

reLIANCE

**HOME
FINANCE**

Annual Report 2016- 17

Profile

Reliance Home Finance Limited is a wholly owned subsidiary of Reliance Capital Limited. The Company is registered with National Housing Bank (NHB) as a housing finance company under the National Housing Bank Act, 1987.

The Company provides wide range of solutions like home loans, Loan Against Property (LAP), Construction finance and Affordable housing loans. The Company provides property solutions services that help customers find their dream home.

The Company has a strong client base of over 36,000 customers across more than 100 locations, through a "hub and spoke" model, across the country.

Mission: Excellence in Financial Services

- To attain global best practices and become a world-class financial services enterprise – guided by its purpose to move towards greater degree of sophistication and maturity.
- To work with vigour, dedication and innovation to achieve excellence in service, quality, reliability, safety and customer care as the ultimate goal.
- To earn the trust and confidence of all stakeholders, exceeding their expectations and make the Company a respected household name.
- To consistently achieve high growth with the highest levels of productivity.
- To be a technology driven, efficient and financially sound organisation.
- To contribute towards community development and nation building.
- To be a responsible corporate citizen nurturing human values and concern for society, the environment and above all the people.
- To promote a work culture that fosters individual growth, team spirit and creativity to overcome challenges and attain goals.
- To encourage ideas, talent and value systems.
- To uphold the guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.

Board of Directors

Shri Padmanabh Vora
 Ms. Deena Mehta
 Shri Gautam Doshi
 Shri Amit Bapna
 Shri Ravindra Sudhalkar – Executive Director & CEO

Company Secretary

Ms. Parul Jain

Auditors

M/s. Chaturvedi & Shah

Registered Office

Reliance Centre
 6th Floor, South Wing, Off Western Express Highway
 Santacruz (East), Mumbai 400 055
 CIN : U67190MH2008PLC183216
 Tel. : +91 22 3303 6000
 Fax : +91 22 2610 3299
 E-mail : rhfl.investor@relianceada.com
 Website: www.reliancehomefinance.com

Registrar and Transfer Agent

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

Investor Helpdesk

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

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Debenture Trustee(s)

IDBI Trusteeship Services Limited
 Asian Building, Ground Floor, 17, R. Kamani Marg
 Ballard Estate, Mumbai 400 001
 Tel.: +91 22 4080 7000
 Fax: +91 22 6631 1776
 E-mail: itsl@idbitrustee.com
 Website: www.idbitrustee.com

Catalyst Trusteeship Limited
 GDA House, Plot No. 85, Bhusari Colony (Right)
 Paud Road, Pune 411 038
 Tel.: +91 20 2528 0081
 Fax: +91 20 2528 0275
 E-mail: dt@ctltrustee.com
 Website: www.catalysttrustee.com

Reliance Home Finance Limited

Directors' Report

Dear Shareowners,

Your Directors have pleasure in presenting the 9th Annual Report and the audited financial statement for the financial year ended March 31, 2017.

Financial Results

The performance of the Company for the financial year ended March 31, 2017 is summarised below:

(₹ in crore)

Particulars	Financial Year ended March 31, 2017	*Financial Year ended March 31, 2016
Total revenue	1,144.68	815.03
Profit before Depreciation & Tax	144.86	137.42
Less: Depreciation and Amortisation	7.06	0.72
Profit before Tax	137.80	136.70
Current Tax	-	51.67
(Reversal)/Income Tax for Earlier year	(9.57)	-
Deferred Tax/(Credit)	(25.22)	(1.72)
Net Profit after Tax	172.59	86.75
Transfer to Debenture Redemption Reserve	48.52	-
Amount transferred to Special Reserve Fund	34.52	17.35

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

Financial Performance

The Company gross income for the financial year ended March 31, 2017 increased to ₹ 1,144.68 crore, from ₹ 815.03 crore in the previous year, increase of 40 per cent. The profit before tax of the Company increased to ₹ 137.80 crore during the year as against ₹ 136.70 crore in the previous year. The net profit for the year increase by 98 per cent to ₹ 172.59 crore from ₹ 86.75 crore in the previous year. The Company continued its robust growth. Assets under Management (AUM) were at ₹ 11,174 crore as at March 31, 2017 as against ₹ 7,358 crore as at March 31, 2016.

Dividend

Your Directors have recommended a dividend of ₹ 0.50 (5 per cent) per equity share each of ₹ 10 aggregating to ₹ 6.97 crore (inclusive of dividend tax) for the financial year ended March 31, 2017, which if approved at the ensuing 9th Annual General Meeting (AGM), will be paid to all those equity shareholders whose name appear in Register of Members as on the date of ensuing AGM i.e. July 24, 2017.

Scheme of Arrangement

The Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 (the 'Scheme') for demerger of Credit Business of India Debt Management Private Limited into the Company has been approved by the National Company Law Tribunal, Mumbai Bench vide its Order dated April 5, 2017. The Scheme was made effective from April 21, 2017 with the Appointed Date being March 31, 2016.

During the year under review, your Directors had approved the Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 for demerger of "Real Estate Lending Business" of its holding company viz. Reliance Capital Limited (RCL) into the Company (the 'Scheme'). The Appointed Date for the Scheme is April 1, 2017. The Scheme is subject to requisite approvals, including sanction of the National Company Law Tribunal. Upon the demerger getting approved the Company shall issue and allot, at par, to all equity shareholders of RCL 1 (One) fully paid Equity share of the Company for every

1 (One) fully paid-up Equity share held in RCL. Subsequently, the Company will list its Equity shares on the Stock Exchanges.

Management Discussion and Analysis

Management Discussion and Analysis Report for the year under the review as stipulated under the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 is presented in a separate section forming a part of this Annual Report.

Public Issue of Non-Convertible Debentures

During the year under review, your Company had made the public issue of Non-Convertible Debentures ("NCDs") with a base issue size of ₹ 1,000 crore through the Shelf Prospectus and Tranche 1 Prospectus both dated December 15, 2016. The issue was subscribed by over three times of the base issue size. The offer was opened from December 22, 2016 to January 6, 2017 which was closed early on December 23, 2016. The Company has allotted 2,61,82,741 Secured NCDs and 43,57,093 Un-secured NCDs of face value of ₹ 1,000 each, aggregating to ₹ 3,053.98 crore on January 3, 2017. These NCDs have been listed on BSE Limited and National Stock Exchange of India Limited.

Issuance of Non-Convertible Debentures (NCDs) on private placement basis

NCDs issued through private placement were paid / redeemed by the Company on their respective due dates and there were no instances of any NCDs which have not been claimed by the investors or not paid by the Company after the date on which the NCDs became due for redemption. The NCDs are listed on the Wholesale Debt Market (WDM) Segment of BSE Limited.

Commercial Paper

Commercial Paper outstanding amount stood at ₹ 953.68 crore as on March 31, 2017. The Commercial Paper program of the Company enjoys a rating of A1+ by ICRA Limited, signifying highest degree of safety for timely servicing of debt obligations.

Directors' Report

Capital Structure

The Company's Authorised Share Capital has been increased to ₹ 600 crore divided into 55,00,00,000 equity shares of ₹ 10 each and 5,00,00,000 preference shares of ₹ 10 each.

During the year under review, your Company has allotted 5,00,00,000 equity shares of ₹ 10 each at a premium of ₹ 30 per equity share to its holding company viz. Reliance Capital Limited. Accordingly, the issued, subscribed and paid-up Share Capital of your Company stood at ₹ 115.82 crore.

Capital Adequacy Ratio

Your Company's Capital to Risk Assets Ratio (CRAR) calculated in line with the NHB Directions stood at 19.24 per cent, well above the regulatory minimum requirement of 12 per cent. Your Company's asset size is ₹ 11,305 crore.

Deposits

The Company has neither accepted nor renewed any fixed deposits during the year.

Particulars of Loans, Guarantees or Investments

Pursuant to Section 186(11) of the Companies Act, 2013 (the "Act") loans made, guarantee given and security provided by a Housing Finance Company in the ordinary course of its business are exempted from disclosure in the Annual Report.

Subsidiary and Associate companies

The Company does not have any subsidiary or associate company.

Directors

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

Shri Ravindra Sudhalkar and Shri Amit Bapna were appointed as Additional Directors with effect from April 24, 2017. The Company has received the notices in writing from a member proposing their candidature for the office of Directors. It is proposed to appoint Shri Ravindra Sudhalkar as an Executive Director and Shri Amit Bapna as a Director at the ensuing AGM of the Company.

In terms of the provisions of the Act, Shri Gautam Doshi, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment at the ensuing AGM.

Shri Soumen Ghosh and Shri K. V. Srinivasan ceased to be the Directors with effect from March 31, 2017 and April 24, 2017, respectively. The Board place on record its deep sense of appreciation for the invaluable contribution made by Shri Soumen Ghosh and Shri K. V. Srinivasan during their tenure as Directors of the Company.

Key Managerial Personnel

During the year the following Key Managerial Personnel were appointed in terms of Section 203 of the Act:

Shri Ravindra Sudhalkar – Chief Executive Officer (with effect from October 1, 2016);

Shri Sandip Parikh – Chief Financial Officer (with effect from December 6, 2016); and

Ms. Parul Jain – Company Secretary & Compliance Officer (with effect from December 6, 2016).

Shri Sandip Parikh ceased to be a Manager with effect from September 30, 2016 and Shri Amrish Shah, Chief Financial

Officer and Ms. Ekta Thakurel, Company Secretary & Compliance Officer ceased with effect from December 6, 2016.

Evaluation of Directors, Board and Committees

The Company 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 Rules made thereunder, 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 held during the year for the evaluation of the performance of non-independent Directors and performance of the Board as a whole.

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. 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, 2017, 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, 2017 and of the profit of the Company for the year ended on that date;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act 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, 2017 on a 'going concern' basis;
- v. The Directors had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and
- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors' Report

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 made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions were placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee was obtained for transactions which were mainly of 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 for their approval on a quarterly basis. None of the Directors had any pecuniary relationship or transactions vis-a-vis the Company. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

Your Directors draw attention of the members to Note No.37 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.

Meeting of the Board

During the year, twelve Board Meetings were held, details of which are given in a separate section forming part of this Annual Report.

Audit Committee

The Audit Committee of the Board consists of Independent Directors namely Shri Padmanabh Vora and Ms. Deena Mehta, and Non-Independent Directors namely Shri Gautam Doshi and Shri Amit Bapna. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

The details of Board and its Committees are given in a separate section forming part of this Annual Report.

Auditors and Auditor's Report

As per the provisions of the Act, the period of M/s. Chaturvedi & Shah, Chartered Accountants, Statutory Auditors of the Company, expires at the conclusion of the ensuing AGM.

It is proposed to appoint M/s. Price Waterhouse & Co Chartered Accountants LLP, as Auditors of the Company, for a term of 5 (five) consecutive years. M/s. Price Waterhouse & Co Chartered Accountants LLP, have confirmed their eligibility and qualification required under the Act for holding the office, as Statutory Auditors of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Board of Directors had appointed

Aashish K. Bhatt & Associates, Practicing Company Secretaries, to undertake the Secretarial Audit of the Company. There is no qualification, reservation or adverse remark made in their Secretarial Audit Report. The Audit Report of the Secretarial Auditor is attached as Annexure - B.

Extract of Annual Return

Extract of the Annual Return of the Company in form MGT-9 is attached as Annexure - C.

Particulars of Employees and related disclosure

In terms of provisions of Section 197 of the Act read with Rule 5 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 said Rules are provided in Annexure to the Directors' Report. However, having regard to the provisions of Section 136 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 at the registered office of the Company on all working days, except Saturdays between 11:00 A.M. and 1:00 P.M. up to the date of the AGM and any member interested in obtaining the same may write to the Company Secretary. Upon such request, the information shall be furnished.

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 provided in Annexure - D.

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 - E 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 and the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016, as amended, from time to time.

Vigil Mechanism

In accordance with Section 177 of the Act, the Company has formulated a Vigil Mechanism to address the genuine concerns, if any, of the directors and employees.

Risk Management

The Company has in place a robust Risk Management Policy defining risk profiles involving strategic, technological, operational, financial, organisational, legal and regulatory risk within a well defined framework. The Risk Management Policy acts as an enabler of growth to the Company by helping its business to identify the inherent risks, assess, evaluate and monitor these risks continuously and undertake effective steps to mitigate and manage these risks.

A Risk Management Committee periodically reviews the robustness of Risk Management Policy.

Directors' Report

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

The Company is committed to uphold and maintain the dignity of woman employees and it has in place a policy which provides for protection against sexual harassment of women at work place and redressal of such complaints. During the year no such complaints were received.

Corporate Social Responsibility

The Company has constituted Corporate Social Responsibility Committee in compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Corporate Social Responsibility 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.

The disclosures with respect to CSR activities is given in Annexure – F.

Orders, if any, passed by the Regulators or Courts or Tribunals

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

Internal Financial Controls and their adequacy

The Company has in place adequate internal financial controls across the organisation. The same is subject to review periodically by the internal audit cell for its effectiveness. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

Acknowledgement

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

For and on behalf of the Board of Directors

Amit Bapna
Director

Ravindra Sudhalkar
Executive Director & CEO

Mumbai
July 17, 2017

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 and 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, 2017

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

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

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

Based on my verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has followed proper Board - processes and have required 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, 2017, 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 - Not Applicable;
 - (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, 2009 - Not Applicable;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not Applicable;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client - Not Applicable;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not Applicable.

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

- (i) Secretarial Standards issued by the Institute of the Company Secretaries of India pertaining to the General Meetings, Board and Committees Meetings (i.e. Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee);
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited for listing of Non-Convertible Debentures.

Reliance Home Finance Limited

Directors' Report

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- (a) The National Housing Bank Act, 1987 and its circulars and notifications; and
- (b) The Housing Finance Companies (NHB) Directions, 2010.

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 is given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were sent seven days in advance and a system exist for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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 further report that there are 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.

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

- a. The Board has granted approval for Scheme of Arrangement for demerger of Real Estate Lending Business of its holding company viz. Reliance Capital Limited into the Company;
- b. The Board has granted approval of Scheme of Arrangement for demerger of credit business of India Debt Management Private Limited into the Company;
- c. The Company has reclassified and increased its Authorized Share Capital and accordingly the Memorandum of Association of the Company has been altered;
- d. The Company has issued and allotted equity shares to its holding company on Preferential basis;
- e. The Company has enhanced its borrowing limits as per Section 180(1)(c) of the Act;
- f. The Company has issued and redeemed Non-Convertible Debentures through private placement;
- g. The Company has issued the Non-Convertible Debentures through Public issue; and
- h. The Board has granted approval for appointment and cessation of Key Managerial Personnel.

For **Aashish K. Bhatt & Associates**

Company Secretaries

(ICSI Unique Code S2008MH100200)

Aashish Bhatt

Proprietor

ACS No.: 19639

COP No.: 7023

Date : April 24, 2017

Place : Mumbai

Directors' Report

Annexure – C

**FORM NO. MGT – 9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended March 31, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i) CIN	U67190MH2008PLC183216
ii) Registration Date	June 5, 2008
iii) Name of the Company	Reliance Home Finance Limited
iv) Category / Sub-Category of the Company	Public Company / Housing Finance Company
v) Address of the Registered Office and contact details	Reliance Centre, 6 th Floor South Wing, Off Western Express Highway Santacruz (East), Mumbai 400 055 Tel. : +91 22 3303 6000, Fax: +91 22 2610 3299 E-mail: rhfl.investor@relianceada.com Website: www.reliancehomefinance.com
vi) Whether listed company	Listed – Non-Convertible Debentures of the Company are listed
vii) Name, address and contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower – B, Plot No. 31 & 32 Survey No. 116/22, 115/24, 115/25 Financial District, Nanakramguda Hyderabad 500 032 Toll free no.: 1800 4250 999 Tel. : +91 40 6716 1500, Fax : +91 40 6716 1791 E-mail : mis.radag@karvy.com Website: www.karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated):

Sr. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
1.	Loans & Mortgages	6492	95%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
(1)	Reliance Capital Limited	L65910MH1986PLC165645	Holding	100	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2016)				No. of Shares held at the end of the year (March 31, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	6,58,19,980	20	6,58,20,000	100	11,58,19,980	20	11,58,20,000	100	NIL
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	6,58,19,980	20	6,58,20,000	100	11,58,19,980	20	11,58,20,000	100	NIL

Reliance Home Finance Limited

Directors' Report

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2016)				No. of Shares held at the end of the year (March 31, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	-	-	-	-	-	-	-	-	-
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i. Individual shareholders holding nominal share capital up to ₹1 lac	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹1 lac	-	-	-	-	-	-	-	-	-
c) Others (specify)									
i) NRI	-	-	-	-	-	-	-	-	-
Sub-Total(B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	6,58,19,980	20	6,58,20,000	100	11,58,19,980	20	11,58,20,000	100	-

ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		*No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	*No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Reliance Capital Limited	6,58,20,000	100	Nil	11,58,20,000	100	Nil	Nil
	Total	6,58,20,000	100	Nil	11,58,20,000	100	Nil	Nil

*Out of above equity shares, 20 equity shares are jointly held by Reliance Capital Limited and its nominees.

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	6,58,20,000	100	11,58,20,000	100
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	#	#	#	#
3.	At the end of the year	6,58,20,000	100	11,58,20,000	100

Directors' Report

Note

Shareholder's Name	Shareholding at the beginning of the year		Date	Increase / Decrease in shareholding		Reason	Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company		No. of shares			No. of Shares	% of total shares of the Company
Reliance Capital Limited	6,58,20,000	100	28-10-2016	2,50,00,000		Preferential Allotment	9,08,20,000	100
			6-12-2016	2,50,00,000		Preferential Allotment	11,58,20,000	100

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% to total shares of the Company	No. of Shares	% to total shares of the Company
1.	At the beginning of the year				Not Applicable
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				Not Applicable
3.	At the end of the year				Not Applicable

v) Shareholding of Directors and Key Managerial Personnel (KMPs)

The Directors and KMPs of the Company hold nil shares at the beginning and end of the year.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment. (₹ in crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	5,781.48	766.82	-	6,548.30
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	16.40	15.55	-	31.95
Total (i+ii+iii)	5,797.89	782.37	-	6,580.26
Change in Indebtedness during the financial year				
Additions	4,062.56	7,289.35	-	11,351.91
Reduction	(1,893.05)	(6,328.78)	-	(8,221.83)
Net Change	2,169.51	960.57	-	3,130.08
Indebtedness at the end of the financial year				
i. Principal Amount	7,950.99	1,727.39	-	9,678.38
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	100.09	27.26	-	127.35
Total (i+ii+iii)	8,051.38	1,754.65	-	9,805.73

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(A) Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹ in lakh)

Sr. No.	Particulars of Remuneration	Shri Sandip Parikh - Manager (1-4-2016 to 30-9-2016)
1	Gross Salary	
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	102.05
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-
c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
5	Others	-
	Total (A)	102.05

Reliance Home Finance Limited

Directors' Report

(B) Remuneration to other Directors:

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Fees for attending Board / Committee Meetings	Commission	Total Amount
i) Independent Directors				
1	Shri Padmanabh Vora	7.60	-	7.60
2	Ms. Deena Mehta	8.00	-	8.00
	Total B(i)	15.60	-	15.60
ii) Other Non-Executive Directors				
1	Shri Gautam Doshi	6.00	-	6.00
2	Shri Soumen Ghosh*	-	-	-
3	Shri K. V. Srinivasan	-	-	-
	Total B(ii)	6.00	-	6.00
	Total B(i)+B(ii)	21.60	-	21.60

* Ceased with effect from March 31, 2017.

(C) Remuneration to Key Managerial Personnel other than MD/Manager/WTG:

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				
		Shri Ravindra Sudhalkar Chief Executive Officer (w.e.f. 1-10-2016)	Shri Sandip Parikh Chief Financial Officer (w.e.f. 6-12-2016)	Ms. Parul Jain Company Secretary & Compliance Officer (w.e.f. 6-12-2016)	Shri Amrish Shah Chief Financial Officer (upto 6-12-2016)	Ms. Ekta Thakurel Company Secretary & Compliance Officer (upto 6-12-2016)
1	Gross Salary					
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	181.22	36.98	2.98	50.37	9.85
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
5	Others	-	-	-	-	-
	Total	181.22	36.98	2.98	50.37	9.85

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences to the Company, directors and officers of the Company during the year ended March 31, 2017.

Directors' Report

Annexure – D

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Remuneration) Rules, 2014

The Company has appointed Chief Executive Officer, Chief Financial Officer and Company Secretary as on March 31, 2017. Non-Executive Directors are paid remuneration only by way of sitting fees for attending the Board / Committee meetings. Hence the ratio and comparison is not provided for Non-Executive Directors.

Sr. No.	Requirement	Disclosure
(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.	Not Applicable.
(ii)	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:	
	Name of KMPs	Percentage increase in remuneration in the financial year 2016-2017 Ratio of the remuneration of each KMP to the median remuneration of employees
	Shri Ravindra Sudhalkar (Chief Executive Officer) (w.e.f. 1-10-2016)	Not Applicable 59:1
	Shri Sandip Parikh (Chief Financial Officer) (w.e.f. 6-12-2016)	Not Applicable 22:1
	Shri Amrish Shah (Chief Financial Officer) (upto 6-12-2016)	Not Applicable -
	Ms. Parul Jain (Company Secretary & Compliance Officer) (w.e.f. 6-12-2016)	Not Applicable 1.5:1
	Ms. Ekta Thakurel (Company Secretary & Compliance Officer) (upto 6-12-2016)	Not Applicable -
(iii)	The percentage increase in the median remuneration of employees in the financial year.	The percentage increase in the median remuneration of employees in the financial year 2016-17 is 11.68 per cent.
(iv)	The number of permanent employees on the rolls of Company.	908
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average 14.29 percent increase has been made in the salaries of employees other than Managerial Personnel in the financial year 2016-17. There was no increase in the managerial remuneration of Key Managerial Personnel.
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes

Annexure – E

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

(a) Conservation of Energy:

The steps taken or impact on conservation of energy	:	The Company requires energy for its operations and 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 source of energy		
The capital investment on energy conservation equipments		

(b) Technology Absorption, Adoption and Innovation:

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

(c) Total foreign exchange earnings and outgo:

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

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2016-17

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 <http://www.reliancehomefinance.com/corporate-governance/policies>.

2. The Composition of the CSR Committee:

Shri Padmanabh Vora, Chairman (Independent Director)

Shri Gautam Doshi (Non-Executive Director)

Shri Ravindra Sudhalkar (Executive Director & CEO)

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

Average net profit : ₹ 102.03 crore.

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

The Company is required to spend ₹ 2.04 crore towards CSR.

5. Details of CSR spent during the financial year:

a. Total amount spent for the financial year :- ₹ 2.04 crore

b. Amount unspent, if any :- NA

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	4.19	1.88	4.19	Through non-profit centre(s) viz. Mandke Foundation and Global Cancer Forum specialised in the provision of health care.
2.	Promotion of Education	Education	New Delhi and Maharashtra	0.22	0.16	0.22	Through non-profit centre(s) viz. Smile Foundation and The Foundation specialised in the provision of education.
Total				4.41	2.04	4.41	

* Implemented in phased manner

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

Not applicable.

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

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

July 17, 2017

Ravindra Sudhalkar
Executive Director & CEO

Padmanabh Vora
Chairman, CSR Committee

Details of Board and Committee Meetings

Board Meetings

The Board of Directors held twelve meetings during the financial year 2016-17 on April 21, 2016, June 20, 2016, August 4, 2016, September 13, 2016, September 30, 2016, October 22, 2016, October 28, 2016, November 10, 2016, December 6, 2016 (2 meetings), January 5, 2017 and January 20, 2017. The details of attendance at the meeting were as under:

Name of Director	Category	Number of meetings attended out of Twelve meetings held
Shri Padmanabh Vora	Non-Executive Director; Independent	11
Ms. Deena Mehta	Non-Executive Director; Independent	12
Shri Gautam Doshi	Non-Executive Director; Non-Independent	10
Shri Soumen Ghosh*	Non-Executive Director; Non-Independent	12
Shri K. V. Srinivasan**	Non-Executive Director; Non-Independent	12

Audit Committee

The meetings of the Audit Committee of the Board were held on April 21, 2016, August 4, 2016, October 22, 2016, October 28, 2016 and January 20, 2017. The Audit Committee was re-constituted on April 24, 2017. The composition of Committee and attendance of Members at the meetings were as under:

Name of the Member(s)	Category	Number of meetings attended out of Five meetings held
Shri Padmanabh Vora	Non-Executive Director; Independent	4
Ms. Deena Mehta	Non-Executive Director; Independent	5
Shri Gautam Doshi	Non-Executive Director; Non-Independent	4
Shri Amit Bapna***	Non-Executive Director; Non-Independent	-

Nomination and Remuneration Committee

The Nomination and Remuneration Committee meetings were held on April 21, 2016, September 13, 2016 and December 6, 2016. The Nomination and Remuneration Committee was re-constituted on April 24, 2017. The composition of Committee and attendance of Members at the meetings were as under:

Name of the Member(s)	Category	Number of meetings attended out of Three meetings held
Shri Padmanabh Vora	Non-Executive Director; Independent	3
Ms. Deena Mehta	Non-Executive Director; Independent	3
Shri Soumen Ghosh*	Non-Executive Director; Non-Independent	3
Shri Amit Bapna***	Non-Executive Director; Non-Independent	-

Stakeholders Relationship Committee

In terms of Section 178 of the Companies Act, 2013, the Company has constituted Stakeholders Relationship Committee on November 10, 2016. The Board re-constituted the Committee on April 24, 2017. The Committee presently comprises of Shri Padmanabh Vora as Chairman, Shri Gautam Doshi and Shri Ravindra Sudhalkar as members.

No Stakeholder Relationship Committee meeting was held in the financial year 2016-17.

Corporate Social Responsibility (CSR) Committee

The CSR Committee was re-constituted on April 24, 2017 and presently comprises of Shri Padmanabh Vora as Chairman, Shri Gautam Doshi and Shri Ravindra Sudhalkar as members. The CSR Committee Meeting was held on March 18, 2017 and all the Committee Members attended the meeting.

Risk Management Committee

In terms of the provisions of para 3 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016, the Company has re-constituted Risk Management Committee on April 24, 2017. The Committee presently comprises of Shri Padmanabh Vora, Ms. Deena Mehta, Shri Gautam Doshi, Shri Amit Bapna and Shri Ravindra Sudhalkar as members.

* Ceased with effect from March 31, 2017

** Ceased with effect from April 24, 2017

*** Appointed with effect from April 24, 2017

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, on the basis of 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 statement are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 2013 (the "Act") and comply with the Accounting Standards notified under Section 133 of the Act. 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" or "Reliance Home Finance" are to Reliance Home Finance Limited.

General: Overview of the Economy

Global Economy:

The world economy has been characterized by a range of growth ups and downs emanating from multiple sources including Europe, China and emerging markets for the past 4-5 years. Although, it is believed that policymakers will ultimately remain supportive of growth globally, but that support will continue to shift to the fiscal channel and away from monetary policy. After 5 years of steady disinflation, 2017 is likely to see a reacceleration in headline inflation globally. The tightness of the US labour market is now becoming apparent in accelerating wage growth, supporting services inflation. Goods prices inflation is likely to find support from commodities and Chinese producer prices. With inventories now being rebuilt in the US and commodity prices having rebounded, these headwinds will become tailwinds, while the underlying consumption picture should remain solid.

It is forecasted that the global GDP growth would be around 3.0 per cent in 2017, up from 2.5 per cent in 2016, with leading indicators such as global manufacturing PMI new orders (which are at a 19-month high) also suggesting reacceleration.

The euro area is often overlooked as a driver of global GDP although it is around 66 per cent of the size of the US. It is

estimated that the euro area economy will continue to grow by around 1.5 per cent year-on-year till 2017. UK growth is set to modestly disappoint, with 1.2 per cent GDP growth in 2017 compared to consensus of 1.5 per cent.

Domestic Economy:

As per the Central Statistics Organization (CSO) second advance estimates, the Indian economy grew by 7.1 per cent in 2016-17. After two consecutive years of poor monsoon, 2016-17 was the first year when the country witnessed normal monsoon which provided much needed support to the rural economy. India's macro fundamentals continued to improve in 2016-17 led by strong pace of reforms such as passage of GST Bill, corporate insolvency resolution via Bankruptcy Code, financial inclusion via Aadhaar card and various measures to curb black money. Inflation continued with its downtrend, with CPI averaging 4.5 per cent in 2016-17 versus 4.9 per cent in 2015-16. Central government fiscal deficit too improved from 3.9 per cent of GDP in 2015-16 to 3.5 per cent of GDP in 2016-17. The revenue deficit also declined from 2.5 per cent in 2015-16 to 2 per cent in 2016-17. Benign inflationary pressures meant that the RBI was able to deliver another 25 bps of repo rate cut in 2016-17 after a cumulative 125 bps rate cut in 2015-16. Further, in order to facilitate transmission of policy rate cuts, the RBI decided to progressively migrate the banking system liquidity target from a deficit of 1 per cent of NDTL to a position closer to neutrality.

Government's policy reforms continued to improve the business environment in the economy with India jumping 16 ranks to settle at the 39th spot (out of 138 countries) on the global competitiveness index prepared by the World Economic Forum in 2016. This was the second year in a row that India jumped 16 spots. In the year 2015-16, India was ranked at the 55th place.

GDP Growth

As per second advance estimates, India's GDP growth slowed down slightly in 2016-17 to 7.1 per cent from 7.9 per cent in 2015-16. This slowdown was primarily due to the impact of demonetisation which led to temporary disruption in cash transactions. On the back of a normal monsoon, the agriculture sector registered a strong growth of 4.4 per cent in 2016-17 versus 0.8 per cent in 2015-16. Mining grew by 1.3 per cent, down from 12 per cent in the previous year while manufacturing grew by 7.7 per cent (down from 10.5 per cent in the previous year) and electricity grew by 6.6 per cent (up from 5.1 per cent in the previous year). The construction sector showed some improvement, growing by 3.1 per cent in 2016-17 versus 2.7 per cent in 2015-16. However, the biggest drag came from the service sector where growth rate fell to 7.9 per cent in 2016-17 from 9.8 per cent in the previous year. The drag was primarily due to the note ban as large sections of the service sector are unorganized and highly dependent on cash transactions. Going forward, a normal monsoon, normalization of short-term disruption caused from demonetisation as well as a pick-up in exports should be supportive of growth in 2017-18.

Industry Structure & Developments

The new Government's housing-construction initiative aims to build 50 million (20 million urban houses and 30 million rural houses) new low-cost houses over the next five years. The

Management Discussion and Analysis

launch of "Housing-For-All by 2022" scheme in 2015 heralded a new era in the housing finance sector. It delivered the much-needed boost to the real estate and housing finance industry by creating an enabling and supportive environment for expanding credit flow and increasing home ownership. This would lead to approx. 2 million new jobs and a cumulative home-loan disbursal of ₹ 50 trillion.

The mortgage rates have dropped by 250 bps, the property prices have remained broadly stable and per-capita incomes have posted a CAGR of 10 per cent. The housing subsidies further act as catalyst and boost the affordability. It expected that the slow property sales would reverse from the mid of FY2018 with affordable housing being the major contributor.

Pradhan Mantri Awas Yojana (PMAY) Rural has already scaled up constructing 2.5 million houses during FY2017 and is likely to ramp up to 4 million / year by FY2024. PMAY Urban has been a slow starter, but the recent extension of the housing-loan subsidy to people earning up to ₹ 1.8 million / year is expected to accelerate this segment of the scheme. These measures are likely to support growth in the low ticket affordable housing segment. Rollout of the Real Estate Regulatory Authority (RERA) at the state level is expected to be completed by June and stricter norms can impact new project launches in the near term.

It is expected that the slow property sales would reverse from the mid of FY2018, with affordable housing being the major contributor. Over the last few years, the housing finance market has continued to report robust growth despite challenges in the economy which has made this segment attractive for both banks as well as NBFCs.

Opportunities

- Significant shortage of housing units in India, particularly in the affordable housing segment
- Low mortgage-to-GDP ratio in India vis-à-vis other Asian and emerging economies
- Favourable regulatory environment will further support the existing demand drivers
- Changing demographic profile in favour of a younger population and nuclear families, with improving affordability
- Huge opportunity to cross sell services

Threats

- Intensely competitive market with low entry barriers
- Regulatory changes
- Execution risk, particularly in the self-employed segment
- Attraction and retention of human capital

About Reliance Home Finance

Reliance Home Finance Limited (RHFL), a 100 per cent subsidiary of Reliance Capital, provides a wide range of loan solutions like home loans, LAP, Construction finance, flexi LAP, and Affordable housing. RHFL also provides property solutions' services that help customers find their dream homes / property along with financing. The disbursements for the year ended March 31, 2017, were ₹ 7,333 crore as against ₹ 3,922 crore for the previous year, an increase of 87 per cent. As of March 31, 2017, the Assets Under Management (including securitised portfolio) was ₹ 11,174 crore as against ₹ 7,358 crore as on March 31, 2016, an increase of 52 per cent. The Total Income for

the year ended March 31, 2017, was at ₹ 1,114 crore, as against ₹ 815 crore for the previous year, an increase of 37 per cent. As on March 31, 2017, the outstanding loan book was ₹ 9,983 crore as against ₹ 6,792 crore at the end of March 31, 2016. This loan book is spread over 36,000 customers from top 43 Indian cities. The gross non-performing assets were at ₹ 84 crore, an increase of 32 per cent. The business achieved a profit after tax of ₹ 173 crore as against ₹ 87 crore, for the year ended March 31, 2017, an increase of 99 per cent.

Risks and Concerns

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

Market risk

The Company has some quoted investments (though not material in size relative to its total assets) which are exposed to fluctuations in stock prices. Similarly 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 Housing Finance companies and Banks and 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. Since most of the loans are secured against assets (residential and commercial properties) which are valued by independent agencies and loan to value ratio is restricted, chances of non recoverability in case of default are minimized. Company has put in place monitoring mechanisms commensurate with nature and volume of activities. Any early signal of default is addressed on priority

Reliance Home Finance Limited

Management Discussion and Analysis

to minimize/ 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 & 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 our lesser experience in retail Home Loans or otherwise, its business, results of operations and financial condition could be affected to some extent. With the experience and market knowledge the Company has gained over the years in the housing finance business and is well placed to be the preferred provider of housing finance in coming years.

Liquidity and Interest Rate risk

The Company is exposed to liquidity risk principally, as a result of lending and investment for periods which may differ from those of its funding sources. RHFL's treasury team actively manages asset liability positions in accordance with the overall guidelines laid down by NHB in the Asset Liability Management (ALM) framework. The Company may be impacted by volatility in interest rates in India which could cause its margins to decline and profitability to shrink. The success of the Company's business depends significantly on interest income from its operations. It is exposed to interest rate risk, both as a result 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 minimize 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 minimizes 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 unauthorized use or disposition and all its transactions are authorized, recorded and reported correctly. The Audit Committee of Board periodically reviews the adequacy of our internal controls. The Company has implemented SAP systems across functions. With this initiative, along with other key systems and checks and balances established, we believe that our overall control environment has been enhanced. The Company is relentlessly focused on quality parameters and has a dedicated quality team to proactively identify and address operational issues. The mandate of the quality team is also to work closely with various business teams to bring about operational efficiencies and effectiveness through Six Sigma initiatives. It is pertinent to note that Reliance Home Finance has obtained an ISO 9001:2008 certification. They are 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 & 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 National Housing Bank. 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 particular in the demand for housing and infrastructure, could adversely affect the Company's business.

Management Discussion and Analysis

Similarly, any sustained volatility in global commodity prices, including a significant increase in the prices of oil and petroleum products, could once again spark off a new inflationary cycle, thereby curtailing the purchasing power of the consumers. RHFL manages these risks by maintaining a conservative financial profile and following prudent business and risk management practices.

Internal Control

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

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

The Company uses information technology extensively in its operations for ensuring effective controls besides economy. It

also helps the Company in providing accurate MIS and prompt information / services to its customers and other stakeholders. The Company has implemented enhanced level of Information System Security controls with monitoring systems to address technology risks.

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

Human Resources

The Company has a dedicated team of 908 employees (average age being 34 years, women employees being 79) as on March 31, 2017, who has been contributing to the progress and growth of the Company. The Company also invests in professional development and providing career development opportunities for its employees. The Company has a leadership competency framework which identifies the potential leaders on a regular basis and as a result of which most of the senior management has grown within the organization. The growth of the workforce is in line with the strategy of growing the operations and expanding the footprints, especially in new cities.

Independent Auditors' Report on the Financial Statement

**To,
The Members,
Reliance Home Finance Limited
Report on the Financial Statements**

We have audited the accompanying financial statements of **Reliance Home Finance Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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, 2017, and its profit and its cash flows for the year ended on that date.

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. Further to our comments in the Annexure A, and 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the

Independent Auditors' Report on the Financial Statement

Companies (Audit and Auditors) Rules, 2014, 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 on its financial position in its financial statements – Refer Note No. 39 (ii) to the financial statements.
- ii) The Company has made adequate provision for the year ended March 31, 2017, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts Refer Note No. 33(4) (iii) to the financial statements;
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

- iv) The Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note No.40 to the financial statements.

For **Chaturvedi & Shah**
Chartered Accountants
Firm's Registration No:101720W

Lalit R. Mhalsekar
Partner
Membership No: 103418
Mumbai
Dated : April 24, 2017

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

(Referred to in our report of even date)

- (i) In respect of its fixed assets:
 - a. The Company has maintained proper records, showing full particulars including quantitative details and situation of its fixed assets.
 - b. The Company has a program of physical verification of its fixed assets by which all fixed assets has been verified during the year and no discrepancies were noticed on such verification.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of Company.
- (ii) In our opinion and according to the information and explanations given to us, the Company is registered as a housing finance company with the National Housing Bank. Accordingly, it does not hold any physical inventories. Thus, paragraph 3 (ii) of the Order is not applicable to the Company.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, provisions of clauses (iii)(a), (iii)(b) and (iii)(c) of paragraph 3 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, during the year under audit, neither the Company has given any loan nor provides any guarantee or security to its director or any other person, in whom director is interested. Therefore, the provisions of the Clause 3 (iv) of the said order are not applicable to the Company. As the Company is registered as a housing finance company with the National Housing Bank, thus the provision of Section 186 except sub-section (1) of the Companies Act, 2013 is not applicable to the Company. In our opinion and according to the information and explanations given to us, during the year, the Company has not made any investments through more than two layers of investment companies as mentioned in of subsection 1 of section 186 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public and hence directives issued by the National Housing Bank under the Housing Finance Companies (NHB) Directions, 2010 and the provisions of Sections 73 to 76 and any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable. During the year under audit, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or National Housing Bank or any Court or any other Tribunal for whether the same has been complied with or not.
- (vi) According to the information and explanations given to us, the Central Government has not specified for maintenance of cost records under sub section (1) of Section 148 of the Companies Act, 2013 in respect of activities carried on by the Company. Hence the provisions of clause 3 (vi) of the Order is not applicable to the Company.
- (vii) In respect of statutory dues:
 - a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, except in case of and professional tax in which case there are few delays in payment of said dues. Further, there are no undisputed amounts payable outstanding as at March 31, 2017 for a period of more than six months from the date they became payable.
 - b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute.
- (viii) Based on our audit procedures and the information and explanations given by management, we are of the opinion the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders as at March 31, 2017.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer during the year under audit. The Company has raised moneys through debt instruments and term loans during the year. Fund raised through debentures and term loans by the Company have been applied for the purpose for which they were raised except in case where term loans amounting to ₹110 crore have been taken which were lying in bank accounts at the year end, and were subsequently utilized for the purpose for which loans have been taken.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no fraud on or by the Company or any fraud on the Company by its officers or employees was noticed or reported during the year, except in case of a fraud on the Company for housing loans amounting to ₹ 1.95 crore, which was identified by management and reported to the NHB. As at March 31, 2017, ₹ 1.95 crore was written off by the Company in the statement of profit and loss.
- (xi) In our opinion and according to the information and explanations given to us, during the year the Company has paid managerial remuneration in accordance with the requisite approvals mandate by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company, accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with related parties are in accordance with the provisions of Section 177 & Section 188 of the Companies Act, 2013. The details of related party transactions have been disclosed in the financial statements as required under Accounting Standard 18, Related Party Disclosures specified under section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014.
- (xiv) In our opinion and according to the information and explanations given to us, during the year under audit, the Company has not made any preferential allotment or private placement of fully or partly convertible debentures. During the year the Company has issued equity shares on preferential basis to its holding company

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

as per the requirements of Section 42 of the Companies Act, 2013 and other applicable provisions of the Act and the amount raised have been used for the purposes for which the funds were raised.

- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered any non-cash transactions with directors and persons connected with them. Hence the provisions of clause 3 (xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us the Company is required to be registered under Section 45-IA of the Reserve Bank of

India Act, 1934. The Company has registered as a housing finance company with the National Housing Bank.

For **Chaturvedi & Shah**
Chartered Accountants
Firm's Registration No:101720W

Lalit R. Mhalsekar
Partner
Membership No: 103418
Mumbai
Dated : April 24, 2017

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

(Referred to in our report of even date)

Report on the Internal Financial Controls 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, 2017 in conjunction with our audit of the 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 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 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 system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 audit opinion on the

Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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.

For **Chaturvedi & Shah**
Chartered Accountants
Firm's Registration No:101720W

Lalit R. Mhalsekar
Partner
Membership No: 103418
Mumbai
Dated : April 24, 2017

Reliance Home Finance Limited

Balance Sheet as at March 31, 2017

(₹ in crore)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
I EQUITY AND LIABILITIES:			
(1) Shareholders' funds			
(a) Share capital	3	115.82	65.82
(b) Share capital suspense [Refer Note No. 42 (ii)]		31.04	-
(c) Reserves and Surplus	4	982.73	554.30
(2) Non-current liabilities			
(a) Long-term borrowings	5	7,285.88	4,619.00
(b) Deferred tax liabilities (net)	6	-	8.03
(c) Other non-current liabilities	7	5.79	2.83
(d) Long-term provisions	8	51.22	31.09
(3) Current liabilities			
(a) Short-term borrowings	9	1,003.68	768.30
(b) Trade payables	10		
- Micro, Medium and Small enterprises		-	-
- Due to Others		4.79	1.92
(c) Other current liabilities	11	1,818.00	1,636.12
(d) Short-term provisions	12	5.94	6.18
TOTAL		11,304.89	7,693.59
II ASSETS:			
(1) Non-current assets			
(a) Property, Plant & Equipment	13		
(i) Tangible assets		41.94	44.28
(ii) Intangible assets		25.74	0.03
(b) Non-current investments	14	53.37	6.94
(c) Deferred tax Asset (Net)	6	123.03	-
(d) Long-term loans and advances	15	9,081.95	5,954.31
(e) Other non-current assets	16	211.66	57.11
(2) Current assets			
(a) Current investments	17	454.38	73.48
(b) Trade receivables	18	30.59	-
(c) Cash and bank balances	19	252.49	720.12
(d) Short-term loans and advances	20	947.05	785.17
(e) Other current assets	21	82.69	52.15
TOTAL		11,304.89	7,693.59

See accompanying notes to the financial statements '1-49'

As per our report of even date attached

For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No. : 101720W

Lalit R. Mhalsekar
Partner
Membership No: 103418
Mumbai
Dated: April 24, 2017

For and on behalf of the Board

Directors

Executive Director & CEO
Chief Financial Officer
Company Secretary & Compliance Officer
Mumbai
Dated: April 24, 2017

Padmanabh Vora
Deena Mehta
Gautam Doshi
Amit Bapna

Ravindra Sudhalkar
Sandip Parikh
Parul Jain

Statement of Profit and Loss for the year ended March 31, 2017

		(₹ in crore)	
Particulars	Note No.	2016-17	2015-16
REVENUE			
I Revenue from operations	22	1,078.57	796.04
II Other income	23	66.11	18.99
III TOTAL REVENUE (I+II)		1,144.68	815.03
EXPENSES			
Employee benefits expense	24	93.70	71.02
Finance cost	25	748.53	535.93
Depreciation and amortisation	13	7.06	0.72
Other expenses	26	157.59	70.66
IV TOTAL EXPENSES		1,006.88	678.33
V PROFIT BEFORE TAX (III-IV)		137.80	136.70
VI TAX EXPENSE			
Current Tax (Refer Note No. 45)		-	51.67
(Reversal)/ Income tax for Earlier Year		(9.57)	-
Deferred Tax /(Credit)		(25.22)	(1.72)
VII PROFIT AFTER TAX (V-VI)		172.59	86.75
VIII EARNINGS PER EQUITY SHARE	39		
(Face value of ₹ 10 each fully paid-up)			
Basic & Diluted		20.45	13.18

See accompanying notes to the financial statements '1-49'

As per our report of even date attached

For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No. : 101720W

Lalit R. Mhalsekar
Partner
Membership No: 103418
Mumbai
Dated: April 24, 2017

For and on behalf of the Board

Directors

Executive Director & CEO
Chief Financial Officer
Company Secretary & Compliance Officer
Mumbai
Dated: April 24, 2017

{ **Padmanabh Vora**
Deena Mehta
Gautam Doshi
Amit Bapna
Ravindra Sudhalkar
Sandip Parikh
Parul Jain

Reliance Home Finance Limited

Cash Flow Statement for the year ended March 31, 2017

	(₹ in crore)	
Paticulars	2016-17	2015-16
A. <u>Cash flows from operating activities</u>		
Net Profit Before Tax	137.80	136.70
Adjusted for		
Depreciation and Amortisation	7.06	0.72
Provision for Standard Debts	21.37	7.71
Provision for NPA & Doubtful Debts	10.69	4.40
Provision for Repossessed Asset	15.75	-
Bad Debts Written Off	6.04	3.76
Sundry Balances Written Off	0.61	-
Provision for Diminution in the value of Debentures	(240.54)	-
Loss on Sale of Debentures	209.94	-
Loss on Sale of Fixed Asset	0.18	-
(Profit)/Loss on Sale of Investments	(33.86)	(18.95)
Discount on Commercial Papers	103.36	59.87
Amortised DSA Commission	13.37	10.60
Amortised Brokerage Commission	1.94	1.47
Amortised Guarantee Commission	1.33	1.10
Amortised Public Issue Expenses	1.70	-
Interest Expenses & Processing Charges	643.23	474.59
Provision for Leave encashment	0.02	0.24
Provision for Gratuity	0.95	1.30
Brokerage Commission on Property Solution	(2.14)	(5.58)
Operating Profit/(Loss) before Working Capital Changes	898.80	677.93
Adjusted for		
Proceeds/(Repayments) from issue of Commercial Papers (Net)	356.50	(285.49)
Repayments of Long term Borrowing	(1,668.57)	(796.31)
Proceeds from Long term Borrowing	4,563.27	2,969.93
Proceeds/(Repayments) from Short Term Borrowing (Net)	(224.47)	178.40
Trade Receivable & Loans and advances	(3,444.05)	(1,711.04)
Trade Payables and Liabilities	(135.71)	(100.26)
Other Liabilities and Provisions	(2.25)	-
Cash generated from operations	343.52	933.16
Interest & Processing Charges Paid	(547.84)	(468.86)
Taxes Paid (Net off Income Tax Refund)	(25.20)	(30.87)
Net cash from / (used in) operating activities	(229.52)	433.43

Cash Flow Statement for the year ended March 31, 2017

(₹ in crore)

Paticulars	2016-17	2015-16
B. <u>Cash flows from investing activities</u>		
Proceed from /(Investments) in Fixed Deposits	(34.73)	(10.03)
Purchase of Fixed Asset	(1.03)	-
Sale of Fixed Asset	3.56	-
Sale/(Purchase) of Current Investments (Net)	(416.14)	18.95
Purchase of Non Current Investments	(53.49)	-
Sale of Non Current Investments	106.76	(80.42)
Net Cash from / (used in) investing activities	(395.07)	(71.50)
C. <u>Cash flows from financing activities</u>		
Issue of Equity Share Capital including Securities Premium	200.00	-
Net Cash from / (used in) Financing Activities	200.00	-
Net increase / (decrease) in Cash and Cash Equivalents (A + B + C)	(424.59)	361.93
Opening Balance of Cash and Cash Equivalents	677.08	315.15
Closing Balance of Cash and Cash Equivalents	252.49	677.08

Notes:

- The Previous year's figures have been regrouped and reclassified wherever necessary.
The figures for current year includes figures of Credit Business of India Debt Management Private Limited (IDMPL) which is demerged with the Company with effect from March 31, 2016 i.e. the Appointed Date and therefore to that extent not strictly comparable to that of previous year's figures.
- The cash flow statement has been prepared in accordance with "Indirect Method" as prescribed in Accounting Standard- 3 (AS-3) on "Cash Flow Statements" notified by the Companies (Accounts) Rules, 2014.

As per our report of even date attached

For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No. : 101720W

Lalit R. Mhalsekar
Partner
Membership No: 103418
Mumbai
Dated: April 24, 2017

For and on behalf of the Board

Directors

Executive Director & CEO
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{ **Padmanabh Vora**
Deena Mehta
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Amit Bapna
Ravindra Sudhalkar
Sandip Parikh
Parul Jain

Reliance Home Finance Limited

Notes to the Financial Statement as at March 31, 2017

1 Background

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 and 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.

2 Significant Accounting Policies

a Basis of Preparation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting. They are in conformity with the accounting principles generally accepted in India ('GAAP'), and comply with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, as amended by the Companies (Accounting Standards) Amendment Rules, 2016 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 (the "Act"). These financial statements are presented in Indian rupees rounded in crore upto two decimal, except otherwise stated.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Act. Based on the nature of the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

The Company complies in all material respects, with the prudential norms relating to income recognition, asset classification and provisioning for bad and doubtful debts and other matters, specified in the directions issued by the National Housing Bank ('NHB') in terms of "Master Circular - The Housing Finance Companies (NHB) Directions, 2010" vide National Housing Bank ('NHB') Notification No. NHB(ND)/DRS/REG/MC-01/2016 dated July 1, 2016 and 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.

b 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 recognized in the period in which the results are known/materialised.

c Revenue Recognition

i) Interest income:

Repayment of housing loans is generally by way of Equated Monthly Installments (EMI) comprising of principal and interest. Necessary appropriation is made out of these EMI collections to principal and interest. EMIs commence generally once the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is payable on every month. Interest on loans is computed either on an annual rest, half yearly rest, quarterly rest or on a monthly rest basis on the principal outstanding at the beginning of the relevant period.

Interest income is allocated over the contractual term of loan by applying the committed interest rate to the outstanding amount of the loan. Interest income on performing assets is recognized on accrual basis and on non-performing assets on realization basis as per guidelines prescribed by the National Housing Bank.

Fees, charges and additional interest income on delayed EMI/Pre-EMI are recognized on receipt basis.

ii) Processing Fee Income

Loan processing fee income is accounted for upfront as and when it becomes due.

iii) Income from assignment / securitization

In case of assignment / securitization of loans, the assets are derecognized when all the rights, title, future receivables and interest thereof along with all the risks and rewards of ownership are transferred to the purchasers of assigned/ securitised loans. The profit if any, as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction, is recognised as gain or loss arising on assignment / securitization.

iv) Servicing Fee Income

Servicing fees received is accounted for based on the underlying deal structure of the transaction as per the agreement.

v) Brokerage, Commission and Other Income

Brokerage, Commission and other income is recognized when there is no significant uncertainty as to determination and realization.

vi) Income from Investments

Profit / (Loss) earned from sale of securities is recognised on trade date basis.

vii) Dividend Income

Dividend Income is recognised when the right to receive payment is established.

Notes to the Financial Statement as at March 31, 2017

viii) **Foreclosure & Other Operating Income**

Foreclosure & Other Operating Charges i.e. Bounce Charges, Loan Reschedulement Charges are accounted as an when received.

ix) **Infrastructure Cost Recovery**

Infrastructure Cost Recovery income towards support services is accounted as and when it becomes due on contractual terms with the parties.

d Property, Plant and Equipment

Property, Plant and Equipment are stated at cost of acquisition less accumulated depreciation and Impairment loss, if any. The Company has used the cost model as measurement bases for determining the gross carrying amount. Cost includes acquisition cost which is directly attributable to bring the asset to its working condition for its intended use.

e Intangible Assets

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.

f Depreciation/Amortisation

Depreciation on Property, Plant and Equipment is provided in accordance with the provisions of Schedule II to the Companies Act, 2013. Tangible assets are depreciated on straight line basis method over the useful life of assets, as prescribed in Part C of Schedule II to the Companies Act, 2013.

The estimated useful lives for the different types of assets are :

Tangible Assets

- (i) Buildings – 60 years
- (ii) Office Equipments – 5 years
- (iii) Data Processing Machineries – 3 years

Intangible Assets

- (i) Computer software which are amortised on straight line basis over the useful life of the assets up to a maximum of five years commencing from the month in which such assets is first installed or utilised.
- (ii) Goodwill pursuant to the scheme of arrangement, which is amortised on straight line basis over the tenure of 5 years

g Loan origination / acquisition cost

All direct cost incurred for the loan origination is amortised over the tenure of the loan.

h Investments

Investments are classified into current investments and long-term investments. In accordance with the Guidelines issued by National Housing Bank (NHB), current investments are carried at lower of cost and fair value and long term investments are carried at cost. However, provision is made to recognize decline other than temporary in the carrying amount of long term investments. Unquoted investments in the units of Mutual Funds in nature of current investment are valued at lower of cost or Net Asset Value declared by Mutual Funds in respect of each particular scheme.

i Discount on Commercial Papers

The difference between the acquisition cost and the redemption value of commercial papers is apportioned on time basis and recognized as discount expense.

j Asset Repossessed under SARFAESI Act

Asset Repossessed under SARFAESI Act against the settlement of loans are carried in the balance sheet at outstanding loan amount net off Provision thereon. The classification and provision is based on the underlying Days Past Due (DPD) of these loans.

k Cash & Cash Equivalents

In the cashflow statements, cash and cash equivalents includes cash in hand, balance in banks and fixed deposits without lien with original maturities of three months or less.

l Provision for Standard Assets, Non Performing Assets (NPA) & Doubtful Debts

Provisions on Standard Assets, Non Performing Assets (NPA) & Doubtful Debts are made in accordance with the Prudential Norms as per Housing Finance Companies (NHB) Directions, 2010.

m Securitised Assets

Derecognition of Securitised assets in the books of the Company, recognition of gain or loss arising on Securitisation and accounting for credit enhancement provided by the Company is based on the Guidance Note on Accounting for Securitisation issued by the Institute of Chartered Accountants of India.

n Security of loans given

Housing loans / loans against property granted are secured by equitable registered mortgage of property and / or undertaking to create a security. Other Secured loans are secured against hypothecation of respective assets.

o Market Linked Debentures

The Company has issued certain market linked non-convertible debentures ('MLD'), the rate of interest which is linked to performance of specified indices over the period of the debentures. The Company hedges its interest rate risk on MLD by taking positions in future & options based on specified indices. Any gain/loss on these hedge positions are netted against with interest expense on MLD and resultant 'net loss' is recognised in Statement of Profit and Loss immediately, however 'net gain' if any, is ignored.

p Employee Benefits

i) Provident fund

Contributions payable to the recognized provident fund, which is a defined contribution scheme, are charged to the Statement of Profit and Loss.

ii) Gratuity

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in the return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as on the balance sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

iii) Leave Encashment

Leave encashment which is a defined benefit, is accrued for based on an actuarial valuation at the balance sheet date carried out by an independent actuary.

The employees of the Company are entitled for compensated absence. The employees can carry forward a portion of the unutilised accrued leave balance and utilise it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the service that increases the entitlement. The Company measures the expected cost of compensated absence as the amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

iv) Phantom Stock Option

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 formula linked to fair market value of shares upon exercise of phantom stock option over notional or hypothetical shares, whereby instead of becoming entitled to buy the actual shares on vesting, they become entitled to cash payment equivalent to appreciation in the value over defined base price of share. The present value of the obligation under such plan is determined based on actuarial valuation at the year end and any actuarial gains/ losses are charged to statement of profit and loss as applicable.

q Borrowing costs

Borrowing costs, which are directly attributable to the acquisition / construction of fixed assets, till the time such assets are ready for intended use, are capitalised as part of the cost of the assets. Other borrowing costs are recognised as an expense in the year in which they are incurred. Brokerage costs directly attributable to a borrowing are expensed over the tenure of the borrowing.

r Guarantee Fees

Mortgage guarantee fees, which are directly attributable to the loans guaranteed are expensed based on the principal outstanding at the end of the period.

s Expenses related to Public issue of Non Convertible Debenture (NCD)

Expenses related to Public issue of NCD, which are directly attributable to the particular series of NCD are expensed based on tenure of respective series. The expenses which are not directly attributable to the particular series of NCD are expensed based on weighted average tenure of NCD issued.

Notes to the Financial Statement as at March 31, 2017

t Earnings per share

The basic earnings per share is computed by dividing the net profit / (loss) attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit / (loss) per share are included.

u Provision for Current Tax and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit entitlement is recognised where there is convincing evidence that the same can be realised in future.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

v Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired, if such condition exists an asset is treated as impaired, when carrying cost of assets exceeds its recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount is treated as impaired, when carrying cost of assets exceeds its recoverable amount.

w Provisions, Contingent Liabilities and Contingent Assets

The Company creates a provision when there is a present obligation as a result of past events and it is probable that there will be outflow of resources and a reliable estimate of the obligation can be made of the amount of the obligation. Contingent liabilities are not recognised but are disclosed in the notes to the financial statements. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed. Contingent assets are not recognised nor disclosed in the financial statements.

(₹ in crore)

	As at March 31, 2017	As at March 31, 2016
3 Share capital		
(a) Authorised:		
55,00,00,000 Equity Shares of ₹ 10 each	550.00	75.00
(March 31, 2016: 7,50,00,000 Equity Shares of ₹ 10 each)		
5,00,00,000 Preference Shares of ₹ 10 each	50.00	50.00
(March 31, 2016: 5,00,00,000 Preference Shares of ₹ 10 each)		
	600.00	125.00

Notes :

- In terms of the approval of the shareholders obtained at the Extra Ordinary General Meeting of the Company held on October 26, 2016 the Company has reclassified its Authorised Share Capital from ₹ 125 crore (7,50,00,000 Equity Shares of ₹ 10 each and 5,00,00,000 Preference Share of ₹ 10 each) to ₹ 125 crore (9,30,00,000 Equity Shares of ₹ 10 each and 3,20,00,000 Preference Share of ₹ 10 each).
- In terms of the approval of the shareholders obtained at the Extra Ordinary General Meeting of the Company held on December 6, 2016 the Company has further reclassified its Authorised Share Capital from ₹ 125 crore (9,30,00,000 Equity Shares of ₹ 10 each and 3,20,00,000 Preference Share of ₹ 10 each) to ₹ 125 crore (12,50,00,000 Equity Shares of ₹ 10 each).
- In terms of the approval of the shareholders obtained at the Extra Ordinary General Meeting of the Company held on January 20, 2017 the Company has increased its Authorised Share Capital from ₹ 125 crore (12,50,00,000 Equity Shares of ₹ 10 each) to ₹ 600 crore (55,00,00,000 Equity Shares of ₹ 10 each and 5,00,00,000 Preference Shares of ₹ 10 each).

Reliance Home Finance Limited

Notes to the Financial Statement as at March 31, 2017

(₹ in crore)

	As at March 31, 2017	As at March 31, 2016
(b) Issued, subscribed & Fully paid-up		
11,58,20,000 Equity Shares of ₹ 10 each	115.82	65.82
(March 31, 2016: 6,58,20,000 Equity Shares of ₹ 10 each)		
	115.82	65.82
(c) Par Value per Share	Amount in ₹	Amount in ₹
Equity	10	10

(d) Reconciliation of issued, subscribed and fully paid-up Share Capital

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	Amount (₹ in crore)	No. of Shares	Amount (₹ in crore)
Equity Shares				
Opening Balance	6,58,20,000	65.82	6,58,20,000	65.82
Addition during the year	5,00,00,000	50.00	-	-
Reduction during the year	-	-	-	-
Closing Balance	11,58,20,000	115.82	6,58,20,000	65.82

(e) Rights, Preferences and Restrictions:

1 Voting Rights :

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 holders of equity shares will be entitled to receive any of the 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 shareholders.

For the year ended March 31, 2017, the dividend proposed by the Board of Directors is ₹ 0.50 (March 31, 2016 ₹ Nil), which is subject to the approval of the shareholders in the ensuing Annual General Meeting. (Refer Note No. 46).

(f) Shares held by holding company i.e. Reliance Capital Limited including shares jointly held

	As at March 31, 2017			As at March 31, 2016	
	%	No. of Shares	Amount (₹ in crore)	No. of Shares	Amount (₹ in crore)
Equity shares					
Reliance Capital Limited	100%	11,58,20,000	115.82	6,58,20,000	65.82
Total	100%	11,58,20,000	115.82	6,58,20,000	65.82

(Out of the above equity shares, 20 equity shares (Previous year 20 equity shares) are jointly held by Reliance Capital Limited and its nominees.)

(g) Out of the above equity shares 3,29,10,000 equity shares (Previous Year 3,29,10,000 equity shares) were allotted as fully paid-up bonus shares to its existing equity shareholders in the financial year 2012-13.

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016
4 Reserves and surplus		
a) Statutory Reserve		
(As per Section 29C of the National Housing Bank Act, 1987)		
Special Reserve Fund #		
As per Last Balance sheet	59.93	42.58
Add: Transfer from Surplus in Statement of Profit & Loss	34.52	17.35
	94.45	59.93

Notes to the Financial Statement as at March 31, 2017

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016
b) Securities Premium Account		
As Per Last Balance Sheet	255.18	255.18
Add: Premium on Equity Shares	150.00	-
	405.18	255.18
c) Debenture Redemption Reserve^{##}		
As Per Last Balance Sheet	-	-
Add: Transfer from Surplus in Statement of Profit & Loss	48.52	-
	48.52	-
d) Surplus in Statement of Profit & Loss		
As Per Last Balance Sheet	239.19	169.78
Add: Deferred Tax Asset created pursuant to Scheme of Arrangement with India Debt Management Private Limited (Refer Note No. 42 (iv) & (vi))	105.85	-
Add: Transfer from Statement of Profit & Loss	172.59	86.76
Less : Transfer to Debenture Redemption Reserve	48.52	-
Less : Transfer to Special Reserve Fund	34.52	17.35
	434.59	239.19
	982.73	554.30
# The special reserve created as per Section 29 C of the NHB Act, 1987, qualifies for deduction as specified u/s 36 (1) (viii) of the Income Tax Act, 1961 and accordingly Company has been availing tax benefits for such transfers. (Refer Note No. 33 (2))		
## Created pursuant to Companies (Share Capital and Debentures) Rules, 2014		
5 Long-term borrowings		
Non convertible debentures		
Secured - (Refer Note No. 29 & 37)		
Others	3,671.75	491.56
Related party	40.00	-
	3,711.75	491.56
Unsecured (Subordinated Tier II Series)		
Others	736.71	273.00
Related party	37.00	-
	773.71	273.00
Term loans from banks / financial institutions		
Secured (Refer Note No. 30)	2,800.42	3,854.44
	7,285.88	4,619.00
6 Deferred Tax Assets/ (Liabilities)		
Deferred tax Assets/(Liability) disclosed in the Balance Sheet comprises the following :		
(a) Deferred Tax Asset		
Disallowance under the Income Tax Act, 1961	3.71	0.61
Carried forward Losses under the Income Tax Act, 1961 (Refer Note No. 42 & 45)	114.84	-
Provision for NPA/Diminution in the value of Assets	34.05	17.61
Total (a)	152.60	18.22

Reliance Home Finance Limited

Notes to the Financial Statement as at March 31, 2017

(₹ in crore)		
Particulars	As at March 31, 2017	As at March 31, 2016
(b) Deferred Tax Liability		
Related to Fixed Assets	2.76	1.79
Unamortised Expenditure	12.96	9.27
Special Reserve Fund	13.85	15.19
Total (b)	29.57	26.25
Net Deferred Tax Asset/(Liabilities) (a) - (b)	123.03	(8.03)
7 Other non-current liabilities		
a) Collateral deposit from customers	0.05	-
b) Interest accrued and not due on borrowings	5.74	2.83
	5.79	2.83
8 Long-term provisions		
a) Provision for Employees Benefits (Refer Note No. 35)		
-Leave encashment	0.53	0.52
b) Provision for Standard Assets	50.69	30.57
	51.22	31.09
9 Short-term borrowings		
a) From Banks		
Cash Credit facilities - Secured (Refer Note 1 below)	50.00	274.48
b) From Others		
Commercial Papers - Unsecured (Refer Note 2 below)	953.68	493.82
	1,003.68	768.30

Notes:

- Cash credit facilities from banks referred above are secured as follows :
 - Cash Credit facility of ₹ Nil (Previous year ₹ 125 crore), secured by pari passu first charge in favor of the lender on all the book debts, outstanding moneys, receivable claims of the Company, except for those book debts/receivables to be charged in favor of National Housing Bank for refinance to be availed, if any, from them, against security not exceeding ₹ Nil (Previous year ₹ 137.75 crore).
 - Cash Credit facility of ₹ 50 crore (Previous year ₹ 49.97 crore), secured by pari passu first charge in favor of the lender on all the standard book debts, outstanding moneys, receivable claims of the Company, except for those book debts/receivables to be charged in favor of National Housing Bank for refinance to be availed, if any, from them, against security not exceeding ₹ 55.02 crore (Previous year ₹ 54.97 crore).
 - Cash Credit facility of ₹ Nil (Previous year ₹ 99.50 crore), secured by hypothecation of book-debts/receivables (standard only) of the Company on pari-passu basis with other secured lenders, against security not exceeding ₹ Nil (Previous year ₹ 110 crore).
- In respect of Commercial Papers referred above, maximum face value amount outstanding during the year was ₹ 2,225 crore (Previous year ₹ 1,170 crore).

(₹ in crore)		
Particulars	As at March 31, 2017	As at March 31, 2016
10 Trade payables		
Due to Micro, Medium & Small Enterprises	-	-
Due to Others	4.64	1.92
Due to Related Party (Refer Note No.37)	0.15	-
	4.79	1.92

Notes to the Financial Statement as at March 31, 2017

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016
Note:		
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. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payments made during the year or brought forward from previous years.		
11 Other current liabilities		
a) Current maturities of long term debts		
(i) Non convertible Debentures (Refer Note No. 29 & 37)		
– Secured		
Others	121.63	44.72
Related Party	0.50	-
	122.13	44.72
(ii) Term Loans from Banks/Financial Institutions		
– Secured (Refer Note No. 30)	1,266.68	1,116.27
b) Interest accrued and not due on borrowings	121.61	29.12
c) Advance from Customers	30.68	34.40
d) Payable under Securitisation / Assignment (Net)	48.30	19.48
e) Temporary Book Overdraft *	187.52	355.40
f) Other Payables **	41.08	36.19
g) Collateral Deposit from Customers	-	0.54
	<u>1,818.00</u>	<u>1,636.12</u>

Notes:

* Temporary Book Overdraft of ₹ 187.52 crore (Previous Year ₹ 355.40 crore), represents cheques issued towards disbursements to borrowers for ₹ 187.50 crore (Previous Year ₹ 353.94 crore) and cheques issued for payment of expenses of ₹ 0.02 crore (Previous Year ₹ 1.46 crore), but not encashed as at March 31, 2017.

** Other Payables includes TDS, statutory payments and other liabilities.

12 Short-term provisions

a) Provision for Employees Benefits (Refer Note No. 35)		
Leave encashment	0.01	0.01
Gratuity	-	1.30
b) Provision for Standard Assets	5.93	4.67
c) Income Tax Provision [Net Off TDS & Advance Tax ₹ Nil (Previous Year ₹ 132.62 crore)]	-	0.20
	<u>5.94</u>	<u>6.18</u>

13 Property, Plant & Equipment

Description	Gross Carrying Amount			Accumulated Depreciation / Amortisation			Net Carrying Amount	
	As at April 1, 2016	Additions	Deletion/ Adjustments	As at April 1, 2016	Depreciation	Deletion/ Adjustments	As at March 31, 2017	As at March 31, 2016
i) Tangible Assets								
1 Buildings	44.98	2.14	3.79	0.70	0.76	0.04	41.92	44.28
2 Office Equipments	0.02	-	-	0.02	#	-	0.02	-
3 Data Processing Machineries	0.01	0.00	@	0.01	*	-	**	-
Total	45.01	2.16	3.79	0.73	0.76	0.04	41.94	44.28
Previous Year	39.44	5.58	-	0.04	0.70	-	44.28	
ii) Intangible Assets								
1 Computer Software	0.85	1.01	-	0.82	0.10	-	0.95	0.03
2 Goodwill on Scheme of Arrangement [Refer Note No. 42(v)]	-	30.99	-	-	6.20	-	24.79	-
Total	0.85	32.00	-	0.82	6.30	-	25.74	0.03
Previous Year	0.85	-	-	0.80	0.02	-	0.03	

Notes:

- In respect of Intangible Assets:
 - It is other than internally generated.
 - Balance useful life is:
 - 4 years (Previous year Nil) for additions during the financial year 2016-17
 - 3 years (Previous year 4 years) for additions during the financial year 2015-16
 - 2 years (Previous year 3 years) for additions during the financial year 2014-15
 - 1 year (Previous year 2 years) for additions during the financial year 2013-14
- Buildings acquired during the year includes, ₹ 2.14 crore (Previous year ₹ 5.58 crore) against settlement of Income from Brokerage Commission on Property Solution.
 - @ ₹ 14,999
 - # ₹ 9,583
 - * ₹ 1,986
 - ** ₹ 13,013

Notes to the Financial Statement as at March 31, 2017

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
14. Non-current investments					
Trade Investments					
(a) Equity Shares valued at cost unless stated otherwise					
Unquoted, fully paid-up					
S Kumars Nationwide Limited	10	1 000	-	*	-
Meta Copper & Alloys Ltd.	10	10 000	-	0.01	-
				0.01	-
Less: Provision for diminution in value of investments				0.01	-
				-	-
* ₹ 10,000					
(b) Pass Through Certificates ('PTC') valued at cost unless stated otherwise					
Unquoted, fully paid-up					
Caballetta IFMR Capital 2015 -Series -A2 PTC 18 Dec.15		-	1 84 008	-	1.12
Hysminai IFMR Capital 2015 - Series -A2 PTC 30 Oct.15		-	9 93 370	-	0.40
IFMR Capital Mosec Glaucus 2015 - Series -A2 PTC 01 Sep.15		-	18 54 181	-	1.12
IFMR Capital Mosec Vulcan 2015 - Series A2 PTC 30 Sep.15		-	5 93 180	-	1.23
Libertas IFMR Capital 2015 - Series A2 PTC 30 Nov. 15		-	1 52 39 096	-	1.53
Lucina IFMR Capital 2015 - Series -A2 PTC 30 Nov.15		-	2 37 936	-	0.95
Manto IFMR Capital 2015 - Series -A2 PTC 19 Nov. 15		-	31 98 234	-	0.32
Sol IFMR Capital 2015 -Series -A2 PTC 30 Oct. 15		-	10 430	-	0.27
				-	6.94
(c) Security Receipts valued at cost unless stated otherwise					
Unquoted, fully paid-up					
Suraksha ARC - 004 Trust -22 Dec. 2016		5 100	-	0.51	-
Suraksha ARC - 005 Trust -22 Dec. 2016		7 650	-	0.77	-
RHF Indian Receivable Trust- I - 30 Sep.2016		1	-	0.88	-
RHF Indian Receivable Trust II - 24 Mar. 2017		1	-	1.21	-
				3.37	-
(d) Others -Unit of Venture Fund valued at cost unless stated otherwise					
Quoted *, fully paid-up					
IFMR Impact Long Term Multi Asset Class Fund	100,000	5 000		50.00	-
				50.00	-
				53.37	6.94

Notes:

	As at March 31, 2017		As at March 31, 2016	
	Book Value	Market value	Book Value	Market value
1. The aggregate value of investments:				
Quoted	50.00	51.52	-	-
Unquoted	3.37	-	6.94	-
Total	53.37	51.52	6.94	-
2. The aggregate Provision for diminution in the value of investments:				
Quoted		-		-
Unquoted		0.01		-
Total		0.01		-
3. Basis of Valuation	at cost less provision for diminution in the value of Investments		at cost less provision for diminution in the value of Investments	
4. *for units of Fund net assets value (NAV) is taken as Market Value.				

Reliance Home Finance Limited

Notes to the Financial Statement as at March 31, 2017

(₹ in crore)

	As at March 31, 2017	As at March 31, 2016
15 Long-term loans and advances		
(a) Capital advances (Unsecured, Considered Good)	16.28	-
(b) Security deposits (Unsecured, Considered Good)	0.03	0.05
(c) Loans		
i) (Secured, Considered Good)		
Housing loans :		
Individuals	4,558.29	3,312.98
Others	1,446.85	942.58
Officer of the Company (Refer Note No.37)	0.11	1.27
Commercial loans	6,005.25	4,256.83
- Secured, considered good	2,902.30	1,646.80
- Unsecured, considered good	60.00	-
(ii) (Secured, Considered Doubtful)		
Housing loans :		
Individuals	38.55	41.01
Others	3.06	1.13
	41.61	42.14
Less: Provision for NPA & Doubtful Debts	8.55	10.25
	33.06	31.89
Commercial loans	20.08	17.78
Less: Provision for NPA & Doubtful Debts	13.32	3.54
	6.76	14.24
(d) Installments Due (Secured, Considered Doubtful)		
Principal Overdue	22.14	5.69
Less: Provision for NPA & Doubtful Debts	4.07	1.72
	18.07	3.97
(e) Balance with Service Tax Authorities	1.28	0.53
(f) Taxes Paid [Net off Income Tax Provision ₹ 42.68 crore (Previous Year ₹ Nil)]	38.92	-
	9,081.95	5,954.31
16 Other non-current assets		
(a) Receivable from Trustee under Securitisation	7.27	6.18
(b) Fixed Deposits with banks		
- Credit Enhancement towards securitisation	64.69	-
- Kept as deposits for Issuing Bank Guarantee	3.20	-
- Margin money deposits for Market Linked Debentures	16.85	6.97
	84.74	6.97
(c) Unamortised expenditures		
i) Unamortised DSA commission	34.79	24.70
Add: Incurred during the Year	29.27	20.69
Less: Amortised during the year	13.37	10.60
	50.69	34.79
Less: to be amortised over the next one year (Refer Note No. 21 (b))	4.85	3.34
	45.84	31.45
ii) Unamortised Brokerage on Borrowing	9.41	6.57
Add: Incurred during the Year	3.05	4.31
Less: Amortised during the year	1.94	1.47
	10.52	9.41
Less: to be amortised over the next one year (Refer Note No. 21 (b))	2.20	1.66
	8.32	7.75
iii) Unamortised Mortgage guarantee fees	5.65	3.83
Add: Incurred during the Year	-	2.92
Less: Amortised during the year	1.33	1.10
	4.32	5.65

Notes to the Financial Statement as at March 31, 2017

(₹ in crore)

	As at March 31, 2017	As at March 31, 2016
Less: to be amortised over the next one year (Refer Note No. 21 (b))	<u>0.71</u>	<u>1.45</u>
	3.61	4.20
iv) Unamortised Public Issue NCD Expenses	-	-
Add: Incurred during the Year	33.31	-
Less: Amortised during the year	<u>1.70</u>	-
	31.61	-
Less: to be amortised over the next one year (Refer Note No. 21 (b))	<u>6.81</u>	-
	24.80	-
(d) Asset Repossessed under SARFAESI Act	51.98	-
Less : Provision for Asset repossessed	<u>15.81</u>	-
	36.17	-
(e) Prepaid Expenses	<u>0.91</u>	0.56
	211.66	<u>57.11</u>

(₹ in crore)

	Face Value/ Issue Price ₹	Quantity	Value
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017
17 Current investments			
Current portion of Long-term investments			
a) Pass Through Certificates ('PTC') valued at cost unless stated otherwise			
Unquoted, fully paid-up			
Aergia IFMR Capital 2015 - Series-A2 PTC 30 Nov.15	-	10 910	-
Alcibie IFMR Capital 2015 - Series-A2 PTC 27 Nov.15	-	50 88 847	-
Arcas IFMR Capital 2015 - Series-A2 PTC 30 Sep.15	-	29 59 786	-
Brizo IFMR Capital 2015 - Series-A2 PTC 17 Aug.15	-	11 996	-
Cabaletta IFMR Capital 2015 -Series -A2 PTC 18 Dec.15	1 84 008	1 84 008	0.54
Cadmus IFMR Capital 2015 - Series-A2 PTC 05 Nov.15	-	84 107	-
Caerus IFMR Capital 2015- Series-A2 PTC 20 May 15	-	1 15 00 550	-
Comus IFMR Capital 2015 - Series-A3 PTC 18 Sep.15	-	43 59 442	-
Delphin IFMR Capital 2015 - Series-A3 PTC 28 Oct.15	-	13 17 492	-
Geloos IFMR Capital 2015 - Series-A2 PTC 29 May.15	-	37 10 714	-
Hysminai IFMR Capital 2015 - Series -A2 PTC 30 Oct.15	9 93 370	9 93 370	0.40
IFMR Capital Mosec Aethon 2015 - Series-A2 PTC 28 Feb.15	-	8 77 31 640	-
IFMR Capital Mosec Agon 2015 - Series-A2 PTC 28 Feb.15	-	2 11 82 283	-
IFMR Capital Mosec Atlas 2014 -Series-A2 PTC 30 Dec.14	-	1 10 43 440	-
IFMR Capital Mosec Boreas 2015- Series-A3 PTC 04 March 15	-	19 28 565	-

Reliance Home Finance Limited

Notes to the Financial Statement as at March 31, 2017

(₹ in crore)

	Face Value/ Issue Price ₹	Quantity		Value	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
IFMR Capital Mosec Glaucus 2015 – Series A2 PTC 01 Sep.15		18 54 181	18 54 181	0.82	8.19
IFMR Capital Mosec Hercules 2015– Series–A2 PTC 27 March 15		-	4 20 577	-	1.86
IFMR Capital Mosec Maia 2014 – Series–A2 PTC 29 Nov.14		-	2 66 412	-	3.42
IFMR Capital Mosec Muse 2014 –Series–A2 PTC 31 Dec.14		-	46 202	-	7.41
IFMR Capital Mosec Rhea 2014– Series–A3 PTC 26 Nov.14		-	1 32 301	-	1.60
IFMR Capital Mosec Vulcan 2015 – Series A2 PTC 30 Sep.15		5 93 180	5 93 180	0.55	1.39
IFMR Capital Mosec Zephyrus 2015– Series–A2 PTC 30 Jan.15		-	1 80 310	-	5.56
Karpo IFMR Capital 2015– Series–A2 PTC 31 July 15		1 05 137	1 05 137	0.42	1.46
Libertas IFMR Capital 2015 – Series A2 PTC 30 Nov. 15		1 52 39 096	1 52 39 096	1.53	0.03
Lucina IFMR Capital 2015 – Series –A2 PTC 30 Nov.15		-	2 37 936	-	1.07
Manto IFMR Capital 2015 – Series –A2 PTC 19 Nov. 15		-	31 98 234	-	1.33
Maximus SBL IFMR Capital 2015– Series–A2 PTC 25 March 15		-	2 30 687	-	0.54
Oread IFMR Capital 2015– Series–A2 PTC 04 Dec.15		-	26 19 627	-	0.79
Plutus IFMR Capital 2015– Series–A2 PTC 29 July 15		-	26 345	-	1.12
Sol IFMR Capital 2015 –Series –A2 PTC 30 Oct. 15		-	10 430	-	0.18
Soter IFMR Capital 2015– Series–A2 PTC 29 July 15		-	1 72 31 619	-	1.75
Thrasos IFMR Capital 2015– Series–A2 PTC 15 May 15		-	1 14 58 746	-	1.16
Vesta IFMR Capital 2015– Series–A2 PTC 07 Aug.15		-	9 825	-	1.31
				4.26	73.48
b) Security Receipts valued at cost unless stated otherwise					
Unquoted, fully paid-up					
RHF Indian Receivable Trust– I – 30 Sep.2016		1	-	0.06	-
RHF Indian Receivable Trust II – 24 Mar. 2017		1	-	0.06	-
				0.12	-
Current Investments					
a) Unit of Mutual Fund valued at cost unless stated otherwise					
Quoted, fully paid-up					
Reliance Liquidity Fund–Direct Growth Plan Growth Option	1 000	16 34 434	-	400.00	-
SBI Magnum InstaCash –Direct Growth Plan	1 000	1 39 028	-	50.00	-
				450.00	-
				454.38	73.48

Notes to the Financial Statement as at March 31, 2017

(₹ in crore)

	As at March 31, 2017		As at March 31, 2016	
	Book Value	Market Value	Book Value	Market Value
Notes:				
1 The aggregate value of investments:				
Quoted Investments	450.00	450.64	-	-
Unquoted Investments	4.38	-	73.48	-
	<u>454.38</u>	<u>450.64</u>	<u>73.48</u>	<u>-</u>
2 The aggregate Provision for diminution in the value of investments:				
Quoted Investments		-		-
Unquoted Investments		-		-
		<u>-</u>		<u>-</u>
3 Basis of Valuation	As at March 31, 2017 at cost less provision for diminution in the value of Investments		As at March 31, 2016 at cost less provision for diminution in the value of Investments	

* for units of Fund net assets value (NAV) is taken as Market Value

(₹ in crore)

	As at March 31, 2017	As at March 31, 2016
18 Trade receivables		
Outstanding for a period exceeding Six months from the due date of payment		
Unsecured, Considered Good	30.59	-
Unsecured, Considered Doubtful	-	-
	<u>30.59</u>	<u>-</u>
19 Cash and bank balances		
Cash and cash equivalents		
Balance with Banks in Current Accounts	252.39	676.80
Cash on hand	0.10	0.28
	<u>252.49</u>	<u>677.08</u>
Other bank balances		
Fixed Deposits with banks # (Less than 3 Months)	-	43.04
	<u>-</u>	<u>43.04</u>
	<u>252.49</u>	<u>720.12</u>
# In respect of Fixed Deposits with Banks ₹ Nil (Previous Year ₹ 40.04 crore) is kept as credit enhancement towards securitisation/assignment transactions, ₹ Nil (Previous Year ₹ 3.00 crore) is kept as margin money deposits for Market Linked Debentures.		
20 Short-term loans and advances		
Unsecured, considered good;		
(a) Loans repayments within next 12 months (Secured, Considered Good)		
Housing loans :		
Individuals	162.55	153.14
Others	514.58	398.55
Officer of the Company (Refer Note No.37)	0.04	0.11
	<u>677.17</u>	<u>551.80</u>
Commercial loans	230.30	197.74

Reliance Home Finance Limited

Notes to the Financial Statement as at March 31, 2017

	(₹ in crore)	
	As at March 31, 2017	As at March 31, 2016
(b) Installments Due		
–Secured, considered good	35.35	33.87
–Unsecured, considered good	0.20	-
(c) Prepaid expenses	0.65	0.33
(d) Sundry advances	3.38	1.43
	<u>947.05</u>	<u>785.17</u>
21 Other current assets		
(a) Interest Accrued on		
Loans	65.15	43.30
Fixed Deposits	0.09	0.28
Investments	2.87	0.02
	<u>68.11</u>	<u>43.60</u>
(b) Unamortised Expenditure		
DSA Commission	4.86	3.34
Brokerage on Borrowing	2.20	1.66
Mortgage guarantee fees	0.71	1.45
Unamortised Public Issue NCD Expenses	6.81	-
	<u>14.58</u>	<u>6.45</u>
(c) Mark-to-Market Margin		
Equity Index Futures & Options	-	2.10
	<u>82.69</u>	<u>52.15</u>
		(₹ in crore)
	2016-2017	2015-2016
22 Revenue from operations		
a) Interest income		
Interest on:		
Housing and Other Loans	937.75	726.90
Fixed Deposits	8.53	3.80
Investments	36.58	6.69
	<u>982.86</u>	<u>737.39</u>
b) Other Financial income		
Processing Fee	81.98	40.13
Foreclosure & Other Operating Income	19.49	15.95
Brokerage Commission on Property Solution	6.26	9.19
	<u>107.73</u>	<u>65.27</u>
Less : Service Tax Recovered	14.05	8.12
	<u>93.68</u>	<u>57.16</u>
c) Bad Debts Recovered	2.03	1.49
	<u>1,078.57</u>	<u>796.04</u>
23 Other income		
a) Profit on Sale of		
– Current Investments (Net)	33.86	18.95
– Long Term Investments (Net)	-	-
	<u>33.86</u>	<u>18.95</u>
b) Interest on income tax refund	1.64	-
c) Miscellaneous income	0.01	0.04
d) Reversal of Provision for Diminution in the value of Debentures	240.54	-
Less: Loss on Sale of Debentures	209.94	-
	<u>30.60</u>	<u>-</u>
	<u>66.11</u>	<u>18.99</u>

Notes to the Financial Statement as at March 31, 2017

(₹ in crore)

	2016-2017	2015-2016
24 Employee benefit expense		
Payments to and Provision for Employees (Including Managerial Remuneration)		
- Salary & Bonus etc.	84.64	66.52
- Contribution to Provident fund and other Funds	3.95	3.50
- Staff Welfare & other amenities	5.11	1.00
	<u>93.70</u>	<u>71.02</u>
25 Finance cost		
a) Interest expense		
Term Loan From Banks	470.18	411.33
Cash Credit From Banks	1.46	1.01
Non Convertible Debentures	171.47	62.12
Body Corporates (Refer Note No. 31)	0.09	0.11
	<u>643.20</u>	<u>474.57</u>
b) Other borrowing costs		
Amortised Brokerage (Refer Note No. 16 (c)(ii))	1.94	1.47
Discount on Commercial Papers	103.36	59.86
Processing Charges	0.03	0.03
	<u>105.33</u>	<u>61.36</u>
	<u>748.53</u>	<u>535.93</u>
26 Other expenses		
Auditor's Remuneration (Refer Note No. 28)	0.36	0.16
Bad Debts Written Off	6.04	3.76
Bank Charges	0.48	0.31
Rent	9.48	-
Repairs & Maintenance-Others	15.32	0.50
Insurance	0.03	-
Rates and Taxes	3.90	0.98
Amortised DSA Commission (Refer Note No. 16 (c)(i))	13.37	10.60
Amortised Guarantee Commission (Refer Note No. 16 (c)(iii))	1.33	1.10
Amortised Public Issue NCD Expenses (Refer Note No. 16 (c)(iv))	1.70	-
Credit Cost	0.18	0.38
Collection Cost	1.07	1.27
Corporate Social Responsibility Expenditures (Refer Note No. 44)	2.05	1.39
Directors' Sitting Fees	0.23	0.16
Infrastructure Cost (Net) *	2.75	3.85
Legal & Professional Fees	20.54	9.91
Loss on Sale of Fixed Asset	0.18	-
Marketing Expenses	10.92	13.66
Management Expenses	3.23	3.22
Miscellaneous Expenses	5.72	2.29
Printing and Stationary	1.90	0.27
Postage, Telegram & Telephone	2.01	0.30
Provision for Standard Asset	21.37	7.71
Provision for NPA & Doubtful Debts	10.69	4.40
Provision for Asset Repossessed	15.75	-
Sundry Balances Written Off	0.61	-
Travelling & Conveyance	6.38	4.43
	<u>157.59</u>	<u>70.66</u>

Reliance Home Finance Limited

Notes to the Financial Statement as at March 31, 2017

(₹ in crore)

2016-2017

2015-2016

Notes:

According to the agreement entered into by the Company with its holding company i.e. Reliance Capital Limited for utilizing their office premises including all other amenities, infrastructure and employees at various locations of the Company. (Refer Note No.37 on Related Party Transactions)

27 In the opinion of management, all the Assets other than Non-Current Investments are approximately of the value stated if realised in the ordinary course of business.

28 Auditor's Remuneration :

Statutory Audit Fees	0.06	0.06
Tax Audit Fees	0.02	0.02
Certification Fees & Work relating to Public Issue of NCD	0.25	0.03
Limited Review Fees	0.03	0.05
	0.36	0.16

29 Security clause, Maturity profile & Rate of interest in respect of Non convertible Debentures

(a) Listed Secured Redeemable Non-Convertible Debentures ("Secured NCDs") amounting to ₹ 3,834.87 crore are secured by way of first pari passu legal mortgage and charge over the premises situated at Bharuch and additional pari passu charge by way of hypothecation on the present and future book debts/ receivables, outstanding money (loan book), receivable claims of the Company with other secured lenders for an amount of ₹ 3,127.77 crore, except those book debts and receivables charged/ to be charged in favour of National Housing Bank for refinance availed / to be availed from them, of Home Finance Business subject to maintenance of minimum asset coverage of 100% of issue amount and security amounting to ₹ 707.10 crore is provided by way of first pari passu hypothecation charge on all present and future book debts and business receivables of Company's holding company viz. Reliance Capital Limited (except security created / to be created towards securing term loans and cash credit limits). Business receivables includes current assets and investments.

(b) Maturity profile of Non-Convertible Debentures are as set out below:

(₹ in crore)

Interest Rate	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2031-32	Total
MLD	62.13	20.84	51.81	2.93	-	-	-	-	-	-	-	137.71
#	-	9.20	-	100.00	-	-	-	-	-	-	-	109.20
8.35%	-	-	130.00	-	-	-	-	-	-	-	-	130.00
8.64%	-	-	-	100.00	-	-	-	-	-	-	-	100.00
8.70%	-	-	812.00	-	-	-	-	-	-	-	-	812.00
8.75%	-	-	-	-	20.00	-	-	-	-	5.00	-	25.00
8.80%	-	-	-	25.00	-	-	10.00	-	-	-	-	35.00
8.81%	-	-	20.00	-	25.00	-	70.00	-	-	-	-	115.00
8.82%	-	-	-	-	-	20.00	-	-	-	-	-	20.00
8.83%	-	-	-	-	-	-	40.00	-	-	-	-	40.00
8.85%	-	-	-	-	-	-	20.00	-	-	-	-	20.00
8.90%	-	-	1,129.64	-	215.91	-	-	-	-	-	-	1,345.55
8.95%	-	-	-	-	-	-	-	-	25.00	-	-	25.00
9.00%	-	-	-	60.00	-	-	-	-	18.00	72.82	-	150.82
9.05%	-	-	15.00	-	333.60	-	-	-	-	-	-	348.60
9.09%	-	5.00	-	-	-	-	-	-	-	-	-	5.00
9.15%	-	-	-	-	20.00	-	-	-	15.00	239.30	-	274.30
9.25%	-	65.00	-	-	-	-	-	-	27.00	-	250.03	342.03
9.35%	-	-	-	-	-	-	30.00	-	-	-	-	30.00
9.40%	-	-	-	-	-	-	-	-	-	-	185.68	185.68
9.45%	-	-	-	-	-	10.00	-	-	-	-	-	10.00
9.48%	-	-	-	-	-	-	-	-	1.00	-	-	1.00
9.50%	-	5.00	-	-	-	-	25.00	-	70.00	-	-	100.00
9.52%	-	-	-	-	-	-	15.00	-	-	-	-	15.00
9.70%	-	10.00	-	-	-	-	-	-	-	-	-	10.00
9.75%	-	-	10.00	-	-	-	-	-	-	-	-	10.00

Notes to the Financial Statement as at March 31, 2017

(₹ in crore)

Interest Rate	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2031-32	Total
9.80%	-	-	15.00	-	-	-	-	15.00	-	-	-	30.00
9.90%	-	-	-	-	-	-	1.70	-	-	-	-	1.70
10.00%	40.00	-	-	-	-	16.00	-	-	-	-	-	56.00
10.10%	20.00	-	-	-	-	-	-	-	-	-	-	20.00
10.33%	-	-	-	-	-	45.00	-	-	-	-	-	45.00
10.40%	-	-	-	-	-	50.00	-	-	-	-	-	50.00
10.60%	-	-	-	-	-	8.00	-	-	-	-	-	8.00
Total	122.13	115.04	2,183.45	287.93	614.51	149.00	211.70	15.00	156.00	317.12	435.71	4,607.59

Zero Coupon Deep Discount Non- Convertible Debentures

MLD = Market Linked Non- Convertible Debentures

30 Security clause & Maturity profile in respect to secured loans from banks

Term loans from Banks [Referred in Note No. 5] and current maturity of long term debts [Refer Note No. 11 (a)(ii)] includes :

- Term loans ₹ 3,405.66 crore (Previous year ₹ 3,412.45 crore) secured by pari passu first charge in favor of the lender on all the book debts, outstanding moneys, receivable claims of the Company, except for those book debts/receivables to be charged in favor of National Housing Bank for refinance to be availed, if any, from them, against security not exceeding ₹ 3,759.49 crore (Previous year ₹ 3,765.42 crore).
- Term loans ₹ 551.59 crore (Previous year ₹ 1,344.89 crore) secured by *pari passu* first charge in favor of the lender on all the standard book debts, outstanding moneys, receivable claims of the Company, except for those book debts/receivables to be charged in favor of National Housing Bank for refinance to be availed, if any, from them, against security not exceeding ₹ 611.46 crore (Previous year ₹ 1,489.83 crore).
- Term loans ₹ Nil (Previous year ₹ 179.96 crore) secured by hypothecation of book-debts/receivables (standard only) of the Company on pari-passu basis with other secured lenders, against security not exceeding ₹ Nil (Previous year ₹ 199.07 crore).
- Term loans ₹ 109.86 crore (Previous year ₹ 33.41 crore) secured by pari passu first charge in favor of the lender on all the book debts, outstanding moneys, receivable claims of the Company, against security not exceeding ₹ 121.41 crore (Previous year ₹ 40.09 crore).
- Maturity profile of Secured Term Loans from banks are as set out below;

(₹ in crore)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022- 23	Total
Term Loan from Banks	1,266.68	1,112.09	945.01	436.67	216.66	90.00	4,067.11

- 31** As on April 26, 2010 the Company had entered into Business Transfer Agreements ('BTA') with its holding company i.e. Reliance Capital Limited ('RCL') to transfer the RCL's home finance business to the Company at book value, such that the entire economic risk and reward of the RCL's home finance business passes to the Company from the commencement of business on the value date i.e. April 1, 2010. As on January 31, 2011 the BTA further amended between the Company and Reliance Capital Limited and as per the amended BTA with RCL:

- The RCL holds loan assets of ₹ 2.82 crore (Previous year ₹ 4.41 crore) of the Company in the capacity of trust as on March 31, 2017.
- During the year the Company has taken the following assets, income and expenses from RCL :
 - Interest & other income of ₹ 0.52 crore (Previous year ₹ 0.62 crore)
 - Interest & other expenses of ₹ 0.57 crore (Previous year ₹ 1.46 crore)

32 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) Registration obtained from other financial sector regulators

Items	Type	Number reference
a) National Housing Bank	Registration No.	07.0101.12
b) Ministry of Corporate Affairs	Ministry of Corporate Affairs	U67190MH2008PLC183216

Reliance Home Finance Limited

Notes to the Financial Statement as at March 31, 2017

(ii) Ratings assigned by rating agencies and migration of ratings during the year

Rating agency	Borrowings type	Rating
A. NCDs issued on Private Placement basis:		
Credit Analysis & Research Limited	Long Term Debt Programme ₹ 8,000 crore	CARE AA+
Brickwork Ratings India Private Limited	Long Term Secured NCD ₹ 2,000 crore	BWR AA+
Brickwork Ratings India Private Limited	Long Term Unsecured Upper Tier II NCD ₹ 100 crore	BWR AA
Credit Analysis & Research Limited	Subordinated Debt ₹ 400 crore	CARE AA+*
Brickwork Ratings India Private Limited	Long Term Unsecured Subordinated Tier II NCD ₹ 400 crore	BWR AA+
Credit Analysis & Research Limited	Upper Tier II Bond ₹ 100 crore	CARE AA
Credit Analysis & Research Limited	Principal Projected Market Linked Debentures ₹ 300 crore	CARE PP-MLD AA+
B. NCDs issued through Public Issue:		
Credit Analysis & Research Limited	Non-Convertible Debentures Public Issue ₹ 3,000 crore	CARE AA+
Brickwork Ratings India Private Limited	Long Term Secured NCD Public Issue ₹ 3,000 crore	BWR AA+
Credit Analysis & Research Limited	Upper Tier II bond - Public Issue ₹ 500 crore	CARE AA
Brickwork Ratings India Private Limited	Public Issue of Long Term Unsecured Upper Tier II NCD ₹ 500 crore	BWR AA
C. Commercial Paper:		
ICRA Limited	Short Term Debt CP ₹ 3,000 crore	[ICRA] A1+

* the rating has been upgraded to CARE AA+ from CARE AA.

(iii) No penalties were levied upon the Company by any of the regulator.

(iv) Joint ventures and overseas subsidiaries

Items	As at March 31, 2017		As at March 31, 2016	
	India	India	India	India
Area, country of operation	India	India	India	India
Joint venture partners with regard to Joint ventures and Overseas subsidiaries	None	None	None	None

(v) Related Party Transactions

a) Details of all material transactions with related parties has been given in Notes No 37 of the financial statements.

b) Policy on dealing with Related Party Transactions

The transactions between the Company and related parties shall be entered with prior approval of the Audit Committee of the Board of Directors into, in compliance with the applicable provisions of the Companies Act, 2013 and other applicable laws.

33 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

1 Capital to Risk Assets Ratio (CRAR)

Particulars	As at March 31, 2017	As at March 31, 2016
i) CRAR (%)	19.24	16.34
ii) CRAR - Tier I capital (%)	9.62	10.51
iii) CRAR - Tier II capital (%)*	9.62	5.83
iv) Amount of Subordinated Debt raised as Tier II Capital*	773.71	273.00
v) Amount raised by issue of Perpetual Debts Instruments	-	-

* Includes Upper Tier II Capital amounting to ₹ 435.71 crore (Previous year ₹ Nil) as per NHB circular No. NHB(ND)/DRS/Pol-No-23/2008 dated April 24, 2008.

Notes to the Financial Statement as at March 31, 2017

2 Reserve Fund u/s 29C of NHB Act, 1987

Particulars	(₹ in crore)	
	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	19.92	13.03
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	40.01	29.55
c) Total	59.93	42.58
Addition / Appropriation / Withdrawal during the year		
Add :		
a) Amount transferred u/s 29C of the NHB Act, 1987	34.52	6.89
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	-	10.46
Less :		
a) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	54.44	19.92
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	40.01	40.01
c) Total	94.45	59.93

3 Investments

Particulars	(₹ in crore)	
	As at March 31, 2017	As at March 31, 2016
1) Value of Investments		
i) Gross Value of Investments		
a) In India	507.75	80.42
b) Outside India	-	-
ii) Provisions for Depreciation		
a) In India	0.01	-
b) Outside India	-	-
iii) Net Value of Investments		
a) In India	507.74	80.42
b) Outside India	-	-
2) Movement of provisions held towards depreciation of investments		
i) Opening Balance	-	-
ii) Add: Provisions made during the year/ Transfer pursuant to Scheme of Arrangement	240.55	-
iii) Less: Write-off / write-back of excess provisions during the year	240.54	-
iv) Closing balance	0.01	-

Reliance Home Finance Limited

Notes to the Financial Statement as at March 31, 2017

4 Derivatives

i) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Particulars	(₹ in crore)	
	As at March 31, 2017	As at March 31, 2016
i) The notional principal of swap agreements	-	-
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
iii) Collateral required by the HFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swaps	-	-
v) The fair value of the swap book	-	-

ii) Exchange Traded Interest Rate (IR) Derivative

Particulars	(₹ in crore)	
	As at March 31, 2017	
(I) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument- wise)*		
IRF 759GS2026 28/04/2016		1.62
IRF 759GS2026 26/05/2016		3.24
IRF 759GS2026 30/06/2016		3.24
IRF 759GS2026 28/07/2016		3.24
IRF 759GS2026 25/08/2016		3.24
IRF 759GS2026 29/09/2016		3.24
IRF 759GS2026 27/10/2016		3.24
IRF 759GS2026 24/11/2016		3.24
IRF 759GS2026 29/12/2016		3.24
IRF 759GS2026 25/01/2017		3.24
IRF 697GS2026 23/02/2017		71.12
IRF 759GS2026 23/02/2017		69.68
IRF 697GS2026 30/03/2017		37.88
IRF 759GS2026 30/03/2017		38.44
IRF 759GS2026 27/04/2017		1.60
Total		249.50
(II) Notional principal amount of exchange traded IR derivatives outstanding as on March 31, 2017		
IRF 759GS2026 27/04/2017		1.60
Total		1.60
(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

Notes to the Financial Statement as at March 31, 2017

B. Quantitative Disclosure

(₹ in crore)		
Particulars	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)		
(a) Traded during the year	-	249.50
(b) Outstanding as on 31 st March 2017	-	1.60
(ii) Marked to Market Positions		
(a) Assets (+)^	-	*
(b) Liability (-)	-	-
(iii) Credit Exposure	-	-
(iv) Unhedged Exposures	-	-

*₹ 47,600

^ Long Position in Derivatives considered under Assets

5 Disclosures relating to Securitisation

(₹ in crore)			
Sr. No.	Particulars	2016-17	2015-16
1)	No. of SPVs sponsored by the Company for Securitisation Transactions	5	2
2)	Total amount of securitised assets as per books of the SPVs sponsored by the Company	300.61	53.93
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		
•	First loss	-	-
•	Others	-	-
b)	On-balance sheet exposures		
•	First loss	36.58	11.94
•	Others	2.22	-
4)	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		
i)	Exposure to own securitizations		
•	First loss	-	-
•	Others	-	-
ii)	Exposure to third party securitizations		
•	First loss	-	-
•	Others	13.36	22.09
b)	On-balance sheet exposures		
i)	Exposure to own securitizations		
•	First loss	-	-
•	Others	-	-
ii)	Exposure to third party securitizations		
•	First loss	-	-
•	Others	-	-

Reliance Home Finance Limited

Notes to the Financial Statement as at March 31, 2017

6 Disclosures relating to Assignment

		(₹ in crore)	
Sr. No.	Particulars	2016-17	2015-16
1)	No. of Direct Assignments (Nos.)	19	15
2)	Total amount of assigned assets as per books of the Assignor	1,067.20	629.24
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		
•	First loss	-	-
•	Others	-	-
b)	On-balance sheet exposures		
•	First loss	-	-
•	Others	100.01	53.83
4)	Amount of exposures to securitisation transactions other than Minimum Retention Requirement (MRR)		
a)	Off-balance sheet exposures		
i)	Exposure to own securitizations		
•	First loss	-	-
•	Others	-	-
ii)	Exposure to third party securitizations		
•	First loss	-	-
•	Others	-	-
b)	On-balance sheet exposures		
i)	Exposure to own securitizations		
•	First loss	28.10	28.10
•	Others	-	-
ii)	Exposure to third party securitizations		
•	First loss	-	-
•	Others	-	-

7 Details of Financial Assets Sold to Securitisation/ Reconstruction Company for Assets Reconstruction

		(₹ in crore)	
Particulars	2016-17	2015-16	
i) No. of accounts	4	-	
ii) Aggregate value of accounts sold to SC / RC (net of provisions ₹ 0.59 crore)	1.17	-	
iii) Aggregate consideration	1.50	-	
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-	
v) Aggregate gain / loss over net book value	0.33	-	

8 Details of Assignment transactions undertaken by the Company

		(₹ in crore)	
Particulars	2016-17	2015-16	
i) No. of accounts	2,926	1,361	
ii) Aggregate value (net of provisions) of accounts sold	861.31	198.73	
iii) Aggregate consideration (Including MRR)	861.31	198.73	
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-	
v) Aggregate gain / loss over net book value	-	-	

Notes to the Financial Statement as at March 31, 2017
9 (a) Details of Non Performing Financial Assets Purchased

(₹ in crore)		
Particulars	2016-17	2015-16
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	-	-

(b) Details of Non Performing Financial Assets Sold

(₹ in crore)		
Particulars	2016-17	2015-16
(i) No. of accounts Sold During the year	-	-
(ii) Aggregate Outstanding	-	-
(iii) Aggregate consideration received	-	-

10 Assets Liabilities Management Maturity pattern of certain items of asset and liabilities (At Book Values)

	Liabilities		Assets	
	As at March 31, 2017		As at March 31, 2017	
	Borrowings from Bank	Market Borrowings	Loans & Advances	Investments
Upto 30/31 day	50.00 (274.48)	52.27 (104.30)	76.14 (61.97)	453.91 (3.63)
Over 1 month to 2 months	66.66 (66.67)	173.69 (346.03)	79.04 (63.46)	0.09 (5.32)
Over 2 month to 3 months	216.66 (142.71)	261.20 (0.00)	79.44 (66.77)	0.32 (10.19)
Over 3 month to 6 months	256.70 (275.42)	491.47 (52.45)	246.31 (238.24)	0.02 (24.44)
Over 6 month to 1 Year	726.66 (631.47)	97.18 (35.76)	462.10 (352.96)	0.04 (29.90)
Over 1 year to 3 Years	2,057.10 (2,346.10)	2,298.48 (201.46)	1,336.16 (722.24)	0.19 (6.94)
Over 3 year to 5 Years	653.32 (1,268.34)	902.45 (166.41)	490.66 (647.97)	50.22 (0.00)
Over 5 Year to 7 years	90.00 (240.00)	360.70 (169.00)	1,540.51 (675.98)	0.25 (0.00)
Over 7 Year to 10 years	- (0.00)	488.12 (227.70)	1,462.84 (949.64)	0.43 (0.00)
Over 10 years	- (0.00)	435.71 0.00	4,195.26 (2,957.90)	2.27 (0.00)
Total	4,117.10 (5,245.19)	5,561.27 (1,303.11)	9,968.46 (6,737.13)	507.74 (80.42)

Notes:

- (a) 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.
- (b) 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 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.

Reliance Home Finance Limited

Notes to the Financial Statement as at March 31, 2017

11 Exposures

(a) Exposure to Real Estate

		(₹ in crore)	
Category	As at March 31, 2017	As at March 31, 2016	
a 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			
(a) Individual Housing loans upto ₹ 15 lakhs	709.59	567.25	
(b) Individual Housing loans More than ₹ 15 lakhs	4,109.08	2,927.66	
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	3,412.15	2,747.99	
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -			
a) Residential	3.49	-	
b) Commercial Real Estate	-	-	
Total Exposure to Real Estate Sector	8,234.31	6,242.90	

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, 2017	As at March 31, 2016	
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-	
ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	-	-	
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-	
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-	
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-	
vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-	
vii) Bridge loans to companies against expected equity flows / issues;	-	-	
viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-	
Total Exposure to Capital Market	-	-	

Notes to the Financial Statement as at March 31, 2017

12 Details of Financing of the Parent Company Product

(₹ in crore)

	2016-17	2015-16
There are no parent Company products which are financed by the Company during the year.	-	-

13 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Company

There are no Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Company.

14 Unsecured Advances

(₹ in crore)

	As at March 31, 2017	As at March 31, 2016
Advances against Securities of Intangible Assets	-	-
Total Advances against Securities of Intangible Assets	-	-

15 Remuneration of Directors

(₹ in crore)

	2016-17	2015-16
Directors' Sitting Fees	0.23	0.16
	0.23	0.16

16 Net Profit or Loss for the period, prior period items and changes in accounting policies

(₹ in crore)

	2016-17	2015-16
During the year there is no changes in the accounting policies and no prior period items	-	-

34 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)

	As at March 31, 2017	As at March 31, 2016
a) Provision for depreciation on Investments	-	-
b) Provision made towards Income tax	(9.57)	51.67
c) Provision for NPA & Doubtful Debts	10.69	4.40
d) Provision for Standard Assets	21.37	7.71
- Teaser Loan	(0.05)	(0.09)
- Commercial Real Estate	10.63	0.51
- Commercial Real Estate –Residential Housing	3.83	1.91
- Other Standard Assets	6.96	5.38
e) Other Provisions and Contingencies (with details)		
- Provision for Repossessed assets	15.75	-

2. Break up of Loans & Advances and Provision Thereon

(₹ in crore)

	Housing		Non Housing	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Standard Assets				
a) Total Outstanding Amount	6,707.36	4,984.31	3,203.20	1,702.72
b) Provisions made	33.42	24.67	23.21	10.58
Sub-Standard Assets				
a) Total Outstanding Amount	31.96	18.69	15.09	15.69
b) Provisions made	4.79	2.80	2.36	2.10

Reliance Home Finance Limited

Notes to the Financial Statement as at March 31, 2017

(₹ in crore)

	Housing		Non Housing	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Doubtful Assets – Category-I				
a) Total Outstanding Amount	11.81	11.61	6.51	1.10
b) Provisions made	2.95	2.90	1.63	0.28
Doubtful Assets – Category-II				
a) Total Outstanding Amount	4.75	10.91	0.40	3.78
b) Provisions made	1.90	4.37	0.16	1.51
Doubtful Assets – Category-III				
a) Total Outstanding Amount	1.55	3.79	0.43	0.04
b) Provisions made	0.62	1.52	0.17	0.02
Loss Assets				
a) Total Outstanding Amount	-	-	11.35	-
b) Provisions made	-	-	11.35	-
TOTAL				
a) Total Outstanding Amount	6,757.43	5,029.31	3,236.98	1,723.33
b) Provisions made	43.68	36.26	38.88	14.49

3. Exposure

a) Concentration of Loans & Advances

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016
Total Advances to twenty largest borrowers	861.35	574.31
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	8.62%	8.52%

b) Concentration of all Exposures

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016
Total Exposure to twenty largest borrowers	861.35	574.31
Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company	8.64%	8.52%

c) Concentration of NPAs

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016
Total Exposure to top ten NPA accounts	46.87	21.73

d) Sector-wise NPAs

(₹ in crore)

Particulars	Percentage of NPAs to total advances in that sector	
	2016-17	2015-16
Housing		
Individual	0.84%	1.20%
Builder Loans – Residential projects	0.47%	0.11%
Loans to Corporates – Residential projects #	0.94%	0.80%
Non Housing		
For mortgage/property/home equity loans	1.18%	1.66%
Loans to Corporates – Non Residential projects #	0.10%	0.24%
Loans to Corporates – Others #	3.20%	0.00%

Corporate means all other loans other than Individual

Notes to the Financial Statement as at March 31, 2017
e) Movement of NPAs

(₹ in crore)		
Particulars	As at March 31, 2017	As at March 31, 2016
Net NPAs to Net Advances (%)	0.58	0.74
Movement of NPAs (Gross)		
(a) Opening Balance	65.61	53.15
(b) Additions during the year/ Pursuant to Scheme of Arrangement	58.12	32.44
(c) Reductions during the year	39.89	19.98
(d) Closing balance	83.84	65.61
Movement of Net NPAs		
(a) Opening Balance	50.10	41.05
(b) Additions during the year/ Pursuant to Scheme of Arrangement	39.01	24.09
(c) Reductions during the year	31.21	15.04
(d) Closing balance	57.90	50.10
Movement of provisions for NPAs		
(a) Opening Balance	15.51	12.10
(b) Additions during the year/ Pursuant to Scheme of Arrangement	19.11	8.35
(c) Write-off/write-back of excess provisions	8.68	4.94
(d) Closing balance	25.94	15.51

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)

(₹ in crore)		
Particulars	As at March 31, 2017	As at March 31, 2016
(a) No. of complaints pending at the beginning of the year	14	20
(b) No. of complaints received during the year/ Pursuant to Scheme of Arrangement	1 926	1 117
(c) No. of complaints redressed during the year	1 917	1 123
(d) No. of complaints pending at the end of the year	23	14

35 Employee benefits
a) Defined contribution plan

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

Particulars	2016-17	2015-16
Employer's contribution to provident fund	1.94	1.42
Employer's contribution to superannuation fund [* ₹ 10,000 (Previous Year ₹ 20,000)]	*	*
Employer's contribution to pension scheme	1.06	0.77
	3.00	2.20

Notes to the Financial Statement as at March 31, 2017

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 and leave encashment plan. The said information is based on certificates provided by the actuary.

Particulars	(₹ in crore)			
	Gratuity benefit (funded)		Leave Encashment Benefit (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
I. Table showing change in Benefit Obligation:				
Liability at the beginning of the period	2.96	1.36	0.53	0.28
Interest Cost	0.24	0.11	0.04	0.02
Current Service Cost	0.74	0.22	0.08	0.08
Benefit Paid	(1.05)	(0.45)	(0.06)	(0.08)
Liability Transferred in / Acquisitions	0.73	0.74	-	-
Actuarial (gain)/loss on obligations	-	-	(0.04)	0.22
Actuarial (gain)/loss on obligations –Due to change in Financial Assumptions	0.18	(0.02)	-	-
Actuarial (gain)/loss on obligations –Due to change in Demographic Assumptions	-	0.15	-	-
Actuarial (gain)/loss on obligations –Due to Experience	0.02	0.85	-	-
Liability at the end of the period	3.81	2.96	0.55	0.53
II. Changes in the fair Value of Plan Assets and the reconciliation thereof:				
Fair Value of Plan Assets at the beginning of the period	0.93	1.36	-	-
Expected return on Plan Assets	0.07	0.11	-	-
Contributions	2.27	-	0.06	0.08
Assets Transferred in/Acquisitions	1.46	-	-	-
Benefit paid	(1.05)	(0.45)	(0.06)	(0.08)
Actuarial gain/(loss) on Plan Assets	0.15	(0.09)	-	-
Fair value of Plan Assets at the end of the period	3.83	0.93	-	-
Total Actuarial gain/(loss) to be recognized	0.05	1.08	-	-
Funded Status	-	-	(0.55)	(0.53)
III. Actual return on Plan Assets				
Expected return on Plan Assets	0.07	0.11	-	-
Actuarial gain/(loss) on Plan Assets	0.15	(0.09)	-	-
Actual return on Plan Assets	0.23	0.02	-	-
IV. Amount recognised in the Balance Sheet				
Liability at the end of the period	(3.81)	(2.96)	0.55	0.53
Fair Value of Plan Assets at the end of the period	3.83	0.93	-	-
Difference Funded status	0.02	(2.03)	(0.55)	(0.53)
Unrecognised Actual Gain / (Loss)	-	-	-	-
Amount recognised in the Balance Sheet (liability)	0.02	(2.03)	(0.55)	(0.53)
V. Expenses recognised in the Profit and Loss Account				
Current Service Cost	0.74	0.22	0.08	0.08
Interest Cost *[Previous Year ₹ (4110)]	0.16	0*	0.04	0.02
Expected return on Plan Assets	-	-	-	-
Net Actuarial (gain)/loss to be recognized	0.05	1.08	(0.04)	0.22
Expense recognised in Profit and Loss Account	0.95	1.30	0.08	0.32

Notes to the Financial Statement as at March 31, 2017

(₹ in crore)

Particulars	Gratuity benefit (funded)		Leave Encashment Benefit (Unfunded)		
	2016-17	2015-16	2016-17	2015-16	
VI. Amount recognised in the Balance Sheet					
Opening Net Liability	2.03	(0.01)	0.53	0.28	
Expense as above	0.95	1.30	0.08	0.32	
Net Liability / (Asset) Transfer In	(0.74)	0.74	-	-	
Employers Contribution paid	(2.27)	-	(0.06)	(0.08)	
Closing Net Liability/(Assets)	(0.02)	2.03	0.55	0.53	
VII. Assumptions					
Discount Rate	7.66%	8.01%	7.45%	7.57%	
Rate of return on Plan Assets	7.66%	8.01%	-	-	
Salary Escalation Rate	6.00%	6.00%	6.00%	6.00%	
VIII. Experience Adjustment					
Plan Assets at the end of year	-	-	-	-	
Defined benefit obligations at the end of year	-	-	0.55	0.53	
Amount not recognised as an Asset (limit in para 59(b))	-	-	-	-	
Surplus / (Deficit)	-	-	(0.55)	(0.53)	
Experience adjustment on Plan Assets gain/(loss)	0.15	(0.09)	-	-	
Experience adjustment on Plan Liabilities (gain)/loss	0.02	0.85	(0.04)	0.22	
IX. Particulars of the amounts for the year and previous years					
	Gratuity for the year ended March 31				
	2 017	2 016	2 015	2 014	2 013
Present value of benefit obligation	3.81	2.96	1.36	0.71	0.72
Fair value of plan assets	3.83	0.93	1.36	0.72	0.69
Excess of obligation over plan assets	0.02	2.03	0.01	(0.01)	0.03
X. Experience Adjustment					
Experience adjustment on Plan Assets Gain/(Loss)	0.15	(0.09)	0.05	(0.02)	-
Experience adjustment on Plan Liabilities (Gain)/Loss	0.02	0.85	0.30	(0.02)	0.11

Notes:

- i) The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.
- iii) General Descriptions of significant defined plans:
 - a) Gratuity plan
Gratuity is payable to all eligible employees of the Company on superannuation, death and permanent disablement, in terms of the provisions of the Payment of Gratuity Act 1972 or as per the Company's Scheme whichever is more beneficial.
 - b) Leave plan
Encashment of leave can be availed by the employee for balance in the earned account as on January 1, 2009. All carry forward earned leaves with a maximum limit of 10 Days, are available for availment but not for encashment.

Other Employee Benefits – Phantom Stock

I. Details of Option granted, forfeited and exercised

Particulars	2016-17 (Options)	2015-16 (Options)
Outstanding as at April 1, 2016	579,400	-
Granted	-	579,400
Exercised	-	-
Lapsed/ Forfeited/ Surrendered	141,000	-
Outstanding as at March 31, 2017	438,400	579,400
Exercisable as at March 31, 2017	-	-

Reliance Home Finance Limited

Notes to the Financial Statement as at March 31, 2017

II. Terms and conditions of the scheme

Date of grant

Details of vesting schedule and condition	Phantom stock granted under the scheme would vest within not less than 1 year and not more than 5 years from the last date of vesting of such Phantom stock option. Vesting of Phantom stock option would be subject to continued employment with the company and the Phantom stock option would vest on passage of time
Appreciation as per Phantom stock option	Excess of fair market of share on the date of exercise determined in terms of Phantom stock option scheme over the base price.
Exercise Period	In case of continuation of employment : Vested Phantom stock option can be exercised any time Upto 3 years from the date of last vesting of Phantom stock options and In case of cessation of employment : Different periods depending on kind of cessation as per provision of the Phantom stock option scheme
Settlement of Phantom stock option	Within 90 days from the date of exercise by cash

III. Fair value of the Option granted was estimated on the date of grant based on the following assumptions

Discount rate	6.77%
Expected life	5 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 ₹ 0.21 crore (Previous year ₹ 0.11 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.

36 Segment reporting

The Company is mainly engaged in the housing finance business, all other activities revolve around the main business of the Company, as such there is no separate reportable segment and Company's all operations are conducted within India, hence there is no separate reportable geographical segment, under Accounting Standard -17 (AS-17), on "Segment Reporting" notified by the Companies (Accounts) Rules, 2014.

37 Related party disclosures

A. List of Related Parties and their relationship:

i) Holding Company

Reliance Capital Limited

ii) Subsidiaries of Holding Company / Fellow Subsidiaries

1 Reliance Nippon Life Asset Management Limited (formerly Reliance Capital Asset Management Limited)	14 Reliance Securities Limited
2 Reliance Asset Management (Singapore) Pte. Limited	15 Reliance Commodities Limited
3 Reliance Asset Management (Mauritius) Limited	16 Reliance Financial Limited
4 Reliance Capital Asset Management (UK) Limited (dissolved w.e.f. June 14, 2016)	17 Reliance Money Express Limited (ceased w.e.f. February 7, 2017)
5 Reliance Capital Pension Fund Limited	18 Reliance Money Precious Metals Private Limited
6 Reliance AIF Management Company Limited	19 Reliance Money Solutions Private Limited
7 Reliance Capital AIF Trustee Company Private Limited	20 Reliance Wealth Management Limited
8 Reliance Capital Trustee Co. Limited	21 Quant Capital Private Limited
9 Reliance General Insurance Company Limited	22 Quant Broking Private Limited
10 Reliance Nippon Life Insurance Company Limited (formerly Reliance Life Insurance Company Limited)	23 Quant Securities Private Limited
11 Reliance Commercial Finance Limited (formerly Reliance Gilts Limited)	24 Quant Commodity Broking Private Limited (ceased from August 18, 2016)
12 Reliance Exchangenext Limited	25 Quant Capital Finance and Investments Private Limited (ceased from July 7, 2016)
13 Reliance Corporate Advisory Services Limited (formerly Reliance Spot Exchange Infrastructure Limited)	26 Quant Investment Services Private Limited

Notes to the Financial Statement as at March 31, 2017
iii) Key Managerial Personnel

Shri Ravindra Sudhalkar	Chief Executive Officer (w.e.f. October 1, 2016)
Shri Sandip Parikh	Manager (upto September 30, 2016)
Shri Sandip Parikh	Chief Financial Officer (w.e.f. December 6, 2016)
Shri Amrish Shah	Chief Financial Officer (upto December 6, 2016)
Kum. Roopa Joshi	Chief Financial Officer (Till May 7, 2015)
Ms. Parul Jain	Company Secretary & Compliance Officer (w.e.f. December 6, 2016)
Ms. Ekta Thakurel	Company Secretary (upto December 6, 2016)
Kum. Deepali Bhatt	Company Secretary (From May 7, 2015 till July 30, 2015)

B. List of other related parties under common control with whom transactions have taken place during the year:

Enterprise over which individual described in clause A (ii) above has control or significant influence.

1	Reliance Communications Infrastructure Limited	2	Reliance Infocomm Infrastructure Limited
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C. Transactions during the year with related parties:

(₹ in crore)

Particulars	Holding Company	Fellow Subsidiary	Parties under common control	Key Management Personnel	Total
Equity Share Capital					
a) Issued during the year	50.00	-	-	-	50.00
	(-)	(-)	(-)	(-)	(-)
b) Matured /Redeemed during the year	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
c) Balance as at March 31, 2017	115.82	-	-	-	115.82
	(65.82)	(-)	(-)	(-)	(65.82)
Security Premium Received on Issue of Equity Share					
a) Received during the year	150.00	-	-	-	150.00
	(-)	(-)	(-)	(-)	(-)
b) Balance as at March 31, 2017	405.18	-	-	-	405.18
	(255.18)	(-)	(-)	(-)	(255.18)
Trade Payables					
a) Sundry Payables as on March 31, 2017	0.15	-	-	-	0.15
	(-)	(-)	(-)	(-)	(-)
Sundry Receivables					
a) Sundry Receivable as on March 31, 2017	-	-	-	-	-
	(0.03)	(-)	(-)	(-)	(0.03)
Income					
a) Infrastructure Cost	4.52	-	-	-	4.52
	(-)	(-)	(-)	(-)	(-)
b) Interest & Other Income transferred under BTA	0.52	-	-	-	0.52
	(0.62)	(-)	(-)	(-)	(0.62)
c) Brokerage Commission on Property Solution	0.20	-	-	-	0.20
	(0.39)	(-)	(-)	(-)	(0.39)
Expenses					
a) Infrastructure Cost	22.63	-	-	-	22.63
	(3.60)	(-)	(-)	(-)	(3.60)
b) Salary Cost	-	-	-	-	-
	(4.40)	(-)	(-)	(-)	(4.40)
c) Management Fees	3.00	-	-	-	3.00
	(3.00)	(-)	(-)	(-)	(3.00)
d) Other Expenses transferred under BTA	0.19	-	-	-	0.19
	(0.99)	(-)	(-)	(-)	(0.99)

Reliance Home Finance Limited

Notes to the Financial Statement as at March 31, 2017

(₹ in crore)					
Particulars	Holding Company	Fellow Subsidiary	Parties under common control	Key Management Personnel	Total
e) Finance Cost transferred under BTA	0.39 (0.47)	- (-)	- (-)	- (-)	0.39 (0.47)
f) Reimbursement of Expenses	0.15 (-)	- (-)	- (-)	- (-)	0.15 (-)
Security Issue for Non Convertible Debentures					
a) Security Issue for Non Convertible Debentures	707.10 (-)	- (-)	- (-)	- (-)	707.10 (-)
With Reliance Commercial Finance Limited					
Income					
Reimbursement of Expenses Received -Infrastructure Cost	- (-)	0.21 (-)	- (-)	- (-)	0.21 (-)
Valuation Charges Received	- (-)	0.02 (-)	- (-)	- (-)	0.02 (-)
Expenses					
Reimbursement of Expenses Paid -Infrastructure Cost	- (-)	4.78 (-)	- (-)	- (-)	4.78 (-)
With Reliance General Insurance Company Limited					
Non Convertible Debentures -Secured					
Balance as at March 31, 2017	- (-)	40.00 (-)	- (-)	- (-)	40.00 (-)
Expenses					
Insurance Premium paid	- (-)	0.65 (0.72)	- (-)	- (-)	0.65 (0.72)
Interest Accrued on Non Convertible Debentures	- (-)	0.87 (-)	- (-)	- (-)	0.87 (-)
With Reliance Nippon Life Insurance Company Limited					
Non Convertible Debentures -Unsecured					
Balance as at March 31, 2017	- (-)	37.00 (-)	- (-)	- (-)	37.00 (-)
Expenses					
Term Insurance Premium paid	- (-)	0.29 (-)	- (-)	- (-)	0.29 (-)
Interest Accrued on Non Convertible Debentures	- (-)	0.84 (-)	- (-)	- (-)	0.84 (-)
With Reliance Securities Limited					
Non Convertible Debentures -Secured					
Balance as at March 31, 2017	- (-)	0.25 (-)	- (-)	- (-)	0.25 (-)
Income					
Brokerage Commission on Property Solution * ₹ 9,000	- (-)	- (*)	- (-)	- (-)	- (*)
Expenses					
Brokerage Paid	- (-)	0.26 (0.06)	- (-)	- (-)	0.26 (0.06)
With Reliance Financial Limited					
Non Convertible Debentures -Secured					
Balance as at March 31, 2017	- (-)	0.25 (-)	- (-)	- (-)	0.25 (-)
With Reliance Infocomm Infrastructure Limited					
Expenses					
Employee ID card printing charges paid * ₹ 14,390	- (-)	- (-)	- (*)	- (-)	- (*)

Notes to the Financial Statement as at March 31, 2017

(₹ in crore)

Particulars	Holding Company	Fellow Subsidiary	Parties under common control	Key Management Personnel	Total
With Reliance Communications Infrastructure Limited					
Trade Payable as on March 31, 2017					
Trade Payable as on March 31, 2017	-	-	-	-	-
	(-)	(-)	(0.07)	(-)	(0.07)
Buildings Purchased					
Building Purchase	-	-	2.14	-	2.14
	(-)	(-)	(5.58)	(-)	(5.58)
Income					
Brokerage Commission on Property Solution	-	-	1.90	-	1.90
	(-)	(-)	(4.44)	(-)	(4.44)
With Shri Ravindra Sudhalkar					
Housing Loan					
a) Given during the year	-	-	-	3.00	3.00
	(-)	(-)	(-)	(-)	(-)
b) Repaid during the year	-	-	-	3.00	3.00
	(-)	(-)	(-)	(-)	(-)
c) Balance as at March 31, 2017	-	-	-	-	-
	(-)	(-)	(-)	(-)	-
Income					
Interest Income on Loans	-	-	-	0.05	0.05
	(-)	(-)	(-)	(-)	(-)
Processing Fees * ₹ 3,000	-	-	-	*	*
	(-)	(-)	(-)	(-)	(-)
Expenses					
Employee Benefits Expense	-	-	-	1.81	1.81
	(-)	(-)	(-)	(-)	(-)
With Shri Sandip Parikh					
Housing Loan					
a) Repaid during the year	-	-	-	0.23	0.23
	(-)	(-)	(-)	(0.01)	(0.01)
b) Balance as at March 31, 2017	-	-	-	0.16	0.16
	(-)	(-)	(-)	(0.39)	(0.39)
Income					
Interest Income on Loans	-	-	-	0.02	0.02
	(-)	(-)	(-)	(0.04)	(0.04)
Expenses					
Employee Benefits Expense	-	-	-	1.41	1.41
	(-)	(-)	(-)	(1.41)	(1.41)
With Shri Amrish Shah					
Housing Loan					
a) Repaid during the year	-	-	-	0.22	0.22
	(-)	(-)	(-)	(0.25)	(0.25)
b) Balance as at December 6, 2016	-	-	-	0.77	0.77
	(-)	(-)	(-)	(0.99)	(0.99)
Income					
Interest Income on Loans	-	-	-	0.05	0.05
	(-)	(-)	(-)	(0.10)	(0.10)
Expenses					
Employee Benefits Expense	-	-	-	0.50	0.50
	(-)	(-)	(-)	(0.52)	(0.52)

Reliance Home Finance Limited

Notes to the Financial Statement as at March 31, 2017

(₹ in crore)					
Particulars	Holding Company	Fellow Subsidiary	Parties under common control	Key Management Personnel	Total
With Kum. Roopa Joshi Expenses					
Employee Benefits Expense	-	-	-	-	-
	(-)	(-)	(-)	(0.02)	(0.02)
With Ms. Parul Jain Expenses					
Employee Benefits Expense	-	-	-	0.04	0.04
	(-)	(-)	(-)	(-)	(-)
With Ms. Ekta Thakurel Expenses					
Employee Benefits Expense	-	-	-	0.10	0.10
	(-)	(-)	(-)	(0.09)	(0.09)
With Kum. Deepali Bhatt Expenses					
Employee Benefits Expense	-	-	-	-	-
	(-)	(-)	(-)	(0.02)	(0.02)

Notes :

- 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.
- The current year figures are excluding service tax.
- Expenses incurred towards public utilities services such as telephone and electricity charges have not been considered for related party transaction.

38 Basic and diluted earnings per share:

The computation of earnings per share is set out below

(₹ in crore)		
Particulars	2016-17	2015-16
Amounts used as the numerators		
Net Profit after tax	172.59	86.75
Net Profit attributable to equity shareholders	172.59	86.75
Weighted average number of equity shares (Nos.)	8 43 81 644	6 58 20 000
Basic earnings per share of face value ₹ 10 each (In Rupees)	20.45	13.18
Diluted earnings per share of face value ₹ 10 each (In Rupees)	20.45	13.18

39 Contingent Liabilities and Commitments (As Certified by the Management)

(₹ in crore)		
Particulars	As at March 31, 2017	As at March 31, 2016
Contingent Liabilities		
i) Guarantees to Banks and Financial Institutions on behalf of third parties	-	-
ii) Claims against the Company not acknowledge as debt	0.64	0.48
iii) Second loss credit enhancement for securitization of standard asset transactions provided by third party	13.36	22.09
Commitments		
iv) Estimated amount of contracts remaining to be executed on capital account (net of advances)	0.36	-
v) Undrawn Committed Credit lines (Undisbursed amount of housing loans/ other loans sanctioned)	1,208.90	736.85

Notes to the Financial Statement as at March 31, 2017
40 Details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016

(₹ in crore)

Particulars	Specified Bank Notes	Other Notes	Total
Closing cash in hand as on 08.11.2016	0.03	*	0.03
Add : Permitted Receipts	-	0.49	0.49
Less : Permitted Payments	-	-	-
Less : Amount deposited in Bank	0.03	0.48	0.51
Closing cash in hand as on 30.12.2016	-	0.01	0.01

* ₹ 3,271

41 Scheme of Arrangement between Company and Reliance Capital Limited (RCL)

The Board of Directors of the Company at their meeting held on October 28, 2016 has approved a Scheme of Arrangement for demerger of Real Estate Lending Business of Reliance Capital Limited (RCL) into the Company with effect from April 1, 2017, the Appointed Date, subject to requisite approvals, including the sanction of National Company Law Tribunal. Upon the demerger getting approved, the Company shall issue and allot, at par, to all equity shareholders of RCL, 1 (One) fully paid Equity Share of the Company for every 1 (One) equity share of ₹ 10 each fully paid-up held in RCL. The Company will list its equity shares on the Stock Exchanges.

For the year ended March 31, 2017 there is no impact on the financial statements of the Company on account of above Scheme.

42 Scheme of Arrangement between Company and India Debt Management Private Limited (IDMPL)

The Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 between India Debt Management Private Limited ('the Demerged Company') and Reliance Home Finance Limited ('the Company') has been sanctioned by the National Company Law Tribunal, Mumbai Bench vide Order dated April 5, 2017 to acquire the "entire credit business" ('Demerged Undertaking') of the Demerged Company. The Scheme became effective on April 21, 2017 on filing with the Registrar of Companies, Maharashtra at Mumbai with effect from March 31, 2016 i.e. Appointed Date.

Pursuant to the Scheme, the entire credit business of India Debt Management Private Limited (IDMPL) has been transferred to the Company.

Hence, in accordance with the Scheme:-

- On Scheme becoming effective with effect from Appointed Date, the Company has recorded all the assets i.e. Investment and Cash & Bank Balance aggregating to ₹ 240.60 crore and liabilities i.e. Provision for Diminution in the Value of Long Term Investments aggregating to ₹ 240.55 crore as appearing in the books of IDMPL's related to credit business at their respective book value as on Appointed Date. The net assets taken over include:

Assets / Liabilities Taken Over	(₹ in crore)
Assets	
Investments	240.55
Less: Provision for Diminution in the Value of Long Term Investments	240.55
Cash on Hand & Bank Balance with Banks	0.05
Total Assets	0.05
Liabilities	
Total	-

- Upon the Scheme becoming effective and in consideration of transfer and vesting of the undertaking of the IDMPL's entire credit business, the Company will issue and allot, at par, to all equity shareholders of the IDMPL, whose name appears in the register of members of IDMPL as on the effective date, 94 ('Ninety Four') 8% Cumulative Non Convertible Redeemable Preference Shares of ₹ 10 each fully paid-up for every one equity share of ₹ 10 each fully paid-up held by the equity shareholders of IDMPL.

Accordingly 3,10,35,980, 8% Cumulative Non Convertible Redeemable Preference Shares of ₹ 10 each fully paid-up at par are to be allotted to the equity share holders of IDMPL. Pending issue and allotment of shares as at the balance sheet date ₹ 31.04 crore has been credited to Share Suspense Account.

- There are no inter-company balances and transactions between the Company and IDMPL on appointed date.
- The Company has recognised deferred tax asset amounting to ₹ 105.85 crore on the unabsorbed business losses pertaining to demerged undertaking.
- Pursuant to the Scheme approved by National Company Law Tribunal, the difference between value of assets and liabilities of IDMPL's entire credit business and the value of the shares allotted to the shareholders of IDMPL, amounting to ₹ 30.99 crore has been recorded as goodwill.

Reliance Home Finance Limited

Notes to the Financial Statement as at March 31, 2017

- vi As the financial statements for previous year ended March 31, 2016 have been already approved by the shareholders of the Company, the previous year accounts have not been reopened and all the relevant accounting entries with respect to the Scheme have been accounted during the current financial year.

43 Outstanding Future & Option as on March 31, 2017

Name of Option	No. of contracts	Units	
		Long	Short
Futures	493 (2 859)	1 90 975 (2 16 225)	- (-)
Put option	1 272 (241)	12 525 (-)	82 875 (18 075)
Call option	1 654 (-)	1 08 000 (-)	16 050 (-)

Figures in bracket indicate previous year figures.

44 Corporate Social Responsibility Expenditure

As per Section 135 of the Companies Act, 2013 (the 'Act'), the Company is under obligation to incur ₹ 2.04 crore (Previous Year ₹ 1.39 crore) and has incurred the same in cash, being 2% of the average net profit during the three immediately preceding financial years, calculated in the manner as stated in the Act towards Corporate Social Responsibility through the non-profit centre(s) engaged in the provision of health care and education for the purpose other than construction / acquisition of asset.

- 45 After considering the losses suffered by the credit business of IDMP, being the business acquired on demerger of IDMP, and the accounting of such losses and of corresponding provisions made by IDMP for the year ended March 31, 2017, the Company is advised that no income tax is payable both as per normal computation of income, and the MAT computation. Hence, no provision is considered in the books of accounts for the year ended March 31, 2017.
- 46 The Board of Directors have recommended a dividend of 5 per cent (₹ 0.50 per equity share) for the year subject to the approval of the members of the Company at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events Occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through Amendments to the Companies (Accounting Standards) Amendment, Rules 2016 dated March 30, 2016, Company has not accounted for proposed dividend as a liabilities as at March 31, 2017. Accordingly, the proposed dividend of ₹ 5.79 crore and tax thereon ₹ 1.18 crore are not recognised as liability in the financial statements for the year ended March 31, 2017.
- 47 During the year, the Company has received debenture application money of ₹ 2,987.62 crore directly and ₹ 66.36 crore through ASBA process in terms of Shelf Prospectus and Tranche 1 Prospectus both dated December 15, 2016 ("Prospectus") of public issue of "Secured and Unsecured Redeemable Non-Convertible Debentures" (NCD). The NCD issue was open from December 22, 2016 to December 23, 2016 and the Company has allotted NCD amounting to ₹ 3,053.98 crore on January 3, 2017. NCDs were listed on BSE Limited and National Stock Exchange of India Limited on January 6, 2017. As on March 31, 2017 the proceeds have been utilised as per the Objects of the Issue as under:

Sr. No.	Objects of the Issue	Amount utilised
i)	For the purpose of onward lending, financing, and for repayment/pre payment of interest and principal of existing borrowings of the Company	₹ 3,053.98 crore i.e. 100%
ii)	General corporate purpose	-

- 48 During the year, the Company had reported to National Housing Bank (NHB) a fraud in disbursement of housing loans amounting to ₹ 1.95 crore. As on March 31, 2017, the entire amount has been written off by the Company.

- 49 Previous year figures has been regrouped /reclassified wherever necessary.

The figures for current year includes figures of Credit Business of India Debt Management Private Limited (IDMP) which is demerged with the Company with effect from March 31, 2016 i.e. the Appointed Date and therefore to that extent not strictly comparable to that of previous year's figures.

As per our report of even date attached

For and on behalf of the Board

For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No. : 101720W

Directors

Padmanabh Vora
Deena Mehta
Gautam Doshi
Amit Bapna

Lalit R. Mhalsekar
Partner
Membership No: 103418
Mumbai
Dated: April 24, 2017

Executive Director & CEO
Chief Financial Officer
Company Secretary & Compliance Officer
Mumbai
Dated: April 24, 2017

Ravindra Sudhalkar
Sandip Parikh
Parul Jain

