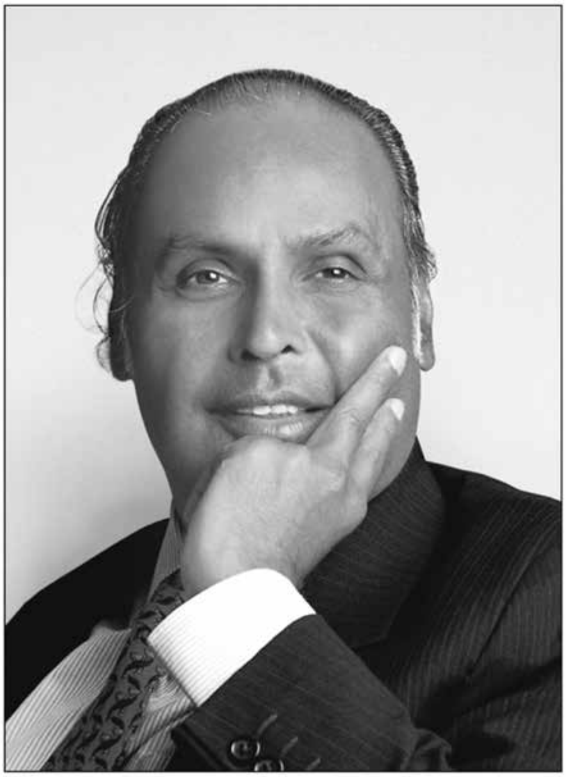
Reliance HOME FINANCE

Annual Report
2018 - 19



Padma Vibhushan

Shri Dhirubhai H. Ambani

(28th December, 1932 – 6th July, 2002)

Reliance Group – Founder and Visionary

Profile

Reliance Home Finance Limited ('RHF' / the 'Company'), part of Reliance Capital, is one of the country's leading private sector Home Loan Company, incorporated in the year 2008. The Company's equity shares are listed on the Indian Stock Exchanges with effect from September 22, 2017.

RHF is a subsidiary of Reliance Capital Limited. The Company is registered with National Housing Bank as a housing finance company under the National Housing Bank Act, 1987.

RHF provides a wide range of solutions like Home Loans including Affordable Housing Loans, Loan against Property (LAP) and Construction Finance. The Company also provides property services that help customers find their dream homes / properties.

The Company has a strong distribution network with approx. 120 locations, through a "hub and spoke" model, across the country.

Mission

- To back opportunities and enabling ideas that make tomorrow better.
- To be a significant contributor in the fundamental need of every Indian – Housing.

Values

- To conduct all of our activities and business ethically.
- To add value for our customers through customized digital solutions and support.
- We are committed to sustainability and excellence.
- We believe in transparency in all our activities and processes, thus making us accountable for all our business practices.

This Report is printed on environment friendly paper.

Board of Directors

Ms. Chhaya Virani
Ms. Rashna Khan
Lt Gen Syed Ata Hasnain (Retd)
Mr. Ashok Ramaswamy
Mr. Amit Bapna
Mr. Ravindra Sudhalkar – Executive Director & CEO

Key Managerial Personnel

Mr. Pinkesh R. Shah - Chief Financial Officer
Ms. Parul Jain - Company Secretary & Compliance Officer

Auditors

M/s. Dhiraj & Dheeraj, Chartered Accountants

Registered Office

Reliance Centre, 6th Floor
South Wing, Off Western Express Highway
Santacruz (East), Mumbai 400 055
CIN : L67190MH2008PLC183216
Tel. : +91 22 4303 6000
Fax : +91 22 2610 3299
E-mail : rhfl.investor@relianceada.com
Website: www.reliancehomefinance.com

Registrar and Transfer Agent

Karvy Fintech Private Limited
Karvy Selenium Tower - B
Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25
Financial District, Nanakramguda
Hyderabad 500 032
Website: www.karvyfintech.com

Investor Helpdesk

Toll free no. (India)	:	1800 4250 999
Tel.	:	+91 40 6716 1500
Fax	:	+91 40 6716 1791
E-mail	:	rhflinvestor@karvy.com

Contents Page No.

11th Annual General Meeting on Monday, September 30, 2019 at 1:45 P.M. or soon after the conclusion of the Annual General Meeting of Reliance Power Limited convened on the same day, whichever is later, at Rama & Sundri Watumull Auditorium Vidyasagar, Principal K. M. Kundnani Chowk, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400 020

This Annual Report can be accessed at www.reliancehomefinance.com

Financial Highlights

(₹ in crore)

Year ended March 31	2019	2018	2017	2016	2015
Turnover	**2 002.59**	1 683.34	1 144.68	815.03	512.60
Earnings Before Depreciation, Interest & Tax (EBDIT)	**1 341.93**	1 307.29	788.06	611.99	403.79
Depreciation	**3.38**	26.18	7.06	0.72	0.03
Profit after Tax	**67.42**	166.93	172.59	86.75	69.06
Equity Share Capital	**485.06**	485.06	115.82	65.82	65.82
Reserves and Surplus	**1 356.94**	1 339.46	982.74	554.3	467.54
Net Worth	**1 799.93**	1 833.12	1 032.44	570.28	498.27
Total Assets	**18 125.44**	15 407,75	11 346.65	7 693.59	5 557.39
Number of Employees	**881**	961	908	792	312

Key Indicators

Year ended March 31	2019	2018	2017	2016	2015
EBDIT / Gross Turnover %	**67.01**	69,30	68.85	75.09	78.77
Net Profit Margin %	**3.37**	9.94	15.08	10.65	13.47
Basic Earnings Per Share (₹)	**1.38**	5.15	20.45	13.18	10.49
Diluted Earnings Per Share (₹)	**1.38**	5.15	20.45	13.18	10.49
Book Value Per Share (₹)	**37.97**	37.61	94.85	94.21	81.03
Debt : Equity Ratio	**6.68**	7.17	9.37	11.49	8.88

Notice

Notice is hereby given that the 11th Annual General Meeting of the Members of **Reliance Home Finance Limited** will be held on Monday, September 30, 2019 at 1:45 P.M. or soon after the conclusion of the Annual General Meeting of Reliance Power Limited convened on the same day, whichever is later at Rama & Sundri Watumull Auditorium Vidyasagar, Principal K. M. Kundnani Chowk, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400 020, to transact the following business:

Ordinary Business:

1. To consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Amit Bapna (DIN:00008443), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
3. To approve, confirm and ratify the appointment of Auditors to fill the casual vacancy and in this regard, to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the appointment of M/s. Dhiraj & Dheeraj, Chartered Accountants (Firm Registration No. 102454W), as the Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. Price Waterhouse & Co Chartered Accountants LLP, to hold office from June 28, 2019 till the conclusion of the 11th Annual General Meeting of the Company, at such remuneration, as shall be fixed by the Board of Directors of the Company be and is hereby approved, confirmed and ratified."
4. To appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Dhiraj & Dheeraj, Chartered Accountants (Firm Registration No. 102454W), be and are hereby appointed as the Statutory Auditors of the Company for a term of 5 (five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of the Sixth Annual General Meeting from this Annual General Meeting, at such remuneration as shall be fixed from year to year by the Board of Directors."

Special Business:

5. **Appointment of Ms. Chhaya Virani as an Independent Director**

   To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms. Chhaya Virani (DIN:06953556), who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director and in accordance with the recommendation of the Nomination and Remuneration Committee, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term up to 5 (five) consecutive years commencing from April 1, 2019."
6. **Appointment of Ms. Rashna Khan as an Independent Director**

   To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms. Rashna Khan (DIN:06928148), who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director and in accordance with the recommendation of the Nomination and Remuneration Committee, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term up to 5 (five) consecutive years commencing from May 2, 2019."
7. **Appointment of Mr. Ashok Ramaswamy as an Independent Director**

   To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Ashok Ramaswamy (DIN:00233663), who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director and in accordance with the recommendation of the Nomination and Remuneration Committee, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term up to 5 (five) consecutive years commencing from May 31, 2019."
8. **Re-appointment of Mr. Ravindra Sudhalkar as an Executive Director**

   To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the Members be and is hereby accorded to re-appoint Mr. Ravindra

Sudhalkar (DIN:07787205) as a Whole-time Director, designated as an Executive Director & CEO of the Company, for a period of 1 (one) year, on expiry of his present term of office, i.e. with effect from April 24, 2020, on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the tenure of Mr. Ravindra Sudhalkar as Whole-time Director, the remuneration and perquisites be paid or granted to him as minimum remuneration and perquisites provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the amount as approved by the Board from time to time, subject to the provisions of Schedule V of the Act, as amended.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. **Alteration of Memorandum of Association**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and subject to all permissions, sanctions and approvals as may be necessary, the existing clauses of the Memorandum of Association of the Company be and are hereby altered by substituting the following clauses in the Objects incidental or ancillary to the attainment of the Main Objects and Other Objects:

13. Subject to the provisions of the applicable laws, rules, regulations and directions, as amended, from time to time, to receive moneys on deposits, loans or otherwise with or without interest and to secure the same in such manner and on such terms and conditions as the Company may think fit and proper and guarantee the debts, obligations and contracts of any person, firms, company or corporation whatsoever.

18. Subject to the provisions of the applicable laws, rules, regulations and directions, as amended, from time to time, to borrow or raise or secure payment of money in such manner as the Company may think fit and to secure the same or the repayment or performance of any debt, liability, contract, guarantee or other engagement to be entered into by the Company in any way and in particular by the issue of debentures perpetual or otherwise, charged upon all or any of the Company's property (present and future) including its uncalled capital, and to purchase, redeem or pay off any such securities.

52. To exercise all or any of its corporate powers, rights and privileges and to conduct its business in all or any of its branches in the Union of India and in any or all States, territories, possessions, colonies and dependencies thereof, and for this purpose to have and maintain and to discontinue such number of offices and agencies therein as may be convenient.

62. To amalgamate with any other company whose objects are or include objects similar to those of this Company, whether by sale or purchase (for fully or partly paid up share or otherwise) of the undertaking subject to the liabilities of this or any such other company as aforesaid, with or without winding up, or by sale or purchase (for fully or partly paid up shares or otherwise) of all or a controlling interest in the shares or stock of this or any such other company as aforesaid or in any other manner.

80. To enter into any arrangements for joint ventures in business or for union of interest, reciprocal concessions or co-operate with any person, firm or company, or to amalgamate with any person, firm or company carrying on or proposing to carry on any business.

82. To establish branches, agencies or appoint representatives in India for any one or more the objects of the Company and to regulate and / or discontinue the same.

103. To form, promote, subsidies, organize, assist, maintain and conduct or aid in forming, promoting, subsidising, organizing, assisting, maintaining research laboratories, experimental workshop or conduction studies, research, conducting, aiding tests and experiments on scientific, technical, economic, commercial, or any other subject and undertake all types of technical, economic and financial investigations and aid or assist any institution, university, company, or person or persons, undertaking or conducting such research, study, and provide, subsidies, endow, assist in laboratories, meeting, lectures, and conferences and by providing for the remunerations of professors or teachers or any subject, and by providing for the awards, exhibitions, scholarships, prizes and grants to students or otherwise and generally to encourage, promote and reward studies, researches, investigations, experiments, tests, and inventions of any kind.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

10. **Issue of equity shares by conversion of debt**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 42, 62 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with the Rules made thereunder, the Securities and Exchange Board of India (SEBI) (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('SEBI ICDR Regulations'), SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ('SEBI SAST Regulations'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations') (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), guidelines/ circulars/ notifications and / or any other scheme(s) issued by the Reserve Bank of India (RBI) from time to time ("RBI Circulars") and / or any other applicable rules / regulations / guidelines / notifications / amendments issued by the Government of India, SEBI, RBI, NHB or any other regulatory or other authorities and subject to such condition(s) and modification(s) as may be prescribed by one or more of them while granting any approval(s), consent(s), permission(s), and / or sanction(s), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee which the Board has constituted or may constitute to exercise its powers including the powers conferred under this Resolution or any person duly authorised by the Board in this behalf) and the enabling provisions of the Memorandum of Association and Articles of Association of the Company, the consent, authority and approval of the Members of the Company be and is hereby accorded to the Board to create, issue and allot from time to time in one or more tranches, on preferential basis, such number of Equity Shares of the Company to the bank(s), financial institution(s), holder(s) of debt securities, other lender(s) or facility provider(s) of the Company (hereinafter referred to as the "Lenders", which word shall be deemed to include their successors and assigns, and any such Lenders acting through any authorised representative, agent, trust, etc. appointed by such Lender(s) or any assignee of such Lender(s)); by full / part conversion of debt facilities availed by the Company by way of loan, debentures or otherwise in whatsoever form or nature, whether secured or unsecured, comprising principal, interests, additional interest, compound interest, accumulated interest, liquidated damages, fees, and all other charges and monies payable by the Company both present and future (hereinafter collectively referred to as the "Loans") in terms of the agreements or other documents entered / to be entered into between the Company and the respective Lenders; in such manner and on such terms and conditions and at such price, as the Board may, in its absolute discretion, deem appropriate.

RESOLVED FURTHER THAT the authority and liberty be and is hereby specifically conferred on the Board without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution, to finalise and decide, from time to time, the price and exact number of Equity Shares that may be issued and allotted to Lenders in full / part conversion of their Loans, in consultation with the Lenders as the case may be, in accordance with RBI Circulars or other provisions of law.

RESOLVED FUTHER THAT the new Equity Shares arising out of the proposed issue shall be listed on the Stock Exchanges where the existing Equity Shares of the Company are listed and shall rank pari-passu in all respects with the existing Equity Shares in the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised on behalf of the Company to take all actions including pursuing / implementing the full resolution plan finalised with the Lenders and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable, incidental or expedient and that the Board be and is hereby authorised to agree, make, accept all such term(s), condition(s), modification(s) and alteration(s) as it may deem fit including condition(s), modification(s) and alteration(s) stipulated in the above Resolution or required by any relevant authority or under applicable laws, rules, regulations or guidelines and give such directions and instructions as may be necessary to resolve and settle all questions and difficulties that may arise in relation thereto including issuing clarifications to the concerned statutory, regulatory and other appropriate authorities (including but not limited to Lenders, SEBI, RBI, NHB, etc.), and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion may deem fit, including without limitation, to execute necessary documents and enter into contracts, arrangements, and to authorise all such persons at the absolute discretion of the Board, as may be necessary, in connection therewith and incidental thereto without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Director(s) or Officer(s) or authorised representatives of the Company, respectively and to do all such acts, deeds and things as may be required in connection with the aforesaid Resolution, including execution of any documents on behalf of the Company and to represent the Company before any governmental, regulatory and other appropriate authorities and to appoint any advisors, consultants for the purpose of implementation of the aforesaid Resolution."

11. **Private Placement of Non-Convertible Debentures and / or other Debt Securities for refinancing of existing debt**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and the provisions of the Memorandum of Association and the Articles of Association of the Company, the Securities and Exchange Board of India ("SEBI") (Issue and Listing of Debt Securities) Regulations, 2008, as amended, and other applicable SEBI regulations and guidelines, and subject to such other applicable laws, rules and regulations and guidelines, approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any duly constituted committee of the Board) for making offer(s) or invitation(s) to subscribe to Secured / Unsecured / Redeemable / Non-Redeemable Non-Convertible Debentures (NCDs) including but not limited to subordinated debentures, bonds, and / or other debt securities, etc., on a private placement basis, in one or more series / tranches, for refinancing of existing debt within the overall borrowing limits of the Company, as may be approved by the Members from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to determine, negotiate, modify and finalise the terms of issue including the class of investors to whom NCDs are to be issued, time of issue, securities to be offered, the number of NCDs, tranches, issue price, tenor, interest rate, premium / discount, listing, redemption period, utilisation of the issue proceeds and to do all such acts and things and deal with all such matters and take all such steps as may be necessary and to sign and execute any deeds / documents / undertakings / agreements / papers / writings, as may be required in this regard."

By Order of the Board of Directors

Parul Jain
Company Secretary & Compliance Officer

Registered Office:
Reliance Centre, 6th Floor, South Wing
Off Western Express Highway
Santacruz (East), Mumbai 400 055
CIN: L67190MH2008PLC183216
Website: www.reliancehomefinance.com
August 13, 2019

Notes:

1. Statement pursuant to Section 102(1) of the Companies Act, 2013 (the "Act"), relating to the special business to be transacted at the Annual General Meeting (the 'Meeting') is annexed hereto.
2. **A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of herself / himself and the proxy need not be a member of the Company. The instrument appointing the proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before commencement of the Meeting.**
3. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. However, a member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder. The holder of proxy shall prove his identity at the time of attending the Meeting.
4. Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company a certified true copy of their board resolution authorising their representative(s) together with their specimen signature(s) to attend and vote on their behalf at the Meeting.
5. Attendance slip, proxy form and the route map of the venue of the Meeting are annexed hereto.
6. Members / Proxies are requested to bring their duly filled attendance slip sent herewith along with their copy of the annual report to the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
8. Members who hold share(s) in electronic form are requested to write their DP ID and Client ID numbers and those who hold share(s) in physical form are requested to write their Folio number in the attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
9. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays between 11:00 A.M. and 1:00 P.M. up to the date of the Meeting. The certificate from the Statutory Auditors of the Company confirming the compliance of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 with respect to the Company's Employees Stock Option Scheme will be available for inspection at the Meeting.
10. Members are requested to intimate immediately any change in their address or bank mandates to their Depository Participants (DP) with whom they are maintaining their demat accounts. The Company or its Registrar and Transfer Agent cannot change bank particulars or bank mandates for shares held in electronic form.
11. Non-Resident Indian members are requested to inform Karvy Fintech Private Limited (Karvy), the Company's Registrar and Transfer Agent immediately on:
    a. the change in the residential status on return to India for permanent settlement; and
    b. the particulars of the bank account(s) maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
12. Re-appointment of Director:

    At the ensuing Annual General Meeting, Mr. Amit Bapna, Director of the Company retires by rotation under the provisions of the Act and being eligible, offers himself for re-appointment. The Nomination and Remuneration Committee and the Board of Directors of the Company have recommended the re-appointment.

    Mr. Amit Bapna fulfils the Fit and Proper Criteria of Directors as per the requirements of Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 and has given his declaration in this regard.

    The details pertaining to Mr. Amit Bapna are furnished hereunder:

    Mr. Amit Bapna, 44 years, is a member of the Institute of Chartered Accountants of India. He is the Chief Financial Officer of Reliance Capital Limited. He has been with Reliance Capital since 2004 and with the Group since 1999. As CFO, he provides financial direction, oversight and control for Reliance Capital and Group companies and strategic leadership for Treasury. He has over nineteen years of experience in varied business environments - manufacturing and financial services.

    He has been appointed as a Director of the Company with effect from April 24, 2017, is liable to retire by rotation. He has attended all eight Board meetings held during the financial year 2018-19. He is also on the board of Reliance Nippon Life Insurance Company Limited, Reliance Securities Limited, Reliance Capital AIF Trustee Company Private Limited, People's Electoral Trust (Section 8 company), Unlimit IOT Private Limited, Grover Zampa Vineyards Limited, Quant Capital Private Limited, Quant Broking Private Limited and Square Dotcom Private Limited.

    He is a Member of the Risk Management Committee, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility (CSR) Committee and Wilful Defaulter's Review Committee of the Company.

    He is a member of board audit and compliance committee, board risk management committee, board corporate social responsibility (CSR) committee, board nomination and remuneration committee of Reliance Nippon Life Insurance Company Limited. Further, he is a member of audit committee, nomination & remuneration committee, risk committee and corporate social responsibility committee of Reliance Securities Limited.

    He holds 8,180 equity shares in the Company. He does not hold any relationship with other Directors and Key Managerial Personnel of the Company.

    During the financial year 2018-19, Mr. Amit Bapna was not paid any remuneration.

    No remuneration is proposed to be paid to Mr. Amit Bapna.

    The details pertaining to Mr. Amit Bapna pursuant to the requirements of Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") and Secretarial Standards on General Meeting are furnished in the Corporate Governance Report forming part of this Annual Report.
13. In terms of the provisions of Section 139 of the Act read with Rules made thereunder, the Board of Directors at their meeting held on August 13, 2019 have recommended the appointment of M/s. Dhiraj & Dheeraj, Chartered Accountants, to the Members of the Company for their approval at the Annual General Meeting.

14. Members are advised to refer to the section titled 'Investor Information' provided in this Annual Report.

15. **SEBI has decided that securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019. In view of the above and to avail various benefits of dematerialisation, Members are advised to dematerialise shares held by them in physical form.**

16. Members are requested to fill in and submit the Feedback Form provided in the 'Investor Relations' section on the Company's website www.reliancehomefinance.com to aid the Company in its constant endeavour to enhance the standards of service to investors.

17. The Statement containing the salient features of the balance sheet, the statement of profit and loss and auditors' report on the Abridged Financial Statement, is sent to the Members. Any Member interested in obtaining a copy of the full Annual Report, may write to the Company or Registrar and Transfer Agent of the Company.

18. Members holding shares in physical mode:

    a. are required to submit their Permanent Account Number (PAN) and bank account details to the Company / Karvy, if not registered with the Company as mandated by SEBI.

    b. are advised to register the nomination in respect of their shareholding in the Company. Nomination Form (SH-13) is put on the Company's website and can be accessed at link https://www.reliancehomefinance.com/web/guest/investor-information.

    c. are requested to register / update their e-mail address with the Company / Karvy for receiving all communications from the Company electronically.

19. Members holding shares in electronic mode:

    a. are requested to submit their PAN and bank account details to their respective DPs with whom they are maintaining their demat accounts.

    b. are advised to contact their respective DPs for registering the nomination.

    c. are requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.

20. The Securities and Exchange Board of India vide its circular no. SEBI / HO / MIRSD / DOS3 / CIR /P / 2019 / 30 dated February 11, 2019, with a view to address the difficulties in transfer of shares, faced by non-residents and foreign nationals, has decided to grant relaxations to non-residents from the requirement to furnish PAN and permit them to transfer equity shares held by them in listed entities to their immediate relatives subject to the following conditions:

    a. The relaxation shall only be available for transfers executed after January 1, 2016.

    b. The relaxation shall only be available to non-commercial transactions, i.e. transfer by way of gift among immediate relatives.

    c. The non-resident shall provide copy of an alternate valid document to ascertain identity as well as the non-resident status.

21. Members who hold shares in physical form, in multiple folios, in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Transfer Agent for consolidation into a single folio.

22. The physical copy of Annual Report 2018-19, the Notice of the AGM and instructions for e-voting, along with the Attendance Slip and Proxy Form, are being sent to those shareholders whose e-mail addresses are not registered with the Company and by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless a member has requested for a physical copy of the documents. All the above documents are also available on the website of the Company.

23. In compliance with the provisions of Section 108 of the Act read with Rules made thereunder and Regulation 44 of the Listing Regulations, the Company is offering e-voting facility to all Members of the Company through Notice dated August 13, 2019 (remote e-voting). A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners (in case of electronic shareholding) maintained by the depositories as on the cut-off date i.e. September 23, 2019 only shall be entitled to avail the facility of remote e-voting / voting. Karvy Fintech Private Limited will be facilitating remote e-voting to enable the Members to cast their votes electronically. The Members can cast their vote online from 10:00 A.M. on September 26, 2019 to 5:00 P.M. on September 29, 2019. The Members shall refer to the detailed procedure on remote e-voting given in the e-voting instruction slip. The facility for voting shall also be available at the Meeting. The Members who have cast their votes by remote e-voting prior to the Meeting may also attend the Meeting, but shall not be entitled to cast their votes again at the Meeting. The Board of Directors have appointed Mr. Anil Lohia, Partner or in his absence Mr. Rinkit Kiran Uchat, Partner, M/s. Dayal and Lohia, Chartered Accountants as the Scrutiniser to scrutinise the voting process in a fair and transparent manner.

    The Scrutiniser will submit his report to the Chairman of the Meeting or any person authorised by her / him after completion of the scrutiny and the results of voting will be announced after the Meeting of the Company. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the Meeting. The result of the voting will be submitted to the Stock Exchanges, where the shares of the Company are listed and posted on the website of the Company and also on the website of Karvy Fintech Private Limited.

Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated August 13, 2019

Item Nos. 5 to 7 Appointment of Ms. Chhaya Virani, Ms. Rashna Khan and Mr. Ashok Ramaswamy as Independent Directors.

Ms. Chhaya Virani, Ms. Rashna Khan and Mr. Ashok Ramaswamy were appointed as the Independent Directors of the Company by the Board with the recommendation of the Nomination and Remuneration Committee, for a term up to 5 (five) consecutive years commencing from April 1, 2019, May 2, 2019 and May 31, 2019, respectively, in accordance with the provisions of Section 149 read with Schedule IV to the Companies Act, 2013 (the 'Act').

The Company had received declarations from the above mentioned Directors confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Act and under the Listing Regulations. In the opinion of the Board, each of the Directors fulfil the conditions specified in the Act and the Listing Regulations for their respective appointment as Independent Directors and that they are independent of the management.

Keeping in view the above, it is proposed to seek approval of the Members to appoint Ms. Chhaya Virani, Ms. Rashna Khan and Mr. Ashok Ramaswamy as Independent Directors on the Board of the Company, not liable to retire by rotation.

As required under Section 160 of the Act, the Company has received notices in writing from members proposing the candidature of Ms. Chhaya Virani, Ms. Rashna Khan and Mr. Ashok Ramaswamy for their respective offices of Director of the Company.

Ms. Chhaya Virani, Ms. Rashna Khan and Mr. Ashok Ramaswamy are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent(s) to act as Director.

The Directors fulfil the Fit and Proper Criteria of Directors as per the requirements of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 and have given their declaration in this regard.

The details pertaining to Ms. Chhaya Virani, Ms. Rashna Khan and Mr. Ashok Ramaswamy are furnished hereunder:

Ms. Chhaya Virani, 65 years, graduated from Mumbai University with a bachelors' degree in Arts. She also acquired a bachelors' degree in legislative laws from the Government Law College in 1976. She is a partner in M/s. ALMT Legal Advocates and Solicitors. She is a director on the board of Reliance Capital Limited, Reliance General Insurance Company Limited, Reliance Capital Pension Fund Limited, Reliance Communications Limited and Reliance Infratel Limited.

She is the Chairperson of Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility (CSR) Committee and a Member of Wilful Defaulter's Review Committee of the Company.

She is a member of audit committee of Reliance Capital Limited, Reliance General Insurance Company Limited, Reliance Capital Pension Fund Limited, Reliance Communications Limited and Reliance Infratel Limited. She is a member of nomination and remuneration committee and corporate social responsibility committee of Reliance Communications Limited and Reliance Infratel Limited. She is also a member of stakeholders relationship committee and risk management committee of Reliance Capital Limited. She is also the chairperson of stakeholders relationship committee of Reliance General Insurance Company Limited and Reliance Communications Limited. Further, she is a member of risk management committee and nomination & remuneration committee of Reliance Capital Pension Fund Limited and a member of Investment Committee of Reliance General Insurance Company.

Ms. Rashna Khan, 55 years, graduated from Government Law College Mumbai (University of Bombay) and qualified as a Solicitor with the Bombay Incorporated Law Society and Law Society London. She has worked with Mulla & Mulla & Craigie Blunt & Caroe, Advocates and Solicitors and with Dhruve Liladhar & Co., Advocates and Solicitors, in various capacities before she became partner of Mulla & Mulla & Craigie Blunt & Caroe, Advocates and Solicitors, since the year 2009. She specializes in the field of civil litigation including attending matters in the High Court, Supreme Court, Company Law Board, Income Tax Tribunal, Arbitration, Customs, Excise and Service Tax Appellate Tribunal, National Company Law Tribunal, Opinion and documentation work.

She is also on the board of Reliance Power Limited, Vidarbha Industries Power Limited Sasan Power Limited, Rosa Power Supply Company Limited, Reliance Commercial Finance Limited and The Supreme Industries Limited.

She is a Member of Audit Committee, Risk Management Committee and Nomination and Remuneration Committee of the Company. She is the chairperson of audit committee of Vidarbha Industries Power Limited and a member of audit committee of Reliance Power Limited, Sasan Power Limited and Reliance Commercial Finance Limited. She is a member of nomination and remuneration committee and the chairperson of CSR Committee of Vidarbha Industries Power Limited, Reliance Power Limited and Sasan Power Limited. She is also a member of stakeholders relationship committee and risk management committee of Reliance Power Limited and a member of nomination and remuneration committee, risk management committee, corporate social responsibility committee and stakeholders relationship committee of Reliance Commercial Finance Limited

Mr. Ashok Ramaswamy, 70 years, a former Civil Servant with over 40 years experience in the areas of Financial Control and Management, General Administration including Vigilance administration, procurement, information technology and sector regulation. His sector experience is in Rail transportation, communications, anti-corruption and telecom regulation. He retired as a Secretary level official from Govt. of India and subsequently was appointed as Member of the sector regulator for telecom. He holds Masters Degree in Science, Management and Public Administration and in the early part of the career was intimately involved in application of information technology to computer aided management information system design and implementation. Most positions held by him required deep comprehension in the subject and knowledge on allied areas and tested analytical and inferential skills.

He is also on the board of Mumbai Metro One Private Limited and Jai Trade lmpex Private Limited. He is a Member of Audit Committee and Risk Management Committee of the Company.

Ms. Chhaya Virani, Ms. Rashna Khan and Mr. Ashok Ramaswamy shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose as may be decided by the Board.

The above Directors do not hold any share in the Company and do not hold any relationship with other Directors and Key Managerial Personnel of the Company.

Brief profile of Ms. Chhaya Virani, Ms. Rashna Khan and Mr. Ashok Ramaswamy is furnished in the Corporate Governance Report forming part of this Annual Report.

Approval of Members is accordingly sought for appointment of Ms. Chhaya Virani, Ms. Rashna Khan and Mr. Ashok Ramaswamy as Independent Directors as set out in the resolutions at Item Nos. 5 to 7 of the accompanying Notice.

Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated August 13, 2019

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, between 11:00 A.M. and 1:00 P.M. up to the date of the Meeting.

Ms. Chhaya Virani, Ms. Rashna Khan and Mr. Ashok Ramaswamy are interested in the resolutions set out respectively at Item Nos. 5 to 7 of the Notice in regard to their respective appointments.

The relatives of Ms. Chhaya Virani, Ms. Rashna Khan and Mr. Ashok Ramaswamy may be deemed to be interested in the resolutions set out respectively at Item Nos. 5 to 7 of the Notice, to the extent of their equity shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in these resolutions.

This statement may also be regarded as a disclosure under the Act and Regulation 36(3) of the Listing Regulations.

The Board accordingly recommends the Ordinary Resolutions set out at Item Nos. 5 to 7 of the accompanying Notice for the approval of the Members.

Item No. 8 Re-appointment of Mr. Ravindra Sudhalkar as an Executive Director.

The Board of Directors of the Company ("Board") at its meeting held on August 13, 2019, has subject to the approval of the members, re-appointed Mr. Ravindra Sudhalkar ('Mr. Ravindra') (DIN:07787205) as a Whole-time Director, designated as Executive Director & CEO, for a period of 1 (one) year on the expiry of his present term, i.e. with effect from April 24, 2020, on the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee ('NR Committee') of the Board and approved by the Board.

It is proposed to seek Members' approval for the re-appointment of and remuneration payable to Mr. Ravindra during his tenure as a Whole-time Director, designated as Executive Director & CEO of the Company, in terms of the applicable provisions of the Act.

Mr. Ravindra fulfils the Fit and Proper Criteria of Directors as per the requirements of Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 and has given his declaration in this regard.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Ravindra are as under:

The remuneration payable to and the terms of re-appointment of Mr. Ravindra as Executive Director & CEO of the Company during the tenure of his appointment will comprise salary, allowances and other perquisites, the aggregate monetary value of such salary, allowances and perquisites being limited to ₹ 8.00 crore per annum, plus discretionary Bonus not exceeding in any year the annual remuneration for that year and stock options / phantom options as may be decided by the NR Committee / Board from time to time.

During the financial year 2018-19, Mr. Ravindra was paid a remuneration of ₹ 5.20 crore. He has attended all eight Board meetings held during the financial year 2018-19.

The perquisites and allowances payable to Mr. Ravindra will include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses and / or allowances for utilisation of gas, electricity, water, furnishing and repairs, medical assistance and leave travel concession for self and family including dependants, medical insurance and such other perquisites and / or allowances within the amount specified above. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment(s) thereof; in the absence of any such rules, requisites and allowances shall be evaluated at actual cost. However the Company's contribution to provident fund, superannuation or annuity fund to the extent these singly or together are not taxable under the Income Tax Act, 1961 and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration. In addition to the above, Mr. Ravindra shall also be eligible to an annual increment not exceeding 25 per cent on the last drawn salary, perquisites and allowances during his tenure as Whole-time Director.

The Whole-time Director will perform his duties as such with regard to all work of the Company and will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.

The Whole-time Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.

The Whole-time Director shall adhere to the Company's Code of Conduct.

The office of the Whole-time Director may be terminated by the Company or by him by giving the other 3 (three) months' prior notice in writing.

Mr. Ravindra satisfies all the conditions as set out in Part-I of Schedule V to the Act and sub-section (3) of Section 196 of the Act, for being eligible for his appointment.

The Board or any Committee thereof, subject to requisite approval(s), if necessary, is entitled and authorised to revise at any time, the salary, allowances and perquisites payable to the Executive Director of the Company such that the overall remuneration payable to the Executive Director of the Company shall not exceed the limits specified above.

The terms and conditions for appointment including payment of remuneration may be altered and varied from time to time by the Board / NR Committee as it may, at its discretion, deem fit within the overall ceiling fixed herein.

Approval of the Members is accordingly sought for the re-appointment of Mr. Ravindra as a Director liable to retire by rotation and Whole-time Director of the Company designated as Executive Director & CEO for a period of 1 (one) year, as set out in the Item No. 8 of the accompanying Notice.

The terms and conditions of appointment of Mr. Ravindra shall be open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, between 11:00 A.M. and 1:00 P.M. up to the date of the Meeting.

The details pertaining to Mr. Ravindra are furnished hereunder:

Mr. Ravindra Sudhalkar, 51 years, is presently the Executive Director & CEO of the Company. He is Masters in Science (Electronics) from Sardar Patel University, Anand, Gujarat. He also holds a masters in business administration from Sardar Patel University. He has more than two decades of experience in financial sectors and has been part of the senior management at ICICI Bank and Kotak Mahindra Bank, before he joined our Company on October 1, 2016 as Chief Executive Office of the Company.

He holds 1 equity share in the Company as on March 31, 2019. He does not hold any relationship with other Directors and Key Managerial Personnel of the Company. He is also on the Board of Square Dotcom Private Limited. He is the Chairman of Wilful Defaulter's Review Committee and a Member of Risk Management Committee, Stakeholders Relationship Committee and Corporate Social Responsibility (CSR) Committee of the Company.

Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated August 13, 2019

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Ravindra under Section 190 of the Act.

Mr. Ravindra Sudhalkar is interested in the resolution set out at Item No. 8 of the Notice.

The relatives of Mr. Ravindra Sudhalkar may be deemed to be interested in the resolution set out at Item No. 8 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in this resolution.

The Board accordingly recommends the Special Resolution set out at Item No. 8 of the accompanying Notice for the approval of the Members.

Item No. 9 Alteration of Memorandum of Association.

The Members be informed that the Company had received observations from the National Housing Bank to amend clauses of the Memorandum of Association of the Company, *inter-alia,* to align it with the provisions of Paragraphs 32A and 37 of the Housing Finance Companies (NHB) Directions, 2010 (the "Directions"). The Directions restricts the Housing Finance Companies to enter into partnership firms and also to open branches outside India.

Accordingly, it is proposed to amend the clauses viz. 13, 18, 52, 62, 80, 82 and 103 of the Memorandum of Association of the Company by deleting the reference of partnership firms and opening of branches abroad. The Board of Directors of the Company have approved the said proposal at their Meeting held on August 13, 2019, subject to the approval of Members. Accordingly, the approval of Members is being sought by way of a Special Resolution under Sections 4, 13 and other applicable provisions, if any, of the Act and the Rules made thereunder as set out in Item No. 9 appended to this Notice.

Copy of the Memorandum of Association of the Company incorporating the proposed amendments is available for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, between 11:00 A.M. and 1:00 P.M. up to the date of the Meeting..

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in this resolution.

The Board accordingly recommends the Special Resolution set out at Item No. 9 of the accompanying Notice for the approval of the Members.

Item No. 10 Issue of equity shares by conversion of debt.

The Company has availed borrowings by way of loan, debentures or otherwise in whatsoever form or nature, whether secured or unsecured, comprising principal, interests, additional interest, compound interest, accumulated interest, liquidated damages, fees, and all other charges and monies payable by the Company both present and future (hereinafter collectively referred to as the "Loans") from the bank(s), financial institution(s), holder(s) of debt securities, other lender(s) or facility provider(s) of the Company (hereinafter referred to as the "Lenders") in terms of the respective financing documents entered into between, *inter-alia*, the Company and the respective Lenders. The Company has entered into an Inter-Creditor Agreement (ICA) with the Lenders for arriving at the debt resolution plan in accordance with the guidelines specified by the Reserve Bank of India (RBI) in this regard. The resolution plan may contemplate conversion of Loans into Equity Shares of the Company, which may also result in change in control of the Company.

The Lenders may consider converting their Loans, in full or part, into Equity Shares of the Company, in terms of the said RBI Guidelines and/or other provisions of law. The successful implementation of resolution plan is considered to be beneficial to the Company, its Lenders and minority shareholders and will enable the Company to meet its debt servicing obligations. Accordingly, it is proposed to seek Members' approval to issue and allot Equity Shares of the Company to the Lenders by conversion of Loans.

The Resolution set out at Item No. 10 is an enabling resolution with flexibility and power to the Board to issue and allot Equity Shares by conversion of Loans if and as may be determined by the Board in accordance with the resolution plan as may be approved in consultation with the Lenders and as permitted under the RBI Guidelines, and other applicable provisions of law.

Further, disclosures in relation to the Special Resolution set out in the accompanying Notice are as follows:

1. Objects of the issue: Conversion of Loans (in full or part thereof) into Equity Shares of the Company, in terms of the RBI Guidelines and other applicable provisions of law.
2. Total number of shares or other securities to be issued: As may be determined by the Board in accordance with the resolution plan as may be approved in consultation with the Lenders and as permitted under the RBI Guidelines and other applicable provisions of law.
3. Price or price band at which the allotment is proposed, basis on which the price has been arrived at and relevant date with reference to which the price has been arrived at: The Equity Shares will be issued and allotted at a price arrived at in terms of the RBI Guidelines and as may be agreed between the Company and the Lenders.
4. The class or classes of persons to whom the allotment is proposed to be made: Lenders of the Company.
5. The intention of the promoters, directors or key managerial personnel to subscribe to the offer: None of the Promoters or Directors or Key Managerial Personnel of the Company proposes to subscribe to Equity Shares.
6. Proposed time within which the allotment shall be completed: The allotment of Equity Shares shall be completed within a period of twelve months from the date of passing of the resolution by the shareholders provided that where the allotment is pending on account of pendency of any approval from any regulatory authority / body, the allotment shall be completed by the Company within a period of twelve months from the date of such approval(s).
7. The names of the proposed allottees and the percentage of post Preferential offer capital that may be held by them and change in control, if any, in the Company that would occur consequent to the preferential offer: Equity Shares shall be allotted to the Lenders of the Company by conversion of debt in accordance with RBI Guidelines and other applicable provisions of law. Such allotment of shares to Lenders may also result in change in control of the Company. The percentage of post Preferential offer capital that may be held by Lenders shall be commensurate to the Equity Shares as may be allotted to them upon conversion of Loans, which may be ascertained on allotment.
8. The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price: NIL
9. Justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer: Not Applicable.

Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated August 13, 2019

10. Pre issue and post issue shareholding pattern of the Company as on June 30, 2019. The pre-issue shareholding pattern of the Company is given below:

Sr. No.	Category	Pre Issue	
		No. of shares held	% of share holding
(A)	**Promoters' holding**		
1	Indian:		
	Individuals	1 16 014	0.24
	Bodies Corporate	35 33 85 477	72.85
	Sub-Total	35 45 51 491	73.09
2	Foreign Promoters	-	-
	Sub-Total (A)	**35 45 51 491**	**73.09**
(B)	**Non Promoters' holding**		
1	Institutional Investors	4 49 97 929	9.28
2	Non-Institution:		
	Private Corporate Bodies	2 07 65 118	4.28
	Directors and Relatives	8 181	0.00
	Indian Public	6 16 02 867	12.70
	Others (Including NRIs)	31 33 232	0.65
	Sub-Total (B)	**13 05 07 327**	**26.91**
	Grand Total (A) + (B)	**48 50 58 818**	**100.00**

Post-issue shareholding pattern of the Company cannot be currently ascertained. The same shall change commensurate to the Equity Shares as may be allotted to Lenders upon conversion of their respective Loans.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in this resolution except to the extent of their equity shareholdings, if any, in the Company.

The Board accordingly recommends the Special Resolution set out at Item No. 10 of the accompanying Notice for the approval of the Members.

Item No. 11 Private Placement of Non-Convertible Debentures and / or other Debt Securities for refinancing of existing debt.

As per the provisions of Section 42 of the Act and the Rules made thereunder, a company offering or making an invitation to subscribe to Secured / Unsecured / Redeemable / Non-Redeemable Non-Convertible Debentures (NCDs) on a private placement basis is required to obtain the prior approval of the Members by way of a Special Resolution. Such approval by a Special Resolution can be obtained once a year for all the offers and invitations for such NCDs to be made during the year.

NCDs including subordinated debentures, bonds and / or other debt securities, etc., issued on a private placement basis constitute a significant source of borrowings for the Company and meet the ongoing funding requirements for the Company's business activities and refinancing of the existing debt obligations of the Company.

The Board of Directors at its meeting held on August 13, 2019, has considered the possibility of the Company being required to make an offer or invitation, to subscribe to securities through private placement subject to the shareholders' approval at the ensuing AGM.

It is therefore proposed to obtain an enabling approval of shareholders to offer or invite subscriptions for NCDs including subordinated debentures, bonds, and/or other debt securities, etc. on private placement basis, at appropriate time in one or more tranches, within the overall borrowing limits of the Company as approved by the Members with authority to the Board to determine the terms and conditions, including the issue price of the NCDs, interest, repayment, security, use of proceeds or otherwise, as it may deem expedient and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit. The Board would act on the basis of the enabling resolution without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of the Resolution. Accordingly, the approval of the Members is being sought by way of a Special Resolution under Sections 42, 71 and other applicable provisions, if any, of the Act read with Rules made thereunder as set out in Item No. 11 appended to this Notice.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in this resolution.

The Board accordingly recommends the Special Resolution set out at Item No. 11 of the accompanying Notice for the approval of the Members.

By Order of the Board of Directors

Parul Jain
Company Secretary & Compliance Officer

Registered Office:
Reliance Centre, 6th Floor, South Wing
Off Western Express Highway
Santacruz (East), Mumbai 400 055
CIN: L67190MH2008PLC183216
Website: www.reliancehomefinance.com
August 13, 2019

Directors' Report

Dear Shareowners,

Your Directors have pleasure in presenting the 11th Annual Report and the audited financial statement for the financial year ended March 31, 2019.

Financial Performance and State of Company's Affairs

The performance of the Company for the financial year ended March 31, 2019 is summarised below:

(₹ in crore)

Particulars	**Financial Year ended March 31, 2019**	Financial Year ended March 31, 2018 *
Total revenue	**2 002.59**	1 683.34
Profit before depreciation and tax	**104.98**	249.01
Less: Depreciation & Amortisation	**3.38**	2.08
Profit before Tax	**101.60**	246.93
Current tax	**1.99**	(17.31)
Deferred Tax/(Credit)	**32.19**	96.91
Net Profit after Tax	**67.42**	167.33
Amount transferred to Special Reserve Fund	**13.38**	36.11

*Previous year figures has been regrouped / reclassified wherever required.

Financial Performance

The Company's gross income for the financial year ended March 31, 2019 increased to ₹ 2,002.59 crore, from ₹ 1,683.34 crore in the previous year, increase of 19 per cent. Profit before tax was at ₹ 101.60 crore as against ₹ 246.93 crore in the previous year. The net profit for the year was ₹ 67.42 crore against ₹ 167.33 crore in the previous year. The Assets Under Management (AUM) were at ₹ 18,868 crore as at March 31, 2019 as against ₹ 16,379 crore as at March 31, 2018, an increase of 15 per cent. An amount of ₹ 13.38 crore was transferred to Special Reserve Fund pursuant to Section 29 C of the National Housing Bank Act, 1987.

Since the previous financial year, due to sudden adverse developments in the financial sector, all categories of lenders in India (including Banks, Mutual Funds, etc.) have put near complete freeze on additional lending to Non-Banking Financial Companies (NBFCs) and Housing Finance Companies (HFCs) and have been insisting for reducing the existing level of borrowings which has severely impacted the financial flexibility of majority of NBFCs & HFCs.

These developments have also adversely impacted your Company resulting into temporary liquidity mismatch. Your Company has taken steps to meet such temporary liquidity mismatch by securitisation of its loan portfolio. The Company is current and regular in servicing the interest on its entire debt. And also is engaged with all its lenders to enter into an Inter-Creditor Agreement (ICA) for the resolution of its debt in accordance with the circular dated June 7, 2019 issued by the Reserve Bank of India on Prudential Framework for Resolution of Stressed Assets. The Company is confident of implementing its Resolution Plan during Financial Year 2019-20.

First-time adoption of Ind AS

In accordance with the Companies (Indian Accounting Standards), Rules, 2015 of the Companies Act, 2013 (the 'Act'), read with Section 133 of the Act, the Company has adopted the Indian Accounting Standards (Ind AS) for preparation of its financial statements with effect from April 1, 2018, with comparative financials for the earlier period beginning April 1, 2017.

For periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with previous GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006, as amended. The effective date of such transition is April 1, 2017.

Capital Adequacy Ratio

Your Company's Capital to Risk Assets Ratio (CRAR) calculated in line with the NHB Directions stood at 15.45 per cent, well above the regulatory minimum requirement of 12 per cent.

Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') and the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is presented in a separate section forming part of this Annual Report.

Resources and Liquidity

The Company's Net Worth as on March 31, 2019, stood at ₹ 1,799.93 crore. The Company has raised ₹ 3,911.11 crore during the financial year 2018-19 by issuance of Commercial Papers and Non-Convertible Debentures (NCDs). The funds were deployed in providing Home loans, Affordable housing loans, Loan Against Property, corporate loans and other business requirement. NCDs issued through private placement were paid / redeemed by the Company on their respective due dates and there were no instances of any NCDs which have not been claimed by the investors or not paid by the Company after the date on which the NCDs became due for redemption.

The Company's debt equity ratio as on March 31, 2019 stood at 6.68:1.

Dividend

During the year under review, the Board of Directors have not recommended any dividend. The Company's Dividend Distribution Policy forms part of this Annual Report.

Deposits

The Company has neither accepted nor renewed any fixed deposits during the year. There are no unclaimed deposits, unclaimed / unpaid interest, refunds due to the deposit holders or to be deposited to the Investor Education and Protection Fund as on March 31, 2019.

Particulars of Loans, Guarantees or Investments

Pursuant to Section 186(11) of the Act loans made, and acquisition of securities by a Housing Finance Company in the ordinary course of its business are exempted from disclosure in the Annual Report.

Subsidiary companies, Associate and Joint Venture

The Company does not have any subsidiary or associate company or joint venture.

Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of Independence as prescribed under the Act and the Listing Regulations.

The details of programme for familiarisation of Independent Directors with the Company, nature of the industry in which the Company operates and related matters are put up on the website of the Company at the link https://www.reliancehomefinance.com/investor-relations.

The Company has appointed Ms. Chhaya Virani, Ms. Rashna Khan and Mr. Ashok Ramaswamy as the Independent Directors for a term of 5 (five) years commencing from April 1, 2019, May 2, 2019 and May 31, 2019, respectively.

The Company has received the notices in writing from members proposing their candidature for the office of Directors.

In terms of the provisions of the Act, Mr. Amit Bapna, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting (AGM).

The Board of Directors at their meeting held on August 13, 2019, have subject to the approval of the members at the ensuing AGM, had re-appointed Mr. Ravindra Sudhalkar as Whole-time Director designated as Executive Director & CEO of the Company for a period of 1 (One) year commencing from April 24, 2020 as per the terms and conditions including remuneration as shall be decided by the Nomination and Remuneration Committee ('NR Committee') and the Board of Directors.

The Board of Directors on the recommendation of the NR Committee has re-commended the re-appointment(s).

A brief resume of Directors proposed to be appointed/ re-appointed at the ensuing AGM, along with requisite details, as stipulated under Regulation 36(3) of Listing Regulations, is given in the section on Corporate Governance Report forming part of this Annual Report.

Ms. Deena Mehta, Mr. Padmanabh Vora, Mr. Gautam Doshi and Mr. Anmol Ambani ceased to be the Directors of the Company with effect from March 30, 2019, April 29, 2019, May 2, 2019 and May 31, 2019, respectively. The Board placed on record its deep sense of appreciation for the invaluable contribution made by them during their tenure with the Company.

Key Managerial Personnel

Mr. Ravindra Sudhalkar, Executive Director & CEO, Mr. Pinkesh R. Shah, Chief Financial Officer and Ms. Parul Jain, Company Secretary & Compliance Officer are the Key Managerial Personnel of the Company.

Evaluation of Directors, Board and Committees

The Nomination and Remuneration Committee has devised a policy for performance evaluation of the individual Directors, Board and its Committees, which includes criteria for performance evaluation.

Pursuant to the provisions of the Act and Regulation 17(10) of the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of the Committees of the Board. The Board performance was evaluated based on inputs received from all the Directors after considering criteria such as Board composition and structure, effectiveness of Board / Committee processes, and information provided to the Board, etc. A separate meeting of the Independent Directors was also held during the financial year for the evaluation of the performance of non-independent Directors, performance of the Board as a whole and that of the Chairman of the Board.

The Nomination and Remuneration Committee has also reviewed the performance of the individual Directors based on their knowledge, level of preparation and effective participation in meetings, understanding of their roles as directors, etc.

Policy on appointment and remuneration for Directors, Key Managerial Personnel and Senior Management Employees

The Nomination and Remuneration Committee of the Board has devised a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Employees and their Remuneration. The Committee has formulated the criteria for determining qualifications, positive attributes and independence of a Director, which has been put up on the Company's website at www.reliancehomefinance.com. The policy on the above is attached as Annexure – A.

Directors' Responsibility Statement

Pursuant to the requirements under Section 134(5) of the Act with respect to Directors' Responsibility Statement, it is hereby confirmed that:

i. In the preparation of the annual financial statement for the financial year ended March 31, 2019, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the year ended on that date;
iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
iv. The Directors had prepared the annual financial statement for the financial year ended March 31, 2019 on a 'going concern' basis;
v. The Directors had laid down proper internal financial controls to be followed by the Company and such financial controls are adequate and are operating effectively. The Company is taking constant steps to further strengthen the same; and
vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered into / by the Company during the financial year under review with related parties were on an arm's length basis and in the ordinary course of business.

There were no materially significant related party transactions which could have potential conflict with interest of the Company at large.

During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

All Related Party Transactions were placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee and the Board was obtained for the transactions which were of a repetitive nature. The transactions entered into pursuant to the omnibus approval so granted were reviewed and statements giving details of all related party transactions were placed before the Audit Committee and the Board of Directors on a quarterly basis.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the link https://www.reliancehomefinance.com/investor-relations. Your Directors draw attention of the members to Note No. 46 to the Financial Statement which sets out related party disclosures.

Material Changes and Commitments if any, affecting the financial position of the Company

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this Report.

Meetings of the Board

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, eight Board meetings were held, details of meetings held and attended by each Director are given in the Corporate Governance Report.

Audit Committee

The Audit Committee of the Board was last re-constituted on May 31, 2019 and consists of Independent Directors viz. Ms. Chhaya Virani, Chairperson, Ms. Rashna Khan, Lt Gen Syed Ata Hasnain (Retd) and Mr. Ashok Ramaswamy and Non-Independent Director, Mr. Amit Bapna as Members. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

Auditors and Auditors' Report

M/s. Price Waterhouse & Co Chartered Accountants LLP ('PWC') were appointed as the Statutory Auditors of the Company for a period of 5 (five) years, at the AGM of the Company held on July 24, 2017. PWC abruptly resigned as auditors of the Company with effect from June 11, 2019.

The Board thereafter, upon recommendation of the Audit Committee, at its meeting held on June 28, 2019, appointed M/s. Dhiraj & Dheeraj, Chartered Accountants as Statutory Auditors of the Company to fill up the casual vacancy in the office of statutory auditors of the Company caused by the resignation of PWC and to hold office till the conclusion of the ensuing AGM of the Company, subject to the approval of members of the Company. In terms of Section 139 of the Act, the Board of Directors at their meeting held on August 13, 2019 have recommended the appointment of M/s. Dhiraj & Dheeraj, Chartered Accountants, to the members for their approval.

Your Company was informed by PWC that a report under Section 143(12) of the Act in Form ADT-4 has been filed with the Ministry of Corporate Affairs in June 2019. Your Company has examined the matter and has concluded that the issues raised by PWC, do not merit reporting under the said Section. The Company also appointed legal experts, who independently carried out an in-depth examination of the matter and the issues raised by PWC. The legal experts have concluded and confirmed that there was no matter attracting Section 143(12) of the Act.

The New Statutory Auditors of the Company, after examining the observations given by PWC, have confirmed that there are no violations as alleged by PWC under Section 143(12) of the Act.

The Company has received a letter from M/s. Dhiraj & Dheeraj, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 141(3) of the Act and that they are not disqualified from appointment as Statutory Auditors of the Company.

Your Directors have therefore proposed the appointment of M/s. Dhiraj & Dheeraj, Chartered Accountants, for a term of 5 (five) consecutive years from the conclusion of this AGM till the conclusion of the Sixth AGM, subject to the approval of members.

The Auditors' in their Report to the Members, have given the following qualified opinions and the response of your Directors with respect to them are as follows:-

(i) Opinion on proportion of total loan portfolio and concern about Company continuing as a Housing Finance Company.

Response - During the financial year, the proportion of non-housing loan is more than the proportion of housing loan. The Company is in the process of increasing the housing loan portfolio and is confident of the achieving the same in due course.

(ii) Opinion on loan advanced under the 'General-Purpose Corporate Loan' product with significant deviations to certain bodies corporate including group companies, security creation and end use of funds.

Response - During the financial year, the Company had advanced loans under the 'General Purpose Corporate Loan' product to certain bodies corporate including some of the group companies. All the lending transactions undertaken by the Company are in the ordinary course of business, the terms of which are at arms' length basis and the same do not constitute transactions with related parties. However, the Company's borrowers in some cases have undertaken onward lending transactions and it was noticed that the end use of the borrowings from the Company included borrowings by or repayment of financial obligations to some of the group companies.

Secretarial Audit and Secretarial Compliance Report

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Aashish K. Bhatt & Associates, Practicing Company Secretaries, to undertake the Secretarial Audit of the Company. There is no qualification, reservation or adverse remark made in their Secretarial Audit Report. The Audit Report of the Secretarial Auditor is attached as Annexure – B.

The observations made by the Secretarial Auditor has been explained in the previous paragraph.

Pursuant to circular No. CIR/ CFD/ CMD1/ 27/ 2019 dated February 8, 2019 issued by the Securities and Exchange Board of India (SEBI), the Company has obtained Secretarial Compliance Report, from a Practicing Company Secretary on compliance of all applicable SEBI Regulations and circulars / guidelines issued thereunder and the copy of the same has been submitted with the Stock Exchanges within the prescribed due date.

Secretarial Standards

During the year under review, the Company has complied with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

Maintenance of Cost Records

The Central Government has not specified maintenance of cost records, for any of the products of the Company, under Section 148(1) of the Act.

Annual Return

As required under Section 134(3)(a) of the Act, the Annual Return for the financial year 2017-18 and 2018-19 is put up on the Company's website and can be accessed at https://www.reliancehomefinance.com/investor-relations-Annual Return 2017-18 and https://www.reliancehomefinance.com/investor-relations - Annual Return 2018-19.

Particulars of Employees and related disclosures

(a) Employees Stock Option Scheme

Employees Stock Option Scheme (ESOS Scheme) was approved and implemented by the Company and Options were granted to the employees in accordance with guidelines applicable to ESOS Scheme. The Nomination and Remuneration Committee of the Board monitors the Scheme. The existing ESOS Scheme is in compliance with the Act read with Rules made thereunder and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI Regulations).

The Company has received a certificate from the Auditors of the Company that the ESOS Scheme have been implemented in accordance with the Act and the SEBI Regulations and as per the resolution passed by the members of the Company authorising issuance of the said Options. The details as required to be disclosed under SEBI Regulations are put on the Company's website at https://www.reliancehomefinance.com/investor-relations.

(b) Other Particulars

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules are provided in the Annual Report, which forms part of this Report.

Disclosures relating to the remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, are also provided in the Annual Report, which forms part of this Report.

However, having regard to the provisions of first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. The said information is available for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays between 11:00 A.M. and 1:00 P.M. up to the date of the Meeting. Any member interested in obtaining the same may write to the Company Secretary and the same will be furnished on request.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The Company is a Housing Finance Company and does not involve in any manufacturing activity, most of the information as required under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 are not applicable. However, the information as applicable has been given in Annexure – C forming part of this Report.

Corporate Governance

The Company has adopted 'Reliance Group - Corporate Governance Policies and Code of Conduct' which sets out the systems, process and policies conforming to the international standards. The report on Corporate Governance as stipulated under Regulation 34(3) read with Para C of Schedule V of the Listing Regulations and the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016, as amended, from time to time is presented in separate section forming part of this Annual Report.

A Certificate from M/s. Aashish K. Bhatt & Associates, Practicing Company Secretaries, confirming compliance to the conditions of Corporate Governance as stipulated under Para E of Schedule V of the Listing Regulations, is enclosed to this Report.

Ombudspersons & Whistle Blower (Vigil Mechanism)

The Company has formulated an Ombudspersons & Whistle Blower (Vigil Mechanism) policy to address the genuine concerns, if any, of the Directors and employees. The details of the same have been stated in the Report on Corporate Governance and the policy can be accessed on the Company's website.

Risk Management

The Company has laid down a robust Risk Management Policy, defining Risk profiles involving Strategic, Technological, Operational, Financial, Credit, Organisational, Legal and Regulatory risks within a well defined framework. The Risk Management Policy acts as an enabler of growth for the Company by helping its businesses to identify the inherent risks, assess, evaluate and monitor these risks continuously and undertake effective steps to manage these risks.

The Risk Management Committee was last re-constituted on May 31, 2019. The Committee presently comprises of Ms. Chhaya Virani as Chairperson and Ms. Rashna Khan, Lt Gen Syed Ata Hasnain (Retd), Mr. Ashok Ramaswamy, Mr. Amit Bapna and Mr. Ravindra Sudhalkar as Members, periodically reviews the robustness of the Risk Management Policy. The periodical update on the risk management practices and mitigation plan of the Company are presented to the Audit Committee and Board of Directors. The Audit Committee and Board periodically review such updates and findings and suggest areas where internal controls and risk management practices can be improved. More details on Risk Management indicating development and implementation of Risk Management Policy including identification of elements of risk and their mitigation are covered in Management Discussion and Analysis section, which forms part of this Report.

Asset Liability Committee (ALCO) consisting of senior management executives, monitors liquidity and interest rate risks of the Company. The functioning of ALCO is reviewed by the Risk Management Committee which meets quarterly and reports to the Board of Directors.

Compliance with provisions of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to uphold and maintain the dignity of woman employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. During the year, no such complaints were received. The Company has also constituted an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Corporate Social Responsibility

The Company has constituted Corporate Social Responsibility (CSR) Committee in compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Committee has formulated a Corporate Social Responsibility Policy (CSR policy) indicating the activities to be undertaken by the Company. The CSR policy may be accessed on the Company's website at the link https://www.reliancehomefinance.com/corporate-governance/policies.

The CSR Committee was last re-constituted on May 31, 2019. The Committee presently comprises of Ms. Chhaya Virani as Chairperson and Mr. Amit Bapna and Mr. Ravindra Sudhalkar as Members. The disclosures with respect to CSR activities is given in Annexure - D.

Order, if any, passed by Regulators or Courts or Tribunals

No orders have been passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations.

Internal Financial Controls and their adequacy

The Company has in place adequate internal financial controls across the organization. The same is subject to review periodically by the internal audit cell for its effectiveness. The Company is taking constant steps to further strengthen its credit policy and make it more broad based, well defined and robust and also to extend the scope of Internal Auditors to commensurate with the size and nature of Company's business and operations.

Acknowledgement

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from shareholders, debenture holders, debenture trustee, bankers, financial institutions, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

For and on behalf of the Board of Directors

Ravindra Sudhalkar	**Amit Bapna**
Executive Director & CEO	**Director**

Mumbai
August 13, 2019

Annexure – A

Policy on appointment and remuneration for Directors, Key Managerial Personnel and Senior Management Employees

1. Introduction

1.1 Reliance Home Finance Limited considers human resources as its invaluable assets. This policy aims to harmonise the aspirations of the directors / employees with the goals of the Company.

1.2 Human capital is a strategic source of value creation. As part of our progressive HR philosophy, it is necessary to have in place a comprehensive Compensation Policy, which is in line with the industry trend and is employee friendly.

2. Objectives

2.1 Ensuring that the quantum and composition of remuneration is reasonable and sufficient to attract, retain and motivate, employees to run the Company successfully.

2.2 Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.

2.3 Ensure that annual compensation review considers industry / business outlook and strategies adopted by industry peers, differentiates employees based on their performance /skill sets and also protects employees, particularly those in junior cadre, against inflationary pressures.

2.4 Retention of high performers at all levels and those playing critical roles.

3. Scope

The Board has constituted the "Nomination and Remuneration Committee" in line with the requirements under the provisions of the Companies Act, 2013. This Policy sets out the broad guiding principles for the Committee for recommending to the Board the appointment and remuneration of the directors, key managerial personnel and senior managerial personnel of the Company.

4. Definitions

4.1 "Director" means a director appointed to the Board of the Company.

4.2 "Key Managerial Personnel" means;

(i) the Chief Executive Officer or the Managing Director or the Manager;
(ii) the Company Secretary;
(iii) the Whole-time Director;
(iv) the Chief Financial Officer; and
(v) such other officer as may be prescribed under the Companies Act, 2013.

4.3 ''Senior Management'' means personnel of the Company who are members of its core management team excluding Board of Directors, comprising of all members of management one level below the executive directors, if any.

5. Policy

5.1 Appointment of Directors / Key Managerial / Senior Management personnel

The Nomination and Remuneration Committee, *inter-alia*, considers qualifications, positive attributes, areas of expertise and number of Directorships and Memberships held in various committees of other companies by such persons for selection. The Board considers the recommendation of the Committee's and takes appropriate decisions. The Company also considers the requirement of skills and effectiveness of persons contributing to the Company's business and policy decisions.

5.2 Remuneration to Directors / Key Managerial Personnel

5.2.1 The remuneration of the Directors / Managing Directors / Whole-time Directors and Managers, etc. will be governed as per provisions contained in the Companies Act, 2013 and Rules made therein from time to time.

5.2.2 Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof as approved by the Board of Directors from time to time. The Non-Executive Directors shall also be entitled to profit related Commission, if approved by the Board, in addition to the sitting fees.

5.2.3 The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Directors / Key Managerial Personnel / Senior Management Personnel of the Company within the overall limits, if any, approved by the shareholders.

5.2.4 The remuneration structure shall include the following components:

(i) Basic Pay
(ii) Perquisites and Allowances
(iii) Stock Options, if any.
(iv) Commission (Applicable in case of Executive Directors / Directors)
(v) Retiral Benefits
(vi) Performance Linked Incentives

5.2.5 The Annual Plan, Objectives, financial results of the Company shall be reviewed by the Nomination and Remuneration Committee and performance incentives, increment, revision in remuneration, etc. will be proposed based on the achievements.

5.3 Remuneration to other employees

Employees shall be assigned grades / bands according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade / bands and shall be based on various factors such as job profile, skill sets, seniority, experience, performance and prevailing remuneration levels for equivalent jobs.

6. Retention Features as part of Compensation Package

Based on the organizational need for retaining performing employees and those in critical roles, certain retention features may be rolled out as part of the overall compensation package. These may take form of Retention Bonuses (RBs), Special Monetary Programs (SMPs), Long-term Incentives (LTIs), Employee Stock Options, etc.

7. Modification and Amendment

The policy is subject to modification, amendment and alterations by the management at any time without assigning any reasons.

Annexure - B

Form No. MR-3
Secretarial Audit Report
For the financial year ended March 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
Reliance Home Finance Limited
Reliance Centre, 6th Floor,
South Wing, Off Western Express Highway,
Santacruz (East), Mumbai 400 055

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Reliance Home Finance Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance – mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019, according to the provisions of:

(i) The Companies Act, 2013 (the 'Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;

(iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder for compliance in respect of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – Not Applicable;

(v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client – Not Applicable;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Not Applicable; and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – Not Applicable.

I have also examined compliance with applicable clauses of the following:

   (i) Secretarial Standards issued by the Institute of the Company Secretaries of India pertaining to the Board and Committee(s) Meetings (i.e. Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility (CSR) Committee) and General Meetings;

   (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited

During the financial year under Report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that having regard to the compliance system prevailing in the Company which is verified on test-check basis and compliance report submitted to and taken on record by the Board of Directors of the Company, the Company has complied with the following laws applicable specifically to the Company:

(a) The National Housing Bank Act, 1987 and its circulars, Master Circulars, notifications, guidelines and its Directions as prescribed for Housing Finance Companies;

(b) The Prevention of Money-Laundering Act, 2002;

(c) Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015; and

(d) Reserve Bank Commercial Paper Directions, 2017.

Directors' Report

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non – Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent seven days in advance/ shorter notice of time less than seven days for items of business which were in the nature of 'unpublished price sensitive information and a system exist for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous, and no dissenting views were expressed.

Based on the representation made by the Company and relied upon, we report that there are adequate systems and processes in the Company commensurate with its size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

During the year, the Company's proportion of non-housing loan is more than the proportion of housing loan. Based on the representations made by the Company, the Company is in the process of increasing the housing loan portfolio and is confident of achieving the same in due course.

I further report that during the audit period, the Company has undertaken event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.

a. The Company has obtained the shareholders' approval at its 10th Annual General Meeting held on September 18, 2018 for the following special business:
   (i) Appointment of Lt Gen Syed Ata Hasnain (Retd) as an Independent Director;
   (ii) Appointment of Mr. Anmol Ambani as a Director;
   (iii) Approval for appointment of Mr. Amit Bapna as a Whole-time Director from September 8, 2017 to August 7, 2018;
   (iv) Continuation of Mr. Padmanabh Vora as an Independent Director;
   (v) Approval of Private Placement of Non - Convertible Debentures and / or other Debt Securities; and
   (vi) Issue of securities through qualified institutions placement on a private placement basis to qualified institutional buyers.
b. The Company has declared and paid dividend of Re. 1 (10%) per equity share of ₹ 10 each and a pro-rata dividend of Re. 0.80 (8%) per preference share of ₹ 10 each for the financial year ended March 31, 2018 to those members whose name appeared in the Register of Members on the date of book closure fixed by the Company;
c. The Company had obtained Certificate of Registration from Insurance Regulatory Development Authority of India to act as Composite Corporate Agent;
d. The Board has granted approval for appointment and cessation of Directors and Key Managerial Personnel;
e. Constitution and Re-constitution of various Committees of the Board of Directors; and
f. The Company has issued and redeemed Non-Convertible Debentures.

For **Aashish K. Bhatt & Associates**
Company Secretaries
(ICSI Unique Code S2008MH100200)

Aashish Bhatt
Proprietor

ACS No.: 19639
COP No.: 7023

Date : August 13, 2019
Place : Mumbai

Annexure – C

Disclosure under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014

(a) Conservation of Energy:

The steps taken or impact on conservation of energy The steps taken by the Company for utilizing alternate sources of energy The capital investment on energy conservation equipments	:	The Company requires energy for its operations and the Company is making all efforts to conserve energy by monitoring energy costs and periodically reviews of the consumption of energy. It also takes appropriate steps to reduce the consumption through efficiency in usage and timely maintenance / installation / upgradation of energy saving devices.

(b) Technology Absorption, Adoption and Innovation:

(i)	The efforts made towards technology absorption	:	The Company uses latest technology and equipments into the business. Further, the Company is not engaged in any manufacturing activities.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution		
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) (a) The details of technology imported (b) The year of import (c) Whether technology been fully absorbed? (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.		
(iv)	The expenditure incurred on Research and development	:	The Company has not spent any amount towards research and developmental activities and has been active in harnessing and tapping the latest and the best technology in the industry.

(c) Total foreign exchange earnings and outgo:

a.	Total Foreign Exchange earnings	:	Nil
b.	Total Foreign Exchange outgo	:	₹ 3.18 crore

Annexure – D

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2018-19

1. **A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:**

   The Company has a robust CSR Policy at Group level. As per the said policy, all our efforts are focused towards two goals: building a great enterprise for the stakeholders and a great future for our country. Our approach is to interweave social responsibility into the Company's mainstream business functions through translating commitments into policies, which not only drive all employees but influence and mobilize stakeholders, especially partners and suppliers, to embrace responsible business practices in their respective spheres of action. The policy affirms business objectives and strategy along with our commitment to preserve natural resources and augment the growth and development of employees and families, the communities we operate in, suppliers/vendors, and our investors. Through the social policy manual, the Company seeks to engage with all the stakeholders, using it as a reference or guideline for all stakeholders and practitioners. Our CSR policy is placed on our website at the link https://www.reliancehomefinance.com/investor-relations.

2. **The Composition of the CSR Committee:**

   Ms. Chhaya Virani, Chairperson (Non - Executive Independent Director)
   Mr. Amit Bapna (Non - Executive Director)
   Mr. Ravindra Sudhalkar (Executive Director & CEO)

3. **Average net profit of the Company for last three financial years:**

   Average net profit: ₹ 186.05 crore.

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):**

   The Company is required to spend ₹ 3.72 crore towards CSR.

5. **Details of CSR spent during the financial year:**

   a. Total amount spent for the financial year:- ₹ 3.72 crore
   b. Amount unspent, if any:- Not Applicable
   c. Manner in which the amount spent during the financial year is detailed below:-

(₹ in crore)

1.	2.	3.	4.	5.	6.	7.	8.
Sr. No.	**CSR Projects or activity identified.**	**Sector in which the project is covered.**	**Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken.**	**Amount Outlay (budget) Project or Programs wise.**	**Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads.**	**Cumulative Expenditure upto the reporting period.**	**Amount spent: Direct or through implementing agency.***
1.	Health & Safety	Health Care	Maharashtra	8.73	1.84	8.73	Through a non-profit centre viz. Mandke Foundation specialised in the provision of health care and safety.
2.	Promotion of Education	Skill Development & Education	Maharashtra	1.85	1.58	1.85	Through a non-profit centre viz. ICT Academy of Tamil Nadu specialised in the provision of education.
3.	Environment Conservation	Animal Welfare	Maharashtra	0.25	0.25	0.25	Through a non-profit centre viz. Animals Matter to Me, Mumbai specialised in the provision of animal welfare.
4.	Cultural Heritage	Protection of Cultural Heritage	New Delhi	0.05	0.05	0.05	Through a non-profit centre viz. My Home India specialised in the provision of cultural integration.
	Total			**10.88**	**3.72**	**10.88**	

* Implemented in phased manner

6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

   Not Applicable.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.**

   The implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR objectives and policy of the Company.

Ravindra Sudhalkar	**Chhaya Virani**
Executive Director & CEO	**Chairperson, CSR Committee**

August 13, 2019

Dividend Distribution Policy

The Board of Directors (the "Board") of Reliance Home Finance Limited (the "Company") at its meeting held on September 8, 2017, had adopted this Dividend Distribution Policy (the "Policy") in accordance with the Companies Act, 2013 (the Act") and Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

The Policy was reviewed by the Board at its meeting held on August 13, 2019.

Objective

The Objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company before declaring or recommending dividend.

Circumstances under which the shareholders of the listed entities may or may not expect dividend

The shareholders of the Company may not expect dividend in the below mentioned circumstances:

i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.

ii. In the event of higher working capital requirement for business operations or otherwise.

iii. In the event of inadequacy of cashflow available for distribution.

iv. In the event of inadequacy or absence of profits.

v. In the event of any regulation or contractual restriction.

The Board may consider not declaring dividend or may recommend a lower pay-out for a given financial year, after analysing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment.

In such event, the Board will provide rationale in the Annual Report.

Parameters to be considered before recommending dividend

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Act. The Board may also declare interim dividends as may be permitted by the Act. The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth.

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The Dividend pay-out decision of any company depends upon certain external and internal factors:

External Factors:

- State of Economy: In case of uncertain or recessionary economic and business conditions, Board will endeavor to retain larger part of profits to build up reserves to absorb future shocks.

Internal Factors:

Apart from the various external factors aforementioned, the Board will take into account various internal factors while declaring Dividend, which, *inter-alia,* will include:

- Income / Profits earned during the year;
- Present & future capital requirements of the existing businesses;
- Brand / Business Acquisitions;
- Expansion / Modernization of existing businesses;
- Additional investments in subsidiaries / associates (if any) of the Company; and
- Fresh investments into external businesses.

Any other factor as deemed fit by the Board.

Utilisation of retained earnings

The Company shall endeavour to utilise the retained earnings in following manner:

- For expansion and growth of business;
- Additional investments in existing businesses;
- Declaration of Dividend;
- General Corporate purpose; and
- Any other specific purpose as may be approved by the Board.

Parameters that shall be adopted with regard to various classes of shares

The Company has issued two classes of shares viz. Equity Shares and Preference Shares. Parameters for dividend payments in respect of any other class of shares other that equity shares, will be as per the respective terms of issue and in accordance with the applicable regulations.

Review

This Policy will be reviewed periodically by the Board.

Limitation and amendment

In the event of any conflict between the Act or the Listing Regulations and the provisions of the policy, the Listing Regulations shall prevail over this policy. Any subsequent amendment / modification in the Listing Regulations, in this regard, shall automatically apply to this policy.

Management Discussion and Analysis

Forward looking statements

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, based on any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include determination of tariff and such other charges and levies by the regulatory authority, changes in Government regulations, tax laws, economic developments within the country and such other factors globally.

The financial statements have been prepared on a historical cost basis and on the accrual basis and are prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006, (as amended), and other relevant provisions of the Companies Act, 2013 (the "Act"). The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Act read with the [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. These financial statements are the first financial statements of the Company under Ind AS.

The management of Reliance Home Finance Limited ("Reliance Home Finance" or "RHF" or "the Company") has used estimates and judgments relating to the financial statement on a prudent and reasonable basis, in order that the financial statement reflect in a true and fair manner, the state of affairs and profit for the year.

The following discussions on our financial condition and result of operations should be read together with our audited financial statement and the notes to these statements included in the Annual Report.

Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "Reliance", "RHF", "RHFL" or "Reliance Home Finance" are to Reliance Home Finance Limited.

Macro Economy

The GDP growth was revised from 6.7 per cent to 7.2 per cent in 2017-18 and grew by 6.8 per cent in 2018-19 as against expectation of 7 per cent (As per the Central Statistics Organization (CSO) second advance estimates). Considering the multiple micro-macro factors, growth for 2019-20 has been revised downwards from 7.2 per cent to 7 per cent. As per the National Association of Software and Services Companies (NASSCOM), India is the third largest base to boost start-up culture with 7,200 technology start-ups. The foreign exchange reserves were approx. US$ 412 billion in March 2019. Overall credit growth was around 12.5 per cent in the 1st half of 2018-19 but increased to 14.5 per cent in the second half after bank recapitalisation was undertaken by the Government. In the union budget of 2019-20, the Government has cited a further recapitalisation and consolidation of public sector banks, which shall subside the current crisis in the banking sector. In addition, Government continued with major reforms particularly in the field of corporate insolvency resolution via National Company Law Tribunal (NCLT route). Over 1,000 cases have been referred to NCLT for faster resolution since its inception.

Inflation continued with its downtrend, with CPI averaging 3.4 per cent in 2018-19 versus 3.6 per cent in 2017-18. Lower food prices, decreasing core inflation and stabilisation in fuel prices have led to a softer inflation print. The RBI, after appointing new governor in November' 2018, had adopted a growth oriented monetary policy and changed the stance from calibrated tightening to neutral and coupled it with a rate cut in 2018-19 bringing down the repo rate to 6.25 per cent. Going ahead, benign inflation environment in first half of 2019-20 as well as with a view to infuse liquidity in the system, RBI delivered another 25bps reduction in repo rates along with changing stance from neutral to accommodative, in the June 2019 monetary policy, bringing the rates further down to 5.75 per cent after cutting 25bps in April 2019. Reduction in interest rates and RBI's liquidity operations through second half of 2018-19 have helped to stabilize yields from the higher levels of 7.8-8.0 per cent to 7.3-7.4 per cent during the end of the year. Yields have further slid quite sharply below 7 per cent mark; post the union budget of 2019-20.

Central Government met its fiscal deficit target of 3.4 per cent of the GDP in 2018-19 with the help of increase in receipts from divestments and curtailing expenditure. As per union budget the Government is targeting to reduce its fiscal deficit by 10bps to 3.3 per cent of GDP for 2019-20.

It also adopted key recommendations of the Fiscal Responsibility and Budget Management (FRBM) with a medium term fiscal policy aim of reducing the cumulative Government (Centre + State) debt to 60 per cent of GDP by FY25.

The Government collected 13.2 lakh crore as net tax revenue while direct tax collection touched 11.2 Lakh crore in 2018-19. For 2019-20, the gross direct tax collections are budgeted to increase by 11.3 per cent as per the union budget as against 19.8 per cent estimated in 2018-19. There has been an addition of 1.10 crore new taxpayers in 2018-19 and the Government expects to add another 1.3 crore new filers in 2019-20.

The country's reforms agenda has been showing external results as well. India has jumped 23 positions to become one amongst the top 100 countries in the "Ease of doing Business" ranking. Similarly, the improvement in the country's business environment has stabilised India's ranking in the global competitiveness index, prepared by the World Economic Forum, in 2018. Moody's retained India's Sovereign rating to Baa2 with a stable economic outlook.

The money markets were caught in the aftermath of the liquidity crisis following defaults by a large NBFC which led to heightened risk aversion and higher borrowing costs for NBFCs and HFCs. For few weeks, the liquidity completely dried up with a fear of contagion impact on other players of NBFCs and HFCs. However, the RBI undertook various measures such as continued open market operations, easing norms for sale of loans, rupee / dollar buy / sell swap options and encouraging banks to increase their lending to NBFCs.

GDP Growth

India's GDP for 2019-20 has been downgraded from 7.2 per cent to 7 per cent owing to domestic headwinds and global growth slowdown. Post two major economic events in the form of demonetisation and GST, economic activity has begun to recover but tighter liquidity, higher borrowing costs and slowdown in auto sector has weighed on the growth momentum. However, from the second half of 2019-20 onwards, can be expected recovery on account of a growth oriented monetary policy, reduction in trade deficit and rise in rural demand.

Industrial Production

During 2018-19 Index of industrial production grew by 4 per cent as compared to 4.3 per cent in 2017-18. The manufacturing sector which accounts for 77 per cent in the index grew at slow pace. The decline was led by contraction of intermediate and primary goods, while mining and electricity grew at modest rate. Besides, sectors like construction goods and consumer non-durables have posted strong growth. Credit growth is also picking up, and there are nascent signs that few segments within manufacturing related to consumer goods, metals, etc have started to expand their production capacities. The Government in the union budget for 2019-20 also emphasised on Make in India scheme as well as gave thrust to the infrastructure sector by way of Public Private Partnership route. Though the manufacturing sector has remained dull in the previous year, we have seen pick up in products such as textiles and agriculture products in the initial months of 2019-20, which were laggard in 2018-19.

Inflation and Interest Rate

Along with growth, we are also likely to witness benign inflation in 2019-20 and firming up of inflation expectations with lower but positive real interest rates. Prices of oil and other commodities have been coming down from 2018-19 levels and a normal monsoon forecast does not warrant a significant rise in the food inflation trajectory. The RBI has changed its stance from neutral to accommodative in its June'19 monetary policy and a shift in stance unlikely going forward given the macroeconomic backdrop. While there were liquidity constraints in 2018-19, a growth oriented monetary policy and proactive actions by RBI through injection of durable liquidity into the system will support the markets in 2019-20.

Current Account Deficit (CAD) and the exchange rate

India's current account deficit including services (CAD) has reached 2.1 per cent of GDP because of increase in oil prices. India's current account in the balance of payments ended in a deficit of US$ $57.2 billion for 2018-19 up from US$ 48.7 in the previous fiscal year. Net services receipts increased by 5 per cent on year-on-year basis led by rise in net earnings from software services, transportation, insurance and communication. RBI reported a decline of US$ 3.3 billion in 2018-19 as against an increase of US$ 43.6 billion to the foreign exchange reserves in 2017-18. Other than CAD, global macro conditions and general elections could dictate the domestic currency in 2019-20. Rupee did appreciate about 6per cent to $69.5-70 levels from its lowest levels of 74.3 seen in October 2018. We expect rupee to remain stable in 2019-20 without significant downside pressure.

Reliance Home Finance

Reliance Home Finance Limited (RHFL), a subsidiary of Reliance Capital Limited, provides a wide range of loan solutions like Affordable housing, home loans, LAP, Construction finance. RHFL also provides property solutions' services that help customers find their dream homes / property along with financing.

The Company has benefitted from having very stable senior and mid-management teams. The Company has directed conscious effort towards retention of talent as it truly believes that employees are an organization's greatest asset.

The Company has been recognised in the "Top 21 Best Workplace in Asia 2018" by "Great places to work" owing to our consistent best human resource practices.

The Company has a strong distribution network of 46 branches catering to more than 120 locations, through a "hub and spoke" model, across the country, serving over 36,100 client accounts and has a clear focus on expanding the book size along with a robust growth in the net worth, with robust asset quality. The Company follows a "Hub and Spoke" model to achieve the objective of strategically expanding the market reach while developing operational efficiencies. The newer branches are operationally light with lower costs involved, thus helping reduce the overall costs.

RHFL has also launched a digital portal to source loans from the salaried segment, thereby catering to the need of technology driven millennials, while also cutting down costs. While, this helps in speedy & hassle - free sanction for the borrower, it also helps the Company by automating processes like e-KYC, customer service and account updation.

Product Portfolio

Over the period, we have developed our expertise in Home Loan and Affordable Housing segment which caters to the Self-employed & Salaried Individuals and is one of the key focus areas for the Company. We have also developed the capabilities over time and fulfil the contemporary needs of the Non - housing loan clients majorly the Loan against Property segment. The Company also offers construction finance loans to real estate developers involved in building homes.

Financials

The Assets Under Management (including securitised portfolio) was ₹ 18,868 crore as against ₹ 16,379 crore as on March 31, 2018, an increase of 15 per cent. The total income for the year ended March 31, 2019, was at ₹ 2,003 crore, as against ₹ 1,683 crore for the previous year, an increase of 19 per cent. As on March 31, 2019, the outstanding loan book was ₹ 16,355 crore as against ₹ 14,655 crore at the end of March 31, 2018. This loan book is spread over 36,100 client accounts catering to approx. 120 locations. The gross non-performing assets stood at 0.5% of the total AUM. Profit before tax stood at ₹ 102 crore in FY19 as against ₹ 247 crore in FY18. The business achieved a profit after tax of ₹ 67 crore as against ₹ 167 crore, for the year ended March 31, 2019.

Key financial ratios

	FY18-19	FY17-18	Variance
Average Yield	13.05%	11.63%	142
Average Cost of Borrowing	9.0%	8.7%	30
NIM	3.8%	3.9%	(10)
Cost to Income	35%	38%	(300)
Return on assets	0.4%	1.3%	(90)
Return on equity	4.6%	11.9%	(730)
Provision coverage ratio	28%	35%	(700)
Average gearing	7	7.6	8%
CRAR			
Tier I capital	9.45%	12.76%	(320)
Tier II capital	6.00%	7.07%	(110)

Since the last financial year, due to sudden adverse developments in the financial sector, all categories of lenders in India (including Banks, Mutual Funds, etc.) have put near complete freeze on additional lending to Non-Banking Financial Companies (NBFCs) and Housing Finance Companies (HFCs) and have been insisting for reducing the existing level of borrowings which has severely impacted the financial flexibility of majority of NBFCs & HFCs.

These developments have also adversely impacted our Company resulting into temporary liquidity mismatch. The Company has taken steps to meet such temporary liquidity mismatch by securitisation of its loan portfolio. The Company has also engaged with all its lenders to enter into an Inter-Creditor Agreement (ICA) for the resolution of its debt in accordance with the circular dated June 7, 2019 issued by the Reserve Bank of India on Prudential Framework for Resolution of Stressed Assets. Majority of our lenders have already entered the ICA. The Company is confident of implementing its Resolution Plan during FY 2019-20.

Risks and Concerns

RHFL is exposed to specific risks that are specific to its businesses and the environment within which it operates, including market risk, competition risk, credit risk, liquidity and interest rate risk, human resource risk, operational risk, information security risks, regulatory risk and macro-economic risks.

Market risk

The Company has also raised funds through issue of Market Linked Debentures, whose returns are linked to relevant underlying market instruments or indices. RHFL continuously monitors market exposure for both equity and debt and, in appropriate cases, also uses various derivative instruments as a hedging mechanism to limit volatility.

Competition risk

The housing finance sector is becoming increasingly competitive and the Company's growth will depend on its ability to compete effectively. The Company's main competitors are other HFCs, Banks and Non-Banking Financial Companies (NBFCs). The Company's strong brand image, wide distribution network, diversified product offering and quality of management, place it in a strong position to deal with competition effectively.

Credit risk

Credit risk is a risk arising out of default or failure on the part of borrowers in meeting their financial obligations towards repayment of loans. Thus, credit risk is a loss as a result of non-recovery of funds lent both on principal and interest counts. This risk is comprehensively addressed both at the strategic level and at the client level. There is a robust governance framework with risk oversight being provided by the Risk Management Committee.

Stringent standards have been stipulated for customer identification and evaluation of credit proposals. Critical underwriting activities are automated. Comprehensive product program guidelines have been developed to suit various products requirements and appropriate delegation and deviation grids have been put in place. Each credit proposal is evaluated on various lending parameters both in qualitative and quantitative terms. Proper security, industry norms and ceilings have been prescribed to ensure diversifying risks and to avoid concentration risk. Cross references to credit bureau data are made to assess the credit behavior of the prospective customers. Since most of the loans are secured against assets (residential and commercial properties) which are valued by independent agencies and loan to value ratio is restricted, chances of non-recoverability in case of default are minimised. Company has put in place monitoring mechanisms commensurate with nature and volume of activities. Any early signal of default is addressed on priority to minimise / prevent credit loss. Regular portfolio risk analysis is done extensively on various financial and policy parameters for making required changes in the credit policy as a proactive approach to risk management. The Indian housing finance industry is highly competitive and the Company may compete directly with large HFCs and large public and private sector banks, which have larger retail customer bases, larger branch networks and greater access to capital than the Company. Large HFCs and Indian banks have made significant investments in retail credit in recent periods and currently have a larger market share in the retail home loan credit segment as compared to medium sized HFCs. If the Company is unable to compete with such large HFCs and Banks, by reason of its lesser experience in retail Home Loans or otherwise, its business, results of operations and financial condition could be affected to some extent. With the experience and market knowledge, the Company has gained over the years in the housing finance business and is well placed to be the preferred provider of housing finance in coming years.

Liquidity and Interest Rate risk

The Company is exposed to liquidity risk principally, as a result of lending and investment for periods which may differ from those of its funding sources. RHFL's treasury team actively manages asset liability positions in accordance with the overall guidelines laid down by NHB in the Asset Liability Management (ALM) framework. The Company may be impacted by volatility in interest rates in India which could cause its margins to decline and profitability to shrink. The success of the Company's business depends significantly on interest income from its operations. It is exposed to interest rate risk, both because of lending at fixed interest rates and for reset periods which may differ from those of its funding sources. Interest rates are highly sensitive to many factors beyond the Company's control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and inflation. As a result, interest rates in India have historically experienced a relatively high degree of volatility.

The Company seeks to match its interest rate positions of assets and liabilities to minimise interest rate risk. However, there can be no assurance that significant interest rate movements will not have an adverse effect on its financial position. With the growth of the Company's business, it will become increasingly reliant on funding from the debt capital markets and commercial borrowings. The market for such funds is competitive and the Company's ability to obtain funds at competitive rates will depend on various factors including its credit ratings. There can be no guarantee that the Company will be able to raise debt on competitive terms, in the required quantum and in a cost-effective manner. Any failure to do so may adversely impact the Company's business, its future financial performance. The Company is also hedged to some extent against this risk through the variable interest clause in its advances portfolio.

Human resource risk

The Company's success depends largely upon the quality and competence of its management team and key personnel. Attracting and retaining talented professionals is therefore a key element of the Company's strategy and a significant source of competitive advantage. While the Company has a salary and incentive structure designed to encourage employee retention, a failure to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an impact on the Company's business, its future financial performance and the results of its operations.

Operational risk

The Company may encounter operational and control difficulties when commencing businesses in new markets. The rapid development and establishment of financial services businesses in new markets may raise unanticipated operational or control risks. Such risks could have a materially adverse effect on the Company's financial position and the results of its operations.

The operations of the Company have been extensively automated which minimises the operational risk arising out of human errors and omissions. A robust system of internal controls is practiced by RHFL to ensure that all its assets are safeguarded and protected against loss from unauthorised use or disposition and all its transactions are authorised, recorded and reported correctly. The Audit Committee of Board periodically reviews the adequacy of our internal controls. The Company has implemented SAP systems across functions. With this initiative, along with other key systems and checks and balances established, we believe that our overall control environment has been enhanced. The Company is relentlessly focused on quality parameters and has a dedicated quality team to proactively identify and address operational issues. The mandate of the quality team is also to work closely with various business teams to bring about operational efficiencies and effectiveness through Six Sigma initiatives. It is pertinent to note that Reliance Home Finance has obtained an ISO 9001:2008 certification and is amongst the few companies in the industry to be ISO certified.

Information security risk

RHFL has robust Information Security Risk monitoring systems and tools to guard and protect sensitive customer data and guard against potential hackers and viruses. The Information Security team is governed by the Information Security Risk Management Committee. Robust governance, controls and sophisticated technology is adopted across lines of business to ward off cyber threats and protect information residing within the Company.

Information Security has been brought under the Enterprise Risk Management Framework to enhance data protection and ward off cyber risks effectively, thereby making our overall Risk, Control and Governance framework more robust.

Regulatory risk

As an entity in the financial services sector, the Company is subject to regulations by Indian governmental authorities, including the NHB. Government's and Regulator's laws and regulations impose numerous requirements on the Company, including asset classifications and prescribed levels of capital adequacy liquid assets. There may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect the Company's performance.

Macro-economic risk

Any slowdown in economic growth in India could cause the business of the Company to suffer. Any slowdown in the Indian economy, and in the demand for housing and infrastructure, could adversely affect the Company's business. Similarly, any sustained volatility in global commodity prices, including a significant increase in the prices of oil and petroleum products, could once again spark off a new inflationary cycle, thereby curtailing the purchasing power of the consumers. RHFL manages these risks by maintaining a conservative financial profile and following prudent business and risk management practices.

Internal Control

The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, and compliance with applicable laws and regulations.

The organization is well structured and the policy guidelines are well documented with pre-defined authority. The Company has also implemented suitable controls to ensure that all resources are utilised optimally, financial transactions are reported with accuracy and there is strict adherence to applicable laws and regulations. The Company has put in place adequate systems to ensure that assets are safeguarded against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported. The Company also has an exhaustive budgetary control system to monitor all expenditures against approved budgets on an ongoing basis.

The Company uses information technology extensively in its operations for ensuring effective controls besides economy. It also helps the Company in providing accurate MIS and prompt information / services to its customers and other stakeholders. The Company has implemented enhanced level of Information System Security controls with monitoring systems to address technology risks.

The Company has an independent internal audit function which continuously evaluates the adequacy of, and compliance with, policies, plans, regulatory and statutory requirements. Risk based approach is adopted while carrying out the audits. Internal audit also evaluates and suggests improvement in effectiveness of risk management, control and governance process. The Audit Committee of Board provides necessary oversight and directions to the internal audit function and periodically reviews the findings and ensures corrective measures are taken.

Opportunities

- Affordable housing finance is estimated to be a ₹ 6 lakh crore business opportunity by 2022, by when the Government seeks to achieve housing for all citizens. This may lead to deeper market opportunity
- Government's focus on the infrastructure and financial push
- Extensive distribution reach and strong brand recognition

Challenges

- However, there is enormous demand for low - cost housing finance options within the lower income groups, but demand remains unfulfilled due to constraints like difficulty in assessing the repaying capacity of the customers having uneven income streams, inability in assessing repaying capacity of customers, etc.
- Several new players are entering the sector thus leading to stiff competition which may lead to downward pressure on the pricing. This may impact the profitability for the players in the years ahead
- Supply constraints in the affordable housing space
- Inflationary pressures, slowdown in policy making and reduction in household savings in financial products

Human Resources

The Company has a dedicated team of 881 employees (average age being 34 years, women employees being 107) as on March 31, 2019, who have been contributing to the progress and growth of the Company. The Company also invests in professional development and providing career development opportunities for its employees. The Company has a leadership competency framework which identifies the potential leaders on a regular basis and as a result of which most of the senior management has grown within the organization. The growth of the workforce is in line with the strategy of growing the operations and expanding the footprints, especially in new cities.

Corporate Social Responsibility

Reliance Home Finance Limited contributed ₹ 3.72 crore in FY 2018-19, *inter-alia*, through the non-profit centre(s) engaged in the provision of health care, safety and education, skill development, animal welfare and promotion of cultural heritage. The Company initiated projects in the areas of promoting preventive healthcare, education and rural development in Maharashtra. The following organisations were being supported:

- The Kokilaben Dhirubhai Ambani Hospital provides quality healthcare and contributes in a very significant manner towards supporting the poor and the needy, especially those below the poverty line.
- ICT Academy: It is an initiative of the Government of India in collaboration with the State Governments and industries. The Academy is a not-for-profit society, and a joint venture under the Public-Private-Partnership (PPP) model.
- Animals Matter to Me ("AMTM"): Was established in 2010 in Mumbai, Maharashtra, to help the street dogs and cats who had no-one else to care for them. Over 50,000 strays roamed the city, with the numbers growing alarmingly due to a lack of sterilisation programmes to control the population.
- My Home India, a Mumbai based organization who works for the cause of cultural integration, to support the event, NESt – Fest 2018 (North East Student Festival).

Corporate Governance Report

Corporate governance philosophy

Reliance Home Finance follows the highest standards of corporate governance principles and best practices by adopting the "Reliance Group – Corporate Governance Policies and Code of Conduct" as is the norm for all constituent companies in the Group. These policies prescribe a set of systems and processes guided by the core principles of transparency, disclosure, accountability, compliances, ethical conduct and the commitment to promote the interests of all stakeholders. The policies and the code are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of our stakeholders.

Governance policies and practices

The Company has formulated a number of policies and introduced several governance practices to comply with the applicable statutory and regulatory requirements, with most of them introduced long before they were made mandatory.

A. Values and commitments

We have set out and adopted a policy document on 'Values and Commitments' of Reliance Home Finance. We believe that any business conduct can be ethical only when it rests on the nine core values viz. honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring.

B. Code of ethics

Our policy document on 'Code of Ethics' demands that our employees conduct the business with impeccable integrity and by excluding any consideration of personal profit or advantage.

C. Business policies

Our 'Business Policies' cover a comprehensive range of issues such as fair market practices, inside information, financial records and accounting integrity, external communication, work ethics, personal conduct, policy on prevention of sexual harassment, health, safety, environment and quality.

D. Separation of the chairman's supervisory role from executive management

In line with best global practices, we have adopted a policy to ensure that the Chairman of the Board shall be a non-executive director.

E. Policy on prohibition of insider trading

This document contains the policy on prohibiting trading in the securities of the Company, based on insider or privileged information.

F. Policy on prevention of sexual harassment

Our policy on prevention of sexual harassment aims at promoting a productive work environment and protects individual rights against sexual harassment.

G. Ombudspersons & Whistle Blower (Vigil Mechanism) policy

Our Ombudspersons & Whistle Blower (Vigil Mechanism) policy encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personal action.

It is affirmed that no personnel has been denied access to the Audit Committee.

H. Environment policy

The Company is committed to achieving excellence in environmental performance, preservation and promotion of clean environment. These are the fundamental concern in all our business activities.

I. Risk management

Our risk management procedures ensure that the management controls various business related risks through means of a properly defined framework.

J. Boardroom practices

a. **Chairman**

In line with best global practices, we have adopted a policy to ensure that the Chairman of the Board shall be a non-executive director.

b. **Board charter**

The Company has a comprehensive charter which sets out clear and transparent guidelines on matters relating to the composition of the Board, the scope and function of the Board and its Committees, etc.

c. **Board committees**

Pursuant to the provisions of the Companies Act, 2013 (the "Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board had constituted the Risk Management Committee, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility (CSR) Committee.

d. **Selection of independent directors**

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field / profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, *inter-alia*, considers qualification, positive attributes, area of expertise, their independence and number of directorships and memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation, and takes appropriate decision.

Every Independent Director, at the first meeting of the Board in which she / he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that she / he meets the criteria of independence as provided under law.

e. **Tenure of independent directors**

Tenure of independent directors on the Board of the Company shall not exceed the time period as per provisions of the Act and the Listing Regulations, as amended, from time to time.

f. **Independent director's interaction with stakeholders**

Members of the Stakeholders Relationship Committee interact with stakeholders on their suggestions and queries, if any, which are forwarded to the Company Secretary.

g. **Familiarisation of board members**

The Board members are periodically given formal orientation and training with respect to the Company's vision, strategic direction, core values including ethics, corporate governance practices, financial matters and business operations. The Directors are facilitated to get familiar with the Company's functions at the operational levels. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, business strategy and risks involved. The Board members are also provided with the necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Periodic updates and training programs for Board members are also conducted on relevant statutory changes and landmark judicial pronouncements encompassing important laws.

The details of programs for familiarisation of independent directors is put on the website of the Company at the link https://www.reliancehomefinance.com/investor-relations.

h. **Meeting of independent directors with operating team**

The independent directors of the Company meet in executive sessions with the various operating teams as and when they deem necessary. These discussions may include topics such as operating policies and procedures, risk management strategies, measures to improve efficiencies, performance and compensation, strategic issues for Board consideration, flow of information to directors, management progression and succession and others, as the independent directors may determine. During these executive sessions, the independent directors have access to members of management and other advisors, as the independent directors may determine and deem fit.

i. **Commitment of directors**

The meeting dates for the entire financial year are scheduled in the beginning of the year and an annual calendar of meetings of the Board and its Committees is circulated to the Directors. This enables the Directors to plan their commitments and facilitates attendance at the meetings of the Board and its Committees.

K. Role of the Company Secretary in Governance Process

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible, to assist and advise the Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to Directors and to facilitate convening of meetings. She interfaces between the management and regulatory authorities for governance matters. All the Directors of the Company have access to the advice and services of the Company Secretary.

L. Independent Statutory Auditors

The Company's accounts for the Financial Year 2018-19 are audited by M/s. Dhiraj & Dheeraj, Chartered Accountants, as independent audit firm.

M. Compliance with the Listing Regulations

During the year, the Company is fully compliant with the mandatory requirements of the Listing Regulations.

We present our report on compliance of governance conditions specified in the Listing Regulations as follows:

I. **Board of Directors**

1. Board composition - Board strength and representation

The Board consists of six members. The composition and category of directors on the Board of the Company were as under:

Category	Name of directors and DIN
Independent Directors	Ms. Chhaya Virani [1] (DIN: 06953556) Ms. Rashna Khan [2] (DIN: 06928148) Lt Gen Syed Ata Hasnain (Retd) (DIN: 07257757) Mr. Ashok Ramaswamy [3] (DIN: 00233663)
Non-Executive and Non-Independent Director	Mr. Amit Bapna (DIN: 00008443)
Executive Director & CEO	Mr. Ravindra Sudhalkar (DIN: 07787205)

[1] Appointed w.e.f. April 1, 2019

[2] Appointed w.e.f. May 2, 2019

[3] Appointed w.e.f. May 31, 2019

Notes:

a. None of the directors are related to any other director.

b. None of the directors has any business relationship with the Company.

c. None of the directors has received any loans and advances from the Company during the financial year.

All the Independent Directors of the Company furnish a declaration at the time of their appointment and also annually that they meet the criteria of independence as provided under law. The Board reviews the same and is of the opinion, that the Independent Directors fulfil the conditions specified in the Act and the Listing Regulations and are independent of the management

2. **Conduct of Board proceedings**

The day-to-day business is conducted by the executives and the business heads of the Company under the direction of the Board. The Board holds minimum four meetings every year to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

The Board performs the following specific functions in addition to overseeing the business and the management:

a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.

b. Monitoring the effectiveness of the Company's governance practices and making changes as needed.

c. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.

d. Aligning key executive and Board remuneration with the longer term interests of the Company and its shareholders.

e. Ensuring a transparent Board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.

f. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

g. Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

h. Overseeing the process of disclosure and communications.

i. Monitoring and reviewing Board Evaluation Framework.

3. **Board meetings**

The Board held eight meetings during the financial year 2018-19 on April 24, 2018, June 4, 2018, August 7, 2018, September 10, 2018, November 1, 2018, February 11, 2019, February 14, 2019 and March 28, 2019. The maximum time gap between any two meetings during the year under review was 101 days and the minimum gap was 2 days.

The Board periodically reviews compliance reports of all laws applicable to the Company.

4. **Attendance of directors**

Attendance of the Directors at the Board meetings held during the financial year 2018 - 19 and the last Annual General Meeting (AGM) held on September 18, 2018 and the details of directorships (calculated as per provisions of Section 165 of the Companies Act, 2013), committee chairmanships and memberships held by the Directors as on March 31, 2019 were as under:

Name of Director	Number of Board meetings attended out of Eight meetings held	Attendance at the last AGM held on September 18, 2018	Number of directorship (including RHFL)	Committee(s) Chairmanship / Membership (including RHFL)	
				Membership	Chairmanship
Mr. Padmanabh Vora [1]	8	Present	9	7	3
Ms. Deena Mehta [2]	7	Present	8	4	2
Lt Gen Syed Ata Hasnain (Retd)	6	Absent	1	1	-
Mr. Gautam Doshi [3]	6	Present	10	6	3
Mr. Anmol Ambani [4]	4	Present	10	4	-
Mr. Amit Bapna	8	Present	10	4	-
Mr. Ravindra Sudhalkar	8	Present	2	1	-

[1] Ceased w.e.f. April 29, 2019; [2] Ceased w.e.f. March 30, 2019; [3] Ceased w.e.f. May 2, 2019; [4] Ceased w.e.f. May 31, 2019.

Notes:

a. None of the directors hold directorships in more than 20 companies of which directorship in public companies does not exceed 10 in line with the provisions of Section 165 of the Act.

b. None of the directors hold membership of more than 10 committees of board, nor, is a chairman of more than 5 committees across board of all listed entities.

c. No director holds directorship in more than eight listed entities.

d. None of the independent director holds the position of the independent director in more than seven listed companies as required under the Listing Regulations.

e. None of the director has been appointed as an Alternate Director for Independent Director.

f. The information provided above pertains to the following committees in accordance with the provisions of Regulation 26(1)(b) of the Listing Regulations: (i) Audit Committee; and (ii) Stakeholders Relationship Committee.

g. The committee membership and chairmanship above excludes membership and chairmanship in private companies, foreign companies and Section 8 companies.

h. Membership of committees include chairmanship, if any.

The Company's Independent Directors meet at least once in every financial year without the attendance of Non-Independent Directors and Management Personnel. One meeting of the Independent Directors was held during the financial year.

5. **Resignation of Independent Directors**

Ms. Deena Mehta and Mr. Padmanabh Vora, Independent Directors of the Company have resigned and ceased to be the Directors with effect from March 30, 2019 and April 29, 2019, respectively.

As publically informed, the cessations were due to downgrading of credit ratings of the Company and also delay in repayment of principal on bank borrowings. The confirmations have been received from the respective Directors that there were no material reasons other than those mentioned above for their resignations.

6. **Details of Directors**

The abbreviated resumes of all the Directors are furnished hereunder:

Ms. Chhaya Virani, 65 years, graduated from Mumbai University with a bachelors' degree in Arts. She also acquired a bachelors' degree in legislative laws from the Government Law College in 1976. She is a partner in M/s. ALMT Legal Advocates and Solicitors.

She is a director on the board of Reliance Capital Limited, Reliance General Insurance Company Limited, Reliance Capital Pension Fund Limited, Reliance Communications Limited and Reliance Infratel Limited.

She is the Chairperson of Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility (CSR) Committee and a Member of Wilful Defaulter's Review Committee of the Company.

She is a member of audit committee of Reliance Capital Limited, Reliance General Insurance Company Limited, Reliance Capital Pension Fund Limited, Reliance Communications Limited and Reliance Infratel Limited. She is also the chairperson of stakeholders relationship committee of Reliance General Insurance Company Limited and Reliance Communications Limited and a member of stakeholders relationship committee of Reliance Capital Limited.

She does not hold any share in the Company.

Corporate Governance Report

Ms. Rashna Khan, 55 years, graduated from Government Law College Mumbai (University of Bombay) and qualified as a Solicitor with the Bombay Incorporated Law Society and Law Society London. She has worked with Mulla & Mulla & Craigie Blunt & Caroe, Advocates and Solicitors and with Dhruve Liladhar & Co., Advocates and Solicitors, in various capacities before she became partner of Mulla & Mulla & Craigie Blunt & Caroe, Advocates and Solicitors, since the year 2009. She specialises in the field of civil litigation including attending matters in the High Court, Supreme Court, Company Law Board, Income Tax Tribunal, Arbitration, Customs, Excise and Service Tax Appellate Tribunal, National Company Law Tribunal, Opinion and documentation work.

She is also on the board of Reliance Power Limited, Vidarbha Industries Power Limited, Sasan Power Limited, Rosa Power Supply Company Limited, Reliance Commercial Finance Limited and The Supreme Industries Limited.

She is a Member of Audit Committee, Risk Management Committee and Nomination and Remuneration Committee of the Company.

She is the chairperson of audit committee of Vidarbha Industries Power Limited and a member of audit committee of Reliance Power Limited, Sasan Power Limited and Reliance Commercial Finance Limited. She is also a member of stakeholders relationship committee of Reliance Power Limited and Reliance Commercial Finance Limited.

She does not hold any share in the Company.

Lt Gen Syed Ata Hasnain (Retd), 66 years, participated in Operation Pawan in Sri Lanka during 1988-90 and counter insurgency operations in Punjab in 1990-91. During the 1990s he served with the United Nations in Mozambique, and later, war torn Rwanda. He commanded his unit in the Siachen Glacier. He is one of the rare officers to have commanded a company, battalion, brigade, division and corps, all in the challenging environment of Jammu & Kashmir.

As a Lieutenant General, Hasnain was initially the General Officer Commanding (GOC), XXI Corps, in Bhopal, Madhya Pradesh and was then specially nominated to take over the Srinagar based 15 Corps when turbulence hit Kashmir in a big way. He was instrumental in restoring stability to Kashmir through his innovative 'Hearts Doctrine'. On June 09, 2012, Lt Gen Hasnain took office as the Military Secretary, at Army Headquarters, New Delhi. On September 7, 2013, Lt Gen Syed Ata Hasnain (Retd) was awarded his first civilian honor by the Capital Foundation Society of Delhi. The award was for Military leadership of an exceptional order. He is one of highest decorated officers of the Indian Army having been decorated eight times.

Ever since his superannuation, General Hasnain has actively pursued intellectual activities. He writes for a large number of media houses, and appears as a strategic affairs commentator on various TV channels. His area of emphasis is J&K, Pakistan and West Asia besides affairs of the Army concerning equipment management, doctrine and training. He 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. In addition he has attended long programs in Strategic Studies at the Royal College of Defence Studies (RCDS) and the Asia Pacific Center for Strategic Studies (APCSS), Hawaii, USA.

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. On July 12, 2018 he has been appointed the Chancellor of the Central University of Kashmir, by the President of India, only the second time that a military leader has received that honour.

He is a Member of Audit Committee and Risk Management Committee of the Company.

He does not hold any share in the Company.

Mr. Ashok Ramaswamy, 70 years, a former Civil Servant with over 40 years experience in the areas of Financial Control and Management, General Administration including Vigilance administration, procurement, information technology and sector regulation. His sector experience is in Rail transportation, communications, anti-corruption and telecom regulation. He retired as a Secretary level official from Govt. of India and subsequently was appointed as Member, of the sector regulator for telecom.

He holds Masters Degree in Science, Management and Public Administration and in the early part of the career was intimately involved in application of information technology to computer aided management information system design and implementation.

Most positions held by him required deep comprehension in the subject and knowledge on allied areas and tested analytical and inferential skills.

He is a Member of Audit Committee and Risk Management Committee of the Company.

He does not hold any share in the Company.

Mr. Amit Bapna, 44 years, is a member of the Institute of Chartered Accountants of India. He is the Chief Financial Officer of Reliance Capital Limited. He has been with Reliance Capital since 2004 and with the Group since 1999. As CFO, he provides financial direction, oversight and control for Reliance Capital and Group companies and strategic leadership for Treasury. He has over nineteen years of experience in varied business environments - manufacturing and financial services.

He earlier worked in the capacity of CFO of Reliance Capital Asset Management Limited and Reliance Consumer Finance where he played a key role and had been a significant contributor to the exponential growth of asset management business and has brought in operational & process disciplines, which has been invaluable to the Consumer Finance business. Prior to that he worked in the Corporate Treasury of Reliance Industries Ltd.

He is also on the board of Reliance Nippon Life Insurance Company Limited, Reliance Securities Limited, Reliance Capital AIF Trustee Company Private Limited, Quant Capital Private Limited, Quant Broking Private Limited and Grover Zampa Vineyards Limited.

He is a Member of Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility (CSR) Committee and Wilful Defaulters' Review Committee of the Company.

He is a member of audit committee of Reliance Nippon Life Insurance Company Limited, Reliance Securities Limited, Quant Capital Private Limited and Quant Broking Private Limited

As on March 31, 2019, Mr. Amit held 8,180 equity shares in the Company.

Mr. Ravindra Sudhalkar, 51 years, is Masters in Science (Electronics) from Sardar Patel University, Gujarat. He also holds a masters in business administration from Sardar Patel University. He has over two decades of experience in financial sectors and has been part of the senior management at ICICI Bank and Kotak Mahindra Bank.

He is the Executive Director & CEO of the Company. He is the Chairman of Wilful Defaulter's Review Committee and a Member of Risk Management Committee, Stakeholders Relationship Committee and Corporate Social Responsibility (CSR) Committee of the Company.

As on March 31, 2019, Mr. Ravindra held 1 equity share in the Company.

7. **Core Skills / Expertise / Competencies available with the Board**

The Board comprises highly qualified members who possess required skills, expertise and competence that allow them to make effective contributions to the Board and its Committees.

The following skills / expertise / competencies have been identified for the effective functioning of the Company and the current Board of Directors of the Company possesses all the below identified skills and competencies:

- Leadership / Operational experience
- Strategic Planning
- Sector / Industry Knowledge & Experience, Research & Development and Innovation
- Technology
- Financial, Regulatory / Legal & Risk Management
- Corporate Governance

8. **Directorships in other listed entities**

The details of directorships held by the Directors in other entities whose securities are listed as on March 31, 2019 are as follows:

Name of Director	Name of listed entities	Category
Mr. Padmanabh Vora	J. Kumar Infraprojects Limited	Non-Executive, Independent Director
	Pahal Financial Services Private Limited	Non-Executive, Non-Independent Director
Ms. Deena Mehta	Asit C Mehta Financial Services Limited	Non-Executive, Non-Independent Director
	Reliance Commercial Finance Limited	Non-Executive, Independent Director
	Reliance Asset Reconstruction Company Limited	Non-Executive, Independent Director
Mr. Gautam Doshi	Piramal Phytocare Limited	Non-Executive, Independent Director
	Sun Pharmaceutical Industries Limited	Non-Executive, Independent Director
Mr. Anmol Ambani	Reliance Capital Limited	Executive Director
	Reliance Nippon Life Asset Management Limited	Non-Executive, Non-Independent Director
	Reliance General Insurance Company Limited	Non-Executive, Non-Independent Director
Mr. Amit Bapna	Reliance Securities Limited	Non-Executive, Non-Independent Director

9. **Insurance coverage**

Directors & Officers Liability Insurance policy obtained by Reliance Capital Limited, the holding company covers any legal action that might be initiated against directors / officers of the Company.

II. **Audit Committee**

The Company has an Audit Committee. The composition and terms of reference of Audit Committee are in compliance with the provisions of Section 177 of the Companies Act, 2013, Listing Regulations, the Housing Finance Companies – Corporate Governance (NHB) Directions, 2016 and other applicable laws. The Committee was last re-constituted by the Board of Directors of the Company on May 31, 2019 and presently comprises of four independent non-executive directors and one non-independent non-executive director viz. Ms. Chhaya Virani as Chairperson, Ms. Rashna Khan, Lt Gen Syed Ata Hasnain (Retd), Mr. Ashok Ramaswamy and Mr. Amit Bapna as Members. All the Members of the Committee possess financial / accounting expertise / exposure.

The Audit Committee, *inter-alia*, advises the management on the areas where systems, processes, measures for controlling and monitoring revenue assurance, internal audit and risk management can be improved.

The terms of reference, *inter-alia*, comprises the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
    b. Changes, if any, in accounting policies and practices and reasons for the same
    c. Major accounting entries involving estimates based on the exercise of judgment by management
    d. Significant adjustments made in the financial statements arising out of audit findings
    e. Compliance with listing and other legal requirements relating to financial statements
    f. Disclosure of any related party transactions
    g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of

proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Subject to and conditional upon the approval of the Board of Directors, approval of Related Party Transactions (RPTs) or subsequent modifications thereto. Such approval can be in the form of omnibus approval of RPT subject to conditions not inconsistent with the conditions specified in Regulation 23(2) and Regulation 23(3) of the Listing Regulations. Such approval shall not be required for transactions with a wholly owned subsidiary whose accounts are consolidated with the Company;
9. Subject to review by the Board of Directors, review on quarterly basis, of RPTs entered into by the Company pursuant to each omnibus approval given pursuant to (8) above;
10. Scrutiny of inter-corporate loans and investments;
11. Valuation of undertakings or assets of the Company, wherever it is necessary;
12. Review the Company's established system and processes of internal financial controls and risk management systems;
13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
15. Discussion with internal auditors of any significant findings and follow up there on;
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. To review the functioning of the Whistle Blower mechanism;
20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
21. Review of compliances as per the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, at least once in a financial year and shall also verify that the systems for internal control are adequate and are operating effectively; and
22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

    Explanation (i): The term "related party transactions" shall have the same meaning as provided in Regulation 23 of the Listing Regulations.

    The Audit Committee is also authorised to:

    1. Investigate any activity within its terms of reference;
    2. Obtain outside legal or other professional advice;
    3. To have full access to information contained in the records of the Company;
    4. Secure attendance of outsiders with relevant expertise, if it considers necessary;
    5. Call for comments from the auditors about internal controls systems and the scope of audit, including the observations of the auditors;
    6. Review financial statements before submission to the Board; and
    7. Discuss any related issues with the internal and statutory auditors and the management of the Company.

The Audit Committee shall also perform all the functions as may be required in terms of the NHB Directions.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; and
6. Statement of deviations:
    (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations;
    (b) annual statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7) of the Listing Regulations.

Attendance at the meetings of the Audit Committee held during 2018 – 19

The Audit Committee held its meetings on April 24, 2018, August 7, 2018, September 10, 2018, November 1, 2018 and February 11, 2019. The maximum and minimum time gap between any two meetings, during the year under review was 101 days and 33 days, respectively.

The meetings were attended by the members as below:

Members	Number of Meetings	
	held during the tenure	attended
Ms. Deena Mehta	5	4
Mr. Padmanabh Vora	5	5
Lt Gen Syed Ata Hasnain (Retd)	5	5
Mr. Gautam Doshi	5	3

The Chairperson of the Audit Committee was present at the last Annual General Meeting of the Company.

The Audit Committee considered all the points in terms of its reference at periodic intervals.

The Company Secretary acts as the Secretary to the Audit Committee.

III. **Nomination and Remuneration Committee**

The Company has a Nomination and Remuneration Committee. The composition and terms of reference of Nomination and Remuneration Committee are in compliance with the provisions of Section 178 of the Companies Act, 2013, Listing Regulations, Housing Finance Companies – Corporate Governance (NHB) Directions, 2016, Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014 and other applicable laws. The Committee was last re-constituted by the Board of Directors of the Company on May 31, 2019 and presently comprises of Ms. Chhaya Virani as Chairperson and Ms. Rashna Khan and Mr. Amit Bapna as Members.

The Chairperson of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company.

The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

The terms of reference, *inter-alia,* comprises the following:

1. To follow the process for selection and appointment of new directors and succession plans;
2. Recommend to the Board from time to time, a compensation structure for Directors and the senior management personnel;
3. Identifying persons who are qualified to be appointed as Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend their appointment and / or removal to the Board;
4. Formulation of the criteria for evaluation of performance of Independent Directors, the Board and the Committee(s) thereof;
5. To assess whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors;
6. Carrying out evaluation of every Director's performance;
7. Devising a policy on Board diversity;
8. Performing functions relating to all share based employees benefits;
9. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees; and
10. Recommending to the Board, all remunerations, in whatever form, payable to Senior Management of the Company.

Policy on appointment and remuneration for Directors, Key Managerial Personnel and Senior Management Employees has been provided as an Annexure to the Directors' Report.

The Nomination and Remuneration Committee held its meetings on April 20, 2018, August 7, 2018, October 5, 2018 and March 28, 2019. The meetings were attended by the members as below:

Members	Number of Meetings	
	held during the tenure	attended
Ms. Deena Mehta	4	3
Mr. Padmanabh Vora	4	4
Mr. Gautam Doshi	4	3
Mr. Anmol Ambani	1	0

Criteria for making payments to non-executive directors

The remuneration to non-executive directors is benchmarked with the relevant market, performance oriented, balanced between financial and sectoral market, based on comparative scales, aligned to corporate goals, role assumed and number of meetings attended.

Non-Executive Directors are paid remuneration only by way of sitting fees for attending Board / Committee meetings.

Details of sitting fees paid to the Non-Executive Directors during the Financial Year ended March 31, 2019.

(₹ in lakh)

Directors	Sitting Fees
Mr. Padmanabh Vora	11.2
Ms. Deena Mehta	6.8
Lt Gen Syed Ata Hasnain (Retd)	4.8
Mr. Gautam Doshi	7.6
Mr. Anmol Ambani	2

Notes:

a. There were no other pecuniary relationships or transactions of non-executive directors vis-à-vis the Company.

b. The Company has so far not issued any stock options to its non-executive directors.

c. Pursuant to the limits approved by the Board, all non-executive directors, were paid sitting fees of ₹ 40,000 (excluding goods and services tax) for attending each meeting of the Board and its Committee(s).

During the year, in terms of the approval granted by the shareholders and as per the policy on appointment and remuneration for Directors, Key Managerial Personnel and Senior Management Employees, Mr. Ravindra Sudhalkar, Executive Director & CEO was paid remuneration as follows:

Sr. No.	Particulars	(₹ in lakh)
1	Remuneration	319.85
2	Performance Link Incentives	200.00
3	Perquisites	-
4	Benefits, bonuses, stock options, pension, etc.	16,23,864 Options

The tenure of office of Mr. Ravindra Sudhalkar is for 3 years from the respective date of appointment and can be terminated by either party by giving three months' notice in writing. There is no separate provision for payment of severance fees.

Employee Stock Option Scheme

In order to share the growth in value and reward the employees for having participated in the success of the Company, our Employee Stock Option Scheme (the "Scheme") has been implemented by the Company to the eligible employees based on specified criteria.

The Scheme is in compliance with the requirements of the Companies Act, 2013 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

IV. **Stakeholders Relationship Committee**

The Company has a Stakeholders Relationship Committee. The composition and terms of reference of Stakeholders Relationship Committee are in compliance with the provisions of Section 178 of the Companies Act, 2013, Listing Regulations and other applicable laws. The Committee was last re-constituted by the Board of Directors of the Company on May 31, 2019 and presently comprises of Ms. Chhaya Virani as Chairperson and Mr. Amit Bapna and Mr. Ravindra Sudhalkar as Members.

The terms of reference, *inter-alia*, comprises the following;

1. Resolving the grievances of the securityholders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;
2. Reviewing the measures taken for effective exercise of voting rights by shareholders;
3. Reviewing the service standards adopted by the Company in respect of various services being rendered by the Registrar & Transfer Agent; and
4. Review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

Attendance at the meetings of the Stakeholders Relationship Committee held during 2018 – 19.

The Stakeholders Relationship Committee held its meetings on April 20, 2018, August 7, 2018, November 1, 2018 and February 11, 2019. The maximum and minimum time gap between any two meetings, during the year under review was 101 days and 85 days, respectively.

The meetings were attended by the members as below:

Members	Number of Meetings	
	held during the tenure	attended
Mr. Padmanabh Vora	4	4
Mr. Gautam Doshi	4	3
Mr. Anmol Ambani	2	1
Mr. Ravindra Sudhalkar	4	4

The Chairman of the Stakeholders Relationship Committee was present at the last Annual General Meeting of the Company.

The Company Secretary acts as the Secretary to the Stakeholders Relationship Committee.

V. **Compliance Officer**

Ms. Parul Jain, Company Secretary is the Compliance Officer for complying with the requirements of various provisions of Law, Rules, Regulations applicable to the Company including SEBI Regulations and the Uniform Listing Agreements executed with the Stock Exchanges.

VI. **Corporate Social Responsibility (CSR) Committee**

The Company has a Corporate Social Responsibility (CSR) Committee. The composition and terms of reference of Corporate Social Responsibility (CSR) Committee are in compliance with the provisions of Section 135 of the Companies Act, 2013 and other applicable laws. The Committee was last re-constituted by the Board of Directors of the Company on May 31, 2019 and presently comprises of Ms. Chhaya Virani as Chairperson and Mr. Amit Bapna and Mr. Ravindra Sudhalkar as Members. The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility Policy'.

During the year, the CSR Committee held its meeting on February 11, 2019 which was attended by all the Committee Members.

The Company Secretary acts as the Secretary to the CSR Committee.

VII. **Risk Management Committee**

The Company has a Risk Management Committee. The composition and terms of reference of Risk Management Committee is in compliance with the provisions of the Housing Finance Companies – Corporate Governance (NHB) Directions, 2016 and other applicable laws. The Committee was last re-constituted by the Board of Directors of the Company on May 31, 2019 and presently comprises of Ms. Chhaya Virani as Chairperson and Ms. Rashna Khan, Lt Gen Syed Ata Hasnain (Retd), Mr. Ashok Ramaswamy, Mr. Amit Bapna and Mr. Ravindra Sudhalkar as Members.

The Committee is authorised to discharge its responsibilities as follows:

1. Overseeing and approving the risk management, internal compliance and control policies and procedures of the Company;
2. Overseeing the design and implementation of the risk management and internal control systems (including reporting and internal audit systems), in conjunction with existing business processes and systems, to manage the Company's material business risks;
3. Review and monitor the risk management plan, cyber security and related risks;
4. Setting reporting guidelines for management;
5. Establishing policies for the monitoring and evaluation of risk management systems to assess the effectiveness of those systems in minimizing risks that may impact adversely on the business objectives of the Company;
6. Oversight of internal systems to evaluate compliance with corporate policies; and
7. Providing guidance to the Board on making the Company's risk management policies.

During the year, the Risk Management Committee held its meetings on April 20, 2018, August 7, 2018, November 1, 2018 and February 11, 2019.

The meetings were attended by the members as below:

Members	Number of Meetings	
	held during the tenure	attended
Ms. Deena Mehta	4	3
Mr. Padmanabh Vora	4	4
Lt Gen Syed Ata Hasnain(Retd)	1	1
Mr. Gautam Doshi	4	3
Mr. Amit Bapna	4	4
Mr. Ravindra Sudhalkar	4	4

The minutes of the meetings of all the Committee(s) of the Board of Directors are placed before the Board.

During the year, the Board has accepted all the recommendations of all the Committee(s).

VIII. **General Body Meetings**

The Company held its last three Annual General Meetings (AGM) as under:

Financial Year	Date and Time	Venue	Whether Special Resolution passed or not
2017-18	September 18, 2018 2:30 P.M.	Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020	Yes, Continuation of Mr. Padmanabh Vora as an Independent Director, Approval of Private Placement of Non-Convertible Debentures and / or other Debt Securities, Qualified Institutional Placement.
2016-17	July 24, 2017 11:00 A.M.	Reliance Energy Management Institute, Jogeshwari – Vikhroli Link Road, Aarey Colony, Mumbai 400 065	Yes, Adoption of new Articles of Association of the Company, Approval of 'Reliance Home Finance Limited - Employee Stock Option Scheme', Approval of Grant of Employee Stock Options to the employees / Directors of Subsidiary Companies and Holding Company of the Company under ESOS, Approval of Private Placement of Non-Convertible Debentures and / or other Debt Securities.
2015-16	August 4, 2016 5:00 P.M.	Reliance Centre, Off Western Express Highway, Santacruz (East) Mumbai 400 055	Yes, Approval of Private Placement of Non-Convertible Debentures and / or other Debt Securities, Alteration of Memorandum of Association of the Company, Alteration of Articles of Association of the Company, Approval of Borrowing Limits of the Company.

During the year, there was no Extra-Ordinary General Meeting held by the Company.

IX. **Postal Ballot**

The Company had not conducted any business through Postal Ballot during the financial year 2018-19.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of a special resolution through postal ballot.

X. **Details of Utilisation**

During the year, the Company has not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the Listing Regulations.

XI. **Means of communication**

a. **Quarterly Results:** Quarterly results are published in The Financial Express (English) newspaper circulating in substantially the whole of India and in Loksatta and Navshakti (Marathi) newspapers and are also posted on the Company's website: www.reliancehomefinance.com.

b. **Media Releases and Presentations:** Official media releases are sent to the Stock Exchanges before their release to the media for wider dissemination. Presentations made to media, analysts, institutional investors, etc. are posted on the Company's website.

c. **Website:** The Company's website contains a separate dedicated section 'Investor Relations'. It contains comprehensive database of information of interest to our investors including the financial results and Annual Report of the Company, information on dividend declared by the Company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered / facilities extended by the Company to our investors, in a user friendly manner. The basic information about the Company is provided on the Company's website and the same is updated regularly.

d. **Annual Report:** The Annual Report containing, *inter-alia*, Notice of Annual General Meeting, Audited Financial Statement, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis Report and Corporate Governance Report forms part of the Annual Report and are displayed on the Company's website.

The Companies Act, 2013 read with the Rules made thereunder and the Listing Regulations facilitate the service of documents to members through electronic means. The Company E-mails the soft copies of the Annual Report to all those members whose E-mail IDs are available with its Registrar and Transfer Agent or Depositories.

e. **NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web-based system designed by NSE for corporates. The shareholding pattern, corporate governance report, corporate announcement, media release, results, annual report, etc. are filed electronically on NEAPS.

f. **BSE Corporate Compliance & Listing Centre (the 'Listing Centre'):** The Listing Centre is a web-based application designed by BSE for corporates. The shareholding pattern, corporate governance report, media release, results, annual report, etc. are filed electronically on the Listing Centre.

g. **Unique Investor Helpdesk:** Exclusively for investor servicing, the Company has set up a Unique Investor Helpdesk with multiple access modes as under:

Toll free no. (India): 1800 4250 999

Tel.: +91 40 6716 1500

Fax: +91 40 6716 1791

E-mail: rhflinvestor@karvy.com

h. **Designated E-mail id:** The Company has also designated E-mail id; rhfl.investor@relianceada.com exclusively for investor servicing.

i. **SEBI Complaints Redressal System (SCORES):** The investors' complaints are also being processed through the centralised web-based complaint redressal system. The salient features of SCORES are availability of centralised database of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the action taken and current status of the complaints.

XII. **Management Discussion and Analysis**

A Management Discussion and Analysis Report forms part of this Annual Report and includes discussions on various matters specified under Regulation 34(2), Schedule V of the Listing Regulations and the NHB Directions.

XIII. **Subsidiaries**

The Company does not have any subsidiary. Accordingly, requirement for policy for determining material subsidiaries is not applicable.

XIV. **Disclosures**

a. There has been no non-compliance by the Company and no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority during the last three financial years.

b. **Related party transactions**

During the financial year 2018-19, no transactions of material nature had been entered into by the Company that may have a potential conflict with interest of the Company. The details of related party transactions are disclosed in Notes to Financial Statement. The policy on related party transactions is put on the website of the Company at the link https://www.reliancehomefinance.com/investor-relations

c. **Accounting treatment**

In the preparation of Financial Statement, the Company has followed the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies. The Accounting Policies followed by the Company to the extent relevant, are set out elsewhere in this Annual Report.

d. **Risk management**

The Company has laid down a robust Risk Management Policy, defining Risk profiles involving Strategic, Technological, Operational, Financial, Credit, Organisational, Legal and Regulatory risks within a well defined framework. The Risk Management Policy acts as an enabler of growth for the Company by helping its businesses to identify the inherent risks, assess, evaluate and monitor these risks continuously and undertake effective steps to manage these risks.

Ms. Chhaya Virani as Chairperson and Ms. Rashna Khan, Lt Gen Syed Ata Hasnain (Retd), Mr. Ashok Ramaswamy, Mr. Amit Bapna and Mr. Ravindra Sudhalkar are members of the Risk Management Committee (RMC). The Committee periodically reviews the robustness of the Risk Management Policy. The periodical update on the risk management practices and mitigation plan of the Company are presented to the Audit Committee and Board of Directors. The Audit Committee and Board periodically review such updates and findings and suggest areas where internal controls and risk management practices can be improved.

Asset Liability Committee (ALCO) consisting of senior management executives, monitors liquidity and interest rate risks of the Company. The functioning of ALCO is reviewed by the Risk Management Committee which meets on quarterly basis and reports to the Board of Directors.

e. **Policy Guidelines on "Know Your Customer" Norms and Anti – Money Laundering Measures**

In keeping with specific requirements for Housing Finance Companies, the Company has also formulated the Policy Guidelines on "Know Your Customer" Norms and Anti – Money Laundering Measures and the same has been posted on the Company's website.

f. **Code of Conduct**

The Company has adopted the Code of Conduct for directors and senior management. The Code has been circulated to all the members of the Board and senior management and the same has been posted on the Company's website www.reliancehomefinance.com. The Board members and senior management have affirmed their compliance with the Code and a declaration signed by the Executive Director of the Company is given below:

"It is hereby declared that the Company has obtained from all members of the Board and senior management personnel affirmation that they have complied with the Code of Conduct for Directors and Senior Management of the Company for the year 2018-19."

Ravindra Sudhalkar

Executive Director & CEO

g. **CEO / CFO certification**

Mr. Ravindra Sudhalkar, Executive Director & CEO and Mr. Pinkesh R. Shah, Chief Financial Officer of the Company has provided certification on financial reporting and internal controls to the Board as required under Regulation 17(8) of the Listing Regulations.

h. **Certificate from Company Secretary in Practice**

Pursuant to the provisions of the Schedule V of the Listing Regulations, the Company has obtained a Certificate from M/s. Aashish K. Bhatt & Associates, Practicing Company Secretaries confirming that none of the Directors of the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

i. **Review of Directors' Responsibility Statement**

The Board in its report has confirmed that the Financial Statements for the year ended March 31, 2019 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

XV. **Policy on prohibition of insider trading**

The Company has formulated the "Reliance Home Finance Limited - Code of Practices and Procedures and Code of Conduct to Regulate, Monitor and Report trading in securities and fair disclosure of Unpublished Price Sensitive Information" (Code) in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider

Trading) Regulations, 2015, as amended, from time to time. The Board has appointed Ms. Parul Jain, Company Secretary as the Compliance Officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code under the overall supervision of the Board. The Company's Code, *inter-alia*, prohibits purchase and / or sale of securities of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods. The Company's Code is available on the website of the Company.

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Trading Window for dealing in the securities of the Company by the designated persons shall remain closed during the period from end of every quarter / year till the expiry of 48 hours from the declaration of quarterly / yearly financial results of the Company.

XVI. **Compliance of Regulation 34(3) and Para F of Schedule V of the Listing Regulations**

The equity shares were allotted and transferred to "Reliance Home Finance Limited - Unclaimed Suspense Account" pursuant to the Scheme of Arrangement between Reliance Capital Limited and Reliance Home Finance Limited. As per Regulation 34(3) and Para F of Schedule V of the Listing Regulations, the details in respect of equity shares lying in "Reliance Home Finance Limited - Unclaimed Suspense Account" were as follows:

	Particulars	No. of shareholders	No. of shares
(i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at April 1, 2018	52 188	1 99 173
(ii)	Number of shareholders who approached listed entity for transfer of shares from suspense account during April 1, 2018 to March 31, 2019	46	485
(iii)	Number of shareholders to whom shares were transferred from suspense account during April 1, 2018 to March 31, 2019	46	485
(iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at March 31, 2019	52 142	1 98 688

The voting rights on the shares outstanding in the "Reliance Home Finance Limited – Unclaimed Suspense Account" as on March 31, 2019 shall remain frozen till the rightful owner of such shares claims the share(s).

Wherever shareholders have claimed the share(s), after proper verifications, the share certificates were dispatched to them or share(s) were credited to the respective beneficiary account.

XVII. **Fees to Statutory Auditors**

During the year, the total fees incurred by the Company, for services rendered by Statutory Auditors is given below:

(₹ in crore)

Nature of Service	2018-19
Statutory Audit Fees (including Limited review fees) *	0.17
Certification Fees *	0.06
Total	**0.23**

*Auditor's remuneration for the year ended March 31, 2019 comprises of remuneration of ₹ 0.15 crore paid by the Company to M/s. Price Waterhouse & Co Chartered Accountants LLP, the erstwhile auditor.

The Company has not paid any remuneration to the network entities of Statutory Auditors.

XVIII. **Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

As reported by the Internal Complaints Committee, the disclosure is as under:

Sr. No.	Particulars	Details
1.	Number of complaints filed during the financial year	Nil
2.	Number of complaints disposed of during the financial year	Nil
3.	Number of complaints pending as on end of the financial year	Nil

XIX. **Compliance with non-mandatory requirements**

1. **The Board**

   In line with best global practices, we have adopted a policy to ensure that the Chairman of the Board shall be a non-executive director.

2. **Separate posts of Chairman and CEO**

   The Company appointed Mr. Ravindra Sudhalkar as Executive Director & CEO of the Company. Thus, Company maintains separate posts of Chairman and CEO.

3. **Reporting of Internal Auditor**

   The Internal Auditor reports directly to the Audit Committee of the Company.

XX. **General shareholder information**

The mandatory and various additional information of interest to investors are voluntarily furnished in a separate section on investor information in this Annual Report.

Certificate from Company Secretary in Practice on corporate governance

Certificate from Company Secretary in Practice on compliance of Regulation 34(3) of the Listing Regulations relating to corporate governance is published in this Annual Report.

Review of governance practices

We have in this Report attempted to present the governance practices and principles being followed at Reliance Home Finance, as evolved over a period, and as best suited to the needs of our business and stakeholders.

Our disclosures and governance practices are continually revisited, reviewed and revised to respond to the dynamic needs of our business and ensure that our standards are at par with the globally recognised practices of governance, so as to meet the expectations of all our stakeholders.

Compliance of Corporate Governance requirements specified in Regulations 17 to 27 and Regulation 46(2)(b) to (i) of the Listing Regulations

Sr. No.	Particulars	Regulation	Compliance Status	Compliance Observed
1.	Board of Directors	17	Yes	• Composition & Meetings • Review of compliance reports & compliance certificate • Plans for orderly succession for appointments • Code of Conduct • Fees / compensation to Non-Executive Directors • Minimum information to be placed before the Board • Risk assessment and management • Performance evaluation
2.	Maximum number of Directorship	17A	Yes	• Directorship in listed entities
3.	Audit Committee	18	Yes	• Composition & Meetings • Powers of the Committee • Role of the Committee and review of information by the Committee
4.	Nomination and Remuneration Committee	19	Yes	• Composition • Role of the Committee
5.	Stakeholders Relationship Committee	20	Yes	• Composition • Role of the Committee
6.	Risk Management Committee	21	Yes	• Composition • Role of the Committee
7.	Vigil Mechanism	22	Yes	• Review of Vigil Mechanism for Directors and employees • Direct access to Chairperson of Audit Committee
8.	Related Party Transactions	23	Yes	• Policy of Materiality of Related Party Transactions and dealing with Related Party Transactions • Approval including omnibus approval of Audit Committee and the Board • Review of Related Party Transactions • No material Related Party Transactions
9.	Subsidiaries of the Company	24	N.A.	N.A.
10	Secretarial Compliance Report	24A	Yes	• Secretarial Compliance Report
11.	Obligations with respect to Independent Directors	25	Yes	• No alternate director for Independent Directors • Maximum Directorship and tenure • Meetings of Independent Directors • Cessation and appointment of Independent Directors • Familiarisation of Independent Directors • Declaration by Independent Directors • Directors & Officers Liability Insurance
12.	Obligations with respect to employees including Senior Management, Key Managerial Personnel, Directors and Promoters	26	Yes	• Memberships / Chairmanships in Committees • Affirmation on compliance of Code of Conduct by Directors and Senior Management • Disclosure of shareholding by Non-Executive Directors • Disclosures by Senior Management about potential conflicts of interest • No agreement with regard to compensation or profit sharing in connection with dealings in securities of the Company by Key Managerial Personnel, Director and Promoter
13.	Other Corporate Governance requirements	27	Yes	• Compliance with discretionary requirements • Filing of compliance report on Corporate Governance
14.	Website	46(2)(b) to (i)	Yes	• Terms and conditions for appointment of Independent Directors • Composition of various Committees of the Board of Directors • Code of Conduct for Directors and Senior Management • Details of establishment of Vigil Mechanism / Whistle-blower policy • Policy on dealing with Related Party Transactions • Details of familiarisation programmes imparted to Independent Directors

Certificate on Corporate Governance by Practicing Company Secretary

To,
The Members
Reliance Home Finance Limited
Reliance Centre, 6th Floor,
South Wing, Off Western Express Highway,
Santacruz (East), Mumbai 400 055

I have examined the compliance of conditions of Corporate Governance by Reliance Home Finance Limited ('the Company') for the year ended March 31, 2019, as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Listing Regulations, 2015") as referred to in Regulation 15(2) of the SEBI Listing Regulations, 2015 for the period from April 1, 2018 to March 31, 2019.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management and my examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015 and the Housing Finance Companies – Corporate Governance (NHB) Directions, 2016.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This Certificate is issued solely for the purposes of complying with the aforesaid Regulations and should not be used by any other person or for any other purpose.

For Aashish K. Bhatt & Associates
Practicing Company Secretaries
(ICSI Unique Code S2008MH100200)

Aashish K. Bhatt
Proprietor

Membership No.: 19639
COP No.: 7023

Date: August 13, 2019
Place : Mumbai

No Disqualification Certificate from Company Secretary in Practice

(pursuant to Regulation 34(3) and Schedule V Para C Sub clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members
Reliance Home Finance Limited
Reliance Centre, 6th Floor, South Wing,
Off Western Express Highway,
Santacruz (East), Mumbai 400 055

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Reliance Home Finance Limited having CIN L67190MH2008PLC183216 and having registered office at Reliance Centre, 6th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai 400 055 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company	Date of Cessation
1.	Mr. Padmanabh Vora	00003192	01.07.2008	29.04.2019
2.	Ms. Deena Mehta	00168992	24.03.2015	30.03.2019
3.	Lt Gen Syed Ata Hasnain (Retd)	07257757	26.02.2018	-
4.	Mr. Gautam Doshi	00004612	01.07.2008	02.05.2019
5.	Mr. Anmol Ambani	07591624	24.04.2018	31.05.2019
6.	Mr. Amit Bapna	00008443	24.04.2017	-
7.	Mr. Ravindra Sudhalkar	07787205	24.04.2017	-

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Aashish K. Bhatt & Associates
Practicing Company Secretaries
(ICSI Unique Code S2008MH100200)

Aashish K. Bhatt
Proprietor

Membership No.: 19639
COP No.: 7023

Date: August 13, 2019
Place : Mumbai

Investor Information

Important points

Investors should hold securities in dematerialised form as transfer of securities in physical form is no longer permissible.

As mandated by SEBI, w.e.f. April 1, 2019, request for effecting transfer of securities shall not be processed unless the securities are held in dematerialised form with a depository except for transmission and transposition of securities.

Members are advised to dematerialise securities in the Company to facilitate transfer of securities.

Holding securities in dematerialised form is beneficial to the investors in the following manner:

- A safe and convenient way to hold securities.
- Elimination of risk(s) associated with physical certificates such as bad delivery, fake securities, delays, thefts, etc.
- Immediate transfer of securities.
- No stamp duty on electronic transfer of securities.
- Reduction in transaction cost.
- Reduction in paperwork involved in transfer of securities.
- No odd lot problem, even one share can be traded.
- Availability of nomination facility.
- Ease in effecting change of address / bank account details as change with Depository Participants (DPs) gets registered with all companies in which investor holds securities electronically.
- Easier transmission of securities as the same is done by DPs for all securities in demat account.
- Automatic credit into demat account of shares, arising out of bonus / split / consolidation / merger / etc.
- Convenient method of consolidation of folios / accounts.
- Holding investments in Equity, Debt Instruments, Government Securities, Mutual Fund Units, etc. in a single account.
- Ease of pledging of securities.
- Ease in monitoring of portfolio.

Hold securities in consolidated form

Investors holding securities in multiple folios are requested to consolidate their holdings in single folio. Holding of securities in one folio enables shareholders to monitor the same with ease.

Electronic Payment Services

Investors should avail the Electronic Payment Services for payment of dividend as the same reduces risk attached to physical dividend warrants. Some of the advantages of payment through electronic credit services are as under:

- Avoidance of frequent visits to banks for depositing the physical instruments.
- Prompt credit to the bank account of the investor through electronic clearing.
- Fraudulent encashment of warrants is avoided.
- Exposure to delays / loss in postal service avoided.
- As there can be no loss in transit of warrants, issue of duplicate warrants is avoided.

Printing of bank account numbers, names and addresses of bank branches on dividend warrants provide protection against fraudulent encashment of dividend warrants. Members are requested to provide the same to the Company's Registrar and Transfer Agent (RTA) for incorporation on their dividend warrants.

Register for SMS alert facility

Investor should register with Depository Participants for the SMS alert facility. Both Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) alert investors through SMS of the debits and credits in their demat account.

Intimate mobile number

Shareholders are requested to intimate their mobile number and changes therein, if any, to Company's RTA viz. Karvy Fintech Private Limited (Karvy), if shares are held in physical form or to their DP, if the holding is in electronic form, to receive communications on corporate actions and other information of the Company.

Submit nomination form and avoid transmission hassle

Nomination helps nominees to get the securities transmitted in their favour without any hassles. Investors should get the nomination registered with the Company in case of physical holding and with their Depository Participants in case securities are held in dematerialised form.

Form may be downloaded from the Company's website under the section 'Investor Relations'. However, if securities are held in dematerialised form, nomination has to be registered with the concerned Depository Participants directly, as per the form prescribed by the Depository Participants.

Deal only with SEBI registered intermediaries

Investors should deal only with SEBI registered intermediaries so that in case of deficiency of services, investor may take up the matter with SEBI.

Corporate benefits in electronic form

Investor holding shares in physical form should opt for corporate benefits like bonus / split / consolidation / merger, etc. in electronic form by providing their demat account details to the Company's RTA.

Register e-mail address

Investors should register their e-mail address with the Company / Depository Participants. This will help them in receiving all communication from the Company electronically at their e-mail address. This also avoids delay in receiving communications from the Company. Prescribed form for registration may please be downloaded from the Company's website.

Course of action for revalidation of dividend warrant for previous years

Shareholders may write to the Company's RTA, furnishing the particulars of the dividend not received, and quoting the folio number / DP ID and Client ID particulars (in case of dematerialised shares), as the case may be and provide bank details along with cancelled cheque bearing the name of the shareholder for updation of bank details and payment of unpaid dividend. The RTA would request the concerned shareholder to execute an indemnity before processing the request. As per circular dated April 20, 2018 issued by SEBI, the unencashed dividend can be remitted by electronic transfer only and no duplicate dividend warrants will be issued by the Company. The shareholders are advised to register their bank details with the Company / RTA or their DPs, as the case may be, to claim unencashed dividend from the Company.

Facility for a Basic Services Demat Account (BSDA)

SEBI has stated that all the depository participants shall make available a BSDA for the shareholders unless otherwise opted for regular demat account with (a) No Annual Maintenance charges if the value of holding is upto ₹ 50,000; and (b) Annual Maintenance charges not exceeding ₹ 100 for value of holding from ₹ 50,001 to ₹ 2,00,000. (Refer circular CIR/MRD/DP/22/2012 dated August 27, 2012 and circular CIR/MRD/DP/20/2015 dated December 11, 2015)

Annual General Meeting

The 11th Annual General Meeting (AGM) will be held on Monday, September 30, 2019, at 1:45 P.M. at Rama & Sundri Watumull Auditorium, Vidyasagar, Principal K. M. Kundnani Chowk, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400 020 or soon after the conclusion of the Annual General Meeting of Reliance Power Limited convened on the same day, whichever is later.

E-voting

The Members can cast their vote online from 10:00 A.M. on September 26, 2019 to 5:00 P.M. on September 29, 2019.

Financial year of the Company

The financial year of the Company is from April 1 to March 31 each year.

Website

The Company's website www.reliancehomefinance.com contains a separate dedicated section called 'Investor Relations'. It contains comprehensive database of information of interest to our investors including the financial results, annual reports, dividend declared, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered / facilities extended to our investors.

Dedicated e-mail id for investors

For the convenience of our investors, the Company has designated an e-mail id i.e. rhfl.investor@relianceada.com for investors.

Registrar and Transfer Agent (RTA)

Karvy Fintech Private Limited
Unit: Reliance Home Finance Limited
Karvy Selenium Tower – B
Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25
Financial District, Nanakramguda
Hyderabad 500 032
Toll free no. (India): 1800 4250 999
Tel.: +91 40 6716 1500, Fax: +91 40 6716 1791
E-mail : rhflinvestor@karvy.com, Website: www.karvyfintech.com

Karvy Computershare Private Limited (KCPL), the erstwhile Registrar and Transfer Agent of the Company has transferred its operations to Karvy Fintech Private Limited (KFPL), with effect from November 17, 2018, pursuant to a composite Scheme of Arrangement and Amalgamation, *inter-alia,* between KCPL and KFPL.

Share transfer system

With a view to address the difficulties in transfer of shares, faced by non-residents and foreign nationals, the Securities and Exchange Board of India vide its circular no. SEBI/HO/MIRSD/DOS3/CIR/P/2019/30 dated February 11, 2019, has decided to grant relaxations to non-residents from the requirement to furnish PAN and permit them to transfer equity shares held by them in listed entities to their immediate relatives subject to the following conditions:

a. The relaxation shall only be available for transfers executed after January 1, 2016.
b. The relaxation shall only be available to non-commercial transactions, i.e. transfer by way of gift among immediate relatives.
c. The non-resident shall provide copy of an alternate valid document to ascertain identity as well as the non-resident status.

Shareholding Pattern

	Category of shareholders	As on 31.03.2019		As on 31.03.2018	
		Number of Shares	%	Number of Shares	%
(A)	Shareholding of promoter and promoter group				
	(i) Indian	36 30 51 491	74.85	36 37 51 491	74.99
	(ii) Foreign	-	-	-	-
	Total shareholding of promoter and promoter group	**36 30 51 491**	**74.85**	36 37 51 491	74.99
(B)	Public shareholding				
	(i) Institutions	5 21 07 154	10.74	5 54 47 758	11.43
	(ii) Non-institutions	6 99 00 173	14.41	6 58 59 569	13.58
	Total public shareholding	**12 20 07 327**	**25.15**	12 13 07 327	25.01
(C)	Shares held by custodians and against which depository receipts have been issued	-	-	-	-
	Grand Total (A)+(B)+(C)	**48 50 58 818**	**100.00**	48 50 58 818	100.00

Distribution of Shareholding

Number of shares	Number of shareholders as on 31.03.2019		Total shares as on 31.03.2019		Number of shareholders as on 31.03.2018		Total shares as on 31.03.2018	
	Number	%	Number	%	Number	%	Number	%
Upto 500	8 35 921	98.21	2 35 91 055	4.86	8 77 638	98.39	2 47 56 722	5.10
501 to 5000	13 932	1.43	1 84 75 322	3.81	13 291	1.49	1 69 97 107	3.50
5001 to 100000	1 229	0.14	1 82 37 132	3.76	1 041	0.11	1 58 40 365	3.27
Above 100000	65	0.01	42 47 55 309	87.57	68	0.01	42 74 64 624	88.13
Total	8 51 147	99.80	48 50 58 818	100.00	8 92 038	100.00	48 50 58 818	100.00

Investor Information

Dematerialisation of shares and Liquidity

The Company had admitted its shares to the depository system of NSDL and CDSL for dematerialisation. The International Securities Identification Number (ISIN) allotted to the Company is INE217K01011. The equity shares of the Company are compulsorily traded in dematerialised form as mandated by SEBI.

Status of dematerialisation of shares

As on March 31, 2019, 99.14 per cent of the Company's shares are held in dematerialised form.

Investors' Grievances Attended

Received from	Received during		Redressed during		Pending as on	
	2018-2019	2017-2018	2018-2019	2017-2018	31.03.2019	31.03.2018
SEBI	31	2	31	2	Nil	Nil
Stock Exchanges	12	2	12	2	Nil	Nil
NSDL / CDSL	7	-	7	-	Nil	Nil
Direct from investors	2	-	2	-	Nil	Nil
Total	52	4	52	4	Nil	Nil

Analysis of Grievances

	2018 – 2019		2017 – 2018	
	Numbers	%	Numbers	%
Non-receipt of debenture / share certificates	1	1.92	-	-
Non-receipt of annual report	10	19.23	1	25.00
Others	41	78.85	3	75.00
Total	52	100.00	4	100.00

There was no complaint pending as on March 31, 2019.

Notes:

1. The shareholder base was 8,51,147 as of March 31, 2019 and 8,92,038 as of March 31, 2018.
2. Investors queries / grievances are normally attended within a period of 3 days from the date of receipt thereof, except in cases involving external agencies or compliance with longer procedural requirements specified by the authorities concerned.

Legal Proceedings

There are certain pending cases relating to disputes over title to shares, in which the Company is made a party. These cases are however not material in nature.

Equity History

Sr. No.	Date	Particulars	Price per equity share (₹)	No. of shares	Cumulative Total
1.	05-06-2008	Shares issued upon Incorporation	10	10 000	10 000
2.	26-06-2008	Issued to holding company	10	99 90 000	1 00 00 000
3.	26-02-2010	Rights Issue	10	2 00 00 000	3 00 00 000
4.	29-01-2013	Bonus Issue	-	3 29 10 000	6 58 20 000
5.	26-10-2016	Preferential Issue	40	2 50 00 000	9 08 20 000
6.	06-12-2016	Preferential Issue	40	2 50 00 000	11 58 20 000
7.	04-09-2017	Rights Issue	32	11 65 49 188	23 23 69 188
8.	07-09-2017	Allotment pursuant to Scheme of Arrangement	-	25 26 89 630	48 50 58 818

Credit Rating

Rating Agency	Type of Instrument	Rating as on April 1, 2018	Rating as on March 31, 2019
CARE Ratings Limited	Long Term Debt Programme	CARE AA+ (Credit watch with developing implications)	CARE A+ (Credit watch with developing implications) [1,6]
	Principal Protected Market Linked Debentures	CARE PP-MLD AA+ (Credit watch with developing implications)	CARE PP MLD A+ (Credit watch with developing implications) [1,6]
	Subordinated Debt	CARE AA+ (Credit watch with developing implications)	CARE A+ (Credit watch with developing implications) [1,6]
	Upper Tier II Bonds	CARE AA (Credit watch with developing implications)	CARE A (Credit watch with developing implications) [2,7]
	Non-Convertible Debentures - Public Issue	CARE AA+ (Credit watch with developing implications)	CARE A+ (Credit watch with developing implications) [1,6]

Investor Information

Rating Agency	Type of Instrument	Rating as on April 1, 2018	Rating as on March 31, 2019
	Upper Tier II Bonds -Public Issue	CARE AA (Credit watch with developing implications)	CARE A (Credit watch with developing implications) [2,7]
Brickwork Ratings India Private Limited	Long Term Secured NCD	BWR AA+ (Outlook: Stable)	BWR AA (Outlook: Stable) [3]
	Principal Protected Market Linked Debentures	BWR PP-MLD AA+ (Outlook: Stable)	BWR PP-MLD AA (Outlook: Stable) [3]
	Unsecured Subordinated Tier II NCD	BWR AA+ (Outlook: Stable)	BWR AA (Outlook: Stable) [3]
	Long Term Unsecured Upper Tier II NCD	BWR AA (Outlook: Stable)	BWR AA- (Outlook: Stable) [4]
	Long Term Secured NCD - Public Issue	BWR AA+ (Outlook: Stable)	BWR AA (Outlook: Stable) [3]
	Public Issue of Long Term Unsecured Upper Tier II NCD	BWR AA (Outlook: Stable)	BWR AA- (Outlook: Stable) [4]
	Commercial Paper	BWR A1+	BWR A1+
ICRA Limited	Commercial Paper	[ICRA] A1+	[ICRA] A2 (on rating watch with negative implications) [5,8]

Details of Revision:

(1) CARE Rating from AA+ to AA : 08-10-2018; (2) CARE Rating from AA to AA- : 08-10-2018; (3) BWR Rating from AA+ to AA : 15-02-2019; (4) BWR Rating from AA to AA- : 15-02-2019; (5) ICRA Rating from A1+ to A1; Outlook changed to rating watch with negative implications : 05-03-2019; (6) CARE Rating from AA to A+ : 06-03-2019; (7) CARE Rating from AA- to A : 06-03-2019; and (8) ICRA Rating from A1 to A2 : 29-03-2019.

Stock Price and Volume

2018-19	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	Volume Nos.	High (₹)	Low (₹)	Volume Nos.
April, 2018	66.00	58.30	15 69 479	65.90	59.00	1 07 41 956
May, 2018	66.80	53.00	13 57 565	67.35	53.40	1 07 24 119
June, 2018	71.90	57.15	12 96 671	71.95	57.45	84 65 629
July, 2018	64.10	50.95	6 98 114	64.20	51.35	45 13 082
August, 2018	67.45	56.50	10 79 471	67.70	57.00	73 83 403
September, 2018	76.90	49.00	24 19 132	76.70	48.60	1 88 52 493
October, 2018	52.85	35.80	15 50 973	53.00	36.05	96 30 922
November, 2018	48.95	41.00	6 11 043	48.90	41.15	58 66 185
December, 2018	44.20	37.00	5 60 176	44.30	37.05	47 52 187
January, 2019	41.85	34.15	5 12 162	41.90	34.30	60 18 936
February, 2019	36.20	22.50	22 12 863	36.25	22.40	1 48 38 024
March, 2019	31.45	26.50	10 88 982	31.60	26.45	77 03 667

[Source: This information is compiled from the data available on the websites of BSE and NSE]

Stock exchange listings

The Company's equity shares are actively traded on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), the Indian Stock Exchanges.

Listing on stock exchanges

Equity shares

BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Fort
Mumbai 400 001
Website : www.bseindia.com

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor, Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Website : www.nseindia.com

Stock codes

BSE Limited	:	540709
National Stock Exchange of India Limited	:	RHFL
ISIN for equity shares	:	INE217K01011

Commodity price risk or foreign exchange risk and hedging activities

The Company does not have any un-hedged exposure to commodity price risks and foreign exchange risk. The Company hedges its interest rate risk on market linked debentures by taking positions in futures and options.

Debt securities

The Non-Convertible Debentures (NCDs) issued through Public Issue are listed on BSE and NSE. NCDs issued through Private Placement are listed on the BSE.

Debenture Trustee

IDBI Trusteeship Services Limited

Asian Building, Ground Floor, 17 R Kamani Marg
Ballard Estate, Mumbai 400 001
Website: www.idbitrustee.com

Investor Information

Catalyst Trusteeship Limited
GDA House, Plot No. 85
Bhusari Colony (Right)
Paud Road, Pune 411 038
Website: www.catalysttrustee.com

Payment of listing fees

Annual listing fee for the year 2019-20 has been paid by the Company to the stock exchanges.

Payment of depository fees

Annual custody / issuer fee for the year 2019-20 has been paid by the Company to CDSL and will be paid to NSDL on receipt of invoice.

Share price performance in comparison to broad based indices – Sensex BSE and Nifty NSE

During the financial year 2018-19, RHFL's share price decreased by 51.76 per cent as compared to an increase of 17.30 per cent of BSE Sensex and 14.93 per cent of NSE Nifty.

Key financial reporting dates for the financial year 2019-20

Unaudited results for the first quarter ended June 30, 2019	:	On or before August 14, 2019
Unaudited results for the second quarter / half - year ended September 30, 2019	:	On or before November 14, 2019
Unaudited results for the third quarter / nine months ended December 31, 2019	:	On or before February 14, 2020
Audited results for the financial year 2019-20	:	On or before May 30, 2020

Depository services

For guidance on depository services, shareholders may write to the Company's RTA or National Securities Depository Limited, Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, website: www.nsdl.co.in or Central Depository Services (India) Limited, Unit No. A-2501, A Wing, Marathon Futurex, 25th Floor, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (E), Mumbai 400 013, website: www.cdslindia.com.

Reconciliation of share capital audit

The Securities and Exchange Board of India has directed that all issuer companies shall submit a report reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued / paid-up capital. The said certificate, duly certified by a qualified chartered accountant is submitted to the stock exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the certificate is also placed before the Board of Directors of the Company.

Investors' correspondence may be addressed to the Registrar and Transfer Agent of the Company

Shareholders / Investors are requested to forward documents related to share transfer, dematerialisation requests (through their respective Depository Participant) and other related correspondence directly to Karvy Fintech Private Limited at the below mentioned address for speedy response:

Karvy Fintech Private Limited
Unit: Reliance Home Finance Limited
Karvy Selenium Tower – B
Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25
Financial District, Nanakramguda
Hyderabad 500 032
E-mail: rhflinvestor@karvy.com
Website: www.karvyfintech.com

Shareholders / Investors may send the above correspondence at the following address

Queries relating to Financial Statement of the Company may be addressed to :
Chief Financial Officer
Reliance Home Finance Limited
Reliance Centre, 6th Floor, South Wing
Off Western Express Highway, Santacruz (East)
Mumbai 400 055
Tel.: +91 22 4303 6000
Fax: +91 22 2610 3299
E-mail: rhfl.investor@relianceada.com

Correspondence on investor services may be addressed to:
Company Secretary & Compliance Officer
Reliance Home Finance Limited
Reliance Centre, 6th Floor, South Wing
Off Western Express Highway, Santacruz (East)
Mumbai 400 055
Tel.: +91 22 4303 6000
Fax: +91 22 2610 3299
E-mail: rhfl.investor@relianceada.com

Plant Locations

The Company is engaged in the home finance business and as such has no plant.

Independent Auditor's Report

To,
The Members,
Reliance Home Finance Limited

Report on the Audit of the Ind AS Financial Statements

Qualified Opinion

We have audited the accompanying Ind AS financial statements of Reliance Home Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us except for the possible effects of the matter described in the Basis for Qualified Opinion Section of our report the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

We draw attention to Note 4(2) of the Ind AS financial statements with regards to the loan advanced under the 'General-Purpose Corporate Loan' product with significant deviations to certain bodies corporate including group companies and outstanding as at March 31, 2019 aggregating to Rs. 7,849.89 crore and secured by charge on current assets of borrowers. As stated in the said note, majority of Company's borrowers have undertaken onward lending transactions and end use of the borrowings from the Company included borrowings by or for repayment of financial obligation to some of the group companies. There have been overdues of Rs. 566.30 Crore of these loans as on March 31, 2019. We are not getting sufficient audit evidence to ascertain recoverability of principal and interest including time frame of recovery of overdues. The Company's exposure to the borrowers are secured against charge on current assets and is dependent on the recovery of onward lending of the borrowers which depends on external factors not wholly within control of the Company/borrower. Further we draw attention to Note 45 of the Ind AS financial statements on the material shift in primary business of the Company from Housing Finance to Non-Housing Finance which comprise more than 50% of total loan portfolio raising concern about Company continuing as a Housing Finance Company.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS financial statements' Section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the Key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements Section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our qualified audit opinion on the accompanying Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
1. **Transition to Ind AS accounting framework** (as described in Note 52 of the Ind AS Financial Statements) Effective April 1 2018, the Company has adopted Ind AS notified by the Ministry of Corporate Affairs with the transition date of April 1 2017. The Company has prepared its first Ind AS financial statements in accordance with Ind AS accounting framework. For periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with accounting standards notified under the Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). Accordingly, for transition to Ind AS, the Company has prepared	Our audit procedures considered the processes laid down by the management to implement such transition combined with procedures performed as follows: ● We obtained management's assessment of applicability of various accounting standards under Ind AS and their impact on the Company's Ind AS financial statements and reviewed the nature of the Ind AS adjustments based on the applicable Ind AS framework and previous period accounting policies prepared in accordance with IGAAP. We test checked the computations relating to transition adjustments. ● Assessed the design, implementation and operating effectiveness of key internal controls over management's evaluation of transition date choices and exemptions availed in line with the Ind AS 101.

Independent Auditor's Report

Key audit matters	How our audit addressed the key audit matter
Ind AS financial statements which comply with Ind AS applicable for periods ending on March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018. In preparing these Ind AS financial statements, the Company's opening balance sheet was prepared as at April 1, 2017 i.e. the Company's date of transition to Ind AS. The following are the major impact areas for the Company upon transition: ● Classification and measurement of financial assets and financial liabilities ● Measurement of Impairment Loss allowance ● Measurement of goodwill amortization. ● Accounting for securitization and assignment transactions. ● Accounting for Loan fees and costs ● Accounting for employee stock options In view of the material impact and the complexity of implementation of the Ind AS framework and significance of the various disclosures, the transition to Ind AS was of particular importance for our audit as any error could lead to material misstatement in the preparation and presentation of the Ind AS financial statements. Transition process to the new financial reporting framework is a process having complexities involving multiple decision points for management i.e. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS at the transition date. Further the transition has involved significant change in the Company's policies and processes for financial reporting, including generation of supportable information and applying significant management estimates inter alia determine impact of Ind AS on accounting and the additional disclosures associated with Ind AS transition.	● We tested the details of Ind AS adjustments carried out by the Company as described in the reconciliation of equity as at the transition date and comparative year end date reported under erstwhile Indian GAAP to Ind AS and reconciliation of the statement of profit and loss for the comparative year end date reported under erstwhile Indian GAAP to Ind AS. We reviewed the disclosures with respect to the transition in accordance with the requirements of Ind AS 101 and other applicable disclosures in the Ind AS financial statements in accordance with the requirements under respective Ind AS. ● Compared the reasonableness of management assumptions in respect of recognition and measurement of financial instruments including determination of Expected Credit Loss (ECL) provisioning, employee stock options, Computation of Effective Interest Rate, derivative contracts as at the date of transition etc.
Subjective Estimate **2. Recognition and measurement of impairment relating to loans and advances to customers involves significant management judgement.** (as described in Note 37 of the Ind AS Financial Statements) As per Ind AS 109 credit loss assessment is now based on Expected Credit Loss (ECL) model and applicable to the Company. The Impairment loss provision is computed based on management estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas involving significant management estimates are:	Our audit procedures included considering the appropriateness of the Company's accounting policies for impairment of financial assets and assessing compliance with Ind AS 109. ● Understood Company's new processes, systems and controls implemented relating to impairment allowance process including governance controls over the development and implementation of the ECL model; ● Test checked the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge and test checked management review controls over measurement of impairment allowances and disclosures in the financial statements; ● Evaluated appropriateness of the impairment principles based on the requirements of Ind AS 109 considering our business understanding and industry practice; ● Performed substantive procedures over validating completeness and accuracy of the data and reasonableness of assumptions used in the model; ● We engaged our specialists to test the working of the ECL model and reasonableness of assumptions used; ● Broadly evaluated management's judgement in the determination of ECL; ● Performed cut off procedures on a sample basis relating to recoveries at year end that would impact staging of loans;

Independent Auditor's Report

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>3. Valuation of Market Linked Debentures:
(as described in Note 16 and Note 36(c) of the Ind AS Financial Statements)
The Company has issued Market Linked Debentures (MLD) during current and previous years. The outstanding balance of MLD as on March 31, 2019 is Rs. 298.98 Crores. These MLDs are economically hedged with Exchange instruments like Nifty, Bank Nifty & Stock Options. The Company has done an internal valuation of the outstanding MLD using internal valuation techniques.
Considering that internal valuation of MLD is significant to overall financial statements and the degree of management's judgement involved in the estimate, any error in the
estimate could lead to material misstatement in the financial statements. Therefore, it is considered as a key audit matter.</td><td>Our audit procedures included an assessment of
internal controls over valuation methodologies, inputs, judgments made and assumptions used by management in determining fair valuation of MLD.
We have assessed and reviewed the fair valuation of MLD by the Company for compliance with Ind AS.
We compared resulted valuations against independent sources and externally available market valuation data for sample cases.</td></tr>
<tr><td>4. Impairment of Goodwill:
(as described in Note 1(k) and Note 11 of the Ind AS Financial Statements)
The Company has recognised goodwill of Rs 209.96 Croregenerated pursuant to the scheme of arrangements approved by NCLT on April 5, 2017 and August 10, 2017 and under Indian GAAP the Company has determined to amortize the goodwill so generated over the next few years.
As required under Ind AS 36-Impairment of Assets, A cash-generating unit to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. which is based on many factors involving significant management estimate and judgement.
Considering that goodwill impairment is significant to overall financial statements and the degree of management's judgement involved in the estimate, any error in the
estimate could lead to material misstatement in the financial statements. Therefore, it is considered as a key audit matter.</td><td>We have understood the basis of significant estimate, judgement and assumptions taken by management for annual impairment test of goodwill allocated to a cash-generating unit with respect to following criterion:
• Future growth and long-term life of housing finance industry.
• Long term benefits to the Company from the use of existing assets.
• Government focus on housing finance sector.
• Market exposure – having a Company's stock listed on an exchange could attract the attention of mutual and hedge funds, market makers and institutional traders.
• the assets and liabilities making up the unit have not changed significantly since the most recent recoverable amount calculation.
• the most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the unit by a substantial margin
• Other various economic factors and conclusion that goodwill generated will bring additional benefit in future and fair value is more than the carrying value hence no impairment triggered as required under Ind AS 36.
We have assessed the management contention as mentioned above and also considering various steps taken by the management to overcome temporary liquidity mismatch as mentioned in Note 17(d) and continue to be going concern, government policy for housing finance company and company's focusing on retail loan segment.</td></tr>
</table>

Information Other than the Ind AS Financial Statements and Auditor's Report Thereon.

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Ind AS financial statements and our Auditor's Report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

Going concern

We draw attention to Note 17(d) to the Ind AS Financial Statements regarding recent developments adversely impacting financial flexibility of the Company and resulting in delayed payment of Bank borrowings obligations. The Company's ability to meet its obligation dependent on material uncertain events including restructuring of loan portfolio and Inter Creditor Agreement (ICA) for the resolution of its debt. The Company has taken steps to meet such temporary liquidity mismatch by securitization of its loan portfolio. The Company has also engaged with all its lenders to enter into an ICA for the resolution of its debt in accordance with circular dated June 7, 2019 issued by the Reserve Bank of India for prudential framework for resolution of stressed assets. The Company is expecting of implementing its resolution plan during the FY 2019-20.

In view of steps taken by the Company, the Ind AS Financial Statements of the Company have been prepared by the management on a going concern basis. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

Independent Auditor's Report

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;

(g) In our opinion and as per information and explanation provided to us, the managerial remuneration for the year ended March 31, 2019 has been paid/provided by the Company to its director in accordance with the provisions of Section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at March 31, 2019 on its financial position in its financial statements. Refer Note no. 48

   ii. The Company has made provision as at March 31, 2019, wherever required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts. Refer Note no. 56

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Dhiraj & Dheeraj**
Chartered Accountants
Firm's Registration Number: 102454W

Piyush Patni
Partner
Membership Number: 143869
Place: Mumbai
Date: August 13, 2019
UDIN: 19143869AAAABC4978

Annexure A to the Independent Auditors' Report on the Financial Statement

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' Section of our report to the Members of **Reliance Home Finance Limited** of even date)

i. In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this frequency of verification is reasonable.

(c) According to the information and explanations given to us and on the basis of our examination of the records, the title deeds of immovable properties as disclosed in Note 10 on Property, plant and equipment to the financial statements are held in the name of the Company.

ii. The Company is in the business of rendering services and consequently, does not hold any physical inventory. Accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

iii. According to the information and explanation given to us and based upon audit procedure performed, during the year the Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, provisions of clause 3(iii)(a), (b) and (c) of the order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us by the management, the Company has not granted any loan or provided any guarantee or security in connection with any loan taken by parties covered under Section 185 of the act. The Company is registered as a Housing Finance Company with the National Housing Bank. Therefore, the provisions of Section 186, except sub Section (1) of Section 186, of the Act are not applicable to the Company. Further the Company has not made any investments to the parties covered under Section 186. Therefore, the provisions of Clause 3(iv) of the order in respect of Section 186 (1) are not applicable to the Company.

v. The Company has not accepted any deposits from public within the meaning of Sections 73 to 76 of the Act and the rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of Cost records under Section 148 (1) of Act, for any of the products of the Company.

vii. According to the information and explanations given to us and records examined by us, in respect of statutory dues:

(a) The Company is generally being regular in deposit of undisputed statutory dues including Income Tax, Provident Fund, Goods and Service Tax and any other material statutory dues applicable to the Company. As explained to us the Company does not have any dues on account of Sales Tax, Wealth Tax, duty of Custom and duty of Excise.

According to the information and explanations given to us and based on audit procedures performed, there are no undisputed statutory dues payable in respect of Income Tax, Provident Fund, Goods and Service Tax and any other material statutory dues applicable to the Company which are outstanding as on March 31, 2019 for a period of more than six months from the date they became payable. As explained to us the Company does not have any dues on account of Sales Tax, Wealth Tax, duty of Custom and duty of Excise.

(b) According to the information and explanations given to us, there are no dues of Goods and Service Tax and other material statutory dues applicable to the Company which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the dues	Amount (₹ In Crs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	0.48*	Assessment Year 2018-19	CIT(Appeals)

*The Company has deposited ₹ 0.10 crore against the disputed amount.

viii. The Company has not defaulted in repayment of loans or borrowings to any financial institutions or Government or dues to debenture holders during the year. However, the Company has delayed in repayment of dues towards term loan from banks which were paid post the Balance Sheet date. The details of default as on the Balance Sheet date in repayment of term loans are as follows:

Nature of Borrowing	Total Amount (₹ in Cr)	Period of default
Term Loan (From Banks)	491.67	March 2019

Annexure A to the Independent Auditors' Report on the Financial Statement

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanation provided to us, the money raised by way of term loans during the year generally have been applied for the purposes for which they were obtained.

x. During the course of our examination of the books and records of Company carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanation given to us by the management we have neither came across any instance of fraud by the Company or any fraud on the Company by its officer or employee noticed or reported during the year nor have we been informed of any such instance by the management except a case of fraud on the Company for commercial purchase loan for an identified property amounting to Rs 2.04 Crore which was identified by management and reported to the National Housing Bank (NHB) and the said amount was written off by the Company in the statement of profit and loss of the year (Refer Note 53 of Ind AS Financial Statements). We also draw attention to Note 54 of Ind AS Financial Statements.

xi. According to the information and explanations given to us by the management and based upon the audit procedure performed, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of Section 197 read with Schedule V of the act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, the requirements under paragraph 3(xii) of the Order are not applicable.

xiii. According to the information and explanations given to us and records examined by us, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards. Also refer Note 4(2) of Ind AS Financial Statements.

xiv. According to the information and explanations give to us and records examined by us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the requirements under paragraph 3(xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and records examined by us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, the requirements under paragraph 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For Dhiraj & Dheeraj

Chartered Accountants

Firm's Registration Number: 102454W

Piyush Patni

Partner

Membership Number: 143869

Place: Mumbai

Date: August 13, 2019

UDIN: 19143869AAAABC4978

Annexure B to the Independent Auditor's Report on the Financial Statement

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' Section of our report to the Members of **Reliance Home Finance Limited** of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Reliance Home Finance Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10)

Annexure B to the Independent Auditor's Report on the Financial Statement

of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Ind AS Financial Statements

A Company's internal financial control over financial reporting with reference to these Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to these Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

According to the information and explanation given to us and based on our audit the following material weaknesses have been identified in operating effectiveness of Company's Internal Financial Control during the year 2018-19:

a. The Company's internal financial control over financial reporting is not operating effectively in respect of "General-Purpose Corporate Loan product" and needs to be strengthened for credit evaluation, risk assessment and documentation for disbursement of loan to mitigate the risk of the Company recognizing revenue without establishing reasonable certainty for ultimate collection. The Company needs to substantially strengthen its existing credit policy for these loan products and make it more broad based, well defined and robust.

b. In our opinion scope of internal auditor was not commensurate with the size and nature of Company's business and operations specifically in respect of loan sanctioned under General Purpose Corporate Loan product and hence the scope should be enlarged and extended.

A 'material weakness' is a deficiency, or a combination of deficiencies, in Internal Financial Control with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Ind AS financial statements of the Company as at and for the year ended March 31, 2019, and these material weaknesses have affected our opinion on the Ind AS financial statements of the Company and we have issued a qualified opinion on the Ind AS financial statements.

For **Dhiraj & Dheeraj**
Chartered Accountants
Firm's Registration Number: 102454W

Piyush Patni
Partner
Membership Number: 143869
Place: Mumbai
Date: August 13, 2019
UDIN: 19143869AAAABC4978

Balance Sheet as at March 31, 2019

(₹ in crore)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
ASSETS				
Financial assets				
Cash and cash equivalents	2	**105.84**	58.95	252.49
Bank balance other than cash and cash equivalents above	3	**487.07**	66.01	84.73
Derivative financial instruments	14	**-**	6.68	10.64
Loans	4	**16,251.09**	14,410.45	9,785.43
Investments	5	**93.46**	54.06	509.92
Other financial assets	6	**586.65**	297.78	169.79
Non-financial assets				
Current tax assets (Net)	7	**52.25**	30.16	38.93
Deferred tax assets (Net)	8	**155.56**	154.35	179.70
Investment property	9	**4.45**	4.52	-
Property, plant and equipment	10	**47.52**	47.85	41.94
Goodwill	11	**209.96**	209.96	30.99
Other intangible assets	12	**3.86**	2.08	0.95
Intangible assets under development	12	**0.16**	1.94	1.20
Other non-financial assets	13	**127.57**	62.96	45.69
Total assets		**18,125.44**	15,407.75	11,152.40
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Derivative financial instruments	14	**0.63**	-	-
Payables				
(I) Trade payables	15A			
(i) total outstanding dues of micro enterprises and small enterprises		**-**	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**-**	-	-
(II) Other payables	15B			
(i) total outstanding dues of micro enterprises and small enterprises		**-**	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**6.32**	4.26	4.78
Debt securities	16	**6,084.77**	6,181.14	3,815.99
Borrowings (other than debt securities)	17	**8,819.67**	6,156.12	5,066.96
Subordinated liabilities	18	**794.48**	798.70	766.01
Other financial liabilities	19	**479.55**	262.08	407.90
Non-financial liabilities				
Provisions	20	**24.52**	48.28	18.98
Other non-financial liabilities	21	**73.50**	132.65	33.86
Total liabilities		**16,283.44**	13,583.23	10,144.48
EQUITY				
Equity share capital	22	**485.06**	485.06	115.82
Other equity	23	**1,356.94**	1,339.46	922.10
Total equity		**1,842.00**	1,824.52	1,037.92
Total liabilities and equity		**18,125.44**	15,407.75	11,152.40
Significant Accounting Policies	1			

The accompanying notes are integral part of these financial statements.

As per our report of even date attached

For Dhiraj & Dheeraj
Chartered Accountants
Firm Registration No. 102454W

Piyush Patni
Partner
Membership Number : 143869

Mumbai
Dated: August 13, 2019

For and on behalf of the Board of Directors

Chhaya Virani
Rashna Khan
Lt Gen Syed Ata Hasnain (Retd)
Ashok Ramaswamy
Amit Bapna
} Directors

Ravindra Sudhalkar Executive Director & CEO
Pinkesh R. Shah Chief Financial Officer
Parul Jain Company Secretary & Compliance Officer

Mumbai
Dated: August 13, 2019

Statement of Profit and Loss for the year ended March 31, 2019

(₹ in crore)

Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations			
Interest income	24	**1,932.26**	1,595.06
Fees and commission income	25	**27.60**	27.31
Other operating income	26	**26.17**	0.38
Total revenue from operations		**1,986.03**	1,622.75
Other income	27	**16.56**	60.59
Total income		**2,002.59**	1,683.34
Expenses			
Finance costs	28	**1,322.23**	1,061.29
Employee benefits expenses	29	**125.15**	118.98
Depreciation and amortisation	9, 10 & 12	**3.38**	2.08
Impairment of financial instruments	30	**335.46**	154.11
Others expenses	31	**114.77**	99.95
Total expenses		**1,900.99**	1,436.41
Profit before tax		**101.60**	246.93
Income tax expense			
- Current tax	34	**1.99**	(17.31)
- Deferred tax	34	**32.19**	96.91
Total tax expense		**34.18**	79.60
Profit for the year		**67.42**	167.33
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		**(0.77)**	(0.60)
- Income tax relating to these items		**0.27**	0.20
Other comprehensive income for the year		**(0.50)**	(0.40)
Total comprehensive income for the year		**66.92**	166.93
Earnings per equity share			
- Basic (₹)		**1.38**	5.16
- Diluted (₹)		**1.38**	5.16
Significant Accounting Policies	1		

The accompanying notes are integral part of these financial statements.

As per our report of even date attached

For Dhiraj & Dheeraj
Chartered Accountants
Firm Registration No. 102454W

Piyush Patni
Partner
Membership Number : 143869

Mumbai
Dated: August 13, 2019

For and on behalf of the Board of Directors

Chhaya Virani
Rashna Khan
Lt Gen Syed Ata Hasnain (Retd)
Ashok Ramaswamy
Amit Bapna
} Directors

Ravindra Sudhalkar Executive Director & CEO
Pinkesh R. Shah Chief Financial Officer
Parul Jain Company Secretary & Compliance Officer

Mumbai
Dated: August 13, 2019

Statement of Changes in Equity for the year ended March 31, 2019

A. Equity share capital

(₹ in crore)

Particulars	Note No.	Number	Amount
As at April 1, 2017	22	**11 58 20 000**	**115.82**
Shares issued during the year		36 92 38 818	369.24
As at March 31, 2018		**48 50 58 818**	**485.06**
Shares issued during the year		-	-
As at March 31, 2019		**48 50 58 818**	**485.06**

B. Other equity

(₹ in crore)

Particulars	Reserves and surplus					Total other equity
	Securities premium	Debenture redemption reserve	Statutory reserve fund	Surplus/(deficit) in the Statement of profit and loss	Employee stock option scheme	
As at April 1, 2017	**405.18**	**48.52**	**94.45**	**373.95**	**-**	**922.10**
Profit for the year ended March 31, 2018	-	-	-	**167.33**	**-**	**167.33**
Other comprehensive income	-	-	-	(0.40)	-	(0.40)
Total comprehensive income for the year	**-**	**-**	**-**	**166.93**	**-**	**166.93**
- Security Premium	256.69	-	-	-	-	256.69
- Share issue expenses routed through reserves	(1.25)	-	-	-	-	(1.25)
- Employee stock option scheme:						
Stock option expense for the year	-	-	-	-	1.99	1.99
- Dividend paid	-	-	-	(5.80)	-	(5.80)
- Dividend distribution tax	-	-	-	(1.20)	-	(1.20)
- Transfers to:						
Special reserve fund	-	-	36.11	(36.11)	-	-
Debenture redemption reserve	-	194.10	-	(194.10)	-	-
As at March 31, 2018	**660.62**	**242.62**	**130.56**	**303.67**	**1.99**	**1,339.46**

Statement of changes in equity for the year ended March 31, 2019

B. Other equity

(₹ in crore)

Particulars		Reserves and surplus					Total other equity
		Securities premium	Debenture redemption reserve	Statutory reserve fund	Surplus/(deficit) in the Statement of profit and loss	Employee stock option scheme	
Profit for the year ended March 31, 2019		**-**	**-**	**-**	**67.42**	**-**	**67.42**
Other comprehensive income		-	-	-	(0.50)	-	(0.50)
Total comprehensive income for the year		**-**	**-**	**-**	**66.92**	**-**	**66.92**
- Security Premium		(0.28)	-	-	-	-	(0.28)
- Employee stock option scheme:							
Stock option expense for the year		-	-	-	-	9.65	9.65
- Dividends paid		-	-	-	(48.51)	-	(48.51)
- Dividend distribution tax		-	-	-	(10.30)	-	(10.30)
- Transfers to:							
Special reserve fund		-	-	13.38	(13.38)	-	-
Debenture redemption reserve		-	194.10	-	(194.10)	-	-
As at March 31, 2019		**660.34**	**436.72**	**143.94**	**104.30**	**11.64**	**1,356.94**
Significant Accounting Policies	1						

The accompanying notes are integral part of these financial statements.

As per our report of even date attached

For Dhiraj & Dheeraj
Chartered Accountants
Firm Registration No. 102454W

Piyush Patni
Partner
Membership Number : 143869

Mumbai
Dated: August 13, 2019

For and on behalf of the Board of Directors

Chhaya Virani
Rashna Khan
Lt Gen Syed Ata Hasnain (Retd)
Ashok Ramaswamy
Amit Bapna
} Directors

Ravindra Sudhalkar Executive Director & CEO
Pinkesh R. Shah Chief Financial Officer
Parul Jain Company Secretary & Compliance Officer

Mumbai
Dated: August 13, 2019

Cash Flow Statement for the year ended March 31, 2019

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
CASH FLOW FROM OPERATING ACTIVITIES :		
Profit/(Loss) before tax:	**101.60**	246.93
Adjustments :		
Depreciation and amortisation	**3.38**	2.08
Net (gain) / loss on sale of property, plant and equipments	**-**	0.02
Allowance for investments, doubtful debts, deposits, receivables, etc.		
Expected Credit Loss	**48.62**	61.36
Other Comprehensive Income	**(0.77)**	(0.60)
Provision on repossessed asset	**13.48**	9.29
Bad Debts written off	**254.86**	52.59
Investments written off	**31.98**	40.16
Discount on commercial papers	**81.66**	99.60
Amortised brokerage on term loans	**3.06**	43.93
Provision for leave encashment	**(0.12)**	(0.20)
Provision for gratuity	**0.39**	1.35
Provision on other expenses	**(0.01)**	-
Interest on preference shares	**2.48**	1.60
Interest income	**(146.89)**	(13.30)
Interest expenses on PTC	**138.46**	-
ESOP expenses	**9.65**	1.99
Interest on investment	**(7.64)**	(26.63)
Interest NCD secured	**1,096.58**	916.15
Legal and professional fees	**3.63**	0.18
Profit on sale of investments (Net)	**(13.49)**	(58.90)
Interest on income tax refund	**(0.62)**	(1.61)
Operating profit before working capital changes	**1,620.29**	1,375.99
Adjustments for (increase)/ decrease in operating assets:		
Fixed deposits with banks	**(421.06)**	(18.73)
Loans and other financial assets	**(2,486.28)**	(4,848.08)
Adjustments for increase/ (decrease) in operating liabilities		
Trade payables	**2.06**	(0.51)
Other non financial liabilities	**(59.15)**	98.79
Provisions	**(32.30)**	30.21
Other financial liabilities	**217.47**	(116.38)
Cash generated from operations	**(1,158.97)**	(3,478.71)
Less : Income taxes paid (net of refunds)	**30.05**	28.61
Net cash inflow / (outflow) from operating activities	**(1,189.02)**	(3,507.32)
CASH FLOW FROM INVESTING ACTIVITIES :		
Interest received on investments	**7.64**	26.47
Sale of property, plant and equipments	**-**	3.86
Purchase of investment measured at FVTPL	**(23.79)**	(44.67)
Purchase of investment measured at amortised cost	**(48.36)**	-
Sale of investment measured at FVTPL	**14.26**	514.92
Purchase of property, plant and equipments	**(4.75)**	(4.79)
Net cash inflow / (outflow) from investing activities	**(55.00)**	495.79
CASH FLOW FROM FINANCING ACTIVITIES :		
Equity infusion	**-**	372.96
Premium issue of debentures	**-**	0.28
MLD hedge position	**6.05**	3.97
Debt securities issued	**318.73**	2,523.29
Debt securities repaid	**(479.23)**	(141.75)
Proceeds from borrowings other than debt securities	**8,319.35**	11,130.98
Repayment from borrowings other than debt securities	**(5,656.60)**	(10,216.28)
Fair valuation changes in MLD	**(16.66)**	(17.23)

Cash Flow Statement for the year ended March 31, 2019

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Proceeds /(Repayments) from subordinated liabilities	**(5.00)**	-
Dividend paid (including dividend distribution tax)	**(58.81)**	(6.97)
Interest on preference shares paid	**(1.60)**	1.60
Interest and processing fees paid	**(1,216.98)**	(932.46)
Discount on commercial papers	**81.66**	99.60
Net cash inflow / (outflow) from financing activities	**1,290.91**	2,817.99
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	**46.89**	(193.54)
Add : Cash and cash equivalents at beginning of the year	**58.95**	252.49
Cash and cash equivalents at end of the year	**105.84**	58.95

Notes:

a) The previous year's figures have been regrouped and reclassified wherever necessary.

b) Cash and cash equivalents include cash in hand and bank balance.

c) Debt securities includes subordinated liabilities.

d) **Net debt reconciliation**

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Equity	**423.00**	483.41	115.82
Debt securities	**5336.76**	5952.35	3,850.35
Borrowings	**7386.00**	5419.09	5,070.68
Net debt	**13,145.76**	11,854.85	9,036.85

(₹ in crore)

Particulars	Equity	Debt securities	Borrowings	Total
Net debt as at April 1, 2017	115.82	3,850.35	5,070.68	9,036.85
Cash flows				
Equity infusion	372.96	-	-	372.96
Interest paid	-	(266.56)*	(566.29)	(832.85)
Dividend	(5.37)	-	-	(5.37)
Premium on issue of debentures	-	0.28	-	0.28
Fair value adjustments	-	(13.27)	-	(13.27)
Proceeds / Repayment	-	2,381.55	914.70	3,296.25
Net debt as at March 31, 2018	483.41	5,952.35	5,419.09	11,854.85
Cash flows				
Interest paid	**-**	**(439.48)**	**(695.84)**	**(1,135.32)**
Dividend	**(60.41)**	**-**	**-**	**(60.41)**
Premium on issue of debentures	**-**	**-**	**-**	**-**
Fair value adjustments	**-**	**(10.61)**	**-**	**(10.61)**
Proceeds / Repayment	**-**	**(165.50)**	**2,662.75**	**2,497.25**
Net debt as at March 31, 2019	**423.00**	**5,336.76**	**7,386.00**	**13,145.76**

* Interest paid on Debt securities includes interest of Subordinated liabilities

Significant Accounting Policies 1

The accompanying notes are integral part of these financial statements.

As per our report of even date attached

For Dhiraj & Dheeraj
Chartered Accountants
Firm Registration No. 102454W

Piyush Patni
Partner
Membership Number : 143869

Mumbai
Dated: August 13, 2019

For and on behalf of the Board of Directors

Chhaya Virani
Rashna Khan
Lt Gen Syed Ata Hasnain (Retd)
Ashok Ramaswamy
Amit Bapna
} Directors

Ravindra Sudhalkar Executive Director & CEO
Pinkesh R. Shah Chief Financial Officer
Parul Jain Company Secretary & Compliance Officer

Mumbai
Dated: August 13, 2019

Notes to the Financial Statement for the year ended March 31, 2019

Corporate information

Reliance Home Finance Limited ('the Company') was incorporated on June 5, 2008 with Registrar of Companies, Maharashtra at Mumbai. The Company is principally engaged in housing finance business in India and is registered with National Housing Bank ('NHB') as a housing finance company (HFC) without accepting public deposits, as defined under Section 29A of the National Housing Bank Act, 1987.

1 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

(i) Compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer Note No. 58 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

The Company complies in all material respects, with the prudential norms relating to income recognition, asset classification and other matters, specified in the Directions issued by NHB in terms of "Master Circular - The Housing Finance Companies (NHB) Directions, 2010" vide NHB Notification No. NHB(ND)/DRS/REG/MC-01/2017 dated July 1, 2017 and Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 vide NHB Notification No. NHB.HFC.CG-DIR.1/ MD&CEO/ 2016, as applicable to the Company, except for in case of provisioning for bad and doubtful debts for which ECL has been provided as per IND AS requirements.

(ii) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

(iii) The Company presents its Balance Sheet in order of liquidity in compliance with the division III of Schedule III to the Act.

b. Foreign currency translation

(i) Functional and presentation currency

Items included in financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Reliance Home Finance Limited's functional and presentation currency.

(ii) Translation and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of profit and loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on nonmonetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in the statement of profit and loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

c. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of profit and loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVPL, which results in an accounting loss being recognised in the statement of profit and loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

i) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

ii) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

d. Financial assets

(i) Classification and subsequent measurement

The Company has applied Ind AS 109 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

(i) the Company's business model for managing the asset; and

(ii) the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is recognised using the effective interest rate method.

Fair value through other comprehensive income: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through the statement of profit and loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through the statement of profit and loss. A gain or loss on a debt investment that is subsequently measured at fair value through the statement of profit and loss and is not part of a hedging relationship is recognised in the statement of profit and loss in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value option for financial assets: The Company may also irrevocably designate financial assets at fair value through profit and loss if doing so significantly reduces or eliminates an accounting mismatch created by assets and liabilities being measured on different basis.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a Group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit and loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

a) Purchased or originated credit impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For POCI financial assets – assets that are credit-impaired at initial recognition – the Company calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in net gain/loss on fair value changes in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Gains and losses on equity investments at FVPL are included in the statement of profit and loss.

(ii) Impairment

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The measurement of the ECL allowance is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 36, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL detailed information about the judgements and estimates made by the Company in the above areas is set out in note 36.

(iii) Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Company de-recognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on de-recognition.

If the terms are not substantially different, the renegotiation or modification does not result in de-recognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in the statement of profit and loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control. The Company directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in de-recognition if the Company:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;

(ii) Is prohibited from selling or pledging the assets; and

(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Company under standard repurchase agreements and securities lending and borrowing transactions are not de-recognised because the Company retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for de-recognition are therefore not met. This also applies to certain securitization transactions in which the Company retains a subordinated residual interest.

e. Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for de-recognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Company recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments.
  Market linked debentures (MLDs)

The Company has issued certain non-convertible debentures, the rate of interest on which is linked to performance of specified indices over the period of the debentures. The Company has opted to designate the entire hybrid contract at FVTPL as the embedded derivative significantly modifies the cash flows that otherwise would be required by the contract. Further, the embedded derivative is not closely related to the financial liability host contract. The Company hedges its interest rate risk on MLD by taking positions in future & options based on specified indices. Any gain / loss on these hedge positions is recognised in Statement of Profit and Loss.

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

f. Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowances and
- The premium received on initial recognition less income recognised in accordance with the principles of Ind AS 115.

Loan commitments provided by the Company are measured as the amount of the loss allowance.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Company cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

g. Repossessed collateral

Repossessed collateral represents financial and non-financial assets acquired by the Company in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in premises and equipment, other non-financial assets, investment properties or inventories within other assets depending on their nature and the Company's intention in respect of recovery of these assets, and are subsequently re-measured and accounted for in accordance with the accounting policies for these categories of assets.

h. Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The method of recognizing the resulting fair value gain or loss depends on whether the derivative is designated and qualifies as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives that are not designated as hedges

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other gains/ (losses).

i. Revenue Recognition

In accordance with the principles of Ind AS 115, revenue is measured at fair value of the consideration received or receivable. Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

When (or as) a performance obligation is satisfied, the Company recognises as revenue the amount of the transaction price (excluding estimates of variable consideration) that is allocated to that performance obligation.

The Company applies the five-step approach for recognition of revenue:

- Identification of contract(s) with customers;
- Identification of the separate performance obligations in the contract;
- Determination of transaction price;
- Allocation of transaction price to the separate performance obligations; and
- Recognition of revenue when (or as) each performance obligation is satisfied.

Investment income consists of dividends and interest receivable for the year, realised gains and losses on debt securities classified as fair value through other comprehensive income, and realised and unrealised gains and losses on investments designated at fair value through profit or loss investments. Dividend on equity securities are recorded on ex-dividend date. Interest income is recognised as it accrues, taking into account the effective yield on the investment.

A gain or loss on investment is only realised on disposal or transfer, and is difference between the proceeds received, net of transaction costs, and its original cost or amortised cost, as appropriate.

Unrealised gains and losses, arising on investments which have not been derecognised as a result of disposal or transfer, represent the difference between the carrying value at the year end and carrying value at the previous year end or purchase value during the year, less previously recognised unrealised gains and losses in respect of disposals made during the year.

(i) Interest income

Interest income is recognised using the effective interest rate.

(ii) Dividend income

Dividend income is recognised in the statement of profit and loss on the date that the Company's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be reliably measured. This is generally when the shareholders approve the dividend.

(iii) Fees, charges and other additional interest income

Fees (including processing fees), charges and other additional interest income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the effective interest rate.

Fees, charges and additional interest income on delayed EMI / Pre – EMI that are not integral to the effective interest rate are recognised on receipt basis over the life of the instrument.

(iv) Income from direct assignment/securitisation

Under the previous GAAP, in case of securitisation of loans, the assets are derecognised when all the rights, title, future receivables and interest thereof along with all the risk and rewards of ownership are transferred to the purchasers of securitised loans while in IND AS such loans are recognised in books.

Under the previous GAAP, in case of assignment Excess interest spread (EIS) income is recognised as an income over the tenure of the deal. Under Ind AS, the present value of the total interest receivable is recognised as an income upfront. This has resulted in an increase in total equity.

(v) Servicing fee income

Servicing fees received is accounted for based on the underlying deal structure of the transaction as per the agreement.

(vi) Income from trading in derivatives

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into, and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statement of profit and loss immediately.

Brokerage and other payments made in connection with the acquisition of derivatives are added to the cost of acquisition.

j. Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current Taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

k. Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

l. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in liabilities in the balance sheet.

m. Leases

As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

n. Non-Current Assets (or disposal groups) held for sale

Assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset (or disposal group) is recognised at the date of de-recognition.

Non-current Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current Assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

o. Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives & residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

The estimated useful lives for the different types of assets are:

Asset	Useful Life
Furniture and fixtures	10 years
Office equipment	5 years
Computers	3 years
Vehicles	8 years
Buildings	60 years
Plant & machinery	8 years
Data processing machineries	3 years
Vehicles	8 years

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Act, in order to reflect the actual usage of the assets. The residual values are not more than 5 per cent of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the statement of profit and loss.

p. Intangible assets

(i) Goodwill

Goodwill on acquisitions of business is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

(ii) Other intangibles

Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortization and impairment, if any.

Expenditure incurred on acquisition / development of intangible assets which are not put / ready to use at the reporting date is disclosed under intangible assets under development. The Company amortises intangible assets on a straight-line basis over the useful lives of the assets commencing from the month in which the asset is first put to use. The Company provides pro-rata depreciation from the day the asset is put to use.

The estimated useful lives for the different types of assets are:

Asset	Useful Life
Computer software/Licensing cost	3 years

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

q. Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 60 years. The useful life has been determined based on technical evaluation performed by the experts.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

r. Off-setting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

s. Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

t. Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

u. Employee benefits

(i) Short-term obligations

Liabilities for salaries and wages, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) Gratuity;

(b) Superannuation fund; and

(c) Provident fund.

Defined benefit plans

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The estimated future payments which are denominated in a currency other than INR, are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

Superannuation fund

Contribution to Superannuation Fund, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund with Life Insurance Corporation of India and is charged to the Statement of Profit and loss. There are no other obligations other than the contribution payable to the Superannuation Fund.

Provident fund

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Other long-term employee benefit obligations

Leave encashment

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

Phantom Shares

As a long-term incentive plan to employees, the Company has initiated Phantom Stock Option Plan which are cash settlement rights where the employees are entitled to get cash compensation based on agreed formulae. The employees are entitled to receive cash payment equivalent to appreciation in the value over the defined base price of the shares. The present value of the obligation under such plan is determined based on actuarial valuation.

v. Share-based payments

Employee Stock Option Scheme (ESOS)

The employees of the Company are entitled for grant of stock options (equity shares), based on the eligibility criteria set in the ESOS of the Company. The fair value of options granted under ESOS is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined reference to the fair value of the options granted excluding the impact of any service conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

w. Contributed Equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in other equity as a deduction, net of tax, from the proceeds.

Treasury shares are presented as a deduction from equity and no gain or loss is recognised on the purchase, sale, issue or cancellation of such shares.

x. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

y. Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus element in equity shares issued during the year and excluding treasury shares.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

z. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crore as per the requirements of Schedule III to the Act, unless otherwise stated.

Notes to the Financial Statement for the year ended March 31, 2019

2 Cash and cash equivalents

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Cash on hand	**0.06**	0.08	0.10
Balances with banks:			
In current accounts	**105.78**	58.87	252.39
Total	**105.84**	58.95	252.49

3 Bank balance other than cash and cash equivalents above

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Fixed Deposits with banks (with original maturity more than 3 months)			
- Credit enhancement towards Securitisation/Direct Assignment	**470.74**	47.22	64.68
- Free Fixed deposits	**-**	3.42	-
- Other Fixed deposit under lien	**16.05**	15.11	16.85
- Kept as deposits for issuing Bank Guarantee	**0.28**	0.26	3.20
Total	**487.07**	66.01	84.73

Notes:

In respect of balances with Banks in Fixed Deposit accounts above includes:

(a) ₹ 470.74 crore (March 31, 2018 - ₹ 47.22 crore and April 1, 2017 - ₹ 64.68 crore) kept as credit enhancement towards securitisation transaction.

(b) ₹ 16.05 crore (March 31, 2018 - ₹ 15.11 crore and April 1, 2017 - ₹ 16.85 crore) kept as margin money deposits for Market Linked Debentures.

(c) ₹ 0.28 crore (March 31, 2018 - ₹ 0.26 crore and April 1, 2017 - 3.20) kept as deposit with bank for issuing of Bank Guarantee.

4 Loans

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost			
(A) Loans			
Corporate bodies	**8,670.80**	3,742.60	1,563.69
Small business lending	**3,824.00**	5,073.73	3,630.22
Residential mortgages	**4,034.67**	5,823.40	4,758.56
Total (A) - Gross	**16,529.47**	14,639.73	9,952.47
(Less): Impairment loss allowance (Expected Credit Loss)	**(278.38)**	(229.28)	(167.04)
Total (A) - Net	**16,251.09**	14,410.45	9,785.43
Secured by tangible assets and intangible assets	**16,510.69**	14,620.69	9,892.47
Unsecured	**18.78**	19.04	60.00
Total (B) - Gross	**16,529.47**	14,639.73	9,952.47
(Less): Impairment loss allowance (Expected Credit Loss)	**(278.38)**	(229.28)	(167.04)
Total (B) - Net	**16,251.09**	14,410.45	9,785.43
Loans in India			
- Public sector	**-**	-	-
- Others	**16,529.47**	14,639.73	9,952.47
Loans outside India	**-**	-	-
Total (C) - Gross	**16,529.47**	14,639.73	9,952.47
(Less): Impairment loss allowance (Expected Credit Loss)	**(278.38)**	(229.28)	(167.04)
Total (C) - Net	**16,251.09**	14,410.45	9,785.43

Notes:

1. Above ECL figures includes ₹ 12.17 crore in FY 2017-18 receivables from IDMPL w.r.t. demerger in FY 2016-17, Refer Note No. 49.
2. During the Financial Year, the Company had advanced loans under the 'General Purpose Corporate Loan' product to certain bodies corporate including some of the group companies. All the lending transactions undertaken by the Company are in the ordinary course of business, the terms of which are at arms' length basis and the same do not constitute transactions with related parties. However, the Company's borrowers in some cases have undertaken onward lending transactions and it is noticed that the end use of the borrowings from the Company included borrowings by or repayment of financial obligations to some of the group companies.
3. Secured Loans and Other Credit Facilities given to customers are secured / partly secured by :
   (a) Equitable mortgage of property; and / or
   (b) Pledge of shares / debentures, units, other securities, assignment of life insurance policies; and/ or
   (c) Hypothecation of assets; and / or
   (d) Company guarantees; and / or
   (e) Personal guarantees; and / or
   (f) Charge on Current Assets.

4. An analysis of changes in the gross carrying amount and corresponding expected credit loss in relation to the lending is as follows

I Corporate bodies

a) Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the company's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis.

(₹ in crore)

Internal rating grade	As at March 31, 2019			Total	As at March 31, 2018			Total	As at April 1, 2017			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Performing												
High grade	8,437.85	219.56	-	8,657.41	2,982.80	718.70	-	3,701.50	1,508.07	39.94	-	1,548.01
Standard grade	-	-	-	-	-	-	-	-	-	-	-	-
Sub-standard grade	-	-	-	-	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-	-	-	-	-
Non- performing	-	-		-	-	-	-	-	-	-	-	-
Individually impaired	-	-	13.39	13.39	-	-	41.10	41.10	-	-	15.68	15.68
Total	8,437.85	219.56	13.39	8,670.80	2,982.80	718.70	41.10	3,742.60	1,508.07	39.94	15.68	1,563.69

b) Analysis of changes in the gross carrying amount of term loans

(₹ in crore)

Particulars	As at March 31, 2019			Total	As at March 31, 2018			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	2,982.80	718.70	41.10	3,742.60	1,508.07	39.94	15.68	1,563.69
New assets originated or purchased	9,812.77	172.74	-	9,985.51	3,975.28	576.00	4.45	4,555.73
Assets derecognised or repaid	(4,566.39)	(739.06)	(42.53)	(5,347.98)	(2,508.34)	(43.75)	1.30	(2,550.79)
Transfers to Stage 1	208.66	-	-	208.66	7.80	-	-	7.80
Transfers to Stage 2	-	67.19	-	67.19	-	146.50	-	146.50
Transfers to Stage 3	-	-	14.82	14.82	-	-	19.68	19.68
Amounts written off	-	-	-	-	-	-	-	-
Closing balance	8,437.85	219.56	13.39	8,670.80	2,982.81	718.69	41.10	3,742.60

c) Reconciliation of ECL balance

(₹ in crore)

Particulars	As at March 31, 2019			Total	As at March 31, 2018			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	36.16	26.62	10.37	73.15	43.81	4.89	12.58	61.28
Net assets originated or purchased	151.03	10.71	0.99	162.73	0.73	22.41	6.02	29.16
Assets derecognised or repaid	(36.03)	(25.44)	(9.99)	(71.46)	(8.70)	(1.04)	(12.58)	(22.32)
Transfers to Stage 1	13.09	-	-	13.09	0.33	-	-	0.33
Transfers to Stage 2	-	0.83	-	0.83	-	0.35	-	0.35
Transfers to Stage 3	-	-	-	-	-	-	4.36	4.36
Amounts written off	-	-	-	-	-	-	-	-
Closing balance	164.25	12.72	1.37	178.34	36.17	26.61	10.38	73.15

The increase in the ECL balance is due to the increase in the gross size of the portfolio as a result of new loan assets originated during the year.

II Small business lending

a) Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis.

(₹ in crore)

Internal rating grade	As at March 31, 2019			Total	As at March 31, 2018			Total	As at April 1, 2017			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Performing												
High grade	3,457.51	305.21		3,762.72	4,778.40	233.46	-	5,011.86	3,498.98	97.25	-	3,596.23
Standard grade	-	-	-	-	-	-	-	-	-			-
Sub-standard grade	-	-	-	-	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-	-	-	-	-
Non- performing	-	-	-	-	-	-	-	-	-	-	-	-
Individually impaired	-	-	61.28	61.28	-	-	61.87	61.87	-	-	33.99	33.99
Total	3,457.51	305.21	61.28	3,824.00	4,778.40	233.46	61.87	5,073.73	3,498.98	97.25	33.99	3,630.22

b) Analysis of changes in the gross carrying amount of term loans

(₹ in crore)

Particulars	As at March 31, 2019			Total	As at March 31, 2018			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	4,778.40	233.46	61.87	5,073.73	3,498.98	97.25	33.99	3,630.22
New assets originated or purchased	736.46	69.37	15.94	821.76	3,813.39	22.18	1.12	3,836.69
Assets derecognised or repaid	(2,086.65)	(214.73)	(53.69)	(2,355.06)	(2,580.15)	(89.38)	(34.24)	(2,703.77)
Transfers to Stage 1	29.30	-	-	29.30	46.16	-	-	46.16
Transfers to Stage 2	-	217.11	-	217.11	-	203.41	-	203.41
Transfers to Stage 3	-	-	37.16	37.16	-	-	61.01	61.01
Amounts written off	-	-	-	-	-	-	-	-
Closing balance	3,457.51	305.22	61.28	3,824.00	4,778.39	233.46	61.87	5,073.73

c) Reconciliation of ECL balance

(₹ in crore)

Particulars	As at March 31, 2019			Total	As at March 31, 2018			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	25.11	78.09	27.62	130.82	74.14	9.91	9.54	93.60
Additonal Prov				-				-
New assets originated or purchased	23.23	22.23	17.41	62.87	13.16	47.00	10.19	70.35
Assets derecognised or repaid	(91.24)	(72.09)	(21.59)	(184.92)	(64.57)	(4.46)	(6.45)	(75.49)
Transfers to Stage 1	71.24	-	-	71.24	2.38	-	-	2.38
Transfers to Stage 2	-	1.34	-	1.34	-	25.64	-	25.64
Transfers to Stage 3	-	-	0.03	0.03	-	-	14.34	14.34
Amounts written off	-	-	-	-	-	-	-	-
Closing balance	28.34	29.57	23.47	81.38	25.11	78.09	27.62	130.82

The increase in the ECL balance is due to the increase in the gross size of the portfolio as a result of new loan assets originated during the year.

III Residential mortgages

a) Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis.

(₹ in crore)

Internal rating grade	As at March 31, 2019			Total	As at March 31, 2018			Total	As at April 1, 2017			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Performing												
High grade	3,869.53	130.82	-	4,000.35	5,689.76	96.17	-	5,785.93	4,650.94	62.32	-	4,713.26
Standard grade	-	-	-	-	-	-	-	-	-	-	-	-
Sub-standard grade	-	-	-	-	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-	-	-	-	-
Non- performing												
Individually impaired	-	-	34.32	34.32	-	-	37.47	37.47	-	-	45.30	45.30
Total	3,869.53	130.82	34.32	4,034.67	5,689.76	96.17	37.47	5,823.40	4,650.94	62.32	45.30	4,758.56

b) Analysis of changes in the gross carrying amount of term loans

(₹ in crore)

Particulars	As at March 31, 2019			Total	As at March 31, 2018			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	5,689.76	96.17	37.47	5,823.40	4,650.94	62.32	45.30	4,758.56
New assets originated or purchased	848.34	0.95	0.80	850.09	3,337.30	5.29	1.07	3,343.66
Assets derecognised or repaid	(2,693.71)	(61.03)	(33.68)	(2,788.42)	(2,314.40)	(39.29)	(34.65)	(2,388.34)
Transfers to Stage 1	25.14	-	-	25.14	15.93	-	-	15.93
Transfers to Stage 2	-	94.73	-	94.73	-	67.85	-	67.85
Transfers to Stage 3	-	-	29.72	29.72	-	-	25.75	25.75
Amounts written off	-	-	-	-	-	-	-	-
Closing balance	3,869.54	130.82	34.31	4,034.67	5,689.77	96.17	37.47	5,823.40

c) Reconciliation of ECL balance

(₹ in crore)

Particulars	As at March 31, 2019			Total	As at March 31, 2018			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	1.24	4.62	7.27	13.13	0.99	3.42	7.75	12.16
Additonal Prov	-	-	-	-	-	-	-	-
New assets originated or purchased	-	11.66	2.19	13.85	-	3.00	5.78	8.78
Assets derecognised or repaid	(6.42)	(3.74)	(6.87)	(17.03)	(1.22)	(2.10)	(6.77)	(10.09)
Transfers to Stage 1	6.60	-	-	6.60	1.47	-	-	1.47
Transfers to Stage 2	-	1.99	-	1.99	-	0.30	-	0.30
Transfers to Stage 3	-	-	0.13	0.13	-	-	0.51	0.51
Closing balance	1.42	14.53	2.72	18.67	1.24	4.62	7.27	13.13

The increase in the ECL balance is due to the increase in the gross size of the portfolio as a result of new loan assets originated during the year.

Notes to the Financial Statement for the year ended March 31, 2019

5 Investments (₹ in crore)

Particulars	**At amortised cost**	**At fair value through profit or Loss**	**Total**
As at March 31, 2019			
Investment in Pass through certificates and security receipts			
- Unquoted fully paid-up			
Security Receipts Suraksha ARC Trust 001	31.99	-	31.99
RHF Indian Receivable Trust I Sept 30, 2016	0.48	-	0.48
RHF Indian Receivable Trust II Mar 24, 2017	0.76	-	0.76
RHF Indian Receivable Trust II Oct 31, 2018	5.61	-	5.61
RHF Indian Receivable Trust II Jan 23, 2019	1.88	-	1.88
RHF Indian Receivable Trust III Feb 22, 2019	9.26	-	9.26
Investment in debentures and bonds			
- Quoted, fully paid-up			
IFMR FImpact Long term Multi Asset Class Fund	-	51.62	51.62
Investment in mutual fund (Refer note below)			
- Quoted, fully paid-up			
Reliance Credit Risk Fund - Direct Plan - Growth Plan	-	8.24	8.24
Reliance Floating Rate Fund - Direct Plan Growth Plan - Growth Option	-	8.26	8.26
Reliance Strategic Debt Fund - Direct Plan - Growth Option	-	7.35	7.35
Total (A) - Gross	**49.98**	**75.47**	**125.45**
(Less): Investment written off	(31.99)	-	(31.99)
Total (A) - Net	**17.99**	**75.47**	**93.46**
Investments outside India	-	-	-
Investments in India	49.98	75.47	125.45
Total (B) - Gross	**49.98**	**75.47**	**125.45**
(Less): Investment written off	(31.99)	-	(31.99)
Total (B) - Net	**17.99**	**75.47**	**93.46**

Particulars	**At amortised cost**	**At fair value through profit or Loss**	**Total**
As at March 31, 2018			
Investment in Pass through certificates and security receipts			
- Unquoted, fully paid up			
Security Receipts Suraksha ARC Trust 029	40.15	-	40.15
Security Receipts Suraksha ARC Trust 005	0.77	-	0.77
RHF Indian Receivable Trust I Sept 30, 2016	0.65	-	0.65
RHF Indian Receivable Trust II Mar 24, 2017	0.96	-	0.96
Investment in debentures and bonds			
- Quoted, fully paid-up			
IFMR FImpact Long term Multi Asset Class Fund	-	51.68	51.68
Total (A) - Gross	**42.53**	**51.68**	**94.21**
(Less): Investment written off	(40.15)	-	(40.15)
Total (A) - Net	**2.38**	**51.68**	**54.06**
Investments outside India	-	-	-
Investments in India	42.53	51.68	94.21
Total (B) - Gross	**42.53**	**51.68**	**94.21**
(Less): Investment written off	(40.15)	-	(40.15)
Total (B) - Net	**2.38**	**51.68**	**54.06**

Notes to the Financial Statement for the year ended March 31, 2019

(₹ in crore)

Particulars	At amortised cost	At fair value through profit or Loss	Total
As at April 1, 2017			
Investment in equity shares #			
- Unquoted, fully paid up			
S Kumars Nationwide Ltd.	-	*	-
Meta Copper & Alloys Ltd.	-	0.01	0.01
* (₹ 4,438.00)			
Investment in Pass through certificates and security receipts			
- Unquoted			
Security Receipts Suraksha ARC Trust 004	0.51	-	0.51
Security Receipts Suraksha ARC Trust 005	0.77	-	0.77
RHF Indian Receivable Trust I Sept 30, 2016	0.94	-	0.94
RHF Indian Receivable Trust II Mar 24, 2017	1.28	-	1.28
Cabaletta IFMR Capital 2015 -Series -A2 PTC 18 Dec.15	0.54	-	0.54
Hysminai IFMR Capital 2015 - Series -A2 PTC 30 Oct.15	0.40	-	0.40
IFMR Capital Mosec Glaucus 2015 - Series A2 PTC 01 Sep.15	0.81	-	0.81
IFMR Capital Mosec Vulcan 2015 - Series A2 PTC 30 Sep.15	0.55	-	0.55
Karpo IFMR Capital 2015- Series-A2 PTC 31 July 15	0.42	-	0.42
Libertas IFMR Capital 2015 - Series A2 PTC 30 Nov. 15	1.53	-	1.53
Investment in debentures and bonds			
- Quoted, fully paid-up			
IFMR FImpact Long term Multi Asset Class Fund	-	51.52	51.52
Investment in mutual fund			
Quoted, fully paid up			
Reliance Liquidity Fund - Direct Growth Plan		400.64	400.64
SBI Magnum Instacash - Direct Growth Plan	-	50.01	50.01
Total (A) - Gross	**7.75**	**502.18**	**509.93**
(Less): Investment written off #	-	(0.01)	(0.01)
Total (A) - Net	**7.75**	**502.17**	**509.92**
Investments outside India	-	-	-
Investments in India	7.75	502.18	509.93
Total (B) - Gross	**7.75**	**502.18**	**509.93**
(Less): Investment written off #	-	(0.01)	(0.01)
Total (B) - Net	**7.75**	**502.17**	**509.92**

Note : Mutual funds outstanding as on March 31, 2019 amounting to ₹ 23.85 crore (Previous year - Nil) are pledged with broker for margin requirement.

6 Other financial assets

(₹ in crore)

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Interest accrued on loans	**429.44**	151.45	65.14
Interest accrued on investments	**1.62**	1.69	2.87
Interest accrued on fixed deposits	**4.17**	0.35	0.09
Sundry advances	**11.17**	14.14	30.97
Receivables on assignment of loans	**138.30**	128.98	67.69
Deposits - considered good	**1.95**	1.17	3.03
Total	**586.65**	297.78	169.79

Notes to the Financial Statement for the year ended March 31, 2019

7 Current tax assets (net)

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Advance income tax (net of provision)	**52.25**	30.16	38.93
Total	**52.25**	30.16	38.93

8 Deferred tax assets (net)

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Deferred tax liabilities:			
Related to tangible and intangible assets	**(39.21)**	(24.84)	(4.90)
Unamortised expenditure	**(41.21)**	(51.85)	(12.96)
Other Adjustments	**(46.68)**	(42.86)	(21.66)
Total Deferred tax liability	**(127.10)**	(119.55)	(39.52)
Deferred tax asset:			
Disallowance under the Income Tax Act	**1.00**	1.00	3.71
Tax losses carried forward	**3.85**	50.27	114.84
Expected credit loss / other provisions	**110.99**	86.06	63.29
MAT credit	**104.76**	71.36	-
Other adjustments including other comprehensive income	**62.06**	65.21	37.38
Total deferred tax assets	**282.66**	273.90	219.22
Net deferred tax assets / (liabilities)	**155.56**	154.35	179.70

9 Investment property

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Gross carrying amount			
Opening gross carrying amount / Deemed cost	**4.58**	-	-
Additions	**-**	4.58	-
Closing gross carrying amount	**4.58**	4.58	-
Accumulated depreciation			
Opening accumulated depreciation	**0.06**	-	-
Depreciation charge	**0.07**	0.06	-
Closing accumulated depreciation	**0.13**	0.06	-
Net carrying amount	**4.45**	4.52	-

Fair valuation

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investment property	**4.49**	4.52	-

Estimation of fair value

The Company obtains independent valuations for its investment properties. The best evidence of fair value is current prices in an active market for similar properties.

Notes to the Financial Statement for the year ended March 31, 2019

10 Property, plant and equipment

(₹ in crore)

Particulars	Own Assets				Total
	Buildings	Data processing machineries	Furniture and fixtures	Office Equipments	
Year ended March 31, 2018					
Gross carrying amount					
Opening gross carrying amount as on April 1, 2017	43.34	0.01	-	0.04	43.39
Pursuant to the Scheme of Arrangement*	8.65	0.05	2.37	-	11.07
Additions	-	2.79	0.16	0.07	3.02
Disposals and transfers	3.93	-	-	-	3.93
Closing gross carrying amount	**48.06**	**2.85**	**2.53**	**0.11**	**53.55**
Accumulated depreciation					
Opening accumulated depreciation as on April 1, 2017	1.42	0.01	-	0.03	1.46
Pursuant to the Scheme of Arrangement*	0.76	0.04	2.11	-	2.91
Depreciation charge during the year	0.85	0.47	0.05	0.01	1.38
Disposals and transfers	0.05	-	-	-	0.05
Closing accumulated depreciation	**2.98**	**0.52**	**2.16**	**0.04**	**5.70**
Net carrying amount as at March 31, 2018	**45.08**	**2.33**	**0.37**	**0.07**	**47.85**
Year ended March 31, 2019					
Opening gross carrying amount as on March 31, 2018					
Opening gross carrying amount	48.06	2.85	2.53	0.11	53.55
Additions	-	0.46	0.82	0.44	1.72
Disposals and transfers	-	-	-	-	-
Closing gross carrying amount	**48.06**	**3.31**	**3.35**	**0.55**	**55.27**
Accumulated depreciation					
Opening accumulated depreciation as on March 31, 2018	2.98	0.52	2.16	0.04	5.70
Depreciation charge during the year	0.84	1.01	0.14	0.06	2.05
Disposals and transfers	-	-	-	-	-
Closing accumulated depreciation	**3.81**	**1.53**	**2.30**	**0.10**	**7.75**
Net carrying amount as at March 31, 2019	**44.24**	**1.78**	**1.05**	**0.45**	**47.52**

*Gross carrying amount and accumulated depreciation transferred pursuant to Scheme of Arrangement represents assets transferred under Scheme of Arrangement from Reliance Capital Limited - Refer Note No. 50.

11 Goodwill

(₹ in crore)

Particulars	Goodwill on business acquisition
Year ended March 31, 2018	
Gross carrying amount	
Opening gross carrying amount as on April 1, 2017	30.99
Additions [Refer Note No. 50]	178.97
Less: Impairment for goodwill	-
Balance as at March 31, 2018	**209.96**
Year ended March 31, 2019	
Gross carrying amount	
Opening gross carrying amount as on March 31, 2018	209.96
Additions	-
Less: Impairment for goodwill	-
Balance as at March 31, 2019	**209.96**

Notes to the Financial Statement for the year ended March 31, 2019

12 Other intangible assets

(₹ in crore)

Particulars	**Computer softwares/ Licensing cost**	**Intangible assets under development**
Year ended March 31, 2018		
Gross carrying amount		
Opening gross carrying amount as on April 1, 2017	1.86	1.20
Additions	1.77	1.49
Disposals and transfers	-	0.75
Closing gross carrying amount	3.63	1.94
Accumulated amortisation		
Opening accumulated depreciation as on April 1, 2017	0.91	-
Amortisation during the year	0.64	-
Disposals and transfers	-	-
Closing accumulated depreciation	1.55	-
Net carrying amount as at March 31, 2018	2.08	1.94
Year ended March 31, 2019		
Gross carrying amount		
Opening accumulated depreciation as on March 31, 2018	**3.63**	**1.94**
Additions	**3.04**	**0.08**
Disposals and transfers	**-**	**1.86**
Closing gross carrying amount	**6.67**	**0.16**
Accumulated amortisation		
Opening accumulated depreciation as on March 31, 2018	**1.55**	**-**
Amortisation during the year	**1.25**	**-**
Disposals and transfers	**-**	**-**
Closing accumulated depreciation	**2.81**	**-**
Net carrying amount as at March 31, 2019	**3.86**	**0.16**

13 Other non-financial asset

(₹ in crore)

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Capital advances	**13.67**	13.55	6.81
Prepaid expenses	**2.26**	2.27	1.43
Balance with GST & Service tax authorities	**5.70**	0.02	1.28
Stock of Acquired Properties (Secured)	**145.22**	72.91	51.98
Less : Provision	**(39.28)**	(25.79)	(15.81)
Total	**127.57**	62.96	45.69

14 Derivative financial instruments

(₹ in crore)

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Index linked derivatives - assets / (liabilities)	**(0.63)**	6.68	10.64
Total	**(0.63)**	6.68	10.64

Note: The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, but the Company has elected not to apply hedge accounting requirements.

Notes to the Financial Statement for the year ended March 31, 2019

15A Trade payable

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
- Total outstanding dues of micro enterprises and small enterprises	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
Total	-	-	-

15B Other payable

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
- Total outstanding dues of micro enterprises and small enterprises	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	**6.32**	4.26	4.78
Total	**6.32**	4.26	4.78

Disclosure of amounts payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date.

16 Debt securities

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost - Secured			
Debentures			
- Non-Convertible Debentures	**5,785.79**	5,938.66	3,663.12
(Refer Note below)			
At fair value through profit and loss - Secured			
- Market linked debentures (MLD)	**298.98**	242.48	152.87
Total (A)	**6,084.77**	6,181.14	3,815.99
Debt securities in India	**6,084.77**	6,181.14	3,815.99
Debt securities outside India	-	-	-
Total (B)	**6,084.77**	6,181.14	3,815.99

Security clause in respect of Secured Non-Convertible Debentures (including MLD)

(a) Listed Secured Redeemable Non-Convertible Debentures ("Secured NCDs") of the Company aggregating to ₹ 6,090.62 crore* are secured by way of first pari-passu legal mortgage and charge on the Company's immovable property and additional pari-passu charge by way of hypothecation on the present and future book debts / receivables, outstanding money (loan book), receivable claims of the Company with other secured lenders for an amount of ₹ 5,383.52 crore*, except those book debts and receivables charged / to be charged in favour of National Housing Bank for refinance availed / to be availed from them, of Home Finance Business subject to maintenance of minimum asset coverage of hundred percent of issue amount and security amounting to ₹ 707.10 crore* is provided by way of first pari-passu hypothecation charge on all present and future book debts and business receivables of Company's holding company viz. Reliance Capital Limited (except security created / to be created towards securing term loans and cash credit limits). Business receivables include current assets and investments.

* Gross amount i.e. without considering the impact of unamortised expenses.

(b) Maturity profile of Non-Convertible Debentures are as set out below:

(₹ in crore)

Particulars	Rate	Maturity Date	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
F Series B NCD - 12 (SEC)	9.48%	27-Apr-25	**0.99**	0.99	0.99
F Series B NCD - 13 (SEC)	9.70%	29-Apr-18	-	10.00	9.98
F Series B NCD - 14 (SEC)	9.50%	4-May-18	-	10.00	9.99
F Series B NCD - 15A (SEC)	9.25%	3-Jun-18	-	10.00	10.00
F Series B NCD - 15B (SEC)	9.25%	3-Jun-18	-	10.00	10.00
F Series B NCD - 15C (SEC)	9.25%	3-Jun-18	-	10.00	10.00
F Series B NCD - 16 (SEC)	9.09%	4-Jun-18	-	5.00	4.99

Notes to the Financial Statement for the year ended March 31, 2019

(b) Maturity profile of Non-Convertible Debentures are as set out below: (₹ in crore)

Particulars	Rate	Maturity Date	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
F Series B NCD - 17A & B(SEC)	9.25%	7-Jun-18	**-**	14.99	14.96
F Series B NCD - 18 (SEC)	9.25%	10-Jun-18	**-**	5.00	5.00
F Series B NCD - 19 (SEC)	9.25%	13-Jun-18	**-**	5.00	5.00
F Series B NCD - 20 (SEC)	9.25%	19-Jun-18	**-**	10.00	9.99
F Series B NCD - 21 (SEC)	9.35%	5-Jul-23	**24.69**	24.64	24.59
F Series B NCD - 22 (SEC)	9.35%	5-Jul-23	**4.97**	4.97	4.96
F Series B NCD - 23 (SEC)	9.52%	26-Jul-23	**14.86**	14.84	14.82
F Series B NCD - 26-1 (SEC)	9.90%	28-Mar-24	**1.65**	1.64	1.63
F Series B NCD - 27 (SEC)	9.80%	15-May-24	**14.90**	14.89	14.88
F Series B NCD - 28 (SEC)	9.80%	19-Jun-19	**10.00**	10.00	9.99
F Series B NCD - 29 (SEC)	9.80%	27-Jun-19	**5.00**	5.00	5.00
F Series B NCD - 3 (SEC)	10.10%	26-Nov-17	**-**	-	19.97
F Series B NCD - 30 (SEC)	9.75%	16-Oct-19	**10.00**	10.00	9.99
F Series B NCD - 32 (SEC)	9.05%	26-Mar-20	**14.99**	14.98	14.97
F Series B NCD - 33 (SEC)	9.15%	25-Mar-22	**19.97**	19.96	19.95
F Series B NCD - 36 (SEC)	9.15%	22-Sep-25	**14.94**	14.94	14.93
F Series B NCD - 37 (SEC)	8.82%	28-Oct-22	**20.00**	20.00	20.00
F Series B NCD - 39 (SEC)	8.80%	15-Dec-20	**24.98**	24.96	24.95
F Series B NCD - 4 (SEC)	10.00%	8-Dec-22	**0.99**	0.99	0.99
F Series B NCD - 40 (SEC)	9.00%	8-Mar-21	**49.94**	49.92	49.90
F Series B NCD - 41 (SEC)	9.00%	16-Mar-21	**9.99**	9.98	9.98
F Series B NCD - 42 (SEC)	8.83%	11-Apr-23	**39.84**	39.81	39.79
F Series B NCD - 43 (SEC)	8.81%	26-Apr-23	**24.92**	24.90	24.89
F Series B NCD - 44 (SEC)	8.81%	5-May-23	**14.97**	14.96	14.95
F Series B NCD - 45 (SEC)	8.95%	16-May-25	**24.84**	24.82	24.80
F Series B NCD - 46-III (A) (SEC)	8.81%	24-Jun-21	**24.93**	24.90	24.87
F Series B NCD - 46-IV (B) (SEC)	8.81%	23-Jun-23	**9.95**	9.94	9.94
F Series B NCD - 46-IV (C) (SEC)	8.81%	23-Jun-23	**19.89**	19.87	20.35
F Series B NCD - 47 (SEC)	8.81%	19-Jul-19	**19.99**	19.97	19.96
F Series B NCD - 48 (SEC)	8.90%	22-Jul-21	**49.83**	49.77	49.71
F Series B NCD - 49 (SEC)	8.90%	26-Jul-19	**25.00**	25.00	25.00
F Series B NCD - 5 (SEC)	10.00%	3-Jan-18	**-**	-	14.97
F Series B NCD - 50 (SEC)	8.90%	12-Aug-19	**50.00**	50.00	50.00
F Series B NCD - 51 (SEC)	8.35%	3-Oct-19	**29.98**	29.96	29.93
F Series B NCD - 52 (SEC)	8.80%	4-Oct-23	**10.00**	10.00	10.00
F Series B NCD - 53 (SEC)	8.35%	17-Oct-19	**24.99**	24.96	24.94
F Series B NCD - 54 (SEC)	8.75%	26-Oct-21	**20.00**	20.00	20.00
F Series B NCD - 55 (SEC)	8.85%	27-Oct-23	**20.00**	20.00	20.00
F Series B NCD - 56 (A) (SEC)	8.35%	4-Jun-18	**-**	50.00	50.00
F Series B NCD - 56 (B) (SEC)	8.35%	4-Jun-18	**-**	25.00	25.00
F Series B NCD - 57 (SEC)	8.64%	25-May-20	**100.00**	100.00	100.00
F Series B NCD - 58 (SEC)	0.00%	29-May-20	**100.00**	100.00	100.00
F Series B NCD - 59 (SEC)	8.50%	7-May-27	**20.00**	20.00	-
F Series B NCD - 6 (SEC)	10.00%	8-Jan-18	**-**	-	24.95
F Series B NCD - 60 (SEC)	8.25%	8-May-20	**20.00**	20.00	-
F Series B NCD - 61 (SEC)	8.65%	30-Aug-24	**25.00**	25.00	-
F Series B NCD - 62 (SEC)	0.00%	15-Sep-20	**20.00**	20.00	-
F Series B NCD - 63 (SEC) Type 1	8.88%	11-Oct-24	**489.18**	487.76	-
F Series B NCD - 63 (SEC) Type 2	8.98%	13-Oct-27	**488.36**	487.51	-
F Series B NCD - 64 (SEC)	0.00%	6-Apr-21	**25.00**	25.00	-
F Series B NCD - 65 (SEC)	8.60%	10-Jan-23	**30.00**	30.00	-
F Series B NCD - 66 (SEC)	0.00%	15-Apr-21	**14.00**	14.00	-
F Series B NCD - 67 (SEC)	8.93%	9-Mar-28	**800.00**	800.00	-

Notes to the Financial Statement for the year ended March 31, 2019

(b) Maturity profile of Non-Convertible Debentures are as set out below: (₹ in crore)

Particulars	Rate	Maturity Date	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
F Series B NCD - 68 (SEC)	9.10%	28-Jun-19	**399.73**	398.60	-
RHFL - IA	8.70%	2-Jan-20	**808.52**	805.51	801.77
RHFL - IB	8.90%	2-Jan-20	**1,050.42**	1,046.51	1,043.22
RHFL - IIA	8.90%	2-Jan-22	**164.41**	163.91	163.17
RHFL - IIB	9.05%	2-Jan-22	**330.39**	329.72	329.10
RHFL - IIIA	9.00%	2-Jan-27	**12.70**	12.69	12.68
RHFL - IIIB	9.15%	2-Jan-27	**236.08**	235.90	236.73
Grand Total			**5785.79**	5938.66	3663.12

(c) Maturity profile of Market-linked Debentures are as set out below: (₹ in crore)

Particulars	Rate	Maturity Date	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
MLD - M/04	0.00%	3-Jul-17	**-**	-	7.54
MLD - M/05	0.00%	6-Jul-18	**-**	4.90	4.52
MLD - M/06	0.00%	13-Jul-17	**-**	-	1.61
MLD - M/07	0.00%	2-Aug-17	**-**	-	1.74
MLD - M/08	0.00%	23-May-17	**-**	-	3.38
MLD - M/11	0.00%	11-Jan-18	**-**	-	6.17
MLD - M/12	0.00%	23-Jan-18	**-**	-	2.84
MLD - M/15	0.00%	31-Aug-17	**-**	-	1.46
MLD - M/16	0.00%	22-May-19	**8.42**	7.79	7.22
MLD - M/17	0.00%	31-Jan-18	**-**	-	3.03
MLD - M/19	0.00%	6-Oct-17	**-**	-	12.63
MLD - M/20	0.00%	1-Jul-18	**-**	6.35	7.98
MLD - M/21	0.00%	9-Sep-19	**1.45**	1.34	1.24
MLD - M/22 I	0.00%	30-Sep-19	**16.90**	15.64	14.12
MLD - M/22 II	0.00%	30-Jul-18	**-**	1.99	1.95
MLD - M/22 III	0.00%	2-Jul-18	**-**	6.24	5.74
MLD - M/22 IV	0.00%	30-Jul-19	**0.65**	0.60	0.56
MLD - M/23	0.00%	6-Oct-17	**-**	-	17.59
MLD - M/24	0.00%	7-Oct-19	**19.68**	18.25	16.49
MLD - M/25	0.00%	20-Jan-18	**-**	-	1.09
MLD - M/26	0.00%	29-Aug-18	**-**	2.03	1.99
MLD - M/27	0.00%	1-Oct-18	**-**	1.44	1.41
MLD - M/28	0.00%	28-Aug-17	**-**	-	10.67
MLD - M/29	0.00%	19-Mar-20	**6.16**	5.72	5.33
MLD - M/30	0.00%	26-Oct-17	**-**	-	2.16
MLD - M/31 I	0.00%	2-Dec-19	**2.96**	2.75	2.56
MLD - M/31 II	0.00%	3-Dec-19	**4.95**	4.59	4.27
MLD - M/32	0.00%	2-Dec-19	**2.96**	2.75	2.56
MLD - M/33	0.00%	3-Aug-20	**3.50**	3.24	3.02
MLD - M/34	0.00%	3-Oct-20	**8.61**	7.22	-
MLD - M/35	0.00%	12-Oct-20	**15.03**	13.41	-
MLD - M/36	0.00%	5-Nov-20	**8.62**	8.25	-
MLD - M/37	0.00%	28-Jan-21	**52.90**	47.03	-
MLD - M/38	0.00%	13-Dec-27	**42.62**	41.53	-
MLD - M/39	0.00%	3-Feb-25	**24.04**	23.68	-
MLD - M/40	0.00%	8-Mar-22	**20.38**	15.74	-
MLD - M/41	0.00%	16-Aug-22	**44.99**	-	-
MLD - M/42	0.00%	6-Dec-22	**14.16**	-	-
Grand Total			**298.98**	242.48	152.87

Notes to the Financial Statement for the year ended March 31, 2019

17 Borrowings (other than debt securities) (₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost			
Secured			
- From banks			
Cash credit (Refer Note b. below)	**523.12**	567.62	50.00
Term loan (Refer Note a. below)	**4,420.18**	5,066.29	4,063.39
- From others			
Pass through certificates	**3,177.44**	-	-
Unsecured			
- Commercial paper (Refer Note c. below)	**698.93**	522.21	953.57
Total (A)	**8,819.67**	6,156.12	5,066.96
Borrowings in India	**8,819.67**	6,156.12	5,066.96
Borrowings outside India	**-**	-	-
Total (B)	**8,819.67**	6,156.12	5,066.96

Notes:

a. Term loans from banks includes ₹ 4,430.04 crore* (Previous year ₹ 5,077.57 crore*), are secured by pari-passu first charge by hypothecation of all the standard book debts and receivables of the Company, both present and future, except for those book debts and receivables charged / to be charged in favour of National Housing Bank for refinance availed / to be availed, if any, from them, against security not exceeding ₹ 4,873.04 crore* (Previous year ₹ 5,585.33 crore*).

* Gross amount i.e. without considering the impact of unamortised expenses.

b. Cash Credit facility of ₹ 523.12 crore (Previous year ₹ 567.62 crore), are secured by pari-passu first charge by hypothecation of all the standard book debts and receivables of the Company, both present and future, except for those book debts and receivables charged / to be charged in favour of National Housing Bank for refinance availed / to be availed, if any, from them, against security not exceeding ₹ 575.43 crore (Previous year ₹ 624.38 crore).

c. Commercial papers maximum amount outstanding during the year was ₹ 1,775.00 crore (March 31, 2018 - ₹ 2,200.00 crore)

d. During the Financial year, due to sudden adverse developments in the financial sector, all categories of lenders in India (including Banks, Mutual Funds, etc.) have put near complete freeze on additional lending to Non-Banking Financial Companies (NBFCs) and Housing Finance Companies (HFCs) and have been insisting for reducing the existing level of borrowings which has severely impacted the financial flexibility of majority of NBFCs & HFCs.

These developments have also adversely impacted the Company resulting into temporary liquidity mismatch. The Company has taken steps to meet such temporary liquidity mismatch by securitisation of its loan portfolio. The Company has also engaged with all its lenders to enter into an Inter-Creditor Agreement (ICA) for the resolution of its debt in accordance with the circular dated June 7, 2019 issued by the Reserve Bank of India on Prudential Framework for Resolution of Stressed Assets. Majority of our lenders have already entered into the ICA. The Company is confident of implementing its Resolution Plan during FY 2019-20. In view of the steps taken by the Company, the accounts of the Company have been prepared on Going Concern Basis.

e. **Maturity profile of Secured Term Loans from banks are as set out below:** (₹ in crore)

Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**Total**
Term loan from banks (8.45%-11.50%)	825.00	651.67	909.90	1,460.00	283.35	300.12	**4,430.04**

* Gross amount i.e. without considering the impact of unamortised expenses.

18 Subordinated liabilities (₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At Amortised cost			
Preference shares other than those qualified as Equity - 3 10 35 980 8% Cumulative Non-Convertible Redeemable Preference Shares of ₹ 10/- Each Fully Paid up [Refer Note No. 22]	**31.04**	31.04	-
Tier II Unsecured Non-Convertible Debentures	**763.44**	767.66	766.01
Total	**794.48**	798.70	766.01
In India	**794.48**	798.70	766.01
Outside India	**-**	-	-
Total	**794.48**	798.70	766.01

Notes to the Financial Statement for the year ended March 31, 2019

a. Unsecured NCDs amounting to ₹ 768.71 crore* (Previous year ₹ 773.71 crore)* are in respect to Tier II Subordinate Debts.

* Gross amount i.e. without considering the impact of unamortised expenses.

b. **Maturity profile of Unsecured Non-Convertible Debentures are as set out below:** (₹ in crore)

Particulars	Rate	Maturity Date	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
F Series T NCD-01 (UNSEC)	10.60%	18-Sep-22	**0.99**	0.98	0.98
F Series T NCD-02 (UNSEC)	10.60%	18-Sep-22	**4.93**	4.91	4.90
F Series T NCD-03 (UNSEC)	10.40%	21-Sep-22	**14.71**	14.65	14.59
F Series T NCD-04 (UNSEC)	10.40%	24-Sep-22	**14.71**	14.65	14.59
F Series T NCD-05 (UNSEC)	10.40%	24-Sep-22	**5.00**	5.00	5.00
F Series T NCD-06 (UNSEC)	10.60%	18-Sep-22	**1.97**	1.96	1.96
F Series T NCD-07 (UNSEC)	10.40%	4-Oct-22	**14.88**	14.86	14.83
F Series T NCD-08 (UNSEC)	10.33%	10-Oct-22	**19.66**	19.58	19.51
F Series T NCD-09 (UNSEC)	10.33%	10-Oct-22	**9.83**	9.79	9.76
F Series T NCD-10 (UNSEC)	10.33%	18-Oct-22	**9.83**	9.79	9.76
F Series T NCD-11 (UNSEC)	10.33%	26-Nov-22	**4.47**	4.37	4.28
F Series T NCD-12 (UNSEC)	10.00%	7-Feb-23	**15.00**	15.00	15.00
F Series T NCD-13 (UNSEC)	9.50%	12-Nov-18	**-**	4.99	4.98
F Series T NCD-14 (UNSEC)	9.50%	29-May-23	**25.00**	25.00	25.00
F Series T NCD-15A (UNSEC)	9.50%	9-Jun-25	**9.77**	9.75	9.73
F Series T NCD-15B (UNSEC)	9.50%	9-Jun-25	**9.77**	9.75	9.73
F Series T NCD-16 (UNSEC)	9.50%	12-Jun-25	**9.56**	9.51	9.47
F Series T NCD-17 (UNSEC)	9.50%	13-Jun-25	**9.77**	9.75	9.73
F Series T NCD-18 (UNSEC)	9.50%	29-Jun-25	**9.77**	9.75	9.72
F Series T NCD-19 (UNSEC)	9.50%	1-Jul-25	**10.00**	10.00	10.00
F Series T NCD-20 (UNSEC)	9.25%	3-Jul-25	**19.58**	19.54	19.49
F Series T NCD-21 (UNSEC)	9.50%	21-Aug-25	**10.00**	10.00	10.00
F Series T NCD-22 (UNSEC)	9.25%	23-Aug-25	**6.86**	6.84	6.83
F Series T NCD-23 (UNSEC)	9.45%	15-Sep-22	**9.96**	9.95	9.94
F Series T NCD-24 (UNSEC)	9.00%	21-Jan-26	**14.81**	14.79	14.77
F Series T NCD-25 (UNSEC)	9.00%	10-Feb-26	**2.96**	2.96	2.95
F Series T NCD-26 (UNSEC)	8.75%	23-Nov-26	**4.99**	4.99	4.99
F Series T NCD-27 (UNSEC)	9.00%	25-Nov-26	**49.05**	48.97	48.88
F Series T NCD-28 (UNSEC)	9.00%	7-Dec-26	**9.89**	9.89	9.89
RHFL - IVA	9.25%	2-Jan-32	**250.04**	250.01	249.08
RHFL - IVB	9.40%	2-Jan-32	**185.68**	185.68	185.68
Total			**763.44**	767.66	766.01

19 Other financial liabilities (₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Interest payable on preference shares	**2.48**	1.60	-
Interest accrued but not due on borrowings	**227.33**	195.29	127.35
Collateral deposit from customers	**0.14**	0.29	0.05
Temporary book overdraft	**-**	1.83	187.52
Other liabilities	**2.06**	17.29	13.64
Share capital suspense account	**-**	-	31.04
Securitisation/Assignment payable	**247.54**	45.78	48.30
Total	**479.55**	262.08	407.90

Notes to the Financial Statement for the year ended March 31, 2019

20 Provisions

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provision for employees benefits			
- Leave encashment	**0.23**	0.35	0.55
- Gratuity	**1.73**	1.34	-
Provisions on expenses	**22.56**	46.59	18.43
Total	**24.52**	48.28	18.98

21 Other non-financial liabilities

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Advance from customers	**71.29**	130.05	30.68
Statutory dues including provident fund and tax deducted at source	**2.21**	2.60	3.18
Total	**73.50**	132.65	33.86

22 Equity share capital

(₹ in crore)

	Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
		Number	Amount	Number	Amount	Number	Amount
a)	**Authorised:**						
	Equity shares of ₹ 10 each	**70 00 00 000**	**700.00**	70 00 00 000	700.00	55 00 00 000	550.00
	Preference shares of ₹ 10 each*	**10 00 00 000**	**100.00**	10 00 00 000	100.00	5 00 00 000	50.00
	Total	**80 00,00 000**	**800.00**	80 00 00 000	800.00	60 00 00 000	600.00
	* [Refer Note No. 18]						
b)	**Issued, subscribed & fully paid-up:**						
	Equity shares of ₹ 10 each	**48 50 58 818**	**485.06**	48 50 58 818	485.06	11 58 20 000	115.82
	Total	**48 50 58 818**	**485.06**	48 50 58 818	485.06	11 58 20 000	115.82

c) Equity shares held by holding company:

Equity shareholders	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	% holding	Number	% holding	Number	% holding
Reliance Capital Limited* (Refer Note (h) below)	**23 23 69 188**	**47.91**	23 23 69 188	47.91	11 58 20 000	100.00

*Out of the above equity shares, 20 equity shares were jointly held by Reliance Capital Limited and its nominees.

d) Shares in the Company held by each shareholder holding more than 5 per cent:

Name of the equity shareholder	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	% holding	Number	% holding	Number	% holding
Reliance Capital Limited*	**23 23 69 188**	**47.91**	23 23 69 188	47.91	11 58 20 000	100.00
Reliance Inceptum Private Limited	**9 77 14 206**	**20.14**	9 77 14 206	20.14	-	-
Reliance Infrastructure Consulting & Engineers Private Limited	**2 72 75 633**	**5.62**	2 79 75 633	5.77	-	-

*Out of the above equity shares, 20 equity shares were jointly held by Reliance Capital Limited and its nominees.

Name of the preference shareholder	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	% holding	Number	% holding	Number	% holding
Mr. Sunil Bhandari, Mr. Vishal Rathi & BDG Advisors Private Limited as members of BDG Associates	**3 10 35 886**	**99.99**	3 10 35 886	99.99	-	-

Notes to the Financial Statement for the year ended March 31, 2019

e) Rights, Preferences and Restrictions:

i) **In respect of Equity shares:**

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

ii) **In respect of Preference shares*:**

3,10,35,980, 8% Cumulative Non-Convertible Redeemable Preference Shares having a par value of ₹ 10 per share shall be redeemed at par after 5 years from the date of allotment i.e. August 9, 2017 or unless otherwise agreed between the Company and preference shareholders.

* [Refer Note No. 18]

f) Pursuant to the Scheme of Arrangement between India Debt Management Private Limited ("IDMPL") and the Company and their respective Shareholders, 3,10,35,980 fully paid-up 8% Cumulative Non-Convertible Redeemable Preference Shares were issued and allotted to the equity shareholders of IDMPL on August 9, 2017 without payment being received in cash.

g) Pursuant to the Scheme of Arrangement between Reliance Capital Limited ("RCap") and the Company and their respective Shareholders and Creditors:

i) 11,65,49,188 fully paid-up equity shares were issued and allotted to the holding company viz. RCap on September 4, 2017 on rights basis at a premium of ₹ 22 per share amounting to ₹ 372.96 crore;

ii) 25,26,89,630 fully paid-up equity shares were issued and allotted to the shareholders of RCap in the ratio of 1:1 on September 7, 2017 without payment being received in cash; and

iii) Upon allotment of equity shares to shareholders of RCap, RCap held 47.91 per cent of the total paid-up equity share capital of the Company and RCap may acquire such number of shares from the other promoters of the Company at an agreed value, so that the holding of RCap in the Company is 51 per cent.

h) Reliance Capital Limited (RCap), the Promoter of the Company holds 47.91 per cent of the total paid-up equity share capital of the Company and controls the Company pursuant to a voting agreement with other Promoter Group entities namely Reliance Inceptum Private Limited and Reliance Infrastructure Consulting & Engineers Private Limited (which in the aggregate hold 25.76 per cent of the total paid-up equity share capital of the Company) and the Company is a subsidiary of RCap in terms of Section 2(87) of the Companies Act, 2013.

i) Out of the above shares 3,29,10,000 equity shares were allotted as fully paid-up bonus shares to its existing shareholders in the financial year 2012-13.

j) The Company has not bought back any shares during the period of last 5 financial years.

k) Reconciliation of number of shares outstanding:

	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	No. of Shares	**Amount (₹ in crore)**	No. of Shares	Amount (₹ in crore)	No. of Shares	Amount (₹ in crore)
Equity Shares						
Opening Balance	**48 50 58 818**	**485.06**	11 58 20 000	115.82	6 58 20 000	65.82
Addition during the year	**-**	**-**	36 92 38 818	369.24	5 00 00 000	50.00
Closing Balance	**48 50 58 818**	**485.06**	48 50 58 818	485.06	11 58 20 000	115.82
Preference Shares						
Opening Balance	**3 10 35 980**	**31.04**	-	-	-	-
Addition during the year	**-**	**-**	3 10 35 980	31.04	-	-
Closing Balance	**3 10 35 980**	**31.04**	3 10 35 980	31.04	-	-

l) For employee stock option scheme Refer Note No. 43

m) As on March 31, 2019, the Company has not:

i) issued any shares where calls are unpaid; and

ii) forfeited any shares.

Notes to the Financial Statement for the year ended March 31, 2019

23 Other equity

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Debenture redemption reserve*			
Opening balance	**242.62**	48.52	48.52
Add: Amount transferred from Statement of Profit and loss	**194.10**	194.10	-
Add/(Less) : Changes during the year	**-**	-	-
Closing balance	**436.72**	242.62	48.52
Securities premium account			
Opening balance	**660.62**	405.18	405.18
Add: Issued during the year	**-**	255.44	-
Add/(Less) : Changes during the year	**(0.28)**	-	-
Closing balance	**660.34**	660.62	405.18
Special reserve fund#			
Opening balance	**130.56**	94.45	94.45
Add: Amount transferred from Statement of Profit and loss	**13.38**	36.11	-
Add/(Less) : Changes during the year	**-**	-	-
Closing balance	**143.94**	130.56	94.45
Surplus/(deficit) in the statement of profit and loss			
Opening balance	**303.67**	373.95	373.95
Add: Amount transferred from Statement of Profit and loss	**66.92**	166.93	-
Less: Dividend	**(48.51)**	(5.80)	-
Less: Tax on dividend	**(10.30)**	(1.20)	-
Less: Transfer to special reserve	**(13.38)**	(36.11)	-
Less: Transfer to debenture reserve fund	**(194.10)**	(194.10)	-
Add/(Less) : Changes during the year	**-**	-	-
Closing balance	**104.30**	303.67	373.95
Employee stock option scheme			
Opening balance	**1.99**	-	-
Add/(Less) : Changes during the year	**9.65**	1.99	-
Closing balance	**1,356.94**	1,339.46	922.10

* Created pursuant to the Companies (Share capital and debentures) Rules, 2014.

\# Created pursuant to Section 29C of the National Housing Bank Act, 1987.

Nature and purpose of reserve

a. Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

b. Debenture redemption reserve

The company is required to create a debenture redemption reserve out of the profits which is available for payment of dividend for the purpose of redemption of debentures. (Refer Note No. 55)

c. Special reserve

An amount equivalent to 20 per cent of the profits is transferred to special reserve fund as per Prudential Norms of NHB.

d. Employee stock option scheme

The Employee stock option scheme is used to recognise the grant date fair value of options issued to employees under share based payments arrangement over the vesting period. (Refer Note No. 43)

Notes to the Financial Statement for the year ended March 31, 2019

24 Interest income

(₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
On financial assets measured at amortised costs:		
Interest on loans	**1,911.51**	1,561.49
Interest on deposits with banks	**13.11**	6.94
On financial assets measured at FVTPL:		
Interest income from investments	**7.64**	26.63
Total	**1,932.26**	1,595.06

25 Fees and commission income

(₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Servicing Fees	**3.22**	3.79
Other Operating Charges	**22.94**	19.52
Brokerage Commission on Property Solution	**1.44**	4.00
Total	**27.60**	27.31

26 Other operating income

(₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Bad Debts Recovered	**26.17**	0.38
Total	**26.17**	0.38

27 Other income

(₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit on sale of investments	**13.49**	58.91
Interest on income tax refund	**0.62**	1.61
Miscellaneous income	**2.45**	0.07
Total	**16.56**	60.59

28 Finance costs

(₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
On financial liabilities measured at amortised cost:		
Interest on Non convertible debentures	**608.05**	437.75
Interest on borrowings	**698.27**	610.24
Interest on preference shares	**2.48**	1.60
Other finance charges	**0.58**	0.15
On financial liabilities measured at fair value:		
Interest on Non convertible debentures	**12.85**	11.54
Total	**1,322.23**	1,061.28

Notes to the Financial Statement for the year ended March 31, 2019

29 Employee benefits expenses (₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	**106.27**	107.94
Contribution to provident and other funds	**4.52**	5.43
Share based payments to employees	**9.65**	1.99
Staff welfare expenses	**4.71**	3.62
Total	**125.15**	118.98

30 Impairment on financial instruments (₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
On financial instruments measured at amortised cost:		
Expected credit loss (net of provision)	**48.62**	61.36
Investments written off	**31.98**	40.16
Bad debts written off	**254.86**	52.59
Total	**335.46**	154.11

31 Other expenses (₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Auditor's remuneration (Refer Note No. 32)	**0.23**	0.16
Bank charges	**0.34**	0.45
Credit cost	**0.32**	0.07
Collection cost	**2.67**	0.81
Corporate Social Responsibility Expenditures (Refer Note No. 33)	**3.72**	2.75
Directors' sitting fees	**0.36**	0.32
Legal & professional fees	**45.63**	34.27
Loss on sale of fixed asset	**-**	0.02
Marketing expenses	**2.49**	4.03
Management expenses	**7.22**	6.52
Miscellaneous expenses	**0.24**	0.20
Postage, telegram & telephone	**1.35**	1.42
Provision for stock of acquired assets	**13.48**	9.29
Printing and stationary	**4.01**	4.34
Rates and taxes	**1.68**	3.39
Repairs & maintenance-others	**18.02**	17.83
Travelling & conveyance	**4.59**	6.12
Rent	**8.42**	7.96
Total	**114.77**	99.95

32 Auditors' remuneration (₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Statutory Audit Fees (including Limited Review fees) *	**0.17**	0.11
Certification fees*	**0.06**	0.05
Total	**0.23**	0.16

* Auditor's remuneration for the year ended March 31, 2019 comprises of remuneration of ₹ 0.15 crore paid to erstwhile auditors.

Notes to the Financial Statement for the year ended March 31, 2019

33 Contribution for corporate social responsibility (CSR)

As per Section 135 of the Act the Company is under obligation to incur ₹ 3.72 crore (Previous year ₹ 2.75 crore) and has incurred the same in cash, being 2% of the average net profit during the three immediately preceding financial years, calculated in the manner as stated in the Act towards Corporate Social Responsibility through the non-profit centre(s) engaged in the provision of health care, skills, development and education, animal welfare and protection of cultural heritage for the purpose other than construction / acquisition of asset.

34 Income tax

a) Component of income tax expenses

(₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current tax [including taxes for earlier years - Current year ₹ 2.29 crore, (Previous year ₹ 38.47 crore)]	**1.99**	(17.31)
Deferred tax	**32.19**	96.91
Total Income Tax expense recognised in the statement of profit and loss	**34.18**	79.60

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2019 and March 31, 2018 is as follows:

(₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Accounting profit before tax	**101.60**	246.93
Tax at India's statutory income tax rate of 34.94% (previous year 34.61%)	**35.50**	85.46
- Others	**(1.32)**	(5.85)
Income tax expense at effective tax rate reported in Statement of profit and loss	**34.18**	79.61
Effective tax rate	**33.64%**	32.24%

The tax rate used for the reconciliations above is the corporate tax rate of 34.94% for the year 2018-19 and 34.61% for the year 2017-18 payable by corporate entities in india on taxable profits under tax laws Indian jurisdiction.

c) Movement in Deferred Tax Assets / Liabilities

As at March 31, 2018

(₹ in crore)

Particulars	As at April 1, 2017	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2018
Deferred tax liabilities :				
Related to Fixed Assets	(4.90)	(19.94)	-	(24.84)
Unamortised Expenditure	(12.96)	(38.89)	-	(51.85)
Special Reserve Fund	-	-	-	-
Other Adjustments	(21.66)	(21.20)	-	(42.86)
	(39.52)	(80.03)	-	(119.55)
Deferred tax assets :				
Disallowance under the Income Tax Act	3.71	(2.71)		1.00
Tax Losses Carried forward	114.84	(64.57)	-	50.27
Expected credit loss / other provisions	63.29	22.78	-	86.06
Other Adjustments Including OCI	37.38	27.62	0.20	65.21
Total	219.22	(16.88)	0.20	202.54
Net deferred tax assets/liabilities	179.70	(96.91)	0.20	82.99
MAT Credit	-	71.36	-	71.36
Deferred Tax Assets/Liabilities	179.70	(25.55)	0.20	154.35

As at March 31, 2019 (₹ in crore)

Particulars	As at March 31, 2018	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2019
Deferred tax liability :				
Related to tangible and intangible assets	(24.84)	(14.38)	-	**(39.21)**
Unamortised Expenditure	(51.85)	10.64	-	**(41.21)**
Special Reserve Fund	-	-	-	**-**
Other Adjustments	(42.86)	(3.81)	-	**(46.68)**
	(119.55)	**(7.55)**	**-**	**(127.10)**
Deferred tax asset :				
Disallowance under the Income Tax Act	1.00	-	-	**1.00**
Tax Losses Carried forward	50.27	(46.42)	-	**3.85**
Expected credit loss / other provisions	86.06	24.93	-	**110.99**
Other Adjustments including OCI	65.21	(3.42)	0.27	**62.06**
	202.54	**(24.91)**	**0.27**	**177.90**
Net deferred tax asset/liability	82.99	**(32.46)**	**0.27**	**50.80**
MAT Credit	71.36	33.40	-	**104.76**
Deferred Tax Asset/Liability	154.35	**0.94**	**0.27**	**155.56**

d) Significant estimates

The Company has recognised deferred tax assets for the carry forward of unused tax losses to the extent that it is probable that the future taxable profit will be available against which the unused tax losses can be utilised.

35 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

(₹ in crore)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Within 12 months	**After 12 months**	**Total**	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets									
Cash and cash equivalents	**105.84**	**-**	**105.84**	58.95	-	58.95	252.49	-	252.49
Bank balance other than cash and cash equivalents above	**479.64**	**7.43**	**487.07**	50.64	15.37	66.01		84.73	84.73
Derivative financial instruments	**-**	**-**	**-**	6.68	-	6.68	10.64	-	10.64
Loans	**8,344.04**	**7,907.05**	**16,251.09**	2,611.74	11,798.71	14,410.45	937.90	8,847.53	9,785.43
Investments	**52.34**	**41.12**	**93.46**	0.08	53.98	54.06	455.02	54.90	509.92
Other financial assets	**490.33**	**96.32**	**586.65**	210.60	87.18	297.78	123.91	45.88	169.79
Non-financial assets									
Current tax assets (Net)	**-**	**52.25**	**52.25**	-	30.16	30.16	-	38.93	38.93
Deferred tax assets (Net)	**-**	**155.56**	**155.56**	-	154.35	154.35	-	179.70	179.70
Investment property	**-**	**4.45**	**4.45**	-	4.52	4.52	-	-	-
Property, plant and equipment	**-**	**47.52**	**47.52**	-	47.85	47.85	-	41.94	41.94
Intangible assets under development	**0.16**	**-**	**0.16**	1.94	-	1.94	1.20	-	1.20
Goodwill	**-**	**209.96**	**209.96**	-	209.96	209.96	-	30.99	30.99
Other intangible assets	**-**	**3.86**	**3.86**	-	2.08	2.08	-	0.95	0.95
Other non-financial assets	**127.57**	**-**	**127.57**	62.96	-	62.96	45.69	-	45.69
Total assets	**9,599.93**	**8,525.51**	**18,125.44**	3,003.59	12,404.16	15,407.75	1,826.86	9,325.54	11,152.40
Financial liabilities									
Derivative financial instruments	**0.63**		**0.63**						
Payables									-
(I) Trade payables									
(i) total outstanding dues of micro enterprises and small enterprises	**-**	**-**	**-**	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**-**	**-**	**-**	-	-	-	-	-	-
(II) Other payables									
(i) total outstanding dues of micro enterprises and small enterprises	**-**	**-**	**-**	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**6.32**	**-**	**6.32**	4.26	-	4.26	4.78	-	4.78
Debt securities	**2,512.73**	**3,572.04**	**6,084.77**	104.71	6,076.43	6,181.14	100.51	3,715.48	3,815.99
Borrowings (Other than debt securities)	**2,173.32**	**6,646.35**	**8,819.67**	2,546.80	3,609.32	6,156.12	2,268.65	2,798.31	5,066.96
Subordinated liabilities	**-**	**794.48**	**794.48**	5.00	793.70	798.70	-	766.01	766.01
Other financial liabilities	**479.42**	**0.13**	**479.55**	261.79	0.29	262.08	407.85	0.05	407.90
Non-financial liabilities									
Provisions	**24.52**	**-**	**24.52**	47.94	0.34	48.28	18.45	0.53	18.98
Other non-financial liabilities	**73.50**	**-**	**73.50**	132.65	-	132.65	33.86	-	33.86
Total liabilities	**5,270.44**	**11,013.01**	**16,283.44**	3,103.15	10,480.08	13,583.23	2,834.09	7,280.39	10,114.48
Net	**4,329.49**	**(2,487.50)**	**1,842.00**	(99.56)	1,924.08	1,824.52	(1,007.23)	2,045.15	1,037.92

36 Fair value measurement

a) Financial instruments by category

(₹ in crore)

Particulars	As at March 31, 2019 FVTPL	As at March 31, 2019 Amortised cost	As at March 31, 2018 FVTPL	As at March 31, 2018 Amortised cost	As at April 1, 2017 FVTPL	As at April 1, 2017 Amortised cost
Financial assets						
Cash and cash equivalents	-	**105.84**	-	58.95	-	252.49
Bank balance other than cash and cash equivalents above	-	**487.07**	-	66.01	-	84.73
Derivative financial instruments	-	-	6.68	-	10.64	-
Loans	-	**16,251.09**	-	14,410.45	-	9,785.43
Investments	**75.47**	**17.99**	51.68	2.38	502.17	7.75
Other financial assets	-	**586.65**	-	297.78	-	169.79
Total financial assets	**75.47**	**17,448.64**	58.36	14,835.57	512.81	10,300.19
Financial liabilities						
Derivative financial instruments	**0.63**	-	-	-	-	-
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	**6.32**	-	4.26	-	4.78
Debt securities	**298.98**	**5,785.79**	242.48	5,938.66	152.87	3,663.12
Borrowings (other than debt securities)	-	**8,819.67**	-	6,156.12	-	5,066.96
Subordinated liabilities	-	**794.48**	-	798.70	-	766.01
Other financial liabilities		**479.55**		262.08		407.90
Total financial liabilities	**299.62**	**15,885.81**	242.48	13,159.82	152.87	9,908.77

b) Fair value hierarchy

This Section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) Recognised and measured at fair value; and

(b) Measured at amortised cost and for which fair values are disclosed in the financial statements to provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Ind As. An explanation of each level follows underneath the table.

As at March 31, 2019 (₹ in crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at FVTPL				
- Debentures and bonds	**51.62**	-	-	**51.62**
- Mutual funds	**23.85**	-	-	**23.85**
Total financial assets	**75.47**	-	-	**75.47**
Financial liabilities				
Debentures	-	**298.98**	-	**298.98**
Derivatives not designated as hedges				
- Options	-	**0.63**	-	**0.63**
Total financial liabilities	-	**299.61**	-	**299.61**

Notes to the Financial Statement for the year ended March 31, 2019

As at March 31, 2018 (₹ in crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives not designated as hedges				
- Options	-	6.68	-	6.68
Financial investments at FVTPL				-
- Debentures and bonds	51.68	-	-	51.68
- Mutual funds	-	-	-	-
Total financial assets	51.68	6.68	-	58.36
Financial liabilities				
Debentures	-	242.48	-	242.48
Total financial liabilities	-	242.48	-	242.48

As at April 1, 2017 (₹ in crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives not designated as hedges				
- Options	-	10.64	-	10.64
Financial investments at FVTPL				
- Debentures and bonds	51.52	-	-	51.52
- Mutual funds	450.64	-	-	450.64
- Listed/unlisted equity shares	-	-	-	-
Total financial assets	502.16	10.64	-	512.80
Financial liabilities				
Debentures	-	152.87	-	152.87
Total financial liabilities	-	152.87	-	152.87

Notes:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between levels 1, 2 and 3 during the year. For transfers in and out of level 3 measurements see (iii) below.

c) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

Listed equity investments (other than subsidiaries and associates - Quoted bid price on stock exchange;

Mutual fund - net asset value of the scheme;·

Debentures or bonds - based on market yield for instruments with similar risk / maturity, etc.;·

Interest rate swaps – the present value of the estimated future cash flows based on observable yield curves;·

Private equity investment fund - price to book value method and;

Other financial instruments – discounted cash flow analysis.

The Company has issued certain non-convertible debenture, the rate of interest on which is linked to performance of specified indices over the period of the debentures. The Company hedges its interest rate risk on MLD by taking position in future and option based on specified indices. Any gain / loss on these hedge positions is recognised in statement of profit and loss.

For remaining financial assets and liabilities that are measured at amortised cost, the carrying amounts are same as fair values.

37 Financial risk management

Introduction

The Company has operations in India. Whilst risk is inherent in the Company's activities, it is managed through and integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limit and other controls. The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operation and regulatory risks. Hence this process of risk management is critical to the Company's continuing profitability and each individual within the company is accountable for the risk exposures relating to her or his responsibilities.

Risk Management Framework

The Company's risk management is carried out by Risk Management Committee under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific area.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade and other receivables, Investments, derivatives financial instruments, financial assets measured at amortised cost	Aging analysis	Probability Prediction Modelling techniques
Liquidity risk	Debt securities, Borrowings (other than debts), subordinated liabilities, policy liabilities	Rolling cash flow forecasts	Availability of committee credit lines, borrowing facilities, Asset liability measurement
Market exchange Interest rate	Long term borrowings at variable rate	Sensitivity analysis	

(1) Credit risk management

Credit risk is the risk of suffering financial loss, should any of the company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as credit derivatives (credit default swaps), financial guarantees, letters of credit, endorsements and acceptances.

The Company is also exposed to other credit risks arising from investments in debt securities.

Credit risk is the single largest risk for the Company's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team which reports regularly to the Boards' Risk Management Committee.

(a) Loans and advances (incl. loan commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Company measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under Ind AS 109.

(2) Expected credit loss measurement

Ind AS 109 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.

If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

Financial instruments in 'Stage 1' have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in 'Stages 2 or 3' have their ECL measured based on expected credit losses on a lifetime basis.

(a) Significant increase in credit risk (SICR)

The approach provides a principle based framework to compute expected credit losses (ECL). It requires an entity to evaluate the credit risk in a financial asset as on each reporting date. In case, there is no significant increase in credit risk, asset is classified as a 'Stage 1' asset and an amount equal to 12-month expected credit losses is provided for. However, in case there is a significant increase in credit risk, the asset is classified as a 'Stage 2' asset and the entity is required to provide for an amount equal to the lifetime expected credit losses. Already impaired assets are classified as 'Stage 3' assets and the entity is required to provide for an amount equal to the lifetime expected credit losses.

As mentioned above, under IND AS 109 all assets are further classified into three stages based on the change in credit risk since inception. These three stages are described below:

'Stage 1' includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognised.

'Stage 2' includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised.

'Stage 3' includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL is recognised.

Staging can be done basis qualitative and quantitative criteria with DPD as a backstop arrangement.

Quantitative criteria:

- Financial instruments that have had a significant increase in credit risk since initial recognition to where DPD status is greater than 30 Days Pass Due (DPD) and less than or equal to 90 DPD (unless they have low credit risk at the reporting date) but that do not have objective evidence of NPA. For these assets, lifetime ECL are recognised. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

  These thresholds have been determined separately for Home Loan, LAP, Construction finance and Other products, by assessing how the Lifetime PD moves prior to an instrument becoming delinquent. The Lifetime PD movements on instruments which do not subsequently become delinquent have also been assessed, to identify the "natural" movement in Lifetime PD which is not considered indicative of a significant increase in credit risk.

Qualitative criteria:

For Construction Finance portfolios, if the borrower meets one or more of the following criteria:

- Delay in project due to approval issue
- Slow down in unit sales
- slow down in collections from customers

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level for all Retail & Construction Finance instruments held by the company.

The above approach is quantitatively modelled using following formula

ECL = Probability of default (PD) x Exposure at default (EAD) x Loss given default (LGD)

This model defines these parameters based on historical data and suitable regulatory assumptions.

- Probability of default: It defines the probability of a borrower to default in its commitment over a time of the asset. In IND AS 109 context, PD is calculated for two time horizon. 12 Months PD and life time PD.
- 12 Months PD: likelihood of default in 12 months for an asset.
- Life time PD: likelihood of default in the lifetime of an asset.
- Exposure At default: It is the total amount of an asset the entity is exposed to at the time of default. EAD is defined based on the characteristics of the asset. Here EAD can be considered as principal plus accrued interest. EAD can be alternatively arrived at by discounting contractual cash flows with EIR. For current computations, we are following the first definition of principal plus accrued interest that is slightly more conservative approach. For example in a loan portfolio, EAD is dependent on the outstanding exposure of an asset, sanctioned amount of a loan and credit conversion factor for non-funded exposures. Amortization schedule may be considered for EAD in future, though for the purpose of this project EAD does not consider amortization schedule which is on a conservative basis.
- Loss Given Default (LGD): It is the part of an asset that is lost provided the asset default. The recovery rate is derived as a ratio of discounted value of recovery cash flows (incorporating the recovery time) to total exposure amount at the time of default. Recovery rate is calculated for each segment separately. Loss given default is computed as (1 - recovery rate) in percentage terms. LGD is measured in a way that reflects the time value of money. This means that cash shortfalls associated with default are required to be discounted back to the default date. However note that for LGD, the historical data points will be subsequently retained to ensure the data richness that is important for LGD computations. Thus all defaults from 2012 onwards are considered.

(b) Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

Quantitative criteria

An account is classified as a default if it's DPD > 90 i.e. the account has failed to make it contractual payments for more than 90 days.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower committed Fraud
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the company's expected loss calculations.

(c) ECL Model Development process

(1) Segmentation

As discussed previously the first step in the model development process is segmentation / pooling. This is especially important to treat similar type of loans reflecting homogeneous risk characteristics in a consistent manner. The segmentation scheme is based on the amount of data available and historic performance. It was observed that the entire portfolio had sufficient population distribution under Affordable Housing (AH), Housing Loan (HL), Loan against Property (LAP) & Construction Finance (CF). Due to fewer number of accounts on GPCL, SME, MF & Infra portfolios they are merged into a single sub portfolio "Others" post discussion with management. However, going forward depending upon availability of data, size of the portfolio the segmentation can be reviewed.

It is observed that the even though Construction Finance has a relatively small number of accounts compared to the other major portfolios it has the highest share in terms of sanctioned amount amongst all the other portfolios. This indicates that the average ticket size under CF is substantially bigger compared to other portfolios. Affordable Housing has the largest share in terms of the number of accounts and the lowest in terms of sanctioned amount among the large. Meanwhile, GPCL, SME, Infra & MF combined constitute the smallest pool ("Others") with the least number of accounts and combined sanctioned amount.

(2) Staging & Historical Default Rates

In order to compute the probability of default a snapshot approach was adopted in order to observe the transition of accounts into different "pools" on a yearly basis (Jan to Jan, year-on-year). Year on year delinquent and non- delinquent information at account level for the period of 2012-2018 was used for analyzing transition of accounts into defined DPD (days-past-due) buckets. These DPD buckets are defined as:

Stage 1	: Bucket 0 (DPD 0)
	Bucket 1 (DPD 1-30)
Stage 2	: Bucket 2 (DPD 31-60)
	Bucket 3 (DPD 61-90)
Stage 3	: Bucket 4 (DPD 90+)

Upon observing the yearly default rates across the years, it was noted that these rate varied randomly against macro-economic variables due to fewer number of data points as well as defaults , while there was been no drastic change in macroeconomic conditions over the last few years. Considering this, we have computed forward looking PD basis weighted average of last 4 years default rate in the ratio 1:2:3:4, with 4 being assigned to the most recent year. Going ahead, with sufficient data points available, other approaches can be tested. Hence in order to compute the Point-in-Time (PiT) PDs as expected in relevant Accounting Standard a weighted average of the probability of defaults were taken for the last 4 years with higher weights for more recent years.

(3) Lifetime PD

Remaining Maturity

The remaining maturity is calculated initially by comparing maturity date with reporting date which forms the basis of probability of default over the lifetime of assets.

Notes to the Financial Statement for the year ended March 31, 2019

Note that if an account has already matured before the reporting date then the remaining life is assumed to be 1 year to ensure that the computation is on conservative side to avoid negative tenure coming into picture.

Lifetime PD

Lifetime PD is the probability of a default when assessed over the entire lifetime of a financial asset. It is also referred as cumulative PD.

For all the portfolios, using the projected 12 Months PD and Long term Default rates, lifetime PD is calculated using survival logic for each asset type and each pool for the remaining lifetime of the assets.

The underlying assumption of this method is that is considers the same macroeconomic scenario for following year as that of first year. Hence, marginal PD for all the following years will be same as that of first year. Also the PD has been computed at borrower level and not facility level. In case a borrower has multiple facilities, we have taken DPD status of the latest facility of the borrower in order to compute the transition matrix.

We have taken for the Lifetime PD maturity up to 10 years for AH, HL, LAP, Others and 6 years for CF on the basis historical observations.

(4) Exposure at default (EAD)

Exposure at default is the total value an entity is exposed to when a loan defaults. It is the predicted amount of exposure that an entity may be exposed to when a debtor defaults on a loan. The outstanding principal and accrued interest reported as of the reporting date for computation of ECL is used as the EAD for all the portfolios. This is a conservative approach compared to the one where amortisation schedule is used to arrive at EAD. Also prepayment is not considered, which is again a conservative approach. Any form of cash collateral would be directly adjusted to EAD. Also securitization considered under loan book and ECL is calculated as per procedure laid down in this document.

(5) Loss given default (LGD)

Historical recovery has been considered to calculate Loss Given Default (LGD). For all closed NPA cases (fully recovered, fully written off, partial write off) which defaulted between January 2012 and March 2019 are considered while arriving at historical LGD. The computation was done base on the time value recovery on sale of the underlying collaterals in these NPA Assets. The assumptions taken by the management includes the discounted recovery value is based on Customer IRR. Recovery has been computed for 60 months from the date of NPA basis analysis done on historical recovery data. We have capped the discounted recovery to the EAD as of NPA date.

ECL computation

The Final ECL computation is done based on the weighted multiplies on the lifetime PD value, Exposure at default and the historical loss given default values. However prudent additional provision are made in stressed accounts where the management had seen deterioration in the security values.

(6) Credit risk exposure

Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of loan assets for which an ECL is recognised. The gross carrying amount of financial assets below also represents the Company's maximum exposure to credit risk on these assets.

(₹ in crore)

	As at March 31, 2019					As at March 31, 2018
	ECL staging					
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Purchased credit-impaired**	**Total**	Total
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**			
Product						
Affordable Home	1,962.98	37.33	21.13	-	**2,021.44**	2,482.37
Home Loan	2,518.39	115.81	15.88	-	**2,650.08**	4,298.85
Loan Against Property	1,930.05	101.20	32.02	-	**2,063.26**	2,962.07
Construction Finance	1,516.54	227.20	35.06	-	**1,778.80**	2,375.68
Others loans*	7836.92	174.05	4.90	-	**8015.89**	2,520.76
Gross carrying amount	**15,764.88**	**655.59**	**108.99**	**-**	**16,529.47**	14,639.73
Expected Credit Loss allowance	194.00	56.82	27.56	-	**278.38**	217.11
Carrying amount	**15,570.88**	**598.77**	**81.43**	**-**	**16,251.09**	14,422.62

*include GPCL, SME, Infra and MF

Notes to the Financial Statement for the year ended March 31, 2019

(7) Collateral and other credit enhancements

The Company employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Company has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Company prepares a valuation of the collateral obtained as part of the loan origination process. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable; and
- Longer-term finance and lending to corporate entities are generally secured.

The Company closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Company will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

(₹ in crore)

Particulars	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets				
Loan to individuals	6,160.93	39.24	6,121.69	6,121.69
Loan to others	10,368.54	239.15	10,129.40	10,129.40
Total credit-impaired assets	**16,529.47**	**278.38**	**16,251.09**	**16,251.09**

The following table shows the distribution of LTV ratios for the Company's mortgage credit-impaired portfolio:

₹ in crore

Mortgage portfolio - LTV distribution	Credit-impaired (Gross carrying amount)
Lower than 50%	6,326.54
50 to 60%	1,093.61
60 to 70%	849.37
70 to 80%	751.89
80 to 90%	461.76
90 to 100%	4,510.47
Higher than 100%	2,257.45
Total	**16,251.09**

(8) Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between 'Stage 1' and 'Stages 2 or 3' due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

Notes to the Financial Statement for the year ended March 31, 2019

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

(₹ in crore)

Particulars	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
Loss allowance as at March 31, 2018	62.51	109.33	45.27	-	**217.11**
Movements with P&L impact					
Transfers:					
Transfers from Stage 1 to Stage 2	-	22.71	-	-	**22.71**
Transfers from Stage 1 to Stage 3	-	-	14.45	-	**14.45**
Transfers from Stage 2 to Stage 1	19.72	-	-	-	**19.72**
Transfers from Stage 2 to Stage 3	-	-	0.67	-	**0.67**
Transfer from Stage 3 to Stage 1	1.11	-	-	-	**1.11**
Transfers from Stage 3 to Stage 2	-	0.71	-	-	**0.71**
No change in Stage	110.75	11.57	2.10	-	**124.42**
New financial assets originated or purchased	62.42	21.83	10.34	-	**94.59**
Total net P&L charge during the period	**194.00**	**56.82**	**27.56**	-	**278.38**
Other movements with no P&L impact					
Financial assets derecognised during the period	131.49	(52.51)	**17.71**	-	**61.27**
Loss allowance as at March 31, 2019	**194.00**	**56.82**	**27.56**	**-**	**278.38**

The following table further explains changes in the gross carrying amount of the mortgage portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

(₹ in crore)

Particulars	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
Gross carrying amount as at March 31, 2018	13,450.96	1,048.32	140.45	-	**14,639.73**
Transfers:					
Transfer from Stage 1 to Stage 2	-	329.31	-	-	**329.31**
Transfer from Stage 1 to Stage 3	-	-	60.35	-	**60.35**
Transfer from Stage 2 to Stage 1	206.52	-	-	-	**206.52**
Transfer from Stage 2 to Stage 3	-	-	8.45	-	**8.45**
Transfer from Stage 3 to Stage 1	5.13	-	-	-	**5.13**
Transfer from Stage 3 to Stage 2	-	4.79	-	-	**4.79**
No change in Stage	**7,771.10**	**70.85**	**14.23**	**-**	**7,856.18**
New financial assets originated or purchased	7,782.14	250.63	25.96	-	**8,058.73**
Gross carrying amount as at March 31, 2019	**15,764.98**	**655.59**	**108.99**	**-**	**16,529.47**

The total amount of expected credit losses at initial recognition for purchased or originated credit-impaired financial assets recognised during the year was ₹ 278.38 crore.

(9) Write-off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

(i) Ceasing enforcement activity and

(ii) Where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

(10) The Company sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Company monitors the subsequent performance of modified assets. The Company may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to 'Stage 1' (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for twelve consecutive months or more.

The Company continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

38 Liquidity risk and funding management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Asset Liability Committee (ALCO) monitors rolling forecasts of the Company liquidity position (comprising of the undrawn facilities), maturities of the financial assets(both loan and investment) and cash / cash equivalents. In addition, the Company's liquidity management policy involves projecting cash flows in major timeframe buckets and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. Also behavioural analysis of the pre-payments of loan assets is undertaken based on past statistical occurances and incorporated in the cash flow projections. The ALCO is also appraised of the sensitivity variables that effects the projected cash flows and the best & worst case scenarios are appraised for any change in these variables.

(a) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in crore)

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Floating rate	**4.15**	8.45	475.01
- Expiring within one year (bank overdraft and other facilities)			

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

(b) Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the Financial Statement for the year ended March 31, 2019

As at March 31, 2019 (₹ in crore)

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalents	-	105.84	-	-	-	105.84
Bank balance other than cash and cash equivalents above	-	-	479.64	7.43	-	487.07
Derivative financial instruments	-	-	-	-	-	-
Loans	-	1,210.77	7,133.27	3,813.05	4,094.00	16,251.09
Investments	-	-	52.34	41.12	-	93.46
Other financial assets	-	127.01	363.32	75.98	20.34	586.65
Total financial assets	**-**	**1,443.62**	**8,028.57**	**3,937.58**	**4,114.34**	**17,524.11**
Financial liabilities						
Derivative financial instruments	-	-	0.63	-	-	0.63
Payables						-
(I) Trade payables						-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	6.32	-	-	6.32
(II) Other payables		-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-	-	-
Debt securities	-	419.35	2,093.38	1,359.13	2,212.91	6,084.77
Borrowings (other than debt securities)	-	1,252.21	921.11	4,134.80	2,511.55	8,819.67
Subordinated liabilities	-	-	-	151.81	642.67	794.48
Other financial liabilities	-	296.60	182.81	-	0.13	479.55
Total financial liabilities	-	**1,968.16**	**3,204.26**	**5,645.74**	**5,367.26**	**16,185.42**
Net	**-**	**(524.54)**	**4,824.31**	**(1,708.16)**	**(1,252.92)**	**1,338.69**

As at March 31, 2018 (₹ in crore)

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalents	-	58.95	-	-	-	58.95
Bank balance other than cash and cash equivalents above	-	23.06	27.58	15.37	-	66.01
Derivative financial instruments	-	6.68	-	-	-	6.68
Loans	-	677.91	1,933.83	6,502.94	5,295.77	14,410.45
Investments	-	-	0.08	53.98	-	54.06
Other financial assets	-	125.59	85.01	65.57	21.61	297.78
Total financial assets	**-**	**892.19**	**2,046.50**	**6,637.86**	**5,317.38**	**14,893.92**

Notes to the Financial Statement for the year ended March 31, 2019

As at March 31, 2018 (₹ in crore)

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial liabilities						
Derivative financial instruments	-	-	-	-	-	-
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	4.26	-	-	4.26
Debt securities	-	88.26	16.45	3,496.74	2,579.69	6,181.14
Borrowings (other than debt securities)	-	867.19	1,679.61	3,409.93	199.39	6,156.12
Subordinated liabilities	-	-	5.00	126.99	666.71	798.70
Other financial liabilities	-	106.84	154.95	-	0.29	262.08
Total financial liabilities	**-**	**1,062.29**	**1,860.27**	**7,033.66**	**3,446.08**	**13,402.30**
Net	**-**	**(170.10)**	**186.23**	**(395.81)**	**1,871.30**	**1,491.63**

As at April 1, 2017 (₹ in crore)

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalents	-	252.49	-	-	-	252.49
Bank balance other than cash and cash equivalents above	-	-	-	62.57	22.16	84.73
Derivative financial instruments	-	10.64	-	-	-	10.64
Loans	-	547.64	390.26	3,374.76	5,472.77	9,785.43
Investments	-	455.02	-	54.90	-	509.92
Other financial assets	-	96.33	27.58	33.28	12.60	169.79
Total financial assets	**-**	**1,362.12**	**417.84**	**3,525.51**	**5,507.53**	**10,813.00**
Financial liabilities						
Derivative financial instruments	-	-	-	-	-	-
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-

As at April 1, 2017 (₹ in crore)

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	4.78	-	-	4.78
Debt securities	-	2.58	97.93	3,086.47	629.01	3,815.99
Borrowings (other than debt securities)	-	777.85	1,490.80	2,708.42	89.89	5,066.96
Subordinated liabilities	-	-	-	4.95	761.06	766.01
Other financial liabilities		249.31	158.54	0.05	-	407.90
Total financial liabilities	**-**	**1,029.74**	**1,752.05**	**5,799.89**	**1,479.96**	**10,061.64**
Net	**-**	**332.38**	**(1,334.21)**	**(2,274.38)**	**4,027.57**	**751.36**

i) Market Risk

Market the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and equity prices.

ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. The Company's policy is to hedge its interest rate risk by means of disbursing only floating rate loans and any increase in borrowing cost is subsequently passed on to the loan customers.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

iii) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Variable rate borrowing	**8,419.72**	5,876.38	4,266.26
Fixed rate borrowing	**7,279.20**	7,259.58	5,382.70
Total borrowing	**15,698.92**	13,135.96	9,648.96

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Variable rate borrowing	**54%**	45%	44%
Fixed rate borrowing	**46%**	55%	56%
Total borrowing	**100%**	100%	100%

39 Transfer of financial assets - Securitisation

Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Securitisation		
Carrying amount of transferred assets measured at amortised cost	**3,203.83**	-
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	**3,177.44**	-
Fair value of assets	**3,203.83**	-
Fair value of associated liabilities	**3,177.44**	-

Notes to the Financial Statement for the year ended March 31, 2019

40 Disclosures pursuant to Para 5 (II) of the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 vide National Housing Bank ('NHB') Notification No. NHB.HFC.CG-DIR.1/ MD&CEO/ 2016, as applicable to the Company

(i) The Company is a Housing Finance Company (HFC) registered with National Housing Bank. The Company has not obtained registration from any other financial sector regulators.

(ii) Ratings assigned by rating agencies and migration of ratings during the year

Rating agency	Borrowings type	Rating
A. NCDs issued on Private Placement basis:		
Brickwork Ratings India Private Limited	Long Term NCDs ₹ 4,300 crore	BWR AA# (Outlook: Stable)
Brickwork Ratings India Private Limited	Tier II Unsecured Debt ₹ 400 crore	BWR AA# (Outlook: Stable)
Brickwork Ratings India Private Limited	Long Term Upper Tier II NCD Private Placement ₹100 crore	BWR AA-# (Outlook: Stable)
Brickwork Ratings India Private Limited	Market linked Debentures ₹ 100 crore	BWR PP-MLD AA# (Outlook: Stable)
CARE Ratings Limited	Long Term Debt ₹ 10,000 crore	CARE A+* Credit watch with developing implications
CARE Ratings Limited	Tier II Unsecured Debt ₹ 400 crore	CARE A+* Credit watch with developing implications
CARE Ratings Limited	Market linked Debentures ₹ 300 crore	CARE PP-MLD A+* Credit watch with developing implications
CARE Ratings Limited	Long Term Upper Tier II NCD Private Placement ₹ 100 crore	CARE A* Credit watch with developing implications
B. NCDs issued through Public Issue:		
Brickwork Ratings India Private Limited	Long Term NCDs for Public Issue ₹ 3,000 crore	BWR AA# (Outlook: Stable)
Brickwork Ratings India Private Limited	Long Term Upper Tier II NCD Public Issue ₹ 500 crore	BWR AA-# (Outlook: Stable)
CARE Ratings Limited	Long Term NCDs for Public Issue ₹ 3,000 crore	CARE A+* Credit watch with developing implications
CARE Ratings Limited	Long Term Upper Tier II NCD Public Issue ₹ 500 crore	CARE A* Credit watch with developing implications
C. Commercial Paper:		
ICRA Limited	Short-term Debt CP ₹3,000 crore	[ICRA] A2$ (on rating watch with negative implications)
Brickwork Ratings India Private Limited	Short-term Debt CP ₹ 3,000 crore	BWR A1+

* revised rating to AA for long-term debt programme, market linked debentures, subordinated debt and non-convertible debentures (NCDs) public issue and NCD issue and to AA- for upper Tier-II bonds on October 8, 2018.

* revised rating to A+ (credit watch with developing implications) for long-term debt programme, market linked debentures, subordinated debt and non-convertible debentures (NCDs) public issue and to A (credit watch with developing implications) for upper Tier-II NCDs on March 6, 2019.

\# revised rating to AA for Company's long-term debt programme, market linked debentures, subordinated debt and non-convertible debentures (NCDs) public issue and to AA- for upper Tier-II NCDs on February 15, 2019.

$ revised rating to A1 (on rating watch with negative implications) for the short-term debt programme of the Company on March 5, 2019.

$ revised rating to A2 (on rating watch with negative implications) for the short-term debt programme of the Company on March 29, 2019.

Notes to the Financial Statement for the year ended March 31, 2019

(iii) No penalties were levied upon the Company by NHB or any other regulator during the financial year 2018-19.

(iv) Joint ventures and overseas subsidiaries

Items	**As at March 31, 2019**	As at March 31, 2018
Area, country of operation	**India**	India
Joint venture partners with regard to Joint ventures and Overseas subsidiaries	**None**	None

(v) Related Party Transactions

Details of all material transactions with related parties has been given in Note No. 46 of the financial statements.

41 Disclosures pursuant to Annexure IV of Para 5 (II) of the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 vide National Housing Bank ('NHB') Notification No. NHB.HFC.CG-DIR.1/ MD&CEO/ 2016, as applicable to the Company

The following disclosures have been given in terms of National Housing Bank's notification no. NHB.HFC.CG-DIR.1/ MD&CEO/2016 dated February 9, 2017 and in terms of the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010. Further, the disclosures which are for regulatory and supervisory purpose, have been made so as to comply with NHB's Policy Circular No. NHB(ND)/DRS/Policy Circular No. 89/2017-18 dated June 14, 2018 which requires Housing Finance Companies to continue to follow the extent provisions of National Housing Bank Act, 1987 and Housing Finance Companies (NHB) Directions 2010 including framework on prudential norms and other related circulars issued in this regards by NHB from time to time and the same have been prepared in accordance with Accounting Standards prescribed under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended, (Indian GAAP).

These figures are not traceable in the Financial Statements as at March 31, 2019, the differences are arising as the disclosures are made as per the regulatory requirements viz-a-viz, the Financial statements are prepared as per IND AS as prescribed under Section 133 of the Act.

Comparative numbers in these disclosures have been provided as per the Audited Financial Statements as at and for the year ended March 31, 2018. These disclosures have been certified by the previous statutory auditors of the company.

1 Regulatory Capital (₹ in crore)

Capital to risk assets ratio (CRAR):	**As at March 31, 2019**	As at March 31, 2018
Tier I capital	**1,470.19**	1,545.96
Tier II capital	**933.56**	856.61
Total capital	**2,403.75**	2402.57
Risk weighted assets		
CRAR (%)	**15.45%**	19.83%
CRAR - Tier I capital (%)	**9.45%**	12.76%
CRAR - Tier II capital (%)	**6.00%**	7.07%
Amount of subordinated debt considered as Tier II capital *	**708.07**	743.11
Amount raised by issue of perpetual debt instruments	-	-

* Includes Upper Tier II Capital as per NHB circular No. NHB(ND)/DRS/Pol-No-23/2008 dated April 24, 2008.
Note: Unsecured Non Convertible Debentures Subordinate Tier II series of ₹ 768.71 crore for which discounted value is ₹ 708.07 crores.

2 Reserve Fund u/s 29C of NHB Act, 1987 (₹ in crore)

Particulars	**As at March 31, 2019**	As at March 31, 2018
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	**90.56**	54.44
b) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	**55.33**	40.01
Total	**145.89**	94.45
Addition / Appropriation / Withdrawal during the year		
Add :		
a) Amount transferred u/s 29C of the NHB Act, 1987	**13.38**	36.11
b) Amount of Special Reserve u/s 36(1)(viii) of the Income Tax Act,1961 taken into account for the purpose of Statutory Reserve u/s. 29C of the NHB Act, 1987	**20.32**	15.31
Less :		
a) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	**-**	-
b) Amount withdrawn from Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	**-**	-

Notes to the Financial Statement for the year ended March 31, 2019

Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	**103.94**	90.56
b) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	**75.65**	55.33
Total	**179.59**	**145.89**

3 **Investments** (₹ in crore)

Particulars	**As at March 31, 2019**	As at March 31, 2018
1) Value of Investments		
i) Gross Value of Investments		
a) In India	**91.14**	97.05
b) Outside India	-	-
ii) Provisions for Depreciation		
a) In India		
b) Outside India	-	-
iii) Net Value of Investments		
a) In India	**91.14**	97.05
b) Outside India	-	-
2) Movement of provisions held towards depreciation of investments		
i) Opening Balance	-	0.01
ii) Add: Provisions made during the year/ Transfer pursuant to Scheme of Arrangement	-	-
iii) Less: Write-off / write-back of excess provisions during the year	-	0.01
iv) Closing balance	-	-

4 **Derivatives**

i) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS) (₹ in crore)

Particulars	**As at March 31, 2019**	As at March 31, 2018
(I) The notional principal of swap agreements	-	-
(II) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(III) Collateral required by the HFC upon entering into swaps	-	-
(IV) Concentration of credit risk arising from the swaps	-	-
(V) The fair value of the swap book	-	-

ii) Exchange Traded Interest Rate (IR) Derivative (₹ in Crore)

(I) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument- wise)*	Nil
(II) Notional principal amount of exchange traded IR derivatives outstanding as on March 31, 2019	Nil
(III) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	Nil
(IV) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	Nil

* Intra-day transaction considered on gross basis and not net Derivatives expiring considered as being traded to arrive at notional principal traded

iii) Disclosures on Risk Exposure in Derivatives

A. Qualitative Disclosure

The Company has Board approved risk management policy for capital market exposure including derivatives contract trading. Trading in derivatives are primarily for the Market Linked Debentures (MLD) portfolio. Risk Management Team independently calculate sensitivities and revalues portfolio on daily basis and ensures that risk limits are adhered on daily basis. Market risk limits have been established at portfolio level.

Notes to the Financial Statement for the year ended March 31, 2019

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards there are no foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts (Refer "Significant Accounting Policy" Note No. 1)

B. Quantitative Disclosure (₹ in crore)

Particulars	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	-	-
(a) Traded during the year	-	-
(b) Outstanding as on March 31, 2019	-	-
(ii) Marked to Market Positions	-	-
(a) Assets (+)^	-	-
(b) Liability (-)	-	-
(iii) Credit Exposure	-	-
(iv) Unhedged Exposures	-	-

^ Long Position in Derivatives considered under Assets

5(a) Disclosures relating to Securitisation (₹ in crore)

Particulars		2018-19	2017-18
1.	No. of SPVs sponsored by the Company for Securitisation Transactions (Nos.)	**16**	5
2.	Total amount of securitised assets as per books of the SPVs sponsored by the Company	**3,497.47**	220.20
3.	Total amount of exposures retained by the Company to comply with Minimum Retention Requirement (MRR) as on the date of balance sheet		
	a) Off-balance sheet exposures towards Credit Enhancements		
	• First loss		
	• Others		
	b) On-balance sheet exposures towards Credit Enhancements		
	• First loss	**470.74**	36.58
	• Others	**17.98**	1.61
4.	Amount of exposures to securitisation transactions other than Minimum Retention Requirement (MRR)		
	a) Off-balance sheet exposures towards Credit Enhancements		
	i) Exposure to own securitisations		
	• First loss		
	• Others		
	ii) Exposure to third party securitisations		
	• First loss		
	• Others		
	b) On-balance sheet exposures towards Credit Enhancements		
	i) Exposure to own securitisations		
	• First loss		
	• Others		
	ii) Exposure to third party securitisations		
	• First loss		

Notes to the Financial Statement for the year ended March 31, 2019

5(b) Disclosures relating to Assignment (₹ in crore)

Particulars	2018-19	2017-18
1. No. of Direct Assignments (Nos.)	**35**	23
2. Total amount of assigned assets as per books of the Assignor	**2,767.18**	1,717.07
3. Total amount of exposures retained by the Company to comply with Minimum Retention Requirement (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures towards Credit Enhancements		
• First loss		
• Others		
b) On-balance sheet exposures towards Credit Enhancements		
• First loss	**-**	-
• Others	**440.13**	172.17
4 Amount of exposures to securitisation transactions other than Minimum Retention Requirement (MRR)		
a) Off-balance sheet exposures towards Credit Enhancements		
i) Exposure to own securitisations		
• First loss		
• Others	**-**	-
ii) Exposure to third party securitisations		
• First loss		
• Others		
b) On-balance sheet exposures towards Credit Enhancements		
i) Exposure to own securitisations		
• First loss		
• Others	**13.37**	19.17
ii) Exposure to third party securitisations		
• First loss		

6 Details of Financial Assets sold to Securitisation/ Reconstruction company for Assets Reconstruction (₹ in crore)

Particulars	2018-19	2017-18
(i) No. of accounts	**6**	1
(ii) Aggregate value	**37.70**	49.03
(iii) Aggregate consideration	**32.05**	47.24
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / (loss) over net book value	**(5.65)**	(1.79)

7 Details of Assignment transactions undertaken by the Company (₹ in crore)

Particulars	2018-19	2017-18
(i) No. of accounts	**6 469**	6 309
(ii) Aggregate value (net of provisions) of accounts assigned	**1,878.16**	1,471.76
(iii) Aggregate consideration (Including MRR)	**1,878.16**	1,471.76
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	**-**
(v) Aggregate gain / loss over net book value	-	**-**

8(a) Details of Non Performing Financial Assets Purchased (₹ in crore)

Particulars	2018-19	2017-18
1 (i) No. of accounts Purchased During the year	-	-
(ii) Aggregate Outstanding	-	-
2 (i) Of these, number of accounts restructured during the year	-	-
(ii) Aggregate outstanding	-	-

Notes to the Financial Statement for the year ended March 31, 2019

(b) Details of Non Performing Financial Assets Sold (₹ in crore)

Particulars	2018-19	2017-18
(i) No. of accounts Sold During the year	-	-
(ii) Aggregate Outstanding	-	-
(iii) Aggregate consideration received	-	-

9 Asset Liabilities Management Maturity pattern of certain items of asset and liabilities (At Book Value) (₹ in crore)

Particulars	Up to 30/31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 Years	Total
Liabilities											
Borrowings from Bank	**1,014.78**	**50.00**	**381.12**	**215.47**	**793.34**	**1,685.00**	**813.46**	**-**	**-**	**-**	**4,953.17**
	(567.62)	(355.04)	(-)	(221.62)	(883.49)	(2,251.54)	(1,165.88)	(200.00)	(-)	(-)	**(5,645.19)**
Market Borrowings	**-**	**6.30**	**610.18**	**612.95**	**1,976.64**	**1,070.47**	**447.75**	**1,036.42**	**1,362.55**	**435.71**	**7,558.97**
	(10.00)	(339.97)	(143.78)	(136.95)	(6.25)	(2,980.39)	(848.46)	(775.00)	(1,835.67)	(435.71)	**(7,512.18)**
Assets											
Loans and advances	**81.88**	**521.47**	**592.83**	**1,197.88**	**5,314.63**	**1,081.23**	**777.25**	**589.41**	**473.56**	**2,005.83**	**12,635.97**
	(385.05)	263.50)	(100.71)	(503.51)	(1,341.90)	(1,978.08)	(1,447.40)	(1,310.55)	(2,059.21)	(5,205.38)	**(14,595.29)**
Investments	**0.06**	**0.06**	**50.12**	**0.18**	**23.52**	**1.72**	**2.08**	**2.42**	**4.00**	**6.98**	**91.14**
	(0.01)	(0.01)	(0.01)	(0.012	(0.04)	(4.70)	(50.20)	(0.22)	(0.35)	(41.52)	**(97.08)**

Notes :

(a) The classification of Assets and Liabilities is carried out based on their residual maturity profile as per requirement of Schedule III to the Act. The above maturity pattern of assets and liabilities has been prepared by the Company after taking into consideration guidelines for assets-liabilities management (ALM) system in housing finance companies issued by NHB, best practices and best estimate of the Asset Liability Committee /Management with regard to the timing of various cash flows and estimate of foreclosure of the loans expected in next one year, which has been relied upon by the auditors.

(b) Figures in bracket indicates previous year figures.

10 Exposures

(a) Exposure to Real Estate (₹ in crore)

Category	As at March 31, 2019	As at March 31, 2018
Direct Exposure	**2,047.52**	5825.98
i. Residential Mortgage Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented [Out of above, Individual Housing loans upto ₹ 15 lakhs - Current year- ₹ 528.92 crore (Previous year - ₹1099.68 crore)]		
ii. Commercial Real Estate	**2,389.38**	3551.24
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits		
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential	**17.99**	42.53
b) Commercial Real Estate		
Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**-**	-
Total Exposure to Real Estate Sector	**4,454.89**	9,419.75

Notes to the Financial Statement for the year ended March 31, 2019

Notes :

i) For the exposure to real estate only loans secured by way of mortgage/hypothecation of housing properties, commercial properties and land are considered.

ii) In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

(b) Exposure to Capital Market

(₹ in crore)

	Category	**As at March 31, 2019**	As at March 31, 2018
i.	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
ii	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	-	-
iii	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv.	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
v.	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii	Bridge loans to companies against expected equity flows / issues;	-	-
viii.	All exposures to Venture Capital Funds (both registered and unregistered).	-	-
	Total Exposure to Capital Market		

11 Details of Financing of the Parent Company Product

There are no parent Company products which are financed by the Company during the year.

12 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Company

There are no Single Borrower Limit (SGL) exceeded by the Company. The Company had taken into consideration the exposure limits based on the increased net owned fund post allotment of equity shares pursuant to the Scheme of Arrangement as mentioned in Note No. 50.

During the year the Group Borrower Limit prescribed by NHB was exceeded in some loan accounts at the time of sanction of those cases. However, the Company complies as on March 31, 2019 with the Directions as prescribed by NHB regulations on the Group Borrower Limit.

13 Unsecured Advances

(₹ in crore)

Particulars	**2018 - 19**	2017 - 18
Advances against Securities of Intangible Assets	-	-
Total Advances against Securities of Intangible Assets	-	-

14 Remuneration of Directors

Details of sitting fees paid to the Non-Executive Directors and remuneration paid to the Executive Director are disclosed as part of the Corporate Governance Report.

15 Net Profit or Loss for the period, prior period items and changes in accounting policies

During the year the company has adopted Ind AS framework w.e.f. April 1, 2017 and due to this transition the Company has changed its significant accounting policies in line with Ind AS framework requirement. [Refer Note No. 52]

42 Additional Disclosures

Disclosures pursuant to Para 5 of Annex 4 of the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 vide National Housing Bank ('NHB') Notification No. NHB.HFC.CG-DIR.1/ MD&CEO/ 2016, as applicable to the Company

Notes to the Financial Statement for the year ended March 31, 2019

1. Provisions and Contingencies (₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
a) Provision for depreciation on Investments	-	-
b) Provision made towards Income tax	1.99	(17.31)
c) Provision for NPA & Doubtful Debts	(12.92)	2.21
d) Provision for Standard Assets	10.87	25.85
- Teaser Loan	-	(0.02)
- Commercial Real Estate	(10.48)	20.12
- Commercial Real Estate -Residential Housing	(4.93)	5.91
- Other Standard Assets	26.29	(0.16)
e) Other Provisions and Contingencies (with details)		
- Provision for Repossessed assets	13.49	9.29
- Others Provision	-	3.05

2. Break up of Loans & Advances and Provision Thereon (₹ in crore)

	Housing		Non Housing	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Standard Assets				
a) Total Outstanding Amount	3,782.61	8315.60	9,477.07	6,245.06
b) Provisions made	20.54	38.95	72.79	43.52
Sub-Standard Assets				
a) Total Outstanding Amount	53.53	69.49	32.91	43.24
b) Provisions made	8.27	11.10	5.14	9.33
Doubtful Assets – Category-I				
a) Total Outstanding Amount	9.11	5.53	1.90	4.15
b) Provisions made	2.28	2.00	0.44	1.60
Doubtful Assets – Category-II				
a) Total Outstanding Amount	-	2.35	0.46	0.62
b) Provisions made	-	2.35	0.18	0.62
Doubtful Assets – Category-III				
a) Total Outstanding Amount	-	2.13	0.72	0.40
b) Provisions made	-	2.13	0.29	0.40
Total				
a) Total Outstanding Amount	3,845.25	8,395.10	9,513.06	6,293.47
b) Provisions made	31.09	56.53	78.84	55.47

3. Exposure

a) Concentration of Loans & Advances (₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Total Advances to twenty largest borrowers	4,160.22	2,062.50
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	31.14%	14.04%

b) Concentration of all Exposures (₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Total Exposure to twenty largest borrowers	4,160.22	2,062.50
Percentage of exposure to twenty largest borrowers to Total exposure of the Company	22.95%	12.91%

Notes to the Financial Statement for the year ended March 31, 2019

c) **Concentration of NPAs**

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Exposure to top ten NPA accounts	**47.79**	69.88

d) **Sector-wise NPAs**

Particulars	Percentage of NPAs to total advances in that sector	
	2018-19	2017-18
Housing		
Individual	**1.50%**	0.58%
Builder Loans - Residential projects	**1.77%**	1.67%
Loans to Corporate - Residential projects #	*	3.85%
Non Housing		
For mortgage/property/home equity loans	**2.14%**	0.63%
Loans to Corporate - Non Residential projects #	**2.13%**	1.67%
Loans to Corporate - Others #	**0.05%**	0.08%

Corporate means all other loans other than Individual

* w.r.t. percentage of NPAs to total advances in case of Loans to Corporate - Residential project have been regrouped/ reclassified in Non housing categories in FY 2018-19.

e) **Movements of NPA**

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Net NPAs to Net Advances (%)	**0.61%**	0.68%
Movement of NPAs (Gross)		
(a) Opening Balance	**127.88**	83.84
(b) Additions during the year/ Pursuant to Scheme of Arrangement	**85.60**	111.58
(c) Reductions during the year	**(114.85)**	(67.54)
(d) Closing balance	**98.63**	127.88
Movement of Net NPAs		
(a) Opening Balance	**98.36**	57.90
(b) Additions during the year/ Pursuant to Scheme of Arrangement	**72.19**	91.57
(c) Reductions during the year	**(88.53)**	(51.11)
(d) Closing balance	**82.02**	98.36
Movement of provisions for NPAs		
(a) Opening Balance	**29.52**	25.94
(b) Additions during the year/ Pursuant to Scheme of Arrangement	**13.41**	20.01
(c) Write-off/write-back of excess provisions	**(26.32)**	(16.43)
(d) Closing balance	**16.61**	29.52

Gross Non Performing Assets and Net Non Performing Assets given above excluding bonds & debentures.

4. **Overseas Assets (for those with joint ventures and subsidiaries abroad)**

   There are no Overseas Assets.

5. **Off- balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)**

   There are no Off-balance Sheet SPVs sponsored by the Company which are required to be consolidated as per accounting norms.

6. **Customer Complaints (as certified by the management)**

Particulars	As at March 31, 2019	As at March 31, 2018
(a) No. of complaints pending at the beginning of the year	**68**	23
(b) No. of complaints received during the year	**1 458**	2 741
(c) No. of complaints redressed during the year	**1 513**	2 696
(d) No. of complaints pending at the end of the year	**13**	68

Notes to the Financial Statement for the year ended March 31, 2019

43 Employees Stock Option Scheme ("ESOS" / "Scheme")

The Company had formulated 'Reliance Home Finance Limited – Employee Stock Option Scheme' ("ESOS" / "Scheme") which covers eligible employees of the Company. The vesting of the options is from expiry of one year till four years as per Scheme. Each Option entitles the holder thereof to apply for and be allotted / transferred one Equity Share of the Company upon payment of the exercise price during the exercise period.

Details of ESOS are as under:

Date of Grant	April 20, 2018	August 7, 2018	October 5, 2018
Price of Underlying Stock (₹)	N.A.	N.A.	N.A.
Exercise / Strike Price (₹)	61	60	51

The fair value of the options granted was estimated on the date of grant using the Black Scholes Model with the following assumptions:

Date of Grant	April 20, 2018*	August 7, 2018*	October 5, 2018
Risk Free Interest Rate	7.72% - 7.9%	7.93% - 8.02%	8.09% - 8.20%
Expected Dividend Yield	1.64%	1.67%	1.97%
Expected Life (years)	6.01 to 9.01	6.01 to 9.01	6.01 to 9.01
Expected Volatility	46.90%	44.56%	48.84%
Weighted Average Fair Value (₹)	32.06	30.67	26.45

*surrendered

Particulars	No. of Stock Options as on March 31, 2019
Outstanding at the beginning of the year	**16 38 659**
Granted	**1 01 76 324**
Exercised	**Nil**
Surrendered	**57 44 839**
Outstanding at the end of the year	**60 70 144**
Exercisable at end of the year	**-**

44 Employee benefits

a) Defined contribution plan

Contribution to defined contribution plans, recognised as expense for the year is as under: (₹ in crore)

Particulars	2018 - 19	2017 - 18
Employer's contribution to provident fund	**2.74**	2.48
Employer's contribution to superannuation fund [* 2017-18 - ₹ 20,000]	**-**	*
Employer's contribution to pension scheme	**1.19**	1.25
Total	**3.93**	3.74

b) Defined Benefit plans

The following table summarise the components of the net employee benefit expenses recognised in the Statement of Profit and Loss, the fund status and amount recognised in the balance sheet for the gratuity benefit plan. The said information is based on certificates provided by the actuary.

Notes to the Financial Statement for the year ended March 31, 2019

(₹ in crore)

		Gratuity benefit funded	
Particulars		**2018 - 19**	2017 - 18
I	**Table showing change in Present Value of Defined Benefit Obligation:**		
	Liability at the beginning of the period	**3.70**	3.81
	Interest Cost	**0.29**	0.29
	Current Service Cost	**0.88**	0.84
	Benefit paid from the fund	**(1.95)**	(1.72)
	Liability Transferred in / Acquisitions	**-**	-
	Actuarial (gain)/loss on obligations –Due to change in Demographic Assumptions	**-**	-
	Actuarial (gain)/loss on obligations –Due to change in Financial Assumptions	**0.04**	(0.11)
	Actuarial (gain)/loss on obligations –Due to Experience	**0.67**	0.59
	Present value of defined benefit obligation at the end of the period	**3.63**	3.70
II	**Changes in the fair Value of Plan Assets and the reconciliation thereof:**		
	Fair Value of Plan Assets at the beginning of the period	**2.35**	3.83
	Interest income	**0.19**	0.29
	Contributions by the Employer	**1.37**	0.08
	Assets Transferred in/Acquisitions	**-**	-
	Benefit paid from the fund	**(1.95)**	(1.72)
	Return on Plan Assets, excluding interest income	**(0.06)**	(0.12)
	Fair value of Plan Assets at the end of the period	**1.90**	2.35
III	**Amount recognised in the Balance Sheet**		
	Present value of benefit obligation at the end of the period	**(3.63)**	(3.70)
	Fair Value of Plan Assets at the end of the period	**1.90**	2.36
	Funded status (Surplus/ (deficit))	**(1.73)**	(1.34)
	Net (liability)/asset recognised in Balance sheet	**(1.73)**	(1.34)
IV	**Expenses recognised in the Statement of Profit and Loss Account**		
	Current Service Cost	**0.88**	0.84
	Net Interest Cost *[2017-18 Figure- ₹ 16,583.00]	**0.10**	*
	Expected return on Plan Assets	**-**	-
	Net Actuarial (gain)/loss to be recognised	**-**	-
	Expense recognised	**0.98**	0.84
V	**Expenses recognised in the Other Comprehensive Income (OCI)**		
	Actuarial (Gains)/Loans on Obligation For the period	**0.72**	0.48
	Return on Plan Assets, excluding interest Income	**0.06**	0.12
	Change in Asset Ceiling	**-**	-
	Net (Income)/Expenses For the period recognised in OCI	**0.78**	0.60
VI	**Balance sheet Reconciliation**		
	Opening Net Liability	**1.34**	(0.02)
	Expense recognised in Statement of Profit and Loss	**0.98**	0.84
	Expense recognised in OCI	**0.78**	0.60
	Net Liability / (Asset) transfer in	**-**	-
	Employer's Contribution paid	**(1.37)**	(0.08)
	Net Liability/(Assets) recognised in Balance Sheet	**1.73**	1.34
VII	**Assumptions**		
	Discount Rate	**7.78%**	7.87%
	Rate of return on Plan Assets	**7.78%**	7.87%
	Salary Escalation Rate	**6.00%**	6.00%

Notes to the Financial Statement for the year ended March 31, 2019

VIII.	**Particulars of the amounts for the year and previous years**	**Gratuity for the year ended March 31,**				
		2019	2 018	2 017	2 016	2 015
	Present value of benefit obligation	**3.63**	3.70	3.81	2.96	1.36
	Fair value of plan assets	**1.90**	2.36	3.83	0.93	1.36
	Excess of obligation over plan assets	**1.73**	1.34	(0.02)	2.03	-
IX	**Experience Adjustment**					
	Experience adjustment on Plan Assets Gain/(Loss)	**(0.06)**	0.12	0.15	(0.09)	0.05
	Experience adjustment on Plan Liabilities(Gain)/Loss	**(0.67)**	(0.59)	0.02	0.85	0.30

(₹ in crore)

		Gratuity benefit funded	
Particulars		**2018-19**	2017-18
X	**Maturity Analysis of the Benefit Payments: From the Fund**		
	Projected benefits payable in future years from the date of reporting		
	1st Following Year	**0.04**	0.05
	2nd Following Year	**0.05**	0.05
	3rd Following Year	**0.06**	0.06
	4th Following Year	**0.07**	0.07
	5th Following Year	**0.23**	0.08
	Sum of Years 6 to 10	**0.78**	0.80
	Sum of Years 11 and above	**11.33**	11.87
XI	**Sensitivity Analysis [refer note (iii) below]**		
	Projected benefit obligation on Current Assumptions	**3.63**	3.70
	Delta Effect of +1% Change in Rate of Discounting	**(0.46)**	(0.47)
	Delta Effect of -1% Change in Rate of Discounting	**0.54**	0.56
	Delta Effect of +1% Change in Rate of Salary Increase	**0.55**	0.56
	Delta Effect of -1% Change in Rate of Salary Increase	**(0.47)**	(0.48)
	Delta Effect of +1% Change in Rate of Employee Turnover	**0.05**	0.07
	Delta Effect of -1% Change in Rate of Employee Turnover	**(0.07)**	(0.08)

i) The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

ii) Gratuity Plan

Gratuity is payable to all eligible employees of the Company on superannuation, death and permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972 or as per the Company's Scheme whichever is more beneficial.

iii) The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occusing at the end reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be co-related.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

iv) Risks associated with defined benefit plan Gratuity is a defined benefit plan and company is exposed to the following risks:

Interest Rate Risk: A fall in the discount rate which is linked to the government securities, rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to the market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of the Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality Risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

Other Employee Benefits – Phantom Stock

I. Details of Option granted, forfeited and exercised

	2018-19 (Options)	2017-18 (Options)
Outstanding as at Beginning of the year	**2 73 620**	4 38 400
Granted	-	-
Exercised	**-**	-
Lapsed/ Forfeited/ Surrendered	**1 26 320**	1 64 780
Outstanding as at end of the year	**1 47 300**	2 73 620
Exercisable as at end of the year	**-**	-

II. Terms and conditions of the Scheme

Date of grant	
Details of vesting schedule and condition	Phantom Stock granted under the scheme would vest within not less than 1 year and not more than 5 years from the last date of vesting of such Phantom Stock Option. Vesting of Phantom Stock Option would be subject to continued employment with the company and the Phantom Stock Option would vest on passage of time.
Appreciation as per Phantom Stock Option	Excess of fair market of share on the date of exercise determined in terms of Phantom Stock Option scheme over the base price.
Exercise Period	**In case of continuation of employment :**
	Vested Phantom Stock Option can be exercised any time Upto 3 years from the date of last vesting of Phantom Stock Options; and
	In case of cessation of employment :
	Different periods depending on kind of cessation as per provision of the Phantom Stock Option Scheme.
Settlement of Phantom Stock Option	Within 90 days from the date of exercise by cash.

III. Fair value of the Option granted was estimated on the date of grant based on the following assumptions

Discount rate	6.96 % per annum.
Expected life	4 Years

IV. The Company's liability toward the Phantom Stock Option is accounted for on the basis of an independent actuarial valuation done at the year end. As per the valuation the liability for the year is ₹ 0.60 crore (Previous year ₹ 0.27 crore) which is debited to Statement of profit and loss and the liability is shown in the Balance sheet under the head Other current liabilities and clubbed under Other payables.

45 Segment reporting

The Company is mainly engaged in the housing finance business and all other activities revolve around the main business of the Company. Further, all activities are conducted within India and as such there is no separate reportable segment, as per the Ind AS 108 "Operating Segments" specified under Section 133 of the Companies Act, 2013 (the Act). During the year, the proportion of non-housing loan is more than the proportion of housing loan. The Company is in the process of increasing the housing loan portfolio and is confident of the achieving the same in due course.

46 Related party disclosures

Disclosure as required by Ind AS 24 - "Related Party Disclosure"

A. List of Related Parties and their relationship

i) Holding Company

Reliance Capital Limited

ii) Major Investing Party

Reliance Inceptum Private Limited (w.e.f. September 7, 2017)

iii) Subsidiaries of Holding Company / Fellow Subsidiaries

1 Reliance Capital Pension Fund Limited
2 Reliance Capital Trustee Co. Limited
3 Reliance General Insurance Company Limited
4 Reliance Nippon Life Insurance Company Limited
5 Reliance Health Insurance Limited
6 Reliance Commercial Finance Limited
7 Reliance Securities Limited
8 Reliance Commodities Limited
9 Reliance Financial Limited
10 Reliance Wealth Management Limited
11 Reliance Money Solutions Private Limited
12 Reliance Money Precious Metals Private Limited
13 Reliance Exchangenext Limited
14 Reliance Corporate Advisory Services Limited
15 Reliance Capital AIF Trustee Company Private Limited
16 Quant Capital Private Limited
17 Quant Broking Private Limited
18 Quant Securities Private Limited
19 Quant Investment Services Private Limited
20 Gullfoss Enterprises Private Limited (w.e.f. February 20, 2019)

iv) Key Management Personnel

Mr. Ravindra Sudhalkar	Executive Director & Chief Executive Officer (Director w.e.f. April 24, 2017, CEO w.e.f. October 1, 2016)
Mr. Amit Bapna	Director & CFO (Director w.e.f. April 24, 2017, CFO w.e.f. September 8, 2017 and up to August 7, 2018)
Mr. Pinkesh Shah	Chief Financial Officer (w.e.f. August 7, 2018)
Ms. Parul Jain	Company Secretary & Compliance Officer
Mr. Sandip Parikh	Chief Financial Officer (ceased w.e.f. September 8, 2017)

B. List of other related parties under common control with whom transactions have taken place during the period:

Reliance Communications Limited (ceased to be related party w.e.f. February 5, 2019)

C. Transactions during the year with related parties (Refer note 4(2))

(₹ in crore)

Particulars	Holding Company	Fellow Subsidiary	Parties under common control	Total
With Reliance Capital Limited				
Equity Share Capital				
a) Issued during the year	-	-	-	-
	(116.55)	(-)	(-)	(-)
b) Balance as at March 31, 2019	**232.37**	**-**	**-**	**232.37**
	(232.37)	(-)	(-)	(232.37)
Security Premium Received on Issue of Equity Share				
a) Received during the year	-	-	-	-

Notes to the Financial Statement for the year ended March 31, 2019

(₹ in crore)

Particulars	Holding Company	Fellow Subsidiary	Parties under common control	Total
	(256.41)	(-)	(-)	(256.41)
b) Balance as at March 31, 2019	**661.59**	**-**	**-**	**661.59**
	(661.59)	(-)	(-)	(661.59)
Income				
Brokerage Commission on Property Solutions	-	-	-	-
	(0.02)	(-)	(-)	(0.02)
Expenses				
Management Fees	**4.50**	**-**	**-**	**4.50**
	(6.00)	(-)	(-)	(6.00)
Reimbursement of Expenses	**0.09**	**-**	**-**	**0.09**
	(1.51)	(-)	(-)	(-)
Purchase of Asset *[₹ 5,950]	*****	**-**	**-**	*****
	(-)	(-)	(-)	(-)
Interest on Inter Corporate Deposits (ICD)	**1.51**	**-**	**-**	**1.51**
	(11.98)	(-)	(-)	(11.98)
Security Issue for Non-Convertible Debentures				
Security Issue for Non Convertible Debentures	**707.10**	**-**	**-**	**707.10**
	(707.10)	(-)	(-)	(707.10)
Inter Corporate Deposits				
Received during the year	**95.00**	**-**	**-**	**95.00**
	(-)	(-)	(-)	(-)
Repaid during the year	**95.00**	**-**	**-**	**95.00**
	(-)	(-)	(-)	(-)
With Reliance Commercial Finance Limited				
Inter Corporate Deposits				
Received during the year	**-**	**173.00**	**-**	**173.00**
	(-)	(-)	(-)	(-)
Repaid during the year	**-**	**173.00**	**-**	**173.00**
	(-)	(-)	(-)	(-)
Loans				
Given during the year	**-**	**50.00**	**-**	**50.00**
	(-)	(-)	(-)	(-)
Interest on Loan	**-**	**0.13**	**-**	**0.13**
	(-)	(-)	(-)	(-)
Received during the year	**-**	**50.00**	**-**	**50.00**
	(-)	(-)	(-)	(-)
Income				
Interest received on ICD	**-**	**0.21**	**-**	**0.21**
	(-)	(-)	(-)	(-)
Valuation Charges Received	**-**	**-**	**-**	**-**
	(-)	(0.01)	(-)	(0.01)
Expenses				
Other Reimbursements	**-**	**-**	**-**	**-**
	(-)	(0.01)	(-)	(0.01)
With Reliance General Insurance Company Limited				
Non-Convertible Debentures -Secured				
Issued during the year	**-**	**-**	**-**	**-**
	(-)	(25.00)	(-)	(25.00)

Notes to the Financial Statement for the year ended March 31, 2019

(₹ in crore)

Particulars	Holding Company	Fellow Subsidiary	Parties under common control	Total
Balance as at March 31, 2019	-	**65.00**	-	**65.00**
	(-)	(65.00)	(-)	(65.00)
Expenses				
Insurance Premium paid	-	**0.91**	-	**0.91**
	(-)	(3.05)	(-)	(3.05)
Interest Accrued on Non-Convertible Debentures	-	-	-	-
	(-)	(4.89)	(-)	(4.89)
With Reliance Nippon Life Insurance Company Limited				
Non-Convertible Debentures - Unsecured				
Issued during the year	-	-	-	-
	(-)	(-)	(-)	(-)
Redeemed during the year	-	-	-	-
	(-)	(37.00)	(-)	(37.00)
Balance as at March 31, 2019	-	-	-	-
	(-)	(-)	(-)	(-)
Expenses				
Term Insurance Premium paid	-	**0.32**	-	**0.32**
	(-)	(0.36)	(-)	(0.36)
With Reliance Securities Limited				
Non-Convertible Debentures -Secured				
Issued during the year	-	-	-	-
	(-)	(1.50)	(-)	(1.50)
Balance as at March 31, 2019	-	-	-	-
	(-)	(1.75)	(-)	(1.75)
Expenses				
Brokerage Paid	-	**0.87**	-	**0.87**
	(-)	(1.26)	(-)	(1.26)
Commission Paid (#₹ 28,024)	-	-	-	-
	(-)	(-)	(-)	(#)
Financial Assets				
Margin Money Receivable	-	**1.06**	-	**1.06**
	(-)	(-)	(-)	(-)
With Reliance Financial Limited				
Non-Convertible Debentures -Secured				
Issued During the year	-	-	-	-
	(-)	(0.50)	(-)	(0.50)
Balance as at March 31, 2019	-	-	-	-
	(-)	(0.70)	(-)	(0.70)
With Reliance Communications Limited				
Expenses				
Rent & Maintenance	-	-	**0.38**	**0.38**
	(-)	(-)	(0.09)	(0.09)
With Reliance Wealth Management Limited				
Expenses				
Distribution & Structuring Fees	-	**2.63**	-	**2.63**
	(-)	(-)	(-)	(-)

(₹ in crore)

Particulars	Holding Company	Fellow Subsidiary	Parties under common control	Total
With Reliance Health Insurance Limited				
Expenses				
Commission	-	**0.02**	**-**	**0.02**
	(-)	(-)	(-)	(-)

Key Managerial Personnel	Mr. Ravindra Sudhalkar	Mr. Amit Bapna	Mr. Pinkesh R. Shah	Ms. Parul Jain	Mr. Sandip Parikh
a) **Employee Benefit Expenses**	**5.20**	**-**	**0.79**	**0.33**	**-**
	(4.54)	(-)	(-)	(0.26)	(1.96)
Housing Loan					
a) Given during the year	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(-)	(-)
b) Repaid during the year	**-**	**0.26**	**-**	**-**	**-**
	(-)	(0.22)	(-)	(-)	(0.02)
c) Balance as at March 31, 2019	**-**	**0.02**	**-**	**-**	**-**
	(-)	(0.28)	(-)	(-)	(0.14)
Income					
a) Interest Income on Loans (#₹ 44,290)	**-**	**0.01**	**-**	**-**	**#**
	(-)	(0.03)	(-)	(-)	(-)
Processing Fees	**-**	**-**	**-**	**-**	**-**
(* ₹ 3,000)	(*)	(-)	(-)	(-)	(-)

Notes:

1. Figures in bracket indicate previous year figures.
2. The current year and previous year figures are excluding GST/service tax.
3. Expenses incurred towards public utilities services such as telephone and electricity charges have not been considered for related party transaction.
4. The above disclosed transactions entered during the period of existence of related party relationship. The balances and transactions are not disclosed before existence of related party relationship and after cessation of related party relationship.
5. For transactions occurred pursuant to the Scheme of Arrangement, please refer Note No. 50.

47 Basic and diluted earnings per share:

The computations of earnings per share is in accordance with the Ind AS 33 - "Earnings Per Share" is as set out below:

(₹ in crore)

Particulars	2018-19	2017-18
Amounts used as the numerators		
Net Profit after tax	**67.42**	167.33
Net Profit attributable to equity shareholders	**67.42**	167.33
Weighted average number of equity shares (for Basic earnings per share)	**48 50 58 818**	32 41 58 645
Weighted average number of equity shares (for Diluted earnings per share)	**48 50 58 818**	32 41 58 645
Basic earnings per share of face value ₹ 10 each (In ₹)	**1.38**	5.16
Diluted earnings per share of face value ₹ 10 each (In ₹)	**1.38**	5.16

Notes to the Financial Statement for the year ended March 31, 2019

48 Contingent Liabilities and Commitments (As Certified by the Management) (₹ in crore)

	Particulars	As at March 31, 2019	As at March 31, 2018
Contingent Liabilities			
i)	Guarantees to Banks and Financial Institutions on behalf of third parties	**0.25**	0.25
ii)	Claims against the Company not acknowledge as debt	**3.05**	1.45
iii)	Income-tax disputed by the Company and under CIT appeal (net of amount paid)	**0.38**	-
Commitments			
iv)	Estimated amount of contracts remaining to be executed on capital account (net of advances)	**8.38**	0.08
v)	Undrawn Committed Credit lines (Undisbursed amount of housing loans/ other loans sanctioned)	**786.79**	1,287.13

49 Scheme of Arrangement between the Company and India Debt Management Private Limited

The Board of Directors of the Company at their meeting held on June 20, 2016 has considered and approved a Scheme of Arrangement between the Company and India Debt Management Private Limited ("the Demerged Company" or "IDMPL") and their Shareholders. The Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 ("the Scheme") for demerger of Credit Business of IDMPL into the Company has been sanctioned by the National Company Law Tribunal, Mumbai Bench vide Order dated April 5, 2017. The Scheme has become effective on April 21, 2017 upon filing with the Registrar of Companies, Maharashtra at Mumbai with effect from March 31, 2016 i.e. Appointed Date. Pursuant to the Scheme, the Company has issued and allotted 3,10,35,980 8% Cumulative Non-Convertible Redeemable Preference Shares to the equity shareholders of IDMPL on August 9, 2017.

50 Scheme of Arrangement between the Company and Reliance Capital Limited

The Board of Directors of the Company at their meeting held on October 28, 2016 has considered and approved a Scheme of Arrangement between the Company and its holding company viz. Reliance Capital Limited ("the Demerged Company" or "RCap") and their respective Shareholders and Creditors. The Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 (the 'Scheme') for demerger of Real Estate Lending Business of RCap into the Company has been sanctioned by the National Company Law Tribunal, Mumbai Bench vide Order dated August 10, 2017. The Scheme has become effective on September 5, 2017 upon filing with the Registrar of Companies, Maharashtra at Mumbai with effect from April 1, 2017 i.e. Appointed Date.

Pursuant to the Scheme, the Real Estate Lending Business of RCap has been transferred to the Company. Hence, in accordance with the Scheme:

(i) On Scheme becoming effective with effect from Appointed Date, the Company has recorded all the assets and liabilities as appearing in the books of the Demerged Undertaking of RCap related to Real Estate Lending Business at their respective book value as on Appointed Date. The following assets and liabilities pertaining to the Demerged Undertaking of RCap were transferred to RHFL and shares of the Company were issued to the shareholders of RCap:

Particulars	(₹ in crore)
Assets	
Fixed assets	8.17
Loans and advances including accrued interest (Net of Provision ₹ 1.36 crore)	654.82
Assets repossessed under SARFAESI Act (Net of Provision ₹ 0.69 crore)	0.84
Total Assets	**663.83**
Liabilities	
Share Capital	
-Issue of 25,26,89,630 equity shares @ ₹ 10	252.69
Borrowings	590.12
Total Liabilities	**842.81**
Goodwill on Merger	**178.98**

(ii) The Company has issued and allotted 11,65,49,188 equity shares of ₹ 10 each at a premium of ₹ 22 per equity share to its holding company viz. RCap on September 4, 2017 on rights basis.

(iii) The Company has issued and allotted 25,26,89,630 equity shares of ₹ 10 each to the shareholders of RCap in the ratio of 1:1 on September 7, 2017.

(iv) The Assets and Liabilities of ₹ 663 crore and ₹ 590 crore, respectively, were transferred as on the Appointed Date and have been recorded at their respective book values. The excess of consideration paid by the Company over the net assets acquired by the Company has been accounted as Goodwill, which is being amortised over a period of ten years.

51 Outstanding Future & Option as on March 31, 2019

Name of Option	No. of contracts	Units	
		Long	Short
Futures	2 033	22 62 432	-
	(1 075)	(16 05 479)	(3,300)
Put Options	841	-	63 075
	(1 756)	-	(1 31 700)
Call Options	-	-	-
	(52)	(3 900)	-

Figures in bracket indicates previous year figures.

52 First-time adoption of Ind AS - Mandatory exceptions, optional exemptions

Transition to Ind AS

Overall Principles

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note no. 1 have been applied in preparing the financial statements for the year ended March 31, 2019, the comparative information presented in these financial statements for the year ended March 31, 2018 and in the preparation of an opening Ind AS balance sheet at April 1, 2017 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the assets and liabilities as required under IND AS which was reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended), NHB guidelines and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes. Section 133 of the Companies Act 2013 However this principle is subject to certain exemptions and certain optional exemptions availed by the company as detailed below -

a. Optional exemptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its Property, plant and equipment (including capital work-in-progress) and intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its carrying values as at the date of transition after making necessary adjustments for de-commissioning liabilities and capital grant, if applicable. This exemption can also be used for intangible assets and investment properties covered by Ind AS 38 and Ind AS 40, respectively.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment properties at their previous GAAP carrying value.

Business combinations

The Company elected not to apply Ind AS 103 business combinations retrospectively to past business combinations that occured prior to the transition date.

b. Ind AS mandatory exceptions

The Company has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS 101:

i) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Fair value through profit or loss / Fair value through other comprehensive income – equity and debt instrument
- Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2017, the date of transition to Ind AS and as of March 31, 2018.

ii) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

Notes to the Financial Statement for the year ended March 31, 2019

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS

c. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires a first time adopter to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

i) Reconciliation of total equity between previous GAAP and Ind AS: (₹ in crore)

Particulars	As at March 31, 2018	As at April 31, 2017
Total equity as per previous GAAP	1,929.11	1,098.55
Adjustments as per IND AS:		
Effect of measuring investments at fair value	1.68	2.17
Expected credit loss on financial assets	(146.97)	(84.48)
Reversal of Goodwill amortisation	30.29	6.20
Impact on borrowings using effective rate of interest	(80.19)	(51.37)
Impact on loans and advances using effective rate of interest	(61.42)	(53.15)
Assignment	120.98	60.41
Other Adjustments	(5.96)	2.92
Preference share capital reclassified as borrowings	(31.04)	-
Tax Impact of Ind AS Adjustments	68.03	56.67
Total adjustments	(104.59)	(60.63)
Total equity as per Ind AS	1,824.51	1,037.92

ii) Reconciliation of profit as per Ind AS with profit reported under previous GAAP: (₹ in crore)

Particulars	**Year ended March 31, 2018**
Net profit after tax as per previous GAAP	180.58
Add / (Less): Adjustments as per Ind AS:	
Effective Interest rate (EIR) for financial assets and liabilities recognised at amortised cost/net interest on credit of impaired loans	17.73
Expected Credit Loss provision	(70.40)
Fair value of investments	(0.48)
Interest payable on Preference share	(2.48)
Reclassification of actuarial gains and losses on employee defined benefit plans to other comprehensive income	0.60
Tax adjustments including reversal of Deferred tax liability on Special Reserve [Sec 36(1)(viii)]	11.36
Reversal of Goodwill Amortisation	24.10
Other Adjustments	6.32
Profit after tax as per Ind AS	167.33
Other Comprehensive Income:	
Remeasurements of post employment benefit obligations (net of tax)	(0.40)
Total comprehensive income as per Ind AS	166.93

iii) Reconciliation of cash flow statement as per Ind AS with profit reported under previous GAAP: (₹ in crore)

Particulars	**Previous GAAP**	**Adjustments**	**Ind AS**
Net cash flow from operating activities	(4,385.65)	878.33	(3,507.32)
Net cash flow from investing activities	475.56	20.23	495.79
Net cash flow from financing activities	3,716.55	(898.56)	2817.99
Net increase/(decrease) in cash and cash equivalents		-	
Cash and cash equivalents as at April 01, 2017	252.49	-	252.49
Effects of exchange rate changes on cash and cash equivalents		-	
Cash and cash equivalents as at March 31, 2018	**58.95**	**-**	**58.95**

d) Notes to first-time adoption:

i) Fair valuation of investments

Under the previous GAAP, investments in debentures, preference shares, mutual funds etc were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the statement of profit and loss for the year ended March 31, 2018.

ii) Provision for impairment as per the expected credit loss method

Under the previous GAAP, the Company had recognised provisions against trade receivables, investments and loans and advances as per the NHB norms. However, in order to comply with Ind AS 109, the Company has reversed the provisions created under the previous GAAP and recognised provisions by applying the effective credit loss method. This adjustment has resulted in a decrease in total equity.

iii) Amortisation of transaction costs

Under the previous GAAP, transaction costs incurred on the purchase/origination of financial assets or financial liabilities was recognised upfront in the statement of profit and loss. Under Ind AS, such costs are added to/deducted from the financial asset/liability and are amortised over the tenure of the instrument by applying the effective interest rate method.

iv) Deferred tax

Indian GAAP requires deferred tax accounting using the profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments have lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

v) Employee stock option expense

Under the previous GAAP, the Company has used the intrinsic value method to account for the compensation cost of stock to the employees. Intrinsic value is the amount by which the quoted market price of the underlying share on the date, prior to the date of the grant, exceeds the exercise price of the option. Under Ind AS 102, the grant date fair value of the employee stock options should be recognised over the vesting period by debiting the 'Employee benefit expense' in the statement of profit and loss and crediting 'Employee Stock Option Scheme Reserve' under other equity.

vi) Debt Securities

The Company has issued debentures, where the interest payments are linked to market performance. The embedded derivative in this hybrid instrument is not separated as the Company has elected to measure the entire instrument at FVTPL. On the date of transition, the change in fair value has been recorded in OCI and other change in fair value has been adjusted against retained earnings. The impact on account of change in own credit and other factors for year ended March 31, 2018 has been recorded in statement of profit and loss respectively.

vii) Securitisation

Under the previous GAAP, in case of securitisation of loans, the assets are derecognised when all the rights, title, future receivables and interest thereof along with all the risk and rewards of ownership are transferred to the purchasers of assigned/securitised loans while as per IND AS the same is been recognised in the books and respective adjustments have been made accordingly.

viii) Assignment

Under the previous GAAP, in case of assignment Excess interest spread (EIS) income is recognised as an income over the tenure of the deal. Under Ind AS, the present value of the total interest receivable is recognised as an income upfront.The Company recognised an additional profit during the year ended March 31, 2018 on account of this adjustment.

ix) Disclosure of MAT credit entitlement

Under IGAAP, the Company has classified MAT credit entitlement under Loans and advances. Under Ind AS, Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

x) Reclassification of provision of standard / non-performing assets (NPA)

Under the previous GAAP, provisions against standard and non performing assets were presented under provisions. However, under Ind AS financial assets (Loans) measured at amortised cost are presented net of provision.

Notes to the Financial Statement for the year ended March 31, 2019

xi) Investment property

Under the previous GAAP, investment properties were presented as part of non-current investments. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. There is no impact on the total equity or profit as a result of this adjustment.

xii) Remeasurement of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss under the previous GAAP. As a result of this change, there is no impact on profit and total equity for the year ended March 31, 2018.

xiii) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans, foreign exchange differences arising on translation of foreign operations and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

53 During the year, a fraud on the company is identified in disbursal of commercial purchase loan for an identified property amounting to ₹ 2.04 crore The same has been reported to National Housing Bank (NHB) and ₹ 2.04 crore was written off by the Company in the statement of profit and loss as at March 31, 2019.

54 The Company was informed by its previous auditors that a report under Section 143(12) of the Companies Act, 2013 in Form ADT-4 has been filed with the Ministry of Corporate Affairs (MCA) in June 2019. The Company has examined the matter and has concluded that the issues raised by the previous auditors, do not merit reporting under the said Section. The Company also appointed legal experts, who independently carried out an in-depth examination of the matter and the issues raised by the previous auditor. The legal experts have concluded and confirmed that there was no matter attracting Section 143(12) of the Companies Act, 2013. MCA has sought certain information on this matter and the Company is in process of providing the same.

55 Debenture Redemption Reserve in respect of debentures issued through public issue is ₹ 436.71 crore. However, Company is yet to deposit a sum equivalent to 15 per cent of the amount of debentures maturing during the year ending on March 31, 2020.

56 The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are index linked risk and interest rate risk. All long-term contracts (including derivative contracts) are assessed by the Company for material foreseeable losses periodically. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts) has been made in the books of accounts.

57 The Statutory Audit of financial statements for the year ended March 31, 2018 and March 31, 2017 and limited review upto quarter ended December 31, 2018 have been done by other firm/s of Chartered Accountants.

58 The Comparative Ind AS financial information of the Company for the year ended March 31, 2018 and the transition date opening balance sheet as at April 1, 2017 includes in these Ind AS financial statements are based on the previously issued financial statements prepared in accordance with accounting principles generally accepted in India including the Accounting Standard specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, audited by the predecessor auditors whose report for the year ended March 31, 2018 and March 31, 2017 dated April 24, 2018 and April 24 , 2017 respectively, have expressed an unmodified opinion on those financial statements as adjusted for the difference in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by the current statutory auditors M/s. Dhiraj & Dheeraj, Chartered Accountants.

59 The Company has received inspection report dated July 2, 2019 from National Housing Bank ('NHB') for the period ended on March 31, 2018. The Company has sought extension for the time limit for compliance and is in process of giving replies to observation raised by NHB. The management is of the view that there is no material impact on Ind AS Financial Statements resulting from the same.

60 Previous year figures have been regrouped/reclassified wherever necessary.

As per our report of even date attached

For Dhiraj & Dheeraj
Chartered Accountants
Firm Registration No. 102454W

Piyush Patni
Partner
Membership Number : 143869

Mumbai
Dated: August 13, 2019

For and on behalf of the Board of Directors

Chhaya Virani
Rashna Khan
Lt Gen Syed Ata Hasnain (Retd)
Ashok Ramaswamy
Amit Bapna
Directors

Ravindra Sudhalkar Executive Director & CEO
Pinkesh R. Shah Chief Financial Officer
Parul Jain Company Secretary & Compliance Officer

Mumbai
Dated: August 13, 2019

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

	Sl. No.	Particulars	Audited Figures (₹ in crore) (as reported before adjusting for qualifications)	Adjusted Figures (₹ in crore) (audited figures after adjusting for qualifications)
I.	1.	Turnover / Total income	2,002.59	2,002.59
	2.	Total Expenditure	1900.99	1900.99
	3.	Net Profit/(Loss)	66.92	66.92
	4.	Earnings Per Share	1.38	1.38
	5.	Total Assets	18,125.44	18,125.44
	6.	Total Liabilities	16,283.44	16,283.44
	7.	Net Worth	1,842.00	1,842.00
	8.	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil

II. Audit Qualification (each audit qualification separately):

a. **Details of Audit Qualification:**

Loan advanced under the 'General-Purpose Corporate Loan' product with significant deviations to certain bodies corporate including group companies and outstanding as at March 31, 2019 aggregating to ₹ 7,849.89 crore and secured by charge on current assets of borrowers. As stated in the said note, majority of Company's borrowers have undertaken onward lending transaction and end use of the borrowings from the Company included borrowings by or for repayment of financial obligation to some of the group companies. There has been overdue of ₹ 566.30 crore of these loans as on March 31, 2019. We are not getting sufficient audit evidence to ascertain recoverability of principal and interest including time frame of recovery of overdues. The Company's exposure to the borrowers are secured against charge on current assets and is dependent on the recovery of onward lending of the borrowers which depends on external factors not wholly within control of the Company/borrower. Further, there is material shift in primary business of the Company from Housing Finance to Non-Housing Finance which comprise more than 50% of total loan portfolio raising concern about Company continuing as a Housing Finance Company.

b. **Type of Audit Qualification** Qualified Opinion

c. **Frequency of qualification:** Whether appeared first time / repetitive / since how long continuing First Time

d. **Audit Qualification(s) where the impact is quantified by the auditor, Management's Views**

Not quantified hence not applicable

e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) Management's estimation on the impact of audit qualification: Not applicable

(ii) If management is unable to estimate the impact, reasons for the same: Not applicable

III. Signatories:

Ravindra Sudhalkar (Executive Director & CEO)
Pinkesh R. Shah (Chief Financial Officer)
Chhaya Virani (Audit Committee Chairperson)

Statutory Auditor
For Dhiraj & Dheeraj
Chartered Accountants
Firm Registration No. 102454W

Piyush Patni
Partner
Membership Number: 143869
Place: Mumbai
Date: August 13, 2019

Reliance Home Finance Limited

Registered Office: Reliance Centre, 6th Floor, South Wing, Off Western Express Highway Santacruz (East), Mumbai 400 055, CIN: L67190MH2008PLC183216
Website: www.reliancehomefinance.com, E-mail: rhfl.investor@relianceada.com
Tel.: +91 22 4303 6000, Fax: +91 22 2610 3299

ATTENDANCE SLIP
ANNUAL GENERAL MEETING

*DP Id. / Client Id.		Name and address of the Registered Shareholder
Regd. Folio No.		
No. of Share(s) held		

(* Applicable for Members holding share(s) in electronic form)

I / We hereby record my / our presence at the **11th Annual General Meeting** of the Members of Reliance Home Finance Limited held on Monday, September 30, 2019, at 1:45 P.M. or soon after the conclusion of Annual General Meeting of Reliance Power Limited convened on the same day, whichever is later, at Rama & Sundri Watumull Auditorium Vidyasagar, Principal K. M. Kundnani Chowk, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400 020.

Member's / Proxy's Signature

Note: Please complete this and hand it over at the entrance of the hall.

TEAR HERE

PROXY FORM

Reliance Home Finance Limited

Registered Office: Reliance Centre, 6th Floor, South Wing, Off Western Express Highway Santacruz (East), Mumbai 400 055, CIN: L67190MH2008PLC183216
Website: www.reliancehomefinance.com, E-mail: rhfl.investor@relianceada.com
Tel.: +91 22 4303 6000, Fax: +91 22 2610 3299

FORM NO. MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)		
Registered Address		
E-mail Id		
*DP Id. / Client Id		Regd. Folio No.

(* Applicable for Members holding share(s) in electronic form)

I / We, being the member(s) of .... shares above named company, hereby appoint:

(1) Name: .... Address: ....
E-mail Id: .... Signature.. or failing him

(2) Name: .... Address: ....
E-mail Id: .... Signature.. or failing him

(3) Name: .... Address: ....
E-mail Id: .... Signature...

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the **11th Annual General Meeting** of the Members of Reliance Home Finance Limited held on Monday, September 30, 2019, at 1:45 P.M. or soon after the conclusion of Annual General Meeting of Reliance Power Limited convened on the same day, whichever is later, at Rama & Sundri Watumull Auditorium Vidyasagar, Principal K. M. Kundnani Chowk, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution no. and Matter of Resolution	**For**	**Against**
1. To consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon.		
2. To appoint a Director in place of Mr. Amit Bapna (DIN: 00008443), who retires by rotation and being eligible, offers himself for re-appointment.		
3. To approve, confirm and ratify the appointment of Auditors to fill the casual vacancy.		
4. To appoint Auditors and to fix their remuneration.		
5. To appoint Ms. Chhaya Virani (DIN: 06953556) as an Independent Director of the Company.		
6. To appoint Ms. Rashna Khan (DIN: 06928148) as an Independent Director of the Company.		
7. To appoint Mr. Ashok Ramaswamy (DIN: 00233663) as an Independent Director of the Company.		
8. To re-appoint Mr. Ravindra Sudhalkar (DIN: 07787205) as an Executive Director of the Company.		
9. To alter Memorandum of Association of the Company.		
10. To approve issue of equity shares by conversion of debt.		
11. To approve Private Placement of Non-Convertible Debentures and/or other Debt Securities for refinancing of existing debt.		

Signed this ____________ day of ________________, 2019.

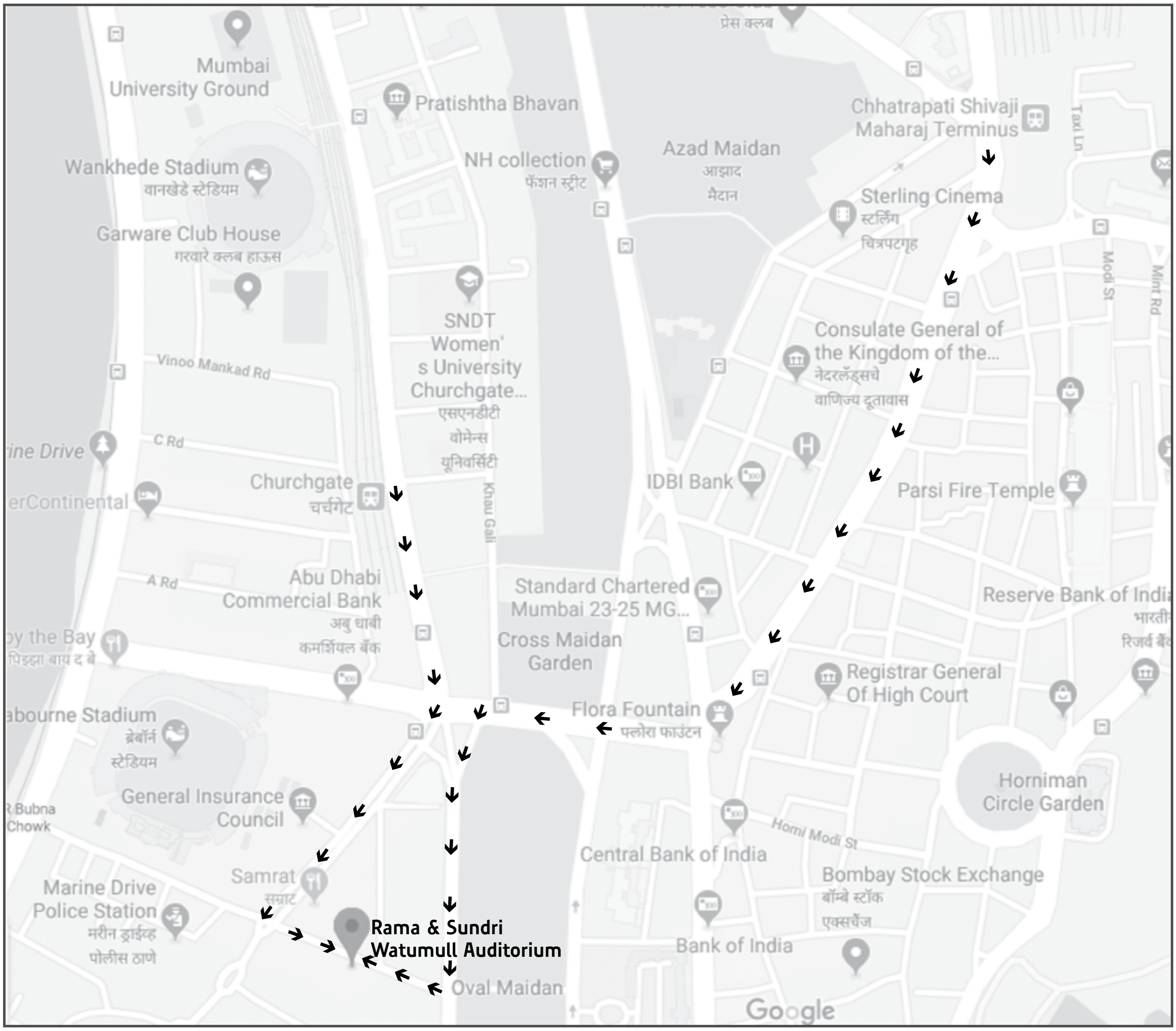
Affix Revenue Stamp

Signature of the Shareholder(s) ______________________ Signature of Proxy holder(s) ______________________

Note: This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Route Map to the AGM Venue

Venue : Rama & Sundri Watumull Auditorium, Vidyasagar, Principal K. M. Kundnani Chowk, 124, Dinshaw Wachha Road, Churchgate, Mumbai – 400020



Landmark : K.C. Collage

Distance from Churchgate Station : 0.7 km

Distance from Chhatrapati Shivaji Terminus : 1.9 km

If undelivered please return to :

Karvy Fintech Private Limited
(Unit: Reliance Home Finance Limited)
Karvy Selenium Tower - B, Plot No. 31 & 32
Survey No. 116/22, 115/24, 115/25
Financial District, Nanakramguda, Hyderabad 500 032
Tel. : +91 40 6716 1500, Fax : +91 40 6716 1791
E-mail : rhflinvestor@karvy.com, Website: www.karvy.com