

May 31, 2020

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai 400 001

**BSE Scrip Code: 540709****National Stock Exchange of India Limited**

Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G Block, Bandra Kurla Complex,  
Bandra (East), Mumbai 400 051

**NSE Scrip Symbol: RHFL**

Dear Sir(s),

**Sub.: Notice of 12<sup>th</sup> Annual General Meeting and Annual Report 2019-20**

The Annual Report for the financial year 2019-20, including the Notice convening 12<sup>th</sup> Annual General Meeting of the members of the Company scheduled to be held on Tuesday, June 23, 2020 at 4:00 P.M. (IST) through Video Conferencing (VC) / Other Audio Visual Means (OAVM) is enclosed.

The Company will provide to its members the facility to cast their vote(s) on all resolutions set out in the Notice by electronic means ('e-voting'). The detailed process to join meeting through VC / OAVM and e-voting, is set out in Notice.

Thanking you.

Yours faithfully,

For **Reliance Home Finance Limited****Vijesh B Thota****Chief Financial Officer**

Encl.: As Above.

**Reliance Home Finance Limited****Registered Office:** Reliance Center, South Wing, 6th Floor, Off Western Express Highway, Santacruz (East), Mumbai - 400 055

T +91 22 4303 6000 / F +91 22 4303 6662, E-mail: rhfl.investor@relianceada.com, Website: www.reliancehomefinance.com

**Customer Service:** T +91 22 3967 1600 / 1800-300-90909 (toll free) / E-mail: customercare@reliancehomefinance.com

CIN: L67190MH2008PLC183216

A RELIANCE CAPITAL COMPANY

**RELIANCE**

**HOME  
FINANCE**

# **Annual Report 2019 - 20**



**Padma Vibhushan**

**Shri Dhirubhai H. Ambani**

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

Reliance Group - Founder and Visionary

# Reliance Home Finance Limited

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E-mail : rhflinvestor@kfintech.com		

**12<sup>th</sup> Annual General Meeting on Tuesday, June 23, 2020 at 4:00 P.M. (IST) through Video Conferencing (VC) / Other Audio Visual Means (OAVM).**

# Reliance Home Finance Limited

## Notice

Notice is hereby given that the 12<sup>th</sup> Annual General Meeting of the Members of **Reliance Home Finance Limited** will be held on Tuesday, June 23, 2020 at 4:00 P.M. (IST) through Video Conferencing (VC) / Other Audio Visual Means (OAVM), 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, 2020 and the reports of the Board of Directors and Auditors thereon.
2. To appoint Mr. Sunil Wadikar (DIN:07238445), as a Director of the Company, liable to retire by rotation under the provisions of the Companies Act, 2013.

### Special Business:

3. **Appointment of Mr. Sushilkumar Agrawal 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. Sushilkumar Agrawal (DIN:00400892), 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 till he attains the age of 75 (seventy five) years i.e. June 28, 2023."

4. **Appointment of Mr. Ashok Karnavat 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 Karnavat (DIN:07098455), 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 January 23, 2020."

By Order of the Board of Directors

Vijesh B Thota  
Chief Financial Officer

Registered Office:

Reliance Centre, 6<sup>th</sup> Floor, South Wing

Off Western Express Highway

Santacruz (East), Mumbai 400 055

CIN: L67190MH2008PLC183216

Website: [www.reliancehomefinance.com](http://www.reliancehomefinance.com)

May 22, 2020

### Notes:

1. Statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act"), in respect of the Special Business to be transacted at the Annual General Meeting ("AGM") is annexed hereto.
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the "AGM" through Video Conferencing (VC) / Other Audio-Visual Means (OAVM), without the physical presence of the Members at a common venue. Accordingly, in compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
3. The AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Corporate Members are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution / Authorisation, etc., authorising its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting to KFin Technologies Private Limited (KFinTech) the Registrar and Transfer Agent, by e-mail through its registered e-mail address to [praveendmr@kfintech.com](mailto:praveendmr@kfintech.com).
5. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company or CDSL / NSDL ("Depositories"). Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.reliancehomefinance.com](http://www.reliancehomefinance.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of KFinTech at [www.kfintech.com](http://www.kfintech.com).

## Notice

6. Members whose email address are not registered can register the same in the following manner:
  - a. Members holding share(s) in physical mode can register their e-mail ID on the Company's website at <https://www.reliancehomefinance.com/registration-of-shareholders-information> by providing the requisite details of their holdings and documents for registering their e-mail address; and
  - b. Members holding share(s) in electronic mode are requested to register / update their e-mail address with their respective Depository Participants "DPs" for receiving all communications from the Company electronically.
7. The Company has engaged the services of KFin Technologies Private Limited, Registrar and Transfer Agent as the authorised agency (KFintech) for conducting of the e-AGM and providing e-voting facility.
8. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
9. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
10. Relevant documents referred to in the accompanying Notice calling the AGM are available on the website of the Company for inspection by the Members. 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 through electronic mode on the website of the Company.
11. Members are advised to refer to the section titled 'Investor Information' provided in this Annual Report.
12. As mandated by SEBI, effective from April 1, 2019, that securities of listed companies shall be transferred only in dematerialised form. In order to facilitate transfer of share(s) view of the above and to avail various benefits of dematerialisation, Members are advised to dematerialise share(s) held by them in physical form.
13. 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](http://www.reliancehomefinance.com) to aid the Company in its constant endeavour to enhance the standards of service to investors.
14. Instructions for attending the AGM and e-voting are as follows:
  - A. Instructions for attending the AGM:**
    1. Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM at <https://ris.kfintech.com/vc/login2vc.aspx> by using their remote e-voting login credentials and selecting the 'Event' for Company's AGM. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further, Members can also use the OTP based login for logging into the e-voting system.
  2. Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and Members who may like to express their views or ask questions during the AGM may register themselves at <https://ris.kfintech.com/agmvcspeakerregistration>. Facility of joining AGM will be closed on expiry of 15 minutes from the schedule time of the AGM. Those Members who register themselves as speaker will only be allowed to express views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers and time for each speaker depending upon the availability of time for the AGM.
  3. Facility of joining the AGM through VC / OAVM shall be available for 1000 members on first come first served basis. However, the participation of members holding 2% or more shares, promoters, and Institutional Investors, directors, key managerial personnel, chairpersons of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Auditors are not restricted on first come first serve basis.
  4. Members who need technical assistance before or during the AGM, can contact KFintech at <https://ris.kfintech.com/agmqa/agmqa/login.aspx>.
- B. Instructions for e-voting**
  1. In compliance with the provisions of Section 108 of the Act read with RULES made there under and Regulation 44 of the SEBI Listing Regulations, the Company is offering e-voting facility to all Members of the Company. 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. June 16, 2020 only shall be entitled to avail the facility of remote e-voting / e-voting at the AGM. KFintech will be facilitating remote e-voting to enable the Members to cast their votes electronically. Members can cast their vote online from 10:00 A.M. (IST) on Friday, June 19, 2020 to 5:00 P.M. (IST) on Monday, June 22, 2020. At the end of remote e-voting period, the facility shall forthwith be blocked.
  2. The Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
  3. The Members present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting, and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
  4. The procedure and instructions for e-voting are as follows:
    - a. Open your web browser during the remote e-voting period and navigate to "<https://evoting.kavy.com>".

## Notice

- b. Enter the login credentials (i.e., user-id and password) mentioned in the letter. Your Folio No. / DP ID No. / Client ID No. will be your User- ID.
- |             |   |
|-------------|---|
| User – ID   | For Members holding shares in Demat Form:-  |
| For NSDL :- | 8 Character DP ID followed by 8 Digits Client ID  |
| For CDSL :- | 16 digits beneficiary ID  |
| User – ID   | For Members holding shares in Physical Form:<br>Event Number followed by Folio No. registered with the Company                |
| Password    | Your unique password is sent via e-mail forwarded through the electronic notice   |
| Captcha     | Please enter the verification code i.e. the alphabets and numbers in the exact way as they are displayed for security reasons |
- c. After entering these details appropriately, click on "LOGIN"
- d. Members holding shares in Demat / Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). Kindly note that this password can be used by the Demat holders for voting in any other Company on which they are eligible to vote, provided that the other company opts for e-voting through KFintech e-Voting platform. System will prompt you to change your password and update your contact details like mobile number, e-mail ID, etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- e. You need to login again with the new credentials.
- f. On successful login, system will prompt you to select the 'Event' i.e. 'Company Name'.
- g. If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and have cast your vote earlier for any company, then your existing login ID and password are to be used.
- h. On the voting page, you will see Resolution Description and against the same the option 'FOR / AGAINST / ABSTAIN' for voting. Enter the number of shares (which represents the number of votes) under 'FOR / AGAINST / ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR / AGAINST' taken together should not exceed your total shareholding. If you do not wish to vote, please select 'ABSTAIN'.
- i. After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- j. Once you 'CONFIRM' your vote on the Resolution whether partially or otherwise, you will not be allowed to modify your vote.
5. Corporate Members (i.e. other than Individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG format) of the relevant Board or governing body Resolution / Authorisation together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to 'evoting@karvy.com' (Details are given in point 4 above). The file / scanned image of the Board Resolution / authority letter should be in the naming format 'Corporate Name Event no.
6. The voting rights of the Members shall be in proportion to the number of shares held by them in the equity share capital of the Company as on the cut-off date being Tuesday, June 16, 2020.
- In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company shall be entitled to vote at the AGM.
7. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on <https://evoting.karvy.com/> to reset the password.
8. The Board of Directors have appointed Mr. Anil Lohia, Partner or in his absence Mr. Chandahas Dayal, 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 or any person authorised by him after completion of the scrutiny and the results of voting will be announced after the AGM of the Company. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the AGM. 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 at [www.reliancehomefinance.com](http://www.reliancehomefinance.com) and also on the website of KFintech at <https://evoting.karvy.com>.
9. In case of any query pertaining to e-voting, please visit Help and FAQs section available at KFintech's website <https://evoting.karvy.com> OR contact toll free no.1 800 4250 999.

## Notice

### 15. Appointment of Director:

The Company has received a Notice from a member under Section 160 of the Companies Act, 2013, proposing the candidature of Mr. Sunil Wadikar as a Director of the Company liable to retire by rotation in place of Mr. Amit Bapna who retires by rotation at the ensuing AGM scheduled to be held on June 23, 2020. The Nomination and Remuneration Committee and the Board of Directors of the Company have recommended the appointment.

Mr. Sunil Wadikar, aged 42 years, has been with Reliance Group of Companies since 2014. He has over 16 years of experience in the field of Finance and has managed wide range of roles pertaining to managing financial operations, establishing financial and accounting controls, M&A, corporate planning and strategies. Earlier, he has also worked with Percept Group of Companies and was heading finance department of Percept Talent and Percept Picture Company divisions of flagship Company namely Percept Limited. He is Chartered Accountant and has done Diploma in FR ACCA UK. He is also on the board of Reliance DiGiTech Limited and Wavelength Television Private Limited.

He is proposed to be appointed as a Non-executive Director at the ensuing Annual General Meeting and shall be liable to retire by rotation. He shall be paid remuneration by way of fee for attending meetings of the Board or Committees hereof or for any other purpose as may be decided by the Board.

He fulfils the Fit and Proper Criteria of Directors as per the requirements of Guidelines on Corporate Governance issued by the National Housing Bank and has given his declaration in this regard. He does not hold any share in the Company and does not have any relationship with other Directors and Key Managerial Personnel of the Company.

The above be treated as the disclosure 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.

## Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated May 22, 2020

### Item Nos. 3 and 4 Appointment of Mr. Sushilkumar Agrawal and Mr. Ashok Karnavat as Independent Directors.

Mr. Sushilkumar Agrawal and Mr. Ashok Karnavat were appointed as the Independent Directors of the Company by the Board with the recommendation of the Nomination and Remuneration Committee on January 23, 2020, in accordance with the provisions of Section 149 read with Schedule IV to the Companies Act, 2013 (the 'Act'). Mr. Ashok Karnavat will hold office as an Independent Director for a term of 5 (five) years. In terms of Regulation 17 of the Listing Regulations, Mr. Sushilkumar Agrawal will hold office as an Independent Director of the Company till he attains the age of 75 (seventy five) years i.e. June 28, 2023.

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 fulfils 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 Mr. Sushilkumar Agrawal and Mr. Ashok Karnavat 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 Mr. Sushilkumar Agrawal and Mr. Ashok Karnavat for their respective offices of Director of the Company. Mr. Sushilkumar Agrawal and Mr. Ashok Karnavat 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 Mr. Sushilkumar Agrawal and Mr. Ashok Karnavat are furnished hereunder:

Mr. Sushilkumar Agrawal, 71 years, is a practicing Chartered Accountant and the Senior Most Partner in M/s. N. D. Kapur & Co., Chartered Accountants. He has over the years developed special expertise in the Banking and Financial Services Industry. He has experience in servicing large and medium sized clients in the areas of Internal Audit, Concurrent Audits, IT Advisory, Taxation, Risk Management and Management Consultancy.

He is a Certified Independent Director in many companies including Pranavaditya Spinning Mills Limited and Margo Finance Limited. He is also a Trustee in many Public Trusts engaged in the field of Social, Environment, Education and Health.

He is also a Director on the board of Pranavaditya Spinning Mills Limited, Margo Finance Limited, Reliance MediaWorks Limited, Reliance Broadcast Network Limited and Reliance Commercial Finance Limited. He is a Member of Audit Committee and Risk Management Committee of the Company. He is Chairman of Stakeholders Relationship Committee of Pranavaditya Spinning Mills Limited and Chairman of Audit Committee of Reliance MediaWorks Limited, Pranavaditya Spinning Mills Limited and Reliance Commercial Finance Limited. He is also member of Audit Committee of Margo Finance Limited, Quant Capital Private Limited and Reliance Broadcast Network Limited and Member of Stakeholders Relationship Committee of Reliance MediaWorks Limited, Margo Finance Limited.

He does not hold any share in the Company.

Mr. Ashok Karnavat, 58 years, is a practicing Chartered Accountant and Partner in M/s. V Parekh and Associates, Chartered Accountants since 1995. He has also obtained DISA (ICAI) and is a Forensic Accountant and Fraud Detection & Investigation certified. He has experience in Auditing / Investigation of large business houses, Manufacturing, Real Estate and Banking sectors. He is also a counsellor for GST / Direct Tax & Indirect Taxes.



# Reliance Home Finance Limited

## Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated May 22, 2020

He is also on the board of Reliance Wealth Management Limited, Reliance Money Precious Metals Private Limited, Reliance Money Infrastructure Limited, Rosa Power Supply Company Limited, Quant Capital Private Limited, Reliance Money Solutions Private Limited, Quant Broking Private Limited and Sasan Power Limited. He is a Member of Audit Committee, Stakeholders Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee of the Company.

He is the chairman of audit committee of Sasan Power Limited. He is also a member of audit committee of Reliance Wealth Management Limited, Reliance Money Precious Metals Private Limited, Reliance Money Infrastructure Limited, Rosa Power Supply Company Limited, Quant Capital Private Limited, Reliance Money Solutions Private Limited and Quant Broking Private Limited.

He does not hold any share in the Company.

Mr. Sushilkumar Agrawal and Mr. Ashok Karnavat shall be paid remuneration by way of fee for attending meetings of the Board or Committees hereof 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.

Approval of Members is accordingly sought for appointment of Mr. Sushilkumar Agrawal and Mr. Ashok Karnavat as Independent Directors as set out in the resolutions at Item Nos. 3 and 4 of the accompanying Notice.

The terms and conditions of appointment of the above Directors shall be available on the website of the Company. This statement may also be regarded as a disclosure under the Act and Regulation 36(3) of the Listing Regulations.

Mr. Sushilkumar Agrawal and Mr. Ashok Karnavat are interested in the resolutions set out respectively at Item Nos. 3 and 4 of the Notice in regard to their respective appointments. The relatives of Mr. Sushilkumar Agrawal and Mr. Ashok Karnavat may be deemed to be interested in the resolutions set out respectively at Item Nos. 3 and 4 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.

The Board accordingly recommends the Ordinary Resolutions set out at Item No. 3 and 4 of the accompanying Notice for the approval of the Members.

By Order of the Board of Directors

Vijesh B Thota  
Chief Financial Officer

Registered Office:  
Reliance Centre, 6<sup>th</sup> Floor, South Wing  
Off Western Express Highway  
Santacruz (East), Mumbai 400 055  
CIN: L67190MH2008PLC183216  
Website: [www.reliancehomefinance.com](http://www.reliancehomefinance.com)  
May 22, 2020

**Directors' Report**

Dear Shareowners,

Your Directors present the 12<sup>th</sup> Annual Report and the audited financial statement for the financial year ended March 31, 2020.

**Financial Performance and State of Company's Affairs**

The performance of the Company for the financial year ended March 31, 2020 is summarised below:

Particulars	₹ in crore)	
	March 31, 2020	* March 31, 2019
Total revenue	1602.91	2 002.59
Profit before depreciation and tax	(563.66)	104.98
Less: Depreciation & Amortisation	3.62	3.38
Profit before Tax	(567.28)	101.60
Current tax	(2.35)	1.99
Deferred Tax/(Credit)	(189.61)	32.19
Net Profit after Tax	(375.32)	67.42
Amount transferred to Special Reserve Fund	-	13.38

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

The financial position of the Company is under severe stress on account of severe deterioration in our cash flows and adverse developments in the financial sector.

The Company has engaged with all its lenders for arriving at the debt resolution plan and majority of the lenders have also executed an inter-creditor agreement ("ICA") dated July 6, 2019 under the framework of the circular issued by the Reserve Bank of India on "Prudential Framework for Resolution of Stressed Assets" dated June 7, 2019. The lenders at the steering committee meeting have appointed the resolution advisors, cashflow monitoring agency, forensic auditor, valuers and legal counsel. The period of 180 days as envisaged in the Circular expired on January 3, 2020 and the lenders agreed to extend the ICA till March 31, 2020 and further to June 30, 2020.

The current operations of the Company are being directed, reviewed and managed under the supervision of the lenders of the Company and such lenders are jointly deciding over the operational and strategic aspects of the Company including management of the cashflows through a cashflow monitoring agency. The Company, subject to receipt of all applicable approvals, is confident of implementing its Resolution Plan during Financial Year 2020-21.

**Capital Adequacy Ratio**

Your Company's Capital to Risk Assets Ratio (CRAR) calculated in line with the NHB Directions stood at 13 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, 2020, stood at ₹ 1,444.58 crore. The Company has raised ₹ 124 crore during the financial year 2019-20 by issuance of Commercial Papers. As stated above, the Lenders of the Company (Banks) have entered into an ICA for arriving at the debt resolution plan, accordingly,

as directed by the Lead Bank, the debt servicing by the Company is on a standstill leading to non-payment of interest / principal amount on NCDs, Loans and other borrowings.

The Company's debt equity ratio as on March 31, 2020 stood at 7.74:1.

**Dividend**

During the year under review, the Board of Directors have not recommended any dividend.

**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, 2020.

**Particulars of Loans, Guarantees or Investments**

The Company is registered as a Housing Finance Company with NHB. Thus, the provision of Section 186 except sub-section (1) of the Act is not applicable to the Company.

**Holding Company**

The Company ceased to be a subsidiary of Reliance Capital Limited (RCap) with effect from March 5, 2020 and the Company is now an associate of RCap. However, there is no change in RCap's shareholding in the Company and also there is no change in the management and control of the Company.

**Directors**

The Company has received declarations from all the Independent Directors 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 Mr. Sushilkumar Agrawal and Mr. Ashok Karnavat as Independent Directors on January 23, 2020 subject to the approval of the members at the ensuing AGM. Mr. Ashok Karnavat will hold office as an Independent Director for a term of 5 (five) years. In terms of Regulation 17 of Listing Regulations, Mr. Sushilkumar Agrawal will hold office as an Independent Director of the Company till he attains the age of seventy five years i.e. June 28, 2023.

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

The Company has received a Notice from a member under Section 160 of the Companies Act, 2013, proposing the candidature of Mr. Sunil Wadikar as a Director of the Company liable to retire by rotation in place of Mr. Amit Bapna who retires by rotation at the ensuing AGM scheduled to be held on June 23, 2020.

A brief resume of Directors proposed to be 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.

During the year under review, the shareholders of the Company has appointed Ms. Chhaya Virani, Ms. Rashna Khan, Mr. Ashok Ramaswamy as Independent Directors of the Company for a period of 5 years with effect from April 1, 2019, May 2, 2019 and May 31, 2019, respectively.

Lt Gen Syed Ata Hasnain (Retd) ceased to be the Director with effect from October 23, 2019 and Mr. Ravindra Sudhakar

## Directors' Report

ceased to be an Executive Director with effect from January 24, 2020 and he continues to be the Chief Executive Officer of the Company. Mr. Sachin Bora was appointed as a Non-executive Director w.e.f. December 3, 2019 who held office as such till January 24, 2020.

The Board place on record its deep sense of appreciation for the guidance and invaluable contribution made by the Directors during their tenure as Directors of the Company.

In the opinion of the Board, the Independent Directors possess the requisite expertise and experience and are the persons of high integrity and repute. They fulfil the conditions specified in the Companies Act, 2013 and the Rules made thereunder and are independent of the management.

### Key Managerial Personnel

Mr. Vijesh B Thota was appointed as the Chief Financial Officer (CFO) and Mr. Pinkesh R. Shah ceased to be the CFO of the Company with effect from May 8, 2020.

### 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 for the evaluation of the performance of non-independent Directors and performance of the Board as a whole.

Pursuant to the Listing Regulations, performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

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](http://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, 2020, 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, 2020 and of the loss 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, 2020 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. 47 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, seven 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 consists of Independent Directors viz. Ms. Chhaya Virani, Chairperson, Ms. Rashna Khan, Mr. Ashok Ramaswamy, Mr. Sushilkumar Agrawal and Mr. Ashok Karnavat 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. Dhiraj & Dheeraj, Chartered Accountants were appointed as Statutory Auditors of the Company for a term of 5 (five)

**Directors' Report**

consecutive years, at the Annual General Meeting of the Company held on September 30, 2019.

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; there has been substantial rundown / down sell of book. Also, negligible disbursements have been made and the Company has discontinued fresh sanctioning and disbursement since May 2019.
- (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 has 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. However, the Company has discontinued sanctioning and disbursement under this product since May 2019.

**Secretarial Audit and Secretarial Compliance Report**

Pursuant to the provisions of Section 204 of the Act read with 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. The Audit Report of the Secretarial Auditor is attached as Annexure - B.

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

The observations and comments given by the Secretarial Auditor in their Report are self-explanatory and hence do not call for any further comments under Section 134 of the Act.

**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 2018-19 and 2019-20 is put up on the Company's website and can be accessed at <https://www.reliancehomefinance.com/investor-relations-Annual Return>

2018-19 and <https://www.reliancehomefinance.com/investor-relations> - Annual Return 2019-20.

**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 up to the date of the Meeting on the website of the Company. 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.

## Directors' 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 policy has been overseen by audit committee. No person has been denied for direct access to the Chairperson of the Audit Committee. 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 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 comprises of Ms. Chhaya Virani as Chairperson and Ms. Rashna Khan, Mr. Ashok Ramaswamy, Mr. Sushilkumar Agrawal, Mr. Ashok Karnavat and Mr. Amit Bapna as Members, 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. 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 RMC which meets quarterly and reports to the Board of Directors.

To enable resilient models for working and conducting business during times of uncertainty and crisis, the Company has a certified ISO 22301:2013 business continuity plan (BCP) in place since 2013. The Company manages risks and build business continuity plans that allow us to focus on resilience in our day-to-day business operations. The Company has invoked BCP from March 18, 2020 after assessing the magnitude of the impact caused by the COVID-19 and are providing strategic support to ensure continuation of critical activities. The Company has ensured protecting employee's health & safety by implementing work-from-home and at the same time ensuring continuation of business operations. The businesses are greatly adjusting to the changing needs of its employees, customers and suppliers while navigating the financial, operational and cyber security challenges during & post COVID-19.

### 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 women 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 Complaint 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>.

As on March 31, 2020, the CSR Committee consists of Ms. Chhaya Virani as Chairperson, Mr. Ashok Karnavat and Mr. Amit Bapna as Members. The disclosures with respect to CSR activities is given in Annexure - D.

During the year 2019-20, the Company was required to spend an amount of ₹ 3.23 crore on CSR activities. The Company is facing severe financial stress and accordingly the Lenders have entered into an Inter Creditor Agreement (ICA) in terms of RBI Circular No. DBR.No.BP.BC.45/21.04.048/2018-19, dated June 7, 2019 on July 6, 2019. As part of the same, all cashflows of the Company are under direct supervision and control of the Lenders, for the purpose of debt resolution. Further, the Hon'ble Delhi High Court vide its Order dated November 20, 2019, has placed restraint on the Company on incurring expenses other than in ordinary course of business. In view of the aforesaid, the Company has not spent the amount on CSR activities this year. The Company is committed to spend on CSR in the long term.

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

Pursuant to Order dated November 20, 2019 passed by the Hon'ble Delhi High Court in the matter of OMP(I) COMM. 419/2019 and OMP(I) COMM. 420/2019, the Company is prohibited to dispose off, alienate, encumber either directly or indirectly or otherwise part with the possession of any assets.

### 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. As regards the qualified opinion of auditors on the Internal Financial Control, it is stated that 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. Also, pursuant to the qualifications in the Auditors' Report for 2018-19, the Company has discontinued fresh sanctioning and disbursement under the General-Purpose Corporate Loan product since May 2019.

### Acknowledgement

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from shareholders, debenture holders, 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.

For and on behalf of the Board of Directors

Chhaya Virani  
Director

Amit Bapna  
Director

Mumbai  
May 22, 2020

**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.

### Form No. MR-3 Secretarial Audit Report

For the financial year ended March 31, 2020

[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, 6<sup>th</sup> Floor, South Wing

Off Western Express Highway

Santacruz (East), Mumbai 400055

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance 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 the Company's books, papers, minutes 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 financial year ended March 31, 2020 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, 2020, 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 - Not Applicable;
  - 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;
  - 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 General Meetings, Board of Directors and Committee Meetings viz: Audit Committee, Risk Management Committee, Nomination and Remuneration Committee (NRC), Stakeholders Relationship Committee (SRC) and Corporate Social Responsibility (CSR) Committee;
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Listing Agreement(s) entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and the Company is in the process of filing form BEN-2 with the Registrar of Companies and in terms of Regulation 33(3)(d) of the Listing Regulation results for the financial year ended March 31, 2019 were published on August 13, 2019 and the delay was due to the situations beyond the control of the Company.

I further report that based on the compliance mechanism established by the Company, which has been verified on test checked basis and the Compliance Report submitted to and taken on record by the Board of Directors of the Company, we are of the opinion that the Company has complied with the following laws applicable specifically to the Company:

1. The National Housing Bank Act, 1987 and its circulars, Master circulars, Notifications, Guidelines and its Directions as prescribed for Housing Finance Company;
2. The Prevention of Money-Laundering Act, 2002;
3. Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015

## Directors' Report

On account of pandemic "COVID 2019" and nationwide lockdown imposed by governments, the audit process has been modified, wherein certain documents /records etc were verified in electronic mode and have relied on the representations received from the Company.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of 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, agenda and detailed notes have been given to all Directors to schedule the Board Meetings at least 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 exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions at Board and Committee Meetings are carried out and recorded in the minutes of the Board of Directors and Committee(s) of the Board accordingly.

I have relied on the representation made by the Company and its Officers for adequate systems and processes in the company commensurate with the 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 following event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc:

- (i) Default in payment of interest and redemption of Non-convertible debentures and term loan;
- (ii) Inter creditor agreement with the lenders of the Company;
- (iii) Convening of debenture holders meeting;
- (iv) The Board of the Directors had, on June 28, 2019, appointed M/s. Dhiraj & Dheeraj, Chartered Accountants as the Statutory Auditors in casual vacancy, and the same was approved by the members at the Annual General Meeting held on September 30, 2019.
- (v) The Company has obtained the shareholder's approval at its 11<sup>th</sup> Annual General Meeting held on September 30, 2019 for the following businesses:
  - a) Appointment of M/s Dhiraj & Dheeraj, Chartered Accountants as the Statutory Auditors to fill the casual vacancy caused by resignation of M/s. Price Waterhouse & Co Chartered Accountants, LLP and for a term of 5 years from the conclusion of this AGM.
  - b) Appointment of Ms. Chhaya Virani (DIN: 06953556), Ms. Rashna Khan (DIN: 06928148) and Mr. Ashok Ramaswamy (DIN: 00233663) as the Independent Directors of the Company.
  - c) Re-appointment of Mr. Ravindra Sudhalkar (DIN: 07787205) as a Whole-time Director, designated as an Executive Director and CEO for a period of 1 year from April 24, 2020.
  - d) Alteration of Memorandum of Association.
  - e) Issue of equity shares by conversion of debt.
  - f) Approval of Private Placement of Non – Convertible Debentures and / or other Debt Securities for refinancing of existing debt.

For **Aashish K. Bhatt & Associates**

**Company Secretaries**

**(ICSI Unique Code S2008MH100200)**

**Aashish Bhatt**

**Proprietor**

ACS No.: 19639

COP No.: 7023

UDIN: A019639B000214042

Place : Mumbai

Date : May 08, 2020



### 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:

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The steps taken or impact on conservation of energy	:	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
The steps taken by the Company for utilizing alternate sources of energy		
The capital investment on energy conservation equipments		

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#### (b) Technology Absorption, Adoption and Innovation:

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(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.

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#### (c) Total foreign exchange earnings and outgo:

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a. Total Foreign Exchange earnings	:	Nil
b. Total Foreign Exchange outgo	:	Nil

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Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2019-20

**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. Ashok Karnavat (Non-Executive Independent Director)  
 Mr. Amit Bapna (Non-Executive Director)

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

Average net profit: ₹ 161.55 crore.

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

The Company is required to spend ₹ 3.23 crore towards CSR.

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

- a. Total amount spent for the financial year:- NIL
- b. Amount unspent, if any:- ₹ 3.23 crore
- 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	-	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	-	1.85	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	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	Through a non-profit centre viz. My Home India specialised in the provision of cultural integration.
<b>Total</b>				<b>10.88</b>	<b>-</b>	<b>10.88</b>	

\* Implemented in phased manner

## Directors' Report

**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.**

During the year 2019-20, the Company was required to spend an amount of ₹ 3.23 crore on CSR activities. The Company is facing severe financial stress and accordingly the Lenders have entered into an Inter Creditor Agreement (ICA) in terms of RBI Circular No. DBR.No.BP.BC.45/21.04.048/2018-19, dated June 7, 2019 on July 6, 2019. As part of the same, all cashflows of the Company are under direct supervision and control of the Lenders, for the purpose of debt resolution. Further, the Hon'ble Delhi High Court vide its Order dated November 20, 2019, has placed restraint on the Company on incurring expenses other than in ordinary course of business. In view of the aforesaid, the Company has not spent the amount on CSR activities this year. The Company is committed to spend on CSR in the long term.

**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**  
Chief Executive Officer

**Chhaya Virani**  
Chairperson, CSR Committee

May 22, 2020

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.*

**Indian Economic Environment**

In 2019, India became a \$ 2.7 trillion economy, having added one trillion US dollars in the last five years. The first Economic Survey of the second tenure of Narendra Modi-led government outlined the blueprint to achieve the vision of making India a USD 5 trillion economy by 2024-25. Following the path, India's rank in the World Bank's Ease of Doing Business 2020 survey has consistently improved over last three years and stand at 63, among 190 countries, making it the one of world's top 10 most improved countries for the third consecutive time. Further, the Government has set a target to invest worth ₹ 111 trillion over 2020-2026 under National Infrastructure Pipeline (NIP). NIP is likely to help provide quality and adequate infrastructure across the nation and boost economic growth.

RBI has taken number of measures to ensure sufficient liquidity in the system since the beginning of 2019-20. We note that it has slashed policy rate (Repo rate) from 6.25% in the beginning

of year to 4.4% at the closing of fiscal and at now at 4% in ongoing fiscal so far. We also note this time transmission of rate cuts has happened in a large way and helped across all industries and borrowers.

According to the World Bank, the global economy decelerated to an estimated 2.4 percent in 2019, the slowest pace since the global financial crisis. The Indian Economy was not immune to the slowdown and was affected across all four key growth engines of our economy faltered to stimulate any growth. We note that three of the four growth engines—private consumption, private investment, and exports—have slowed down significantly led by variety of reasons. Consumption, the biggest contributor of growth was subdued, pointing to fragile consumer sentiment and purchasing ability. Similarly, private investments and exports have remained muted owing to soft demand, global uncertainties around trade and investments and geopolitical tensions. The fourth engine, government consumption and investment, has been moderated because of the limited elbow room the government has for counter-cyclical spending as the budget deficit remains under pressure. Further, an unexpected COVID-19 outbreak engulfed India too and resulted in nationwide lockdown starting 25<sup>th</sup> March has dashed hope of any early recovery on economy, which will have wider ramification in current fiscal.

As per the Central Statistics Organization (CSO) second advance estimates, the GDP growth was retained at 5 per cent in FY20 and however final numbers are likely to be worse than expectations due to sharp contraction in economic activities in March due to COVID-19. As per Moody's (a global rating company), India's GDP growth rate for FY21 is expected to be at Zero mainly led by steep deterioration in business activities and sharp contraction in consumption trend due to disruption led by COVID-19. However, on a positive note, it has forecasted India's GDP growth rate to bounce back to 6.6 per cent in FY22.

Central government has increased its borrowing target by over 50% in current fiscal to ₹ 12 trillion (US\$160bn) up from the previously budgeted ₹ 7.8 lakh crore to cushion the blow from the new coronavirus pandemic. The government will now borrow ₹ 300 billion via a sale of bonds each week, sharply higher than the ₹ 190-210 billion scheduled as per the calendar released at end-March. RBI is expected to come up with various measures including Open Market Operation as to suck incremental money supply and provide support bond markets. Given a sharp contraction in tax collection due to disruption in businesses in the backdrop of COVID-19 and urgency to extend helping hand to various industries to fight against Pandemic resulted in sharp increase in borrowing targets. Given the borrowing target of ₹12 trillion, it is estimated that government is targeting a fiscal deficit of 5.5-6% for current fiscal.

The government collected ₹ 15 lakh crore as net tax revenue as against ₹ 13.2 lakh crore collected in 2018-19, while direct tax collection stood at ₹ 11.7 Lakh crore as against estimated ₹ 13.4 lakh crore in 2018-19. For 2020-21, the gross direct tax collections are budgeted to increase by 12.7 per cent as per the union budget as against 2.9 per cent growth achieved in 2018-19. Further, capital expenditure for 2020-21 is pegged at ₹ 4.12 Lakh crore as against ₹ 3.49 Lakh crore incurred in 2019-20 and fiscal deficit was targeted at 3.5 per cent in 2020-21, which is unlikely to be achieved given the disruption in economy.

Given the sharp deterioration in economic activities from the beginning of 2020-21 and higher risk of steep deterioration

# Reliance Home Finance Limited

## Management Discussion and Analysis

in fiscal discipline, India may be exposed to sovereign rating downgrade, which may have wide ramifications on our financial markets.

### GDP Growth

Domestic rating agency CRISIL has cut its projections for India's economic growth rate to 1.8 per cent, from 3.5 per cent it had earlier predicted for 2020-21. Among the major economies, India and China are the only exception to the declining economic activities in 2020-21. The agency projected total losses of ₹ 10 Lakh crore or ₹ 7,000 per person due to the lockdowns to control the Covid-19 pandemic.

### Inflation and Interest Rate

Given a sharp contraction in domestic economic activities and soft stance of global bankers toward interest rates as to promote consumption activities are likely to keep interest rate scenario benign in India. A sharp fall in oil prices and other commodities are likely to result in softening of inflation rate in subsequent months, which along with a normal monsoon forecast does not warrant a significant rise in the food inflation trajectory. The RBI had changed its stance from neutral to accommodative in its April'20 monetary policy and a shift in stance unlikely going forward given the macroeconomic backdrop.

The RBI also announced that, in respect of all term loans (including agricultural term loans, retail and crop loans), all commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies) ("lending institutions") are permitted to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. In respect of working capital facilities sanctioned in the form of cash credit/ overdraft ("CC/OD"), lending institutions are permitted to defer the recovery of interest applied in respect of all such facilities during the period from March 1, 2020 upto May 31, 2020 ("deferment").

### Reliance Home Finance

Reliance Home Finance Limited (RHFL), an associate 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.

As a result of the current scenario and liquidity constraints, the Company has a brought down the distribution network to 29 branches catering to more than 100 locations, through a "hub and spoke" model, across the country, serving over 26,900 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. RHFL also has 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 ₹ 14,713 crore as on March 31, 2020, as against ₹ 18,868 crore for the previous year, a decline of 28 per cent. The total income for the year ended March 31, 2020, was at ₹ 1,603 crore, as against ₹ 2,003 crore for the previous year, a decline of 20 per cent. As on March 31, 2020, the outstanding loan book was ₹ 13,961 crore as against ₹ 16,355 crore at the end of March 31, 2019. This loan book is spread over 26,900 client accounts catering to approx. 100 locations. Loss before tax stood at ₹ 567 crore in FY20 as against profit ₹ 102 crore in FY19. The business incurred a Loss after tax of ₹ 375 crore as against profit of ₹ 67 crore, for the year ended March 31, 2020.

The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Company would be granting a moratorium of upto three months on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

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 have adversely impacted key financial ratios including return on network.

These developments have also adversely impacted the Company resulting into liquidity mismatch. The Company has taken steps to meet such liquidity mismatch by securitisation of its loan portfolio. The lenders of the Company had entered 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 and the Company is continuously engaged with its Lenders for Debt resolution. Majority of our lenders have already entered into the ICA. The Company, subject to receipt

## Management Discussion and Analysis

of all applicable approvals, is confident of implementing its Resolution Plan during FY 2020-21.

### 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 behaviour of the prospective customers. 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 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

## Management Discussion and Analysis

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 RBI and 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 has in place independent internal audit function which continuously evaluates the adequacy of, and compliance with, policies, plans, regulatory and statutory requirements. The same is subject to review periodically by the internal audit cell for its effectiveness.

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 is taking constant steps to further strengthen its credit policy and make it broader, well defined and robust and to extend the scope of Internal Auditors to commensurate with the size and nature of Company's business and operations. Also, pursuant to the qualifications in the Auditors' Report for 2018-19, the Company has discontinued fresh sanctioning and disbursement under the General-Purpose Corporate Loan product since May 2019.

### 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

Due to the ongoing financial crunch, the liquidity scenario and subdued business activity, the Company has experienced a decline in the workforce. The Company has a dedicated team of 245 employees (average age being 37 years, women employees being 40) as on March 31, 2020, 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.

### Corporate Social Responsibility

Reliance Home Finance Limited contributes 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 the 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 personnel action. The vigil mechanism has been overseen by the Audit Committee.

It is affirmed that no person has been denied direct access to the Chairperson of 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 the highest global standards of corporate governance, the Board has separated the Chairman's role from that of an executive in managing day-to-day business affairs as the Board and Committee Meetings of the Company are chaired by non-executive directors.

**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 Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility (CSR) Committee and Risk Management 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 or whenever there is any change in the circumstances which may affect her / his status as an Independent Director, provides a declaration that she / he meets with 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.



## Corporate Governance Report

### 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 for members are also given out on relevant statutory changes and on important issues impacting the Company's business environment

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 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 are audited by independent audit firm M/s. Dhiraj & Dheeraj, Chartered Accountants.

## M. Compliance with the Listing Regulations

During the year, the Company is fully compliant with the mandatory requirements of the Listing Regulations, except for approval of financial results for the quarter and financial year ended March 31, 2019, within prescribed due date, for which the Company has paid the fine in terms of circular No. SEBI/HO/CFD/CMD/CIR/P/2018/77 dated May 3, 2018.

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

As on March 31, 2020, the Board comprised of six directors. The composition and category of directors on the Board of the Company are as under:

Category	Name of directors and DIN
Independent Directors	Ms. Chhaya Virani (DIN: 06953556) (Appointed on April 1, 2019)
	Ms. Rashna Khan (DIN: 06928148) (Appointed on May 2, 2019)
	Mr. Ashok Ramaswamy (DIN: 00233663) (Appointed on May 31, 2019)
	Mr. Sushilkumar Agrawal (DIN: 00400892) (Appointed on January 23, 2020)
	Mr. Ashok Karnavat (DIN: 07098455) (Appointed on January 23, 2020)
Non-Executive and Non-Independent Director	Mr. Amit Bapna (DIN: 00008443)

#### Notes:

- None of the directors are related to any other director.
- None of the directors has any business relationship with the Company.
- 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 fulfill 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 of the Company under the direction of the Board. The Board holds minimum four meetings every year to review and discuss

## Corporate Governance Report

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:

- 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.
- Monitoring the effectiveness of the Company's governance practices and making changes as needed.
- Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- Aligning key executive and Board remuneration with the longer term interests of the Company and its shareholders.
- Ensuring a transparent Board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.

- Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- 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.
- Overseeing the process of disclosure and communications.
- Monitoring and reviewing Board Evaluation Framework.

### 3. Board meetings

The Board held 7 meetings during the financial year 2019-20 on April 24, 2019, June 28, 2019, August 8, 2019, August 13, 2019, October 22, 2019, December 13, 2019, and February 14, 2020. The maximum time gap between any two meetings during the year under review was 69 days and the minimum gap was 4 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 and Committee meetings held during the financial year 2019-20 and the last Annual General Meeting (AGM) held on September 30, 2019 were as under:

Board and Committee meetings of the Company	Attendance at the last AGM held on September 30, 2019	Board Meeting attended / held	Audit Committee attended / held	Stakeholders Relationship Committee attended / held	Nomination and Remuneration Committee attended / held	Risk Management Committee attended / held
<b>Total number of meetings held</b>		<b>7</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>3</b>
<b>Directors Attendance</b>						
Ms. Chhaya Virani	Present	7 of 7	5 of 6	2 of 2	2 of 2	3 of 3
Ms. Rashna Khan	Present	6 of 6	6 of 6	N.A.	1 of 1	3 of 3
Mr. Ashok Ramaswamy	Absent	6 of 6	5 of 6	N.A.	N.A.	3 of 3
Mr. Sushilkumar Agrawal	N.A.	1 of 1	N.A.	N.A.	N.A.	N.A.
Mr. Ashok Karnavat	N.A.	1 of 1	N.A.	1 of 1	N.A.	N.A.
Mr. Amit Bapna	Present	7 of 7	6 of 6	2 of 2	1 of 1	3 of 3
Mr. Padmanabh Vora	N.A.	1 of 1	N.A.	N.A.	1 of 1	N.A.
Lt Gen Syed Ata Hasnain (Retd)	Absent	4 of 5	4 of 5	N.A.	N.A.	1 of 2
Mr. Gautam Doshi	N.A.	1 of 1	N.A.	N.A.	1 of 1	N.A.
Mr. Anmol Ambani	N.A.	1 of 1	N.A.	N.A.	1 of 1	N.A.
Mr. Sachin Bora	N.A.	1 of 1	N.A.	N.A.	N.A.	N.A.
Mr. Ravindra Sudhalkar	Present	6 of 6	N.A.	1 of 1	N.A.	2 of 2

### 4.1. 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, 2020 were as under:

Name of Director	Number of directorship (including RHFL)	Committee(s) Chairmanship / Membership (including RHFL)	
		Membership	Chairmanship
Ms. Chhaya Virani	5	7	5
Ms. Rashna Khan	6	7	1
Mr. Ashok Ramaswamy	3	1	-
Mr. Sushilkumar Agrawal	10	10	3
Mr. Ashok Karnavat	10	10	1
Mr. Amit Bapna	8	5	-

### Notes:

- a. None of the directors hold directorships in more than twenty companies of which directorship in public companies does not exceed ten in line with the provisions of Section 165 of the Act.
- b. None of the directors hold membership of more than ten committees of board, nor, is a chairman of more than five committees across board of all listed entities.
- c. No director holds directorship in more than seven 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 includes 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. The same was held on May 8, 2020.

### 5. Resignation of Independent Directors:

Lt Gen Syed Ata Hasnain (Retd), Independent Director of the Company resigned and ceased to be the Director with effect from October 23, 2019.

As publically informed, the cessation was due to pre-occupation. The confirmation has been received from Lt Gen Syed Ata Hasnain (Retd) that there were no material reasons other than those mentioned above for the resignation.

### 6. Details of Directors

The abbreviate resumes of all the directors are furnished hereunder:

**Ms. Chhaya Virani**, 66 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 the Chairperson of Audit Committee, Risk Management Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility (CSR) Committee and a Member of Wilful Defaulter's Review Committee of the Company.

She is a director on the board of Reliance Capital Limited, Reliance General Insurance Company Limited, Reliance Capital Pension Fund Limited and Reliance Corporate Advisory Services Limited. She is the chairperson of audit committee and stakeholders relationship committee of Reliance Capital Limited and also a chairperson of stakeholders relationship committee of Reliance General Insurance Company Limited. She is the member of audit committee of Reliance General

Insurance Company Limited and Reliance Capital Pension Fund Limited.

She does not hold any share in the Company.

**Ms. Rashna Khan**, 56 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 and Reliance Commercial Finance 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.

**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. Sushilkumar Agrawal**, 71 years, is a practicing Chartered Accountant and the Senior Most Partner in M/s. N. D. Kapur & Co., Chartered Accountants. He has over the years developed special expertise in the Banking and Financial Services Industry. He has experience in servicing large and medium sized clients in the areas of Internal Audit, Concurrent Audits, IT Advisory, Taxation, Risk Management and Management Consultancy.

He is a Certified Independent Director in many companies including Pranavadiya Spinning Mills Limited and Margo

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Finance Limited. He is also a Trustee in many Public Trusts engaged in the field of Social, Environment, Education and Health.

He is also a Director on the board of Pranavaditya Spinning Mills Limited, Margo Finance Limited, Reliance MediaWorks Limited, Reliance Broadcast Network Limited and Reliance Commercial Finance Limited.

He is a Member of Audit Committee and Risk Management Committee of the Company. He is chairman of stakeholders relationship committee of Pranavaditya Spinning Mills Limited and chairman of audit committee of Reliance MediaWorks Limited, Pranavaditya Spinning Mills Limited and Reliance Commercial Finance Limited.

He is also member of audit committee of Margo Finance Limited, Quant Capital Private Limited and Reliance Broadcast Network Limited and member of stakeholders relationship committee of Reliance MediaWorks Limited, Margo Finance Limited.

He does not hold any share in the Company.

**Mr. Ashok Karnavat**, 58 years, is a practicing Chartered Accountant and Partner in M/s. V Parekh and Associates, Chartered Accountants since 1995. He has also obtained DISA (ICAI) and is a Forensic Accountant and Fraud Detection & Investigation certified. He has experience in Auditing / Investigation of large business houses, Manufacturing, Real Estate and Banking sectors. He is also a counsellor for GST / Direct Tax & Indirect Taxes.

He is also on the board of Reliance Wealth Management Limited, Reliance Money Precious Metals Private Limited, Reliance Money Infrastructure Limited, Rosa Power Supply Company Limited, Quant Capital Private Limited, Reliance Money Solutions Private Limited, Quant Broking Private Limited and Sasan Power Limited.

He is a Member of Audit Committee, Stakeholders Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee of the Company.

He is the chairman of audit committee of Sasan Power Limited. He is also a member of audit committee of Reliance Wealth Management Limited, Reliance Money Precious

Metals Private Limited, Reliance Money Infrastructure Limited, Rosa Power Supply Company Limited, Quant Capital Private Limited, Reliance Money Solutions Private Limited and Quant Broking Private Limited.

He does not hold any share in the Company.

**Mr. Amit Bapna**, 45 years, is a Non-Executive Director of the Company. He is a member of the Institute of Chartered Accountants of India. He is the President and Chief Operating Officer of Reliance Capital Limited. He has been with Reliance Capital since 2004 and with the Group since 1999. He provides financial direction, oversight and control for Reliance Capital and Group companies and strategic leadership for Treasury. He has over two decades 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 our 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 Securities 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 Securities Limited, Quant Capital Private Limited and Quant Broking Private Limited.

Mr. Amit held 8,180 equity shares in the Company.

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

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

The core skills / expertise / competencies required in the Board in the context of the Company's Businesses and sectors functioning effectively as identified by the Board of Directors of the Company are tabulated below:

Core skills / competencies / expertise	Ms. Chhaya Virani	Ms. Rashna Khan	Mr. Ashok Ramaswamy	Mr. Sushilkumar Agrawal	Mr. Ashok Karnavat	Mr. Amit Bapna
Leadership / Operational Experience	•	•	•	•	•	•
Strategic Planning	•	•	•	•	•	•
Sector / Industry Knowledge & Experience, Research & Development and Innovation	•	•	•	•	•	•
Technology	•	•	•	•	•	•
Financial, Regulatory / Legal & Risk Management	•	•	•	•	•	•
Corporate Governance	•	•	•	•	•	•

# Reliance Home Finance Limited

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### 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, 2020 are as follows:

Name of Director	Name of listed entities	Category
Ms. Chhaya Virani	Reliance Capital Limited	Non-Executive and Independent Director
	Reliance General Insurance Company Limited	Non-Executive and Independent Director
Ms. Rashna Khan	Reliance Power Limited	Non-Executive and Independent Director
	Reliance Commercial Finance Limited	Non-Executive and Independent Director
Mr. Ashok Ramaswamy	-	-
Mr. Sushilkumar Agrawal	Margo Finance Limited	Non-Executive and Non-Independent Director
	Pranavaditya Spinning Mills Limited	Non-Executive and Independent Director
	Reliance Commercial Finance Limited	Non-Executive and Independent Director
Mr. Amit Bapna	Reliance Securities Limited	Non-Executive and Non-Independent Director

### 9. Insurance coverage

The Company is an associate company of Reliance Capital Limited. Directors & Officers Liability Insurance policy obtained by Reliance Capital Limited, 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 re-constituted during the year and presently comprises of five independent non-executive directors and one non-independent non-executive director of the Company viz. Ms. Chhaya Virani as Chairperson, Ms. Rashna Khan, Mr. Ashok Ramaswamy, Mr. Sushilkumar Agrawal, Mr. Ashok Karnavat 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 Directors' 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 utilized 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;
  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;

**Corporate Governance Report**

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. 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 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; and
  - 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.

**Meetings of the Audit Committee held during 2019-20**

The Audit Committee held its meetings on June 12, 2019, June 28, 2019, August 8, 2019, August 13, 2019, October 22, 2019 and February 14, 2020. The maximum and minimum time gap between any two meetings, during the year under review was 114 days and 4 days, respectively. The details of attendance of Committee members are given in this Report.

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 and other applicable laws. The Committee was re-constituted during the year 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;

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6. Devising a policy on Board diversity;
7. Performing functions relating to all share based employees benefits;
8. 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
9. 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 24, 2019, and August 13, 2019. The maximum and minimum gap between any two meetings during the year under review was 110 days. The details of attendance of Committee members are given in this Report.

### 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.

### Details of sitting fees paid to the Non-Executive Directors during the Financial Year ended March 31, 2020.

Ms. Chhaya Virani ₹ 7.60 lakh, Ms. Rashna Khan ₹ 6.40 lakh, Mr. Ashok Ramaswamy ₹ 5.6 lakh, Mr. Sushilkumar Agrawal ₹ 0.4 lakh, Mr. Ashok Karnavat ₹ 0.8 lakh, Mr. Padmanabh Vora ₹ 0.8 lakh, Lt Gen Syed Ata Hasnain (Retd) ₹ 3.6 lakh, Mr. Gautam Doshi ₹ 0.8 lakh and Mr. Anmol Ambani ₹ 0.8 lakh.

### 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).

Mr. Ravindra Sudhalkar was paid remuneration of ₹ 465.09 Lakhs as an Executive Director, in terms of the approval granted by the Shareholders vide resolution passed at the Annual General Meeting held on July 24, 2017. He resigned as an Executive Director with effect from January 24, 2020 and continues to be the Chief Executive Officer of the Company.

### Employee Stock Option Scheme

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 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 re-constituted during the year and presently comprises of two independent non-executive directors and one non-executive director of the Company viz. Ms. Chhaya Virani as Chairperson, Mr. Ashok Karnavat and Mr. Amit Bapna as Members.

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

- i. Resolving the grievances of the security holders 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.;
- ii. Reviewing the measures taken for effective exercise of voting rights by shareholders;
- iii. Reviewing the service standards adopted by the Company in respect of various services being rendered by the Registrar & Transfer Agent; and
- iv. 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.

### Meeting of the Stakeholders Relationship Committee held during 2019-20.

The Stakeholders Relationship Committee held its meetings on August 13, 2019 and February 14, 2020. The maximum and minimum time gap between any two meetings during the year under review was 184 days. The details of attendance of Committee members are given in this Report.

The Chairperson 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 reconstituted during the year and presently comprises of two independent non-executive director and one non-independent non-executive director of the Company viz. Ms. Chhaya Virani as Chairperson, Mr. Ashok Karnavat and Mr. Amit Bapna 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'.

The CSR Committee has formulated a CSR policy indicating the activities to be undertaken by the Company. During the year, no meeting of the CSR Committee was held.

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

Corporate Governance Report

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 re-constituted during the year and presently comprises of Ms. Chhaya Virani as Chairperson and Ms. Rashna Khan, Mr. Ashok Ramaswamy, Mr. Sushilkumar Agrawal, Mr. Ashok Karnavat and Mr. Amit Bapna 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;
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 August 13, 2019, October 22, 2019 and February 14, 2020. The details of attendance of Committee members are given in this Report.

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

**A. Annual General 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
2018-19	September 30, 2019 at 2:30 p.m.	Rama & Sundri Watumull Auditorium Vidyasagar, Principal K. M. Kundnani Chowk, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400 020	Yes, Re-appointment of Mr. Ravindra Sudhalkar as an Executive Director, Alteration of Memorandum of Association, Issue of equity shares by conversion of debt, Private Placement of Non-Convertible Debentures and / or other Debt Securities for refinancing of existing debt
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, Issue of securities through qualified institutions placement on a private placement basis to qualified institutional buyers ("QIBs").
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.

**B. Extra-Ordinary General Meeting**

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

IX. Postal Ballot

The Company had not conducted any business conducted through Postal Ballot during the financial year 2019-20. 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 ordinarily published in The Financial Express (English) newspaper circulating in substantially the whole of India and in Navshakti (Marathi) newspaper and are also posted on the Company's website.
- 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.



## Corporate Governance Report

- 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. In compliance with the various relaxations provided by SEBI and MCA due to COVID-19 Pandemic, the Company have emailed the soft copies of the Annual Report to all those members whose e-mail IDs were available with its Registrar and Transfer Agent or Depositories and urged those members to register their e-mail IDs to receive the said communication.

- 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, corporate announcement, 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@kfintech.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 data base 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. In its efforts to improve ease of doing business, SEBI has launched a

mobile app "SEBI SCORES", making it easier for investors to lodge their grievances with SEBI, as they can now access SCORES at their convenience of a smart phone.

## 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 material non-listed Indian subsidiary company. Hence does not required to have Policy for determining material subsidiaries.

## 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 except for the delay in publication of financial results for the year ended March 31, 2019 due to the situations beyond the control of the Company and penalties imposed by NHB for contravention of certain provisions of Housing Finance Companies (NHB) Directions, 2010.

### b. Related party transactions

During the financial year 2019-20, 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 recognized 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 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 acts as Chairperson and Ms. Rashna Khan, Mr. Ashok Ramaswamy, Mr. Sushilkumar Agrawal, Mr. Ashok Karnavat and Mr. Amit Bapna 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

Corporate Governance Report

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 RMC 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. The Board members and senior management have affirmed their compliance with the Code and a declaration signed by the Chief Executive Officer 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 2019–20."

**Ravindra Sudhalkar**  
Chief Executive Officer

**g. CEO / CFO certification**

Mr. Ravindra Sudhalkar, Chief Executive Officer and Mr. Pinkesh R. Shah, Chief Financial Officer of the Company has provided certification for the financial year 2019–20 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, Practising 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. The copy of the same forms part of this Annual Report.

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

The Board in its report has confirmed that the Financial Statements for the year ended March 31, 2020 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, 2019	52,142	1,98,688
(ii) Number of shareholders who approached listed entity for transfer of shares from suspense account during April 1, 2019 to March 31, 2020	8	74
(iii) Number of shareholders to whom shares were transferred from suspense account during April 1, 2019 to March 31, 2020	8	74
(iv) Aggregate number of shareholders and the outstanding shares in the suspense account lying at March 31, 2020	52,134	1,98,614

The voting rights on the shares outstanding in the "Reliance Home Finance Limited – Unclaimed Suspense Account" as on March 31, 2020 shall remain frozen till the rightful owner of such shares claims the share(s).

## Corporate Governance Report

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

The details of fees paid to Statutory Auditors by the Company for the financial year 2019-20 are as follows:

(₹ in crore)	
Nature of Service	2019-20
Statutory Audit Fees (including Limited review fees)	0.19
Certification Fees	0.17
<b>Total</b>	<b>0.36</b>

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

As reported by the Internal Complaint Committee, the details of Complaints are as under:

Sr. No.	Particulars	Details
1.	Number of complaints filed during the financial year	Nil
2.	Number of complaints disposed off 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 compliance with best global practices, we have adopted a policy to ensure that the Chairman of the Board shall be a non-executive director as the Board and Committee Meetings are chaired by non-executive director.

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

The Company had appointed Mr. Ravindra Sudhalkar as the CEO of the Company. Thus, the post of CEO is separate from the Director who Chairs the meetings of the Company.

#### 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	<ul style="list-style-type: none"> <li>● Composition &amp; Meetings</li> <li>● Quorum of Board Meetings</li> <li>● Review of compliance reports &amp; compliance certificate</li> <li>● Plans for orderly succession for appointments</li> <li>● Code of Conduct</li> <li>● Fees / compensation to Non-Executive Directors</li> <li>● Minimum information to be placed before the Board</li> <li>● Compliance Certificate</li> <li>● Risk assessment and management</li> <li>● Performance evaluation of Independent Director</li> <li>● Recommendation of the Board</li> </ul>
2.	Maximum number of Directorship	17A	Yes	<ul style="list-style-type: none"> <li>● Directorship in listed entities</li> </ul>
3.	Audit Committee	18	Yes	<ul style="list-style-type: none"> <li>● Composition &amp; Meetings</li> <li>● Quorum of the Committee</li> <li>● Powers of the Committee</li> <li>● Role of the Committee and review of information by the Committee</li> </ul>
4.	Nomination and Remuneration Committee	19	Yes	<ul style="list-style-type: none"> <li>● Composition</li> <li>● Quorum of the Committee</li> <li>● Meetings of the Committee</li> <li>● Role of the Committee</li> </ul>
5.	Stakeholders Relationship Committee	20	Yes	<ul style="list-style-type: none"> <li>● Composition</li> <li>● Meetings of the Committee</li> <li>● Role of the Committee</li> </ul>
6.	Risk Management Committee	21	Yes	<ul style="list-style-type: none"> <li>● Composition</li> <li>● Meetings of the Committee</li> <li>● Role of the Committee</li> </ul>
7.	Vigil Mechanism	22	Yes	<ul style="list-style-type: none"> <li>● Review of Vigil Mechanism for Directors and employees</li> <li>● Direct access to Chairperson of Audit Committee</li> </ul>
8.	Related Party Transactions	23	Yes	<ul style="list-style-type: none"> <li>● Policy of Materiality of Related Party Transactions and dealing with Related Party Transactions</li> <li>● Approval including omnibus approval of Audit Committee and the Board</li> <li>● Review of Related Party Transactions</li> <li>● No material Related Party Transactions</li> <li>● Disclosure of Related Party Transactions on consolidated basis</li> </ul>
9	Secretarial Compliance Report	24A	Yes	<ul style="list-style-type: none"> <li>● Secretarial Compliance Report</li> </ul>
10.	Obligations with respect to Independent Directors	25	Yes	<ul style="list-style-type: none"> <li>● No alternate director for Independent Directors</li> <li>● Maximum Directorship and tenure</li> <li>● Meetings of Independent Directors</li> <li>● Cessation and appointment of Independent Directors</li> <li>● Familiarisation of Independent Directors</li> <li>● Declaration by Independent Directors</li> <li>● Directors &amp; Officer's Insurance</li> </ul>
11.	Obligations with respect to employees including Senior Management, Key Managerial Personnel, Directors and Promoters	26	Yes	<ul style="list-style-type: none"> <li>● Memberships / Chairmanships in Committees</li> <li>● Affirmation on compliance of Code of Conduct by Directors and Senior Management</li> <li>● Disclosure of shareholding by Non-Executive Directors</li> <li>● Disclosures by Senior Management about potential conflicts of interest</li> <li>● 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</li> </ul>
12.	Other Corporate Governance requirements	27	Yes	<ul style="list-style-type: none"> <li>● Compliance with discretionary requirements</li> <li>● Filing of compliance report on Corporate Governance</li> </ul>
13.	Website	46(2)(b) to (i)	Yes	<ul style="list-style-type: none"> <li>● Terms and conditions for appointment of Independent Directors</li> <li>● Composition of various Committees of the Board of Directors</li> <li>● Code of Conduct of Board of Directors and Senior Management</li> <li>● Details of establishment of Vigil Mechanism / Whistle-blower policy</li> <li>● Criteria of making payment to Non-executive Director</li> <li>● Policy on dealing with Related Party Transactions</li> <li>● Details of familiarisation programmes imparted to Independent Directors</li> </ul>

# Reliance Home Finance Limited

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## Certificate on Corporate Governance by Practicing Company Secretary

To,

### **The Members**

#### **Reliance Home Finance Limited**

Reliance Centre, 6<sup>th</sup> 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, 2020, 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, 2019 to March 31, 2020.

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

ACS No.: 19639, COP No.: 7023

A019639B000217551

Date : May 8, 2020

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, 6<sup>th</sup> 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 31<sup>st</sup> March, 2020 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.	Ms. Chhaya Virani	06953556	01.04.2019	-
2.	Ms. Rashna Khan	06928148	02.05.2019	-
3.	Mr. Ashok Ramaswamy	00233663	31.05.2019	-
4.	Mr. Sushilkumar Agrawal	00400892	23.01.2020	-
5.	Mr. Ashok Karnavat	07098455	23.01.2020	-
6.	Mr. Amit Bapna	00008443	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

ACS No.: 19639, COP No.: 7023

A019639B000248021

Date: May 16, 2020

Place : Mumbai

## Investor Information

### Important points

**Investors should hold securities in dematerialised form, as transfer of shares 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 in to 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; and
- Ease in monitoring of portfolio.

Members holding shares in physical mode:

- a. are required to submit their Permanent Account Number (PAN) and bank account details to the Company / KFinTech, 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 / KFinTech for receiving all communications from the Company electronically.

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.

**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.

Non-Resident Indian members are requested to inform KFinTech, the Company's Registrar and Transfer Agent immediately on the change in the residential status on return to India for permanent settlement.

### 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.

**Link for updating PAN / Bank Details is provided on the website of the Company**

### 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. KFin Technologies Private Limited (KFinTech), 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.

**Investor Information**

**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 uncashed 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 uncashed 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 12<sup>th</sup> Annual General Meeting (AGM) will be held on Tuesday, June 23, 2020 at 4:00 P.M. (IST) through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

**Shareholding Pattern**

Category of shareholders	As on 31.03.2020		As on 31.03.2019	
	Number of Shares	%	Number of Shares	%
(A) Shareholding of promoter and promoter group				
(i) Indian	24 04 84 799	49.58	36 30 51 491	74.85
(ii) Foreign	-	-	-	-
<b>Total shareholding of promoter and promoter group</b>	<b>24 04 84 799</b>	<b>49.58</b>	36 30 51 491	74.85
(B) Public shareholding				
(i) Institutions	2 65 90 281	5.48	5 21 07 154	10.74
(ii) Non-institutions	21 79 83 738	44.94	6 99 00 173	14.41
<b>Total public shareholding</b>	<b>24 45 74 019</b>	<b>50.42</b>	12 20 07 327	25.15
(C) Shares held by custodians and against which depository receipts have been issued	-	-	-	-
<b>Grand Total (A)+(B)+(C)</b>	<b>48 50 58 818</b>	<b>100</b>	48 50 58 818	100.00

**E-voting**

The Members can cast their vote online through remote e-voting from 10:00 A.M. on June 19, 2020 to 5:00 P.M. on June 22, 2020. Further, the e-voting facility shall also be made available to the shareholders present at the meeting through Video Conferencing and have not cast their vote on resolution through remote e-voting.

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 Members shall refer to the detailed procedure on remote e-voting are given in the Notice and the e-voting instruction slip.

**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)**

KFin Technologies Private Limited  
 Unit: Reliance Home Finance Limited  
 Selenium Building, Tower – B  
 Plot No. 31 & 32, Financial District, Nanakramguda  
 Hyderabad 500 032  
 Toll free no. (India): 1800 4250 999  
 Tel.: +40 6716 1500  
 Fax: +40 6716 1791  
 E-mail : rhflinvestor@kfintech.com  
 Website: www.kfintech.com

Karvy Fintech Private Limited, the Registrar and Transfer Agent of the Company has changed its name to KFin Technologies Private Limited with effect from December 5, 2019.

**Dividend announcements**

The Board of Directors of the Company has not recommended any dividend for the financial year 2019-20.



# Reliance Home Finance Limited

## Investor Information

### Distribution of Shareholding

Number of shares	Number of shareholders as on 31.03.2020		Total shares as on 31.03.2020		Number of shareholders as on 31.03.2019		Total shares as on 31.03.2019	
	Number	%	Number	%	Number	%	Number	%
Upto 500	8 13 407	97.26	2 32 03 009	4.78	8 35 921	98.21	2 35 91 055	4.86
501 to 5000	19 002	2.27	2 93 81 792	6.06	13 932	1.64	1 84 75 322	3.81
5001 to 100000	3 757	0.45	6 56 86 278	13.54	1 229	0.14	1 82 37 132	3.76
Above 100000	175	0.02	36 67 87 739	75.62	65	0.01	42 47 55 309	87.57
Total	8 36 341	100.00	48 50 58 818	100.00	8 51 147	100.00	48 50 58 818	100.00

### 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, 2020, 99.17 per cent of the Company's shares are held in dematerialised form.

### Investors' Grievances Attended

Received from	Received during		Redressed during		Pending as on	
	2019-2020	2018-2019	2019-2020	2018-2019	31.03.2020	31.03.2019
SEBI	102	31	102	31	Nil	Nil
Stock Exchanges	7	12	7	12	Nil	Nil
NSDL / CDSL	-	7	-	7	Nil	Nil
Direct from investors	-	2	-	2	Nil	Nil
Total	109	52	109	52	Nil	Nil

### Analysis of Grievances

	2019 - 2020		2018 - 2019	
	Numbers	%	Numbers	%
Non-receipt of debenture / share certificates	-	0.00	1	1.92
Non-receipt of annual report	4	3.67	10	19.23
Non-receipt of redemption / Interest of NCDs	71	65.14	-	-
Others	34	31.19	41	78.85
Total	109	100.00	52	100.00

There was no complaint pending as on March 31, 2020.

### Notes:

- The shareholder base was 8,36,341 as of March 31, 2020 and 8,51,147 as of March 31, 2019.
- 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

**Investor Information**

**Credit Rating**

Rating Agency	Type of Instrument	Rating as on April 1, 2019	Rating as on March 31, 2020
CARE Ratings Limited	Long Term Debt Programme	CARE A+ (Credit watch with developing implications)	CARE D <sup>1, 5, 12, 13</sup>
	Principal Protected Market Linked Debentures	CARE PP-MLD A+ (Credit watch with developing implications)	CARE PP-MLD D <sup>1, 5, 13</sup>
	Subordinated Debt	CARE A+ (Credit watch with developing implications)	CARE D <sup>1, 5, 13</sup>
	Upper Tier-II NCDs	CARE A (Credit watch with developing implications)	CARE D <sup>2, 6, 13</sup>
	Non-Convertible Debentures – Public Issue	CARE A+ (Credit watch with developing implications)	CARE D <sup>1, 5, 13</sup>
	Upper Tier II Bonds – Public Issue	CARE A (Credit watch with developing implications)	CARE D <sup>2, 6, 13</sup>
Brickwork Ratings India Private Limited	Long Term Secured NCD	BWR AA (Outlook: Stable)	BWR D <sup>3, 8, 14</sup>
	Principal Protected Market Linked Debentures	BWR PP-MLD AA (Outlook: Stable)	BWR PP-MLD D <sup>3, 8, 14</sup>
	Unsecured Subordinated Tier II NCD	BWR AA (Outlook: Stable)	BWR D <sup>3, 8, 14</sup>
	Long Term Unsecured Upper Tier-II NCD	BWR AA- (Outlook: Stable)	BWR D <sup>4, 9, 14</sup>
	Long Term Secured NCD – Public Issue	BWR AA (Outlook: Stable)	BWR D <sup>3, 8, 14</sup>
	Public Issue of Long Term Unsecured Upper Tier II NCD	BWR AA- (Outlook: Stable)	BWR D <sup>4, 9, 14</sup>
ICRA Limited	Commercial Paper	BWR A1+	BWR D <sup>10, 15</sup>
	Commercial Paper	[ICRA] A2 (on rating watch with negative implications)	[ICRA] D <sup>7, 11</sup>

**Details of Revision:**

<sup>(1)</sup> CARE Rating from A+ to BBB+ : 18-04-2019; <sup>(2)</sup> CARE Rating from A to BBB : 18-04-2019; <sup>(3)</sup> BWR Rating from AA to A+ : 19-04-2019; <sup>(4)</sup> BWR Rating from AA- to A : 19-04-2019; <sup>(5)</sup> CARE Rating from BBB+ to C : 26-04-2019; <sup>(6)</sup> CARE Rating from BBB to C : 26-04-2019; <sup>(7)</sup> ICRA Rating from [ICRA] A2 to [ICRA] A4 : 26-04-2019; <sup>(8)</sup> BWR Rating from A+ to C : 29-04-2019; <sup>(9)</sup> BWR Rating from A to C : 29-04-2019; <sup>(10)</sup> BWR Rating from BWR A1+ to A4 : 29-04-2019; <sup>(11)</sup> ICRA Rating from [ICRA] A4 to [ICRA] D : 03-05-2019; <sup>(12)</sup> CARE Rating from C to D : 02-07-2019; (For Non-Convertible Debentures of ₹ 400 crore issued on private placement basis) <sup>(13)</sup> CARE Rating from C to D : 12-09-2019; <sup>(14)</sup> BWR Rating from C to D : 18-09-2019; <sup>(15)</sup> BWR Rating from A4 to D : 18-09-2019.

**Stock Price and Volume**

2019-20	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	Volume Nos.	High (₹)	Low (₹)	Volume Nos.
April, 2019	35.40	23.10	14 81 215	35.40	22.65	94 35 938
May, 2019	27.00	16.60	12 46 730	26.20	17.10	1 27 29 338
June, 2019	22.80	9.75	23 87 131	22.45	9.70	1 92 67 317
July, 2019	14.40	9.70	18 71 639	14.40	9.75	82 87 769
August, 2019	10.25	5.54	19 82 860	10.35	5.50	1 58 61 677
September, 2019	5.95	3.81	21 30 635	5.85	3.85	73 99 014
October, 2019	4.99	3.00	30 70 826	4.80	3.05	83 78 078
November, 2019	6.65	3.81	52 47 475	6.50	3.85	2 28 64 491
December, 2019	3.98	2.28	1 13 27 969	3.95	2.30	4 18 33 176
January, 2020	3.00	1.34	4 12 47 777	2.95	1.50	4 20 75 609
February, 2020	1.41	0.87	2 90 44 858	1.45	0.85	5 45 17 943
March, 2020	1.48	0.73	45 32 108	1.45	0.70	1 41 58 377

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

# Reliance Home Finance Limited

## Investor Information

### 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](http://www.bseindia.com)

##### National Stock Exchange of India Limited

Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1, G Block

Bandra Kurla Complex, Bandra (East)

Mumbai 400 051

Website : [www.nseindia.com](http://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](http://www.idbitrustee.com)

#### Catalyst Trusteeship Limited

GDA House, Plot No. 85

Bhusari Colony (Right)

Paud Road, Pune 411 038

Website: [www.catalysttrustee.com](http://www.catalysttrustee.com)

### Payment of listing fees

Annual listing fee for the year 2020-21 shall be paid in due course by the Company to the stock exchanges.

As per the National Stock Exchange of India Limited (NSE) Circular Ref. No.09/2020 dated April 30, 2020, NSE has extended the due date of payment for the Annual Listing Fees for F.Y. 2020-21.

### Payment of depository fees

Annual custody / issuer fee for the year 2020-21 shall be paid in due course by the Company to NSDL and CDSL.

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

	RHFL %	Sensex BSE %	Nifty NSE %
FY 2019-20	(97.39)	(23.80)	(26.03)
2 years	(98.74)	(10.62)	(14.99)
3 years	(99.27)	(0.51)	(6.28)

### Key financial reporting dates for the financial year 2020-21

Unaudited results for the first quarter : On or before  
ended June 30, 2020 August 14, 2020

Unaudited results for the second : On or before  
quarter / half - year ended November 14, 2020  
September 30, 2020

Unaudited results for the third : On or before  
quarter / nine months ended February 14, 2021  
December 31, 2020

Audited results for the financial year : On or before  
2020-21 May 31, 2021

### Depository services

For guidance on depository services, shareholders may write to the Company's RTA or National Securities Depository Limited, Trade World, 4<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, website: [www.nsdl.co.in](http://www.nsdl.co.in) or Central Depository Services (India) Limited, Unit No. A-2501, A Wing, Marathon Futurex, 25<sup>th</sup> Floor, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (E), Mumbai 400 013, website: [www.cdsindia.com](http://www.cdsindia.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 KFin Technologies Private Limited at the below mentioned address for speedy response:

#### KFin Technologies Private Limited

Unit: Reliance Home Finance Limited

Selenium Building, Tower - B

Plot No. 31 & 32

Financial District, Nanakramguda

Hyderabad 500 032 Telangana 500 032

E-mail : [rhflinvestor@kfintech.com](mailto:rhflinvestor@kfintech.com), Website: [www.kfintech.com](http://www.kfintech.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, 6<sup>th</sup> 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](mailto:rhfl.investor@relianceada.com)

Correspondence on investor services may be addressed to:

Company Secretary & Compliance Officer

Reliance Home Finance Limited

Reliance Centre, 6<sup>th</sup> 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](mailto: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, 2020, 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, 2020, its loss 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 5(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, 2020 aggregating to ₹ 7,965.24 crores (including ₹ 216 crores sanctioned during the financial year 2019-20) 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 ₹ 7,815.24 crores (including NPA of ₹ 4,778.13 crores) of these loans as on March 31, 2020. In view of substantial overdues, we are unable to substantiate the management assertion on the recoverability of principal and interest including time frame of recovery of aforesaid loans outstanding as on March 31, 2020. 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 46 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

**Emphasis of Matters**

**(i) Going concern**

We draw attention to Note 18(d) to the Ind AS Financial Statements which states that the Company has engaged with 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 for prudential framework for resolution of stressed assets. ICA has been executed on July 6, 2019 with the majority of lenders and some of lenders/debenture holders have joined the ICA subsequently through deed of Accession. Bank of Baroda has been appointed as the lead lender for the resolution process and the lenders have made the appointment of professional viz resolution plan advisors, forensic auditor, legal counsel, cash flow monitoring agency and valuation agencies for the resolution process. The timeline of 180 days as envisaged in the RBI Circular expired on January 3, 2020. However as informed to us, the lenders have agreed to extend the ICA till March 31, 2020 and further extended to June 30, 2020 and have communicated with RBI for the same. The Company expects implementation of its resolution plan within the said extended period. There is substantial reduction in the lending business during the year. The Company has defaulted in payment of borrowings obligations amounting to ₹ 5,446.92 crores as on March 31, 2020 and the asset cover has also fallen below hundred percent of outstanding debentures amounting to ₹ 5,966.67 crores. The Company's ability to meet its obligation dependent on material uncertain events including restructuring of loan portfolio, implementation of Resolution Plan by Inter Creditor Agreement for the resolution of its debt as stated above and revival of housing finance business.

In view of steps taken by the company and the expected implementation of its resolution plan in extended period, the statement of Ind AS financial results of the Company have been prepared by the management on a going concern basis. Our opinion is not modified in respect of this matter.

**(ii) Impact of COVID-19 pandemic**

We draw attention to Note 57 to the Ind AS Financial Statements which describes that the extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain.

Which further states that in accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Company would be granting a moratorium of three months on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted, the asset classification has been remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

Our opinion is not modified in respect of this matter.

## Independent Auditor's Report

### 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, 2020. 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
<p><b>1. Impact of COVID-19 pandemic on the future financial performance and position of the Company</b> (as described in Note 57 of the Ind AS Financial Statements) The extent to which the COVID-19 pandemic will impact the Company's financial performance and position will depend on future developments, which are highly uncertain.</p>	<p>Our audit procedures considered the guidance laid down by the 'ICAI Accounting &amp; Auditing Advisory March 2020 – Impact of Corona virus on Financial Reporting' and the Auditors Consideration' highlighting few important areas which require particular attention in respect of the audit of the financial statements for the year 2019-20 including:</p> <ul style="list-style-type: none"> <li>● Impairment of Non-financial Assets</li> <li>● Impairment Losses (ECL, Bad-debts etc.)</li> <li>● Revenue</li> <li>● Borrowing Costs</li> <li>● Provisions, Contingent Liabilities and Contingent Assets</li> <li>● Modifications or termination of Contracts or Arrangements</li> <li>● Going Concern Assessment</li> <li>● Post Balance Sheet Events</li> <li>● Presentation of Financial Statements</li> <li>● Changes in Internal Controls</li> <li>● External Confirmations</li> <li>● Audit evidences through electronic mode</li> </ul> <p>We considered the above guidance and appropriately applied to our response to modification of our audit procedures to obtain sufficient appropriate audit evidence on the significant audit areas and reached appropriate conclusions thereon.</p>
<p><u>Subjective Estimate</u></p> <p><b>2. Recognition and measurement of impairment relating to loans and advances to customers involves significant management judgement.</b></p> <p>As per Ind AS 109 credit loss assessment is now based on Expected Credit Loss (ECL) model and applicable to the Company.</p> <p>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.</p> <p>The most significant areas involving significant management estimates are:</p> <ul style="list-style-type: none"> <li>● Loan staging criteria</li> <li>● Calculation of probability of default / Loss given default/ Exposure at default.</li> <li>● Consideration of probability weighted scenarios and forward looking macro-economic factors.</li> </ul> <p>Ind AS 109 requires an entity to determine Expected Credit Loss (ECL) amount on a probability weighted basis. There is a large increase in the data inputs required for the computation of ECL. This increases the risk of completeness and accuracy of the data that has been used as a basis of significant assumptions in the model.</p>	<p>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.</p> <ul style="list-style-type: none"> <li>● 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;</li> <li>● 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;</li> <li>● Evaluated appropriateness of the impairment principles based on the requirements of Ind AS 109 considering our business understanding and industry practice;</li> <li>● Performed substantive procedures over validating completeness and accuracy of the data and reasonableness of assumptions used in the model;</li> <li>● We engaged our specialists to test the working of the ECL model and reasonableness of assumptions used;</li> <li>● Broadly evaluated management's judgement in the determination of ECL;</li> <li>● Performed cut off procedures on a sample basis relating to recoveries at year end that would impact staging of loans;</li> </ul>

**Independent Auditor's Report**

Key audit matters	How our audit addressed the key audit matter
<p><b>3. Valuation of Market Linked Debentures:</b>                      (as described in Note 16 and Note 37(c) of the Ind AS Financial Statements)                      The Company has issued Market Linked Debentures (MLD) during previous years. The outstanding balance of MLD as on March 31, 2020 is ₹ 232.27 crores. These MLDs are economically hedged with Exchange instruments like Nifty, Bank Nifty &amp; 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.</p>	<p>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.</p>
<p><b>4. Impairment of Goodwill:</b>                      (as described in Note 1(k) and Note 12 of the Ind AS Financial Statements)                      The Company has recognised goodwill of ₹ 209.96 crores generated pursuant to the scheme of arrangements approved by NCLT on April 5, 2017 and August 10, 2017 and under Indian GAAP the Company had 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.</p>	<p>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:</p> <ul style="list-style-type: none"> <li>● Future growth and long-term life of housing finance industry.</li> <li>● Long term benefits to the Company from the use of existing assets.</li> <li>● Government focus on housing finance sector.</li> <li>● 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.</li> <li>● 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.</li> </ul> <p>We have assessed the management contention as mentioned above and also considered various steps taken by the management including entering into ICA for resolution of debts as mentioned in Note 18(d) and continue to be going concern, government policy for housing finance company and company's focusing on retail loan segment.</p>

**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.

## Independent Auditor's Report

### 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 Financial Statements, including the disclosures, and whether the 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, 2020 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.

### 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:
  - (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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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;

**Independent Auditor's Report**

- (g) In our opinion and as per information and explanation provided to us, the managerial remuneration for the year ended March 31, 2020 has been paid/provided by the Company to its directors 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, 2020 on its financial position in its financial statements. Refer Note 49.
  - ii. The Company has made provision as at March 31, 2020, wherever required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts. Refer Note 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

**Pritesh Shah**

Partner

Membership Number: 109573

Place : Mumbai

Date : May 08, 2020

UDIN: 20109573AAAAAB6963



# Reliance Home Finance Limited

## 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:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - 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.
  - 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 11 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:
- 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, 2020 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.
  - 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 defaulted in repayment of loans and borrowings (including accrued interest on defaulted amount) to banks, financial institutions and dues to debenture holders during the year. The details of default as on the Balance Sheet date in repayment of borrowings are as follows:

Nature of Borrowings	Name of Lender	Amount of default as at 31st March, 2020 (₹ in crores)	Period of default
Term Loan	Andhra Bank	135.37	Jun 2019 - Mar 2020
WCDL & Cash Credit	Axis Bank	40.96	Aug 2019 - Mar 2020
Term Loan & Cash Credit	Bank of Baroda	220.57	Jul 2019 - Mar 2020
Term Loan	Bank of India	111.49	Jun 2019 - Mar 2020
Term Loan	Bank of Bahrain and Kuwait	7.92	Oct 2019 - Mar 2020
Term Loan, WCDL & Cash Credit	Canara Bank	190.42	Oct 2019 - Mar 2020

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

Nature of Borrowings	Name of Lender	Amount of default as at 31st March, 2020 (₹ in crores)	Period of default
Term Loan	Dena Bank	138.38	Jun 2019 - Mar 2020
Term Loan	HDFC Bank Ltd	48.80	Sep 2019 - Mar 2020
Term Loan	ICICI Bank	3.56	Oct 2019 - Mar 2020
Term Loan	Indian Bank	35.96	Oct 2019 - Mar 2020
Term Loan	Karnataka Bank	11.15	Sep 2019 - Mar 2020
Term Loan & Cash Credit	Punjab & Sind Bank	168.48	Sep 2019 - Mar 2020
Term Loan	Punjab National Bank	45.73	Nov 2019 - Mar 2020
Term Loan	State Bank of India	68.73	Sep 2019 - Mar 2020
Term Loan	Syndicate Bank	15.17	Oct 2019 - Mar 2020
Term Loan	The Federal Bank Limited	75.08	Aug 2019 - Mar 2020
Term Loan & Cash Credit	The Jammu & Kashmir Bank	85.60	Oct 2019 - Mar 2020
Cash Credit	The Lakshmi Vilas Bank	53.63	May 2019 - Mar 2020
Term Loan	UCO Bank	58.47	May 2019 - Mar 2020
Term Loan	United Bank of India	182.99	Jun 2019 - Mar 2020
Term Loan	Vijaya Bank	54.83	Oct 2019 - Mar 2020
Commercial Paper	YES Bank	377.92	Sep 2019 - Mar 2020
Commercial Paper	Axis Bank	81.47	Dec 2019 - Mar 2020
NCDs	Non-Convertible Debentures	3,018.87	Aug 2019 - Mar 2020
	<b>Total</b>	<b>5,231.52</b>	

- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanation provided to us, the Company did not raise any money by way of term loans during the year.
- 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 come 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.
- 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 5(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

**Pritesh Shah**  
Partner  
Membership Number: 109573  
Place : Mumbai  
Date : May 08, 2020  
UDIN: 20109573AAAAAB6963

# Reliance Home Finance Limited

## 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, 2020 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) 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 2019-20:

- 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.

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

- 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, 2020, 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, 2020, 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

**Pritesh Shah**

Partner

Membership Number: 109573

Place : Mumbai

Date : May 08, 2020

UDIN: 20109573AAAAAB6963

# Reliance Home Finance Limited

## Balance Sheet as at March 31, 2020

Particulars	Note No.	(₹ in crore)	
		As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2	83.61	105.84
Bank balance other than cash and cash equivalents above	3	426.89	487.07
Receivables			
(I) Trade receivables	4A	-	-
(II) Other receivables	4B	0.65	-
Loans	5	13,240.11	16,251.09
Investments	6	950.74	93.46
Other financial assets	7	199.38	586.65
<b>Non-financial assets</b>			
Current tax assets (Net)	8	51.49	52.25
Deferred tax assets (Net)	9	345.61	155.56
Investment property	10	4.37	4.45
Property, plant and equipment	11	44.84	47.52
Intangible assets under development	13	0.53	0.16
Goodwill	12	209.96	209.96
Other intangible assets	13	2.62	3.86
Other non-financial assets	14	168.39	127.57
<b>Total assets</b>		<b>15,729.19</b>	<b>18,125.44</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Derivative financial instruments	15	10.73	0.63
Payables			
(I) Trade payables	16A		
(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	16B		
(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
Debt securities	17	5,918.49	6,084.77
Borrowings (Other than debt securities)	18	6,521.40	8,819.67
Subordinated liabilities	19	795.34	794.48
Other financial liabilities	20	969.35	479.55
<b>Non-financial liabilities</b>			
Provisions	21	24.45	24.52
Other non-financial liabilities	22	22.68	73.50
<b>EQUITY</b>			
Equity share capital	23	485.06	485.06
Other equity	24	981.69	1,356.94
<b>Total equity</b>		<b>1,466.75</b>	<b>1,842.00</b>
<b>Total liabilities and equity</b>		<b>15,729.19</b>	<b>18,125.44</b>
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

**Pritesh Shah**

Partner

Membership Number : 109573

Mumbai

Dated: May 8, 2020

For and on behalf of the Board of Directors

Directors

Chief Executive Officer

Chief Financial Officer

Company Secretary & Compliance Officer

Mumbai

Dated: May 8, 2020

**Chhaya Virani**  
**Rashna Khan**  
**Ashok Ramaswamy**  
**Sushilkumar Agrawal**  
**Ashok Karnavat**  
**Amit Bapna**

**Ravindra Sudhalkar**

**Pinkesh R. Shah**

**Parul Jain**

Statement of Profit and Loss for the year ended March 31, 2020

(₹ in crore)

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
<b>Revenue from operations</b>			
Interest income	25	1,554.37	1,932.26
Fees and commission income	26	23.48	27.60
Other operating income	27	9.54	26.17
<b>Total revenue from operations</b>		<b>1,587.39</b>	1,986.03
Other income	28	15.52	16.56
<b>Total income</b>		<b>1,602.91</b>	2,002.59
<b>Expenses</b>			
Finance costs	29	1,335.86	1,322.23
Employee benefits expenses	30	72.66	125.15
Depreciation, amortisation and impairment	10, 11 & 13	3.62	3.38
Impairment of financial instruments	31	657.00	335.46
Others expenses	32	101.05	114.77
<b>Total expenses</b>		<b>2,170.19</b>	1,900.99
<b>Profit/(loss) before tax</b>		<b>(567.28)</b>	101.60
<b>Income tax expense</b>			
- Current tax	35	(2.35)	1.99
- Deferred tax	35	(189.61)	32.19
<b>Total tax expense</b>		<b>(191.96)</b>	34.18
<b>Profit for the year</b>		<b>(375.32)</b>	67.42
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		0.11	(0.77)
- Income tax relating to these items		(0.04)	0.27
<b>Other comprehensive income for the year</b>		<b>0.07</b>	(0.50)
<b>Total comprehensive income for the year</b>		<b>(375.25)</b>	66.92
<b>Earnings per equity share</b>			
- Basic (₹)		(7.74)	1.38
- Diluted (₹)		(7.74)	1.38

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

**Pritesh Shah**

Partner

Membership Number : 109573

Mumbai

Dated: May 8, 2020

For and on behalf of the Board of Directors

Directors

Chief Executive Officer

Chief Financial Officer

Company Secretary & Compliance Officer

Mumbai

Dated: May 8, 2020

**Chhaya Virani**  
**Rashna Khan**  
**Ashok Ramaswamy**  
**Sushilkumar Agrawal**  
**Ashok Karnavat**  
**Amit Bapna**

**Ravindra Sudhalkar**

**Pinkesh R. Shah**

**Parul Jain**

Statement of Changes in Equity for the year ended March 31, 2020

A. Equity share capital		(₹ in crore)	
Particulars	Number	Amount	
As at March 31, 2019	485,058,818	485.06	
Shares issued during the year	-	-	
As at March 31, 2020	485,058,818	485.06	
<b>B. Other equity</b>			
Particulars	Reserves and surplus		Total other equity
	Securities premium	Surplus/(deficit) in the Statement of profit and loss	
As at March 31, 2018	660.62	303.67	1,339.46
Profit for the year ended March 31, 2019	-	67.42	67.42
Other comprehensive income	-	(0.50)	(0.50)
<b>Total comprehensive income for the year</b>	-	<b>66.92</b>	<b>66.92</b>
Transactions with owners in their capacity as owners:			
- Security Premium	(0.28)	-	(0.28)
- Share issue expenses routed through reserves	-	-	-
- Employee stock option scheme:			
Stock option expense for the year	-	-	9.65
- Dividend paid	-	(48.51)	(48.51)
- Dividend distribution tax	-	(10.30)	(10.30)
- Transfers to:			
Statutory reserve fund	-	13.38	-
Debenture redemption reserve	-	194.10	-
As at March 31, 2019	<b>660.34</b>	<b>143.94</b>	<b>1,356.94</b>

Statement of Changes in Equity for the year ended March 31, 2020

B. Other equity	Reserves and surplus				Employee stock option scheme	Total other equity
	Particulars	Securities premium	Debt redemption reserve	Statutory reserve fund		
<b>Profit for the year ended March 31, 2020</b>					<b>(375.32)</b>	<b>(375.32)</b>
Other comprehensive income	-	-	-	-	0.07	0.07
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>(375.25)</b>	<b>(375.25)</b>
Transactions with owners in their capacity as owners:						
- Security Premium	-	-	-	-	-	-
- Employee stock option scheme:						
Changes during the year	-	-	-	-	-	-
Stock option expense for the year	-	-	-	-	-	-
- Dividends paid	-	-	-	-	-	-
- Dividend distribution tax	-	-	-	-	-	-
- Transfers to:						
Statutory reserve fund	-	-	-	-	-	-
Debt redemption reserve	-	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>660.34</b>	<b>436.72</b>	<b>143.94</b>	<b>(270.95)</b>	<b>11.64</b>	<b>981.69</b>

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

**Pritesh Shah**

Partner

Membership Number : 109573

Mumbai

Dated: May 8, 2020

For and on behalf of the Board of Directors

Directors

Chhaya Virani	}
Rashna Khan	
Ashok Ramaswamy	
Sushilkumar Agrawal	
Ashok Karnavat	
Amit Bapna	

Chief Executive Officer  
 Chief Financial Officer  
 Company Secretary & Compliance Officer  
 Mumbai

Ravindra Sudhalkar  
 Pinkesh R. Shah  
 Parul Jain

Dated: May 8, 2020



# Reliance Home Finance Limited

## Cash Flow Statement for the year ended March 31, 2020

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Profit/(Loss) before tax:</b>	<b>(567.28)</b>	101.60
Adjustments :		
Depreciation and amortisation	3.62	3.38
Expected Credit Loss	442.35	48.62
Other Comprehensive Income	(0.11)	(0.77)
Provision on repossessed asset	18.62	13.48
Bad Debts Written off	214.64	254.86
Investments written off	-	31.98
Discount on Commercial Papers	54.26	81.66
Amortised Brokerage Commission TL	6.45	3.06
Provision for Leave encashment	(0.23)	(0.12)
Provision for Gratuity	(0.75)	0.39
Provision on Other expenses	(1.89)	(0.01)
Intt Preference shares capital classified as liabilities	2.48	2.48
Interest Income -IndAS	(208.13)	(146.89)
PTC Borrowings - expense	230.52	138.46
ESOP Exp- IndAS	-	9.65
Interest on Investment	(11.55)	(7.64)
Finance Charges	1,048.60	1,096.58
Legal and Prof	-	3.63
Profit on Sale of Investments	(5.94)	(13.49)
Interest on Income Tax Refund	6.58	(0.62)
Loss on closure of Secu account	(0.05)	-
Profit on sale of Fixed assets	(0.64)	-
<b>Operating profit before working capital changes</b>	<b>1,231.57</b>	1,620.29
<b>Adjustments for (increase)/ decrease in operating assets:</b>		
Fixed Deposits with Banks	12.17	(421.06)
Loans	3,010.98	(2,501.74)
Other financial assets	535.16	(52.24)
Other Non financial assets	(40.81)	59.15
Trade payables	(6.97)	2.06
<b>Other Non Financial Liabilities</b>	<b>(50.82)</b>	(59.15)
Provisions	(0.07)	(23.76)
Other financial liabilities	40.81	217.47
Cash generated from operations	4,732.02	(1,158.97)
Less : Income taxes paid (net of refunds)	18.97	30.05
<b>Net cash inflow / (outflow) from operating activities</b>	<b>4,713.05</b>	(1,189.02)
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Interest Received on Investments	1.62	7.64
Sales proceeds from disposal of property,plant and equipments	1.69	-
Purchase of investment measured at FVTPL	(903.22)	(23.79)
Purchase of investment measured at FVOCI	(5.76)	(48.36)
Sale of investment measured at FVOCI	50.00	14.26
Purchase of property, plant and equipments	(0.41)	(4.75)
<b>Net cash inflow / (outflow) from investing activities</b>	<b>(856.08)</b>	(55.00)
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
MLD Hedge position	10.10	6.05
Debt securities issued	-	318.73
Debt securities repaid	(123.95)	(479.23)
Proceeds from borrowings other than debt securities	245.66	8,319.35
Repayment from borrowings other than debt securities	(2,760.71)	(5,656.60)
Fair valuation changes in MLD	(66.71)	(16.66)
Proceeds /( Repayments) from Subordinated liabilities	-	(5.00)

Cash Flow Statement for the year ended March 31, 2019

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
Dividend paid (including dividend distribution tax)	-	(58.81)
Interest on Preference share paid	-	(1.60)
Interest and Processing Fees Paid	(1,285.16)	(1,216.98)
Discount on Commercial Papers	53.57	81.66
<b>Net cash inflow / (outflow) from financing activities</b>	<b>(3,927.20)</b>	1,290.91
<b>NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES</b>	<b>(70.23)</b>	46.89
Add : Cash and cash equivalents at beginning of the year	105.84	58.95
<b>Cash and cash equivalents at end of the year</b>	<b>35.61</b>	105.84

Notes:

- The previous year's figures have been regrouped and reclassified wherever necessary.
- Cash and cash equivalents include cash in hand and bank balance.
- Debt securities includes subordinated liabilities.

**Net debt reconciliation**

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented. (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Equity	423.00	423.00
Debt securities	5,156.20	5,336.76
Borrowings	3,639.35	7,386.00
<b>Net debt</b>	<b>9,218.55</b>	13,145.76

(₹ in crore)

Particulars	Equity	Debt securities*	Borrowings	Total
<b>Net debt as at March 31, 2018</b>	483.41	5,952.35	5,419.09	11,854.85
<b>Cash flows</b>				
Interest paid	-	(439.48)	(695.84)	(1,135.32)
Dividend	(60.41)	-	-	(60.41)
Fair value adjustments	-	(10.61)	-	(10.61)
Proceeds / Repayment	-	(165.50)	2,662.75	2,497.25
<b>Net debt as at March 31, 2019</b>	423.00	5,336.76	7,386.00	13,145.76
<b>Cash flows</b>				
Interest paid	-	-	(1,231.59)	(1,231.59)
Fair value adjustments	-	(56.60)	-	(56.60)
Proceeds / Repayment	-	(123.95)	(2,515.06)	(2,639.01)
<b>Net debt as at March 31, 2020</b>	<b>423.00</b>	<b>5,156.20</b>	<b>3,639.35</b>	<b>9,218.56</b>

\*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

**Pritesh Shah**  
Partner  
Membership Number : 109573

Mumbai  
Dated: May 8, 2020

For and on behalf of the Board of Directors

Directors

Chief Executive Officer  
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Company Secretary & Compliance Officer  
Mumbai  
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**Chhaya Virani**  
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**Amit Bapna**

**Ravindra Sudhalkar**  
**Pinkesh R. Shah**  
**Parul Jain**

# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

### 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 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.

Notes to the Financial Statement for the year ended March 31, 2020

- 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.

## Notes to the Financial Statement for the year ended March 31, 2020

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.

Notes to the Financial Statement for the year ended March 31, 2020

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.

## Notes to the Financial Statement for the year ended March 31, 2020

### (i) Interest income

Interest income is recognised using the effective interest rate. The Company is providing moratorium to customers seeking moratorium on account of COVID-19 situation in-line with the Board Approved policy of the Company. The accumulated interest during the moratorium period of the borrowers to whom moratorium is offered is capitalized unless the borrower requests otherwise. The capitalized amount of interest is added to the loan outstanding at the end of the moratorium period.

### (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

In case of securitisation of loans, such assets are recognised in books.

In case of assignment of loans, Excess interest spread (EIS) income is recognised as the present value of the total interest receivable is recognised as an income upfront.

### (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:

Notes to the Financial Statement for the year ended March 31, 2020

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 amortisation 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.

Notes to the Financial Statement for the year ended March 31, 2020

**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.

# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

2 Cash and cash equivalents		(₹ in crore)	
Particulars	As at March 31, 2020	As at March 31, 2019	
Cash on hand	0.04	0.06	
Balances with banks:			
In current accounts	35.57	105.78	
Fixed Deposits with banks (original maturity less than 3 months)	48.00	-	
<b>Total</b>	<b>83.61</b>	<b>105.84</b>	
3 Bank balance other than cash and cash equivalents above		(₹ in crore)	
Particulars	As at March 31, 2020	As at March 31, 2019	
Fixed Deposits with banks (original maturity more than 3 months)			
- Credit enhancement towards Securitisation/Direct Assignment	418.99	470.74	
- Other Fixed deposit under lien	7.90	16.05	
- Kept as deposits for Issuing Bank Guarantee	-	0.28	
<b>Total</b>	<b>426.89</b>	<b>487.07</b>	
Notes:			
In respect of balances with Banks in Fixed Deposit accounts above includes:			
(a) ₹ 419.00 crore (March 31, 2019 - ₹ 470.75 crore) kept as credit enhancement towards securitisation transaction.			
(b) ₹ 7.90 crore (March 31, 2019 - ₹ 16.05 crore) kept as margin money deposits for Market Linked Debentures.			
(c) NIL (March 31, 2019 - ₹ 0.28 crore) kept as deposit with bank for issuing of Bank Guarantee & Term Loan.			
4 Receivables			
4 A Trade receivables		(₹ in crore)	
Particulars	As at March 31, 2020	As at March 31, 2019	
Receivables considered good - Secured	-	-	
Receivables considered good - Unsecured	-	-	
<b>Total</b>	<b>-</b>	<b>-</b>	
4 B Other receivables		(₹ in crore)	
Particulars	As at March 31, 2020	As at March 31, 2019	
Receivables considered good - Secured	-	-	
Receivables considered good - Unsecured	0.65	-	
<b>Total</b>	<b>0.65</b>	<b>-</b>	
5 Loans		(₹ in crore)	
Particulars	As at March 31, 2020	As at March 31, 2019	
<b>At amortised cost</b>			
(A) Loans			
Corporate bodies	9,514.16	8,670.80	
Small business lending	1,847.48	3,824.00	
Residential mortgages	2,599.21	4,034.67	
<b>Total (A) - Gross</b>	<b>13,960.85</b>	16,529.47	
(Less): Impairment loss allowance/Expected Credit Loss (ECL)	(720.74)	(278.38)	
<b>Total (A) - Net</b>	<b>13,240.11</b>	16,251.09	
Secured by tangible assets and intangible assets	13,940.38	16,510.69	
Unsecured	20.47	18.78	
<b>Total (B) - Gross</b>	<b>13,960.85</b>	16,529.47	
(Less): Impairment loss allowance/Expected Credit Loss (ECL)	(720.74)	(278.38)	
<b>Total (B) - Net</b>	<b>13,240.11</b>	16,251.09	

Notes to the Financial Statement for the year ended March 31, 2020

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
Loans in India		
- Public sector	-	-
- Others	13,960.85	16,529.47
Loans outside India	-	-
<b>Total (C) - Gross</b>	<b>13,960.85</b>	<b>16,529.47</b>
(Less): Impairment loss allowance/Expected Credit Loss (ECL)	<b>(720.74)</b>	<b>(278.38)</b>
<b>Total (C) - Net</b>	<b>13,240.11</b>	<b>16,251.09</b>

Notes:

- Above ECL figures includes ₹ 0.09 crore in FY 2019-20 receivables from IDMPL w.r.t. demerger in FY 2016-17 (Previous Year - Nil) Refer Note No. 50.
- 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. The Company has discontinued its General Purpose Corporate Loan product from May 1, 2019 and has not done any fresh disbursements against this product since then.
- Secured Loans and Other Credit Facilities given to customers are secured / partly secured by:
  - Equitable mortgage of property and / or
  - Pledge of shares / debentures, units, other securities, assignment of life insurance policies and/ or
  - Hypothecation of assets and / or
  - Company guarantees and / or
  - Personal guarantees and / or
  - Charge on Current Assets.
- An analysis of changes in gross carrying amount and corresponding expected credit loss in relation to the lending is as follows.

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.

Internal rating grade	As at March 31, 2020			As at March 31, 2019		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Performing</b>						
High grade	1,005.32	2,946.71	-	3,952.03	8,437.85	219.56
Standard grade	-	-	-	-	-	-
Sub-standard grade	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-
<b>Non - performing</b>						
Individually impaired	-	-	5,562.13	5,562.13	-	13.39
<b>Total</b>	<b>1,005.32</b>	<b>2,946.71</b>	<b>5,562.13</b>	<b>9,514.16</b>	<b>8,437.85</b>	<b>219.56</b>

b) Analysis of changes in the gross carrying amount of term loans

Particulars	Year ended March 31, 2020			As at March 31, 2019		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Opening balance	8,437.85	219.56	13.39	8,670.79	2,982.80	718.69
New assets originated or purchased	150.00	-	66.00	216.00	9,812.77	172.74
Assets derecognised or repaid	(7,596.96)	164.77	558.87	(6,873.32)	(4,566.39)	(739.06)
Transfers to Stage 1	14.43	-	-	14.43	208.66	-
Transfers to Stage 2	-	2,562.39	-	2,562.39	-	67.19
Transfers to Stage 3	-	-	4,923.87	4,923.87	-	-
Amounts written off	-	-	-	-	-	14.82
<b>Closing balance</b>	<b>1,005.32</b>	<b>2,946.71</b>	<b>5,562.13</b>	<b>9,514.16</b>	<b>8,437.85</b>	<b>219.56</b>

c) Reconciliation of ECL balance

Particulars	Year ended March 31, 2020			As at March 31, 2019		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Opening balance	164.25	12.72	1.37	178.34	36.16	26.62
New assets originated or purchased	0.86	-	6.04	6.90	151.03	10.71
Assets derecognised or repaid	(156.89)	79.99	362.01	285.11	(36.03)	(25.44)
Transfers to Stage 1	0.95	-	-	0.95	13.09	-
Transfers to Stage 2	-	2.48	-	2.48	-	0.83
Transfers to Stage 3	-	-	162.86	162.86	-	-
Amounts written off	-	-	-	-	-	-
<b>Closing balance</b>	<b>9.16</b>	<b>95.19</b>	<b>532.28</b>	<b>636.63</b>	<b>164.25</b>	<b>12.72</b>

## Notes to the Financial Statement for the year ended March 31, 2020

## 2 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 Company's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis.

Internal rating grade	As at March 31, 2020			As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
<b>Performing</b>	<b>1,300.07</b>	<b>270.66</b>	<b>-</b>	<b>3,457.51</b>	<b>305.21</b>	<b>-</b>	<b>3,762.72</b>
High grade	-	-	-	-	-	-	-
Standard grade	-	-	-	-	-	-	-
Sub-standard grade	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-
<b>Non-performing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Individually impaired	-	-	276.75	-	-	61.28	61.28
<b>Total</b>	<b>1,300.07</b>	<b>270.66</b>	<b>276.75</b>	<b>1,847.48</b>	<b>305.21</b>	<b>61.28</b>	<b>3,824.00</b>

## b) Analysis of changes in the gross carrying amount of term loans

Particulars	Year ended March 31, 2020			As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Opening balance	3,457.51	305.22	61.28	4,778.40	233.46	61.87	5,073.73
New assets originated or purchased	61.95	0.23	5.84	736.46	69.37	15.94	821.76
Assets derecognised or repaid	(2,238.66)	(362.60)	(29.21)	(2,086.65)	(214.73)	(53.69)	(2,355.06)
Transfers to Stage 1	19.27	-	-	29.30	-	-	29.30
Transfers to Stage 2	-	327.80	-	-	217.11	-	217.11
Transfers to Stage 3	-	-	238.84	-	-	37.16	37.16
Amounts written off	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>1,300.07</b>	<b>270.66</b>	<b>276.75</b>	<b>1,847.48</b>	<b>305.22</b>	<b>61.28</b>	<b>3,824.00</b>

## c) Reconciliation of ECL balance

Particulars	Year ended March 31, 2020			As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Opening balance	28.34	29.57	23.47	25.11	78.09	27.62	130.82
New assets originated or purchased	6.23	1.99	3.51	23.23	22.23	17.41	62.87
Assets derecognised or repaid	(23.51)	(17.71)	(9.61)	(91.24)	(72.09)	(21.59)	(184.92)
Transfers to Stage 1	1.19	-	-	71.24	-	-	71.24
Transfers to Stage 2	-	7.22	-	-	1.34	-	1.34
Transfers to Stage 3	-	-	6.82	-	-	0.03	0.03
Amounts written off	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>12.25</b>	<b>21.07</b>	<b>24.19</b>	<b>28.34</b>	<b>29.57</b>	<b>23.47</b>	<b>81.38</b>



**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 Company's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis.

Internal rating grade	As at March 31, 2020			As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
<b>Performing</b>	<b>2,302.47</b>	<b>177.26</b>	-	<b>3,869.53</b>	<b>130.82</b>	-	<b>4,000.35</b>
High grade	-	-	-	-	-	-	-
Standard grade	-	-	-	-	-	-	-
Sub-standard grade	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-
<b>Non-performing</b>	-	-	<b>119.48</b>	-	-	-	<b>34.32</b>
Individually impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>2,302.47</b>	<b>177.26</b>	<b>119.48</b>	<b>3,869.53</b>	<b>130.82</b>	<b>34.32</b>	<b>4,034.67</b>

**b) Analysis of changes in the gross carrying amount of term loans**

Particulars	Year ended March 31, 2020			As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Opening balance	3,869.54	130.82	34.32	5,689.77	96.17	37.47	5,823.40
New assets originated or purchased	26.48	0.42	-	848.34	0.95	0.80	850.09
Assets derecognised or repaid	(1,611.77)	(91.51)	(5.16)	(2,693.71)	(61.04)	(33.68)	(2,788.42)
Transfers to Stage 1	18.22	-	-	25.14	-	-	25.14
Transfers to Stage 2	-	137.53	-	-	94.73	-	94.73
Transfers to Stage 3	-	-	90.32	-	-	29.72	29.72
Amounts written off	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>2,302.47</b>	<b>177.26</b>	<b>119.48</b>	<b>3,869.54</b>	<b>130.82</b>	<b>34.31</b>	<b>4,034.67</b>

**c) Reconciliation of ECL balance**

Particulars	Year ended March 31, 2020			Year ended March 31, 2019			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Opening balance	1.42	14.53	2.72	1.24	4.62	7.27	13.13
New assets originated or purchased	0.11	0.13	1.19	-	11.66	2.18	13.85
Assets derecognised or repaid	(0.25)	(2.23)	4.19	(6.42)	(3.74)	(6.87)	(17.03)
Transfers to Stage 1	1.23	-	-	6.60	-	-	6.60
Transfers to Stage 2	-	0.28	-	-	1.99	-	1.99
Transfers to Stage 3	-	-	3.38	-	-	0.13	0.13
Amounts written off	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>2.50</b>	<b>12.71</b>	<b>11.48</b>	<b>1.42</b>	<b>14.53</b>	<b>2.72</b>	<b>18.67</b>

Notes to the Financial Statement for the year ended March 31, 2020

(₹ in crore)			
6 Investments			
Particulars	At amortised cost	At fair value through profit and Loss	Total
<b>As at March 31, 2020</b>			
<b>Investment in Pass through certificates and security receipts</b>			
- Unquoted fully paid-up			
RHF Indian Receivable Trust I Sept 30, 2016	0.36	-	0.36
RHF Indian Receivable Trust II Mar 24, 2017	0.62	-	0.62
RHF Indian Receivable Trust II Oct 31, 2018	3.93	-	3.93
RHF Indian Receivable Trust II Jan 23, 2019	1.16	-	1.16
RHF Indian Receivable Trust III Feb 22, 2019	6.16	-	6.16
<b>Investment in mutual fund</b>			
- Quoted, fully paid-up			
*Reliance Credit Risk Fund - Direct Plan - Growth Plan	-	7.36	7.36
*Reliance Floating Rate Fund - Direct Plan Growth Plan - Growth Option	-	9.02	9.02
*Reliance Strategic Debt Fund - Direct Plan - Growth Option	-	5.31	5.31
*Kotak Low Duration Fund	-	3.05	3.05
Baroda Liquid Fund	-	345.61	345.61
#Nippon India Liquid Fund-Direct Plan Growth Plan - Growth Option	-	53.56	53.56
Kotak Liquid Fund	-	510.55	510.55
*HDFC Banking And PSU Debt Fund	-	4.06	4.06
<b>Total (A) - Gross</b>	<b>12.22</b>	<b>938.52</b>	<b>950.74</b>
(Less): Impairment loss allowance	-	-	-
<b>Total (A) - Net</b>	<b>12.22</b>	<b>938.52</b>	<b>950.74</b>
Investments outside India	-	-	-
Investments in India	12.22	938.52	950.74
<b>Total (B) - Gross</b>	<b>12.22</b>	<b>938.52</b>	<b>950.74</b>
(Less): Impairment loss allowance	-	-	-
<b>Total (B) - Net</b>	<b>12.22</b>	<b>938.52</b>	<b>950.74</b>

\*Mutual funds outstanding as on 31\* March, 2020 are pledged with broker for margin requirement.

#Investment has been made as a credit enhancement against PTC transactions.

Particulars	At amortised cost	At fair value through profit or Loss	Total
<b>As at March 31, 2019</b>			
<b>Investment in Pass through certificates and security receipts</b>			
- <b>Unquoted, fully paid up</b>			
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
<b>Investment in debentures and bonds</b>			
- <b>Quoted, fully paid-up</b>			
IFMR FImpact Long Term Multi Asset Class Fund	-	51.62	51.62
<b>Investment in mutual fund</b>			
- <b>Quoted, fully paid-up</b>			
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
<b>Total (A) - Gross</b>	<b>49.98</b>	<b>75.47</b>	<b>125.45</b>
(Less): Investment written off	(31.99)	-	(31.99)
<b>Total (A) - Net</b>	<b>17.99</b>	<b>75.47</b>	<b>93.46</b>
Investments outside India	-	-	-
Investments in India	17.99	75.47	93.46
<b>Total (B) - Gross</b>	<b>17.99</b>	<b>75.47</b>	<b>93.46</b>
(Less): Investment written off	(31.99)	-	(31.99)
<b>Total (B) - Net</b>	<b>17.99</b>	<b>75.47</b>	<b>93.46</b>

**Note :** Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds.

# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

7 Other financial assets		(₹ in crore)	
Particulars	As at March 31, 2020	As at March 31, 2019	
Interest accrued on loans	82.60	429.44	
Interest accrued on investments	0.06	1.62	
Interest accrued on fixed deposits	3.20	4.17	
Sundry Advances	2.08	11.17	
Receivable on assignment of loans	110.34	138.30	
Deposits – Considered good	1.10	1.95	
<b>Total</b>	<b>199.38</b>	<b>586.65</b>	
8 Current tax assets (net)		(₹ in crore)	
Particulars	As at March 31, 2020	As at March 31, 2019	
Advance in income tax (net of provision)	51.49	52.25	
<b>Total</b>	<b>51.49</b>	<b>52.25</b>	
9 Deferred tax assets (net)		(₹ in crore)	
Particulars	As at March 31, 2020	As at March 31, 2019	
<b>Deferred tax assets</b>			
Disallowance under the Income Tax Act, 1961	-	1.00	
Tax Losses Carried forward	76.34	3.85	
Expected Credit Loss/other provisions	224.49	110.99	
MAT credit entitlement	104.76	104.76	
Other adjustments including other comprehensive income	26.60	62.06	
<b>Total deferred tax assets</b>	<b>432.19</b>	<b>282.66</b>	
<b>Deferred tax liabilities</b>			
Related to tangible and intangible assets	(49.35)	(39.21)	
Unamortised expenditure	(21.27)	(41.21)	
Other adjustments	(15.96)	(46.68)	
<b>Total deferred tax liabilities</b>	<b>(86.58)</b>	<b>(127.10)</b>	
<b>Net deferred tax assets / (liabilities)</b>	<b>345.61</b>	<b>155.56</b>	
10 Investment property		(₹ in crore)	
Particulars	As at March 31, 2020	As at March 31, 2019	
<b>Gross carrying amount</b>			
Opening gross carrying amount / Deemed cost	4.58	4.58	
Additions	-	-	
<b>Closing gross carrying amount</b>	<b>4.58</b>	<b>4.58</b>	
<b>Accumulated depreciation</b>			
Opening accumulated depreciation	0.13	0.06	
Depreciation charge	0.08	0.07	
<b>Closing accumulated depreciation</b>	<b>0.21</b>	<b>0.13</b>	
<b>Net carrying amount</b>	<b>4.37</b>	<b>4.45</b>	
<b>Fair valuation</b>			
Particulars	As at March 31, 2020	As at March 31, 2019	
Investment properties	4.42	4.49	

### 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, 2020

11 Property, plant and equipment <span style="float: right;">(₹ in crore)</span>					
Particulars	Own Assets				Total
	Buildings	Data processing machineries	Furniture and fixtures	Office Equipments	
<b>Year ended March 31, 2019</b>					
<b>Gross carrying amount</b>					
Opening gross carrying amount as on March 31, 2018	48.06	2.85	2.53	0.11	53.55
Additions	-	0.46	0.82	0.44	1.72
Disposals and transfers	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>48.06</b>	<b>3.31</b>	<b>3.35</b>	<b>0.55</b>	<b>55.27</b>
<b>Accumulated depreciation</b>					
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	-	-	-	-	-
<b>Closing accumulated depreciation</b>	<b>3.81</b>	<b>1.53</b>	<b>2.30</b>	<b>0.10</b>	<b>7.75</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>44.24</b>	<b>1.78</b>	<b>1.05</b>	<b>0.45</b>	<b>47.52</b>
<b>Year ended March 31, 2020</b>					
<b>Gross carrying amount</b>					
Opening gross carrying amount	48.06	3.31	3.35	0.55	55.27
Additions ( ₹ 13,750)	-	*	0.26	0.09	0.35
Disposals and transfers	-	-	0.73	0.32	1.05
<b>Closing gross carrying amount</b>	<b>48.06</b>	<b>3.31</b>	<b>2.88</b>	<b>0.32</b>	<b>54.57</b>
<b>Accumulated depreciation</b>					
Opening accumulated depreciation	3.82	1.53	2.30	0.10	7.75
Depreciation charge during the year	0.83	1.08	0.23	0.11	2.25
Disposals and transfers	-	-	0.18	0.09	0.27
<b>Closing accumulated depreciation</b>	<b>4.65</b>	<b>2.61</b>	<b>2.35</b>	<b>0.12</b>	<b>9.73</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>43.41</b>	<b>0.70</b>	<b>0.53</b>	<b>0.20</b>	<b>44.84</b>
<b>12 Goodwill <span style="float: right;">(₹ in crore)</span></b>					
Particulars	<b>Goodwill on business acquisition</b>				
<b>Year ended March 31, 2019</b>					
<b>Gross carrying amount</b>					
Opening gross carrying amount as on March 31,2018	209.96				
Additions	-				
Less:Impairment for goodwill	-				
<b>Balance as at March 31, 2019</b>	<b>209.96</b>				
<b>Year ended March 31, 2020</b>					
<b>Gross carrying amount</b>					
Opening gross carrying amount	209.96				
Additions	-				
Less:Impairment for goodwill	-				
<b>Balance as at March 31, 2020</b>	<b>209.96</b>				
<b>13 Other intangible assets <span style="float: right;">(₹ in crore)</span></b>					
Particulars	<b>Computer softwares/ Licensing cost</b>		<b>Intangible assets under development</b>		
<b>Year ended March 31, 2019</b>					
<b>Gross carrying amount</b>					
Opening gross carrying amount as on March 31,2018	3.63		1.94		
Additions	3.04		0.08		
Disposals and transfers	-		1.86		
<b>Closing gross carrying amount</b>	<b>6.67</b>		<b>0.16</b>		

# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

Particulars	(₹ in crore)	
	Computer softwares/ Licensing cost	Intangible assets under development
<b>Accumulated amortisation</b>		
Opening accumulated amortisation as on March 31, 2018	1.55	-
Amortisation during the year	1.26	-
Disposals and transfers	-	-
<b>Closing accumulated depreciation</b>	<u>2.81</u>	<u>-</u>
<b>Net carrying amount as at March 31, 2019</b>	<u>3.86</u>	<u>0.16</u>
<b>Year ended March 31, 2020</b>		
<b>Gross carrying amount</b>		
Opening gross carrying amount	<b>6.67</b>	<b>0.16</b>
Additions	<b>0.05</b>	<b>0.39</b>
Disposals and transfers	<u>-</u>	<u>0.02</u>
<b>Closing gross carrying amount</b>	<u><b>6.72</b></u>	<u><b>0.53</b></u>
<b>Accumulated amortisation</b>		
Opening accumulated amortisation	<b>2.81</b>	-
Amortisation during the year	<b>1.29</b>	-
Disposals and transfers	<u>-</u>	<u>-</u>
<b>Closing accumulated depreciation</b>	<u><b>4.10</b></u>	<u>-</u>
<b>Net carrying amount as at March 31, 2020</b>	<u><b>2.62</b></u>	<u><b>0.53</b></u>

### 14 Other non-financial asset

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
Capital advances	<b>13.59</b>	13.67
Prepaid expenses	<b>0.38</b>	2.26
Balance with GST & Service tax authorities	<b>5.28</b>	5.70
Stock of Acquired Properties (Secured)	<b>207.04</b>	145.22
Less : Provision for impairment	<u><b>(57.90)</b></u>	<u>(39.28)</u>
<b>Total</b>	<u><b>168.39</b></u>	<u>127.57</u>

### 15 Derivative financial instruments

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.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
Index Linked derivative-assets/(liabilities)	<b>10.73</b>	(0.63)
<b>Total</b>	<u><b>10.73</b></u>	<u>(0.63)</u>

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk.

### 16A Trade payable

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

Notes to the Financial Statement for the year ended March 31, 2020

**16B Other payable** (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	-	6.32
<b>Total</b>	<b>-</b>	<b>6.32</b>

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.

**17 Debt securities** (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>At amortised cost</b>		
Debentures - Secured		
- Non Convertible Debentures (Refer Note below)	<b>5,686.22</b>	5,785.79
<b>At fair value through profit and loss - Secured</b>		
- Market linked debentures (MLD)	<b>232.27</b>	298.98
<b>Total (A)</b>	<b>5,918.49</b>	<b>6,084.77</b>
Debt securities in India	<b>5,918.49</b>	6,084.77
Debt securities outside India	-	-
<b>Total (B)</b>	<b>5,918.49</b>	<b>6,084.77</b>

**(a) Security clause in respect of Secured Non-Convertible Debentures (including MLD)**

Listed Secured Redeemable Non-Convertible Debentures ("Secured NCDs") of the Company aggregating to ₹ 5,967 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, except those book debts and receivables charged / to be charged in favour of National Housing Bank for refinance availed / to be availed from them. The asset cover has fallen below hundred percent of outstanding debentures and adequate steps are being taken by the Company as explained in Note 18 (d) in Notes to the financial statement for the year ended March 31, 2020.

\* 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, 2020	As at March 31, 2019
F Series B NCD - 12 (SEC)	9.48%	27-Apr-25	<b>0.99</b>	0.99
F Series B NCD - 21 (SEC)	9.35%	7-May-23	<b>24.76</b>	24.69
F Series B NCD - 22 (SEC)	9.35%	7-May-23	<b>4.98</b>	4.97
F Series B NCD - 23 (SEC)	9.52%	26-July-23	<b>14.89</b>	14.86
F Series B NCD - 26-1 (SEC)	9.90%	28-Mar-24	<b>1.66</b>	1.65
F Series B NCD - 27 (SEC)	9.80%	15-May-24	<b>14.92</b>	14.90
F Series B NCD - 28 (SEC)	9.80%	19-Jun-19	-	10.00
F Series B NCD - 29 (SEC)	9.80%	27-Jun-19	-	5.00
F Series B NCD - 30 (SEC)	9.75%	16-Oct-19	<b>10.00</b>	10.00
F Series B NCD - 32 (SEC)	9.05%	26-Mar-20	<b>15.00</b>	14.99
F Series B NCD - 33 (SEC)	9.15%	25-Mar-22	<b>19.98</b>	19.97
F Series B NCD - 36 (SEC)	9.15%	22-Sep-25	<b>14.95</b>	14.94
F Series B NCD - 37 (SEC)	8.82%	28-Oct-22	<b>20.00</b>	20.00
F Series B NCD - 39 (SEC)	8.80%	15-Dec-20	<b>24.99</b>	24.98
F Series B NCD - 4 (SEC)	10.00%	8-Dec-22	<b>0.99</b>	0.99

# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

Particulars	Rate	Maturity Date	As at	As at
			March 31, 2020	March 31, 2019
F Series B NCD - 40 (SEC)	9.00%	8-Mar-21	49.97	49.94
F Series B NCD - 41 (SEC)	9.00%	16-Mar-21	9.99	9.99
F Series B NCD - 42 (SEC)	8.83%	11-Apr-23	39.88	39.84
F Series B NCD - 43 (SEC)	8.81%	26-Apr-23	24.94	24.92
F Series B NCD - 44 (SEC)	8.81%	5-May-23	14.97	14.97
F Series B NCD - 45 (SEC)	8.95%	16-May-25	24.86	24.84
F Series B NCD - 46-III (A) (SEC)	8.81%	24-Jun-21	24.96	24.93
F Series B NCD - 46-IV (B) (SEC)	8.81%	23-Jun-23	9.96	9.95
F Series B NCD - 46-IV (C) (SEC)	8.81%	23-Jun-23	19.91	19.89
F Series B NCD - 47 (SEC)	8.81%	19-Jul-19	-	19.99
F Series B NCD - 48 (SEC)	8.90%	22-Jul-21	49.90	49.83
F Series B NCD - 49 (SEC)	8.90%	26-Jul-19	-	25.00
F Series B NCD - 50 (SEC)	8.90%	12-Aug-19	-	50.00
F Series B NCD - 51 (SEC)	8.35%	10-Mar-19	30.00	29.98
F Series B NCD - 52 (SEC)	8.80%	10-Apr-23	10.00	10.00
F Series B NCD - 53 (SEC)	8.35%	17-Oct-19	25.00	24.99
F Series B NCD - 54 (SEC)	8.75%	26-Oct-21	20.00	20.00
F Series B NCD - 55 (SEC)	8.85%	27-Oct-23	20.00	20.00
F Series B NCD - 57 (SEC)	8.64%	25-May-20	100.00	100.00
F Series B NCD - 58 (SEC)	0.00%	29-May-20	100.00	100.00
F Series B NCD - 59 (SEC)	8.50%	7-May-27	20.00	20.00
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	490.75	489.18
F Series B NCD - 63 (SEC) Type 2	8.98%	13-Oct-27	489.30	488.36
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
F Series B NCD - 68 (SEC)	9.10%	28-Jun-19	400.00	399.73
RHFL - IA	8.70%	2-Jan-20	811.00	808.52
RHFL - IB	8.90%	2-Jan-20	1,052.63	1,050.42
RHFL - IIA	8.90%	2-Jan-22	165.18	164.41
RHFL - IIB	9.05%	2-Jan-22	331.12	330.39
RHFL - IIIA	9.00%	2-Jan-27	12.71	12.70
RHFL - IIIB	9.15%	2-Jan-27	237.08	236.08
<b>Grand Total</b>			<b>5686.22</b>	<b>5785.79</b>

(c) Maturity profile of Market-linked Debentures are as set out below:

(₹ in crore)

Particulars	Rate	Maturity Date	As at	As at
			March 31, 2020	March 31, 2019
MLD - M/16	0.00%	22-May-19	-	8.42
MLD - M/21	0.00%	9-Sep-19	1.00	1.45
MLD - M/22 I	0.00%	30-Sep-19	12.00	16.90
MLD - M/22 IV	0.00%	30-Jul-19	-	0.65
MLD - M/23	0.00%	30-Jul-19	-	-
MLD - M/24	0.00%	7-Oct-19	14.00	19.68
MLD - M/29	0.00%	19-Mar-20	6.66	6.16
MLD - M/31 I	0.00%	2-Dec-19	3.14	2.96

Notes to the Financial Statement for the year ended March 31, 2020

Particulars	Rate	Maturity Date	As at	As at
			March 31, 2020	March 31, 2019
MLD - M/31 II	0.00%	3-Dec-19	5.24	4.95
MLD - M/32	0.00%	2-Dec-19	3.14	2.96
MLD - M/33	0.00%	3-Aug-20	3.87	3.50
MLD - M/34	0.00%	3-Oct-20	2.06	8.61
MLD - M/35	0.00%	12-Oct-20	13.86	15.03
MLD - M/36	0.00%	5-Nov-20	7.42	8.62
MLD - M/37	0.00%	28-Jan-21	45.10	52.90
MLD - M/38	0.00%	13-Dec-27	28.71	42.62
MLD - M/39	0.00%	3-Feb-25	19.13	24.04
MLD - M/40	0.00%	8-Mar-22	17.14	20.38
MLD - M/41	0.00%	16-Aug-22	38.18	44.99
MLD - M/42	0.00%	6-Dec-22	11.62	14.16
<b>Grand Total</b>			<b>232.27</b>	<b>298.98</b>

d) Including overdue of ₹ 2394.09 crore

**18 Borrowings (other than debt securities)**

(₹ in crore)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
<b>At amortised cost</b>		
<b>Secured</b>		
From banks		
Cash credit	326.52	523.12
Loans	3,439.32	4,420.18
Inter corporate deposits	200.00	-
Pass through Certificates	2,052.32	3,177.44
<b>Unsecured</b>		
Commercial paper*	503.23	698.93
<b>Total (A)</b>	<b>6,521.40</b>	<b>8,819.67</b>
Borrowings in India	6,521.40	8,819.67
Borrowings outside India	-	-
<b>Total (B)</b>	<b>6,521.40</b>	<b>8,819.67</b>

**Notes:**

a) Term loans from banks includes ₹ 3,442.96 crore \* (Previous year ₹ 4,430.04 crore\*), 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 ₹ 3,787.26 crore\* (Previous year ₹ 4,873.04 crore\*). The asset cover has fallen below hundred percent of outstanding secured term loans and adequate steps are being taken by the Company as explained in 18 (d).

\* Gross amount i.e. without considering the impact of unamortised expenses.

b. Cash Credit facility of ₹ 326.52 crore (Previous year ₹ 523.12 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 ₹ 359.17 crore (Previous year ₹ 575.43 crore). The asset cover has fallen below hundred percent of outstanding Cash Credit facilities and adequate steps are being taken by the Company as explained in 18 (d).

c. Commercial papers maximum amount outstanding during the year was ₹ 849 crore (March 31, 2019 - ₹ 1,775 crore).

d. 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 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 lenders of the Company had entered 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 and the Company is continuously engaged with its Lenders for Debt resolution. Majority of our lenders have already entered into the ICA. The Company is confident of implementing its Resolution Plan during FY 2020-21. In view of the steps taken by the Company, the accounts of the Company have been prepared on Going Concern Basis.



# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

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	Total
Term loan from banks (8.45%-11.50%)	634.63	506.29	819.78	1,416.29	65.98	<b>3,442.97</b>

f. Including overdues borrowings of ₹ 2001.84 crore and ICD of ₹ 200 crore.

**19 Subordinated liabilities** (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>At Amortised cost</b>		
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. 23]	<b>31.04</b>	31.04
Tier II Unsecured Non Convertible Debentures	<b>764.30</b>	763.44
<b>Total</b>	<b>795.34</b>	794.48
<b>In India</b>	<b>795.34</b>	794.48
<b>Outside India</b>	-	-
<b>Total</b>	<b>795.34</b>	794.48

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.

**Maturity profile of Tier II Unsecured Non-Convertible Debentures are as set out below:** (₹ in crore)

Particulars	Rate	Maturity Date	As at March 31, 2020	As at March 31, 2019
F Series T NCD-01 (UNSEC)	10.60%	18-Sep-2022	<b>0.99</b>	0.99
F Series T NCD-02 (UNSEC)	10.60%	18-Sep-2022	<b>4.95</b>	4.93
F Series T NCD-03 (UNSEC)	10.40%	21-Sep-2022	<b>14.78</b>	14.71
F Series T NCD-04 (UNSEC)	10.40%	24-Sep-2022	<b>14.78</b>	14.71
F Series T NCD-05 (UNSEC)	10.40%	24-Sep-2022	<b>5.00</b>	5.00
F Series T NCD-06 (UNSEC)	10.60%	18-Sep-2022	<b>1.98</b>	1.97
F Series T NCD-07 (UNSEC)	10.40%	4-Oct-22	<b>14.91</b>	14.88
F Series T NCD-08 (UNSEC)	10.33%	10-Oct-22	<b>19.74</b>	19.66
F Series T NCD-09 (UNSEC)	10.33%	10-Oct-22	<b>9.87</b>	9.83
F Series T NCD-10 (UNSEC)	10.33%	18-Oct-22	<b>9.87</b>	9.83
F Series T NCD-11 (UNSEC)	10.33%	26-Nov-22	<b>4.59</b>	4.47
F Series T NCD-12 (UNSEC)	10.00%	7-Feb-23	<b>15.00</b>	15.00
F Series T NCD-14 (UNSEC)	9.50%	29-May-23	<b>25.00</b>	25.00
F Series T NCD-15A (UNSEC)	9.50%	9-Jun-25	<b>9.80</b>	9.77
F Series T NCD-15B (UNSEC)	9.50%	9-Jun-25	<b>9.80</b>	9.77
F Series T NCD-16 (UNSEC)	9.50%	12-Jun-25	<b>9.61</b>	9.56
F Series T NCD-17 (UNSEC)	9.50%	13-Jun-25	<b>9.80</b>	9.77
F Series T NCD-18 (UNSEC)	9.50%	29-Jun-25	<b>9.80</b>	9.77
F Series T NCD-19 (UNSEC)	9.50%	1-Jul-25	<b>10.00</b>	10.00
F Series T NCD-20 (UNSEC)	9.25%	7-Jul-25	<b>19.63</b>	19.58
F Series T NCD-21 (UNSEC)	9.50%	21-Aug-25	<b>10.00</b>	10.00
F Series T NCD-22 (UNSEC)	9.25%	23-Aug-25	<b>6.87</b>	6.86
F Series T NCD-23 (UNSEC)	9.45%	15-Sep-22	<b>9.97</b>	9.96
F Series T NCD-24 (UNSEC)	9.00%	21-Jan-26	<b>14.83</b>	14.81
F Series T NCD-25 (UNSEC)	9.00%	10-Feb-26	<b>2.97</b>	2.96
F Series T NCD-26 (UNSEC)	8.75%	23-Nov-26	<b>4.99</b>	4.99
F Series T NCD-27 (UNSEC)	9.00%	25-Nov-26	<b>49.14</b>	49.05
F Series T NCD-28 (UNSEC)	9.00%	7-Dec-26	<b>9.90</b>	9.89
RHFL - IVA	9.25%	2-Jan-32	<b>250.03</b>	250.04
RHFL - IVB	9.40%	2-Jan-32	<b>185.68</b>	185.68
<b>Total</b>			<b>764.30</b>	763.44

Notes to the Financial Statement for the year ended March 31, 2020

20 Other financial liabilities				(₹ in crore)	
Particulars	As at March 31, 2020		As at March 31, 2019		
Interest Payable on Preference share capital	4.97		2.48		
Interest accrued but not due on borrowings	67.90		227.33		
Interest due but not paid on borrowings	841.60		-		
Collateral deposit from customers	0.09		0.14		
Other liabilities	1.43		2.06		
Securitisation/Assignment payable	53.36		247.54		
<b>Total</b>	<b>969.35</b>		<b>479.55</b>		
21 Provisions				(₹ in crore)	
Particulars	As at March 31, 2020		As at March 31, 2019		
Provision for Employees Benefits					
- Leave Encashment	-		0.23		
- Gratuity	0.98		1.73		
Provisions on Expenses	23.47		22.56		
<b>Total</b>	<b>24.45</b>		<b>24.52</b>		
22 Other non-financial liabilities				(₹ in crore)	
Particulars	As at March 31, 2020		As at March 31, 2019		
Advance from customers	20.43		71.29		
Statutory dues including provident fund and tax deducted at source	2.25		2.21		
<b>Total</b>	<b>22.68</b>		<b>73.50</b>		
23 Equity share capital				(₹ in crore)	
Particulars	As at March 31, 2020		As at March 31, 2019		
	Number	Amount	Number	Amount	
a) <b>Authorised:</b>					
Equity shares of ₹ 10 each	70 00 00 000	700	70 00 00 000	700	
Preference shares of ₹ 10 each*	10 00 00 000	100	10 00 00 000	100	
<b>Total</b>	<b>80 00 00 000</b>	<b>800</b>	<b>80 00 00 000</b>	<b>800</b>	
*[Refer Note no. 19]					
b) <b>Issued, subscribed &amp; fully paid-up:</b>					
Equity shares of ₹ 10 each	48 50 58 818	485.06	48 50 58 818	485.06	
<b>Total</b>	<b>48 50 58 818</b>	<b>485.06</b>	<b>48 50 58 818</b>	<b>485.06</b>	
c) <b>Equity shares held by holding company:</b>					
Equity shareholders	As at March 31, 2020		As at March 31, 2019		
	Number	% holding	Number	% holding	
Reliance Capital Limited*	23 23 69 188	47.91	23 23 69 188	47.91	
(Refer Note (h) below)					

\*Ceased with effect from March 5, 2020.

# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

### d) Shares in the Company held by each shareholder holding more than 5 per cent:

Name of the equity shareholder	As at March 31, 2020		As at March 31, 2019	
	Number	% holding	Number	% holding
Reliance Capital Limited	23 23 69 188	47.91	23 23 69 188	47.91
Reliance Inceptum Private Limited	-	-	9 77 14 206	20.14
Reliance Infrastructure Consulting & Engineers Private Limited	-	-	2 72 75 633	5.62
Name of the preference shareholder	As at March 31, 2020		As at March 31, 2019	
	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

### 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. 19]

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:

- 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;
- 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
- 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 would 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 would be 51 per cent (Refer Note (h) below).

h) The Company was a subsidiary of Reliance Capital Limited (RCap) in terms of Section 2(87) of the Companies Act, 2013 pursuant to a voting agreement with other Promoter Group entities namely Reliance Inceptum Private Limited and Reliance Infrastructure Consulting & Engineers Private Limited. However, RCap ceased to be the holding company of the Company with effect from March 5, 2020 pursuant to the invocation of pledge on the equity shares and reduction in shareholding of these Promoter Group entities during the year.

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 declared dividend on Preference shares since September 18, 2018.

k) The Company has not bought back any shares during the period of last 5 financial years.

### l) Reconciliation of number of shares outstanding:

	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Amount (₹ in crore)	No. of Shares	Amount (₹ in crore)
<b>Equity Shares</b>				
Opening Balance	48 50 58 818	485.06	48 50 58 818	485.06
Addition during the year	-	-	-	-
Closing Balance	48 50 58 818	485.06	48 50 58 818	485.06
<b>Preference Shares</b>				
Opening Balance	3 10 35 980	31.04	3 10 35 980	31.04
Addition during the year	-	-	-	-
Closing Balance	3 10 35 980	31.04	3 10 35 980	31.04

Notes to the Financial Statement for the year ended March 31, 2020

- m) For employee stock option scheme Refer Note No. 44.  
 n) As on March 31, 2020, the Company has not:  
 i) issued any shares where calls are unpaid; and  
 ii) forfeited any shares.

24 Other equity	(₹ in crore)	
Particulars	As at March 31, 2020	As at March 31, 2019
<b>Debenture redemption reserve*</b>		
Opening balance	436.72	242.62
Add: Amount transferred from Statement of Profit and loss	-	194.10
Add/(Less) : Changes during the year		
Closing balance	<u>436.72</u>	<u>436.72</u>
<b>Securities premium account</b>		
Opening balance	660.34	660.62
Ass: Issued during the year		
Add/(Less) : Changes during the year	-	(0.28)
Closing balance	<u>660.34</u>	<u>660.34</u>
<b>Special reserve fund#</b>		
Opening balance	143.94	130.56
Add: Amount transferred from Statement of Profit and loss	-	13.38
Add/(Less) : Changes during the year		
Closing balance	<u>143.94</u>	<u>143.94</u>
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Opening balance	104.30	303.67
Add: Amount transferred from Statement of Profit and loss	(375.25)	66.92
Add: Pursuant to Scheme of Arrangement (Refer Note No. 43(a))		
Less: Dividend	-	(48.51)
Less: Tax on dividend	-	(10.30)
Less: Transfer to special reserve	-	(13.38)
Less: Transfer to statutory reserve fund		
Less: Transfer to debenture reserve fund	-	(194.10)
Add/(Less) : Changes during the year	-	-
Closing balance	<u>(270.95)</u>	<u>104.30</u>
<b>Employee Stock Exchange Scheme</b>		
Opening balance	11.64	1.99
Add/(Less) : Changes during the year	-	9.65
Closing balance	<u>11.64</u>	<u>11.64</u>
<b>Total</b>	<u><u>981.69</u></u>	<u><u>1,356.94</u></u>

\* 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 being a housing finance company registered with the National Housing Bank, is not required to transfer to DRR in respect of debentures in terms of Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014.

**c. Special reserve**

An amount equivalent to 20% 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.

# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

<b>25</b>	<b>Interest income</b>	(₹ in crore)	
	<b>Particulars</b>	<b>Year ended March 31, 2020</b>	Year ended March 31, 2019
	<b>On financial assets measured at amortised costs:</b>		
	Interest on loans	1,513.26	1,911.51
	Interest on deposits with banks	29.76	13.11
	<b>On financial assets measured at FVTPL:</b>		
	Interest income from investments	11.35	7.64
	<b>Total</b>	<b>1,554.37</b>	<b>1,932.26</b>
<b>26</b>	<b>Fees and commission income</b>	(₹ in crore)	
	<b>Particulars</b>	<b>Year ended March 31, 2020</b>	Year ended March 31, 2019
	Servicing Fees	5.50	3.22
	Other Operating Charges	16.80	22.94
	Brokerage Commission on Property Solution	1.18	1.44
	<b>Total</b>	<b>23.48</b>	<b>27.60</b>
<b>27</b>	<b>Other operating income</b>	(₹ in crore)	
	<b>Particulars</b>	<b>Year ended March 31, 2020</b>	Year ended March 31, 2019
	Bad Debts Recovered	9.54	26.17
	<b>Total</b>	<b>9.54</b>	<b>26.17</b>
<b>28</b>	<b>Other income</b>	(₹ in crore)	
	<b>Particulars</b>	<b>Year ended March 31, 2020</b>	Year ended March 31, 2019
	Profit on sale of investments	5.94	13.49
	Interest on income tax refund	6.58	0.62
	Miscellaneous income	3.00	2.45
	<b>Total</b>	<b>15.52</b>	<b>16.56</b>
<b>29</b>	<b>Finance costs</b>	(₹ in crore)	
	<b>Particulars</b>	<b>Year ended March 31, 2020</b>	Year ended March 31, 2019
	<b>On financial liabilities measured at amortised cost:</b>		
	Interest on borrowings	717.64	698.27
	Interest on Non convertible debentures	598.36	608.05
	Interest on Preference shares	2.48	2.48
	Other finance charges	0.01	0.58
	<b>On financial liabilities measured at fair value:</b>		
	Interest on Non convertible debentures	17.37	12.85
	<b>Total</b>	<b>1,335.86</b>	<b>1,322.23</b>
<b>30</b>	<b>Employee benefits expenses</b>	(₹ in crore)	
	<b>Particulars</b>	<b>Year ended March 31, 2020</b>	Year ended March 31, 2019
	Salaries and wages	67.57	106.27
	Contribution to provident and other funds	3.57	4.52
	Share based payments to employees	-	9.65
	Staff welfare expenses	1.52	4.71
	<b>Total</b>	<b>72.66</b>	<b>125.15</b>

Notes to the Financial Statement for the year ended March 31, 2020

31 Impairment on financial instruments		(₹ in crore)	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019	
<b>On financial instruments measured at amortised cost:</b>			
Expected credit loss(net of provision)	442.35	48.62	
Investments written off	-	31.98	
Bad Debts written off	214.64	254.86	
<b>Total</b>	<b>657.00</b>	<b>335.46</b>	

32 Other expenses		(₹ in crore)	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019	
Auditor's Remuneration	0.36	0.23	
Bank Charges	0.86	0.34	
Credit Cost	0.41	0.32	
Collection Cost	6.09	2.67	
Corporate Social Responsibility Expenditures	-	3.72	
Directors' Sitting Fees	0.29	0.36	
Legal & Professional Fees	37.04	45.63	
Loss on Sale of Fixed Asset	0.64	-	
Marketing Expenses	0.55	2.49	
Management Expenses	8.07	7.22	
Miscellaneous Expenses	0.16	0.24	
Postage,Telegram & Telephone	0.96	1.35	
Provision for stock of acquired assets	18.62	13.48	
Printing and Stationary	2.09	4.01	
Rates and Taxes	1.26	1.68	
Repairs & Maintenance-Others	14.75	18.02	
Travelling & Conveyance	1.29	4.59	
Sundry Balances written off	0.40	-	
Rent	7.20	8.42	
<b>Total</b>	<b>101.05</b>	<b>114.77</b>	

33 Auditors' remuneration		(₹ in crore)	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019*	
Statutory Audit fees (including limited review fees)	0.19	0.17	
Certification Fees	0.17	0.06	
<b>Total</b>	<b>0.36</b>	<b>0.23</b>	

\* Remuneration of ₹ 0.15 crore paid to erstwhile auditors.

**34 Corporate Social Responsibility**

During the year 2019-20, the Company was required to spend an amount of ₹ 3.23 crore on CSR activities. The Company is facing severe financial stress and accordingly the Lenders have entered into an Inter Creditor Agreement (ICA) in terms of RBI Circular No. DBR.No.BP.BC.45/21.04.048/2018-19, dated June 7, 2019 on July 6, 2019. As part of the same, all cashflows of the Company are under direct supervision and control of the Lenders, for the purpose of debt resolution. Further, the Hon'ble Delhi High Court vide its Order dated November 20, 2019, has placed restraint on the Company on incurring expenses other than in ordinary course of business. In view of the aforesaid, the Company has not spent the amount on CSR activities this year. The Company is committed to spend on CSR in the long term.

# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

### 35 Income tax

#### a) Component of income tax expenses

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax	-	1.99
Adjustment in respect of current income tax of prior years	(2.35)	-
Deferred tax	(189.61)	32.19
<b>Total</b>	<b>(191.96)</b>	<b>34.18</b>

#### 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, 2020	Year ended March 31, 2019
Accounting profit before tax	(567.28)	101.60
<b>Tax at India's statutory income tax rate of 34.94% (previous year 34.94%)</b>	<b>(198.23)</b>	<b>35.50</b>
Tax effect of the amount which are not taxable in calculating taxable income :		
- Others	6.27	(1.32)
<b>Income tax expense at effective tax rate</b>	<b>(191.96)</b>	<b>34.18</b>
<b>Effective tax rate</b>	<b>33.84%</b>	<b>33.64%</b>

#### c) Movement in Deferred Tax Assets / Liabilities

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax assets / liabilities:

As at March 31, 2020

(₹ in crore)

Particulars	As at March 31, 2019	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	Year ended March 31, 2020
<b>Deferred tax liability :</b>				
Property, plant and equipment	(39.21)	(10.14)	-	(49.35)
Unamortised expenditure	(41.21)	19.94	-	(21.27)
Other Adjustments	(46.68)	30.72	-	(15.96)
	<u>(127.10)</u>	<u>40.52</u>	<u>-</u>	<u>(86.58)</u>
<b>Deferred tax asset :</b>				
Disallowance under the Income Tax Act, 1961	1.00	(1.00)	-	-
Tax losses carried forward	3.85	72.49	-	76.34
Provision for NPA/diminution in the value of Assets	110.99	113.50	-	224.49
Mat credit entitlement	104.76	(0.00)	-	104.76
Other Adjustments	62.06	(35.62)	-	26.44
Other Comprehensive Items	0.02	-	0.15	0.17
	<u>282.68</u>	<u>149.36</u>	<u>0.15</u>	<u>432.19</u>
<b>Net deferred tax asset/liability</b>	<b><u>155.58</u></b>	<b><u>(108.84)</u></b>	<b><u>(0.15)</u></b>	<b><u>345.61</u></b>

#### 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.

Notes to the Financial Statement for the year ended March 31, 2020

36 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.

Particulars	As at March 31, 2020		As at March 31, 2019	
	Within 12 months	After 12 months	Within 12 months	After 12 months
<b>Financial assets</b>				
Cash and cash equivalents	83.61	-	105.84	-
Bank balance other than cash and cash equivalents above Receivables	422.50	4.39	479.64	7.43
(I) Trade receivables	-	-	-	-
(II) Other receivables	0.65	-	-	-
Loans	4,941.66	8,298.45	8,344.04	7,907.05
Investments	0.58	950.16	52.34	41.12
Other financial assets	89.05	110.34	490.33	96.32
<b>Non-financial assets</b>				
Current tax assets (Net)	51.49	-	-	52.25
Deferred tax assets (Net)	-	345.61	-	155.56
Investment property	-	4.37	-	4.45
Property, plant and equipment	-	44.84	-	47.52
Intangible assets under development	0.53	-	0.16	-
Goodwill	-	209.96	-	209.96
Other intangible assets	-	2.62	-	3.86
Other non-financial assets	168.39	-	127.57	-
<b>Total assets</b>	<b>5,758.45</b>	<b>9,970.74</b>	<b>9,599.93</b>	<b>8,525.51</b>
<b>Financial liabilities</b>				
Derivative financial instruments	10.73	-	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	-
Debt securities	2,786.07	3,132.42	2,512.73	3,572.04
Borrowings (Other than debt securities)	3,689.20	2,832.20	2,173.32	6,646.35
Subordinated liabilities	969.26	795.34	-	794.48
Other financial liabilities	-	0.09	479.42	0.13
<b>Non-financial liabilities</b>				
Provisions	24.45	-	24.52	-
Other non-financial liabilities	22.68	-	73.50	-
<b>Total liabilities</b>	<b>7,502.39</b>	<b>6,760.05</b>	<b>5,270.44</b>	<b>11,013.01</b>
<b>Net</b>	<b>(1,743.94)</b>	<b>3,210.69</b>	<b>4,329.50</b>	<b>(2,487.50)</b>
				<b>18,125.44</b>
				<b>18,125.44</b>
				<b>6,084.77</b>
				<b>8,819.67</b>
				<b>794.48</b>
				<b>479.55</b>
				<b>24.52</b>
				<b>73.50</b>
				<b>16,283.44</b>
				<b>1,842.00</b>



# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

### 37 Fair value measurement

#### a) Financial instruments by category

(₹ in crore)

Particulars	As at March 31, 2020		As at March 31, 2019	
	FVTPL	Amortised cost	FVTPL	Amortised cost
<b>Financial assets</b>				
Cash and cash equivalents	-	83.61	-	105.84
Bank balance other than cash and cash equivalents above	-	426.89	-	487.07
Other receivables		0.65		
Loans	-	13,240.11	-	16,251.09
Investments	938.52	12.23	75.47	17.99
Other financial assets	-	199.38	-	586.65
<b>Total financial assets</b>	<b>938.52</b>	<b>13,962.87</b>	<b>75.47</b>	<b>17,448.64</b>
<b>Financial liabilities</b>				
Derivative financial instruments	10.73	-	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
Debt securities	232.27	5,686.22	298.98	5,785.79
Borrowings (Other than debt securities)	-	6,521.40	-	8,819.67
Subordinated liabilities	-	795.34	-	794.48
Other financial liabilities	-	969.35	-	479.55
<b>Total financial liabilities</b>	<b>243.00</b>	<b>13,972.31</b>	<b>299.61</b>	<b>15,885.81</b>

#### 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, 2020

(₹ in crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial investments at FVTPL				
- Debentures and bonds	-	-	-	-
- Mutual funds	938.52	-	-	938.52
<b>Total financial assets</b>	<b>938.52</b>	<b>-</b>	<b>-</b>	<b>938.52</b>
<b>Financial liabilities</b>				
Debentures	-	232.27	-	232.27
Derivatives not designated as hedges				
- Options	-	10.73	-	10.73
<b>Total financial liabilities</b>	<b>-</b>	<b>243.00</b>	<b>-</b>	<b>243.00</b>

#### 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
<b>Financial assets</b>				
Financial investments at FVTPL				
- Debentures and bonds	51.62	-	-	51.62
- Mutual funds	23.85	-	-	23.85
<b>Total financial assets</b>	<b>75.47</b>	<b>-</b>	<b>-</b>	<b>75.47</b>

Notes to the Financial Statement for the year ended March 31, 2020

As at March 31, 2020	(₹ in crore)			
Assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
<b>Financial liabilities</b>				
Debentures	-	298.98	-	298.98
Derivatives not designated as hedges				
- Options	-	0.63	-	0.63
<b>Total financial liabilities</b>	<u>-</u>	<u>299.61</u>	<u>-</u>	<u>299.61</u>

**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.

**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.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, a contingent consideration receivable and certain derivative contracts, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

For remaining financial assets and liabilities that are measured at amortised cost, the carrying amounts are same as fair values.

**38 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 his or her 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, financial assets measured at amortised cost	Ageing analysis	Probability Prediction Modelling techniques
Liquidity risk	Debt securities, Borrowings (other than debts), subordinated liabilities, policy liabilities	Rolling cash flow forecasts	Availability of committed credit lines, borrowing facilities, Asset liability measurement
Market exchange Interest rate	Long term borrowings at variable rate	Sensitivity analysis	
Operational Risk	Due to failure of Internal process, systems, people and external risk arising out of Legal Frauds, customer complaints etc.	Frauds reported to Regulator and litigations due to unsolved customer complaints	Fraud Containment Measures

### (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 company. Credit risk arises mainly from loans and advances, and loan commitments arising from such lending activities.

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 Board of Directors.

#### (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 a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.

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.

### 3) 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 recognized.

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 recognized.

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL is recognized.

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 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 recognized. 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

**Notes to the Financial Statement for the year ended March 31, 2020**

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.

**4) 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 its 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.

**5) ECL Model Development process**

**a) 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 insufficient number of accounts on 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.

## Notes to the Financial Statement for the year ended March 31, 2020

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, SME, Infra & MF combined constitute the smallest pool ("Others") with the least number of accounts and combined sanctioned amount.

### b) 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 IFRS 9 standard a weighted average of the probability of defaults were taken for the last 4 years with higher weights for more recent years.

### c) Lifetime Probability of Default (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.

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 it 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.

### d) 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 amortization 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.

### e) 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.

Notes to the Financial Statement for the year ended March 31, 2020

f) 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

a) 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 allowance 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)

Particulars	Particulars				Total	Total
	2020					
Particulars	ECL staging				Total	Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired		
<b>Product</b>						
Affordable Home	1,374.77	66.58	51.58	-	<b>1,492.93</b>	2,021.44
Home Loan	1,305.02	140.56	94.05	-	<b>1,539.63</b>	2,650.08
Loan Against Property	907.32	98.28	132.42	-	<b>1,138.02</b>	2,063.26
Construction finance	312.91	170.41	159.62	-	<b>642.94</b>	1,778.80
Other loans	707.83	2,918.82	5,520.68	-	<b>9,147.33</b>	8,015.89
<b>Gross carrying amount</b>	<b>4,607.86</b>	<b>3,394.63</b>	<b>5,958.36</b>	-	<b>13,960.85</b>	16,529.47
Less :Loss allowance	23.91	128.97	567.85	-	<b>720.74</b>	278.38
<b>Carrying amount</b>	<b>4,583.94</b>	<b>3,265.66</b>	<b>5,390.51</b>	-	<b>13,240.11</b>	16,251.09

(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
<b>Credit-impaired assets</b>				
Loans to individuals:	3,825.90	45.41	3,780.49	3,780.49
Loans to others	10,134.95	675.33	9,459.62	9,459.62
<b>Total credit-impaired assets</b>	<b>13,960.85</b>	<b>720.74</b>	<b>13,240.11</b>	<b>13,240.11</b>

# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

The following table shows the distribution of LTV ratios for the Company's mortgage credit-impaired portfolio:

	₹ in crore
<b>Mortgage portfolio - LTV distribution</b>	<b>Credit-impaired (Gross carrying amount)</b>
Lower than 50%	3,639.45
50 to 60%	698.38
60 to 70%	499.68
70 to 80%	380.56
80 to 90%	334.19
90 to 100%	245.95
Higher than 100%	7441.90
<b>Total</b>	<b>13,240.11</b>

### (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;
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Particulars	(₹ in crore)				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
	INR	INR	INR	INR	INR
<b>Loss allowance as at 1 April 2019</b>	194.00	56.82	27.56	-	<b>278.38</b>
Movements with P&L impact					
<b>Transfers:</b>					
Transfers from Stage 1 to Stage 2	0.00	120.16	0.00	-	<b>120.16</b>
Transfers from Stage 1 to Stage 3	0.00	0.00	545.08	-	<b>545.08</b>
Transfers from Stage 2 to Stage 1	0.13	0.00	0.00	-	<b>0.13</b>
Transfers from Stage 2 to Stage 3	0.00	0.00	11.78	-	<b>11.78</b>
Transfer from Stage 3 to Stage 1	0.01	0.00	0.00	-	<b>0.01</b>
Transfers from Stage 3 to Stage 2	-	0.08	0.00	-	<b>0.08</b>
No change in Stage	22.84	8.70	3.75	-	<b>35.30</b>
New financial assets originated or purchased	0.92	0.03	7.24	-	<b>8.19</b>
<b>Loss allowance as at 31 March 2020</b>	<b>23.91</b>	<b>128.97</b>	<b>567.85</b>	<b>-</b>	<b>720.74</b>
<b>Total net P&amp;L charge during the period</b>	<b>23.91</b>	<b>128.97</b>	<b>567.85</b>	<b>-</b>	<b>720.74</b>
<b>Other movements with no P&amp;L impact</b>					
Financial assets derecognised during the period	<b>(170.09)</b>	<b>72.16</b>	<b>540.29</b>	<b>-</b>	<b>442.36</b>
<b>Loss allowance as at 31 March 2020</b>	<b>23.91</b>	<b>128.97</b>	<b>567.85</b>	<b>-</b>	<b>720.74</b>

Notes to the Financial Statement for the year ended March 31, 2020

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		
<b>Gross carrying amount as at 1 April 2019</b>	<u>15,764.89</u>	<u>655.59</u>	<u>108.99</u>	-	<b>16,529.47</b>
<b>Transfers:</b>					
Transfer from Stage 1 to Stage 2	-	3,259.13	-	-	<b>3,259.13</b>
Transfer from Stage 1 to Stage 3	-	-	5,695.10	-	<b>5,695.10</b>
Transfer from Stage 2 to Stage 1	37.57	-	-	-	<b>37.57</b>
Transfer from Stage 2 to Stage 3	-	-	125.03	-	<b>125.03</b>
Transfer from Stage 3 to Stage 1	2.99	-	-	-	<b>2.99</b>
Transfer from Stage 3 to Stage 2	-	1.24	-	-	<b>1.24</b>
<b>No change in Stage</b>	<b>4,395.93</b>	<b>133.84</b>	<b>46.74</b>	-	<b>4,576.51</b>
New financial assets originated or purchased	171.36	0.42	91.49	-	<b>263.27</b>
<b>Gross carrying amount as at 31 March 2020</b>	<u><b>4,607.86</b></u>	<u><b>3,394.63</b></u>	<u><b>5,958.36</b></u>	-	<b>13,960.85</b>

The total amount of expected credit losses at initial recognition for purchased or originated credit-impaired financial assets recognised during the year was ₹ 721 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) Modification of financial assets**

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.

**39 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.

ALCO committee 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 occurrences and incorporated in the cash flow projections. The ALCO committee is also appraised of the sensitivity variables that effects the projected cash flows and the best & worst case scenerios are appraised for any change in these variables.



# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

### (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, 2020	As at March 31, 2019
<b>Floating rate</b>	<b>92.48</b>	4.15
- 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 in INR.

### (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.

As at March 31, 2020

(₹ 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
<b>Financial assets</b>						
Cash and cash equivalents	-	83.61	-	-	-	83.61
Bank balance other than cash and cash equivalents above	-	-	4.51	3.39	419.00	426.89
Derivative financial instruments	-	-	-	-	-	-
Receivables	-	0.65	-	-	-	0.65
Loans	-	530.17	4,411.50	6,856.21	1,442.24	13,240.11
Investments	-	938.52	-	12.23	-	950.74
Other financial assets	-	83.42	19.65	96.30	-	199.37
<b>Total financial assets</b>	<b>-</b>	<b>1,636.36</b>	<b>4,435.65</b>	<b>6,968.13</b>	<b>1,861.23</b>	<b>14,901.38</b>
<b>Financial liabilities</b>						
Derivative financial instruments	-	10.73	-	-	-	10.73
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	-	-	-	-	-	-
Debt securities	-	2,595.62	162.98	1,515.60	1,644.29	5,918.49
Borrowings (Other than debt securities)	-	2,508.93	1,180.27	2,316.56	515.64	6,521.40
Subordinated liabilities	-	-	-	152.12	643.21	795.34
Other financial liabilities	-	616.06	342.27	5.97	5.06	969.36
<b>Total financial liabilities</b>	<b>-</b>	<b>5,731.34</b>	<b>1,685.52</b>	<b>3,990.26</b>	<b>2,808.19</b>	<b>14,215.31</b>
<b>Net</b>	<b>-</b>	<b>(4,094.97)</b>	<b>2,750.13</b>	<b>2,977.88</b>	<b>(946.96)</b>	<b>686.07</b>

Notes to the Financial Statement for the year ended March 31, 2020

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
<b>Financial assets</b>						
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
<b>Total financial assets</b>	-	<b>1,443.62</b>	<b>8,028.57</b>	<b>3,937.58</b>	<b>4,114.34</b>	<b>17,524.11</b>
<b>Financial liabilities</b>						
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
<b>Total financial liabilities</b>	-	<b>1,968.16</b>	<b>3,204.25</b>	<b>5,645.74</b>	<b>5,367.26</b>	<b>16,185.42</b>
<b>Net</b>	-	<b>(524.54)</b>	<b>4,824.31</b>	<b>(1,708.16)</b>	<b>(1,252.92)</b>	<b>1,338.69</b>

1) 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.

2) 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 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.

3) 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:

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
Variable rate borrowing	6,050.43	8,419.72
Fixed rate borrowing	7,184.79	7,279.20
<b>Total Borrowing</b>	<b>13,235.22</b>	<b>15,698.92</b>

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

Particulars	As at	
	March 31, 2020	March 31, 2019
Variable rate Borrowing	46%	56%
Fixed rate Borrowing	54%	44%
<b>Total Borrowing</b>	<b>100%</b>	<b>100%</b>

An analysis by maturities is provided is the percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

### 40 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, 2020	As at March 31, 2019
<b>Securitisations</b>		
Carrying amount of transferred assets measured at amortised cost	<b>2,076.17</b>	3,203.83
Carrying amount of associated liabilities (Borrowings – measured at amortised cost)	<b>2,052.32</b>	3,177.44
Fair value of assets	<b>2,076.17</b>	3,203.83
Fair value of associated liabilities	<b>2,052.32</b>	3,177.44

### 41 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
<b>A. NCDs issued on Private Placement basis:</b>		
Brickwork Ratings India Private Limited	Long Term NCDs ₹ 3,000 crore	BWR D#
Brickwork Ratings India Private Limited	Tier II Unsecured Debt ₹ 400 crore	BWR D#
Brickwork Ratings India Private Limited	Long Term Upper Tier II NCD Private Placement ₹ 100 crore	BWR D #
Brickwork Ratings India Private Limited	Market linked Debentures ₹ 100 crore	BWR PP-MLD D#
CARE Ratings Limited	Long Term Debt ₹ 8139.99 crore	CARE D*
CARE Ratings Limited	Tier II Unsecured Debt ₹ 333 crore	CARE D*
CARE Ratings Limited	Market linked Debentures ₹ 200 crore	CARE PP MLD D*
CARE Ratings Limited	Long Term Upper Tier II NCD Private Placement ₹ 100 crore	CARE D *
<b>B. NCDs issued through Public Issue:</b>		
Brickwork Ratings India Private Limited	Long Term NCDs for Public Issue ₹ 2,618.27 crore	BWR D#
Brickwork Ratings India Private Limited	Long Term Upper Tier II NCD Public Issue ₹ 435.71 crore	BWR D#
CARE Ratings Limited	Long Term NCDs for Public Issue ₹ 2618.27 crore	CARE D*
CARE Ratings Limited	Long Term Upper Tier II NCD Public Issue ₹ 435.71 crore	CARE D*
<b>C. Commercial Paper:</b>		
ICRA Limited	Short-term Debt CP ₹ 1,200 crore	[ICRA] D\$
Brickwork Ratings India Private Limited	Short-term Debt CP ₹ 700 crore	BWR D#

\*revised rating to BBB+ (credit watch with developing implications) for long-term debt programme, market linked debentures, subordinated debt and NCDs public issue and to BBB (credit watch with developing implications) for upper Tier-II NCDs on April 18, 2019.

\*revised rating to C for long-term debt programme, market linked debentures, subordinated debt and NCDs public issue and upper Tier-II NCDs and to D for long-term debt programme (banking facilities only) on April 26, 2019.

\*revised rating for NCDs of Rs. 400 crore issued on private placement basis to D on July 2, 2019.

\*revised rating to D for Company's long-term debt programme, market linked debentures, subordinated debt, NCDs public issue and upper Tier-II NCDs on September 12, 2019.

\*revised rating to A+ (credit watch with negative implications) for Company's long-term debt programme, market linked debentures, subordinated debt and NCDs public issue and to A (credit watch with negative implications) for upper Tier-II NCDs on April 19, 2019.

\*revised rating to C (credit watch with negative implications) for Company's long-term debt programme, market linked debentures, subordinated debt and NCDs public issue and upper Tier-II NCDs on April 29, 2019.

\*revised rating to D for Company's long-term debt programme, market linked debentures, subordinated debt and NCDs public issue, upper Tier-II NCDs and short-term debt programme on September 18, 2019.

°revised rating to A4 (on rating watch with negative implications) for the short-term debt programme of the Company on April 26, 2019.

°revised rating to D for the short-term debt programme of the Company on May 3, 2019.

Notes to the Financial Statement for the year ended March 31, 2020

(iii) Penalties by NHB or any other Regulators

Pursuant to snap Inspection undertaken by National Housing Bank (NHB) between July 24, 2019 and July 26, 2019 with reference to Company's position as on March 31, 2018 and onwards, NHB has imposed penalty on the Company as under:

Details of Penalites	Date of payment to NHB
1 ₹ 45,000 for contravention of certain provisions of Housing Finance Companies (NHB) Directions, 2010.	Paid on November 18, 2019.
2 ₹ 12, 000 for contravention of certain provisions of Housing Finance Companies (NHB) Directions, 2010.	Paid on February 13, 2020.
3 ₹ 10,000 for contravention of certain provision of NHB's Policy Circular.	Paid on April 9, 2020.

(iv) Joint ventures and overseas subsidiaries

Items	As at March 31, 2020	As at March 31, 2019
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 Notes No 47 of the financial statements.

42 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 Companies 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, 2020, 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 13 of the Companies Act 2013.

Comparative numbers in these disclosures have been provided as per the Audited Financial Statements as at and for the year ended March 31, 2019.

1 Regulatory Capital

	(₹ in crore)	
Capital to risk assets ratio (CRAR):	As at March 31, 2020	As at March 31, 2019
Tier I capital	885.87	1,470.19
Tier II capital	896.43	933.56
<b>Total capital</b>	<b>1,782.30</b>	<b>2,403.75</b>
<b>Risk weighted assets</b>		
CRAR (%)	13.00%	15.45%
CRAR - Tier I capital (%)	6.46%	9.45%
CRAR - Tier II capital (%)	6.54%	6.00%
Amount of subordinated debt considered as Tier II capital *	712.51	708.07
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 ₹ 712.51 Crore.

# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

2 Reserve Fund u/s 29C of NHB Act, 1987		(₹ in crore)	
Particulars	As at	As at	
	March 31, 2020	March 31, 2019	
<b>Balance at the beginning of the year</b>			
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	103.93	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	
<b>Total</b>	<b>179.58</b>	<b>145.89</b>	
<b>Addition / Appropriation / Withdrawal during the year</b>			
<b>Add :</b>			
a) Amount transferred u/s 29C of the NHB Act, 1987	-	13.38	
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	
<b>Less :</b>			
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	-	-	
<b>Balance at the end of the year</b>			
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	103.93	103.94	
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	75.65	
<b>Total</b>	<b>179.58</b>	<b>179.59</b>	

3 Investments		(₹ in crore)	
Particulars	As at	As at	
	March 31, 2020	March 31, 2019	
<b>1) Value of Investments</b>			
i) Gross Value of Investments			
a) In India	938.60	91.14	
b) Outside India	-	-	
ii) Provisions for Depreciation			
a) In India			
b) Outside India	-	-	
iii) Net Value of Investments			
a) In India	938.60	91.14	
b) Outside India	-	-	
<b>2) Movement of provisions held towards depreciation of investments</b>			
i) Opening Balance	-	-	
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	-	-	
iv) Closing balance	-	-	

4 Derivatives		(₹ in crore)	
i) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)		(₹ in crore)	
Particulars	As at	As at	
	March 31, 2020	March 31, 2019	
(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	-	-	

Notes to the Financial Statement for the year ended March 31, 2020

ii) Exchange Traded Interest Rate (IR) Derivative

(₹ in crore)

Particulars	As at March 31, 2020
(I) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument- wise)*	-
(II) Notional principal amount of exchange traded IR derivatives outstanding as on March 31, 2019	-
(III) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-
(IV) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-

\* 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.

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" point 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	2019-20	2018-19
1. No. of SPVs sponsored by the Company for Securitisation Transactions (Nos.)	15	16
2. Total amount of securitised assets as per books of the SPVs sponsored by the Company	1,884.70	3,497.47
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	418.99	470.74
• Others	52.68	17.98
4. Amount of exposures to securitisation transactions other than Minimum Retention Requirement (MRR)		
a) Off-balance sheet exposures towards Credit Enhancements		

# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

Particulars	(₹ in crore)	
	2019-20	2018-19
i) Exposure to own securitizations	-	-
• First loss	-	-
• Others	-	-
ii) Exposure to third party securitizations	-	-
• First loss	-	-
• Others	-	-
b) On-balance sheet exposures towards Credit Enhancements	-	-
i) Exposure to own securitizations	-	-
• First loss	-	-
• Others	-	-
ii) Exposure to third party securitizations	-	-
• First loss	-	-
• Others	-	-

### 5(b) Disclosures relating to Assignment

(₹ in crore)

Particulars	2019-20	2018-19
1. No. of Direct Assignments (Nos.)	<b>43</b>	35
2. Total amount of assigned assets as per books of the Assignor	<b>2,189.88</b>	2,767.18
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	<b>385.47</b>	440.13
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 securitizations		
• First loss	-	-
• Others	-	-
ii) Exposure to third party securitizations		
• First loss	-	-
• Others	-	-
b) On-balance sheet exposures towards Credit Enhancements		
i) Exposure to own securitisations		
• First loss	<b>10.45</b>	13.37
• Others	-	-
ii) Exposure to third party securitisations		
• First loss	-	-
• Others	-	-

Notes to the Financial Statement for the year ended March 31, 2020

**6 Details of Financial Assets Sold to Securitisation/ Reconstruction Company for Assets Reconstruction** (₹ in crore)

Particulars	2019-20	2018-19
(i) No. of accounts	-	6
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	-	37.70
(iii) Aggregate consideration	-	32.05
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / (loss) over net book value	-	(5.65)

**7 Details of Assignment transactions undertaken by the Company** (₹ in crore)

Particulars	2019-20	2018-19
(i) No. of accounts	1250.00	6,469
(ii) Aggregate value (net of provisions) of accounts assigned	601.18	1,878.16
(iii) Aggregate consideration (Including MRR)	601.18	1,878.16
(iv) Additional consideration realized 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	2019-20	2018-19
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	-	-

**8(b) Details of Non Performing Financial Assets Sold** (₹ in crore)

Particulars	2019-20	2018-19
(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
<b>Liabilities</b>											
Borrowings from Bank	1,623.73 (1,014.78)	155.38 (50.00)	130.00 (381.12)	251.06 (215.47)	473.00 (793.34)	1,119.36 (1,685.00)	16.95 (813.46)	-	-	-	3,769.48 (4,953.17)
Market Borrowings	3,095.25	220.00	-	23.00	145.45	908.50	775.00	473.12	1,362.55	435.71	7,438.58
Foreign	-	(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)
Currency	-	-	-	-	-	-	-	-	-	-	-
<b>Assets</b>											
Loans and advances	5,600.62 (81.88)	62.89 (521.47)	89.39 (592.83)	273.24 (1,197.88)	530.88 (5,314.63)	1,355.25 (1,081.23)	1,022.61 (777.25)	809.54 (589.41)	218.01 (473.56)	613.62 (2,005.83)	10,576.05 (12,635.97)
Investments	0.05 (0.06)	0.05 (0.06)	926.46 (50.12)	0.15 (0.18)	0.30 (23.52)	1.38 (1.72)	1.61 (2.08)	1.84 (2.42)	1.96 (4.00)	4.80 (6.98)	938.60 (91.14)
Foreign	-	-	-	-	-	-	-	-	-	-	-
Currency	-	-	-	-	-	-	-	-	-	-	-

**Notes :**

- All unquoted equity shares have been included in 'Over 10 years'. The maturity pattern has been prepared in line with various regulations issued by NHB from time to time, best practices and based upon best estimate of the management with regard to the timing of various cashflows.
- The classification of Assets and Liabilities into current and non-current is carried out based on their residual maturity profile as per requirement of Schedule III to the Companies Act, 2013. The above maturity pattern of assets and liabilities



# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

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 Assets-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.

### 10 Exposures

#### (a) Exposure to Real Estate

(₹ in crore)

Category	As at March 31, 2020	As at March 31, 2019
Direct Exposure		
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 - ₹ 410.18 crore (Previous year - ₹ 428.92 crore)	1,338.13	2047.52
ii. Commercial Real Estate 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	2,344.37	2389.38
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential	12.08	17.99
b) Commercial Real Estate	-	-
Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
<b>Total Exposure to Real Estate Sector</b>	<b>3,694.58</b>	<b>4,454.89</b>

#### Notes :

- For the exposure to real estate only loans secured by way of mortgage/hypothecation of housing properties, commercial properties and land are considered.
- 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, 2020	As at March 31, 2019
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)	-	-
<b>Total Exposure to Capital Market</b>	<b>-</b>	<b>-</b>

Notes to the Financial Statement for the year ended March 31, 2020

**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**

All the loans were sanctioned in compliance with the directions as prescribed by NHB regulations. However, the Company exceeded its Single Borrower limit for a loan sanctioned in April 2019 due to additional provision and write offs in Financial Year ending March 31, 2019, leading to reduction in Net Owned Funds as on March 31, 2019.

Also, NHB has levied a penalty of ₹ 12,000 on the Company for breaching group exposure limits.

**13 Unsecured Advances**

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Advances against Securities of Intangible Assets	-	-
<b>Total Advances against Securities of Intangible Assets</b>	<b>-</b>	<b>-</b>

**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**

Particulars	As at March 31, 2020	As at March 31, 2019
During the year there is no changes in the accounting policies and no prior period items	-	-

**43 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

**1. Provisions and Contingencies**

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Provision for depreciation on Investments	-	-
b) Provision made towards Income tax	-	1.99
c) Provision for NPA & Doubtful Debts	<b>889.19</b>	(12.92)
d) Provision for Standard Assets	-	10.87
- Teaser Loan		
- Commercial Real Estate	<b>(20.94)</b>	(10.48)
- Commercial Real Estate –Residential Housing	<b>(9.89)</b>	(4.93)
- Other Standard Assets	<b>(26.13)</b>	26.29
e) Other Provisions and Contingencies (with details)		
- Provision for Repossessed assets	<b>18.62</b>	13.49
- Others Provision	-	-

**2. Break up of Loans & Advances and Provision Thereon**

(₹ in crore)

	Housing		Non Housing	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Standard Assets</b>				
a) Total Outstanding Amount	<b>1,741.73</b>	3,782.61	<b>4,261.01</b>	9,477.07
b) Provisions made	<b>8.63</b>	20.54	<b>27.75</b>	72.79
<b>Sub-Standard Assets</b>				
a) Total Outstanding Amount	<b>208.72</b>	53.53	<b>4,579.50</b>	32.91
b) Provisions made	<b>31.31</b>	8.27	<b>686.93</b>	5.14
<b>Doubtful Assets – Category-I</b>				
a) Total Outstanding Amount	<b>20.02</b>	9.11	<b>299.99</b>	1.90

# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

(₹ in crore)

	Housing		Non Housing	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
b) Provisions made	5.01	2.28	75.00	0.44
<b>Doubtful Assets – Category-II</b>				
a) Total Outstanding Amount	3.72	-	0.48	0.46
b) Provisions made	1.49	-	0.19	0.18
<b>Doubtful Assets – Category-III</b>				
a) Total Outstanding Amount	-	-	-	0.72
b) Provisions made	-	-	-	0.29
<b>Loss Assets</b>				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
<b>Total</b>				
a) Total Outstanding Amount	1,974.19	3,845.25	9,140.98	9,513.06
b) Provisions made	46.43	31.09	789.86	78.84

### 3. Exposure

#### a) Concentration of Loans & Advances

(₹ in crore)

	As at March 31, 2020	As at March 31, 2019
Total Advances to twenty largest borrowers	4,474.28	4,160.22
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	40.25%	31.14%

#### b) Concentration of all Exposures

(₹ in crore)

	As at March 31, 2020	As at March 31, 2019
Total Exposure to twenty largest borrowers	4,474.28	4,160.22
Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company	30.38%	22.95%

#### c) Concentration of NPAs

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to top ten NPA accounts	2,113.23	47.79

#### d) Sector-wise NPAs

Particulars	Percentage of NPAs to total advances in that sector	
	2019-20	2018-19
Housing		
Individual	5.67%	1.50%
Builder Loans – Residential projects	22.90%	1.77%
Loans to Corporates – Residential projects #		
Others		
Non Housing		
For mortgage/property/home equity loans	12.85%	2.14%
Loans to Corporates – Non Residential projects #	17.40%	2.13%
Loans to Corporates – Others #	56.86%	0.05%

# Corporate means all other loans other than Individual

Notes to the Financial Statement for the year ended March 31, 2020

e) Movements of NPA

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Net NPAs to Net Advances (%)	40.43%	0.61%
Movement of NPAs (Gross)		
(a) Opening Balance	98.63	127.88
(b) Additions during the year/ Pursuant to Scheme of Arrangement	5,252.95	85.60
(c) Reductions during the year	(239.15)	(114.85)
(d) Closing balance	5,112.43	98.63
Movement of Net NPAs		
(a) Opening Balance	82.02	98.36
(b) Additions during the year/ Pursuant to Scheme of Arrangement	4,265.88	72.19
(c) Reductions during the year	(35.39)	(88.53)
(d) Closing balance	4,312.51	82.02
Movement of provisions for NPAs		
(a) Opening Balance	16.61	29.52
(b) Additions during the year/ Pursuant to Scheme of Arrangement	987.07	13.41
(c) Write-off/write-back of excess provisions	(203.76)	(26.32)
(d) Closing balance	799.92	16.61

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, 2020	As at March 31, 2019
(a) No. of complaints pending at the beginning of the year	13	68
(b) No. of complaints received during the year	1 216	1 458
(c) No. of complaints redressed during the year	1 213	1 513
(d) No. of complaints pending at the end of the year	16	13

44 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, its subsidiaries and holding 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 24, 2019
Price of Underlying Stock (₹)	N.A.
Exercise / Strike Price (₹)	27

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 24, 2019
Risk Free Interest Rate	7.32% - 7.57%
Expected Dividend Yield	3.64%
Expected Life (years)	6.01 to 9.01
Expected Volatility	53.46%
Weighted Average Fair Value (₹)	12.57

# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

Particulars	No. of Stock Options as on March 31, 2020
Outstanding at the beginning of the year	60 70 144
Granted	98 39 992
Exercised	Nil
Lapsed / Forfeited / Surrendered	Nil
Outstanding at the end of the year	1 59 10 136
Exercisable at end of the year	-

### 45 Employee benefits

#### a) Defined contribution plan

Contribution to defined contribution plans, recognised as expense for the year is as under: (₹ in crore)

Particulars	2019-20	2018-19
Employer's contribution to provident fund	2.71	2.74
Employer's contribution to superannuation fund	-	-
Employer's contribution to pension scheme	-	1.19
<b>Total</b>	<b>2.71</b>	<b>3.93</b>

#### b) Defined Benefit plans

The following table summarise the components of the net employee benefit expenses recognized 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.

Particulars	Gratuity benefit funded	
	2019-20	2018-19
<b>I Table showing change in Present Value of Defined Benefit Obligation:</b>		
Liability at the beginning of the period	3.63	3.70
Interest Cost	0.28	0.29
Current Service Cost	0.89	0.88
Benefit paid from the fund	(1.80)	(1.95)
Liability Transferred in / Acquisitions	-	-
Actuarial (gain)/loss on obligations –Due to change in Demographic Assumptions	(0.04)	-
Actuarial (gain)/loss on obligations –Due to change in Financial Assumptions	0.39	0.04
Actuarial (gain)/loss on obligations –Due to Experience	(0.46)	0.67
Present value of defined benefit obligation at the end of the period	2.90	3.63
<b>II Changes in the fair Value of Plan Assets and the reconciliation thereof:</b>		
Fair Value of Plan Assets at the beginning of the period	1.90	2.35
Interest income	0.15	0.19
Contributions by the Employer	1.74	1.37
Assets Transferred in/Acquisitions	-	-
Benefit paid from the fund	(1.80)	(1.95)
Return on Plan Assets, excluding interest income	(0.08)	(0.06)
Fair value of Plan Assets at the end of the period	1.92	1.90
<b>III Amount recognised in the Balance Sheet</b>		
Present value of benefit obligation at the end of the period	(2.90)	(3.63)
Fair Value of Plan Assets at the end of the period	1.92	1.90
Funded status (Surplus/ (deficit))	(0.98)	(1.73)
Net (liability)/asset recognised in Balance sheet	(0.98)	(1.73)

Notes to the Financial Statement for the year ended March 31, 2020

(₹ in crore)

Particulars	Gratuity benefit funded	
	2019-20	2018-19
<b>IV Expenses recognised in the Statement of Profit and Loss Account</b>		
Current Service Cost	0.89	0.88
Net Interest Cost	0.13	0.10
Expected return on Plan Assets	-	-
Net Actuarial (gain)/loss to be recognized	-	-
Expense recognised	1.03	0.98
<b>V Expenses Recognized in the Other Comprehensive Income (OCI)</b>		
Actuarial (Gains)/Loans on Obligation For the period	(0.11)	0.72
Return on Plan Assets, excluding interest Income	0.08	0.06
Change in Asset Ceiling	-	-
Net (Income)/Expenses For the Period Recognized in OCI	(0.03)	0.78
<b>VI Balance sheet Reconciliation</b>		
Opening Net Liability	1.73	1.34
Expense recognised in Statement of Profit and Loss	1.03	0.98
Expense recognised in OCI	(0.03)	0.78
Net Liability / (Asset) Transfer In	-	-
Employer's Contribution paid	(1.74)	(1.37)
Net Liability/(Assets) recognised in Balance Sheet	0.98	1.73
<b>VII Assumptions</b>		
Discount Rate	7.78%	7.78%
Rate of return on Plan Assets	7.78%	7.78%
Salary Escalation Rate	6.00%	6.00%

VIII. Particulars of the amounts for the year and previous years	Gratuity for the year ended March 31,					
	2020	2019	2 018	2 017	2 016	2 015
Present value of benefit obligation	2.90	3.63	3.70	3.81	2.96	1.36
Fair value of plan assets	1.92	1.90	2.36	3.83	0.93	1.36
Excess of obligation over plan assets	0.98	1.73	1.34	(0.02)	2.03	-
<b>IX Experience Adjustment</b>						
Experience adjustment on Plan Assets Gain/(Loss)	(0.08)	(0.06)	0.12	0.15	(0.09)	0.05
Experience adjustment on Plan Liabilities(Gain)/Loss	(0.46)	(0.67)	(0.59)	0.02	0.85	0.30

(₹ in crore)

Particulars	Gratuity benefit funded	
	2019-20	2018-19
<b>X Maturity Analysis of the Benefit Payments: From the Fund</b>		
Projected benefits payable in future years from the date of reporting		
1 <sup>st</sup> Following Year	0.13	0.04
2 <sup>nd</sup> Following Year	0.14	0.05
3 <sup>rd</sup> Following Year	0.15	0.06
4 <sup>th</sup> Following Year	0.31	0.07
5 <sup>th</sup> Following Year	0.27	0.23
Sum of Years 6 to 10	0.94	0.78
Sum of Years 11 and above	3.44	11.33

# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

(₹ in crore)

Particulars	Gratuity benefit funded	
	2019-20	2018-19
<b>XI Sensitivity Analysis [refer note (iii)]</b>		
Projected benefit obligation on Current Assumptions	<b>2.90</b>	3.63
Delta Effect of +1% Change in Rate of Discounting	<b>(0.24)</b>	(0.46)
Delta Effect of -1% Change in Rate of Discounting	<b>0.27</b>	0.54
Delta Effect of +1% Change in Rate of Salary Increase	<b>0.27</b>	0.55
Delta Effect of -1% Change in Rate of Salary Increase	<b>(0.24)</b>	(0.47)
Delta Effect of +1% Change in Rate of Employee Turnover	<b>(0.01)</b>	0.05
Delta Effect of -1% Change in Rate of Employee Turnover	<b>0.01</b>	(0.07)

### Notes:

- i) The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.
- ii) General Descriptions of significant defined plans:
  - a) Gratuity Plan
- iii) The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring 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 correlated

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

	2019-20 (Options)	2018-19 (Options)
Outstanding as at Beginning of the year	<b>147,300</b>	273,620
Granted	-	-
Exercised	-	-
Lapsed/ Forfeited/ Surrendered	<b>147,300</b>	126,320
Outstanding as at end of the year	-	147,300
Exercisable as at end of the year	-	-

Notes to the Financial Statement for the year ended March 31, 2020

**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	<b>In case of continuation of employment :</b> Vested Phantom stock option can be exercised any time Upto 3 years from the date of last vesting of Phantom stock options and <b>In case of cessation of employment :</b> 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 account and the liability is shown in the Balance sheet under the head Other current liabilities and clubbed under Other payables.

**46 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 Act. 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.

**47 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 (Ceased w.e.f. March 5, 2020)

**ii) Major Investing Party**

Reliance Capital Limited (w.e.f. March 6, 2020)

**iii) Subsidiaries of Holding Company / Fellow Subsidiaries (Ceased to be fellow subsidiaries but parties under common control w.e.f. March 5, 2020)**

- 1 Reliance Capital Pension Fund Limited
- 2 Reliance Capital Trustee Co. Limited (Ceased w.e.f. September 27, 2019)
- 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 (Ceased w.e.f. September 27, 2019)
- 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. 20.02.2019)
- 21 Reliance Underwater Systems Private Limited (w.e.f. August 16, 2019)



# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

### iv) Key Management Personnel

Mr. Ravindra Sudhalkar	Chief Executive Officer
Mr. Pinkesh R. Shah	Chief Financial Officer (w.e.f. August 7, 2018)
Ms. Parul Jain	Company Secretary & Compliance Officer
Mr. Amit Bapna	Director & Chief Financial Officer (ceased to be CFO w.e.f. August 7, 2018)

### 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 and balance outstanding with related parties:

(₹ in crore)

Particulars	Major Investing Company	Fellow Subsidiary / Parties under common control	Total
<b>With Reliance Capital Limited</b>			
<b>Equity Share Capital</b>			
a) Issued during the year	-	-	-
	(-)	(-)	(-)
b) Matured /Redeemed during the year	-	-	-
	(-)	(-)	(-)
c) Balance as at March 31, 2020	<b>232.37</b>	-	<b>232.37</b>
	(232.37)	(-)	(232.37)
<b>Security Premium Received on Issue of Equity Share</b>			
a) Received during the year	-	-	-
	-	(-)	(-)
b) Balance as at March 31, 2020	<b>(661.59)</b>	-	<b>661.59</b>
	(661.59)	(-)	(661.59)
<b>Income</b>			
Brokerage Commission on Property Solutions	-	-	-
	(-)	(-)	(-)
<b>Expenses</b>			
Management Fees	<b>6.00</b>	-	<b>6.00</b>
	(4.50)	(-)	(4.50)
Reimbursement of Expenses	-	-	-
	(0.09)	(-)	(0.09)
Purchase of Asset *[₹ 5,950]	-	-	-
	(*)	(-)	(*)
Interest on Inter Corporate Deposits #[₹ 43836]	<b>#</b>	-	<b>#</b>
	(1.51)	(-)	(1.51)
<b>Security Issue for Non Convertible Debentures</b>			
Security Issue for Non Convertible Debentures	-	-	-
	(-)	(-)	(-)
<b>ICD</b>			
Received during the year	-	-	-
	(95.00)	(-)	(95.00)
Repaid during the year	-	-	-
	(95.00)	(-)	(95.00)

Notes to the Financial Statement for the year ended March 31, 2020

(₹ in crore)

Particulars	Major Investing Company	Fellow Subsidiary / Parties under common control	Total
<b>With Reliance Commercial Finance Limited</b>			
<b>ICD</b>			
Received during the year	-	-	-
	(-)	(173.00)	(173.00)
Repaid during the year	-	-	-
	(-)	(173.00)	(173.00)
<b>Loans</b>			
Given during the year	-	-	-
	(-)	(50.00)	(50.00)
Interest on Loan	-	-	-
	(-)	(1.13)	(1.13)
Received during the year	-	-	-
	(-)	(50.00)	(50.00)
<b>Income</b>			
Valuation Charges Received	-	-	-
	(-)	(-)	(-)
<b>Expenses</b>			
Other Reimbursements	-	-	-
	(-)	(-)	(-)
<b>With Reliance General Insurance Company Limited</b>			
<b>Non Convertible Debentures -Secured</b>			
Redeemed during the Year	-	40.00	40.00
	(-)	(-)	(-)
Balance as at March 31, 2020	-	25.00	25.00
	(-)	(65.00)	(65.00)
<b>Expenses</b>			
Insurance Premium paid	-	2.61	2.61
	(-)	(0.91)	(0.91)
Interest Accrued on Non-Convertible Debentures	-	-	-
	(-)	(-)	(-)
<b>With Reliance Nippon Life Insurance Company Limited</b>			
<b>Non Convertible Debentures -Unsecured</b>			
Issued during the year	-	-	-
	(-)	(-)	(-)
Redeemed during the year	-	-	-
	(-)	(-)	(-)
Balance as at March 31, 2020	-	-	-
	(-)	(-)	(-)
<b>Expenses</b>			
Term Insurance Premium	-	-	-
	(-)	(0.32)	(0.32)
<b>With Reliance Corporate Advisory Services Private Limited</b>			
<b>Non Convertible Debentures -Secured</b>			
Issued during the Year	-	81.55	81.55
	(-)	(-)	(-)

# Reliance Home Finance Limited

## Notes to the Financial Statement for the year ended March 31, 2020

(₹ in crore)

Particulars	Major Investing Company	Fellow Subsidiary / Parties under common control	Total
Balance as at March 31, 2020	-	<b>81.55</b>	<b>81.55</b>
	(-)	(-)	(-)
<b>With Reliance Securities Limited</b>			
<b>Non Convertible Debentures -Secured</b>			
Issued during the year	-	-	-
	(-)	(-)	(-)
Balance as at March 31, 2020	-	-	-
	(-)	(-)	(-)
<b>Expenses</b>			
Brokerage Paid	-	<b>1.65</b>	<b>1.65</b>
	(-)	(0.87)	(0.87)
Commission Paid	-	-	-
	(-)	(-)	(-)
<b>Income</b>			
Margin Money Receivable	-	-	-
	(-)	(1.06)	(1.06)
<b>With Reliance Financial Limited</b>			
<b>Non Convertible Debentures -Secured</b>			
Issued During the year	-	<b>6.85</b>	<b>6.85</b>
	(-)	(-)	(-)
Redeemed during the Year	-	<b>5.60</b>	<b>5.60</b>
	(-)	(-)	(-)
Balance as at March 31, 2020	-	<b>1.25</b>	<b>1.25</b>
	(-)	(-)	(-)
<b>With Reliance Communications Limited</b>			
<b>Expenses</b>			
Rent & Maintenance	-	-	-
	(-)	(0.84)	(0.84)
<b>With Reliance Wealth Management Limited</b>			
<b>Expenses</b>			
Distribution & Structuring Fees	-	-	-
	(-)	(2.63)	(2.63)
<b>With Reliance Health Insurance Limited</b>			
<b>Expenses</b>			
Commission	-	<b>0.02</b>	<b>0.02</b>
	(-)	(0.02)	(0.02)

Notes to the Financial Statement for the year ended March 31, 2020

(₹ in crore)

Key Managerial Personnel	Mr. Ravindra Sudhalkar	Mr. Pinkesh R. Shah	Ms. Parul Jain
a) Employee Benefit Expenses	5.15 (5.20)	1.67 (0.79)	0.49 (0.33)

**Notes:**

- Figures in bracket indicate previous year figures.
- The current year and previous year figures are excluding GST/service tax.
- Expenses incurred towards public utilities services such as telephone and electricity charges have not been considered for related party transaction.
- 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.
- For transactions occurred pursuant to the Scheme of Arrangement, please refer Note No. 51.
- Mr. Amit Bapna had an ongoing housing loan with the Company which got closed in the year 2018-19. During the F.Y. 2018-19 the Company had received principal of Rs. 0.26 crore and interest of Rs. 0.01 crore.

**48 Basic and diluted earnings per share:**

The computation of earnings per share is set out below:

(₹ in crore)

Particulars	2019-20	2018-19
Amounts used as the numerators		
Net Profit after tax	(375.25)	67.42
Net Profit attributable to equity shareholders	(375.25)	67.42
Weighted average number of equity shares (for Basic earnings per share)	48 50 58 818	48 50 58 818
Weighted average number of equity shares (for Diluted earnings per share)	48 50 58 818	48 50 58 818
Basic earnings per share of face value ₹ 10 each (In ₹)	(7.74)	1.38
Diluted earnings per share of face value ₹ 10 each (In ₹)	(7.74)	1.38

**49 Contingent Liabilities and Commitments (As Certified by the Management)**

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Contingent Liabilities</b>		
i) Guarantees to Banks and Financial Institutions on behalf of third parties	0.25	0.25
ii) Claims against the Company not acknowledged as debt	3.30	3.05
iii) Income-tax disputed by the company and under CIT appeal (net of amount paid)	0.38	0.38
<b>Commitments</b>		
iv) Estimated amount of contracts remaining to be executed on capital account (net of advances)	8.38	8.38
v) Undrawn Committed Credit lines (Undisbursed amount of housing loans/ other loans sanctioned)	346.79	786.79

**50 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.

**51 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

## Reliance Home Finance Limited

### Notes to the Financial Statement for the year ended March 31, 2020

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)
<b>Assets</b>	
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
<b>Total Assets</b>	<b>663.83</b>
<b>Liabilities</b>	
Share Capital	
-Issue of 25,26,89,630 equity shares @ ₹ 10	252.69
<b>Borrowings</b>	<b>590.12</b>
<b>Total Liabilities</b>	<b>842.81</b>
<b>Goodwill on Merger</b>	<b>178.98</b>

- (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.

#### 52 Outstanding Future & Option as on March 31, 2020

Name of Option	No. of contracts	Units	
		Long	Short
Futures	1,319 (2,033)	1,194,371 (2,262,432)	37,425 -
Put Options	1,270 (841)	16,575 -	78,675 (63,075)
Call Options	421 -	- -	31,575 -

Figures in bracket indicate previous year figures.

- 53** During the year, no fraud on the Company is identified and same has been reported to National Housing Bank (NHB).
- 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 has provided all the information in this regard.
- 55** The Company being a housing finance company registered with the National Housing Bank, is not required to transfer to Debenture Redemption Reserve in respect of debentures in terms of Rule 18(7) of the companies (Share Capital and Debentures) Rules, 2014.

**Notes to the Financial Statement for the year ended March 31, 2020**

- 56** The Company is exposed to certain risks relating to its ongoing business operations. The primary risks are managed using index linked derivative instruments. 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 SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Company would be granting a moratorium of upto three months on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).
- 58** 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

**Pritesh Shah**  
 Partner  
 Membership Number : 109573

Mumbai  
 Dated: May 8, 2020

For and on behalf of the Board of Directors

Directors

Chief Executive Officer  
 Chief Financial Officer  
 Company Secretary & Compliance Officer  
 Mumbai

Dated: May 8, 2020

**Chhaya Virani**  
**Rashna Khan**  
**Ashok Ramaswamy**  
**Sushilkumar Agrawal**  
**Ashok Karnavat**  
**Amit Bapna**

**Ravindra Sudhalkar**  
**Pinkesh R. Shah**  
**Parul Jain**

# Reliance Home Finance Limited

## 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, 2020 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I. Sl. No.	Particulars	Audited Figures	Adjusted Figures
		(Rs. in crore) (as reported before adjusting for qualifications)	(Rs. in crore) (audited figures after adjusting for qualifications)
1.	Turnover / Total income	1,602.91	1,602.91
2.	Total Expenditure	2,170.19	2,170.19
3.	Net Profit/(Loss)	(375.25)	(375.25)
4.	Earnings Per Share	(7.74)	(7.74)
5.	Total Assets	15,729.19	15,729.19
6.	Total Liabilities	14,262.44	14,262.44
7.	Net Worth	1,4.75	1,466.75
8.	Any other financial item(s) (as felt appropriate by the	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, 2020 aggregating to Rs. 7,965.24 crores (including Rs. 216 crores sanctioned during the FY 2019-20) 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 Rs. 7,815.24 crores (including NPA of Rs. 4,778.13 crores) of these loans as on March 31, 2020. In view of substantial overdues, we are unable to substantiate the management assertion on the recoverability of principal and interest including time frame of recovery of aforesaid loans outstanding as on March 31, 2020. 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 Since March 2019  
first time / repetitive / since how long continuing

d. **Audit Qualification(s) where the impact is quantified by the auditor, Management's Views**  
Not quantified

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 estimated

(ii) **If management is unable to estimate the impact, reasons for the same:**

As stated by the statutory auditor, 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 further depends on external factors not wholly within control of the Company/borrower.

##### III. (iii) Auditors comments on (i) or (ii) above

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 further depends on external factors not wholly within control of the Company/borrower. Hence, we agree with the Management's estimation in (i) above that the impact of our audit qualification is not quantifiable for the reasons stated in (ii) above.

**Ravindra Sudhalkar** (Chief Executive Officer)  
**Pinkesh R. Shah** (Chief Financial Officer)  
**Chhaya Virani** (Audit Committee Chairperson)

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

**Pritesh Shah**  
Partner  
Membership Number: 109573  
Place: Mumbai  
Date: May 8, 2020

NOTES

Lined area for notes







NOTES

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