

February 11, 2019

**BSE Limited**

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

**BSE Scrip Code: 540709****National Stock Exchange of India Limited**

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

**NSE Scrip Symbol: RHFL**

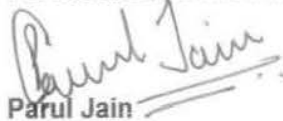
Dear Sir(s),

**Sub.: Investor Presentation**

Further to our letter dated February 11, 2019, we enclose a presentation on the financial performance of the Company for the quarter ended December 31, 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, 6<sup>th</sup> Floor, Off Western Express Highway, Santacruz (East), Mumbai – 400 055T +91 22 3303 6000 / F +91 22 3303 6662, E-mail: [rhfl.investor@relianceada.com](mailto:rhfl.investor@relianceada.com), Website: [www.reliancehomefinance.com](http://www.reliancehomefinance.com)**Customer Service:** T +91 22 3967 1600 / 1800-300-90909 (toll free) / E-mail: [customercare@reliancehomefinance.com](mailto:customercare@reliancehomefinance.com)

RELIANCE

HOME  
FINANCE

A RELIANCE CAPITAL COMPANY

# Results for the quarter ended December 31, 2018

Investor Presentation

February 11, 2019

# 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



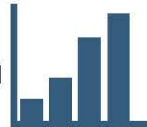
Healthy asset quality reinforced by strong risk management framework



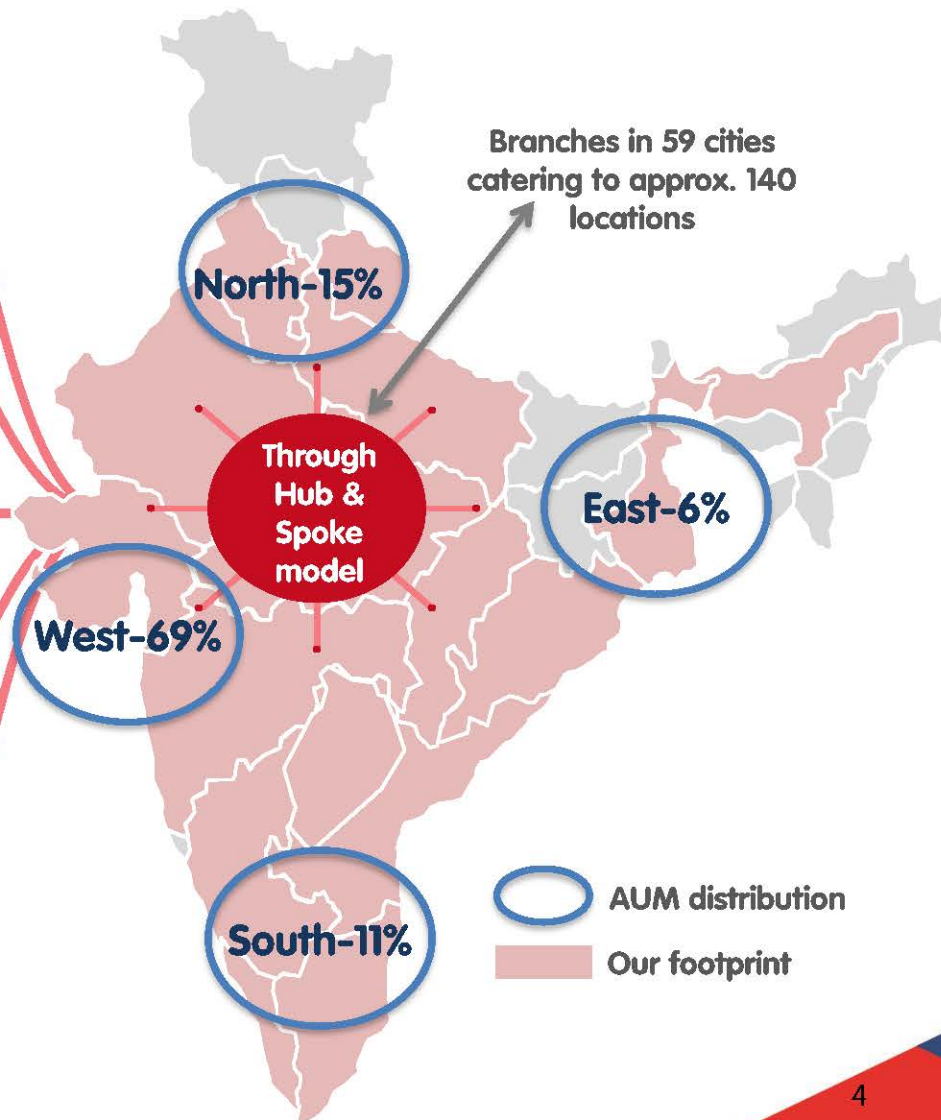
Strong Management Team and Corporate Governance



Robust growth coupled with focus on profitability



Established brand and parentage





Best BFSI  
Brand  
2018 by  
The  
Economic  
Times  
Best BFSI  
Brands

National Award for Best  
Housing Finance Companies  
for "Technology Initiative of the  
year" by CMO - Asia





Most promising brand in housing finance by ET Now



Best affordable housing finance company of the year by ET Now





Reliance Home Finance has been recognised as the  
**Top 21<sup>st</sup> Best Workplace in Asia** by GPTW



## Sustained growth with superior asset quality

**AUM** increased to  
**Rs. 182.9 billion**  
(+24%) as on  
December 2018

**PBT** for the quarter  
at **Rs. 876 million**  
(+30%)

**NIM** at **3.5%**  
for **Q3 FY19**

**GNPA** at **0.9%** as  
on December 31,  
2018

**Capital**  
**Adequacy** ratio  
was at **18.8%**; **Tier**  
**I ratio** at **12.7%**

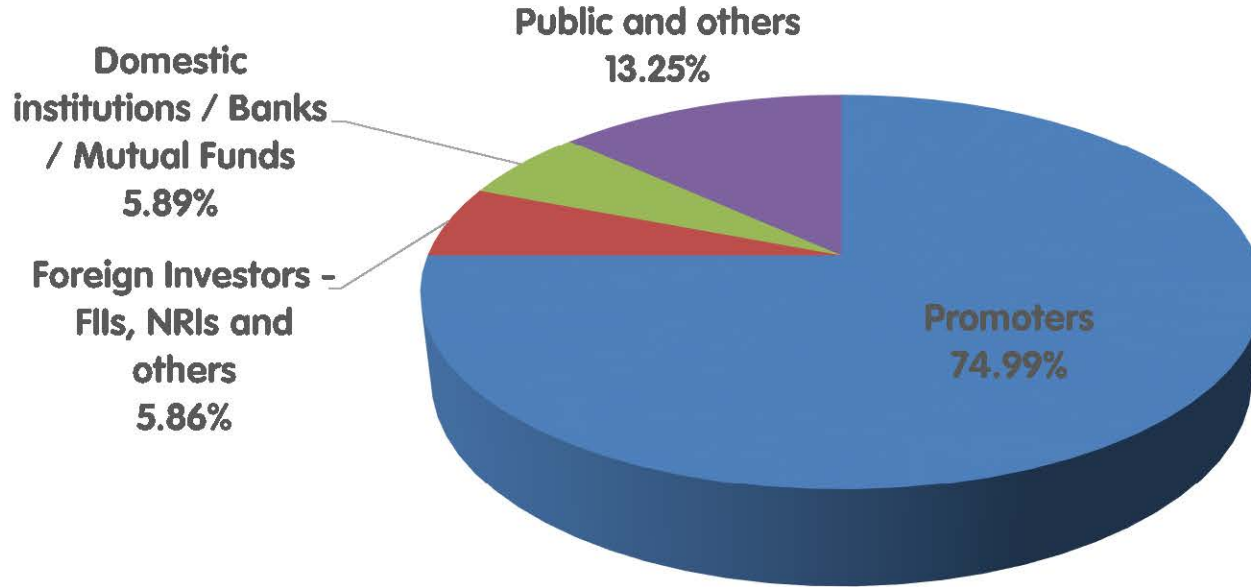


**70%** of our  
**home loan**  
**disbursements**  
cater to the  
**self-employed**  
segment

## Wide distribution footprint with focus on serving self-employed clientele

Present in approx. **140 locations** through a 'hub and spoke' model

Product	Customer segment	Primary end use	Strategy
<b>Home Loans</b>	Self employed & Salaried individuals	Purchase of residential property	Key growth driver for future - Funding through expansion in Tier II and III locations
<b>Affordable Housing</b>	Self employed & Salaried individuals	Purchase of residential property	Funding LIG & MIG segment for affordable housing through expansion in Tier II and III locations
<b>Loan against Property</b>	Self Employed individuals and SMEs	Business expansion and purchase of plant & equipments	Cash-flow based lending program
<b>Construction Funding</b>	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

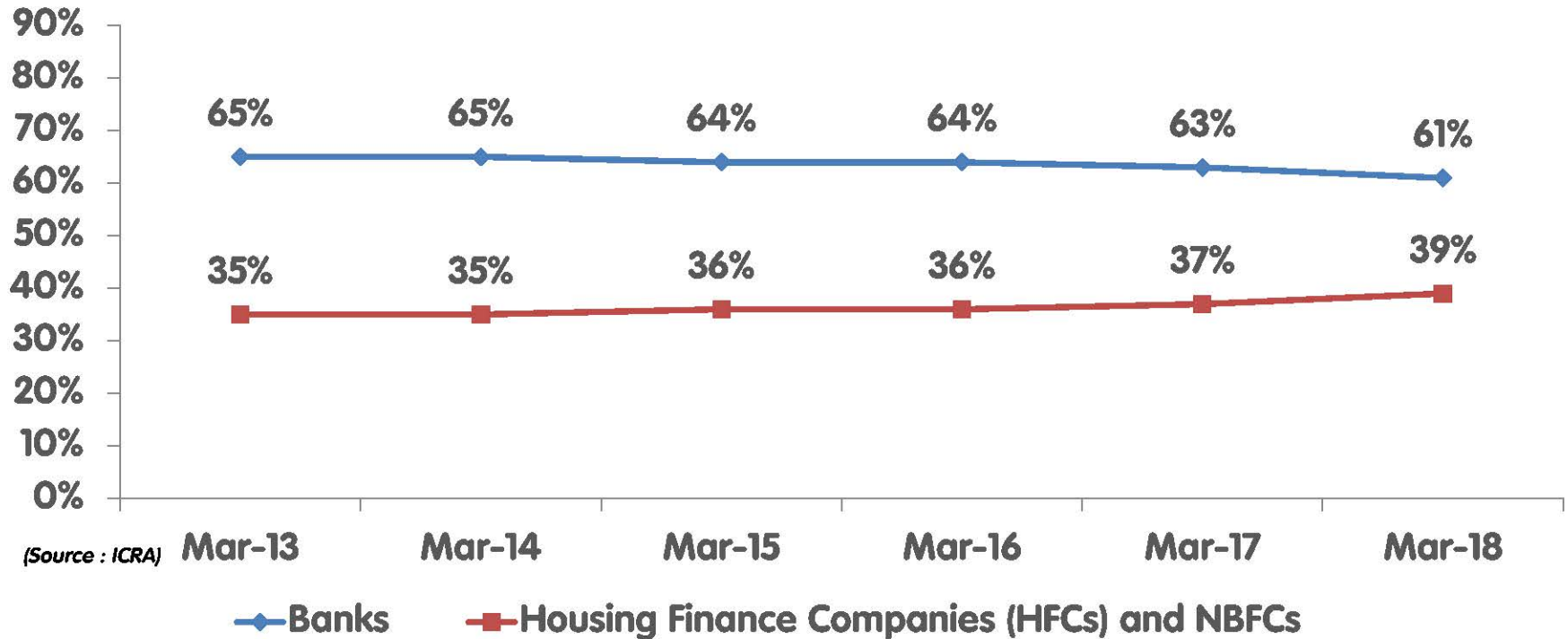
Vanguard Fund

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

- 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

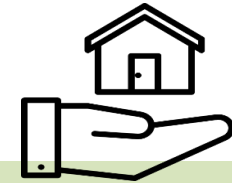
## Borrowers

- 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**

## 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)

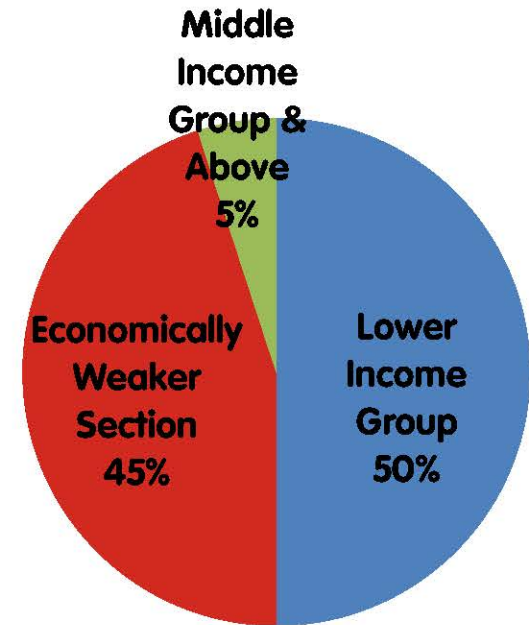
## Economic group-wise Shortage of Affordable Housing

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



Mortgage penetration is at 10% of the GDP which is very low compared to other economies

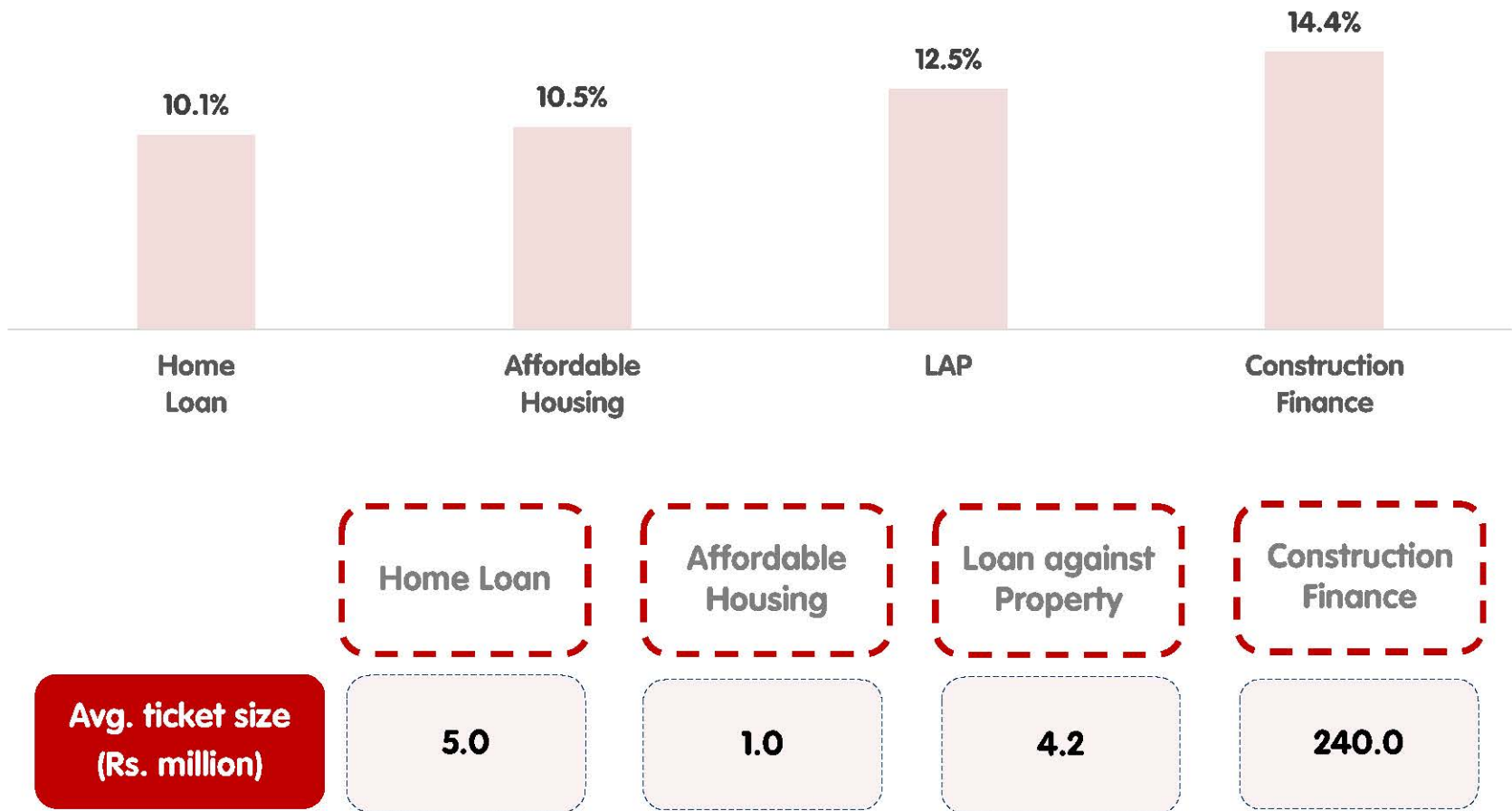
Affordability\* towards housing has improved significantly and is expected to improve further while going ahead

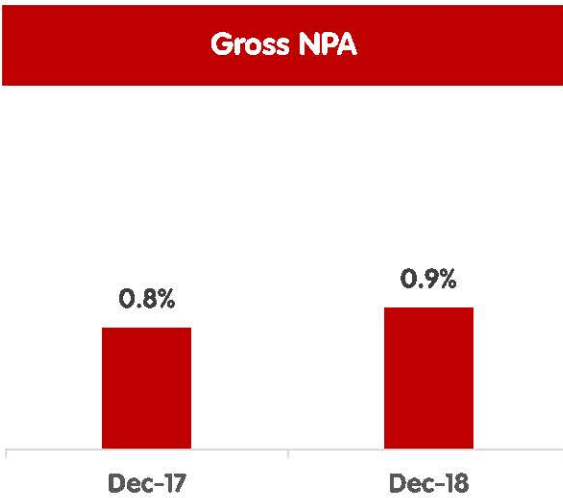
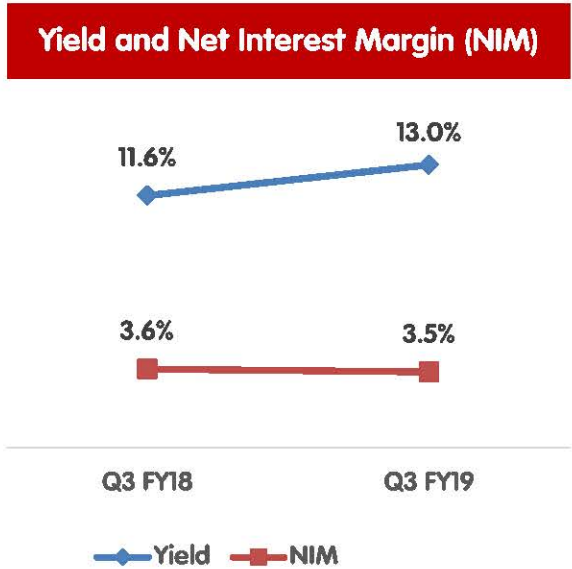
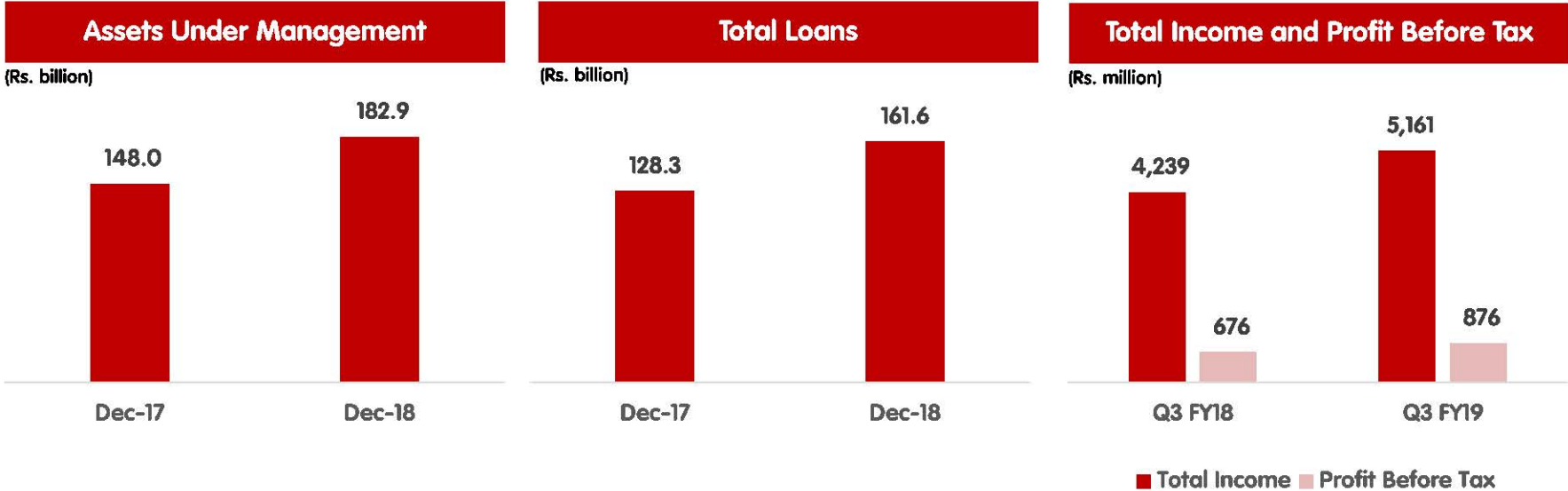
\* Affordability being property prices divided by annual income of the individual

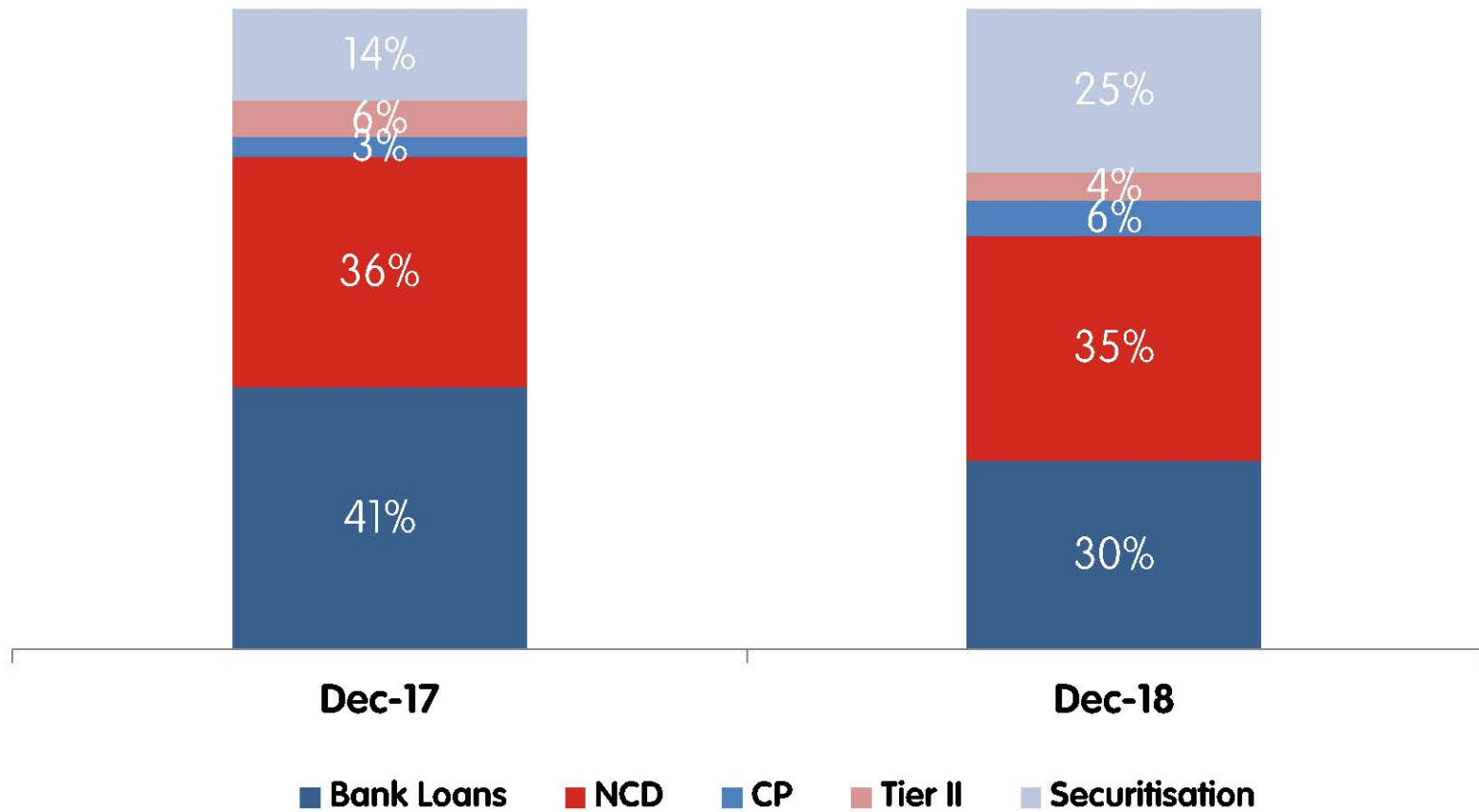


# Operational Highlights

## Average yield (%)



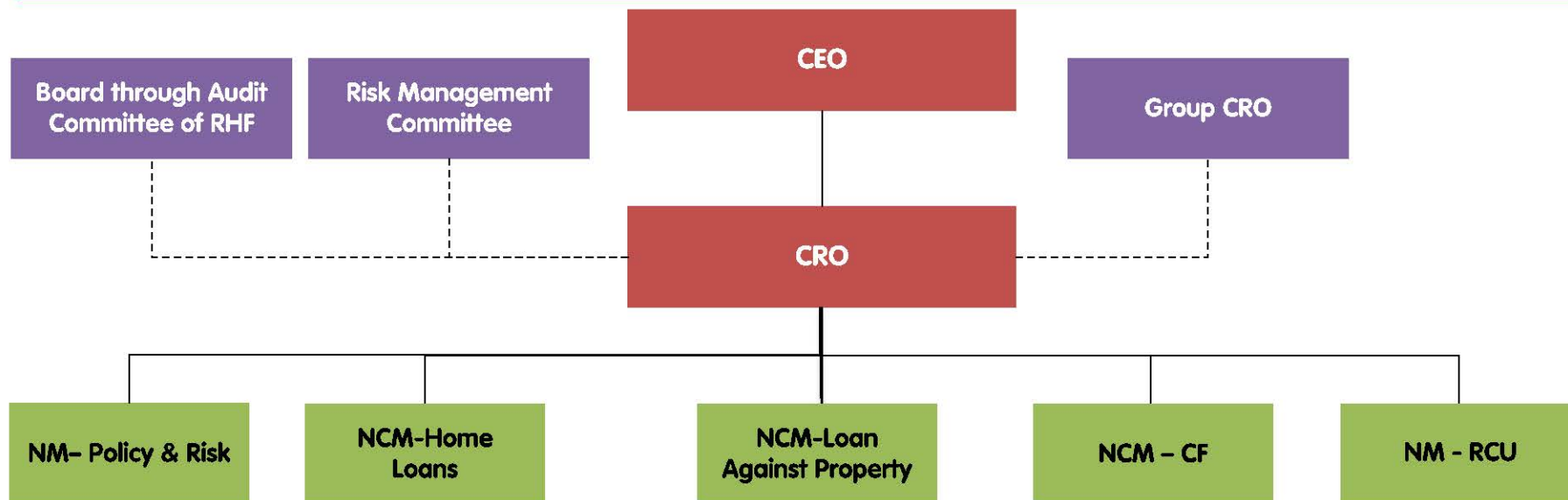




CRAR	Dec 31, 2017	Dec 31, 2018
Tier I Capital	13.5%	12.7%
Tier II Capital	8.0%	6.1%
<b>Total</b>	<b>21.5%</b>	<b>18.8%</b>

# Credit, Risk & Monitoring

Instrument	December 2018
Short Term	ICRA A1+
	BWR A1+
Long Term	CARE AA
	BWR AA+
Public Issue NCD (Secured)	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"> <li>✓ Scientific method of sampling</li> <li>✓ Score-based prioritization</li> </ul>
✓ To identify & review sanctioned cases to check adequate credit risk mitigation measures have been taken	<ul style="list-style-type: none"> <li>✓ Super-underwrite &amp; revalidate the sampled sanctioned cases</li> </ul>
✓ 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"> <li>✓ Give feedback to the credit team at various levels to improve underwriting efficiency &amp; drive standardization</li> </ul>
✓ To identify underwriting & process gaps & suggest corrective & preventive measures	<ul style="list-style-type: none"> <li>✓ Monitor effective use of delegated authority &amp; take corrective measures</li> </ul>
✓ To give inputs to the policy team / NCM / GCH on observed trends & issues	<ul style="list-style-type: none"> <li>✓ Give feedback to the policy team</li> </ul>

## 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

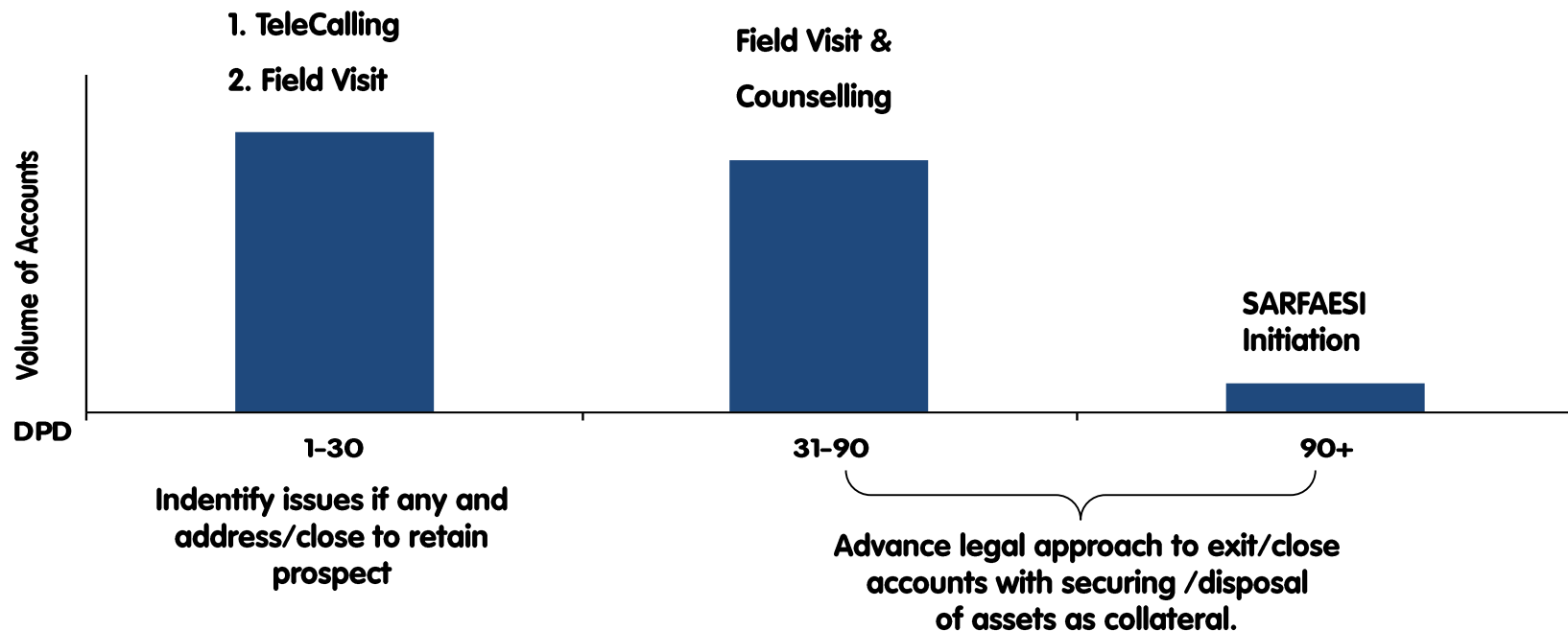
**Mechanisms in place to manage and address all concentration risks, and scorecards to assist in effective credit decisions**



## Collections / Reputation

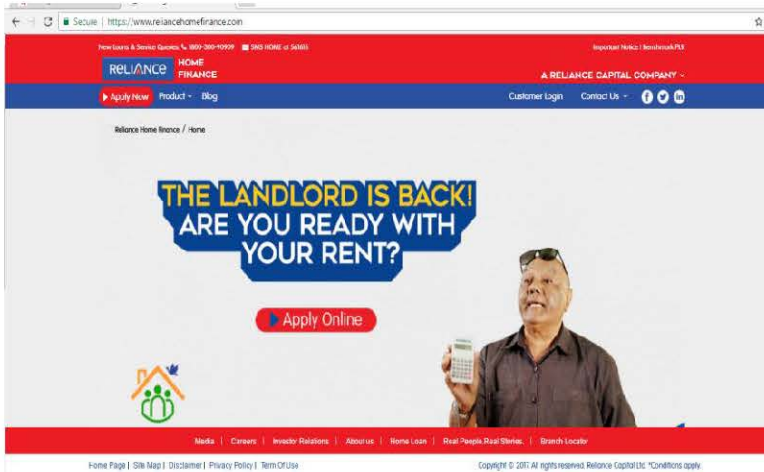
- Collections team **governed by Collections Policy Manual**
  - ✓ Manual gives guidelines on **collection methodology, code of conduct, reputation risk etc.**
- **Collection teams** are especially sensitized about **protecting reputation** of the company

### Protecting Reputational risks for the company under all circumstances

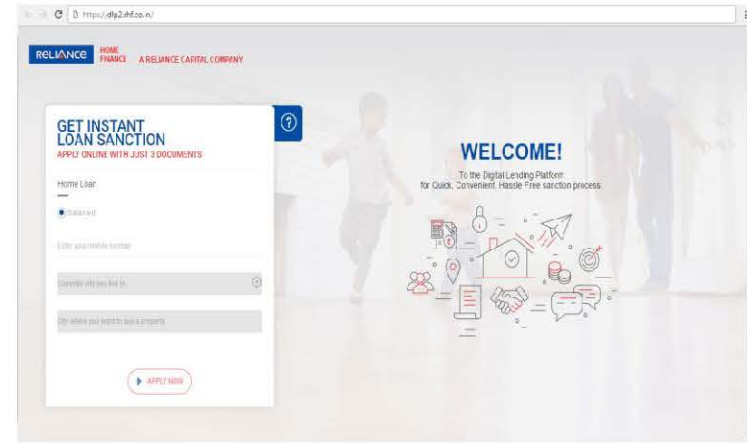


# Digital Initiatives

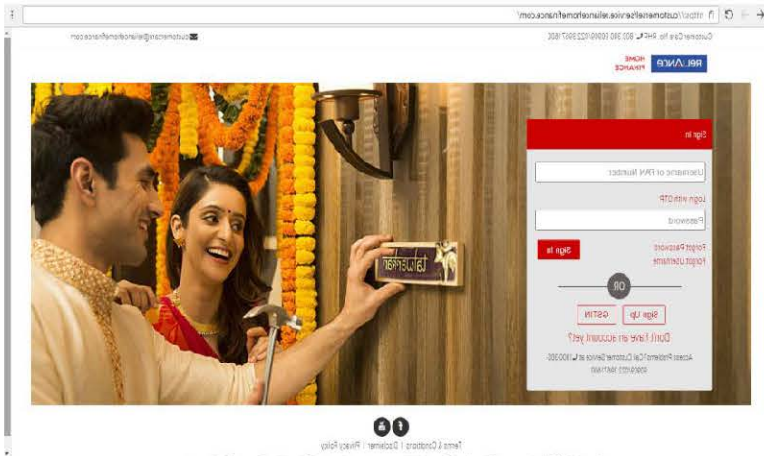
## Reliance Home Finance



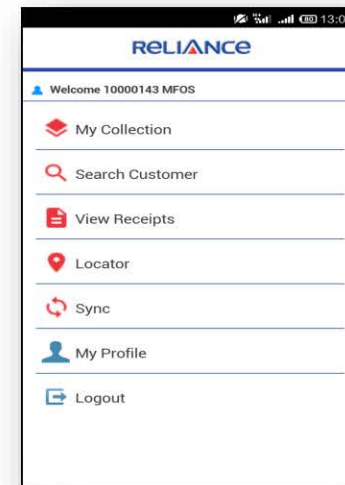
## Digital Lending Platform



## Self Reliant



## Snipe



## 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

**RELIANCE**

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	1,530,000.00
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

## 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

**RELIANCE**

← My Account

**LOANS OVERVIEW**

Total Loan Amount: ₹ 12,618,648.00

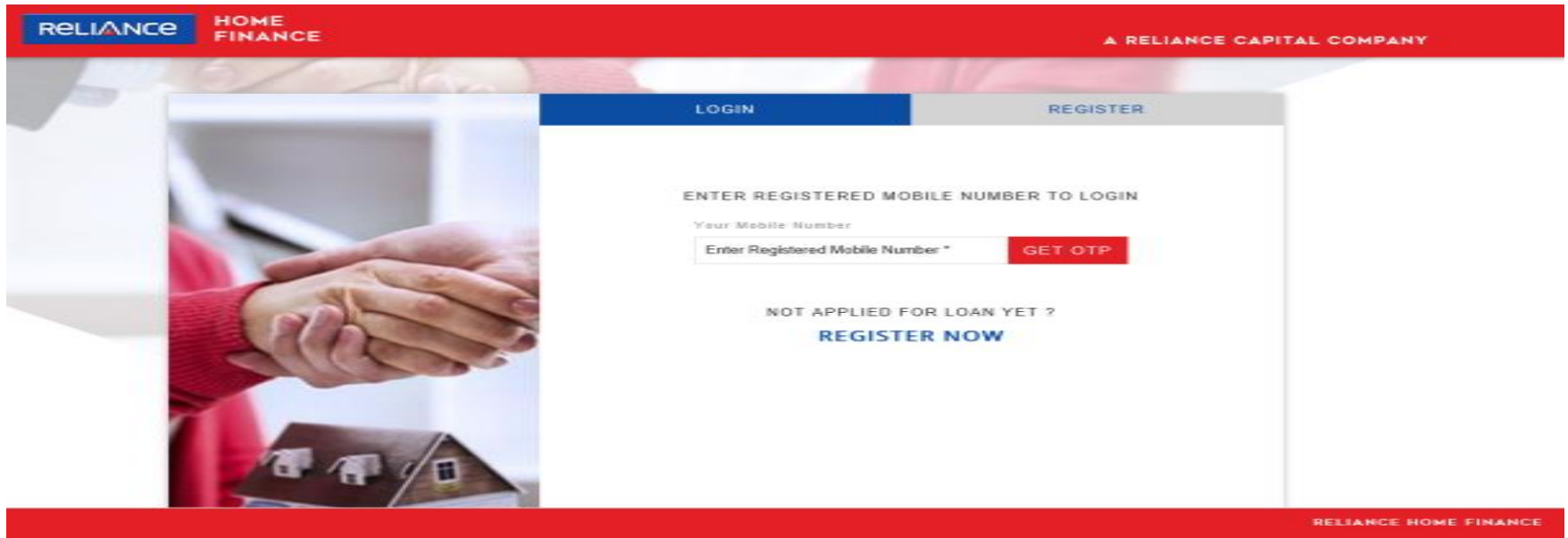
Installment Overdue: ₹ 0.00

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



## 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

# Expected Credit Loss (ECL)

(Rs. in million)

Particulars	Q3 FY19
Gross Stage 3 (GNPA)	1,681
ECL Provisions - Stage 3	401
Net Stage 3	1,280
<b>Coverage ratio in Stage 3</b>	<b>23.9%</b>
Gross Stage 1 & 2	160,690
% Portfolio in Stage 1 & 2	99%
ECL Provision - Stage 1 & 2	778
Net Stage 1 & 2	159,912
<b>ECL Provision % in stage 1 &amp; 2</b>	<b>0.5%</b>
<b>Gross NPA % (AUM)</b>	<b>0.9%</b>

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

# Our People





**Mr. Padmanabh Vora**  
Non-Executive Chairman &  
Independent Director

- Independent Director on the Board and also a Member of the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and the Chairman of Stakeholders Relationship Committee, Corporate Social Responsibility 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 the Chairperson 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



**Lt Gen Syed Ata Hasnain  
(Retd)**  
Independent Director

- An Independent director on the Board and a member of the Audit Committee
- holds a B.A. (Honours) degree in History from St Stephen's College and is a post graduate in International Relations from Kings College, University of London; he also has an M Phil in Defence & Management Studies from University of Indore
- General Hasnain is a member of the Eminent Persons Group on Indonesia for consultation by the MEA. He is also on the Experts Committee of the MEA on Afghanistan. He is a President of India's Nominee on the Executive Council of Aligarh Muslim University.
- He has also been appointed as the Chancellor of the Central University of Kashmir, by the President of India.



**Mr. Jai Anmol Ambani**  
Director

- A Non-executive director on our Board
- Has 4 years of experience in financial services. Presently, he is the Executive Director of Reliance Capital Limited. He is also a Director in Reliance Nippon Life Asset Management Limited



**Mr. Gautam Doshi**  
Non-Executive Director

- A Non-executive director on our Board and a member of the Audit Committee, Nomination and Remuneration 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

- A Director on the Board and a member of the 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
- He is 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

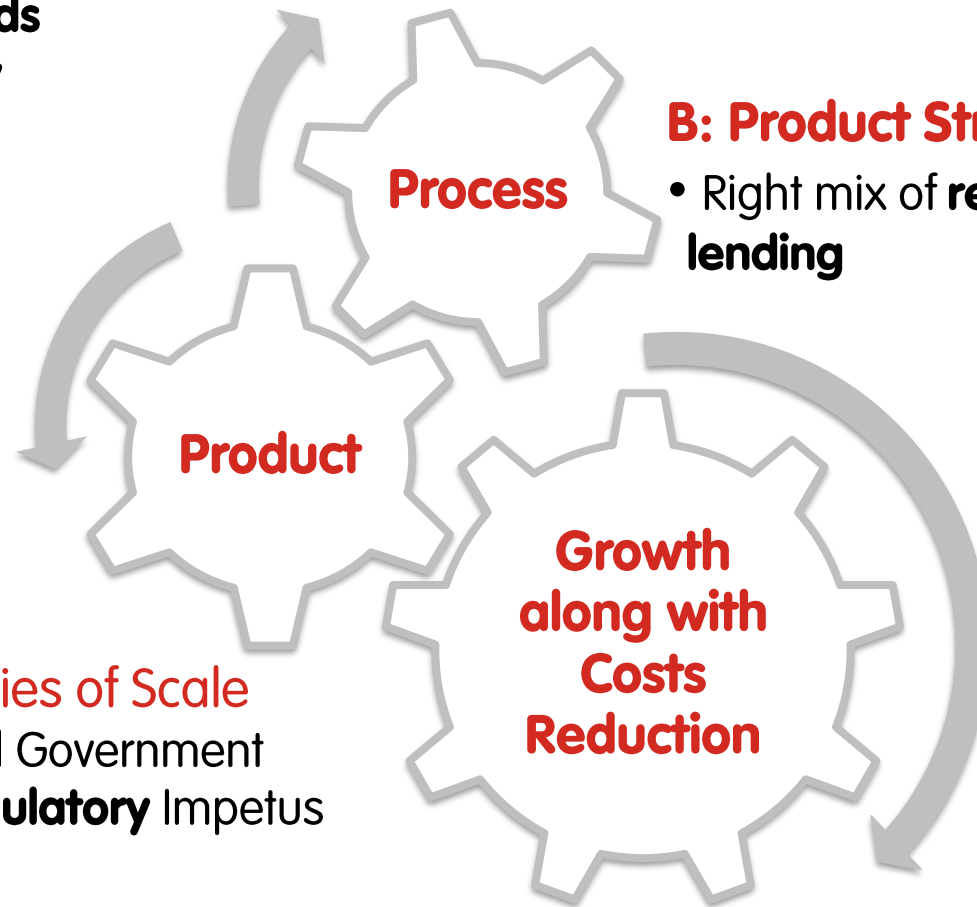
Way forward

## 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	Q3 FY19	Q3 FY18	% Change	FY18	FY17	% Change
<b>Assets Under Management</b>	<b>182,883</b>	148,040	<b>24%</b>	<b>163,789</b>	111,745	47%
<b>Net Interest Income</b>	<b>1,278</b>	1,157	<b>10%</b>	<b>4,963</b>	2,683	85%
<b>Total Income</b>	<b>5,161</b>	4,239	<b>22%</b>	<b>16,705</b>	11,447	46%
<b>Interest expenses</b>	<b>3,512</b>	2,684	<b>31%</b>	<b>10,441</b>	7,531	39%
<b>Other expenses</b>	<b>652</b>	540	<b>21%</b>	<b>2,619</b>	1,999	31%
<b>Provisions</b>	<b>121</b>	339	<b>(64%)</b>	<b>930</b>	538	73%
<b>Profit before tax</b>	<b>876</b>	676	<b>30%</b>	<b>2,715</b>	1,378	97%

Note: Numbers for Q2 FY18 and Q2 FY19 are as per IndAS and for FY17 & FY18 are as per IGAAP

# Summarised Balance Sheet

(Rs. in million)

Particulars	Sep 30, 2018
Capital	4,851
Reserves	13,956
Borrowings	1,35,383
Other Liabilities	8,861
<b>Total</b>	<b>1,63,050</b>
Cash / bank balance	3,859
Investments	682
Loans	1,52,363
Fixed Assets	2,608
Other Assets	3,539
<b>Total</b>	<b>1,63,050</b>



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