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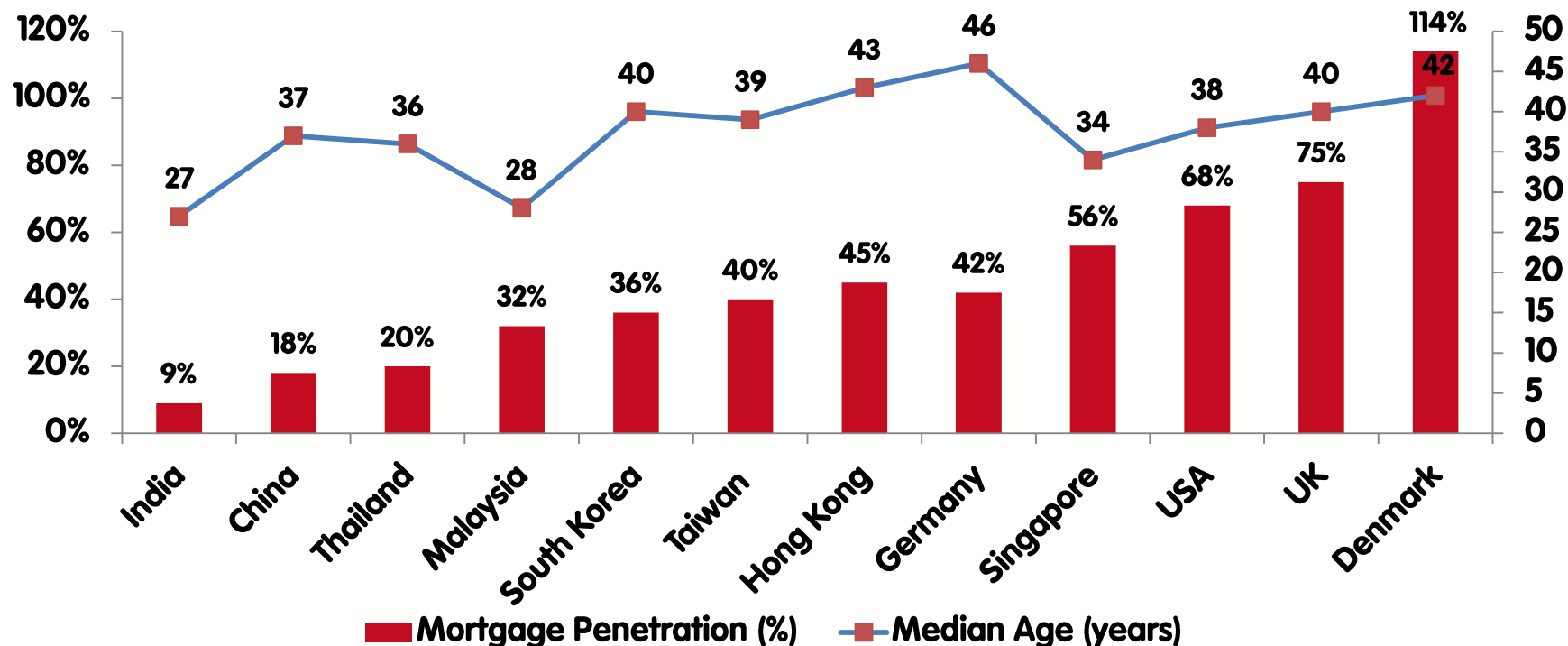
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A RELIANCE CAPITAL COMPANY

# Corporate Presentation

June 2017

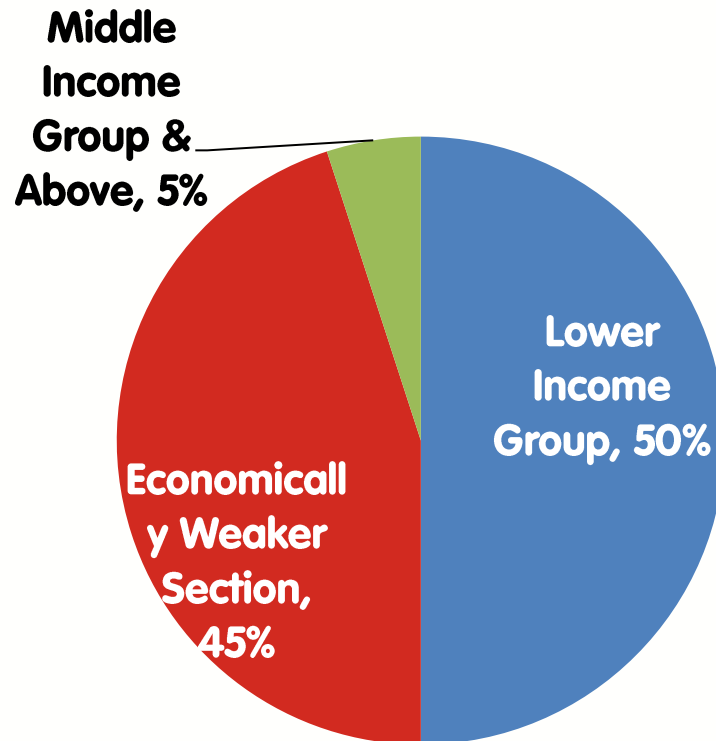
## Mortgage Penetration (%) and Median Age (in years)



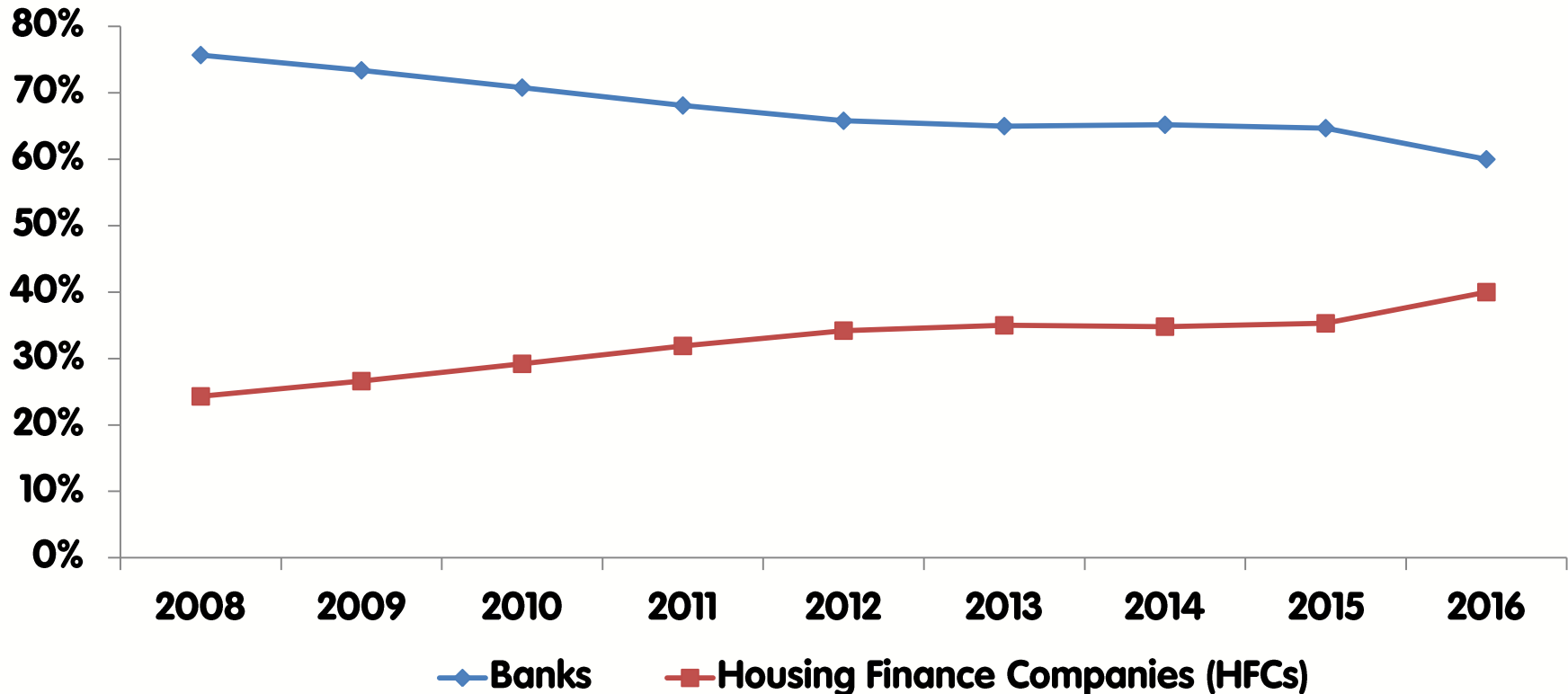
**Extremely favourable demographics, Increasing urbanisation**  
**Very low housing loan penetration**  
**Affordable housing marked as Infrastructure sector**

- Urban housing requirement estimated at 45 million by 2022
- Affordable Housing limit raised to Rs. 5 million from under Rs. 3 million
- Total housing shortfall estimated to be 18.8 million units
- Over 90% in Low Income Group and Economically Weaker Sections

## Economic group-wise Shortage of Affordable Housing



## Market Share of Banks and Housing Finance Companies (HFCs)



Housing finance industry is growing at **CAGR of 18% - 20%**  
HFCs are expected to **gain market share** on an **incremental basis**

- **Established presence** in the **Self Employed segment**
- **Healthy asset quality** reinforced by **strong risk management framework**
- **Established brand and parentage**
- **Strong Management Team** and **Corporate Governance**
- **Robust growth opportunity** supported by **Government critical policy agenda**

## Continued robust growth with superior asset quality

- **AUM increased to Rs. 111.7 billion (+52%)** as on March 2017
- **FY17 disbursements increased by 87% Rs. 73.3 billion**
- **Affordable Housing**: new sales of Rs. 11.0 billion (+39%); **avg. ticket size of Rs. 1.1 million**
- Profit before tax at Rs. 1.4 billion (+1%); **return on equity at 17.7%**
- **Gross NPAs improved to 0.8% vis-à-vis 1.1% in Dec 2016**
- “AA+” Credit Rating
- **Net Worth of Rs. 11.0 billion**; CRAR - 19.3%

## Wide distribution network with focus on self-employed clientele

- Present in **90 locations** through a ‘hub and spoke’ model with **over 33,300 customers**
- **Over 1,750 distribution partners** across the country

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



**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**  
Non-Executive Director

- A Non-Executive 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

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**Amar Bahl**  
Head - HL,  
AHL & CF

- Working with the Company for over 10 years
- Nearly over 23 years of experience in Mortgages, Wealth Management, Margin Trading & Third Party Products



**Sandip Parikh**  
Chief  
Financial  
Officer

- Working with the company for over 10 years
- Over 24 years of experience in Financial Control, Accounting, Treasury & Operations



**Amit Arora**  
Head - Loans  
Against  
Property

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



**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



**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



**Shashi Kumar Ravulapaty**  
Chief  
Technology  
Officer

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



**Krishnan Gopalakrishnan**  
Chief  
Risk Officer

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



**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



**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



**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



**Abhishek Roy**  
Head -  
Marketing  
& Digital

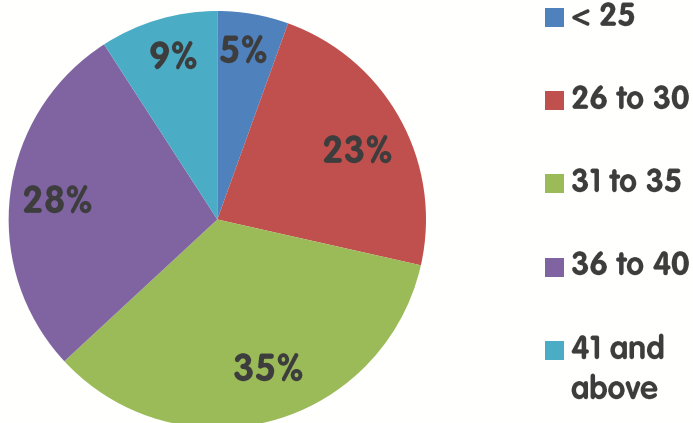
- Working with the company since April 2017 and with the group for over 3 years
- Over 9 years of experience in Strategic Brand Development & Planning , Campaign Management & Research ,Media Planning & Digital Marketing



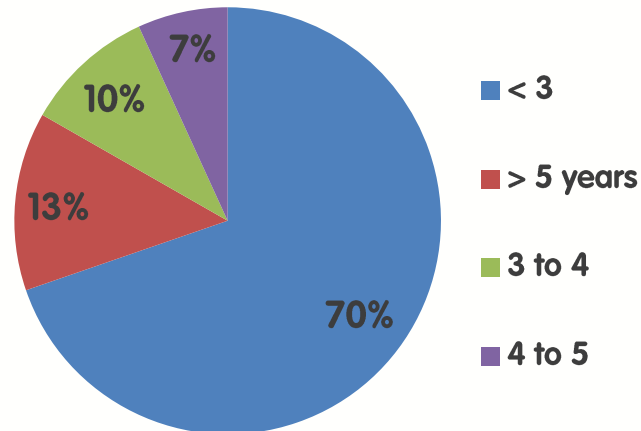
**Reshma Sethi**  
Head  
Business  
Excellence

- 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

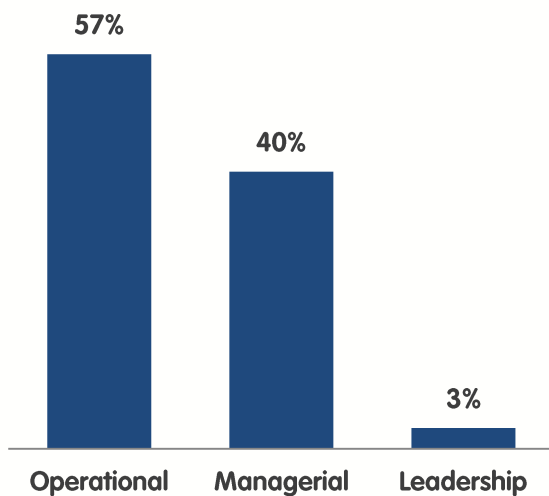
## Age Distribution



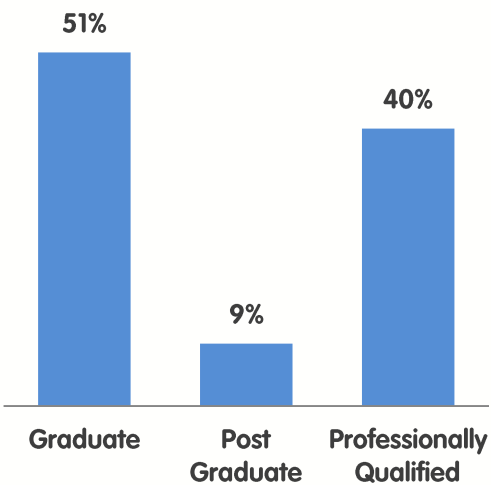
## Employee Vintage



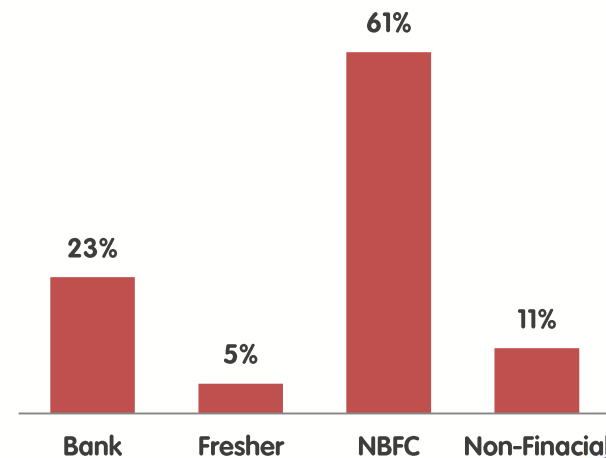
## Employee Mix



## Qualification Distribution



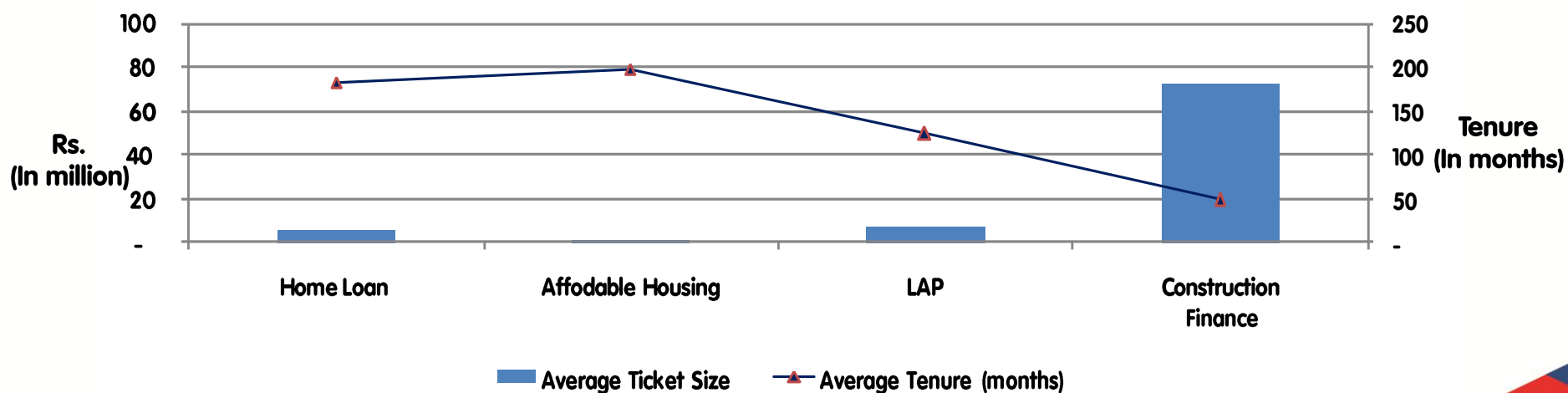
## Industry Mix



# Segment details

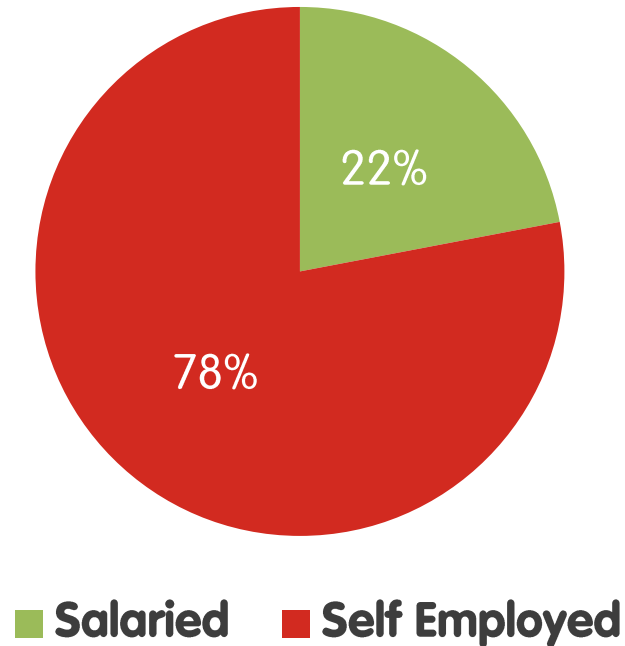
(As on Mar 2017)

Segment	Focus Area for growth	LTV	Share in Total AUM	Avg. Yield
Home Loan	Self Employed & Salaried	53%	38%	10.3%
Affordable Housing	Affordable Housing in Tier I & II cities	61%	20%	10.5%
Loan against Property	Self employed / SMEs	45%	18%	13.5%
Construction Finance	Developer Financing	28%	20%	15.9%



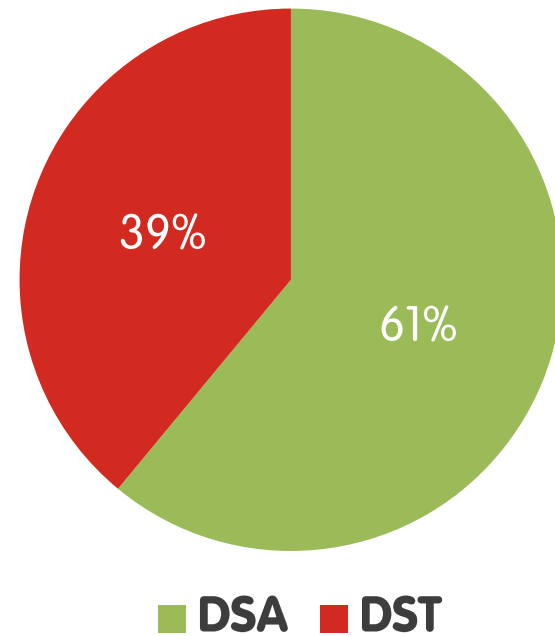
### Customer Category

#### Disbursement Share (FY17)



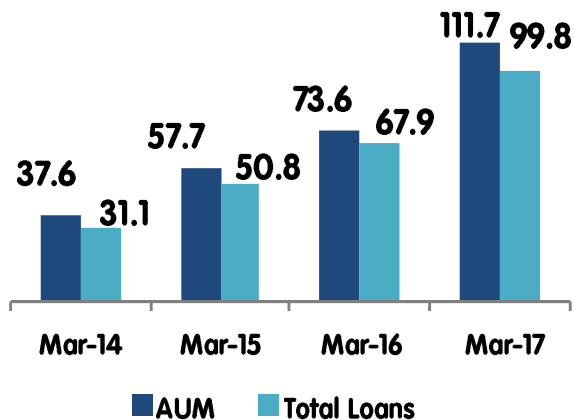
### Sourcing Mix

#### Disbursement Share (FY17)



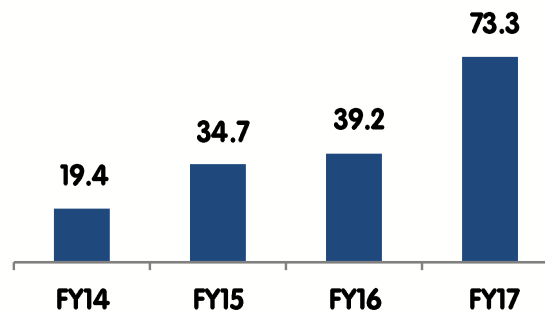
## AUM and Total Loan Portfolio

(Rs. Billion)



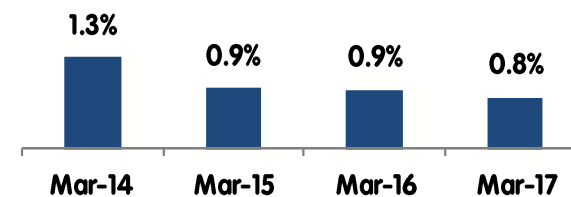
## Disbursements

(Rs. Billion)



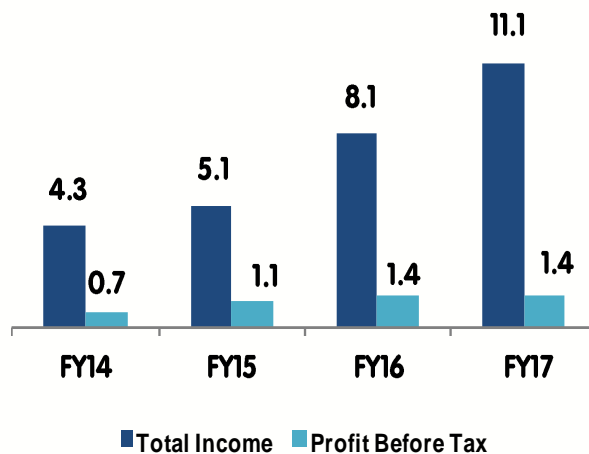
## Gross NPLs

(%)



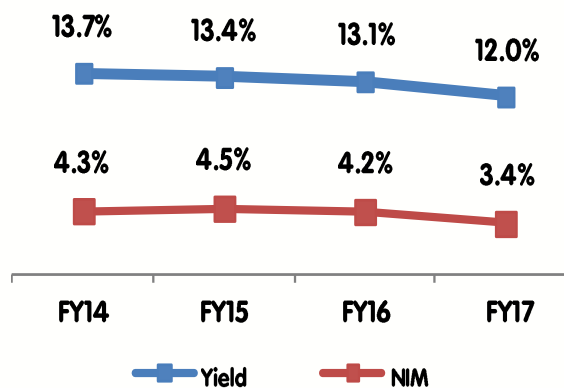
## Total Income and PBT

(Rs. Billion)



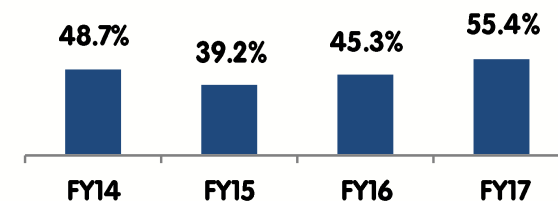
## Yield and Net Interest Margin

(%)



## Cost-to-income ratio

(%)



# Profit and Loss statement

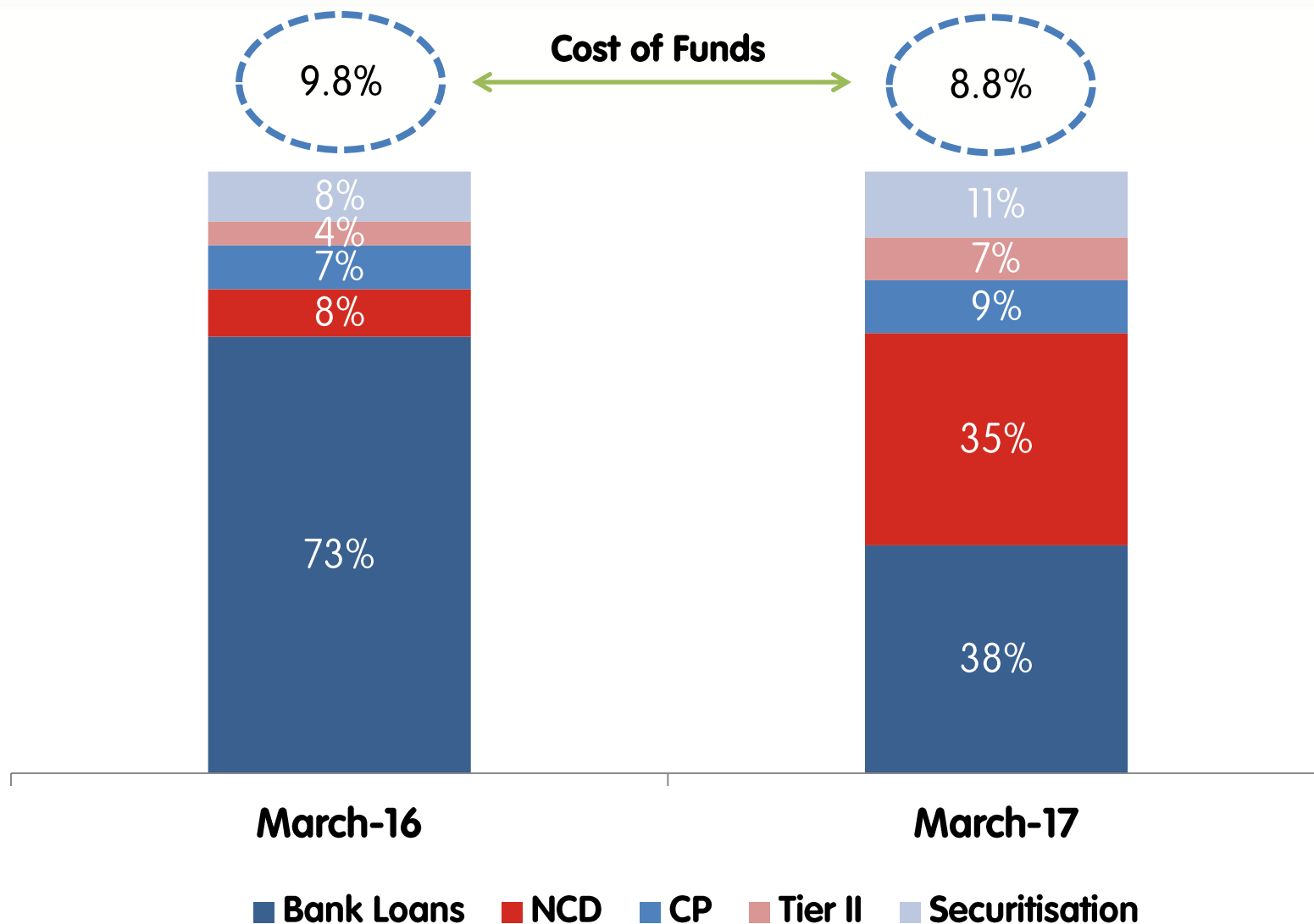
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(Rs. Million)	Q4 FY17	Q4 FY16	Q3 FY17	FY 2017	FY 2016
Disbursements	29,573	12,121	12,029	73,331	39,217
Net Interest Income	420	589	629	2,168	2,289
Total Income	3,435	2,233	2,689	11,141	8,147
Interest expenses	2,323	1,450	1,798	7,531	5,358
Other expenses	734	397	453	1,999	1,264
Provisions	(37)	39	93	232	165
Profit before tax	414	347	345	1,378	1,361

- **Post listing holding in RHFL**
  - **Reliance Capital** will hold **51% holding**
  - Existing shareholders of Reliance Capital will receive **shares in RHFL (in a 1:1 ratio)**  
and **hold 49%** in the company
- Listing will provide **better flexibility in accessing growth capital**
- Attract **high-quality domestic and foreign investors**, focused primarily on the  
**Housing Finance sector**
- RHFL will continue to enjoy the **benefits of a strong brand** and an **experienced parentage**

# Borrowing Mix



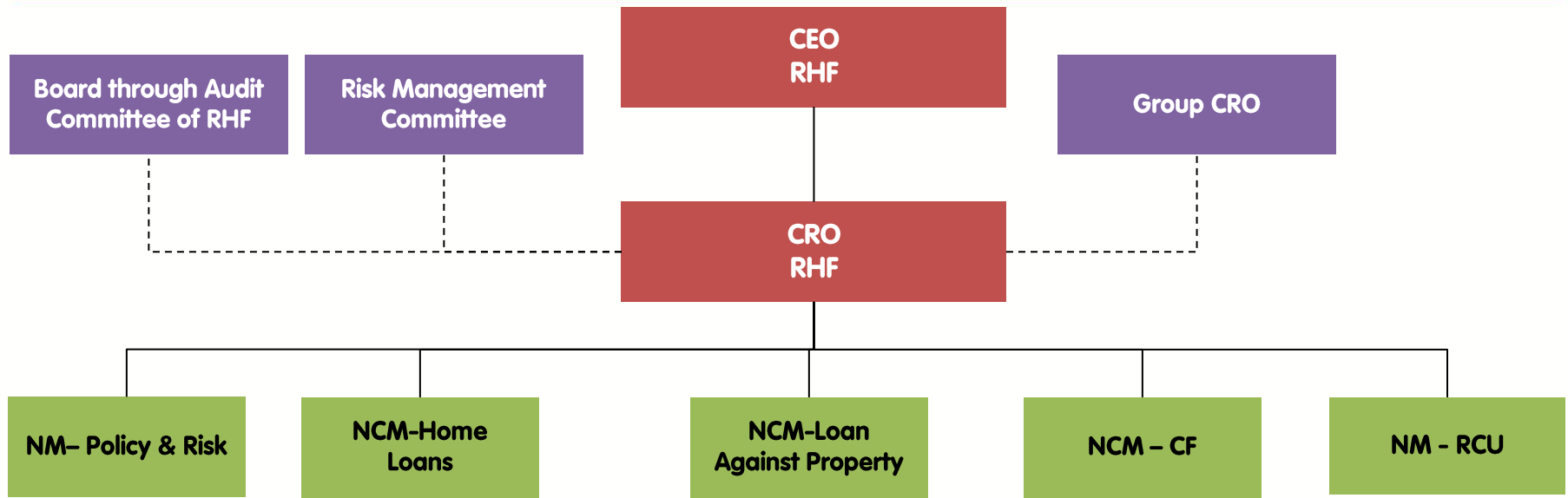


Instrument	March 2016	March 2017
Short Term	(ii) ICRA A1+	(i) ICRA A1+
		(ii) CRISIL A1+
Long Term	(i) CARE AA+	(i) CARE AA+
	(ii) BWR AA+	(ii) BWR AA+
Public Issue NCD (Secured)	-	(i) CARE AA+
	-	(ii) BWR AA+
Public Issue NCD (Upper Tier II Secured)	-	(i) CARE AA
	-	(ii) BWR AA
Tier II Unsecured NCD	(i) CARE AA	(i) CARE AA+
	(ii) BWR AA+	(ii) BWR AA+
ELD	CARE PP-MLD AA	CARE PP-MLD AA+

# Strong focus on Risk Management

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## 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
ISRMCI	Information Security	Quarterly

**Strong risk culture within the *Enterprise Risk Management Framework***

## RHFL – 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 CEO
- Covers all types of portfolio cuts such as product, geography, vintage, cust 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

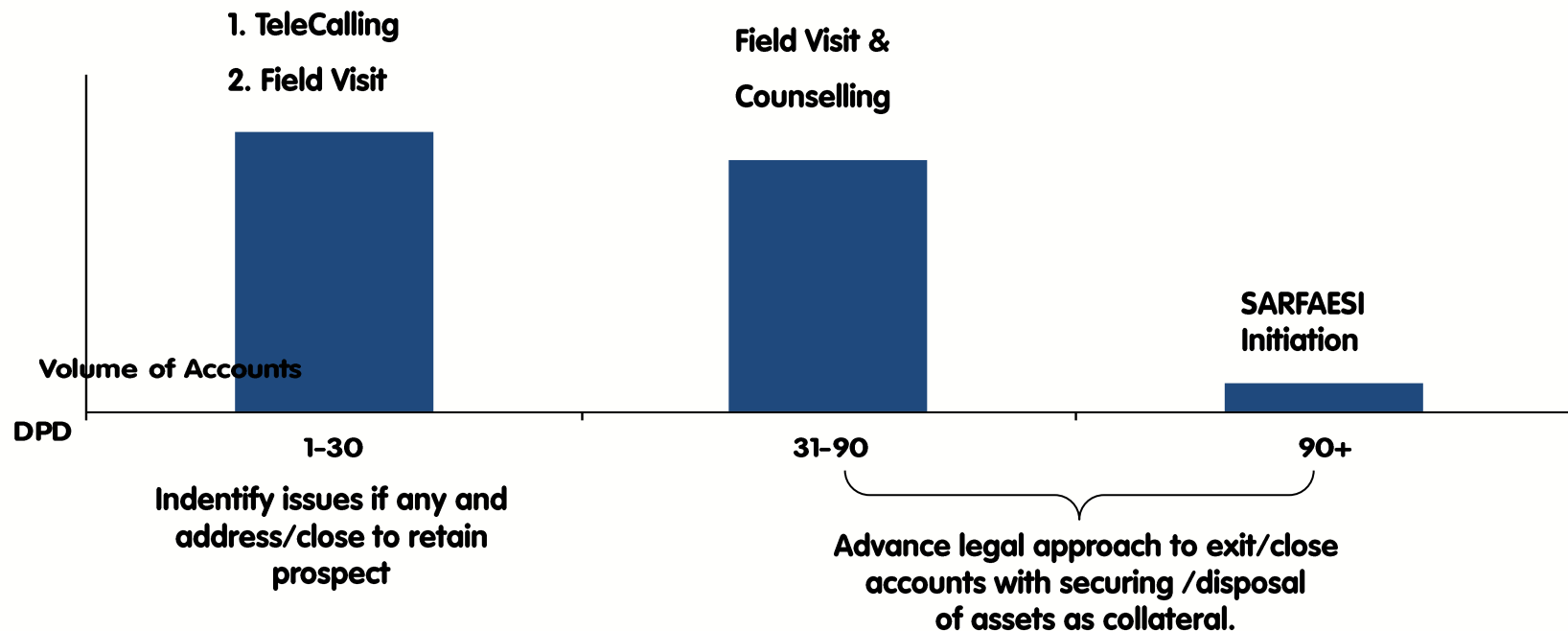
Objective	Approach
✓ To manage the risk arising out of delegation of absolute credit authority	<ul style="list-style-type: none"> <li>✓ Scientific method of sampling</li> <li>✓ Score-based prioritization</li> </ul>
✓ To identify & review sanctioned cases to check adequate credit risk mitigation measures have been taken	✓ 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

**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

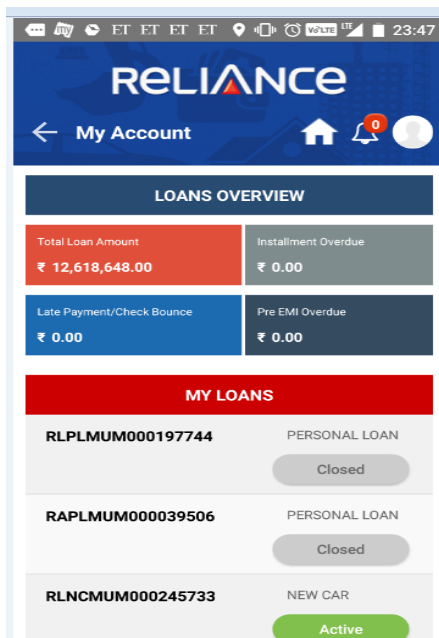
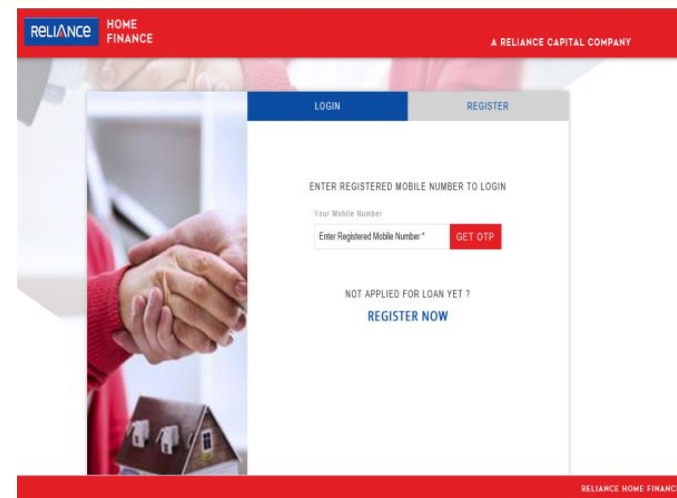


## Digital Lending Platform - "APPLY NOW"

- 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



## Significant growth tailwinds

- **Lowest risk asset class**
- Increased affordability with rising income and stable property prices
- **Government's focus on affordable housing**

## Distribution and Target customer segment

- **Specialist in the self-employed segment**
- Salaried segment to form 40% of our incremental business
- **Cross-selling potential**
- Balance between internal and external sourcing

## Technology

- **Digitisation and re-engineering to enable superior sourcing and underwriting**
- Modern analytical tools to aid robust collections

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Thank you