

April 26, 2018

**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),

**Re.: Analysts Call**

Further to our letter dated April 24, 2018, on the above, we wish to inform that an Analysts Call was held on the Audited Financial Results of the Company for the quarter and year ended March 31, 2018.

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, 6<sup>th</sup> Floor, Off Western Express Highway, Santacruz (East), Mumbai – 400 055

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# Results for the year ended March 31, 2018

Investor Presentation

April 24, 2018

About us

## Our Presence

Established presence in the Self Employed segment



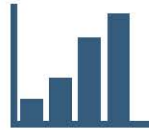
Healthy asset quality reinforced by strong risk management framework



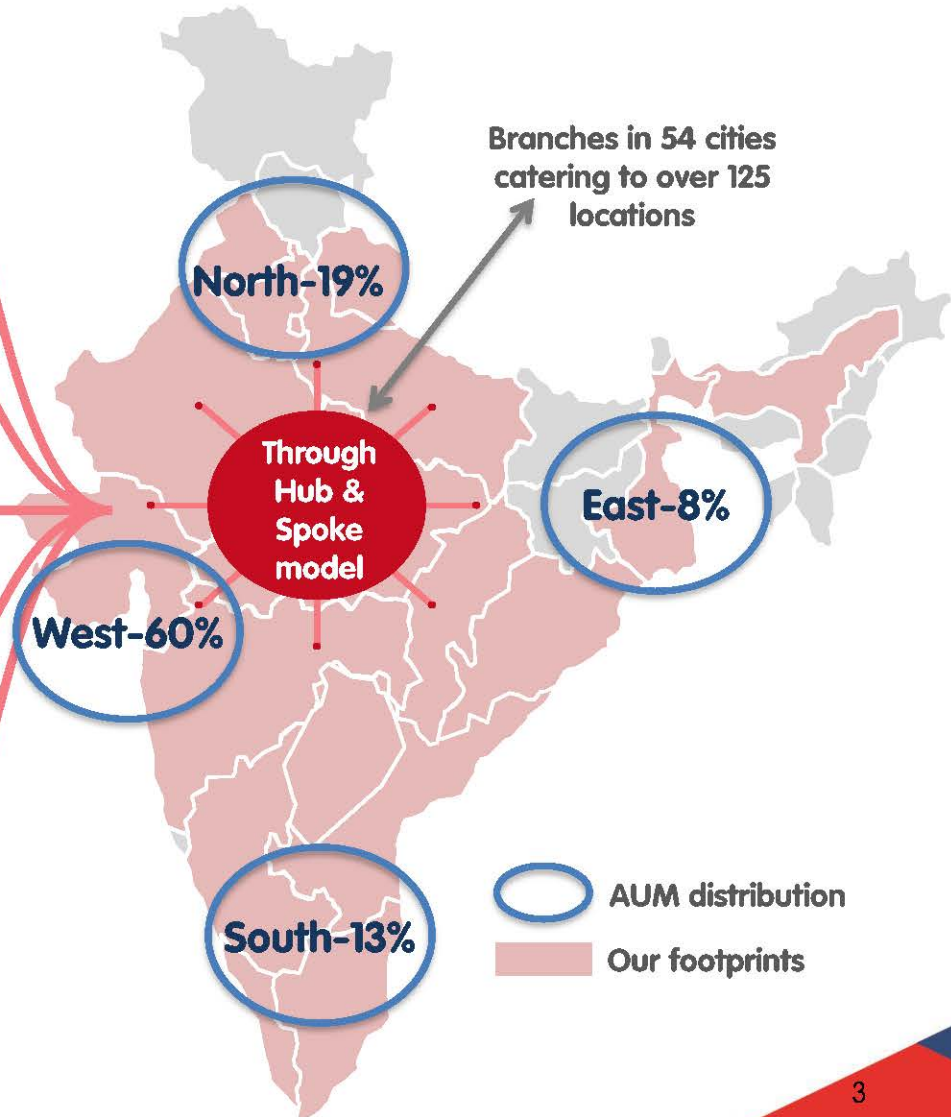
Strong Management Team and Corporate Governance



Robust growth coupled with focus on profitability



Established brand and parentage



## Sustained growth with superior asset quality

- **AUM increased** to **Rs. 163.8 billion (+47%)** as on March 2018
- **Disbursements increased** by **19%** to Rs. 87.0 billion for FY18
- **Affordable Housing:** new sales of Rs. 14.9 billion; *(+35%: disbursed 1,200 - 1,500 cases every month)*
- **Profit before tax** increased by **97%** to **Rs. 2.7 billion**
- **Gross NPAs** remained stable at **0.8%**; **NIMs improved to 3.9% in FY18** vis-à-vis 3.4% in FY17
- **Capital Adequacy ratio** was at **19.7%**; Tier I ratio at 12.6%
- Return on Equity was at **15.1%**; Net worth improved to **Rs. 17.5 billion (+73%)**



**75% of our Home Loan disbursements cater to the Self-Employed segment**

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

- Present in over **125 locations** through a 'hub and spoke' model with **over 45,000 client accounts**
- Launched **11** new branches pan India during the year including **4 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)

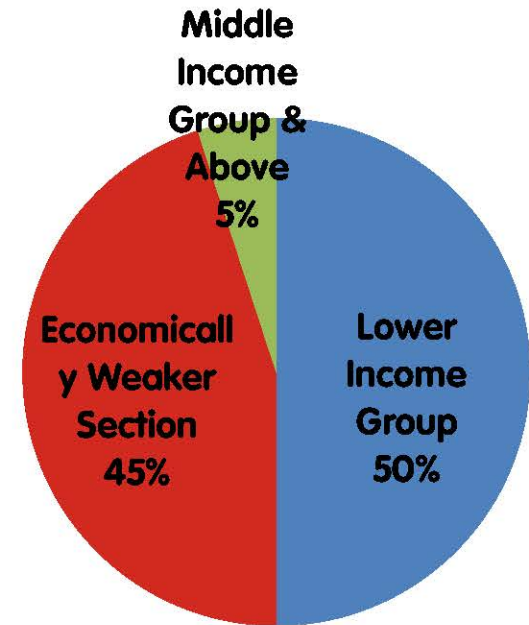
Urban housing requirement estimated at 45 million by 2022

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

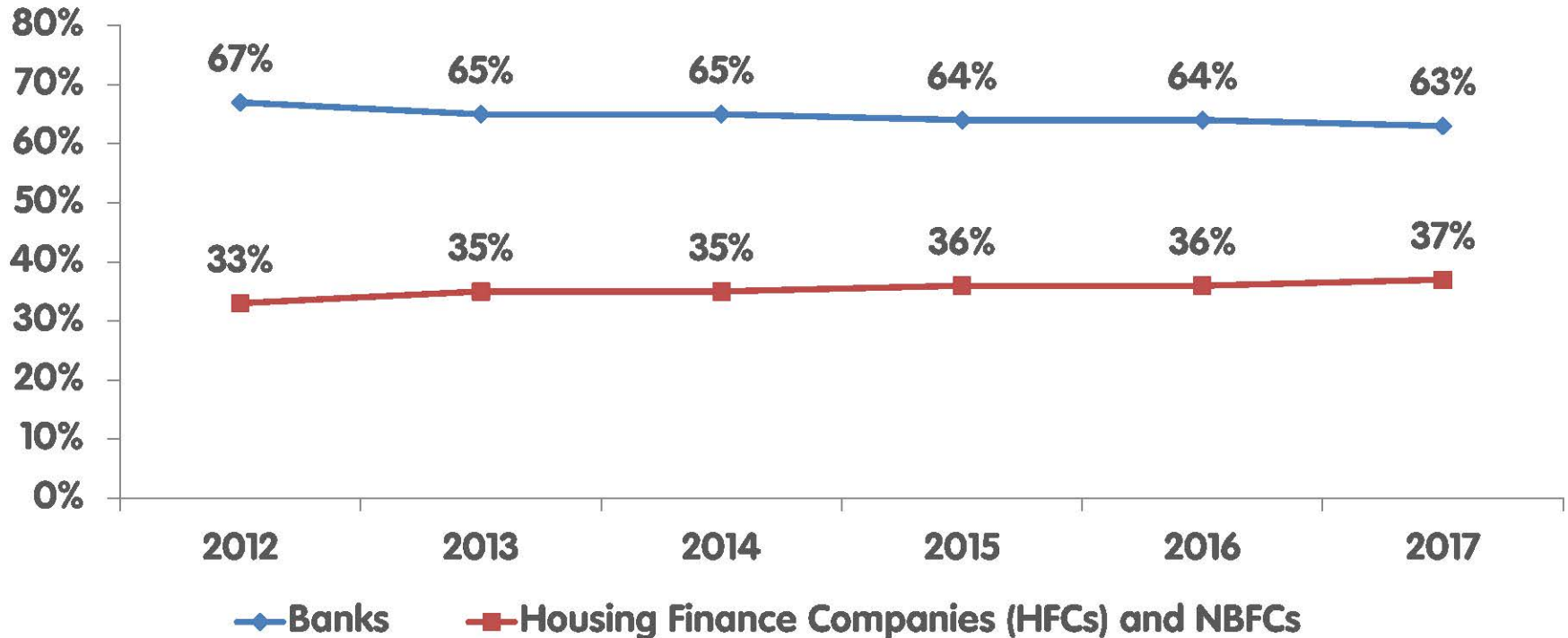


Mortgage penetration is at 9.6% of the GDP which is very low compared to other economies

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%)**

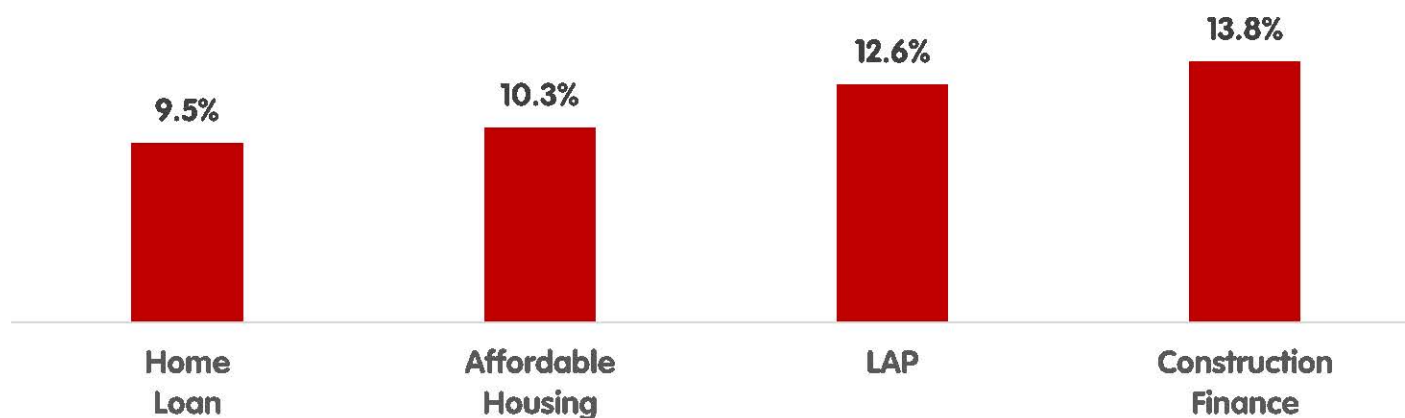
HFCs are expected to **gain market share** on an **incremental basis**

# Operational Highlights

(as on March 2018)

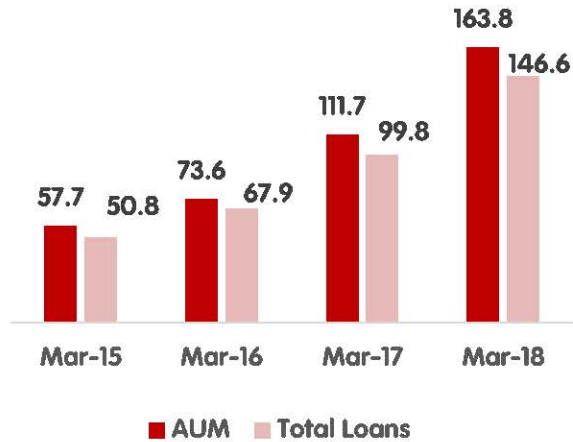
Products	LTV	AUM Mix	Avg. Ticket Size (Rs. million)
Home Loan	51%	30%	6.1
Affordable Housing	62%	21%	1.3
Loan against Property	42%	21%	7.3
Construction Finance	48%	28%	101.1

Average yield (%)



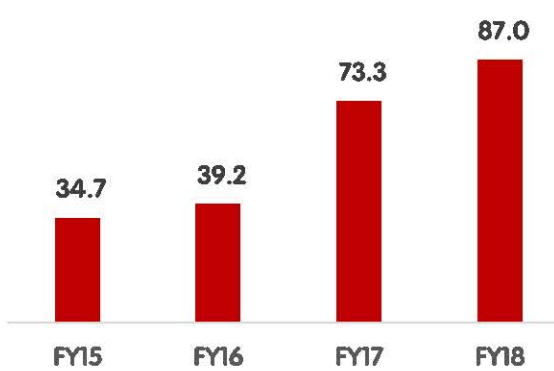
## AUM and Total Loan Portfolio

(Rs. billion)



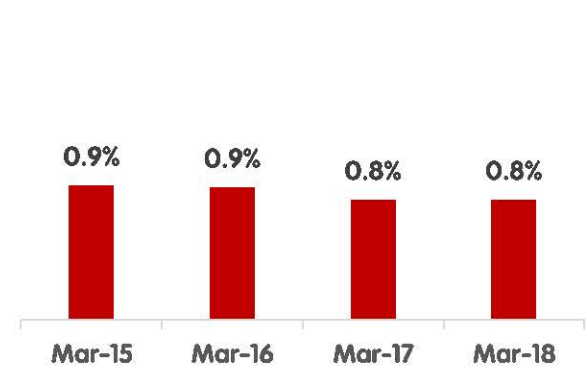
## Disbursements

(Rs. billion)



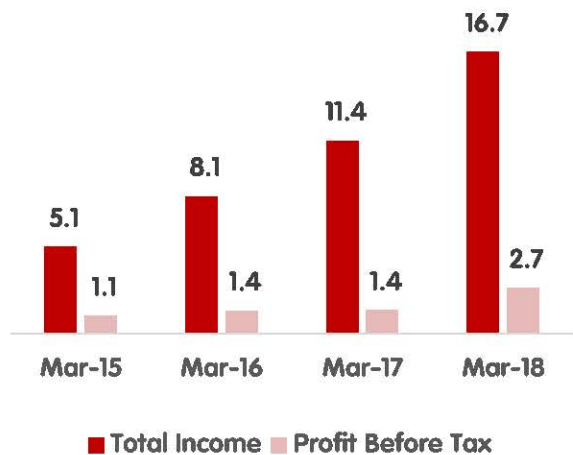
## Gross NPLs

(%)



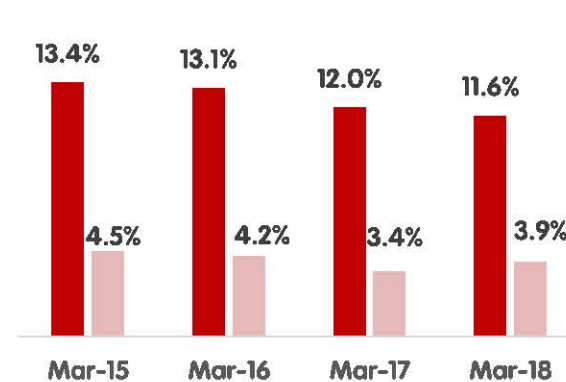
## Total Income and Profit Before Tax

(Rs. billion)



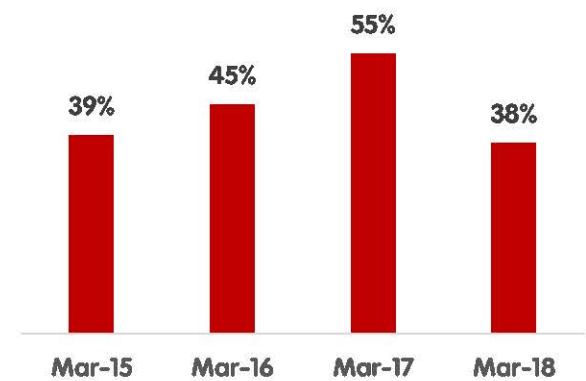
## Yield and Net Interest Margin

(%)

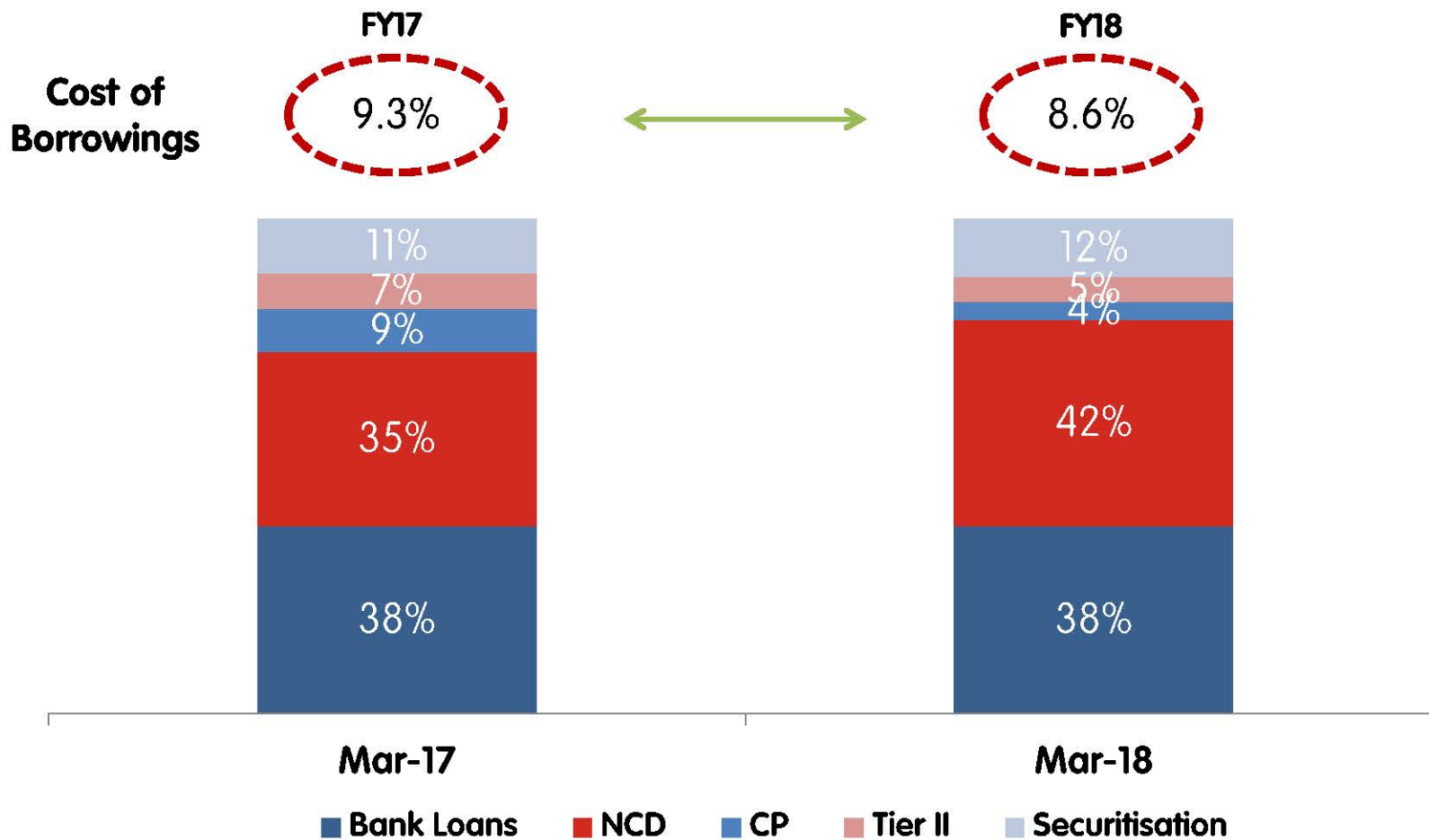


## Cost-to-income ratio

(%)



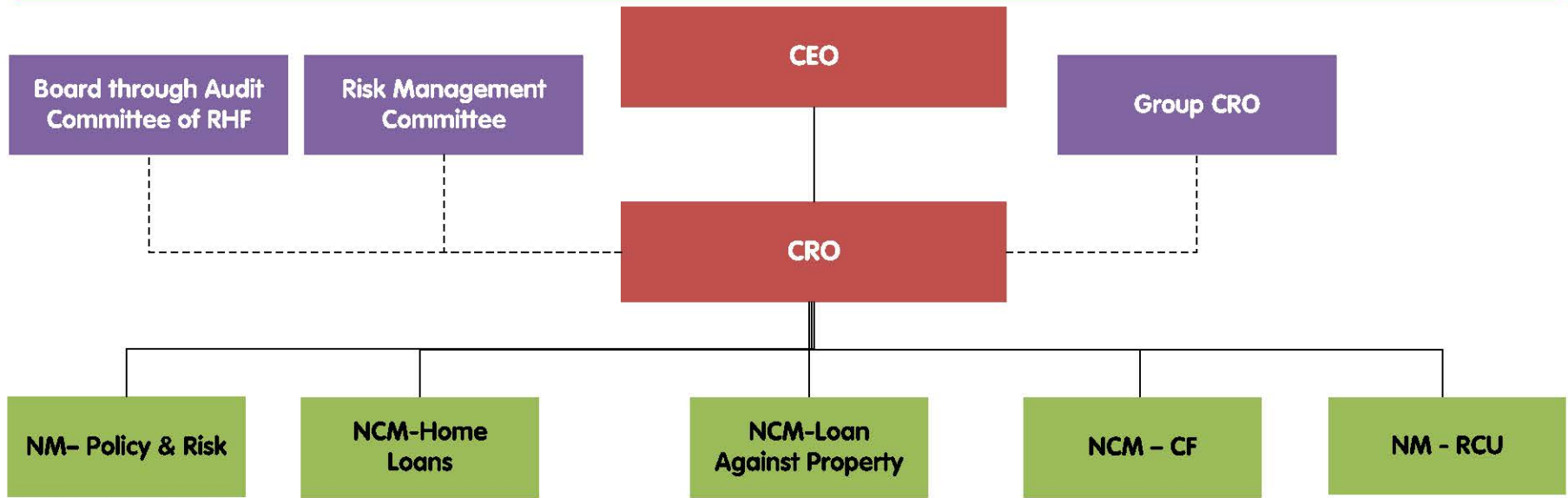




CRAR	Mar 31, 2017	Mar 31, 2018
Tier I Capital	9.6%	12.6%
Tier II Capital	9.6%	7.1%
<b>Total</b>	<b>19.3%</b>	<b>19.7%</b>

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"> <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

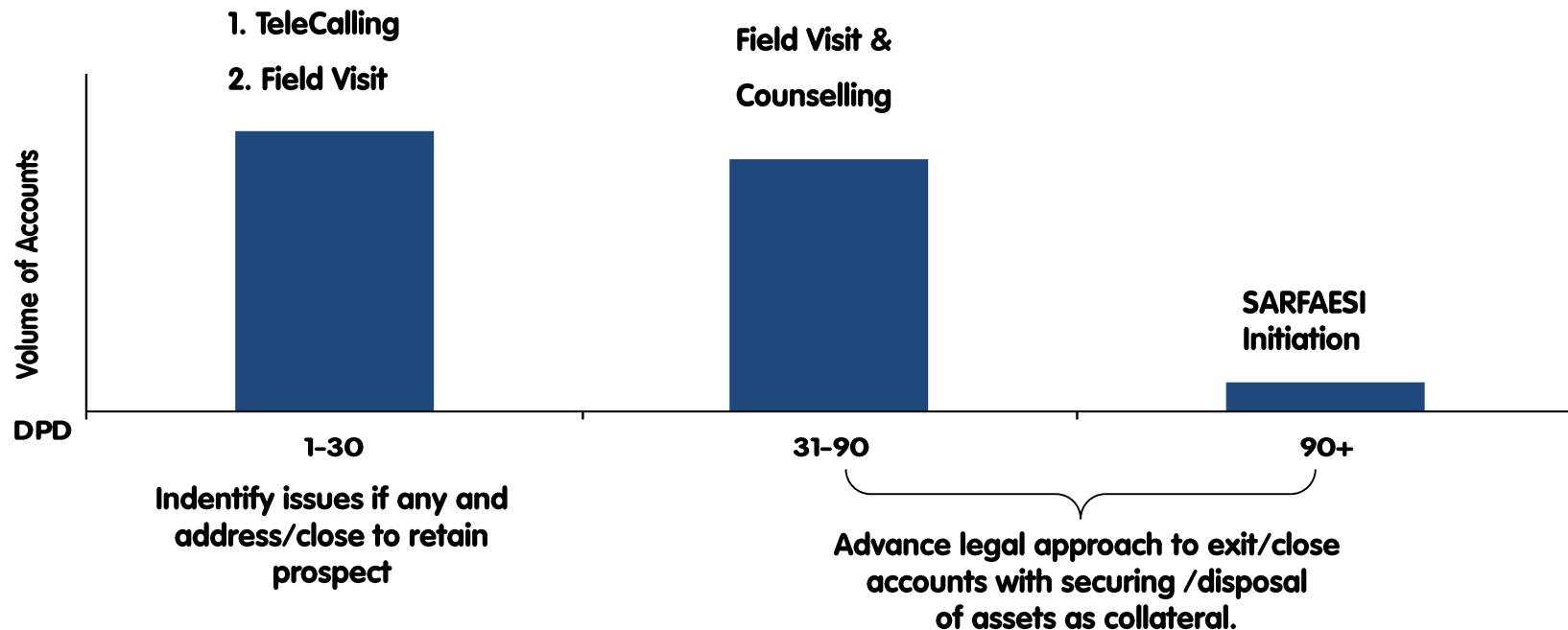
- Risk Bank for each function
- Independent team for Branch Process Risk Reviews, RCSA, managing the various Risk committee meetings, and implementation and sustenance of ISO standards
- Information Security - Awareness and Culture building
- Management level committees are in place

**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



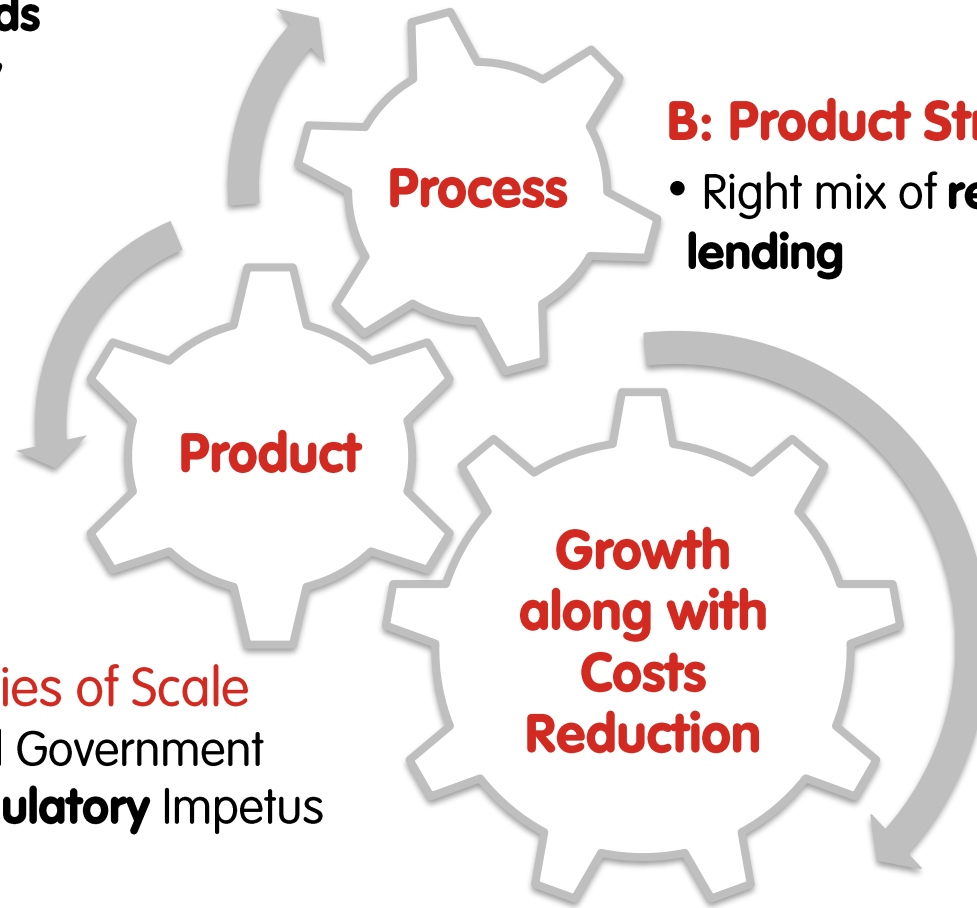
Way forward

## 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

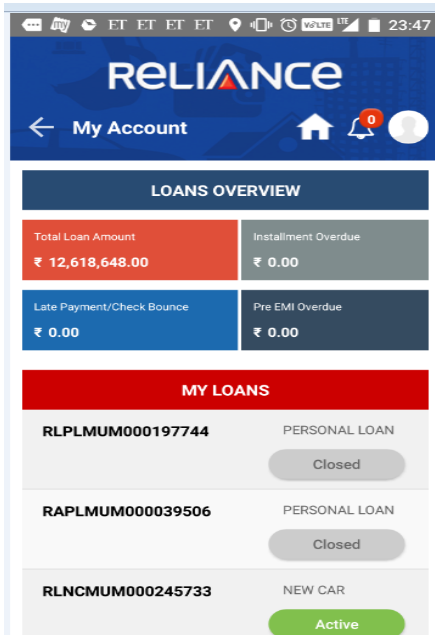
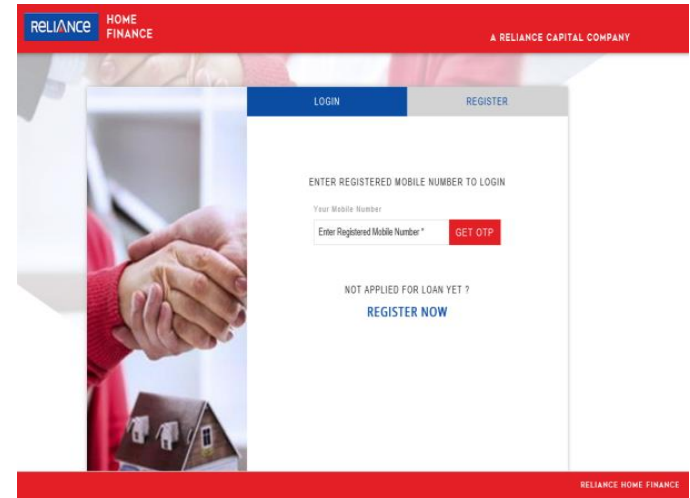
- **Digital strategy** to help contain **cost to income ratio**
- Low cost model to help attract **low risk** salaried customer

## Digital 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. in million)

Particulars	Mar 31, 2018	Mar 31, 2017
Capital	5,161	1,158
Reserves	14,130	9,827
Borrowings	131,574	96,784
Other Liabilities	5,971	5,280
<b>Total</b>	<b>156,836</b>	<b>113,049</b>
Cash / bank balance	1,096	2,525
Investments	971	5,078
Loans	146,885	99,944
Fixed Assets	2,296	677
Other Assets	5,588	4,825
<b>Total</b>	<b>156,836</b>	<b>113,049</b>

# Profit and Loss statement

(Rs. in million)

Particulars	Q4 FY18	Q4 FY17	% Change	FY18	FY17	% Change
Assets Under Management	163,789	111,745	47%	163,789	111,745	47%
Net Interest Income	1,418	725	95%	4,963	2,683	85%
Total Income	4,501	3,740	20%	16,705	11,447	46%
Interest expenses	2,628	2,323	13%	10,441	7,531	39%
Other expenses	702	733	(4%)	2,619	1,999	31%
Provisions	276	270	2%	930	538	73%
Profit before tax	896	414	116%	2,715	1,378	97%

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