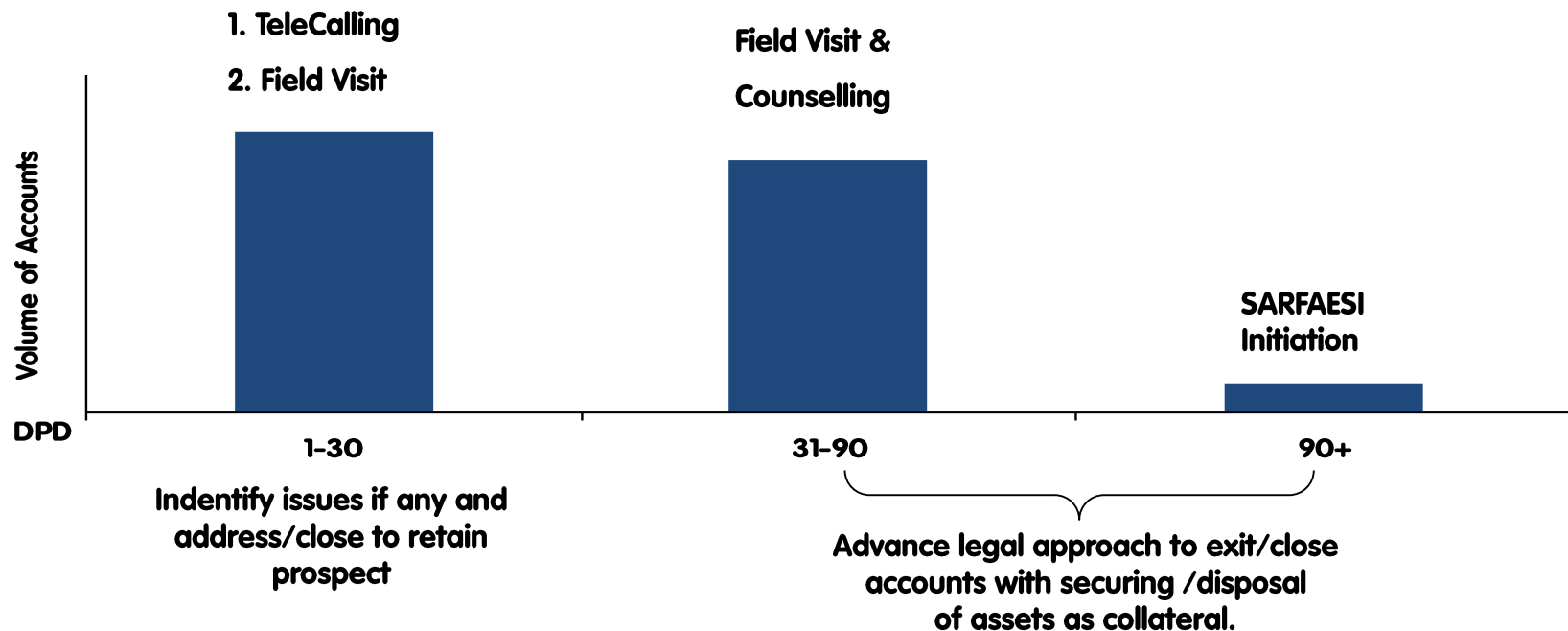
- Risk Bank for each function
- Independent team for Branch Process Risk Reviews, RCSA, managing the various Risk committee meetings, and implementation and sustenance of ISO standards
- Information Security - Awareness and Culture building
- Management level committees are in place

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



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

Service Queries: 1 800 200 3838 | New Loans: 1 800 210 3838

Welcome! SHASHIKUMAR RAVULAPATI

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MY ACCOUNT | REQUEST LOAN | HELP CENTER | SERVICE REQUEST | CONTACT US

TOTAL LOAN AMOUNT: ₹ 12,618,648.00

INSTALLMENT OVERDUE: ₹ 0.00

LATE PAYMENT/CHECK BOUNCES: ₹ 0.00

PRE EMI OVERDUE: ₹ 0.00

Your Verified Accounts

Loan Account Number	Customer Name	Loan Status	Loan Amount (INR)
RLPLMUM000197744	SHASHIKUMAR RAVULAPATI	Closed	200,000.00
RAPLMUM000039506	SHASHIKUMAR RAVULAPATI	Closed	500,000.00
RLNCMUM000245733	SHASHIKUMAR RAVULAPATI	Active	1,538,000.00
RLPLMUM000252765	SHASHIKUMAR RAVULAPATI	Active	300,000.00
RHHLHYD000003388	SHASHIKUMAR RAVULAPATI	Active	1,586,648.00
RHHTAHM000018911	SHASHIKUMAR RAVULAPATI	Active	700,000.00
RHHLAHM000018648	SHASHIKUMAR RAVULAPATI	Active	4,800,000.00

Reach Out to Us

Service Queries: 1 800 200 3838 | New Loans: 1 800 210 3838

Email Us: customercare@reliancecommercialfinance.com

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← My Account

LOANS OVERVIEW

Total Loan Amount: ₹ 12,618,648.00

Installment Overdue: ₹ 0.00

Late Payment/Check Bounce: ₹ 0.00

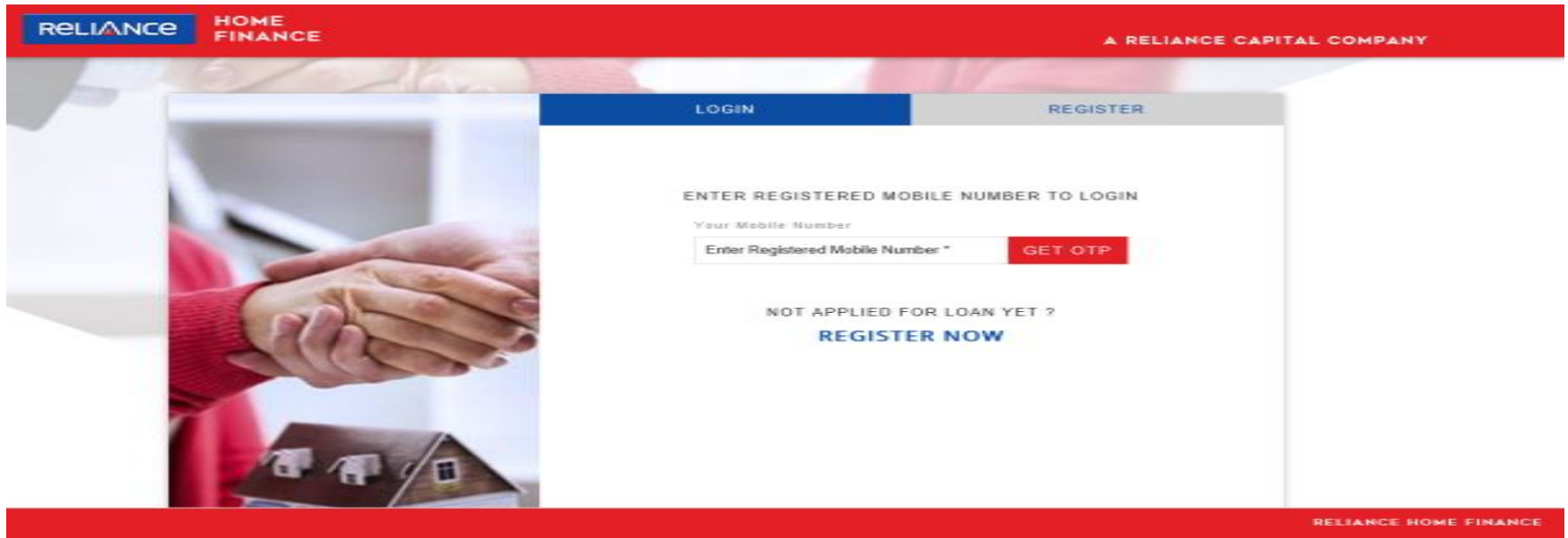
Pre EMI Overdue: ₹ 0.00

MY LOANS

RLPLMUM000197744	PERSONAL LOAN	Closed
RAPLMUM000039506	PERSONAL LOAN	Closed
RLNCMUM000245733	NEW CAR	Active

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



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

Ind AS transition

(Rs. in million)

Particulars	Q1 FY18
Net Profit After Tax as per previous IGAAP	374
Add / (Less) : Adjustments as per Ind AS :	
- Effective Interest Rate (EIR) for financial assets and liabilities recognised at amortised cost/net interest on credit impaired loans	(147)
- Fair valuation of employee stock options (ESOP)	-
- Fair valuation of Investment	(5)
- Incremental gain from Excess Interest Spread (EIS) on assignment and securitisation transactions	141
- Application of Expected Credit Loss (ECL)	(72)
- Reclassification of actuarial gains and losses on employee benefit plans to other comprehensive income	10
- Reversal of Deferred Tax Liability (DTL) on Special Reserve	26
- Other adjustment	15
Net profit After Tax as per IndAS	342
Other Comprehensive Income (net of tax)	(10)
Total Comprehensive Income (net of tax) as per IndAS	332

Expected Credit Loss (ECL)

(Rs. in million)

Particulars	Q1 FY19	Q1 FY18
Gross Stage 3 (GNPA)	1,281	1,102
ECL Provisions - Stage 3	291	211
Net Stage 3	990	23
Coverage ratio in Stage 3	22.7%	19.1%
Gross Stage 1 & 2	1,40,646	1,16,289
% Portfolio in Stage 1 & 2	99.1%	99.1%
ECL Provision - Stage 1 & 2	1,051	1,082
Net Stage 1 & 2	1,39,596	1,15,207
ECL Provision % in stage 1 & 2	0.7%	0.9%
Gross NPA % (AUM)	0.8%	0.8%

Note : The company has taken a conservative approach towards ECL policy and additionally opted to retain adhoc provisions over and above the NHB and Ind AS requirements

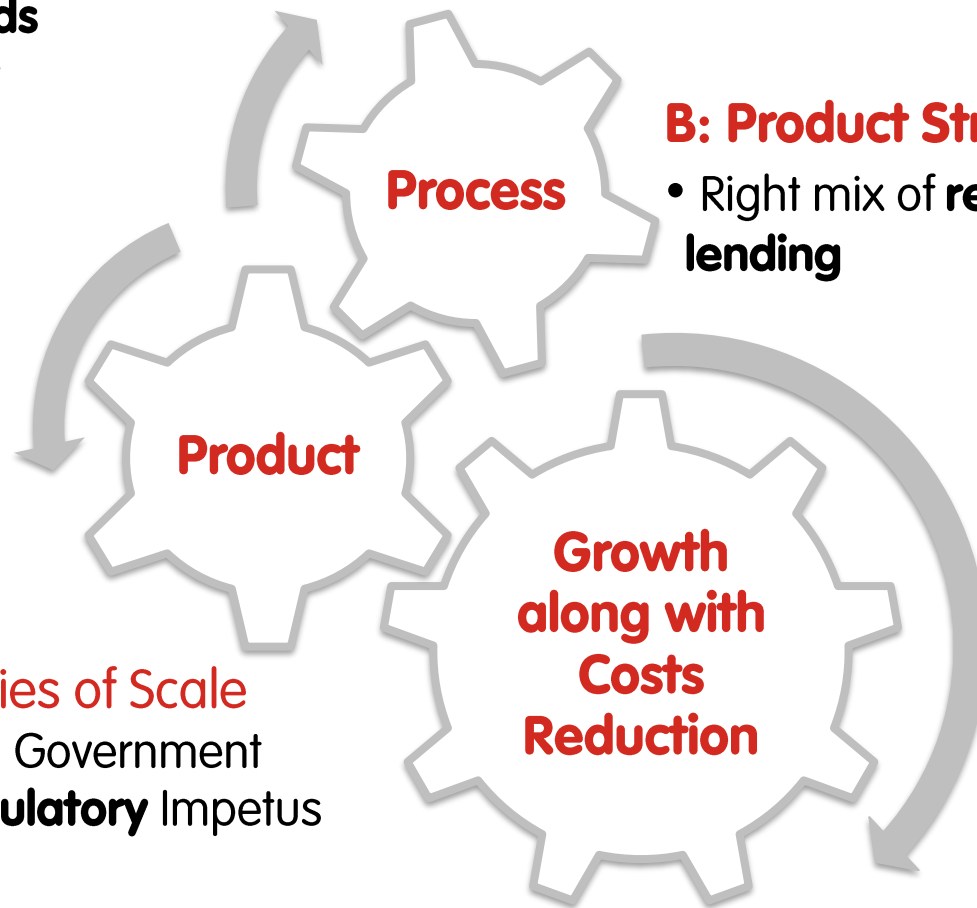
Way forward

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

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Thank you

Investor relations contact:
sambhav.jain@relianceada.com
rhfl.investor@relianceada.com

Annexure

Profit and Loss statement

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(Rs. in million)

Particulars	Q1 FY19	Q1 FY18	% Change	FY18	FY17	% Change
Assets Under Management	156,416	129,714	21%	163,789	111,745	47%
Net Interest Income	1,128	1,090	4%	4,963	2,683	85%
Total Income	4,109	3,921	5%	16,705	11,447	46%
Interest expenses	2,855	2,472	16%	10,441	7,531	39%
Other expenses	500	563	(11%)	2,619	1,999	31%
Provisions	29	421	(93%)	930	538	73%
Profit before tax	724	466	56%	2,715	1,378	97%

Note: Numbers for FY17 and FY18 as per IGAAP; for Q1FY18 and Q1FY19 as per IndAS

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