

Tata Capital Housing Finance Limited

November 2016

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Overview of Tata Group



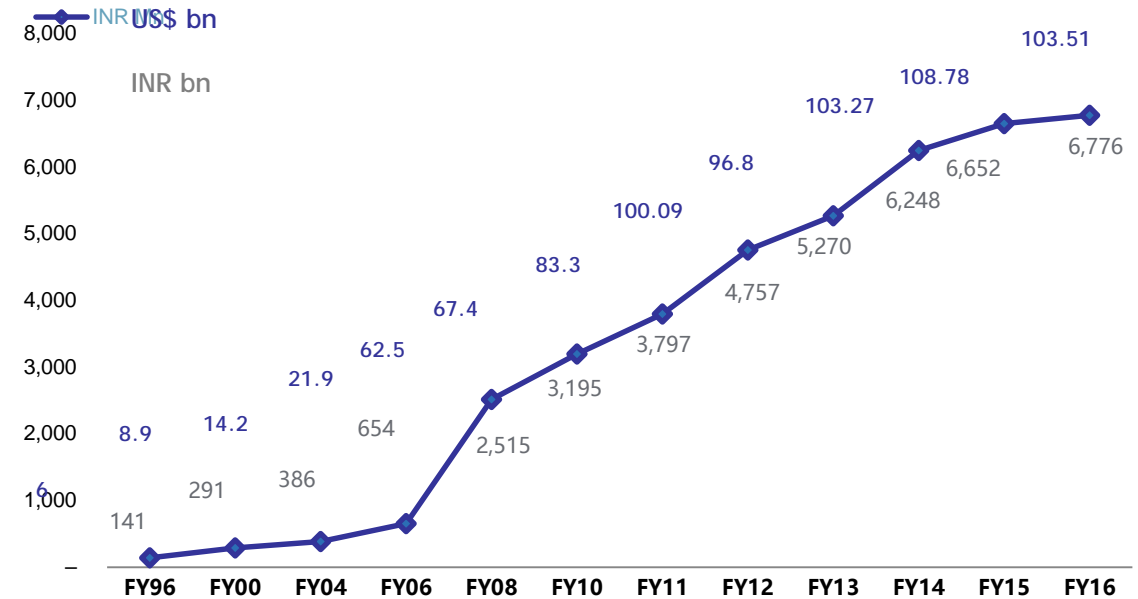
Tata Group - One of the most valuable business group in India



Overview

- Global business group with products and services in over **150 countries** and leadership in several sectors and **600k+ employees**
- Group **revenues of US\$ 103.51 bn** with 67.3% revenues in geographies outside India
- Market capitalization of c.US\$ 116.4 bn** (India) of 29 listed companies as of March 31st 2016
 - 8% of BSE's total market capitalisation
 - 4.1 mn shareholders

Group revenues evolution



Largest group companies

Tata Motors
Tata Steel
Tata Consultancy Services
Tata Power
Tata Communications

Tata Chemicals
Tata Teleservices
Tata International
Titan Company
Tata Global Beverages
Voltas

Tata AIA Life Insurance
Infiniti Retail
Trent
Tata AutoComp Systems
Tata Housing
Tata Elxsi

Tata Capital
Taj Hotels Resorts and Palaces
Tata Sky
Tata Projects
Tata AIG General Insurance



Overview of Tata Capital



Tata Capital - Overview



Overview

- Tata Capital is primarily a holding company, holding investments in its subsidiaries
- Registered as a Core Investment Company with RBI
- Among top 10 private sector NBFCs by size ⁽¹⁾
- Trusted and customer centric, one-stop financial solutions partners
- Caters to the need of retail, corporate and institutional customers directly or through its subsidiaries
- Headquartered in Mumbai, it has offices in Singapore and London

Offerings

B2B offerings

Commercial Finance

Infrastructure Finance

Leasing Solutions

Clean-tech Finance

Private equity

B2C offerings

Consumer Finance (Asset, Personal and Rural Finance)

Home loans

Loan Against Property

Wealth Products Distribution

Investment Advisory Services

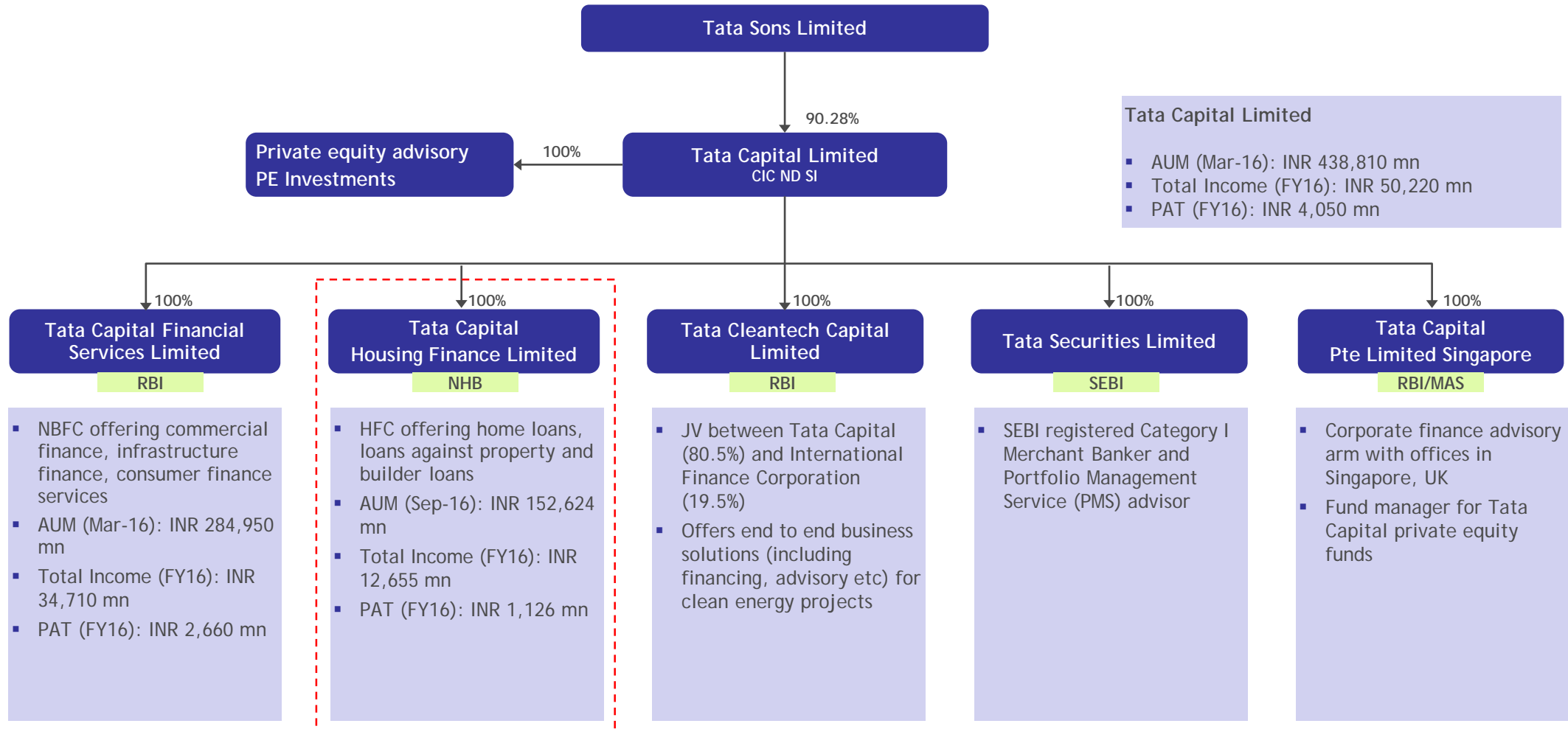
Travel, Forex, Cards



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Note (1): Source - ICRA

Tata Capital - Corporate structure



Who we are!



Our Vision

To be the most admired financial solutions partner.

Our Mission

We will only do what's right – For all our stakeholders, including our Employees, customers and society at large.

Our Culture

Know

Knowledge. It is what empowers us to make a difference in the lives of our customers. It is the fuel that will power the engine of **innovation**. It is what will enhance our ability to predict change and **adapt** quickly and effectively. So, let us begin each day with a strong desire to know more, for only when we seek to know more, will we strengthen our pursuit towards **excellence**.

Care

Care. It is at the core of all our relationships. It is what forges bonds that endure the test of time. It is about demonstrating **humility** and **understanding** towards all. Care is an appreciation of the truth, that in **unity** and in keeping 'we' before 'me', we will truly progress.

Do

Do. It is what separates aspirations from reality. It calls for a heightened sense of **responsibility** and **passion** to give our best at all times. And to 'Do Right' is a higher calling. It calls for **integrity** – a constant practice of honesty, transparency and fairness. It calls for **courage**. So let's do right, for it is what gives us our unique identity, our unique strength.

Our Promise



We
only do
what's
right
for you

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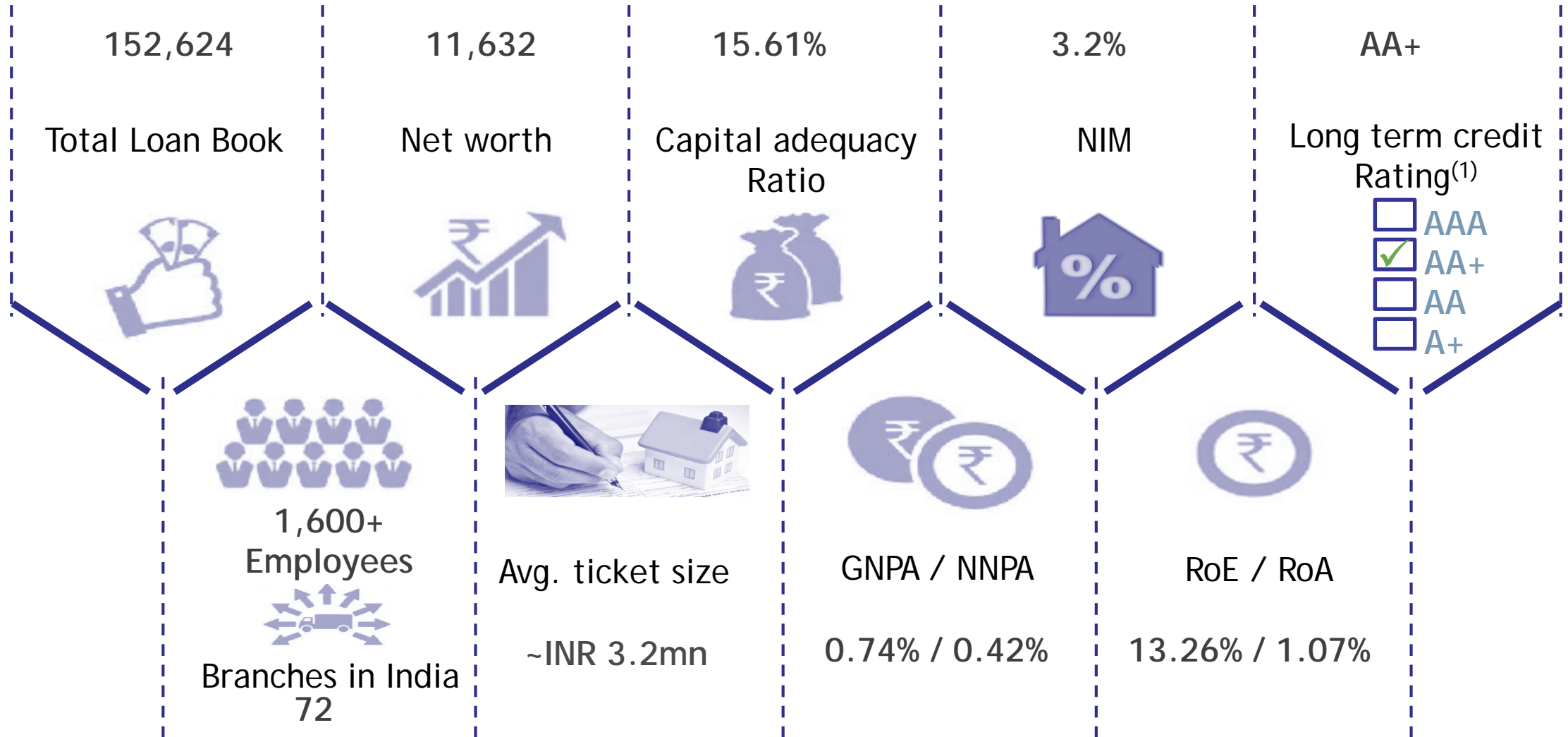
Tata Capital Housing Finance Limited



Tata Capital Housing Finance in numbers



All figures as of H12017



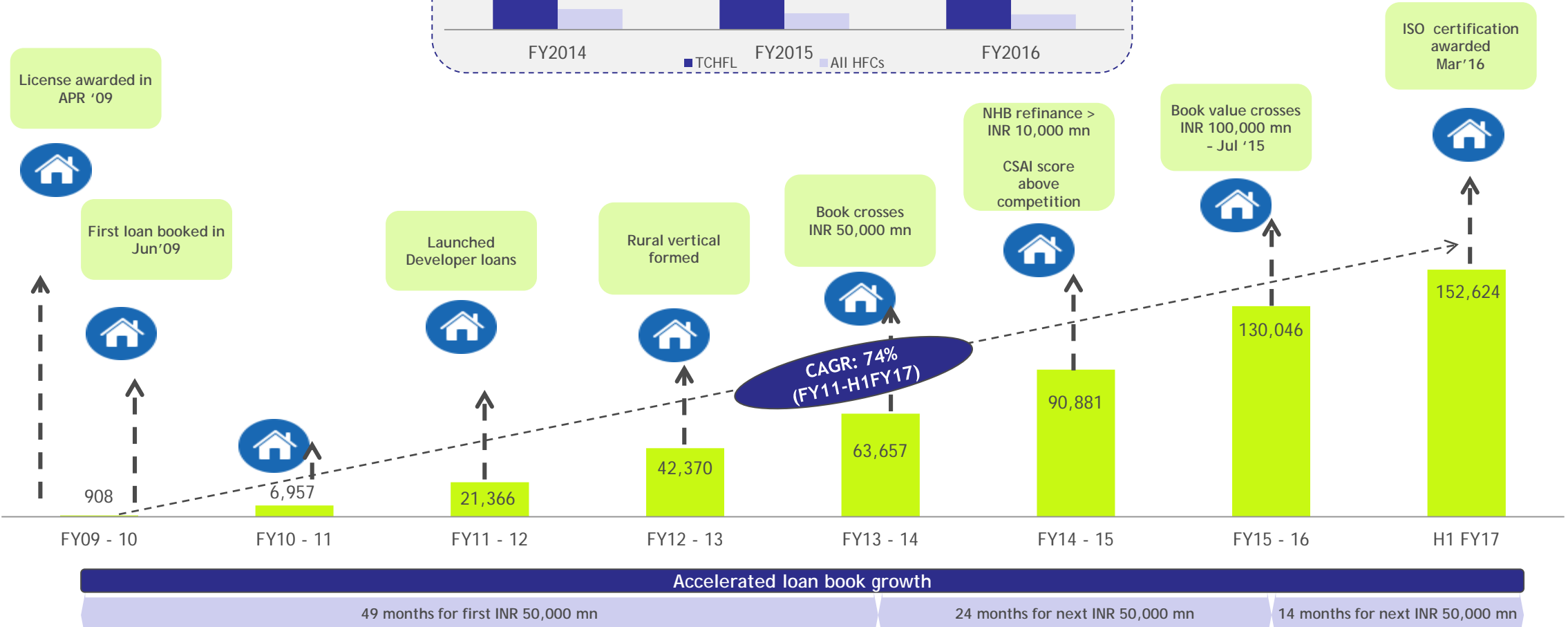
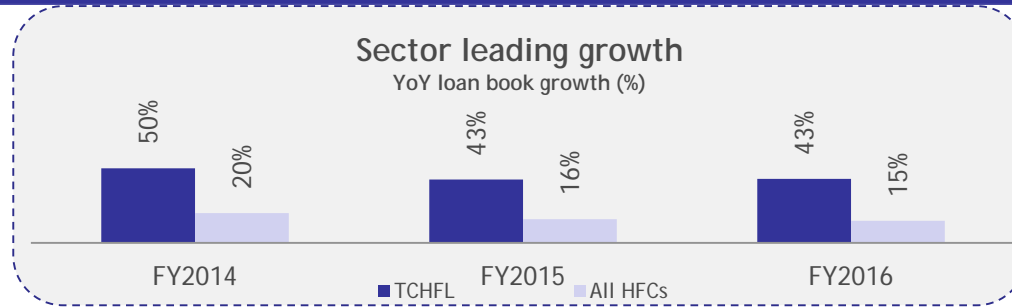
Note:
1. Rating by CRISIL as well as ICRA

Loan book evolution and key milestones



Evolution into a leading player in housing finance

Loan book evolution (in INR mn)



Source: ICRA, Company financials. HFC: Housing Finance Companies



Target customer segments



Customer segments we serve

Salaried

- Employees in Category A & B Companies
- Junior staff, Call Center Employees, Government Employees

Self Employed

- Limited track record in manufacturing sector
- Retail and wholesale Traders

Developers

- Category B Builders
- Corporate Developers

Our value proposition

- Subsidized rates on property purchase and loan subvention schemes at our financed and key approved projects

- Solutions to entrepreneurial and professional segment lacking strong credit record

- Differentiated structuring for builder loans
- Attractive schemes (Deferred Equity, Subvention) to support retail home sales

Our Unique Selling Propositions

- End to End Financial solutions
- Property advisory on our approved projects
- Ease of loan application via digital portal
- Customized EMI for youth
- Door step service

- Custom made products such as Assessed Income Product (with no clear income documents), Banking Product (healthy bank balance)

- Strong relationship with Category B developers in Tier I & Tier II cities
- Leveraging our institutional network to promote projects to their employees

Category A company is defined as large reputed organizations whereas Category B company is defined as mid-sized reasonably reputed organizations

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Loan book analysis

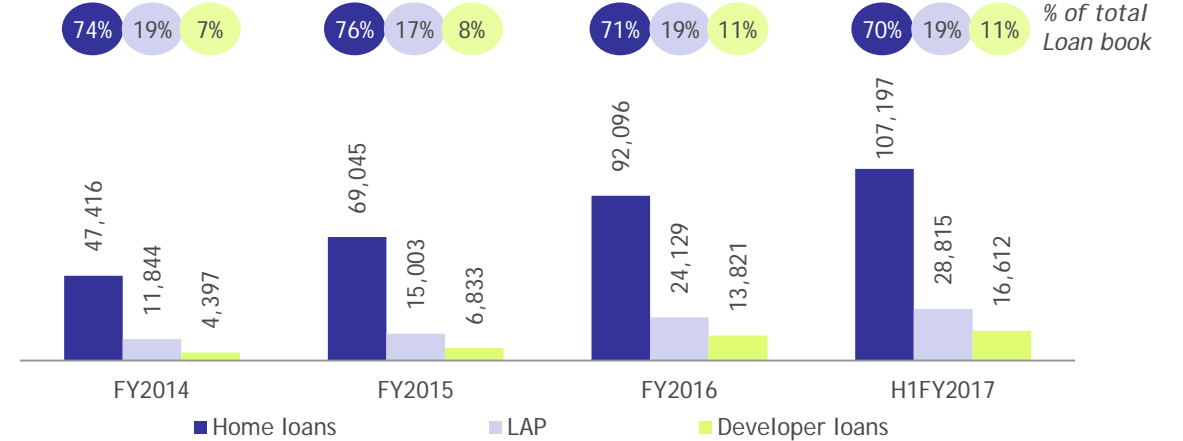


Loan book details

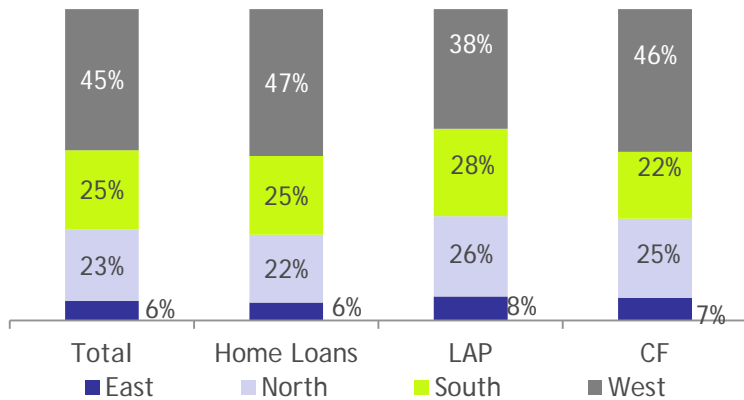
Key Metrics	Home loans	LAP	Developer loans
Average loan size (INR mn)	2.7	4.0	100.0
Average tenor (years)	15	7	2
Primary security	Mortgage Property	Mortgage Property	Construction land & Sales Receivables
Repayment type	Amortizing	Amortizing	Amortizing

Product mix evolution

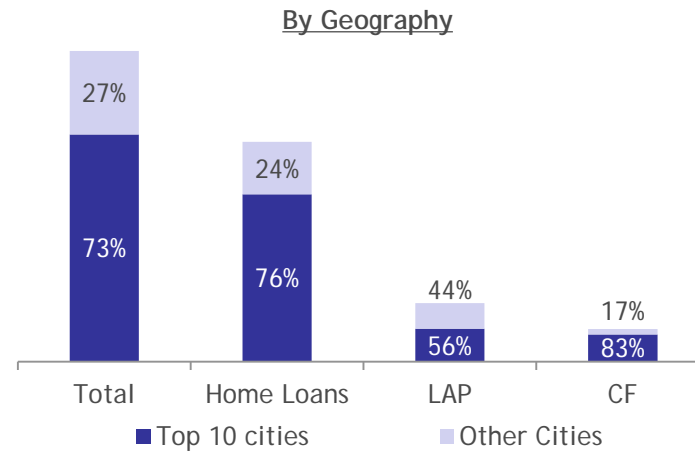
All figures in INR mn



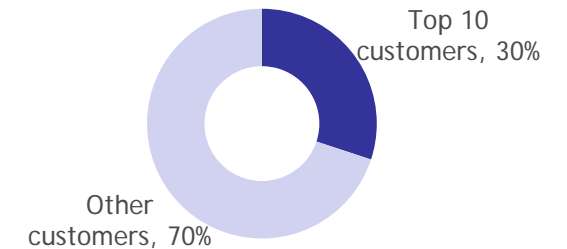
Loan book mix (as of Sep 2016)



Loan book concentration (as of Sep 2016)



Developer loans Concentration by Customers



Distribution strategy



Target customers and distribution channel

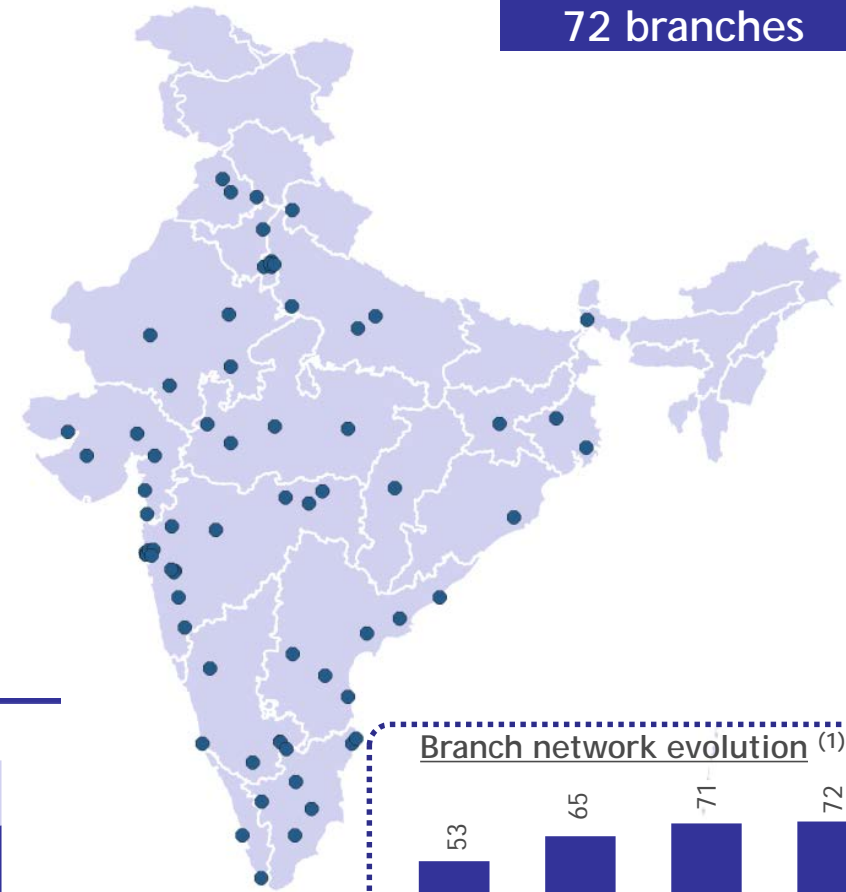
Target customers and geographies

- Customers
 - Salaried and self employed customers
 - Small and Medium Enterprises
 - Builders
- Tier 1 (29% branches), Tier 2 (18% branches), Tier 3 (53% branches) cities

Distribution channels

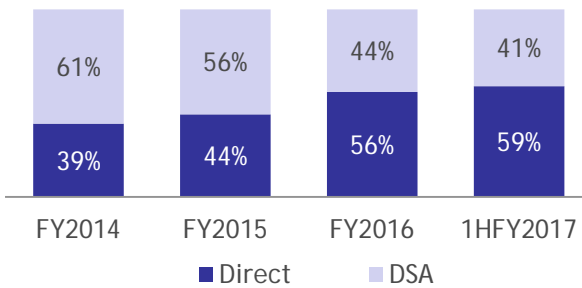
- Direct sourcing via 72 branches
 - Direct sales team of 1,000+ employees
 - Branches equipped to undertake loan processing, appraisal and management of customer relationships
- Tie-ups with 1,900 Direct Sales Agents
- Distribution tie-ups with alternate channels

Branch network (as of Sep 30, 2016)

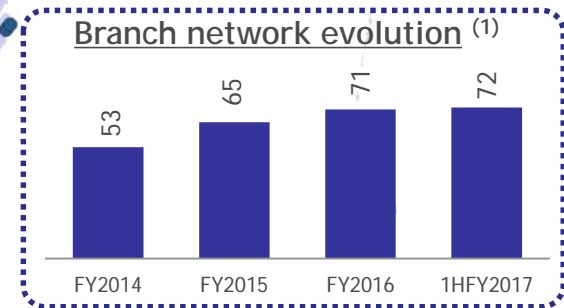
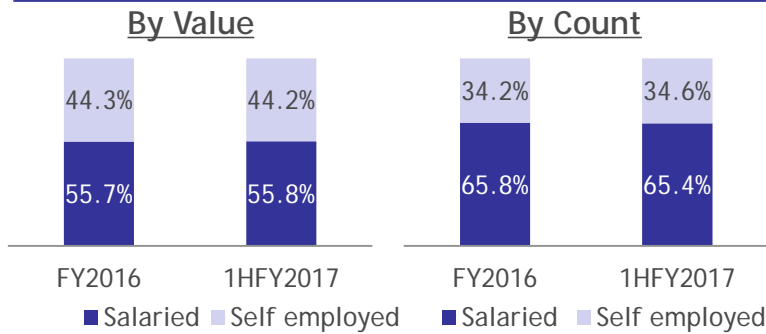


72 branches

Sourcing channel mix (FY16)



Customer mix - Home Loans (FY16)



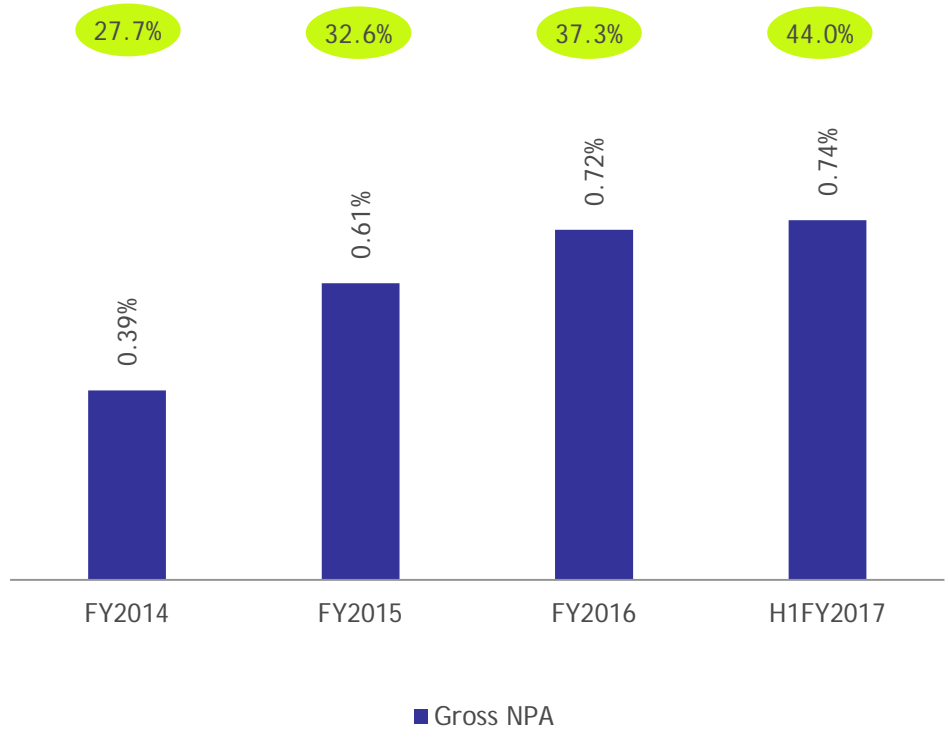
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Note (1): # branches as of 31st March of each year

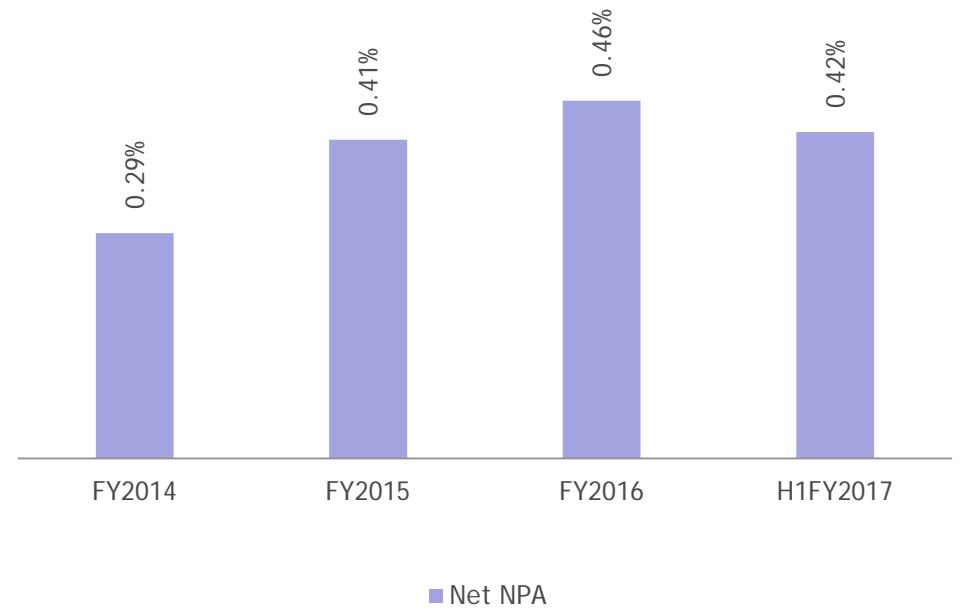
Asset quality



Gross NPA



Net NPA

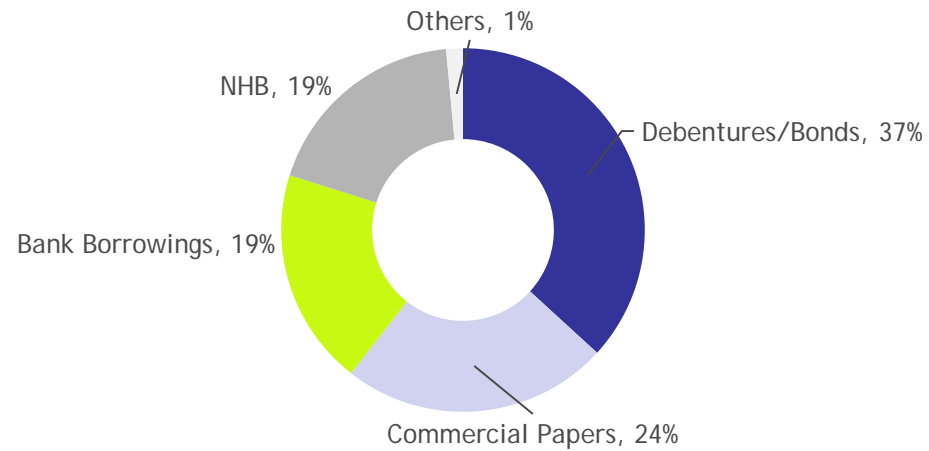


 Provision Coverage Ratio (%)

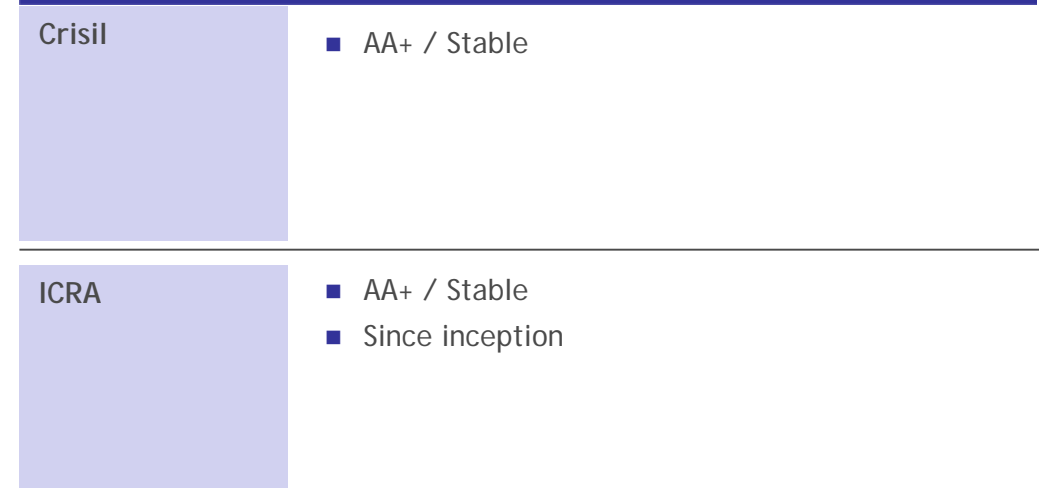
Borrowing profile and ALM



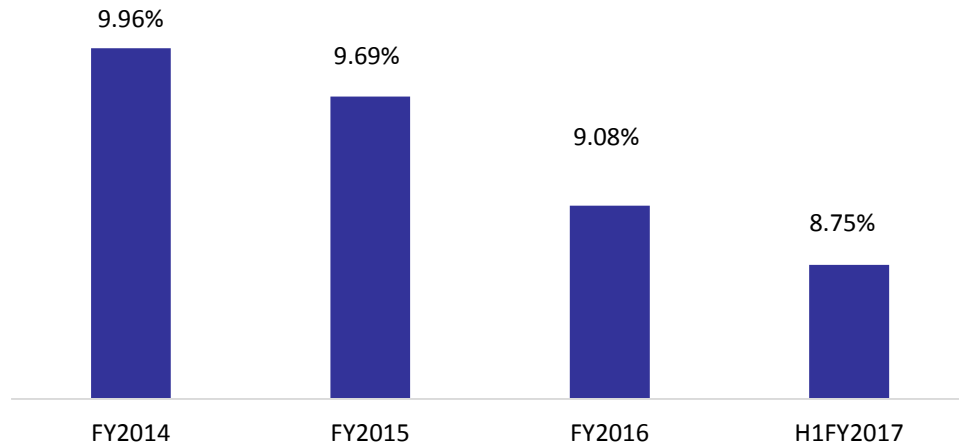
Borrowing mix (as of Sep 30th 2016)



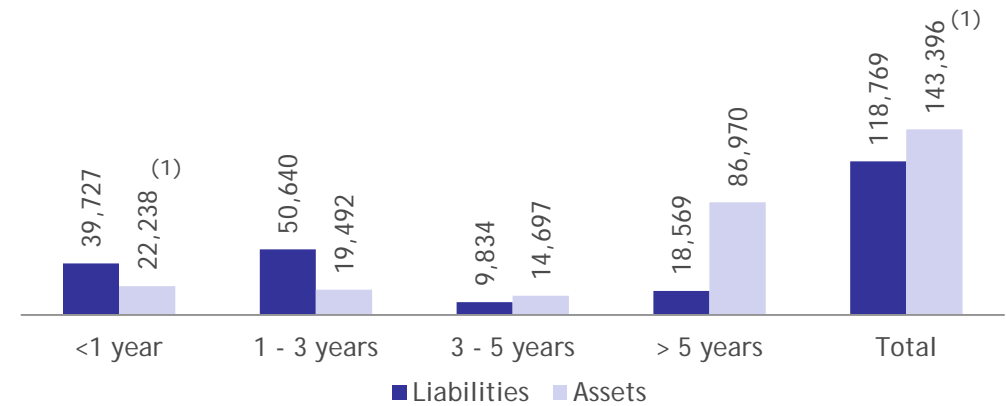
Domestic credit rating



Cost of borrowing



Asset liability management (as of March 31st 2016, INR mn)

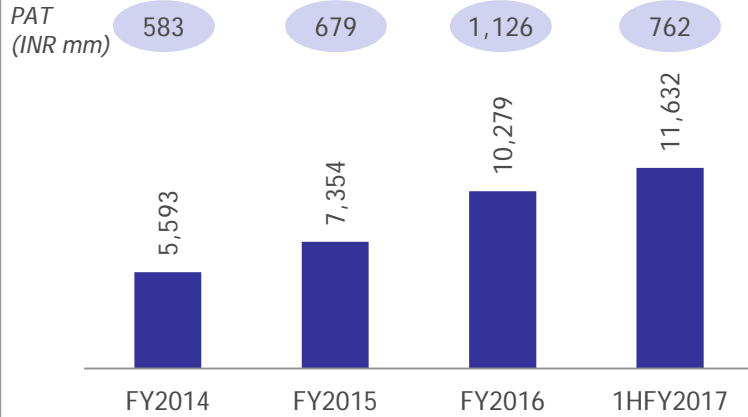


(1) Includes INR mm 13,350 mm of unutilized bank lines as on 31st March 2016

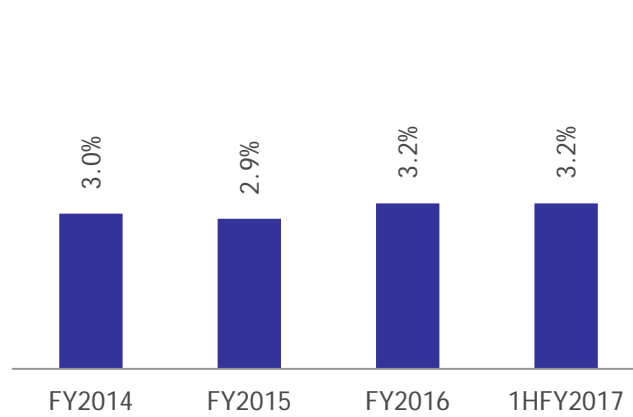
Key financial metrics



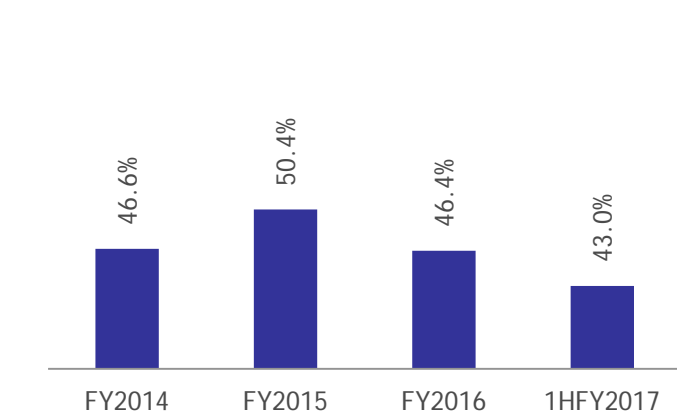
Network (INR mm)



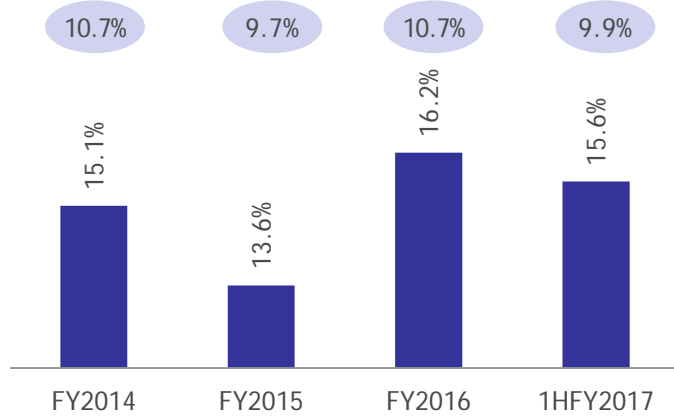
Net Interest Margin



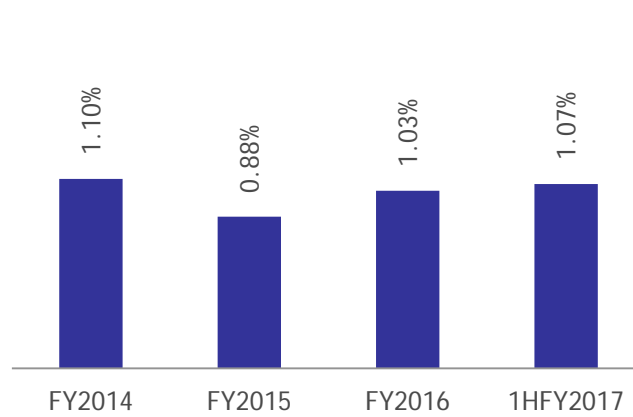
Cost to Income Ratio



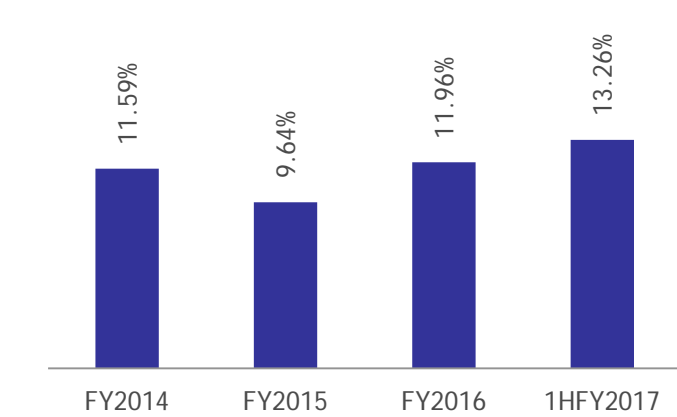
Capital Adequacy Ratio vs. NHB minimum of 12%



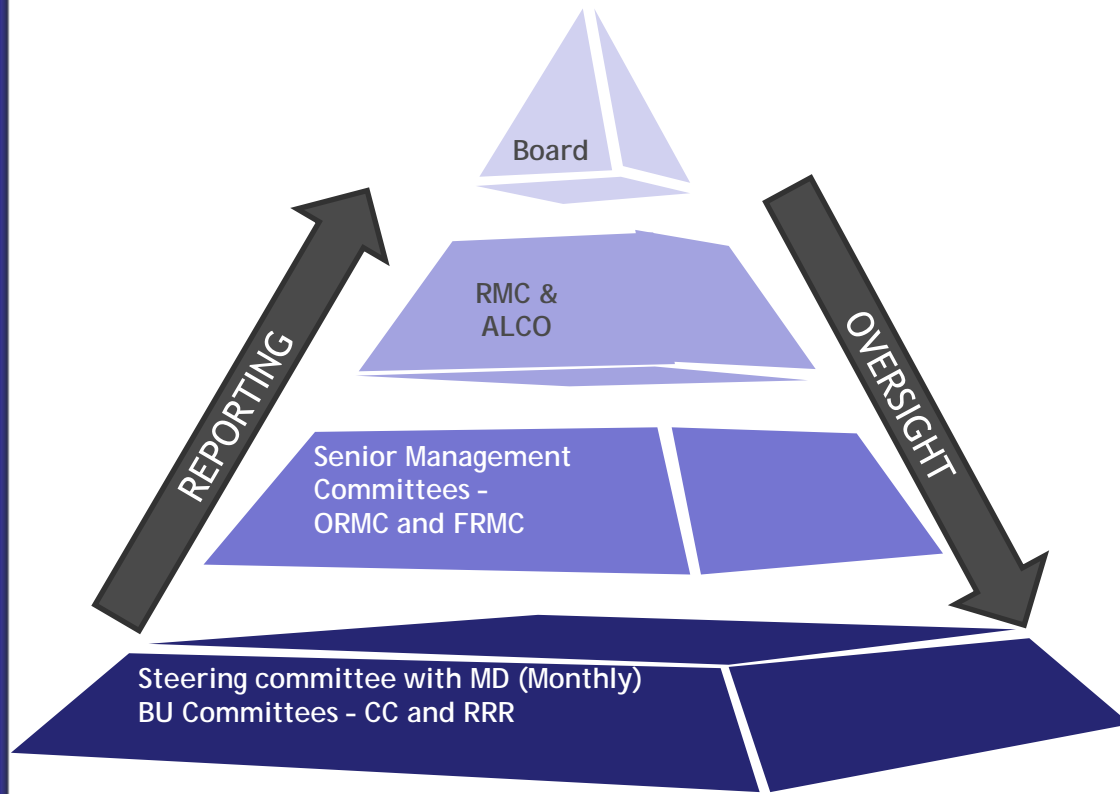
Return on Assets



Return on Equity



Risk Management structure



Board of directors

- Provides guidance and approves the strategic plans and objectives for risk management and risk philosophy.

Committees

- Risk Management Committee (RMC):
 - Assist the Board in its oversight of various risks including credit risk, operational risk, market risk, liquidity risk, investment risk, etc.
- Asset Liability Committee (ALCO):
 - Review Liquidity Risk and Interest Rate Risk profile of the organization on a periodic basis

Senior mgmt. committees

- Operational Risk Management Committee (ORMC):
 - Approve OR policy & amendments, approve corrective actions on operational risk incidents.
- Fraud Risk Management Committee (FRMC):
 - Approve fraud risk management framework, process & amendments, corrective actions on fraud cases reported.

Steering and BU committees

- Steering Committee
 - Monthly risk review with MD
- Credit Committee (CC)
 - Credit committee approves counterparty credit exposures in line with DOA assigned by the Board of directors.
- Retail Risk Review (RRR)
 - Regular portfolio reviews with corrective actions.

Risk management department

- Organizationally independent
- Led by Head Risk reporting to MD & Head Risk - TCL with oversight of RMC

Risk Management practices in TATA Capital & its subsidiaries comply with ISO 31000: 2009, international standard for risk management



Risk Management Practices



Enterprise wide Risk Management (ERM) & Other Risks

- Board Approved ERM Framework is in place, Risk assessment is carried out for Key Risks at entity level
- Monitoring tool for key risk performance on an ongoing basis

Credit Risk

- Credit policies / programs are designed in line with the business strategy
- Portfolio performance is closely monitored. Portfolio monitoring is done through early warning signals, performance of policy caps and other control measures
- Process of periodic review of policies is in place

Market Risk

- Asset Liability Management Policy covers liquidity and interest risk related aspects

Operational Risk & Fraud Risk

- Fraud risk is managed through a fraud risk management framework within the organization
- Risk Containment Unit as a pre approval control to mitigate risks associated with fraudulent document / customers entering in the system
- Approved operational risk management frame work is in place and operational risks are monitored on an ongoing basis

Risk Analytics

- Risk analytics includes developing proactive risk management measures and risk reports

Board of Directors



Praveen P Kadle, Chairman

- Over 25 years of diverse industry experience of which over 21 years have been with the Tata Group
- Previously served as CEO of Garware-Wall Ropes, CFO of Tata IBM, Executive Director (Finance & Corporate Affairs) of Tata Motors, etc
- Currently serves as MD & CEO of Tata Capital and Tata Capital Financial Services



Janki Ballabh, Independent Director

- Over 50 years of industry experience
- Previous stints include various leadership roles at State Bank of India including Deputy MD, Chairman, etc
- Also served as Vigilance Commissioner in the Central Vigilance Commission and as Chairman, Reserve Bank of India Services Board



Anuradha Thakur, Independent Director

- Over 40 years of experience across different industries including petrochemicals, energy, textiles etc
- Previously served as Chief General Manager of Corporate Accounts group at State Bank Of India



Shailesh H Rajadhyaksha, Non Executive Director

- Over 40 years of experience in accounts, finance, regulatory and company secretarial functions
- Previously served at Tata Capital, Tata Consultancy Services, Tata Industries, Larsen & Toubro, etc



Govind Sankaranarayanan, Non - Executive Director

- Over 23 years of experience retail business, housing finance, treasury and corporate affairs
- Previously served at Tata Industries, Tetley Group UK, VSNL International, etc
- Currently serves as COO of Retail Business & Housing Finance at Tata Capital



Ramachandran Vaithianathan, Managing Director

- Over 35 years of industry experience across accounts, finance, regulatory, inventory control, etc.
- Previously served at Tata Capital Financial Services, Tata Motors, Madras Fertilizers, Southern Petrochemical Industries, etc
- Currently serves as MD of Tata Capital Housing Finance

Appendix - key financials



Key Financials



(Rs. In mn)	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17-H1
Income				
Income from Financing	6,386	9,037	12,533	7,907
Investment Income	38	3.9	1.7	5
Other Income	1	25	104	77
Total Income	6,426	9,101	12,655	7,989
Expenses				
Interest Expense	4,559	6,477	8,626	5,394
Employee Cost	307	490	736	517
Operating Expenses	698	1,050	1,498	867
Sourcing Cost	229	369	462	280
Credit Cost	48	112	194	157
Provision on standard assets	109	137	211	135
Other expenses	314	431	630	295
Share & Debenture Issue Expense	26	40	47	28
Depreciation	4	11	18	12
Total Expenses	5,595	8,068	10,924	6,818
Profit Before Taxes	831	1,033	1,730	1,171
Taxes	248	354	604	408
Net Profit After Taxes	583	679	1,126	762

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Borrowing Evolution



(Rs. In mn)	Sep-16	Mar-16	Mar-15	Mar-14
Short term debt				
CPs (Net of unamortized discount)	31,534	15,019	6,631	6,931
C/c WCDL/ ICDs / Bank Debt	9,927	10,656	6,706	3,220
Total Short term debt	41,461	25,675	13,337	10,151
Long term debt				
NCDs	43,493	39,544	25,145	16,118
Tier II	6,487	4,487	2,487	2,007
NHB Funding	25,310	18,011	10,424	3,674
Bank Debt	20,639	28,334	29,583	24,583
Total Long term debt	95,929	90,376	67,639	46,382
Total debt	137,390	116,051	80,976	56,533
ST Debt : LT Debt Ratio	30:70	22:78	16:84	18:82

Asset quality and provisioning norms



- With effect from 10 June 2010, the NHB notified NHB Directions 2010 with respect to prudential norms for recognising NPAs
- In accordance with the revised norms, NPAs are recognised as such when an asset is 90 days overdue
- The classification and provisioning requirements and provisioning followed are as follows:

Asset Classification	Period of Default	Prescribed provisioning required as per NHB (%)	Provisioning followed (%)
Standard Assets	<90 days	0.40	0.40
	<90 days	0.75 (non individual CRE-RH)	0.75 (non individual CRE-RH)
	<90 days	1.00 (non individual CRE-Others)	1.00 (non individual CRE-Others)
Sub-standard Assets	90 days to one year	15.00	15.00
Doubtful Assets	One to two years	25.00	50.00
	Two years to three years	40.00	100.00
	More than three years	100.00	100.00
Loss Assets	-	100.00	100.00

Note: CRE-RH: Commercial Real Estate - Residential Housing

Thank You

