

# Business Standard

TRENDING ON BS #Demonetisation #TataVsMistry #TrumpAtWhiteHouse

Search

News ▾

You are here: [Home](#) » [Finance](#) » [News](#) » [Others](#)

## Reliance Home Finance to tap SME segment

To grow assets under management from Rs 6,500 crore to Rs 50,000 crore in five years

Anup Roy | Mumbai  
December 15, 2015 Last Updated at 00:12 IST

8



October - A month of celebrations, got even bigger

Ad

Avail cash benefits of upto Rs 60000, start with a test drive.



Reliance Home Finance, the [mortgage](#) subsidiary of Reliance Capital, plans to increase its assets under management (AUM) from Rs 6,500 crore to Rs 50,000 crore in five years, most of which will come from disbursing loans to self-employed customers.

The company also plans to issue masala bonds, or rupee-denominated bonds, in the international market in the next financial year to raise capital. It, however, does not require immediate funds given its capital adequacy of 19 per cent, against the regulatory requirement of 12 per cent.

"It took us four-five years to set up our processes and till that time, we were going cautiously. Now we are confident about our assessment tools and skills and we're trying to get into the right spot in the market place," said K V Srinivasan, chief executive at Reliance Commercial Finance, and director of Reliance Home Finance, in an interview.

"We are looking at a very strong takeoff," he said.

Self-employed customers, mostly entrepreneurs of small and medium enterprises (SME), do not readily get loans from banks because most of them do not follow a proper tax record and tend to understate their income. [Reliance](#)

[Home Finance](#) wants to fill this vacuum. The group's immediate target is to boost its AUM to Rs

### ALSO READ

Sundaram BNP Paribas Home Finance Q2 net up by 27% at Rs 40.5 cr

Aspire Home Finance launches Mahila Awaas Loan

Housing construction delays can cost you tax deductions

Leading NBFCs are bigger than many PSBs

Ads

#### Get Google Chrome

Fast, simple & secure web browser for all your devices. Download now!  
[google.com/chrome](http://google.com/chrome)

#### SBI Life Insurance Online

Buy Insurance from most Trusted Brand. Calculate Premium Now!  
[epolicy.sbilife.co.in](http://epolicy.sbilife.co.in)

10,000 crore by the end of this financial year and Rs 50,000 crore by 2020.

“If you look at the pattern of [mortgage](#) financing now, 80 per cent of the loans are given to salaried class. But, about 70 per cent of the real estate market is held by the self-employed class. We want to fill that space and expect 90 per cent of our business to come from the self-employed class,” Srinivasan said, adding the lack of proper financial documents was no hindrance.

“We have our own technique of assessment, and it is not a copy-pasted model, but something we have built up handling our [SME](#) clients class in the commercial [finance](#) business,” he added.

“Cash flows for these customers are easily traceable, even as the profit is frequently under-reported and [income tax](#) returns are depressed. Our capabilities have been developed keeping this in mind,” Srinivasan added.

The strategy will be to focus on the non-metro areas with low ticket offering that falls in the ‘affordable housing’ category. The company also wants to lend in the smart city projects that will be coming up in the near future.

Currently, 40 per cent of the disbursements happen in the Rs 10-25 lakh bracket, which the group wants to expand. It also wants to give a big push to the Rs 5-10 lakh category of loans.

The company has for now tied up with specialised groups such as microfinance institutions and non-banking financial companies to source business from these markets. Going forward, [Reliance Home Finance](#) will do the entire assessment job in-house as it expands in semi-urban and rural areas. By 2020, the company will have 2,000 people on its payrolls from roughly 450 now.

The expansion will be through a hub-and-spoke model where the company will be opening one branch in one city and will serve the hinterlands through business correspondents, Srinivasan said. Currently, it is present in 100 cities. While the [mortgage](#) financier does not need capital for now, it would nevertheless go for raising money through [masala bonds](#) in the next financial year.

“It will likely be for a small amount as we just want to test the water,” said Srinivasan. The overseas fund-raising route is very attractive, as the company will not have to hedge its exposure as the bonds will be denominated in rupee.

[READ MORE ON](#) [RELIANCE HOME FINANCE](#) [MORTGAGE](#) [HOME LOANS](#) [SME](#)  
[MASALA BONDS](#) [K V SRINIVASAN](#) [RELIANCE COMMERCIAL FINANCE](#) [INCOME TAX](#)  
[FINANCE](#) [OTHERS](#)

PREVIOUS STORY



Others follow suit: ICICI, HDFC Bank, Canara, United Bank cut FD rates by up to 1%

NEXT STORY

After State Bank of India, ICICI & HDFC Bank slash deposit rates



## RECOMMENDED FOR YOU

Powered by Google



<b>Loan against Property</b>	<b>Aspire Home Finance targets Rs 2,000 crore loan...</b>	<b>ICICI Prudential MF</b>	<b>Will home finance firms dream run continue?</b>	<b>Two bank employees booked for exchanging R...</b>
Ad loansinsurances.com	business-standard.com	Ad icicipruamc.com	business-standard.com	business-standard.com

Advertisements

- Punto Evo - With Cash Benefits upto ? 60,000. Know More. T&C
- Buy New Age Health Insurance with Added Benefits
- New to the stock market? Take your FirstStep
- Fiat Linea - 125PS Power & TouchScreen Navigation System.T&C.
- Intelligent Retail of the Future
- Enjoy Free Stock Trading with Upstox
- Learn the Art of Investing through Sharekhan
- Super Saver Health Insurance for Whole Family
- Open Free Demat A/c with low brokerage fee
- Yet to open a Sharekhan Account?

## You Might Also Like



**Post-demonetisation, Jaitley likely to relax income tax slabs in Budget**



**Demonetisation impact: \$1 billion worth of gold imported so far since Nov 9**



**Full text of former RBI governor D Subbarao's views on demonetisation**



**Here's how PM Modi plans to hunt down benami property holders**



**After Twitter war with Kejriwal, Paytm gets into another controversy with its**



**Amma is back, Modi in tears, Trump's \$1 pay: 5 key developments of the day**

## Promoted Stories



**Statins as primary prevention: Helpful or harmful?**

Kevin, M.D. - Medical Weblog



**How much to save for retirement?**

mutualfund.birlasunlife.com



**How to earn money in leisure time?**

www.jungleerummy.com



**Term Insurance: A recommended first step in financial planning!**  
Max Life Insurance



**Everything You Need To About Ajay Devgn's New Find — Sanyashaa Saigal**  
LiveInStyle by USL – Diageo



**A marathon with a twist. Airtel's teaching drive**  
Airtel on Hindustan Times

Recommended by

Beyond Business ▼ GO



EXPAND

Enjoy Free Stock Trading with Upstox

Ad

## LATEST NEWS

ALL

IN THIS SECTION

Congress-BJP clash in Rajya Sabha over Azad's expunged remarks

Maruti Suzuki to set up industrial training institute in Gujarat

Indian aftermarket to touch \$16.5 billion by 2021; double figure growth likely

Sebi to auction Sahara group's five more land parcels

Inox Wind bags order for 40-MW wind project from Roha Dyechem

» *More*

## MORE NEWS

Learn the Art of Investing through Sharekhan Ad



Banking funds to gain from demonetisation

Punto Evo - With Cash Benefits upto ₹ 60,000. Know More. T&C Ad

T&Cs apply. Online offer only. American Express Banking Corp.



Rupee recovers 12 paise to end at 67.82; snaps 4-day losing streak

**FREE Online Courses** Get the skills you need to land the job you want.

**START LEARNING NOW ▶**



**FREE Online Courses** Get the skills you need to land the job you want.

**START LEARNING NOW ▶**



### MOST POPULAR



After State Bank of India, ICICI & HDFC Bank slash deposit rates

Demonetisation: ICICI, HDFC Bank cut deposit rates by 0.25%

Others follow suit: ICICI, HDFC Bank, Canara, United Bank cut FD rates by up to 1%

RBI lifts restriction on FPI investment in bonds

Banks see surge in card usage; demand jumps for PoS terminals

### FROM THE SITE

Chicken and egg prices decline sharply even as input costs rise

Demand driven down by auspicious month of Shrawan, transport disruption in north India

Sheikh Hasina accuses BNP of being behind 2014 grenade attack

Infinite Computer Solutions gains on share buyback proposal

Clinton Foundation might see Indian operations suffer if Hillary is elected

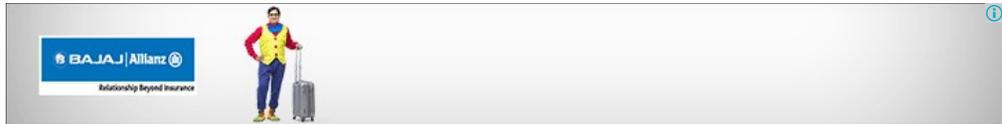
Sensex falls 100 points to break 28,000; pharma weak

» *More*



Be the first of your friends to like this





## MORE ON MARKETS:

### QUICK LINKS

- [STOCK MARKET LIVE](#)
- [STOCK MARKET NEWS](#)
- [PORTFOLIO](#)
- [DERIVATIVES](#)
- [COMMODITY MARKET](#)
- [MUTUAL FUNDS](#)
- [UPCOMING IPO](#)
- [GOLD PRICE](#)
- [PERSONAL FINANCE](#)
- [SENSEX](#)

### BROWSE STOCK COMPANIES

[A](#) | [B](#) | [C](#) | [D](#) | [E](#) | [F](#) | [G](#) | [H](#) | [I](#) | [J](#) | [K](#) | [L](#) | [M](#) | [N](#) | [O](#)  
[P](#) | [Q](#) | [R](#) | [S](#) | [T](#) | [U](#) | [V](#) | [W](#) | [X](#) | [Y](#) | [Z](#)

[1](#) | [2](#) | [3](#) | [4](#) | [5](#) | [6](#) | [7](#) | [8](#) | [9](#)

### BROWSE MUTUAL FUNDS

[A](#) | [B](#) | [C](#) | [D](#) | [E](#) | [F](#) | [G](#) | [H](#) | [I](#) | [J](#) | [K](#) | [L](#) | [M](#) | [N](#) | [O](#)  
[P](#) | [Q](#) | [R](#) | [S](#) | [T](#) | [U](#) | [V](#) | [W](#) | [X](#) | [Y](#) | [Z](#)

### INDEX STOCKS

[ACC](#) | [Adani Ports](#) | [Ambuja Cem.](#) | [Asian Paints](#) | [Aurobindo Pharma](#) | [Axis Bank](#) | [BHEL](#) | [BPCL](#) | [Bajaj Auto](#)  
[Bank of Baroda](#) | [Bharti Airtel](#) | [Bharti Infra.](#) | [Bosch](#) | [Cipla](#) | [Coal India](#) | [Dr Reddy's Labs](#) | [Eicher Motors](#) | [GAIL \(India\)](#)  
[Grasim Inds](#) | [HDFC](#) | [HCL Technologies](#) | [HDFC Bank](#) | [Hero Motocorp](#) | [Hind. Unilever](#) | [Hindalco Inds.](#) | [ICICI Bank](#)  
[Idea Cellular](#) | [IndusInd Bank](#) | [Infosys](#) | [ITC](#) | [Kotak Mah. Bank](#) | [Larsen & Toubro](#) | [Lupin](#) | [M & M](#) | [Maruti Suzuki](#) | [NTPC](#)  
[ONGC](#) | [Power Grid Corpn](#) | [Reliance Inds.](#) | [St Bk of India](#) | [Sun Pharma. Inds.](#) | [Tata Motors](#) | [Tata Motors-DVR](#)  
[Tata Power Co.](#) | [Tata Steel](#) | [TCS](#) | [Tech Mahindra](#) | [UltraTech Cement Ltd](#) | [Wipro](#) | [Yes Bank](#) | [Zee Entertainment](#)

**FROM BS WEBSITE**

[Home](#)  
[Companies](#)  
[Markets](#)  
[Opinion](#)  
[Politics](#)  
[Technology](#)  
[Specials](#)  
[Personal Finance](#)  
[Budget](#)  
[Latest News](#)  
[Today's Paper](#)  
[RBI Policy](#)  
[General News](#)  
[General Videos](#)  
[General Photo Gallery](#)  
[Events](#)  
[Authors](#)

**ABOUT US**

[About Us](#)  
[Code of Conduct](#)  
[Terms & Conditions](#)  
[Disclaimer](#)  
[Investor Communication](#)

**SUPPORT & CONTACT**

[Partner with Us](#)  
[Careers](#)  
[Advertise with Us](#)  
[Contact Us](#)  
[Feedback](#)  
[Browser Support](#)  
[Sitemap](#)

**SUBSCRIBE**

[E-Paper](#)  
[BS Magazines](#)  
[Portfolio Tracker](#)

**BS PRODUCTS**

[Smart Investor](#)  
[BS Hindi](#)  
[BS Motoring](#)  
[BS Books](#)  
[B2B Connect](#)  
[iPhone](#)  
[iPad](#)  
[android](#)  
[wap](#)  
[BS Banking Round Table 2016](#)  
[BS Fund Cafe 2016](#)

**ELECTIONS 2016**

[Assam Elections](#)  
[Kerala Elections](#)  
[Tamil Nadu Elections](#)  
[West Bengal Elections](#)

**CONNECT WITH BS**

[Facebook](#)  
[Google+](#)  
[Linkedin](#)  
[Twitter](#)  
[Youtube](#)  
[RSS](#)