Draft Information Memorandum
September 11, 2017
(Private & Confidential)

RELIANCE HOME FINANCE LIMITED

Our Company was incorporated on June 5, 2008 at Mumbai, as 'Reliance Homes Finance Private Limited' as a private limited company under the provisions of the Companies Act, 1956. Our Company's name was subsequently changed to 'Reliance Home Finance Private Limited' pursuant to issuance of a fresh certificate of incorporation dated March 26, 2009. Subsequently, our Company's name was changed to 'Reliance Home Finance Limited' upon issuance of a fresh certificate of incorporation dated March 27, 2012, consequent upon the conversion of our Company from a private limited company to a public limited company.

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

INFORMATION MEMORANDUM

FOR LISTING OF 48,50,58,818 EQUITY SHARES OF RS. 10 EACH
NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM

OUR PROMOTER: RELIANCE CAPITAL LIMITED

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest funds in the equity shares of our Company unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking a decision to invest in the shares of our Company. For taking an investment decision, Investors must rely on their own examination of our Company including the risks involved.

COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to our Company, which is material in the context of the issue of shares pursuant to the Scheme, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

LISTING

The Equity Shares of our Company are proposed to be listed on the BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**"). For the purposes of this listing, the Designated Stock Exchange is NSE.

Our Company has submitted this Information Memorandum with BSE and NSE and the same has been made available on our Company's website viz. www.reliancehomefinance.com. The Information Memorandum would also be made available on the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).

REGISTRAR TO THE ISSUE

KARVY Computershare	**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 Telangana, India	**Tel.**: +91 40 6716 1500 **Fax**: +91 40 6716 1791 **E-mail**: rhflinvestor@karvy.com **Website**: www.karvy.com **Contact Person**: Mr. Praveen Chaturvedi **SEBI Regn. No.**: INR000000221 **CIN**: U72400TG2003PTC041636

RELIANCE HOME FINANCE LIMITED

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SECTION I-GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Information Memorandum, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this section.

In this Information Memorandum, unless otherwise indicated or the context otherwise requires, all references to "Reliance Home Finance Limited", "RHFL", the/our "Company", "we", "our", "us", "Resulting Company" or "Resulting Entity" are to Reliance Home Finance Limited or, as the context requires, and references to "you" are to the prospective investors in the Equity Shares.

Unless the context otherwise indicates or implies, references to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies, as amended from time to time.

Conventional and general terms or abbreviations

Term/Abbreviation	Description/ Full Form
₹ or Rupees or Rs. or Indian Rupees or INR	The lawful currency of India
Act / Companies Act	The Companies Act, 2013 (18 of 2013), to the extent notified by the MCA and in force as on the date of this Information Memorandum read with rules made thereunder
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
Companies Act, 1956	The erstwhile Companies Act, 1956 replaced by Companies Act, 2013 to the extent notified
CRAR	Capital to Risk-Weighted Assets Ratio
CrPC	Code of Criminal Procedure, 1973
CSR	Corporate Social Responsibility
Depositories Act	Depositories Act, 1996
Depository(ies)	CDSL and NSDL
DIN	Director Identification Number
DP/ Depository Participant	Depository Participant as defined under the Depositories Act, 1996
DRR	Debenture Redemption Reserve
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
FDI	Foreign Direct Investment
FDI Policy	The Government policy and the regulations (including the applicable provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000) issued by the Government of India prevailing on that date in relation to foreign investments in our Company's sector of business
FEMA	Foreign Exchange Management Act, 1999
Financial Year/ Fiscal/ Fiscal Year/ FY	Period of 12 months ended March 31 of that particular year
FIR	First Information Report
FPI	Foreign Portfolio Investors
GDP	Gross Domestic Product
GoI or Government	Government of India
HFC	Housing Finance Company
HMI	High Middle Income
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards

Term/Abbreviation	Description/ Full Form
IPC	Indian Penal Code, 1860
Income Tax Act/ IT Act	Income Tax Act, 1961
India	Republic of India
Indian GAAP	Generally Accepted Accounting Principles followed in India
LMI	Low and Middle income
LTV	Loan-to-value ratio
MCA	Ministry of Corporate Affairs, GoI
MoU	Memorandum of Understanding
MoF	Ministry of Finance, GoI
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NA/ N.A.	Not Applicable
NBFC	Non-Banking Financial Company, as defined under applicable RBI guidelines
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NHB	National Housing Bank
NHB Act	National Housing Bank Act, 1987
National Housing Bank Directions/ NHB Directions	Housing Finance Companies (NHB) Directions, 2010
NPA	Non-Performing Assets
NRI/ Non-Resident	A person resident outside India, as defined under the FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
PCG	Partial Credit Enhancement Guarantee
PLR	Prime Lending Rate
RBI	Reserve Bank of India
RTGS	Real Time Gross Settlement
SARFAESI Act	The Securitisation & Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002)
SCRA	Securities Contract (Regulation) Act, 1956
SCRR	Securities Contract (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SLR	Statutory Liquidity Ratio
STT	Securities Transaction Tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
WPI	Wholesale Price Index

Company related and industry related terms

Term	Description
ALCO	Asset-Liability Management Committee
Articles/ Articles of Association/AoA	Articles of Association of our Company
Appointed Date for Demerger	April 1, 2017

Term	Description
AUM	Assets Under Management
Board/ Board of Directors	Board of Directors of our Company
BOM	Branch Operations Manager
Capital/ Share Capital	Share Capital of our Company
Corporate Office	Reliance Centre, 6th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai 400 055, Maharashtra, India
Director	Director of our Company, unless otherwise specified
Demerged Company	Reliance Capital Limited
Demerged Undertaking	Means and include all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind and wheresoever situated, of the Demerged Company, in relation to and pertaining to the Real Estate Lending Business of the Demerged Company on a going concern basis, together with all its assets and liabilities
Designated Stock Exchange/ DSE	NSE
DSA	Direct Selling Agents
Effective Date	September 5, 2017
Equity Share(s)	Equity Shares of our Company of face value of ₹ 10 each
Equity Shareholder / Shareholder	A holder of the Equity Shares
Eligible Shareholder (s)	Shall mean eligible holder(s) of the Equity Shares of Reliance Capital Limited as on the Record Date
EMI	Equated monthly instalment
Financial Statements	Audited financial statements of our Company for the Fiscals 2017, 2016 and 2015
Memorandum/ Memorandum of Association/ MoA	Memorandum of Association of our Company
Promoter/ RCL/ RCap	Our Promoter, Reliance Capital Limited
Group Companies	Unless the context otherwise required, shall mean Group Companies as enumerated in the chapter "Promoter, Promoter Group and Group Companies"
Scheme/Scheme of Arrangement / Scheme of Arrangement for Demerger	Scheme of Arrangement between Reliance Capital Limited and Reliance Home Finance Limited and their respective shareholders and creditors
Record Date	September 6, 2017
Registrar and Transfer Agent	Karvy Computershare Private Limited
Registered Office	Reliance Centre, 6th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai 400 055, Maharashtra, India
Reliance Group	Refers to the Reliance Group led by Mr. Anil D. Ambani
RoC	Registrar of Companies, Maharashtra at Mumbai
Share Certificate	The certificate in respect of the Equity Shares allotted to a folio
Statutory Auditors/ Auditors	The statutory auditors of our Company, namely M/s Price Waterhouse & Co Chartered Accountants LLP
Stock Exchanges	BSE and NSE

Notwithstanding the foregoing, terms in "*Main Provisions of the Articles of Association*", "*Statement of Tax Benefits*", and "*Financial Statements*", shall have the meanings given to such terms in these respective sections.

CERTAIN CONVENTIONS, USE OF MARKET DATA AND CURRENCY OF PRESENTATION

Unless stated otherwise, the financial data in this Information Memorandum is derived from our financial statements. The financial year commences on April 1 and ends on March 31 of each year, so all references to a particular financial year are to the twelve month period ended March 31 of that year, unless specified otherwise.

In this Information Memorandum, any inconsistencies in any table between the aggregate and the totals of the sums recorded are because of rounding off. All references to "India" contained in this Information Memorandum are to the Republic of India. All references to "₹", "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. For extra definitions, please refer to the chapter titled "*Definitions and Abbreviations*" of this Information Memorandum.

Unless stated otherwise, industry information utilized all through this Information Memorandum has been acquired from published information. Such published information by and large expresses that the data contained in those publications has been obtained from sources accepted to be reliable; however their exactness and completeness are not ensured and their reliability cannot be assured. Despite the fact that we accept that industry information utilized within this Information Memorandum is reliable, it has not been independently verified.

The information included in this Information Memorandum about various other companies is based on their respective Annual Reports and information made available by the respective companies. The data included in this Information Memorandum about different organizations is based on their particular Annual Reports and information made available by the respective organizations.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "seek", "should", "will", "would", or other words or phrases of similar import. Our forward looking statements contain information regarding, among other things, our financial condition, future plans and business strategy. All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India and other countries;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in Indian or international interest rates;
- Changes in laws and regulations in India;
- Changes in political conditions in India;
- Changes in the foreign exchange control regulations in India; and
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally.

We undertake no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. In light of the foregoing, and the risks, uncertainties and assumptions discussed in "*Risk Factors*" and elsewhere in this Information Memorandum, any forward looking statement discussed in this Information Memorandum may change or may not occur, and our actual results could differ materially from those anticipated in such forward looking statement.

SECTION II-RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Information Memorandum, including the risks and uncertainties described below, before making an investment in the Equity Shares of our Company.

If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our Company's business, results of operations and financial condition could suffer, the price of the Equity Shares could decline, and all or part of your investment may be lost. Unless otherwise stated our Company is not in a position to specify or quantify the financial or other risks mentioned herein.

In this section, unless the context otherwise requires, a reference to "we", "us", "our", "our Company", is a reference to our Company, Reliance Home Finance Limited. Unless otherwise specifically stated in this section, financial information included in this section have been derived from our Financial Statements.

Internal Risks and Risks Associated with our Business

1. ***Our business has been growing consistently in the past. Any inability to maintain our growth may have a material adverse effect on our business, results of operations and financial condition.***

We have experienced consistent growth in the past. As at March 31, 2017 and as at March 31, 2016, our total gross outstanding loans advanced stood at ₹ 9,994.40 crores and ₹ 6,752.65 crores, respectively.

For the fiscal years ended March 31, 2017, March 31, 2016 and March 31, 2015, our revenue from operations was ₹ 1,078.57 crores, ₹ 796.04 crores and ₹ 500.95 crores, respectively, and our profit after tax was ₹ 172.59 crores, ₹ 86.75 crores and ₹ 69.06 crores, respectively. The Company's revenue from operations and profit after tax grew at a CAGR of 36.64% and 58.44%, respectively, during the three fiscal years ended March 31, 2017.

Our growth strategy includes increasing the number of loans we extend, diversifying our product portfolio and expanding our customer base. There can be no assurance that our growth strategy will continue to be successful or that we will be able to continue to expand further or diversify our product portfolio.

Our growth exposes us to a wide range of increased risks within India, including business risks, operational risks, fraud risks, regulatory and legal risks and the possibility that the quality of our AUM may decline. Our results of operations depend on a number of internal and external factors, including the increase in demand for housing loans in India, competition, our ability to expand geographically and diversify our product offerings and also significantly on our net interest income.

In order to maintain our growth in the future, we will, *inter alia*, need to continue to focus on: (i) raising funds at optimum costs; (ii) our managerial, technical and operational capabilities; (iii) the allocation of our resources; and (iv) our information and risk management systems. In addition, we may be required to manage relationships with a greater number of customers, third party agents, lenders and other parties.

Our business depends significantly on our marketing initiatives. Our sales and marketing efforts are mainly conducted by third party marketing providers. Our marketing expenses amounted to ₹ 10.92 crores, ₹ 13.66 crores and ₹ 11.78 crores in the fiscal years ended March 31, 2017, 2016 and 2015, respectively. Our business sourcing expenses (including DSA commission) amounted to ₹ 13.37 crores, ₹ 10.60 crores and ₹ 7.27 crores, respectively, for the same periods. If we fail to supervise and control the sales and marketing activities of such third party service providers, the quality of our marketing initiatives may deteriorate. There can be no assurance in relation to the impact of such initiatives and any failure to achieve the desired results may negatively impact the Company's ability to leverage its brand value. Further, there can be no assurance that we would be able to continue such initiatives in the future in a similar manner and on commercially viable terms.

Further, we cannot assure you that we will not experience issues such as capital constraints, difficulties in expanding our existing business and operations, and hiring and training of new personnel in order to manage and operate our expanded business. Any or a combination of some or all of the above-mentioned factors may result in a failure to maintain the growth of our loan portfolio which may in turn have a material adverse effect on our business, results of operations and financial condition.

2. Our business is particularly vulnerable to volatility in interest rates.

A significant component of our income is the interest income that we receive from the loans we disburse. Our interest income and profitability directly depend on the difference between the average interest rate at which we lend and the average interest rate at which we borrow. Interest rates are highly volatile due to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, and domestic and international economic and political conditions. These factors could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest bearing liabilities.

If there is an increase in the interest rates that we pay on our borrowings, which we are unable to pass on to our customers, we may find it difficult to compete with our competitors, who may have access to funds sourced at a lower cost. Further, to the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than lenders that borrow only at fixed interest rates. Fluctuations in interest rates may also adversely affect our treasury operations. If there is a sudden or sharp rise in interest rates, we could be adversely affected by the decline in the market value of our securities portfolio and other fixed income securities.

Further, we may lend money on a long-term, fixed interest rate basis, typically without an escalation clause in our loan agreements. Any increase in interest rates over the duration of such loans may result in our losing potential interest income. Our failure to pass on increased interest rates on our borrowings may cause our net interest income to decline, which would decrease our return on assets and could adversely affect our business, future financial performance and results of operations.

Also, when interest rates decline, we are subject to greater re-pricing and prepayment risks as borrowers take advantage of the attractive interest rate environment. In periods of low interest rates and high competition among lenders, borrowers may seek to reduce their borrowing cost by asking lenders to re-price loans. If we are required to restructure loans, it could adversely affect our profitability. If borrowers prepay loans, the return on our capital may be impaired if we are not able to deploy the received funds at similar interest rates. There can be no assurance that we will be able to adequately manage our interest rate risk in the future, which could have an adverse effect on our net interest margin.

3. Any increase in the levels of non-performing assets in our loan portfolio, for any reason whatsoever, would adversely affect our business, results of operations and financial condition.

With the growth in our business, we may see an increase in the levels of non-performing assets in in our loan portfolio. Should the overall credit quality of our loan portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our NPAs. If the quality of our loan portfolio deteriorates or we are unable to implement effective monitoring and collection methods, our financial condition and results of operations may be affected. Further, there can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs.

As at March 31, 2017 and March 31, 2016, our gross NPAs as a percentage of our outstanding loans was 0.84% and 0.97% respectively and our net NPAs, as a percentage of our outstanding loans, was 0.58% and 0.74%, respectively. The provisioning in respect of our outstanding loan portfolio has been undertaken in accordance with the NHB guidelines and other applicable laws. The provisioning requirements may also require the exercise of subjective judgments of management. The level of our provisions may be inadequate to cover further increases in the amount of our non-performing loans or decrease in the value of the underlying collateral. If our provisioning requirements are insufficient to cover our existing or future levels of non-performing loans or other loan losses that may occur, or if future regulation (or change in accounting standards) requires us to increase our provisions, our results of operation and financials may get adversely affected including our ability to raise additional capital and debt funds at favourable terms.

In addition, provisioning norms may be revised by the NHB from time to time and become more stringent for HFCs. The NHB has amended the provisioning norms in the NHB Directions 2010 pursuant to notification no. NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011, notification no. NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012, and notification no. NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013. Further, NHB's Master Circular bearing No. NHB(ND)/DRS/REG/MC-01/2017 dated July 1, 2017 has incorporated the provisioning norms for housing finance companies in one place. As a result of the aforesaid notifications, we have had to increase our provisioning in accordance with these norms as they changed.

If our customers are unable to meet their financial obligation in a timely manner, then it could adversely affect our results of operations. Any negative trends or financial difficulties particularly among our borrowers could increase the level of non-performing assets in our portfolio and adversely affect our business and financial performance. If a significant number of our customers are unable to meet their financial obligations in a timely manner, it may lead to an increase in our level of NPAs. If we are not able to prevent increases in our level of NPAs, our business and our future financial performance could be adversely affected.

4. ***Our indebtedness and conditions and restrictions imposed by our financing arrangements could adversely affect our ability to conduct our business and operations.***

We have entered into agreements with certain banks and financial institutions for short-term and long-term borrowings. Some of these agreements contain restrictive covenants which require us to obtain consent from our lenders, before, amongst other things, altering our capital structure, disposing assets out of the ordinary course of business, incurring capital expenditure above certain limits, effecting any scheme of amalgamation or reconstitution, creating any charge or lien on the assets or receivables of the Company and any alteration to the Memorandum of Association or Articles of Association. In addition, upon the occurrence of an event of default, we would be restricted from declaring dividends. Certain of the loan agreements also give the lenders the right to nominate directors to the Board to protect the interest of the lenders. Our financing agreements also require us to maintain certain financial ratios.

In the event we breach any financial or other covenants contained in any of our financing arrangements or in the event we had breached any terms in the past which is noticed in the future, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. We may be forced to sell some or all of the assets in our portfolio if we do not have sufficient cash or credit facilities to make repayments. Furthermore, our financing arrangements contain cross-default provisions which could automatically trigger defaults under other financing arrangements.

We cannot assure you that our business will generate sufficient cash to enable us to service our debt or to fund our other liquidity needs. In addition, we may need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms or at all.

5. ***We regularly introduce new products for our customers, and there is no assurance that our new products will be profitable in the future.***

We regularly introduce new products and services in our existing lines of business. We may incur costs to expand our range of products and services and cannot guarantee that such new products and services will be successful once offered, whether due to factors within or outside of our control, such as general economic conditions, a failure to understand customer demand and market requirements or management focus on these new products. If we fail to develop and launch these products and services successfully, we may lose a part or all of the costs incurred in development and promotion or discontinue these products and services entirely, which could in turn adversely affect our business and results of operations.

6. ***In order to sustain our growth, we will need to maintain a minimum capital adequacy ratio. There is no assurance that we will be able to access the capital markets when necessary in order to maintain such a ratio.***

The NHB Directions require a minimum capital adequacy ratio comprising of Tier I and Tier II capital aggregating to 12.00% to our total risk-weighted assets. We must maintain this minimum capital adequacy level to support our continuous growth. Our capital adequacy ratio was 17.00% as on June 30, 2017. Our ability to support and grow our business could be limited by a declining capital adequacy ratio if we are unable to or have difficulty accessing the capital markets.

7. ***As a HFC, we face the risk of default and non-payment by borrowers. Any such defaults and non-payments would result in write-offs and/or provisions in our financial statements which may have a material adverse effect on our profitability and asset quality.***

Any lending activity is exposed to credit risk arising from the risk of default and non-payment by borrowers. Our gross outstanding loan portfolio has grown at a CAGR of 40.04% from ₹ 5,096.05 crores as of March 31, 2015 to

₹ 9,994.40 crores as of March 31, 2017. The size of our loan portfolio is expected to continue to grow as a result of our expansion strategy. As our portfolio expands, we will be exposed to an increasing risk of defaults. Any negative trends or financial difficulties among our borrowers could increase the level of non-performing assets in our portfolio and adversely affect our business and financial performance. The borrowers may default in their repayment obligations due to various reasons including insolvency, lack of liquidity, etc. Any such defaults and non-payments would result in write-offs and/or provisions in our financial statements which may materially and adversely affect our profitability and asset quality. Our loan portfolio stood at ₹ 11,705.05 crores as on June 30, 2017.

8. ***We function in a highly regulated industry. Inability to meet the necessary regulatory requirements can have adverse effect on our reputation, business, financial condition, results of operations and cash flows Also, our inability to adhere to any future regulatory changes may have a material adverse effect on our business, results of operations and financial condition.***

The operations of a HFC in India are subject to various regulations framed by the Ministry of Corporate Affairs and the NHB, amongst others. We are also subject to the corporate taxation and other laws in effect in India which require continued monitoring and compliance. These regulations, apart from regulating the manner in which a company carries out its business and internal operation, prescribe various periodical compliances and filings including but not limited to filing of forms and declarations with the relevant RoC and the NHB.

Our capital adequacy ratio was 17.00% as at June 30, 2017. As our asset book grows further our CRAR may decline and this may require us to raise fresh capital. There is no assurance that NHB will not increase the minimum capital adequacy requirements. Should we be required to raise additional capital in the future in order to maintain our CRAR above the existing and future minimum required levels, we cannot guarantee that we will be able to obtain this capital on favorable terms, in a timely manner or at all. Additionally, under Clause 29C of the NHB Act, our Company is required to create a reserve fund and transfer to such fund an amount of no less than 20% of its net profits every year before any dividend is declared. If we fail to meet the requirements prescribed by the NHB, then the NHB may take certain actions, including but not limited to levying penalties, restricting our lending activities, investment activities and asset growth, and suspending all but our low-risk activities and imposing restrictions on the payment of dividends.

Furthermore, we are also subject to changes in Indian laws, regulations and accounting principles. There can be no assurance that the laws and regulations governing companies in India will not change in the future or that such changes or the interpretations or enforcement of existing and future laws and rules by governmental and regulatory authorities will not affect our business and future financial performance. The introduction of additional government controls or newly implemented laws and regulations, depending on the nature and extent thereof and our ability to make corresponding adjustments, may result in a material adverse effect on our business, results of operations and financial condition and our future growth plans. In particular, decisions taken by regulators concerning economic policies or goals that are inconsistent with our interests, could adversely affect our results of operations.

We cannot assure you that our Company will be in compliance with the various regulatory and legal requirements in a timely manner or at all. Further, we cannot assure you that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the housing finance industry in general. Further, changes in tax laws may adversely affect demand for real estate and therefore, for housing finance in India.

9. ***We are party to certain legal proceedings and any adverse outcome in these or other proceedings may adversely affect our business.***

We are involved, from time to time, in legal proceedings that are incidental to our operations and involve suits filed by and against our Company by various parties. These include criminal proceedings, civil proceedings, arbitration cases, consumer proceedings, cases filed under the Negotiable Instruments Act and applications under the SARFAESI Act regarding enforcement of security interests. These proceedings are pending at different levels of adjudication before various courts, forums, authorities, tribunals and appellate tribunals. A significant degree of judgment is required to assess our exposure in these proceedings and determine the appropriate level of provisions, if any. There can be no assurance on the outcome of the legal proceedings or that the provisions we make will be adequate to cover all losses we may incur in such proceedings, or that our actual liability will be as reflected in any provision that we have made in connection with any such legal proceedings. For a summary of certain material legal proceedings involving our Company, our Promoter, Group Companies and Directors, please refer to the chapter "*Outstanding Litigations and Defaults*".

10. We may face maturity mismatches between our assets and liabilities in the future which may cause liquidity issues.

We regularly monitor our funding levels to ensure we are able to satisfy the requirement for loan disbursements and maturity of our liabilities. As at March 31, 2017, our assets maturing within one year exceeded our liabilities maturing within the same period by ₹ (995.08) crores. As at March 31, 2017, however, our liabilities maturing between one year and three years exceeded our assets maturing during the same period by ₹ 3,019.23 crores and our liabilities maturing between three and five years exceeded our assets maturing during the same period by ₹ 1,014.89 crores, while our assets maturing in over five years exceeded our liabilities maturing in the same period by ₹ 5,827.03 crores.

We maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements. Liquidity is provided principally by long-term borrowings from banks, insurance companies, providend funds, pension funds, gratuity funds, mutual funds etc., short and long-term general financing through the domestic debt markets and retained earnings, proceeds from securitization and equity issuances.

Our liquidity position could be adversely affected and we may be required to pay higher interest rates in order to attract or retain our borrowings in order to meet our liquidity requirements in the future, which could have a material adverse effect on our business and financial results.

11. If we fail to identify, monitor and manage risks and effectively implement our risk management policies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. Please refer to the chapter titled "*Our Business*". Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of managing risks are based upon the use of observed historical market behavior. As a result, these methods may not accurately ascertain future risk exposures, which could be significantly greater than those indicated by the historical measures.

To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risk. Further, some of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses.

To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. Please refer to the Risk Factor titled "*If the level of non-performing assets in our loan portfolio were to increase, our financial condition would be adversely affected*".

If we fail to effectively implement our risk management policies, it could materially and adversely affect our business, financial condition, results of operations and cash flows.

12. Inaccurate appraisal of credit may adversely impact our business.

We may be affected by failure of employees to comply with internal procedures and inaccurate appraisal of credit or financial worth of our clients. Inaccurate appraisal of credit may allow a loan sanction which may eventually result in a NPA on our books of accounts. In the event we are unable to check the risks arising out of such lapses, our business and results of operations may be adversely affected.

13. ***We may be unable to realize the expected value of collateral when borrowers default on their obligations to us, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

We follow internal risk management guidelines in relation to portfolio monitoring. However, we may not be able to realize the full value of the collateral as a result of the following (among other factors):

- delays in bankruptcy and foreclosure proceedings;
- defects or deficiencies in the perfection of collateral (including due to inability to obtain any approvals that may be required from third parties);
- destruction/ material damage to the underlying property.
- fraud by borrowers;
- errors in assessing the value of the collateral;
- illiquid market for the sale of the collateral; and
- applicable legislative provisions or changes thereto and past or future judicial pronouncements.

As a result of any of the foregoing factors, we may not be able to realize the full value of collateral, which could have an adverse effect on our financial condition, results of operations and cash flows.

14. ***As a HFC, we have significant exposure to the real estate sector and any negative events affecting this sector could adversely affect our business and result of operations.***

Our lending products include retail mortgage loans and residential project loans. Retail loans are bifurcated into housing loans and property (non-housing) loans. Housing loans include home purchase loans, home improvement loans, home construction loans, home extension loans, home loans for self-employed customers, plot/land loans and plot and construction loans. Property (non-housing) loans include loans against property (mortgage loans), commercial loans, lease rental finance, project loans and SME loans and are availed for working capital and other business needs and construction of residential projects.

The primary security for the loans disbursed by the Company is the underlying property; the value of this security is largely dependent on housing market conditions prevalent at that time. The value of the collateral on the loans disbursed by the Company may decline due to adverse market conditions, including an economic downturn or a downward movement in real estate prices. In the event the real estate sector is adversely affected due to a decline of demand for real properties, changes in regulations or other trends or events, which negatively impact the real estate sector, the value of our collaterals may diminish which may affect our business and results of operations. Failure to recover the expected value of collateral could expose the Company to losses and, in turn, result in a material adverse effect on our business, results of operations and financial condition.

Following the introduction of the SARFAESI Act and the subsequent extension of its application to HFCs, we are allowed to foreclose on secured property after 60 days' notice to a borrower, whose loan has been classified as non-performing. Although the enactment of the SARFAESI Act has strengthened the rights of creditors by allowing expedited enforcement of security in an event of default, there is still no assurance that we will be able to realize the full value of our collateral, due to, among other things, delays on our part in taking action to secure the property, delays in bankruptcy foreclosure proceedings, stock market downturns, defects in the perfection of collateral and fraudulent transfers by borrowers.

15. ***Our growth in profitability depends on the continued growth of our loan portfolio.***

Our results of operations depend on a number of internal and external factors, including changes in demand for housing loans in India, the competitive landscape, our ability to expand geographically and diversify our product offerings and the size of our loan portfolio. Changes in market interest rates could impact the interest rates charged on our interest-earning assets in a way different to its effect on the interest rates paid on our interest-bearing liabilities, and thus affecting the value of our investments. Further, we may experience issues such as capital constraints. We cannot assure that we will be able to expand our existing business and operations successfully, or that we will be able to retain existing personnel or to hire and train new personnel to manage and operate our expanded business.

16. Restrictions on payment of dividend.

As per the provisions of the Companies Act, the dividends payable on the Equity Shares can only be out of profits of the Company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the Company for any previous fiscal year(s) arrived at as laid down by the Companies Act. Further, where the profits (including accumulated profits standing in the profit or loss account) are inadequate, dividends can be paid out of free reserves, in accordance with the Companies Act and the rules made thereunder. In case the Company does not have adequate profits, the Company will not be able to pay the dividends on its Equity Shares. For details please refer to the chapter "*Dividend Policy*".

17. We may not be able to secure the requisite amount of financing at competitive rates for our growth plans and continue to gain undisrupted access to our funding sources, which could adversely affect our business, results of operations and financial condition.

Our liquidity and ongoing profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met predominantly from a combination of borrowings such as loans from banks and financial institutions (including issuance of commercial papers and Non Convertible debentures on private placement basis). Thus, our continued growth will depend, among other things, on our ability to secure requisite financing at competitive rates, to manage our expansion process, to make timely capital investments, to control input costs and to maintain sufficient operational control.

Our inability to secure requisite financing could have an adverse effect on our business, operations and financial condition. Changes in Indian laws and regulations, our obligations to lenders or under debt instruments can disrupt funding sources which would have a material adverse effect on our liquidity and financial condition. Further, any inability on our part to secure requisite financing or continue with our existing financing arrangement could have an adverse effect on our business, results of operations and financial condition.

18. Any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to borrow on a competitive basis.

We have received the following credit ratings for our existing domestic fund raising:

Particulars	Rating Agency	Rating
A. NCDs issued on Private Placement basis		
Long Term Debt Programme	CARE Ratings	CARE AA+*
Long Term Secured NCD	Brickwork Ratings	BWR AA+
Long Term Unsecured Upper Tier II NCD	Brickwork Ratings	BWR AA
Subordinated Debt	CARE Ratings	CARE AA+*
Long Term Unsecured Subordinated Tier II NCD	Brickwork Ratings	BWR AA+
Upper Tier II Bond	CARE Ratings	CARE AA*
Principal Protected Market Linked Debentures	CARE Ratings	CARE PP-MLD AA+*
B. NCDs issued through Public Issue		
Non-Convertible Debentures Public Issue	CARE Ratings	CARE AA+*
Long Term Secured NCD Public Issue	Brickwork Ratings	BWR AA+
Upper Tier II bond- Public Issue	CARE Ratings	CARE AA*
Public Issue of Long Term Unsecured Upper Tier II NCD	Brickwork Ratings	BWR AA

** Credit watch with developing implications*

These ratings indicate very strong or strong degree of safety regarding timely servicing of financial obligations and allow us to access debt financing at competitive rates of interest. Any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to borrow on a competitive basis, which may adversely affect our business, results of operations and financial condition.

19. Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted without onerous conditions, or at all. Limitations on raising foreign debt may have an adverse effect on our business, results of operations and financial condition.

***20. Our investments are subject to market risk and our exposure to capital markets is subject to certain regulatory limits*.**

As part of our treasury management, we invest surplus funds out of our borrowings and operations in government securities, bonds carrying sovereign guarantee, bonds issued by state governments or public sector enterprises, debt mutual funds, fixed deposits with banks and other highly rated bonds. Our investment policy prescribes investment limits for each of these securities. Certain of these investments are unlisted, offering limited exit options. The value of these investments depends on several factors beyond our control, including the domestic and international economic and political scenario, inflationary expectations and the RBI's monetary policies. Any decline in the value of the investments may have an adversely effect on our business, financial condition and results of operations. Further, pursuant to the NHB Directions, we are not permitted to have an aggregate exposure to capital markets (both fund and non-fund based) in excess of 40.00% of our net worth as of the end of the previous financial year. Within the overall ceiling, direct investments in shares, convertible bonds or debentures, units of equity-oriented mutual funds and all exposures to venture capital funds should not exceed 20.00% of our net worth. Such restrictions may limit our investments, which may have an adverse effect on our business, financial condition and results of operations.

21. We have contingent liabilities as at March 31, 2017 and our financial condition may be adversely affected if these contingent liabilities materialise.

The table below sets forth our contingent liabilities on a consolidated basis not provided for in our financial statements as at March 31, 2017:

(₹ in crores)

Particulars	Amount as at March 31, 2017
Case against the Company not acknowledged as Debts	0.64
Second loss credit enhancement for securitisation of standard assets transactions provided by the third party	13.36
Total	**14.00**

The contingent liabilities have arisen in the normal course of our business and are subject to the prudential norms as prescribed by the NHB. If any of the above contingent liabilities materialize, our financial condition may be adversely affected.

22. We are party to certain legal proceedings and any adverse outcome in these or other proceedings may adversely affect our business.

We are involved in several legal proceedings in the ordinary course of our business such as consumer disputes, debt-recovery proceedings, proceedings under the SARFAESI Act, income tax proceedings and civil disputes. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. A significant degree of judgment is required to assess our exposure in these proceedings and determine the appropriate level of provisions, if any. Although we expect that none of these legal proceedings, either individually or in the aggregate, will have a material adverse effect on us or our financial condition, there can be no assurance on the outcome of the legal proceedings or that the provisions we make will be adequate to cover all losses we may incur in such proceedings, or that our actual liability will be as reflected in any provision that we have made in connection with any such legal proceedings.

Although we intend to defend or appeal these proceedings, we will be required to devote management and financial resources in their defense or prosecution. If a significant number of these disputes are determined against our Company and if our Company is required to pay all or a portion of the disputed amounts or if we are unable to recover amounts for which we have filed recovery proceedings, there could be an adverse impact on our reputation, business, results of operations and financial condition.

23. We may not be able to renew or maintain our statutory and regulatory permits and approvals required to operate our business.

We require certain statutory and regulatory permits and approvals to operate our business. We have a license from the NHB, which requires us to comply with certain terms and conditions for us to continue our housing finance operations. In the event that we are unable to comply with any or all of these terms and conditions, or seek waivers or extensions of time for complying with these terms and conditions, it is possible that the NHB may revoke this license or may place stringent restrictions on our operations. This may result in the interruption of all or some of our operations. Further, under certain of our contractual arrangements, we are required to obtain and hold all necessary and applicable approvals, registrations and licenses from authorities such as the SEBI, local government authorities, etc.

Failure by us to renew, maintain or obtain the required permits, licenses or approvals, including those set out above, may have a material adverse effect on our business, results of operations and cash flows.

24. Our business is dependent on relationships with our clients established through, amongst others, our branches. Closure of branches or loss of our key branch personnel may lead to damage to these relationships and a decline in our revenue and profits.

Our business is dependent on the key branch personnel who directly manage client relationships. We encourage dedicated branch personnel to service specific clients since we believe that this leads to long-term client relationships, a trust based business environment and, over time, better cross-selling opportunities. While no branch manager or operating group of managers contributes a meaningful percentage of our business, our business may suffer materially if a substantial number of branch managers either become ineffective or leave the Company.

25. Our business and operations significantly depend on senior management and key employees and may be adversely affected if we are unable to retain them.

Our business and operations largely depend on the continued services and performance of our senior management and other key employees. The need and competition for skilled senior management in our industry is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. The loss of the services of our senior members of our management team and key employees could seriously impair our ability to continue to manage and expand our business efficiently and adversely affect our business, results of operations and financial condition.

26. Our business is subject to operational risks, including fraud.

We are exposed to many types of operational risks, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees, inadequate training and operational errors, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment. We attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures, undertaking regular contingency planning and providing employees with continuous training. Although we carefully recruit all our employees, we have in the past been subject to the fraudulent acts committed by our employees or third parties. As a result, we have suffered monetary losses and may suffer further monetary losses, which may not be covered under our insurance and may thereby adversely affect our profitability and results of operations. Further, our reputation could be adversely affected by significant frauds committed by employees, customers or outsiders. Any failure to mitigate such risks could adversely affect our business and results of operations.

In order to prevent frauds in loan cases involving multiple lending from different banks or HFCs, the GoI has set up the CERSAI under Section 20 of the SARFAESI Act, 2002 in order to create a central database of all mortgages given by and to lending institutions. We are registered with CERSAI and we submit the relevant data to CERSAI from time to time. We also appoint a number of providers of credit verification and investigation services to obtain information on the credit worthiness of our prospective customers. However, there can be no assurance that these measures will be effective in preventing frauds.

We seek to protect our computer systems and network infrastructure from physical break-ins as well as fraud and system failures. Computer break-ins and power and communication disruptions could affect the security of information stored in and transmitted through our computer systems and network infrastructure. We employ security systems, including firewalls and password encryption, designed to minimize the risk of security breaches. Although we intend to continue to implement security technology and establish operational procedures to prevent fraud, break-ins, damage and failures, there can be no assurance that these security measures will be adequate. A significant failure of security measures or operational procedures could have a material adverse effect on our business and our future financial performance. Further, we may need to regularly upgrade our technology systems, at substantial cost, to increase efficiency and remain competitive. There can be no assurance that such technology upgrades will be successful and that we will recover the cost of our investments.

We have initiated the exercise to convert all loan documentation into electronic files, we continue to maintain all loan documentation, including original security documents, in physical custody using third party services for storage. Loss of the original documents could impede enforcement of our security interest and expose us to liability towards our customers.

27. ***Our business is highly dependent on information technology. A failure, inadequacy or security breach in our information technology and telecommunication systems or an inability to adapt to rapid technological changes may adversely affect our business, results of operation and financial condition.***

Our ability to operate and remain competitive depends in part on our ability to maintain and upgrade our information technology systems and infrastructure on a timely and cost-effective basis, including our ability to process a large number of transactions on a daily basis. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our financial, accounting or other data processing systems and management information systems or our corporate website may fail to operate adequately or become disabled as a result of events that may be beyond our control, including a disruption of electrical or communications services. Further, our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other attacks that may compromise data integrity and security and result in client information or identity theft, for which we may potentially be liable. Further, the information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. If any of these systems are disabled or if there are other shortcomings or failures in our internal processes or systems, it may disrupt our business or impact our operational efficiencies, and render us liable to regulatory intervention or damage to our reputation. The occurrence of any such events may adversely affect our business, results of operations and financial condition.

We are dependent on various external vendors for the implementation of the program and certain other elements of our operations, including implementing information technology infrastructure and hardware, industry standard commercial off-the-shelf products, branch roll-outs, networking, managing our data-center and back-up support for disaster recovery. We are, therefore, exposed to the risk that external vendors or service providers may be unable to fulfill their contractual obligations to us (or will be subject to the risk of fraud or operational errors by their respective employees) and the risk that their (or their vendors') business continuity and data security systems prove to be inadequate or fail to perform. Failure to perform any of these functions by our external vendors or service providers could materially and adversely affect our business, results of operations and cash flows.

In addition, the future success of our business will depend in part on our ability to respond to technological advances and to emerging industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entail significant technical and business risks. There can be no assurance that we will successfully implement new technologies effectively or adapt our technology and systems to meet customer requirements or emerging industry standards. If we are unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our financial condition could be adversely affected. Any technical failures associated with our information technology systems or network infrastructure, including those caused by power failures and breaches in security caused by computer viruses and other unauthorized tampering, may cause interruptions or delays in our ability to provide services to our customers on a timely basis or at all, and may also result in added costs to address such system failures and/or security breaches, and for information retrieval and verification.

28. ***We depend on the accuracy and completeness of information provided by our potential borrowers. Our reliance on any misleading information given by potential borrowers may affect our judgment of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations and financial condition.***

In deciding whether to extend credit or enter into other transactions with potential borrowers, we rely on information furnished to us by potential borrowers, and analysis of the information by independent valuers and advocates. To further verify the information provided by potential borrowers, we conduct searches on CIBIL and other third party sources for creditworthiness of our borrowers. We also verify information with registrar and sub-registrar of assurances for encumbrances on collateral. We follow the KYC guidelines as prescribed by the NHB on the potential borrower, verify the place of business or place of employment as applicable to the potential borrower and also verify the details with the caution list of the NHB as circulated from time to time. Such information includes representations with respect to the accuracy and completeness of information relating to the financial condition of potential borrowers, and independent valuation reports and title reports with respect to the property secured. We have framed our policies to prevent frauds in accordance with the KYC guidelines issued by NHB dated October 11, 2010 mandating the policies of HFCs to have certain key elements, including, inter-alia, a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management. Further, our Company has a well-established and streamlined credit appraisal process. We cannot assure you that information furnished to us by potential borrowers and analysis of the information by us or independent valuers or the independent searches conducted by us with CIBIL and NHB will be accurate, and our reliance on such information given by potential borrowers may affect our judgment of the credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations and financial condition.

29. Our insurance coverage may not adequately protect us against losses, and successful claims that exceed our insurance coverage could harm our results of operations and diminish our financial position.

Various types of insurance covers are taken at a centralized level covering all the subsidiaries of Reliance Capital Limited, including our Company. While we believe that we have necessary and adequate general insurance for burglary, employee fidelity, Directors and Officers Liability insurance which are commensurate with our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage. In addition, there are various types of risks and losses for which we do not maintain insurance because they are either uninsurable or because insurance is not available to us on acceptable terms. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, results of operations and financial condition.

30. We are permitted to use the RELIANCE design as part of our logo by Reliance Capital Limited, subject to conditions. Any violation of the conditions may result in us being unable to use the aforementioned design as part of our logo which could have a material adverse effect on our reputation, goodwill, business, results of operations and financial condition.

As part of the Reliance Group, our Promoter and its subsidiaries are permitted to use the RELIANCE design as part of their logo by Anil Dhirubhai Ambani Ventures Private Limited pursuant to an agreement between Anil Dhirubhai Ambani Ventures Private Limited and our Promoter ("**Logo Agreement**") dated April 1, 2014. We haven't entered into any definitive agreement for using the said design with Anil Dhirubhai Ambani Ventures Private Limited.

As a result, any violation of the conditions stipulated in the Logo agreement may result in us being unable to use the aforementioned design as part of our logo which could have a material adverse effect on our reputation, goodwill, business, results of operations and financial condition.

31. Our registered office and certain of our branch offices are not owned by us.

Our registered office is not owned by us. In addition, we do not own most of the offices from which our branches conduct our operations. All such non-owned properties are either leased or licensed to us or to our Promoter, RCL and we function from such premises on cost sharing basis. If the owners of these properties do not renew the agreements under which we occupy the premises or only agree to renew such agreements on terms and conditions that are unacceptable to us, or if the owners of such premises withdraw their consent to our occupancy, our operations may suffer a disruption. We may be unable to locate suitable alternate facilities on favorable terms, or at all, and this may have a material adverse effect on our business, results of operations and financial condition.

32. We have entered into a number of related party transactions and may continue to enter into related party transactions, which may involve conflicts of interest.

We have entered into a number of related party transactions, within the meaning of AS 18. Such transactions may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favor. For details of the related party transactions, please refer to the chapter "***Financial Statements***".

33. We may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and harm our business or reputation.

We are required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. We, in the course of our operations, run the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest customers despite putting in place systems and controls to prevent the occurrence of these risks as is customary in our jurisdiction. We in certain of our activities and in our pursuit of business, run the risk of inadvertently offering our financial products and services ignoring customer suitability and appropriateness despite having a Board-approved Know Your Customer and Anti-Money Laundering policy in place. Such incidents may adversely affect our business and our reputation.

34. Substantial portion of our loans have long tenures, which may expose us to risks associated with economic cycles.

As of March 31, 2017, a substantial portion of our loans advanced to customers had long tenures. The long tenor of these loans may expose us to risks arising out of economic cycles. In addition, some of these loans are project finance loans and there can be no assurance that these projects will perform as anticipated or that such projects will be able to generate sufficient cash flows to service commitments under the advances. We are also exposed to residential projects that are still under development and are open to risks arising out of delay in execution, such as delay in execution on time, delay in getting approvals from necessary authorities and breach of contractual obligations by counterparties, all of which may adversely impact our cash flows. There can also be no assurance that these projects, once completed, will perform as anticipated. Risks arising out of economic downturn, delays in project implementation or commissioning could lead to a rise in delinquency rates and in turn, may materially and adversely affect our business, financial condition and results of operations.

35. We are dependent on Reliance Capital Limited, our Promoters and the Reliance Group for the goodwill that we enjoy in the industry and our brand name and any factor affecting the business and reputation of Reliance Capital Limited may have a concurrent adverse effect on our business and results of operations.

As on the date of this Information Memorandum our Promoter and Promoter Group hold 74.99% of our paid-up capital. We leverage on the goodwill of the Reliance Group. We believe that this goodwill ensures a steady inflow of business. In the event Reliance Group is unable to maintain the quality of its services or its goodwill deteriorates for any reason whatsoever, our business and results of operations may be adversely affected. We operate in a competitive environment, and we believe that our brand recognition is a significant competitive advantage to us. Any failure to retain our Company name may deprive us of the associated brand equity that we have developed which may have a material adverse effect on our business and results of operations.

36. The trading volume and market price of the Equity Shares may be volatile.

Upon listing, the market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- quarterly variations in our results of operations;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- announcements by third parties or governmental entities of significant claims or proceedings against our Promoter or Group entities;
- new laws and governmental regulations applicable to our industry;
- changes in key management personnel;
- changes in the interest rates; and
- general economic and stock market conditions.

Once our Equity Shares are listed, changes in relation to any of the factors listed above could adversely affect the price of the Equity Shares.

37. Any change in control of our Promoters or our Company may correspondingly adversely affect our goodwill, operations and profitability.

As on the date of this Information Memorandum our Promoter and Promoter Group hold 74.99% of our paid-up capital. If our Promoter ceases to exercise majority control over our Company as a result of any transfer of shares or otherwise, our ability to derive any benefit from the brand name "Reliance" and our goodwill as a part of the Reliance Group may be adversely affected, which in turn could adversely affect our business and results of operations. Any disassociation of our Company from the Reliance Group and/or our inability to have access to the infrastructure provided by other companies in the Reliance Group could adversely affect our ability to attract customers and to expand our business, which in turn could adversely affect our goodwill, operations and profitability.

38. A slowdown in economic growth in India may adversely affect our business, results of operations and financial condition.

Our financial performance and the quality and growth of our business depend significantly on the health of the overall Indian economy, the gross domestic product growth rate and the economic cycle in India. A substantial portion of our assets and employees are located in India, and we intend to continue to develop and expand our facilities in India.

Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely affect our business, results of operations and financial condition.

39. The Indian housing finance industry is competitive and increasing competition may result in declining margins if we are unable to compete effectively.

Historically, the housing finance industry in India was dominated by HFCs. We now face increasing competition from commercial banks. Interest rate deregulation and other liberalization measures affecting the housing finance industry, together with increased demand for home finance, have increased our exposure to competition. Our ability to compete effectively with commercial banks and other HFCs will depend, to some extent, on our ability to raise low-cost funding in the future. If we are unable to compete effectively with other participants in the housing finance industry, our business, results of operations and financial condition may be adversely affected.

Furthermore, as a result of increased competition in the housing finance industry, home loans are becoming increasingly standardized and terms such as floating rate interest options, lower processing fees and monthly rest periods are becoming increasingly common in the housing finance industry in India. There can be no assurance that the Company will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive housing finance industry. Increasing competition may have an adverse effect on our net interest margin and other income, and, if we are unable to compete successfully, our market share may decline as the origination of new loans declines.

40. Civil unrest, acts of violence, including terrorism or war involving India and other countries, could materially and adversely affect the financial markets and our business.

Civil unrest, acts of violence, including terrorism or war, may negatively affect the Indian stock markets and also materially and adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately materially and adversely affect our business. Although the governments of India and neighboring countries have recently been engaged in conciliatory efforts, any deterioration in relations between India and neighboring countries might result in investor concern about stability in the region, which could materially and adversely affect our business, results of operations and financial condition.

SECTION III-INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated on June 5, 2008, as 'Reliance Homes Finance Private Limited' as a private limited company under the provisions of the Companies Act, 1956 and was granted a certificate of registration on January 6, 2009 to carry on the business of a housing finance institution without accepting public deposits by the National Housing Bank. Our Company's name was subsequently changed to 'Reliance Home Finance Private Limited' pursuant to issuance of a fresh certificate of incorporation dated March 26, 2009. Subsequently, our Company's name was changed to 'Reliance Home Finance Limited' upon issuance of a fresh certificate of incorporation dated March 27, 2012, consequent upon the conversion of our Company from a private limited company to a public limited company. The Company shifted its registered office from 570, Rectifier House, 3rd Floor, Naigaum Cross Road, Wadala, Mumbai - 400 031, Maharashtra, India to Reliance Centre, 6th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai - 400 055, Maharashtra, India with effect from May 10, 2016.

Registered Office and Corporate Office

Reliance Centre, 6th Floor, South Wing,
Off Western Express Highway,
Santacruz (East), Mumbai 400 055,
Maharashtra, India.
Tel.: +91 22 3303 6000
Fax: +91 22 2610 3299
E-mail: rhfl.investor@relianceada.com
Website: www.reliancehomefinance.com
Registration no.: 183216
Corporate Identity Number: U67190MH2008PLC183216

We received a certificate of registration (with Registration No. 02.0069.09) from the National Housing Bank to carry on the business of a housing finance institution without accepting public deposits on January 6, 2009. Our registration certificate was subsequently renewed on April 27, 2009 (with Registration No. 04.0074.09) due to the change in the name of the Company to "Reliance Home Finance Private Limited". Subsequently, upon the conversion of the Company from a private limited company to a public limited company registration certificate was renewed on July 16, 2012 (with Registration No. 07.0101.12).

Board of Directors

The Board of Directors as on the date of filing of the Information Memorandum are:

Sr. No.	Name of Directors	Designation
1.	Padmanabh Vora	Non-Executive Chairman & Independent Director
2.	Deena Mehta	Independent Director
3.	Gautam Doshi	Non-Executive Director
4.	Amit Bapna	Director & CFO
5.	Ravindra Sudhalkar	Executive Director & CEO

For further details of the Board of Directors of our Company, please refer to the chapter titled "*Management*".

Chief Financial Officer

Mr. Amit Bapna

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

Company Secretary and Compliance Officer

The details of the person appointed to act as Compliance Officer for the purposes of this Issue are set out below:

Ms. Parul Jain
Company Secretary & Compliance Officer

Reliance Centre, 6th Floor, South Wing,
Off Western Express Highway,
Santacruz (East), Mumbai – 400 055,
Maharashtra, India.
Tel.: +91 22 3303 6000
Fax: + 91 22 2610 3299
E-mail: rhfl.investor@relianceada.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
Tel.: +91 40 6716 1500
Fax: +91 40 6716 1791
E-mail: rhflinvestor@karvy.com
Website: www.karvy.com
Contact Person: Mr. Praveen Chaturvedi
SEBI Regn. No: INR000000221
CIN: U72400TG2003PTC041636

Statutory Auditor

M/s Price Waterhouse Chartered Accountants LLP

252, Veer Savarkar Marg,
Shivaji Park, Dadar (West),
Mumbai 400 028
Tel.: +91 22 6696 1000
Fax.: +91 22 6654 7800
E-mail: partha.ghosh@in.pwc.com
Firm Regn. number: 304026E/E300009
Contact Person: Mr. Partha Ghosh

Legal Advisor to the Listing

Khaitan & Co

One Indiabulls Centre,
13th Floor, Tower 1,
841 Senapati Bapat Marg,
Mumbai 400 013,
Maharashtra, India.
Tel.: +91 22 6636 5000
Fax: +91 22 6636 5050

Authority for Listing

The Mumbai Bench of National Company Law Tribunal, *vide* its Order dated August 10, 2017 has approved the Scheme of Arrangement between Reliance Capital Limited and Reliance Home Finance Limited and their respective shareholders and creditors. Pursuant to the Scheme, the Real Estate Lending Business of the Demerged Company is transferred to and vested with the Resulting Company with the Appointed Date of April 1, 2017 in accordance with Sections 230 to 232 of the Companies Act, 2013. The Scheme was made effective on September 5, 2017. In accordance with the said Scheme, the Company has issued and alloted, at par, to all equity shareholders of RCap 1 (One) fully paid Equity share of the Company for every 1 (One) fully paid-up Equity share held in RCap. Subsequently, the equity shares of Reliance Home Finance Limited issued pursuant to the Scheme shall be listed and admitted to trading on BSE and NSE. Such admission and listing is not automatic and will be subject to fulfillment by our Company of the listing criteria of BSE and NSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application by our Company seeking listing.

Eligibility Criteria

There being no initial public offering or rights issue, the eligibility criteria of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 do not become applicable. However, SEBI *vide* its letter no. CFD/DIL-1/BNS/SD/2621/2016 dated May 2, 2016, granted relaxation of clause (b) to sub-rule (2) of Rule 19 thereof by making an application to SEBI under sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 as per the SEBI Circular no. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013. Our Company has submitted the Information Memorandum, containing information about itself, making disclosures in line with the disclosure requirement for public issues, as applicable to BSE and NSE for making the said Information Memorandum available to public through websites www.bseindia.com and www.nseindia.com. Our Company has made the said Information Memorandum available on its website www.reliancehomefinance.com. Our Company has published an advertisement in the newspapers containing its details as per the SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015 with the details required as in terms of Annexure I (I.) (A) para 6 of the said Circular on [●]. The advertisement draws specific reference to the availability of the Information Memorandum on its website.

General Disclaimer from our Company

Our Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements published in terms of SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015 with the details required as in terms of Annexure I (I.) (A) para 6 of the said Circular or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by our Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

CAPITAL STRUCTURE

1. *Share Capital of our Company Pre-Scheme of Arrangement*

(₹ in crores)

	Aggregate value
Authorised share capital	
55,00,00,000 Equity Shares of face value of ₹ 10 each	550.00
50,00,000 Preference Shares of face value of ₹ 10 each	50.00
Issued, subscribed and paid-up equity share capital	
23,23,69,188 Equity Shares of face value of ₹ 10 each	232.36
3,10,35,980 Preference Shares of ₹ 10 each	31.04

2. *Share Capital of our Company Post-Scheme of Arrangement*

(₹ in crores)

	Aggregate value
Authorised share capital	
55,00,00,000 Equity Shares of face value of ₹ 10 each	550.00
50,00,000 Preference Shares of face value of ₹ 10 each	50.00
Paid-up equity share capital after the Issue	
48,50,58,818 Equity Shares of face value of ₹ 10 each	485.06
3,10,35,980 Preference Shares of ₹ 10 each	31.04

Note: The post scheme capital structure is as of September 7, 2017.

3. *Equity Share capital history of our Company*

Equity Share capital built-up of our Company for the last five years and up to the date of this Information Memorandum:

Date of allotment	No. of Equity Shares	Face value (₹)	Issue price (₹)	Consideration (Cash, other than cash, etc.)	Nature of allotment	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (₹)
September 10, 2012	29,10,000	10	1,000	Cash	Conversion of Preference Shares into Equity Shares*	3,29,10,000	32,91,00,000.00
January 29, 2013	3,29,10,000	10	10	Bonus	Issue of Bonus Shares in 1:1 Ratio	6,58,20,000	65,82,00,000.00
October 28, 2016	2,50,00,000	10	40	Cash	Preferential Allotment to Promoter	9,08,20,000	90,82,00,000.00
December 6, 2016	2,50,00,000	10	40	Cash	Preferential Allotment to Promoter pursuant to Scheme of Arrangement	11,58,20,000	1,15,82,00,000.00
September 4, 2017	11,65,49,188	10	32	Cash	Rights issue to Promoter pursuant to Scheme of Arrangement	23,23,69,188	2,32,36,91,880.00
September 7, 2017	25,26,89,630	10	10	Other than Cash	Allotment of Equity Shares in the ratio of 1:1 pursuant to Scheme of Arrangement	48,50,58,818	4,85,05,88,180.00

** 9,10,000 Preference Shares, 17,50,000 Preference Shares and 2,50,000 Preference Shares of Zero Coupon were issued on March 30, 2009, March 25, 2010 and June 29, 2011, respectively to our Promoter at a premium of ₹990.00 per Preference Share.*

4. *Shareholding pattern of our Company*

(i) *The shareholding pattern of our Company prior to the allotment of shares under the Scheme is as under*

Category (I)	Category of shareholder (II)	No. of share-holders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV) + (V) + (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII) + (X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class : Equity	Class : NA	Total								
(A)	Promoter & Promoter Group*	1*	23,23,69,188	0	0	23,23,69,188	100.00	23,23,69,188	0	23,23,69,188	100.00	NA	NA	0	0.00	0	NA	23,23,69,188
(B)	Public	0	0	0	0	0	0	0	0	0	0	NA	NA	0	0.00	0	NA	0
(C)	Non Promoter-Non Public (C1+C2)	0	0	0	0	0	0	0	0	0	-0.01	NA	NA	0	0.00	0	NA	0
(C1)	Shares underlying DRs	0	0	0	0	0	NA	0	0	0	0.00	NA	NA	0	0.00	0	NA	0
(C2)	Shares held by Employee Trusts	0	0	0	0	0	0.00	0	0	0	0.00	NA	NA	0	0.00	0	NA	0
	Total (A+B+C)	**1**	**23,23,69,188**	**0**	**0**	**23,23,69,188**	**100.00**	**23,23,69,188**	**0**	**23,23,69,188**	**100.00**	**NA**	**NA**	**0**	**0.00**	0	**NA**	**23,23,69,188**

** Out of the above 20 Equity Shares are held jointly with 6 nominees of Reliance Capital Limited.*

(ii) *The shareholding pattern of our Company post allotment of shares under the Scheme as on September 7, 2017*

Category (I)	Category of shareholder (II)	No. of share-holders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV) + (V) + (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII) + (X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights: Class : Equity	No. of Voting Rights: Class : NA	No. of Voting Rights: Total	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(A)	Promoter & Promoter Group	11	36,37,51,491	0	0	36,37,51,491	74.99	36,37,51,491	0	36,37,51,491	74.99	NA	NA	23,23,69,188	47.91	4,59,50,000	12.63	36,37,51,491
(B)	Public	9,26,823	12,13,07,327	0	0	12,13,07,327	25.01	12,13,07,327	0	12,13,07,327	25.01	NA	NA	0	0.00	0	NA	11,66,70,823
(C)	Non Promoter-Non Public (C1+C2)	0	0	0	0	0	0	0	0	0	0.00	NA	NA	0	0	0	NA	0
(C1)	Shares underlying DRs	0	0	0	0	0	NA	0	0	0	0.00	NA	NA	0	0.00	0	NA	0
(C2)	Shares held by Employee Trusts	0	0	0	0	0	0.00	0	0	0	0.00	NA	NA	0	0.00	0	NA	0
	Total (A+B+C)	**9,26,834**	**48,50,58,818**	**0**	**0**	**48,50,58,818**	**100.00**	**48,50,58,818**	**0**	**48,50,58,818**	**100.00**	**NA**	**NA**	**23,23,69,188**	**47.91**	0	**9.47**	**48,04,22,314**

(iii) *Top 10 Equity Shareholders of our Company 10 days prior to this Information Memorandum:*

Sr. No.	Shareholder's name	Equity Shares	Total Shareholding as % of total no. of equity shares
1.	Reliance Capital Limited	11,58,19,980	100.00
2.	Reliance Capital Limited jointly with Madan Mohan Chaturvedi	10	--
3.	Reliance Capital Limited jointly with K Kannan Chettiar	2	--
4.	Reliance Capital Limited jointly with Parul Jain	2	--
5.	Reliance Capital Limited jointly with Atul Kumar Tandon	2	--
6.	Reliance Capital Limited jointly with Yogesh V. Deshpande	2	--
7.	Reliance Capital Limited jointly with Chetan Shantilal Raval	2	--
	Total	**11,58,20,000**	**100.00**

** All Equity Shares are in dematerialized form*

(iv) *Top 10 Equity Shareholders of our Company as on the date of this Information Memorandum:*

Sr. No.	Shareholder's name	Equity Shares	Total Shareholding as % of total no. of equity shares
1.	Reliance Capital Limited	23,23,69,188	47.91
2.	Reliance Inceptum Private Limited	9,77,14,206	20.14
3.	Reliance Infrastructure Consulting & Engineers Private Limited	2,79,75,633	5.77
4.	Life Insurance Corporation of India	1,05,12,297	2.17
5.	Cinnamon Capital Limited	68,81,710	1.42
6.	Reliance Capital Trustee Co. Ltd.	48,34,103	1.00
7.	Crest Logistics and Engineers Private Limited	32,50,000	0.67
8.	National Westminster Bank PLC as trustee of the Jupiter India Fund	31,20,087	0.64
9.	Birla Sun Life Trustee Company Private Limited	30,78,109	0.63
10.	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Inde X Fund	23,88,370	0.49
	Total	**39,21,23,703**	**80.84**

5. *Except as stated below, none of the Directors of our Company hold any shareholding in our Company as on the date of this Memorandum:*

Sr. No.	Director's name	Equity Shares	Total Shareholding as % of total no. of equity shares
1.	Mr. Ravindra Sudhalkar	1	Negligible
2.	Mr. Amit Bapna	8,180	Negligible
3.	Mr. Padmanabh Vora*	5	Negligible
4.	Mr. Gautam Doshi*	7	Negligible

*Jointly as a second holder

6. As on the date of this Information Memorandum, other than ESOPs granted to the employees of our Company, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares. For further details on ESOPs granted, please refer "*Capital Structure – Employee Stock Option Scheme*" below.

7. There shall be only one denomination of equity shares of our Company, subject to applicable regulations and our Company shall comply with such disclosure and accounting norms, specified by SEBI from time to time.

8. The Promoters of our Company and the directors of our Company have not purchased or sold or financed, directly or indirectly, any equity shares of our Company from the date of approval of the Scheme till the date of submission of this Information Memorandum.

9. Other than as disclosed in this chapter, there has not been and shall not be any further issue of capital by our Company (as provided for in the Scheme of Arrangement), whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of approval of the Scheme till listing of the Equity Shares allotted as per the Scheme.

10. Our Company has 9,26,853 Equity Shareholders as on date of filing of this Information Memorandum.

11. *Phantom Stock Option Scheme 2015 ("**Phantom Scheme**")*

Phantom Stock Options issued under the Phantom Scheme are cash settled rights where the eligible employees are entitled to get cash compensation based on a formula linked to the fair market value of Equity Shares of our Company upon exercise of the Phantom Stock Options on a future date. The eligible employees receive grants of Phantom Stock Options over notional or hypothetical Equity Shares, whereby instead of becoming entitled to buy actual Equity Shares on vesting, they become entitled to a cash payment equivalent to appreciation in the value over the defined base price of Equity Shares.

The Phantom Scheme was approved by the Board of our Company on October 27, 2015 which has authorised the Nomination and Remuneration Committee to grant Phantom Stock Options to the Employees, from time to time, in one or more tranches within the term of Phantom Scheme. Our Company undertakes an actuarial valuation under Accounting Standard 15 (AS15) by an independent valuer. As on the date of the Information Memorandum the 4,38,400 Options are outstanding.

12. *Reliance Home Finance Limited – Employee Stock Option Scheme ("**ESOP Scheme**")*

Our Company, pursuant to resolutions passed by our board and our shareholders, dated July 17, 2017 and July 24, 2017, respectively, has adopted the ESOP Scheme. Pursuant to the ESOP Scheme, 2,42,50,000 options to acquire equity shares may be granted to eligible employees (as defined in the ESOP Scheme). The aggregate number of equity shares, which may be issued under the ESOP Scheme, shall not exceed 2,42,50,000 equity shares. The ESOP Scheme is compliant with the Companies Act, 2013 and Rules made thereunder.

Our Company has granted 5,29,802 Options to eligible employees as on September 7, 2017. The vesting period for the options is four years. As on date no ESOPs have been vested. The ESOP Scheme provides for adjustment of ESOP Grant on the basis of book value before listing.

STATEMENT OF TAX BENEFITS

Outlined below are the possible income-tax benefits/ consequences in case of the Company and its shareholders under the Income-tax Act, 1961 in force in India (i.e. applicable for the financial year 2017-18 relevant to the assessment year 2018-19). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the income-tax law. Hence, the ability of the Company or its shareholders to derive the possible income-tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives the Company faces in the future, it may or may not choose to fulfill.

Under the Income Tax Act, 1961 ('the Act')

I. Benefits/consequences in case of Company as well as its shareholders

a) Dividends

- As per the provisions of section 10(34) of the Act, dividend (both interim and final) as referred to in section 115-O of the Act (i.e. dividend on which dividend distribution tax is paid by the domestic company), is exempt from tax. However, section 115BBDA of the Act provides that the aggregate of dividends received by a specified resident assessee (which *inter alia* includes an individual, firm, etc. but excludes domestic company) from domestic companies in excess of INR 10 lakh will be taxed at the rate of 10 percent on a gross basis.

- As per section 115-O of the Act, the domestic company is required to pay dividend distribution tax ('DDT') at the rate of 15 percent (before levy of appropriate surcharge and education cess) on the amount distributed as dividend. The amount of dividend payable to the shareholders needs to be grossed up for the purpose of computing the DDT liability in such a manner that tax on the net amount of dividend is equivalent to 15 percent. After grossing up the said amount, the effective tax rate will be 17.65 percent (before levy of appropriate surcharge and education cess).

- As per section 94(7) of the Act, where losses arising from sale/transfer of securities/unit of mutual fund purchased within three months prior to the record date and such securities are sold within three months or such units are sold within 9 months after such record date, then the loss (if any) arising from such purchase or sale of securities or unit of mutual fund should be ignored to the extent of the amount of dividend or income received/receivable on such securities/units.

- Section 14A of the Act restricts claim for deduction of expenses incurred in relation to earning of exempt income. Thus, any expenditure incurred to earn tax exempt income is not a tax deductible expenditure.

b) Capital gains[1]

- Capital assets are categorised into short-term capital asset and long-term capital asset based on the period of holding of such asset. Equity shares and unit of equity oriented fund listed on a recognised stock exchange in India held by an assessee for more than 12 months immediately preceding the date of transfer are considered as long-term capital asset whereas if such shares are held for 12 months or less are regarded as short-term capital asset. Capital gains arising from the transfer of long-term capital asset are characterised as long-term capital gains ('LTCG'). Conversely, capital gains arising from transfer of short-term capital asset are treated as short-term capital gains ('STCG').

- In accordance with and subject to the provisions of section 48 of the Act, in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of the consideration:

  a) Cost of acquisition of shares; and

  b) Expenditure incurred wholly and exclusively in connection with transfer of shares.

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[1] The characterisation of the gains/losses, arising from sale/transfer of shares as business income or capital gains would depend on the nature of holding and various other factors. The Central Board of Direct Taxes (CBDT) has clarified in a circular that income arising from transfer of listed shares and securities, which are held for more than 12 months would be taxed as "Capital Gains" unless the shareholder itself treats these as its stock-in-trade and income arising from transfer thereof as its business income.

- The LTCG arising on transfer of listed shares and unit of equity oriented fund are typically exempt provided such transfer is chargeable to securities transaction tax ('STT') as well as purchase of such shares (only in specified cases) too has been chargeable to STT. The STCG arising on transfer of listed shares unit of equity oriented fund are taxable at 15 per cent provided STT is chargeable to such transfer.

- In case of transfer of shares which are not chargeable to STT, LTCG is taxable at the rate of 20 percent with indexation (inflation adjustment) or 10 percent without indexation whichever is more beneficial. The STCG arising in case of transfer of shares which are not chargeable to STT is taxable at the rate of 30 percent in case of domestic companies and as per slab rate in case of resident shareholders other than domestic companies.

- An exemption may be claimed from taxation of LTCG or STCG if investments in certain specified securities/assets is made subject to fulfillment of certain conditions.

c) Other provisions

- As per section 74 of the Act, short-term capital losses incurred during the year are allowed to be set-off against short-term or long-term capital gains of the said year. Balance losses, if any may be carried forward for eight years for claiming set-off against subsequent years' short-term or long-term capital gains. Long-term capital losses incurred during the year are allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

- STT is a tax payable on the value of specified securities (such as shares, certain derivatives or equity oriented mutual fund) transacted on a recognised stock exchange.

- Receipt of property (which *inter alia* includes shares and securities) without adequate consideration is taxable as income from other sources in the hands of recipient in certain circumstances.

II. Benefits/consequences in case of Company

Following additional income-tax benefits/consequences may apply in case of the Company:

a) MAT credit

- As per provisions of section 115JAA of the Act, the Company is eligible to claim credit for Minimum Alternate Tax ('MAT') paid in an earlier year. The amount of credit available would be the difference between MAT paid under section 115JB of the Act and income-tax payable on total income computed under other provisions of the Act. MAT credit is to be allowed for set-off for subsequent assessment years to the extent of difference between the MAT paid in an earlier year and the amount of tax payable as per the other provisions of the Act.

- MAT credit is eligible for carry forward and set-off for up to 10 years succeeding the assessment year in which the MAT credit arises. The Finance Act, 2017 increased the said limit to 15 years.

b) Other provisions

- Income by way of interest payable by specified public sector company in respect of bonds or debentures specified by the Central Government is exempt from tax under section 10(15)(iv)(h) of the Act subject to fulfillment of certain conditions.

- Dividend receivable from a SEBI registered mutual fund is exempt from tax under section 10(35) in the hands of unitholders.

- As per section 94(8) of the Act, if an investor purchases unit of mutual fund within three months prior to the record date for entitlement of bonus is allotted bonus units without any payment on the basis of holding original units on the record date and such person sells/transfers the original units within nine months of the record date, then the loss arising from such sale/transfer of the original units should be ignored for the purpose of computing income chargeable to tax and the amount of loss ignored to be regarded as the cost of acquisition of the bonus units held on the date of sale/redemption of the original units.

- As per the provisions of section 115BBD of the Act, dividend received by an Indian company from a specified foreign company (i.e. in which it has shareholding of 26 percent or more in nominal value of the equity share capital of the Company) is taxable at a concessional rate of 15 percent on gross basis.

- As per provisions of section 80G of the Act, specified amount of deduction is allowed in case of contribution made to certain specified funds or institutions.

- As per the provisions of section 35DD of the Act, expenditure incurred by an Indian Company wholly and exclusively for the purpose of amalgamation or demerger of an undertaking is allowed as a deduction of an amount equal to one-fifth of such expenditure for each of five successive financial years beginning with the financial year in which the amalgamation or demerger takes place.

III. Benefits/consequences in case of shareholders of the Company

Following additional income-tax benefits/consequences may apply in case of shareholders:

1. Resident shareholders

   - As per section 80C of the Act, individuals are allowed a deduction (up to a specified limit) against taxable income in respect of investments made in certain specified instruments.

   - No withholding tax is applicable on income arising by way of capital gains to a resident shareholder on transfer of shares of an Indian company.

2. Non-resident Indian shareholder

   Special provisions in case of Non-Resident Indian ('NRI') in respect of income/LTCG from specified foreign exchange assets as provided under Chapter XII-A of the Act are as follows:

   - NRI means an individual being a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.

   - Relevant section applicable to NRI's

Section	Provision
115E	LTCG [not covered under section 10(38) of the Act] in respect of a specified asset (which *inter alia* includes shares of an Indian company) is taxable at 10 percent
115F	LTCG [not covered under section 10(38) of the Act] arising on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is reinvested in specified assets or in savings certificates referred to in section 10(4B) of the Act subject to the conditions prescribed therein

3. Foreign Portfolio Investors ('FPIs')

   a) Capital gains

      - As per section 2(14) of the Act, securities held by a FPI which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 would be capital asset. Consequently, the income arising to a FPI from transactions in securities are treated as capital gains.

      - Subject to fulfillment of conditions as provided in section 194LD of the Act, interest receivable by an FPI during the period 1 June 2013 to 30 June 2020 is taxable at the rate of 5 percent.

- As per provisions of Section 115AD of the Act, capital gains arising from transfer of securities is taxable as follows:

Nature of income	Rate of tax (percent)
LTCG on sale of equity shares not subjected to STT	10
STCG on sale of equity shares subjected to STT	15
STCG on sale of equity shares not subjected to STT	30

- As per section 196D of the Act, no tax is to be deducted from any income, by way of capital gains arising to the FPI from the transfer of securities referred to in section 115AD of the Act. Tax, if any, would be required to be discharged by the concerned FPI prior to making the remittance of the proceeds out of India.

b) Computation of book profit under section 115JB

An explanation has been inserted in section 115JB stating that the provisions of the said section shall not be applicable and shall be deemed never to have been applicable to a foreign company if-

- It is a resident of a country or a specified territory with which India has a tax treaty referred to in sub-section (1) of section 90 and it does not have a permanent establishment in India; or

- It is a resident of a country with which India does not have a tax treaty and it is not required to seek registration under any law for the time being in force relating to companies.

4. Non-resident shareholders (other than FPIs and NRIs)

a) Capital gains

- The LTCG arising on transfer of listed shares and unit of equity oriented fund are typically exempt provided such transfer is chargeable to securities transaction tax ('STT') as well as purchase of such shares (only in specified cases) too has been chargeable to STT. The STCG arising on transfer of listed shares or unit of equity oriented fund are taxable at 15 per cent provided STT is chargeable to such transfer.

- In respect of a non-resident shareholder, as per the first proviso to section 48 of the Act, the capital gains arising from the transfer of listed equity shares of an Indian Company, should be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of consideration into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains so computed should be reconverted into Indian currency. Further, the benefit of indexation as provided in second proviso to Section 48 is not available to non-resident shareholders.

Common provisions in case of non-resident shareholders

- Tax treaty benefits

  As per provisions of section 90(2) of the Act, non-resident shareholders can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement ('DTAA') entered into by the Government of India with the country of residence of the non-resident shareholder, whichever is more beneficial subject to fulfillment of conditions.

- Withholding tax provisions

  As per the provisions of section 195 of the Act, any income by way of capital gains payable to non-residents [other than LTCG exempt under section 10(38)] may be subject to withholding tax at the rate specified under the domestic tax laws or under the relevant DTAA, whichever is beneficial to such non-resident unless such non-resident has obtained a lower withholding tax certificate from the tax authorities.

Benefits available to Investment Fund under the Act:

- Investment fund (i.e. Category I and Category II Alternative Investment Funds) have been accorded a pass through status. Accordingly, income of the said investment fund other than income chargeable under the head "Profits and gains of business or profession" should be exempt from income tax as per section 10(23FBA).

- However, income (other than income chargeable under the head "Profits and gains of business or profession) of the unit holder out of the investment made in such investment fund is chargeable to income-tax in the same and like manner as if it were income accruing or arising to, or received by, such unit holder had the investments, made by the investment fund, been made directly by him.

Benefits available to Mutual Funds under the Act:

- In terms of section 10(23D) of the Act, all Mutual funds set up by public sector banks or public sector financial institutions or Mutual Funds registered under the Securities and Exchange Board of India Act/Regulations there under or Mutual Funds authorized by the Reserve Bank of India, subject to the conditions specified, are eligible for exemption from income taxes on all their income, including income from investment in the shares of the Company.

- However, the Mutual Funds would be required to pay tax on distributed income to unit holders as per the provisions of section 115R of the Act. The additional income tax, would be grossed up similar to DDT.

General Anti-Avoidance Rule ('GAAR):

In terms of Chapter X-A of the Act, GAAR may be invoked notwithstanding anything contained in the Act. As per the GAAR provisions, any arrangement entered into by an assessee where the main purpose of the arrangement is to obtain a tax benefit and subject to fulfillment of one of the four specified conditions may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be *inter-alia* denial of applicable tax benefits. The said provisions are applicable from April 1, 2017.

Notes:

(i) All the above income-tax benefits/consequences are as per the current direct income-tax law relevant for the Assessment Year 2018-19 (considering the amendments made by Finance Act, 2017).

(ii) As per the Finance Act, 2017 surcharge is to be levied as under:

(a) In the case of individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person, where his income exceeds rupees fifty lakhs but does not exceed one crore, a surcharge at 10 percent of tax liability is payable and when such income exceeds one crore, surcharge at 15 percent of tax is payable.

(b) In case of firms, where his income exceeds rupees one crore, a surcharge at 12 percent of tax is payable.

(c) In case of domestic company, where its income exceeds rupees one crore but does not exceed rupees ten crores, a surcharge at the rate of 7 percent of tax liability is payable and when such income exceeds rupees ten crores, surcharge at 12 percent of tax is payable.

(d) In case of companies other than domestic companies, where the income exceeds rupees one crore but does not exceed rupees ten crores, a surcharge of 2 percent of such tax liability is payable and when such income exceeds rupees ten crores, surcharge at 5 percent of tax is payable.

Further, 2 percent education cess and 1 percent secondary and higher education cess on the total income tax (including surcharge) is also applicable.

(iii) The above statement covers only certain relevant income-tax benefits/consequences under the Act and does not cover benefits/consequences under any other law.

(iv) The possible income-tax benefits/consequences are subject to satisfaction of conditions and eligibility criteria.

(v) In view of the individual nature of income-tax benefits/ consequences, each investor is advised to consult his/her own tax advisor with respect to specific income-tax benefit/ consequences of his/her participation in the IPO.

(vi) The above statement of income-tax benefits/consequences sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential income-tax benefits/consequences of the purchase, ownership and disposal of shares

(vii) The stated income-tax benefits/consequences will be available only to the sole/first named holder in case the shares are held by joint holders.

SECTION IV-ABOUT US

INDUSTRY OVERVIEW

The information in this chapter has been extracted from publicly available documents, including officially prepared materials from the Government of India and its various ministries, trade, industry or general publications and other third party sources as cited in this chapter including ICRA Report, Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. The information may not be consistent with other information compiled by third parties within or outside India. The information may not be consistent with other information compiled by third parties within or outside India. While we have exercised reasonable care in compiling and reproducing such official, industry, market and other data in this document, it has not been independently verified by us or any of our advisors, or any of the Lead Managers or any of their advisors, and should not be relied on as if it had been so verified. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions, which may prove to be incorrect. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in the Information Memorandum. Accordingly, investment decisions should not be based on such information. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions, which may prove to be incorrect. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in the Information Memorandum.

Overview of the Indian Economy

India remains one of the drivers of world growth, in an otherwise challenging global economic environment. According to the data released by the International Monetary Fund (IMF) in July 2017, while the world economy grew by 3.4% and 3.2%, respectively, in 2015 and 2016, the Indian economy expanded by a sharper 8.0% and 7.1%, respectively, making it the fastest growing large economy in the world, ahead of China (+6.9% and +6.7%), Brazil (-3.8% and -3.6%), Russia (-2.8% and -0.2%) and South Africa (+1.3% and +0.3%). The advanced economies recorded a slowdown in growth from 2.1% in 2015 to 1.7% in 2016, led by major economic shocks, including the UK vote to leave the European Union as well as continued political uncertainty. For instance, economic growth slowed between 2015 and 2016 in the US (from 2.6% to 1.6%), the Euro Area (from 2.0% to 1.8%), the UK (from 2.2% to 1.8%) and Japan (from 1.1% to 1.0%).

Global GDP growth and forecasts

Country/ Group	Real GDP Growth (%)						
	Actual					Forecasted	
	2012	2013	2014	2015	2016	2017E	2018E
China	7.9%	7.8%	7.3%	6.9%	6.7%	6.7%	6.4%
ASEAN-5[&]	6.2%	5.1%	4.6%	4.9%	4.9%	5.1%	5.2%
Euro Area	-0.9%	-0.3%	1.2%	2.0%	1.8%	1.9%	1.7%
India^	5.5%	6.5%	7.2%	8.0%	7.1%	7.2%	7.7%
Japan	1.5%	2.0%	0.3%	1.1%	1.0%	1.3%	0.6%
United Kingdom	1.3%	1.9%	3.1%	2.2%	1.8%	1.7%	1.5%
United States	2.2%	1.7%	2.4%	2.6%	1.6%	2.1%	2.1%
World	3.5%	3.4%	3.5%	3.4%	3.2%	3.5%	3.6%

[&]Indonesia, Thailand, Malaysia, Philippines, Vietnam;
^For India, data and forecasts are presented on a fiscal year basis
Source: IMF World Economic Outlook (July 2017), ICRA Research

Growth of Indian GDP and gross value added (GVA) at basic prices displayed an uptrend from FY2013 to FY2016. GDP and GVA growth rose from the subdued prints of 5.5% and 5.4%, respectively, in FY2013, to the robust 8.0% and 7.9%, respectively, in FY2016.

Growth Outlook for the Indian Economy

The uneven spread of monsoon rainfall, both the deficit in several sub-divisions as well as the floods in some states, poses a concern regarding agricultural output and incomes in those regions in Q2 FY2018 and Q3 FY2018. Nevertheless, a rise in minimum support prices (MSPs) for various crops, automatic stabilisers such as the rural employment guarantee scheme and crop loan waivers announced by some state governments, would bolster rural consumption. Going forward, urban sentiment and consumption demand are likely to benefit from the staggered pay revision for state government employees and pensioners, expected to be announced by several state governments over the next two years. However, pay revision and loan waivers would reduce the fiscal space available for infrastructure spending, since state governments have the leeway to alter a fairly limited set of revenue streams after the transition to the GST. Additionally, the front-loading of spending by the GoI in Q1 FY2018 may affect the pace of growth in the subsequent quarters.

We expect a moderate upswing in volume growth and capacity utilisation in Q2 FY2018, led by restocking of inventory closer to normal levels. In contrast, the up-fronting of purchases by consumers to take advantage of the discounts offered in the run-up to the GST to reduce inventories, are likely to result in a dip in consumption growth in the subsequent quarters, particularly during the festive season. Nevertheless, capacity expansion is likely to be undertaken only after capacity utilisation rises to healthier levels, businesses have successfully navigated the transition to the GST, and twin balance sheet concerns ease appreciably.

The outlook for the volume growth of merchandise and services exports remains subdued given the recent appreciation of the INR on an REER basis, the global political landscape and headwinds being faced by IT companies in markets such as the US.

Overview of the Indian Housing Finance Industry

Indian Housing Finance Industry

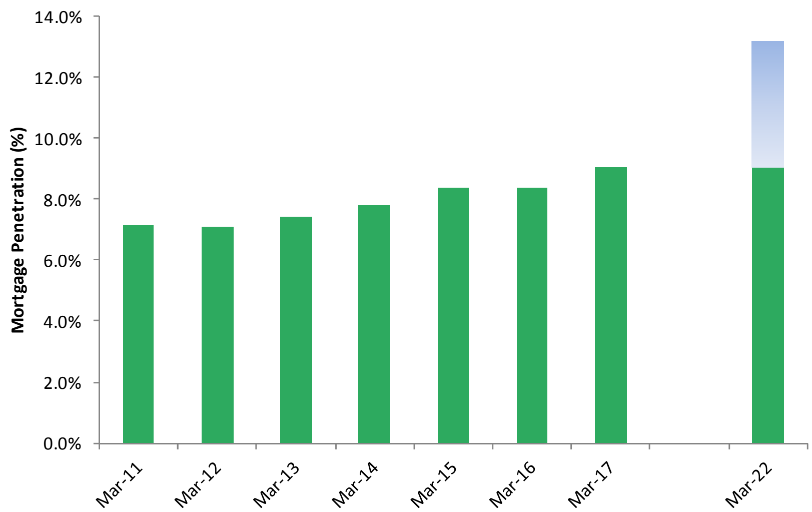
ICRA estimates that the total housing credit outstanding was around Rs 14.6 trillion as on June 30, 2017 (Rs. 14.4 trillion as on March 31, 2017). The Indian housing finance market has grown at a 5 year CAGR of 18% with the pace of growth of HFCs and NBFCs being higher at 21% vis-a-vis 18% for banks. The prospects of housing finance industry are closely linked to country's economic growth which impacts primary as well as secondary real estate sales, interest rate environment, government policies, and income levels of individuals and saving habits. Over the last 5 years (FY12-FY17), the housing credit growth has remained steady despite a tough operating environment, subdued real estate demand and low affordability levels. This could be attributed to construction linked housing loans (and thus disbursements being linked to construction stages), secondary sales and low mortgage penetration in India. Housing Finance Companies(HFCs) have been able to grow at a faster pace, owing to their focus on niche segments such as self employed and affordable housing segments which have been largely served by the HFCs and have higher growth potential.

	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Jun-17
HFC and NBFCs	2,073	2,614	3,131	3,792	4,523	5,351	5,554
Scheduled Commercial Banks (SCBs)	4,179	4,807	5,693	6,641	7,861	9,054	9073
Total Housing Credit Outstanding	6,252	7,421	8,824	10,433	12,384	14,405	14,626
Credit Growth – HFC and NBFCs	22%	26%	20%	21%	19%	18%	20%
Credit Growth – SCBs	11%	15%	18%	17%	18%	15%	11%
Overall Housing Credit Growth (Annualised)	14%	19%	19%	18%	19%	16%	14%

Source: ICRA Research, Amounts in Rs. billion

While there has been a temporary slowdown in growth for the sector post H2FY2017 owing to demonetisation as well as some disruptions because of Good and Service Tax implementation as well as Real Estate Regulation and Development Act (RERA) , long term growth outlook for the sector remains positive with higher growth expected in the second half of the current financial year. ICRA continues to believe that HFCs and NBFCs are likely to benefit from their focus on the housing finance market, their thrust on the relatively high growth segments like affordable housing and self-employed customers, and their comparatively superior service levels. Banks will nevertheless have a sizeable share of the market, given their competitive interest rates, extensive branch network and customer base, access to stable low-cost funds, and the requirement to meet priority sector lending targets. ICRA expects banks to grow by 17-19% and HFCs at 19-21% in FY2018 leading to an overall market growth of 17-19%.

Mortgage Penetration Levels



Source : ICRA Research

Mortgage penetration levels (mortgage loans as a percentage of GDP) in India, has increased to 9.7% as on March 31, 2017 vis-a-vis 8.0% as on March 31, 2014. Nevertheless, it continues to remain lower than other developed countries so it appears to point to a significant scope for further growth in future. Some factors that could be driving such future growth in mortgage penetration in the domestic market are as follows:

- Increase in supply of affordable homes
- Viewing of property as a savings or investment vehicle
- Offer of tax incentives on home loans
- Favourable demographics, with India having a large proportion of its population below the age of 30 years
- Changing social scenario (increasing rate of urbanisation and number of nuclear families)

ICRA's opinion over the medium and long term, the housing credit growth could be supported further by focus of the government on Housing for all by 2022, which could push the mortgage penetration levels to double digits around 300-500bps higher than what could be achieved otherwise.

Key Players and Growth Trends

Good demand prospects for the sector have led to a rise in new entrants over the last decade. As on August 2017, 87 HFCs were operational with seven applications for fresh HFC licences currently under process by the NHB. During March 2015 to August 2017 itself, there have been 23 new entrants into the markets. Most new entrants in the past two years have focussed on the relatively under-penetrated low-ticket affordable housing and self-employed segments. Notwithstanding the large number of participants in the housing finance market, the sector remains concentrated with the top five players – State Bank of India (SBI), HDFC group (HDFC Limited, HDFC Bank and Gruh Finance), LIC Housing Finance Limited, ICICI group, and Axis Bank – clearly dominating the market. These five together accounted for 59% of the total housing credit in India as on June 30 2017 and their share has reduced from 61% as on March 31, 2014. While the large players to continue to dominate the mortgage market in the medium term, smaller HFCs that have been expanding their portfolios over the last few years are likely to increase their share given their focus on the relatively untapped segments.

Update on Performance of Housing Finance Companies

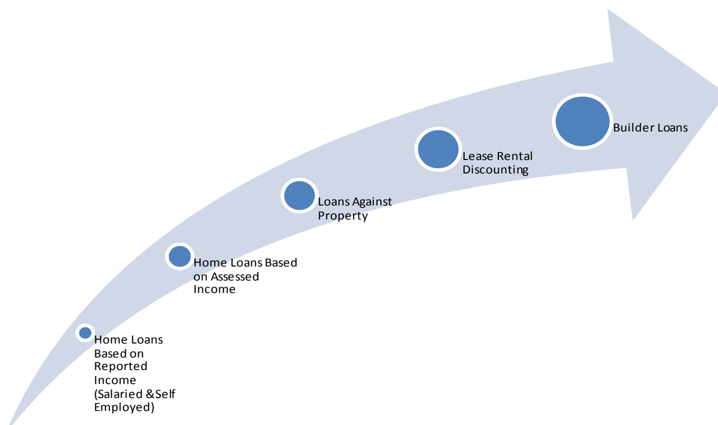
Product Segments offered by of HFCs

The various borrower profiles, which an HFC typically caters to, are the prime salaried Segment, self-employed segment and low-income segment. HFCs compete with banks in the housing finance space. Though some of the larger HFCs are focussed on the salaried home loan segment, some of the other HFCs target special customer segments such as the self-employed segment or affordable housing segment to optimise their yields and capitalize on higher growth potential. Figure 12, depicts the various product segments HFCs present across the risk spectrum.

Various Borrower Segments catered to by HFCs

Source : ICRA

Concentration Risk spectrum for the products offered by HFCs



Source : ICRA

Portfolio Growth Trends for HFCs

	Mar-15	Mar-16	Mar-17	Jun-17
Home Loans	3,756	4,480	5,271	5,478
Other Loans	1,537	1,931	2,451	2,569
Total Loans	5,294	6,411	7,722	8,046
Growth- Home Loans	21%	19%	18%	19%
Growth-Other Loans	26%	26%	27%	29%
Growth-Overall Portfolio	22%	21%	20%	22%
Share				
Home Loans	71%	70%	68%	68%
Other Loans	29%	30%	32%	32%
Total Loans	100%	100%	100%	100%

Source : ICRA Research Amounts in Rs. billion

As for the portfolio mix of HFCs, reported a 22% y-o-y growth in June 2017 supported by a higher 29% y-o-y growth in the non-housing loan segment. The home loan portfolio grew by 19%. While housing loans continue to dominate the HFC loan book, the share of housing loans in the overall HFC portfolio reduced to 68% as on June 30, 2017 owing to the higher pace of growth of non housing loans. Though HFCs would continue to face competition from banks given the latter's relatively lower cost of funds and nil prepayment penalties that could encourage loan transfers, ICRA expects HFC home loan growth in FY2018 to be around 19-21%, and non-housing loan growth to be higher at 22-26% leading to overall portfolio growth of 19-21% in FY2018.

Trends in Asset Quality for HFCs

	Mar-15	Mar-16	Mar-17	Jun-17
Gross NPA%	0.77%	0.7%	0.8%	1.1%
Net NPA%	0.37%	0.38%	0.42%	0.6%

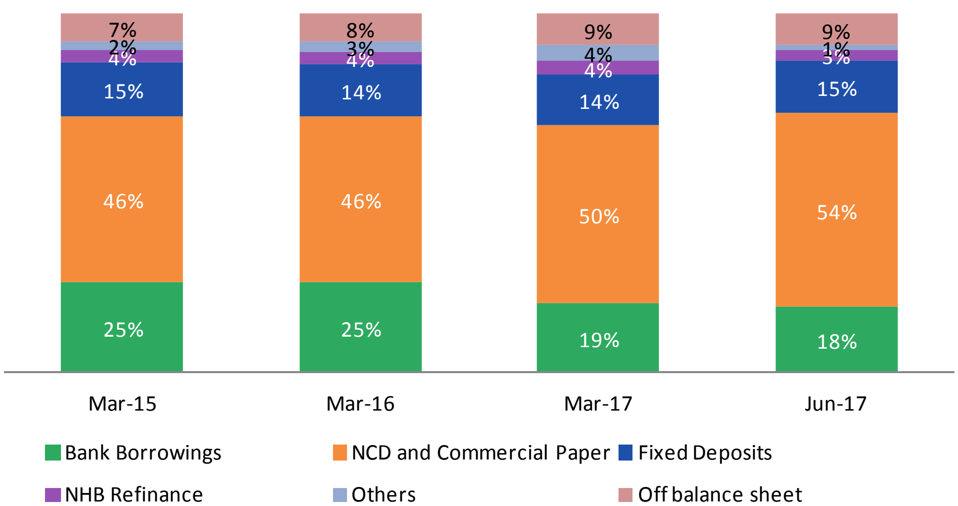
Source: Financial statements of HFCs, and ICRA's Research

Overall asset quality indicators of HFCs have remained good though there has been a marginal deterioration in Q1FY2018 owing to some slippages in the non housing loan book resilient. Reasons attributable for good asset quality of HFCs in the home loan segment are:

- A large proportion of home loans are taken for own use or self occupation.
- Lower LTVs lead to higher equity contribution from the borrower.
- As a practice, HFCs extend the tenure of loans rather than EMIs when interest rates increase. It is only if the residual tenure of the loan crosses the retirement age of the borrower or other eligibility criteria that EMIs are increased. Therefore, the impact of interest rate changes on the borrower's cash flows is not significant.

While the asset quality of HFCs has remained resilient across cycles, of late there has been an increase in the share of riskier sub-segments like non-housing loans, self-employed and affordable housing in the overall portfolio. We expect HFCs' gross NPAs to remain range bound between 0.9% and 1.3% for FY2018 as some of the risks such as relaxation of LTVs/FOIRs, increased loan tenures, top ups could impact asset quality indicators over the medium term. These risks partly get mitigated by the strong monitoring and control processes of HFCs, borrowers' own equity in the properties and the large proportion of the properties being financed for self-occupation especially in the affordable segment**.**

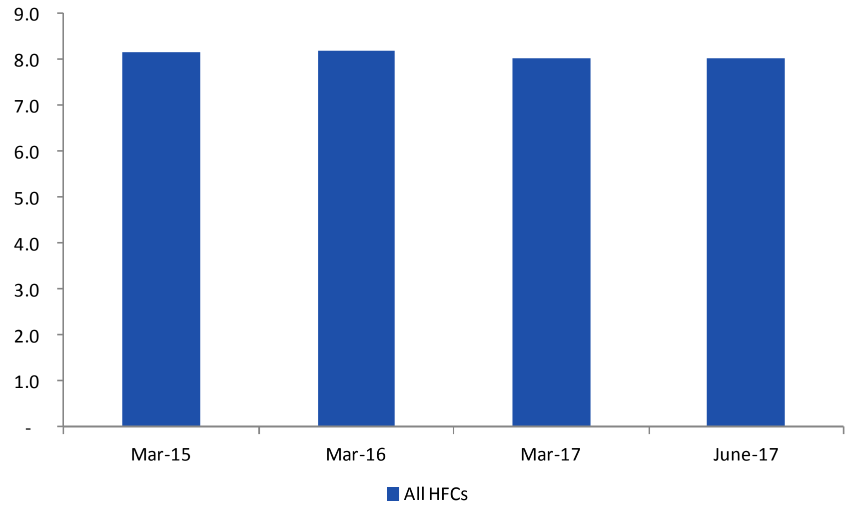
Trends in Borrowing Profile for HFCs



Source: Financial statements of HFCs, and ICRA's Research

Over the last few years, there has been a shift in borrowing profile of HFCs towards debt market instruments like NCDs and Commercial Paper from 46% as on March 31, 2015 to 54% as on March 31, 2017 which has been supported by retail debenture issuances, masala bonds and increase in investment limits of mutual funds. . NHB is also likely to remain an important source of long-term funds for the smaller HFCs, given that the institution mobilizes funds at competitive rates.

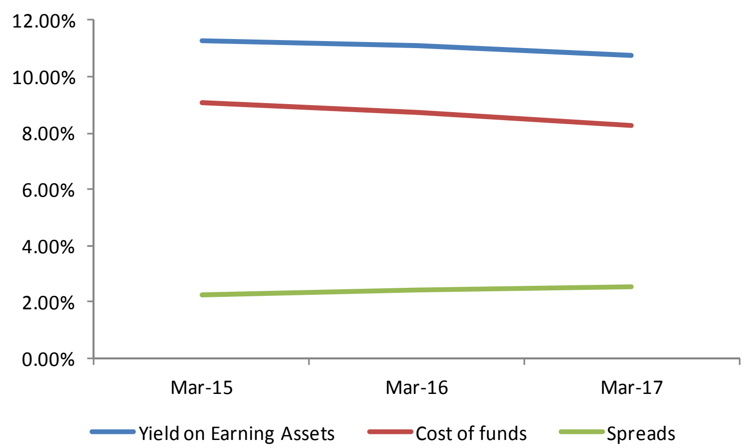
Trends in Capitalisation for HFCs



Source: Financial statements of HFCs, and ICRA's Research

Aggregate gearing for HFCs remained at around 8 times supported by good internal capital generation and regular external capital infusions. Reported capital adequacy for HFCs remained good with median CRAR of 18.1% as on June 30, 2017 owing to the relatively lower risk weights for home loans and commercial real estate loans for residential projects. ICRA expects the gearing levels for HFCs to remain at around 8.5-9 times over the medium term supported by good internal capital generation and comfortable access to capital.

Trends in yield , cost and spreads



HFCs were able to stable interest spreads supported by rising share of higher yielding non housing loans and rising share of debt market instruments in overall borrowings. Stable interest spreads coupled with stable credit costs and operating costs ratios enabled HFCs to report good profitability indicators in FY2017. Q1FY2018 witnessed some compression in margins for HFCs. HFCs nevertheless, continued to report good profitability with overall ROE of 16.7% in Q1FY2018.

Going forward, there could be some compression in incremental spreads owing to the lower incremental lending rates in the home loan segment, though rising share of higher yielding non housing loans are likely to support the same to an extent. Overall, ICRA expects a 5-10 bps reduction in profitability (PAT/ATA) for HFCs in FY2018 translating to ROAs of 2.1-2.2% and ROEs of 17-19%.

Exhibit 24 : Trends in Profitability Indicators

	Mar-15	Mar-16	Mar-17
Net Interest Margin/ATA	3.5%	3.4%	3.4%
Fee based income/ ATA	0.5%	0.5%	0.6%
Operating Income/ ATA	3.9%	3.9%	4.0%
Operating Expenses/ ATA	0.6%	0.7%	0.7%
Operating Profit/ ATA	3.3%	3.3%	3.3%
Provisions/ ATA	0.2%	0.3%	0.4%
Profit on sale of investments and Assets/ATA	0.2%	0.4%	0.1%
Profit before Tax /ATA	3.1%	3.1%	3.1%
ROA	2.1%	2.1%	2.3%
ROE	19.4%	20.1%	21.4%

OUR BUSINESS

In this Chapter only, any reference to "we", "us", "our" or "our Company" refers to RHFL. Unless stated otherwise, the financial data in this chapter is as per our Audited Financial Results prepared in accordance with Indian GAAP set forth elsewhere in this Information Memorandum.

The following information should be read together with the more detailed financial and other information included in this Information Memorandum, including the information contained in the chapter "*Risk Factors*".

Overview

We are a non deposit taking housing finance company registered with the NHB and focused on providing financing products for the LMI to HMI segment in India, primarily in Tier I and Tier II cities and towns and focused on the self-employed. We have been active in the housing finance sector in India since 2009.We are a wholly owned subsidiary of Reliance Capital Limited, the financial services company of the Reliance Group.

Our Company was incorporated in 2008 and the entire home finance portfolio of Reliance Capital Limited was transferred to our Company. Our Company was registered as a non public deposit taking housing finance company with NHB on January 6, 2009 with Registration no. 02.0069.09. Our registration certificate was subsequently renewed on April 27, 2009 (with Registration No. 04.0074.09) due to the change in the name of the Company to "Reliance Home Finance Private Limited". Subsequently, upon the conversion of the Company from a private limited company to a public limited company registration certificate was renewed on July 16, 2012 (with Registration No. 07.0101.12). We offer Housing Loans, which includes providing secured finance primarily to individuals, partnership firms and companies for the purchase, self-construction, improvement and extension of homes, new and resalable flats, against mortgage of the same property, which comprises 67.61% and 74.51% of our loan book, i.e. ₹ 6,757.43 crores and ₹ 5,031.61 crores as on March 31, 2017 and March 31, 2016, respectively and construction finance, which includes offering loans to reputed developers for construction of residential projects, against mortgage of the same property and/or other collateral, which comprises 18.60% and 20.16% of our loan book, i.e. ₹ 1,858.77 crores and ₹ 1,361.12 crores, as on March 31, 2017 and March 31, 2016. We also provide certain categories of non-housing loans including Loan Against property ("**LAP**"), which includes offering loans for business purposes or for the purchase of commercial property or for investment in asset, against mortgage of property of the borrower, which comprises 25.70% and 21.92% of our loan book, i.e. ₹ 2,568.49 crores and ₹ 1,480.37 crores, as on March 31, 2017 and March 31, 2016, respectively. We also undertake broking for purchase/ selling and/ or leasing of residential as well as commercial real estate. We also provide property valuation services for our loan business as well as to third parties and provide advisory services to real estate developers.

We are part of the Reliance Group which is one of India's prominent private sector business houses serving over 25 crores customers across telecommunications, power, financial services, infrastructure, media and entertainment, and healthcare sectors. Our Promoter, RCL has interests in asset management and mutual funds; life and general insurance; commercial and home finance; equities and commodities broking; wealth management services; distribution of financial products; asset reconstruction; proprietary investments and other activities in financial services. RCL is a constituent of MSCI Global Small Cap Index and is listed on NSE and BSE.

We have a robust marketing and distribution network, with a presence across more than 100 locations through 44 branches, throughout India as at June 30, 2017. Our branches aim at providing a fast and seamless customer experience with emphasis on a single window interface for the customer.

As on March 31, 2017 and March 31, 2016 the gross outstanding loan book was ₹ 9,994.40 crores and ₹ 6,752.65 crores, respectively and our assets under management were ₹ 11,174.47 crores and ₹ 7,420.30 crores, respectively. As on March 31, 2017 and March 31, 2016 our gross NPAs as a percentage of our loan book was 0.84% and 0.97%, respectively.

For the years ended March 31, 2017, 2016, 2015, 2014 and 2013, our revenue from operations was ₹ 1,078.57 crores, ₹ 796.04 crores, ₹ 500.95 crores, ₹ 422.82 crores and ₹ 355.97 crores, respectively, and our profit after tax was, ₹ 172.59 crores, ₹ 86.75 crores, ₹ 69.06 crores, ₹ 43.39 crores and ₹ 27.48 crores, respectively. Our revenue from operations and profit after tax grew at a CAGR of 26.04% and 45.52%, respectively, over the five fiscal years ended March 31, 2017.

Key Strengths

We believe that following key credit strengths will enable us to maintain a conservative risk profile while taking advantage of what we believe to be significant opportunities for growth.

1. Established presence in the Self Employed Segment

The Company was established in 2008 with the main objective to provide loans to satisfy the housing needs of the Self-Employed (LMI to HMI) segment and salaried segment. Through our focus on the Self-Employed (LMI to HMI) segment, we have evolved our loan sourcing expertise over a period, to identify the needs of customers in this segment and estimate their income and repayment capabilities, credit worthiness of a customer is assessed through different methodologies based on the customers' key business parameters like type of business, turnover and cash flow. We have developed a suite of products that caters to all segments with a focus on the aforementioned segment in various geographical territories of India.

We believe that our experience shows our ability to identify opportunities of housing finance demand, particularly in the Self-Employed (LMI to HMI) segment, and to meet such demand with flexible products to suit our customers' needs. In addition, we believe that our years of experience have also established strong customer awareness and loyalty to our brand and contributed to new and repeat business *via* word-of-mouth marketing. We believe that we have effectively established a uniform brand identity across a broad spectrum of consumer touch points, from corporate stationary to outdoor advertising. Further, we focus on customer centric way of doing business, where the focus is to provide the customer a positive experience before and after the sale, in order to drive repeat business, customer loyalty and profits. Other than providing loan services, we provide a bouquet of other services including identification of suitable property to valuation advise etc., depending on specific needs of the customer.

We believe that our focus on, and experience working with, the aforementioned segment provides us with a significant competitive advantage in an area of the market that we expect to continue to grow and aligns us with the expected general economic and population growth trends and the GoI's focus on improving the economic situation of this segment of the population.

2. Healthy asset quality reinforced by strong risk management framework

Our Company has developed a robust Risk Management Framework covering all types of risks incidental to its business. Our Company recognizes the importance of identifying and controlling risks and ensuring that required internal controls and procedures have been established by adopting a structured approach to identify current and future potential risks to organization. Risk Management Committee of the Board has the overall responsibility to monitor and manage enterprise-wide risk. The primary risk to our business i.e. 'Credit Risk' is managed through a well-defined product policy programs reviewed annually or as and when the market condition changes and there is a need to re-align the product guidelines. Our Company endeavours to maintain quality loan portfolios by targeting a particular segment of the larger market, and having a comprehensive risk assessment process and diligent risk remediation procedures. Our Company places emphasis on risk management measures to ensure an appropriate balance between risk and return and have taken steps to implement robust and comprehensive policies and procedures to identify, measure, monitor and manage risk. Our risk management procedure in the loan approval process begins at sourcing stage where our sales team which can be Direct Sales Agency, Direct Sales Executive or an RHFL Sales Team Member where we conduct initial interviews. Loan appraisal is done by the underwriting team independent of the policy team with good experience of various geographies and expertise in financial analysis. The credit underwriting team assesses key documents and we also conduct mandatory due diligence on KYC of the customers. Our legal or empaneled legal team conducts the Due Diligence on Legal Aspects of the Property and prepares relevant loan documentation while our technical or empaneled technical operations team will conduct site visits to examine the structure of property and prepare valuations. If all necessary criteria are met, the loan will be approved for disbursement. The approval Authorities (Credit Authority Delegation) are conferred on the Credit Team after they clear the CAD tests conducted by Credit Policy Team. Risk Containment Unit manages the fraud risk and is an independent function. All the files are screened for fraud check and documents are sampled based on various triggers. Loan monitoring is a continuous process and is done by an independent team. The Company has an enterprise risk management team which monitors the various risks like credit, market, operational, information security risk and reputational risk at an overall level. The Company has constituted various committees as sub-committee of the Risk Management Committee to oversee the management of various risks mentioned above.

3. **Strong growth opportunity supported by Government critical policy agenda**

The launch of 'Pradhan Mantri Awas Yojana' or the 'Housing-For-All by 2022' mission in 2015 has come at the right time to boost the real estate and housing finance industry by creating an enabling and supportive environment for expanding credit flow and increasing home ownership. This scheme of the Govt. of India has sought to create an enabling and supportive environment for expanding credit flow and increasing home ownership in India and has introduced Credit Linked Subsidy Scheme (**'*CLSS*'**) whose target group, is low-income group (LIG) and economically weaker sections (EWS) segments. The scheme provides for a subsidy element for economically weaker sections EWS and LIG individuals who were keen to purchase homes or flats for the first time and having an annual income of ₹ 3.00 lakh and ₹ 6.00 lakh, respectively. CLSS has been now made available for MIG I (household income upto ₹ 12.00 lakh) and MIG II (household income upto ₹ 18.00 lakh). Further the Real Estate Regulation Authority bill to ensure transparency and accountability of all involved parties has been a great booster to Indian buyers. This affordable Housing segment has generated interest in most of the HFCs including our Company. We have launched various innovative products to capture larger share in low income group segment including the Star Home Loan to LIG salaried and self-employed segment.

Also incorporation of Central Registry of Securitisation Asset Reconstruction and Security Interest of India has proved to be an important factor for development of Housing Finance Sector.

4. **Established brand and parentage**

RCL is one of India's prominent financial services organization which has interests in asset management and mutual funds; life and general insurance; commercial finance; equities and commodities broking; wealth management services; distribution of financial products; asset reconstruction; proprietary investments and other activities in financial services.

We draw upon a range of resources from RCL such as information technology and infrastructure. We leverage RCL's experience in the various facets of the financial services sector which allows us to understand market trends and mechanics and helps us in designing our products to suit the requirements of our target customer base as well as to address opportunities that arise out of changes in market trends. We believe that by leveraging on the existing relationships and synergies with RCL and the Reliance group we will be able to further expand the size of our loan book, launch new products and build scale. We further believe that the relationships that Reliance Group has developed provides us instant brand recognition.

5. **Strong Management Team and Corporate Governance**

The Company has an experienced Board that oversees and guides our strategy and operations. Our Board has constituted several Board committees including the Audit Committee, the Stakeholders Relationship Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility (CSR) Committee and the Risk Management Committee for timely decision-making and to ensure effective governance. Our Directors include individuals experienced in a wide range of subjects relevant to our business including banking, finance, corporate law, insurance law and real estate. Similarly, the members of our experienced management team and our employees share our common vision of excellence in execution and exhibit a diverse set of backgrounds with substantial experience including credit evaluation, technical evaluation, risk management, treasury, technology and marketing. The diversity of experience helps us adapt a creative and cross-functional approach. For further details on our Board, refer to the chapter titled "*Management*".

Our strict adherence to regulatory and supervisory norms, systems-driven framework of supervisory committees and a diligent Board are a few examples of how the culture, policies and relationships reflect our strong corporate governance. Our Company believes that good corporate governance is an important constituent in enhancing stakeholder value. The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and constitution of the committees of the Board, as required under applicable law.

Our Business Strategy

Our objective is to continue to service the needs of the Self Employed (LMI to HMI) segment while growing profitability and increasing shareholder value by pursuing and executing the following business strategies:

1. **Engage in competitive loan pricing and customize and cross-sell products and services to attract more customers**

We seek to participate actively in the market through competitive offering both from the products and pricing perspective. Even though the Self Employed (LMI to HMI) segment will continue to be our primary target markets, we seek to achieve higher growth and a diversified portfolio by providing access to our services to the broader population. This will also help us to optimally utilize our wide distribution network that encompasses the largest metro cities to Tier II and Tier III cities and towns.

We seek to continue to introduce, customize and cross-sell new and existing products and services. We specially design our products and services to suit the needs of varied customer segments. We have developed a wide range of housing-related loans designed to cater to a variety of customers depending on demand and needs. In addition, in order to cater to larger potential customer base, other than housing loans we offer loan against property loans, secured SME loan products and property services.

We will also continue to cross-sell products and services in order to increase our fee-based income. We propose to offer Property services generating additional fee-based income will help increase profitability and provide additional opportunities for customer interaction.

2. **Maintain strong asset quality and earnings growth**

Maintaining high asset quality is of prime focus for us, and all our products, policies and processes are designed keeping this at the centre. We follow a 'Product Program Guideline' (PPG) approach. This guideline describes in detail everything about the product – the rationale for launching the product, the target market, target segments, lending norms, exposure limits, sourcing norms, credit appraisal norms, review triggers etc. We follow a process of centralised, image based data capturing and de-centralised, localised credit assessment. This ensures appropriate business sourcing suitable for relevant markets, and also ensures acceptable asset quality is maintained. We have developed appropriate credit appraisal skills in our in-house credit teams to ensure we are able to cater to our chosen preferred segment of self-employed customers. All our business processes are standardised, documented, audited and ISO 9001 certified. There are maker-checker controls at all stages of all the key processes. This ensures delivery of a uniform customer service experience across locations, as well as keeping operational risks in check. We have instituted a robust portfolio review and monitoring system which keeps track of the portfolio health. Our net NPAs as a percentage of outstanding loans were 0.58%, 0.74%, 0.81%, 1.29% and 0.93%, as at March 31, 2017, 2016, 2015, 2014 and 2013, respectively. Our revenue from operations has grown at a CAGR of 26.04% from fiscal 2013 to 2017 and our net profit after tax grew at a CAGR of 45.52% during the same period. We believe we can continue to maintain strong asset quality appropriate to the loan portfolio composition, while achieving steady earnings growth, through our disciplined risk management strategies and because of our controlled cost of funding.

3. **Grow Our Product Reach**

We have developed a deep understanding of the needs of varied customers belonging to organized as well as unorganized sector of income generation for the purchase of Residential dwelling units. We have also established our expertise in cash flow based underwriting of self-employed segment. We intend to utilise this understanding to provide tailor-made products to our customers made to suit their specific needs. In addition to housing loans, for catering to the large self-employed professionals (MSME segment) we offer products like, SME Secured Business Loans (SME Loans), Loan against property (LAP), Loans to Builders / Developers in the form of Construction Finance / Working Capital loan etc. aggregative financial inclusion loans (under service provider model) as well as property valuation and advisory services. We can leverage our expertise in targeting self-employed (MSME and SME) customers both for loan and non-loan products and can bundle our services to provide our customers a complete housing solution at one stop.

4. Focus on strengthening our branding

We have been undertaking advertising on above the line mediums like newspaper advertisements, billboard advertisements, participation in property exhibitions, participation knowledge series on tv channels etc. We also actively do below the line activities like loan mela at Project / Builder site, market place activities. We intend to increase brand recall of our products through strategic branding initiatives, including through the use of social media and consumer engagement programs. The marketing expenses were ₹ 10.92 crores and ₹ 13.66 crores, or 0.95% and 1.68% of our total revenues for Fiscal Year 2017 and the Fiscal Year 2016, respectively.

Key Operational and Financial Parameters for the last three Fiscal Years

(₹ in crores)

Parameters	Fiscal Year 2016-17*	Fiscal Year 2015-16*	Fiscal Year 2014-15*
Net worth	1,032.45	570.28	498.27
Total Debt	9,678.38	6,548.30	4,421.91
of which			
- Non-Current Maturities of Long Term Borrowing	7,285.88	4,619.01	2,823.98
- Short Term Borrowing	1,003.68	768.30	815.52
- Current Maturities of Long Term Borrowing	1,388.81	1,161.00	782.41
Net Fixed Assets	67.68	44.31	39.45
Non-Current Assets (Excluding Fixed Assets & Non-current portion of Cash & Bank Balances)	277.26	14.27	5.59
Cash and Bank Balances (Including Non-current portion)	337.23	727.09	355.13
Current Investments	454.38	73.48	-
Current Assets (Excluding Cash and Bank Balances current portion & Current Investments)	102.73	47.46	38.17
Current Liabilities (Excluding Short term borrowing, Current Maturities of Long Term Borrowing & Matured Deposits and Interest thereon)	433.99	478.55	561.18
Assets Under Management (including Securitised and Assignment Portion)	11,174.47	7,420.30	5,841.29
Off Balance Sheet Assets	1,190.99	683.17	757.34
Interest Income (Including Treasury Income)	982.86	737.39	441.80
Interest Expense	643.20	474.57	297.85
Provisioning & Write-offs	53.84	15.86	13.50
PAT	172.59	86.76	69.06
Gross NPA (%) **	0.84%	0.97%	1.04%
Net NPA (%) ***	0.58%	0.74%	0.81%
Tier I Capital Adequacy Ratio (%)	9.62%	10.51%	11.10%
Tier II Capital Adequacy Ratio (%)	9.62%	5.83%	4.07%

* *Figures are rounded off to nearest ₹ in crore*

** *Gross NPA % = Gross NPA / (Assets Under Management – Off Balance Sheet Assets) or (Gross NPA/ Gross Loans & Advances)*

*** *Net NPA % = (Gross NPA – NPA Provision) / (Assets Under Management – Off Balance Sheet Assets – NPA Provision) or (Net NPA/ Net Loans & Advances)*

Note: Details for September 30, 2016 havenot been included as the financials for September 30, 2016 have not been audited.

Our Products and Services

We are a housing finance company with a focus on providing housing finance and related products for the underserved majority, primarily through home loans provided to the LMI to HMI segment in India, primarily in Tier II and Tier III cities and towns. We provide secured finance primarily to individuals (self-employed), partnership firms and companies for the purchase, self-construction, improvement and extension of homes, new and resalable flats, commercial properties and plots. We also provide certain categories of non-housing loans.

Loan Products

We offer a wide range of products primarily for loans related to residential properties to a variety of customers depending on demand and needs. The actual loan amount for each loan is function of various factors including but not limited to the property value, repayment capacity, age, educational qualifications, stability and continuity of income, number of dependents, co-applicant's income, assets, liabilities and historical savings habits, past loan records through CIBIL reports, banking behaviour and debt servicing pattern. Our Company has developed an in-house 'Application Score Card' for home loan customers. Before on-boarding every home loan customer an Application Score is generated and depending on the score, the loan eligibility is determined.

Loans are generally repaid in EMI, the size of the EMI depends on the segment within which the borrower falls within LMI to HMI segment in India, primarily in Tier II and Tier III cities and towns, on the quantum of loan, interest rate and tenure of loan. We also offer a payment scheme for home loan seekers who are due for retirement within the term of the loan and have applied jointly with an eligible younger co-applicant. Moreover, we also have a provision for allowing clubbing of income of multiple applicants with different ages and different income levels to determine the loan eligibility. Our loans vary in tenure, though most loans are generally not extended beyond the borrower's retirement age or 60 years (65 years for self-employed individuals), whichever is earlier. Prepayment of the loan, ahead of the contracted schedule in part or full, is permitted. Our retail prime lending rate of as at March 31, 2017 was 18.00%.

All loans disbursed by us are secured by equitable mortgages, registered mortgages of the property and assets financed assignments of life insurance policies, personal guarantees, and undertakings to create a security and/or hypothecation of assets.

We offer the following housing loan products:

Loan Product	Purpose	Amount	Tenure
Housing Loans	Purchase of a built-up or under construction home	The following percentage of the value of property could be financed: • Up to ₹ 30 lakhs – up to 90% of the value of the property; • From ₹ 30 lakhs to ₹ 75 lakhs – up to 80% of the value of the property; and • Above ₹ 75 lakhs – up to 75% of the value of the property.	From 3 years to 20 years
Home improvement loans	Home renovation and repainting for existing home loan customer	• 20% of the value of the property prior to the improvement. Combined LTV should not exceed LTVs as mentioned below: Up to ₹ 30 lakhs – up to 90% of the value of the property; From ₹ 30 lakhs to ₹ 75 lakhs – up to 80% of the value of the property; and Above ₹ 75 lakhs – up to 75% of the value of the property.	Co-terminus with parent loan, Tenor for Parent Loan varies from 3 years to 20 years
Home extension loans	Extension of the existing accommodations	• 50% of the Value of the Property before Extension Estimates. Combined LTV should not exceed LTVs as mentioned below: Up to ₹ 30 lakhs – up to 90% of the value of the property; From ₹ 30 lakhs to ₹ 75 lakhs – up to 80% of the value of the property; and Above ₹ 75 lakhs – up to 75% of the value of the property.	Co-terminus with parent loan Tenor for Parent Loan varies from 3 years to 20 years
Home loans for self-employed customers	To meet housing needs of self-employed professionals and non-professionals such as retailers, small scale business men, doctors, architects, chartered accountants, etc.	• Up to ₹ 30 lakhs – up to 90% of the value of the property; • From ₹ 30 lakhs to ₹ 75 lakhs – up to 80% of the value of the property; and • Above ₹ 75 lakhs – up to 75% of the value of the property.	From 3 years to 20 years
Self Construction & Plot + Constructions Loans	Purchase of non-agricultural plot land situated within municipal/local development authority limits and construction loans, construction of a home	• Plot LTV – 75% on Value (Subject to 80% on COP) • Construction LTV – 100% of the construction cost • Combined LTV not to exceed 80% of the total COP for loans till ₹ 75 lakhs and will not exceed 75%of of the total COP for loans above ₹ 75 lakhs.	From 3 years to 20 years

Loan Product	Purpose	Amount	Tenure
NRI Home Loans	Purchase, construction, improvement, plot purchase, composite loan and extension of residential properties in India by Non Resident Indians ("**NRIs**")	• Up to ₹ 30 lakhs – up to 85% of the value of the property; • From ₹ 30 lakhs to ₹ 75 lakhs – up to 75% of the value of the property; and • Above ₹ 75 lakhs – up to 70% of the value of the property.	From 3 years to 15 years
Home loan balance transfer	Transfer of customers' existing home loans obtained from other providers to the Company	• 100% of customer's balance loan subject to Loan to value ratio based on Loan product categories.	From 3 years to 20 years

Other Loan Products

We also offer other loan products including the following:

Loan Products	Purpose	Amount	Tenure
Loans against property	Loans against mortgage of customers' residential or commercial property availed for working capital and other business needs and construction of residential projects	Up to 65% of the Value depending upon the nature of the occupancy of the property whether residential/ Commercial/ Self Occupied/ Industrial.	From 3 to 15 years. The term does not extend beyond 65 years of the age.
Loan for Purchase of Commercial Property	Loans for Purchase of Commercial Properties such as Shop, Office, Showroom etc.	Upto 65% of the Value.	From 3 to 15 years. The term does not extend beyond 65 years of the age.
Project Loans	Offered to companies, partnership firms etc. to finance construction of residential and commercial complexes and disbursed in instalments benchmarked against a schedule of construction and sales progress.	Up to amounts determined on the basis of the maximum shortfall in cash flow for a project until completion.	From one to Five years with a suitable moratorium period for the implementation of the project

Other Products and Services

Broking Services

We offer broking services for both residential and commercial properties on a fee basis. Our experienced property personnel advise customers through various stages involved in acquiring, selling off or leasing a property. We provide our customers access to a large database of properties, with extensive listings to aid and assist in their search for a property.

We also enter into tie-ups with reputed builders and developers to promote and market their projects.

Valuation and Consulting Services

We provide high-quality valuations that help clients make informed real estate decisions. We provide valuation and consulting services through a group of experienced professionals, providing appraisal and consulting services to a broad-based local and national clientele. We understand the clients' requirements of assessing the viability of potential acquisitions, reviewing performance of existing assets/portfolios and offer valuation, appraisal and due diligence advice.

Investments and Alliances services

We also provide advisory services to real estate developers on debt syndication, fund raising through private equity, mergers and acquisitions and joint development of land.

Loan Operations

Loan sanctions during the fiscal year ended March 31, 2017 were ₹ 10,805.75 crores as against ₹ 6,532.91 crores in the fiscal year ended March 31, 2016, representing a growth of 65.40%.

Loan disbursements during the fiscal year ended March 31, 2017 were ₹ 7,333.09 crores as against ₹ 3,827.66 crores in the previous fiscal year, representing a growth of 91.58%.

The table below sets out our loan sanctions and disbursements for the past five fiscal years.

(₹ in crores)

Particulars	For the fiscal year ended March 31,				
	2017	2016	2015	2014	2013
Sanctions	10,805.75	6,532.91	5,385.20	3,029.74	2,479.35
Disbursements	7,333.09	3,827.66	3,562.10	2,072.23	1,620.11

In value terms, our loan sanctions have grown at a CAGR of 52.79% and disbursements have witnessed a CAGR of 52.39% over the last three fiscal years ended March 31, 2017. Housing loans made up 67.61% and 74.48% of our loan book as on March 31, 2017 and as on March 31, 2016.

The following table sets out our total gross loans by principal categories and principal categories as a percentage of total loans as at March 31, 2017, 2016, 2015, 2014 and 2013.

(in ₹ crores, except percentages)

Description	As at March 31,									
	2017		2016		2015		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Home Loan	4,898.66	49.01	3,670.48	54.36	2,382.48	46.75	1,646.80	52.52	1,708.65	62.01
Loan Against Property	2,568.49	25.70	1,480.37	21.92	1,165.35	22.87	690.91	22.04	503.39	18.27
Construction Finance	1,858.77	18.60	1,361.12	20.16	1,082.41	21.24	797.60	25.44	543.20	19.72
Others	668.48	6.69	240.68	3.56	465.81	9.14	0.00	0.00	0.00	0.00
Total	**9,994.40**	**100.00**	**6,752.65**	**100.00**	**5,096.05**	**100.00**	**3,135.32**	**100.00**	**2,755.24**	**100.00**

Funding Sources

We strive to maintain diverse sources of funds in order to reduce our funding costs maintain adequate interest margins and achieve liquidity goals. The following table sets out our sources of funding and their respective percentages of our total funding as at March 31, 2017 March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013:

(₹ in crores)

Source of funding	As at March 31,				
	2017	2016	2015	2014	2013
Term Loan	4,067.11	4,970.71	3,032.07	2,361.03	2,142.45
Non Convertible Debentures	4,607.59	809.29	574.32	451.85	204.00
Commercial Papers	953.68	493.82	719.44	207.56	24.42
Cash Credit	50.00	274.48	96.08	0.07	-
Total	**9,678.38**	**6,54.8.30**	**4,421.91**	**3,020.51**	**2,370.87**

The table below sets forth the amount and weighted average cost of our borrowings as at March 31, 2017, 2016, 2015, 2014 and 2013.

(₹ in crores)

Funding source	Borrowings as at									
	March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014		March 31, 2013	
	Amount	Borrowing cost, %	Amount	Borrowing cost, %	Amount	Borrowing cost, %	Amoun t	Borrowing cost, %	Amount	Borrowing cost, %
Banks & financial institutions	4,117.11	9.79	5,245.19	10.09	3,128.15	10.80	2,361.11	11.11	2,142.45	11.59
Capital Markets	4,607.59	8.99	809.29	9.36	574.32	9.73	451.85	9.78	204.00	10.28
Others	953.68	7.59	493.82	8.25	719.44	8.91	207.56	9.66	24.42	9.56
Total	**9,678.38**	**9.23**	6,548.30	9.76	4,421.91	10.50	3,020.51	10.85	2,370.87	11.53

Credit Ratings

Our borrowings have received the following credit ratings as at March 31, 2017, which help us obtain debt financing at competitive rates of interest:

Particulars	Rating Agency	Rating
A. NCDs issued on Private Placement basis		
Long Term Debt Programme	CARE Ratings	CARE AA+*
Long Term Secured NCD	Brickwork Ratings	BWR AA+
Long Term Unsecured Upper Tier II NCD	Brickwork Ratings	BWR AA
Subordinated Debt	CARE Ratings	CARE AA+*
Long Term Unsecured Subordinated Tier II NCD	Brickwork Ratings	BWR AA+
Upper Tier II Bond	CARE Ratings	CARE AA*
Principal Protected Market Linked Debentures	CARE Ratings	CARE PP-MLD AA+*
B. NCDs issued through Public Issue		
Non-Convertible Debentures Public Issue	CARE Ratings	CARE AA+*
Long Term Secured NCD Public Issue	Brickwork Ratings	BWR AA+
Upper Tier II bond- Public Issue	CARE Ratings	CARE AA*
Public Issue of Long Term Unsecured Upper Tier II NCD	Brickwork Ratings	BWR AA

** Credit watch with developing implications*

For a discussion of certain risks relating to our funding and funding costs including losing our existing credit ratings, please refer to the chapter titled "***Risk Factors - Internal Risks and Risks Associated with our Business - We may not be able to secure the requisite amount of financing at competitive rates for our growth plans and to continue to gain undisrupted access to our funding sources, which could adversely affect our business, results of operations and financial condition***".

Capital Adequacy

The Company is presently required by the NHB to maintain a minimum capital adequacy of 12.00%. The following table sets out our capital adequacy ratios as at March 31, 2017, 2016, 2015, 2014, 2013 and 2012.

Particulars	As at March 31,				
	2017	2016	2015	2014	2013
Capital Adequacy Ratio	19.24%	16.34%	15.17%	20.40%	17.55%

The Company's capital adequacy ratio was 19.24% and 16.34% as at March 31, 2017 and March 31, 2016, respectively, which we believe provides an adequate cushion to withstand business risks and exceeds the minimum requirement of 12.00% stipulated by the NHB. Our capital adequacy ratio is calculated in accordance with Indian GAAP.

Distribution Network

Our distribution network is designed to reach out to the Self Employed (LMI to HMI) segment and tap a growing potential customer base throughout India. We maintain a pan-India marketing and distribution network with a presence across 100 locations through 44 branches. Our distribution network in India is spread over Tier II and Tier III cities and towns. We believe our business model allows us to deliver improved turnover time and to improve customer satisfaction while maintaining asset quality.

Our distribution network includes direct selling teams i.e. teams that are employed with other companies in Reliance Group and are working with us on a contract basis ("**Direct Selling Teams/ DSTs**"), DSAs and other business referral partners. Direct Selling Teams work under supervision of our employees and our payment for their services is a combination of fixed fee and variable commission based on the disbursement of loans sourced by them.

Sales, Marketing and Branding

While we offer loans to all market segments (self-employed and salaried), our core strength and focus lies in providing home finance to the "self-employed" customers, who form the backbone of our business, across the length and breadth of the country, and in future it will continue to increase in tier II and tier III cities of India. This forms our core marketing message as well – Making India Self-Reliant.

Our marketing and branding efforts are conducted by our in-house marketing and branding team which is responsible for the in-house product marketing and branding initiatives. We regularly conduct consumer research with the help of leading research agencies and regularly interact with our sales teams and channel partners to develop a strong understanding of the market and adapt to changing market dynamics. We also engage third party creative and media marketing providers for conducting specialized activities which aid our marketing campaigns. We create visibility and customer awareness of the Company through DSAs, online sourcing platform providers, direct sourcing, channel partners, builder tie-ups and advertisements with the objective to build our brand, increase sales, create relevance at points of purchase and emerge as the point-of-first-recall.

We create brand awareness through various above-the-line and below-the-line initiatives like print campaigns, TV and radio programme sponsorships, outdoor advertising, digital advertising and dealer / builder meets. We also participate in 'Home Loan Melas / Property Exhibitions. We have also participated in knowledge series on property on channels like NDTV and Zee Business.

Provisioning, Write-Offs and Asset Recovery

Asset classification, Provisioning and Write-offs

The NHB Directions, 2010, stipulate requirements for HFCs for assessing the quality of their assets including preparation of financial statements. We follow the NHB Directions, 2010 for preparation of our financial statements in accordance with prudential norms prescribed by the NHB for the purpose of asset classifications. Provisions for contingencies have been made for diminution in investment value and on non-performing loans and other assets as per the prudential norms prescribed by the NHB. We also make certain additional provisions to meet unforeseen contingencies.

The following table is a summary of the risk classification of our aggregate loan portfolio (as a percentage of total outstanding loans) and our provision for probable losses as at March 31, 2017, 2016, 2015, 2014 and 2013.

(in ₹ crores, except percentages)

Particulars	As at March 31,									
	2017		2016		2015		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Standard	6,707.36	67.11	4,984.31	73.81	3,417.70	67.07	2,399.89	76.54	2,217.75	80.49
Sub Standard	31.96	0.32	18.69	0.28	17.06	0.33	21.88	0.70	8.72	0.32
Doubtful	18.11	0.18	28.60	0.42	30.13	0.59	22.64	0.72	25.37	0.92
Loss Assets	-	-	-	-	-	-	-	-	-	-
Total housing loans (A)	6,757.43	67.61	5,031.60	74.51	3,464.89	67.99	2,444.41	77.96	2,251.85	81.73
Standard	3,203.20	32.05	1,702.72	25.22	1,625.20	31.89	683.35	21.80	503.35	18.27
Sub Standard	15.09	0.15	13.40	0.20	1.64	0.03	6.98	0.22	-	-
Doubtful	7.33	0.07	4.93	0.07	4.32	0.08	0.58	0.02	0.05	0.00
Loss Assets	11.35	0.11	-	-	-	-	-	-	-	-
Total other property (non-housing) loans (B)	3,236.97	32.39	1,721.05	25.49	1,631.16	32.01	690.91	22.04	503.39	18.27
Total loan book (A+B)	9,994.40	100.00	6,752.65	100.00	5,096.05	100.00	3,135.32	100.00	2,755.24	100.00
Provisions	82.56	0.83	15.5	0.23	12.09	0.24	11.78	0.38	8.73	0.32

Asset Recovery

Our asset recovery process starts with reminders to delinquent borrowers and proceeds to our taking appropriate legal action. Employees of the Company conduct the recovery process. We also engage outsourced collection agencies in a few markets. We place telephone calls to customers when loan repayments are one month overdue and also send written repayment demands when loan repayments are two to three months overdue. We make field visits right from when customers become overdue. We initiate actions under Section 138 of the Negotiable Instrument Act, 1881 on case to case basis. We also extensively take actions under the SARFAESI Act by issuing demand notices to defaulting borrowers and guarantors, taking possession of the mortgaged properties in the defaulted loans and recovering the dues by disposal of assets in the open market.

Non-performing Assets

The following table sets forth details of our non-performing loans, defaulting loans and write-offs for loan losses as at March 31, 2017, 2016, 2015, 2014 and 2013.

(in ₹ crores, except percentages)

Particulars	As at March 31,				
	2017	2016	2015	2014	2013
Gross NPAs	83.84	65.61	53.15	52.09	34.14
Total loans	9,994.40	6,752.65	5,096.05	3,135.32	2,755.24
Gross NPAs to total loans (%)	0.84%	0.97%	1.04%	1.66%	1.24%
Provision for NPA and Doubtful Debts	25.94	15.51	12.09	11.78	8.73
Provision for NPA and Doubtful Debts to gross NPAs (%)	30.95%	23.63%	22.75%	22.62%	25.58%
Net NPAs to total loans (%)	0.58%	0.74%	0.81%	1.29%	0.93%

Loans are classified as non-performing if the default is greater than 90 days. We adhere to NHB Directions, 2010 on the classification of NPAs, and to provisioning guidelines, which require us to set aside a portion or the entire outstanding loan amount depending on the asset quality.

Risk Management

Our Company operates in dynamic environment, and given the markets we operate in, elements of risk are inherent. The Board of the Company recognizes the importance of identifying and controlling risks and ensuring that required internal controls and procedures have been established which are designed to safeguard assets and interests of the Company, and ensuring the integrity of reporting. Risk management policy of the Company facilitates proactive risk management, enhance understanding of all risks faced by our Company, facilitate the prioritization of risks and enhance the effectiveness of risk management activities.

Our Board of Directors has the responsibility for overseeing all risks associated with the activities of business, establish a strong internal control environment and risk framework that fulfils the expectations of stakeholders. Our Company has also established a Risk Management Committee to assist the Board in ensuring that appropriate risk management and internal control system is in place and for regularly reviewing the effectiveness of same. The Risk Management Committee consists of Mr. Padmanabh Vora, Ms. Deena Mehta, Mr. Gautam Doshi, Mr. Amit Bapna and Mr. Ravindra Sudhalkar as its members. Our Company has framed the risk assessment and minimization procedure which is periodically reviewed by the Audit Committee and the Board. Risk Management Committee is responsible for monitoring the adherence to the risk policy and guidelines and reviewing the overall risk management system in light of changes in external and internal environment within which the Company operates. The Risk Management Committee meets on periodic (quarterly) basis.

Key risk categories for which Company would have policies & procedures in place include:

- Credit Risk;
- Market Risk;
- Operational Risk;
- Fraud Risk; and
- Legal and Compliance Risk.

Risk management process endeavours to identify, assess, monitor and report the risks in terms of above categories with any significant risk being reported to Risk Committee. Since the internal and external environment within which the Company operates is exposed to change continuously, the risk management process is kept sufficiently flexible to accommodate new situations as they arise.

For further details on the risk associated with our Risk Management operations, please refer to the chapter titled "*Risk Factors*".

Over the last few years, Indian financial markets have witnessed wide-ranging changes. Greater competition has encouraged HFCs to develop new financial products and services. Interest rate structure has become more complex. Further, products like Interest Rate Swaps, Forward Rate Agreements etc. to hedge interest rate risk and change the profiles of assets and liabilities from fixed to floating and vice versa have become common in the market. These products have therefore given flexibility to HFCs to manage their assets and liabilities as per their interest rate view and alter their risk profile to better match their corporate objectives.

Our strategy aims to attain a structured Asset Liability Management (ALM) system in the Company with a view to managing for the time being, Liquidity Risk and Interest Rate Risk and eventually supplement all areas of Enterprise-wide Risk Management.

ALM Committee, known as ALCO, is primarily responsible for ALM process in the Company. The functioning of ALCO is overseen by the Risk Management Committee. The important decisions taken by ALCO are placed before RMC. ALCO consisting of senior management personnel is formed and is the decision making unit responsible for strategic management of interest rate and liquidity risks besides balance sheet planning. NHB has given discretion to respective HFCs to decide the composition of the Committee and the frequency of the meetings.

Interest Rate Committee supplements the ALCO in decisions regarding the product wise interest structures, special occasion offerings, Limited period offerings etc. The decisions take at such IRC are reviewed at the ALCO meetings.

The following table sets forth the asset-liability gap position for our operations as at March 31, 2017, 2016, 2015, 2014 and 2013.

(in ₹crores)

Asset - Liability Situation	**As at March 31,**				
	2017	**2016**	**2015**	**2014**	**2013**
Due in 1 year or less					
Inflows (Assets)	1,397.41	3,183.34	2,393.37	1,870.70	1,057.60
Outflows (Liabilities)	2,392.49	2,155.39	2,098.76	1,027.91	588.67
Due in 1 - 3 years					
Inflows (Assets)	1,336.35	707.09	576.64	337.28	250.58
Outflows (Liabilities)	4,355.58	2,799.56	1,591.24	1,226.74	1,213.38
Due in 3 - 5 years					
Inflows (Assets)	540.88	671.63	463.09	269.81	213.85
Outflows (Liabilities)	1,555.77	1,413.14	964.99	804.79	587.95
Due after 5 years					
Inflows (Assets)	7,201.56	3,147.83	2,140.27	1,350.72	1,467.64
Outflows (Liabilities)	1,374.53	1,291.26	914.46	668.32	549.52
Total					
Inflows (Assets)	**10,476.20**	**7,709.88**	**5,573.37**	**3,828.51**	**2,989.67**
Outflows (Liabilities)	**9,678.37**	**7,659.36**	**5,569.45**	**3,727.78**	**2,939.52**

Note: The asset liability gap is calculated considering the prepayments on loan book and includes all assets and liabilities including off balance sheet items.

Interest rate risk management

Reliance Home Finance is exposed to Interest Rate fluctuations in the market as borrowing rates for Bank Borrowings are linked to the marginal cost lending rates (MCLR)/ base rate and this rate keeps changing. Our business which has majority loans in floating rates are re-priced as and when the need arises which is primarily driven by the borrowing rate changes. Interest rate gap analysis is done at periodic basis by classifying all assets and liabilities into various time buckets according to projected re-pricing date. As there would be always couple of months lagging period for any change of floating interest rate on lending to the borrowers arising out of change in interest rate on borrowing, no negative limit is prescribed for period up to 2 months.

These limits are subjected to annual review. However, the Board has the discretion to review the same at a shorter duration as and when felt necessary or as may be recommended by the ALCO.

As at March 31, 2017 and March 31, 2016, 98.56% and 98.50% of our assets were floating rate loans and 43.96% and 81.70% of our liabilities were floating rate borrowings, respectively.

Interest Rate Committee meeting is held every month to discuss on the interest rate scenario in the market, regulators view on the inflation management and decide on the product pricing so as to maintain the budgeted yield.

Credit risk management

Credit risk is a risk of loss due to failure of a borrower/counterparty to meet the contractual obligation of repaying debt as per the agreed terms, which is also commonly known as a risk of default. The Company has a Risk Management Committee of the Board which is supported by Credit Risk Management Committee, which performs review and management of the Credit risk. The Company has product wise policy guidelines which have evolved from various market practices, requirement of the regulators and our own internal control systems with a view to build up minimum loss on credit risk. Since Inception of the business, technology is enabled in almost all our critical processes for loan appraisal, disbursement and tracking till closure of the loan.

The Company manages credit risk by using a set of credit norms and policies, including a standard credit appraisal policy based on customer credit criteria approved by the Board. The Company has a structured and standardized credit approval process including a comprehensive credit risk assessment, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of the borrower. The entire underwriting process is automated end to end. We also consider factors such as exposure limits, segmented net interest margins and its impact on the loan book, risk based pricing on the basis of probability of default, sanctioning powers, appraisal standards and collateral management.

Monthly Portfolio Risk Reviews are conducted for each retail and non-retail product portfolio to monitor the performance of the Portfolio and suggest measures for improvement, including reduction in exposure to certain sector to tolerable limits. Asset verification is carried out on a sample basis to confirm the end use of the loan facility as well as existence of the collateral security. The Company has an advanced risk reporting MIS dashboard.

The Company considers Loan Review Mechanism (LRM) as an effective tool for constantly evaluating the quality of loan book and to bring about qualitative improvements in credit administration. The Company has designed and implemented an Early Warning System to predict delinquency. Based on this, customers are classified in different risk categories (High Risk / Watch List / Safe) and appropriate remedial actions are initiated.

The Company has a robust risk reporting framework, which includes reports presented to the board and senior management and compliance with prudential norms, capital position, provisioning, quality of exposures, etc. and reports as per the regulatory guidelines

The Company has an Independent Risk Containment Unit which specialises in identifying fraudulent cases coming in the system and hence detect them at an early stage.

Operational risk management

An organization is influenced by developments of the external environment in which it is called to operate, as well as by its internal organization, procedures and processes. Operational risk (OR) arises due to a wide range of different external events ranging from power failures to floods or earthquakes to terrorist attacks. Similarly, OR can arise due to internal events such as the potential for failures or inadequacies in any of the Organization's processes and systems (e.g. its IT, risk management or human resources management processes and systems), or those of its outsourced service providers. The Operational Risk Management Committee (ORMC) is primarily responsible for Operational Risk process in the Company. The functioning of the ORMC is overseen by the Risk Management Committee (RMC). The important decisions taken in the ORMC are placed before RMC.

- Risk Banks (risk registers) have been formulated for all the critical functions in the Company. These Risk Banks are a compendium of risk, causal factors and existing controls in a particular unit. Identification and self-assessment of risks is performed using the scale of probability and impact and assessing the vulnerability of the control environment.

- The Company as a part of its corporate risk management initiative has a Business Continuity Management System (BCMS) framework enabling it to proactively identify any disruptive events which may cause non-availability of its key products and services and thereby put in place controls to mitigate the impact of such events. Business Impact assessments should be carried out to identify process criticality, point of impact and accordingly design the business continuity strategies.

Disaster recovery (DR) and Business Continuity Plans (BCP) are periodically tested and reviewed to ensure their effectiveness to mitigate unforeseen risks arising out of disruptions.

Reliance Home Finance Limited is ISO 27001: 2013 and ISO 22301: 2012 certified which is reflective of the strong risk culture embedded within the organization.

Internal Audit and Control Procedure

Internal Audit function is required to provide an independent assessment to the Board on the effectiveness of implementation of risk management framework, including the overall adequacy of the internal control system and compliance with internal policies and procedures. Following are the responsibilities of IA with respect to risk management:

- Review annually, the processes and controls relating to rating system design and operations estimation of risk components to verify their effectiveness.
- Review the Company's compliance with NHB guidelines and established risk related policies and procedures.
- Review the depth, scope and quality of risk management processes undertaken by Risk Management Department.
- Review the adequacy of the Information Security, IT infrastructure and data maintenance. For portfolios/areas where statistical models are being used, conduct tests in order to check data input processes.
- Provide notice to Risk Management Committee of any material deviations from established policies which may impact the rating system or processes.

Customer Service and Grievance Redressal Processes

Our Company has established a multi-level customer query and grievance resolution process for customers to approach us through various channels such as through our branches, call centers, e-mails, letters, social media, self service portal, etc. A customer can use any of the aforementioned channels to register a complaint, request or a query. We ascertain the nature of the customer request and subsequently assign a unique service request number. We strive to provide a prompt resolution based on a template response mechanism. The customer service managers co-ordinate with the respective vertical team members of branches and other units for resolution of request.

In case the customer is not satisfied they further write to the nodal officer at the corporate office of our Company and the nodal officer shall within seven working days of receipt of a complaint take necessary steps to address the grievance.

Upon resolution of the complaint, a communication is sent to the customer by telephone or by e-mail using standard templates.

Insurance

Various types of insurance covers are taken at a centralized level covering all the subsidiaries of Reliance Capital Limited, including our Company. We believe that we have necessary and adequate general insurance for burglary, employee fidelity, Directors and Officers Liability insurance.

For a discussion of certain risks relating to our insurance coverage, please refer to the chapter titled "*Risk Factors - Internal Risks and Risks Associated with our Business - Our insurance coverage may not adequately protect us against losses, and successful claims that exceed our insurance coverage could harm our results of operations and diminish our financial position*" of this Information Memorandum.

Human Resources

We have experienced management team whom we rely upon to anticipate industry trends and to capitalize on new business opportunities that may emerge.

We offer eligible employees the right to participate in our Phantom Stock Option Scheme 2015 in order to reward employees for their performance and motivate them to contribute to the growth and profitability of the Company. For details please refer to ***"Capital Structure - Phantom Stock Option Scheme 2015"***.

As at June 30, 2017, we had 908 permanent employees. The growth in our employee headcount is in line with our strategy of growing our operations and expanding our geographical reach.

Our employees are non-unionized and we are not a party to any collective bargaining agreement.

Information Technology

Our branch offices are electronically linked to the central server to facilitate operational efficiency and provide cost-effective service. The Company's IT systems have the capability of an end-to-end customer data capture, computation of income, collateral data capture, and repayment management. Loan approval is controlled by the loan application system called Finone and the monthly analytics reports including through-the-door and credit information tracking to ensure risk management control and compliance.

Property

Our registered office and corporate office are located at Reliance Centre, 6th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai 400 055, Maharashtra, India and is on a long-term lease pursuant to an assignment of a long-term lease with our group company. Our branches located throughout India, are on lease or leave and license agreements, which we share with our Promoter Company. We have lease deeds executed with owners of our branch offices. In few cases, we have leases entered by RCL and we share we share the expenses with our Promoter for use of said premises.

HISTORY AND OTHER CORPORATE MATTERS

Our Company was incorporated in Mumbai, the State of Maharashtra on June 5, 2008 with the RoC as "Reliance Homes Finance Private Limited". Our Company later changed its name from "Reliance Homes Finance Private Limited" to "Reliance Home Finance Private Limited" on March 26, 2009. Our Company was issued Certificate of Registration to carry on the business of a housing finance institution without accepting public deposits by the National Housing Bank, initially on January 6, 2009 and later on due to change in name, a fresh Certificate of Registration was issued on April 27, 2009. Subsequently, our Company converted itself from Private Limited Company to Public Limited Company and consequently, the name was changed from "Reliance Home Finance Private Limited" to "Reliance Home Finance Limited". Our Company had received the fresh Certificate of Incorporation dated March 27, 2012 from RoC and a fresh Certificate of Registration was issued on July 16, 2012 by the National Housing Bank.

Our Company is promoted by Reliance Capital Limited, the financial services company of the Reliance Group and is constituted as a subsidiary of Reliance Capital Limited. The registered office of our Company is at Reliance Centre, 6th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai 400 055, Maharashtra, India. The original signatories to the Memorandum of Association were Mr. V. R Mohan and Mr. Nilesh Doshi, who were allotted 5,000 equity shares each at the time of incorporation of our Company. The liability of the members of the Company is limited.

Change in registered office of our Company

Our Company had shifted its registered office from Reliance Centre, 19, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001 to 570, Rectifier House, 3rd Floor, Naigaum Cross Road, Wadala, Mumbai 400 031, w.e.f February 7, 2009. Subsequently, our Company has shifted its registered office to its current address - Reliance Centre, 6th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai 400 055, w.e.f. May 10, 2016.

Main objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

"*To carry on the business of providing long term finance or otherwise to any person or persons, individual, company, corporation, bodies corporate, firms, society or association of persons, public body or authority, supreme, local or otherwise or other entities whether in the private or public sector with or without interest and with or without any security for the purpose of enabling such borrowers to construct / purchase tenements, flats, apartments, houses, villas, dwelling units, skyscrapers, co operative housing societies, housing complexes, housing colonies, townships including infrastructural facilities relating thereto or any part or portions thereof in India for residential purposes.*"

Limit of shareholding by registered Foreign Institutional Investors (FIIs)

The shareholders of the Company at Extraordinary General Meeting held on September 6, 2017 have passed the special resolution to enhance the limits of investment by FIIs in the Company upto 100% i.e. the sectoral cap / statutory ceiling as prescribed under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.

Key terms of our Material Agreements

1. *Memorandum of Understanding with our Promoter for sharing of expenses*

Our Company entered into a Memorandum of Understanding dated May 31, 2016 with our Promoter for usage of its office premises, which shall have retrospective effect from April 1, 2016. This Memorandum of Understanding has superseded the earlier arrangements namely the Memorandum of Understanding dated July 31, 2009 and three addendum agreements dated January 31, 2012, October 1, 2012, and December 1, 2013 respectively. Under the terms of the Memorandum of Understanding, our Promoter agrees to provide to our Company- the usage rights over of a portion of the office premises at all locations. Our Promoter shall pay for the infrastructure, electricity charges, general office expenses, rent, taxes, cess and charges in relation to office premises, repairs and maintenance, telephone bills, insurance and travelling expenses, marketing and advertisement, staff, legal and professional charges and costs and fees payable to vendors on our behalf. In consideration of these services, our Company agrees to pay the aforementioned proportionate costs and charges as per the bills and invoices raised by our Promoter on the basis of expenses incurred or provided by our Promoter to our Company from time to time.

2. Mortgage Guarantee Agreement with India Mortgage Guarantee Corporation Private Limited

Our Company has entered into Mortgage Guarantee Agreements dated March 31, 2015 and October 13, 2015, both with India Mortgage Guarantee Corporation Private Limited ("**IMGCPL**") (collectively, the "**Mortgage Guarantee Agreements**").

In consideration for the payment of a one-time guarantee fee of ₹ 4.03 crores and ₹ 2.95 crores under the respective Mortgage Guarantee Agreements, IMGCPL has agreed to guarantee the repayment of principal and interest payment obligations in relation to two separate blocks of housing loans advanced by our Company, amounting to ₹ 298.68 crores and ₹ 250.19 crores, respectively ("Commencement Principal Amounts"). In addition, coverage under the Mortgage Guarantee Agreements extends to loans classified as non-performing assets in the books of our Company. The maximum liability of IMGCPL is capped at 10% of the Commencement Principal Amounts under the respective Mortgage Guarantee Agreements.

In the event of a breach of any its obligations or covenants under the Mortgage Guarantee Agreements, our Company is liable to pay liquidated damages amounting to the payments already made by IMGCPL under the respective Mortgage Guarantee Agreement.

Each of the Mortgage Guarantee Agreements shall remain in force for a period of 20 years from the date of commencement of such agreement, or until the date on which the last of the housing loans covered under each of the said agreements has been repaid, whichever is earlier.

Subsidiaries or Associate Companies

As on the date of this Information Memorandum our Company has no subsidiary or associate company.

SCHEME OF ARRANGEMENT

Rationale as provided in the Scheme:

The demerger of the Demerged Undertaking of Reliance Capital pursuant to this Scheme is with a view to achieve the following benefits:

- Value unlocking for shareholders given the business has achieved scale, will attract investors and provide better flexibility in accessing capital; and

- It is believed that this Scheme will create enhanced value for shareholders and allow a focused growth strategy which would be in the best interests of all the stakeholders. The restructuring proposed by this Scheme will also provide better flexibility to the investors to select investments which best suit their investment strategies and risk profile.

Further, this will also facilitate the treatment of Reliance Capital as a Core Investment Company ("**CIC**") in terms of applicable RBI Regulations.

This Scheme also makes provision for various other matters consequential or related thereto and otherwise integrally connected therewith.

The Scheme does not have any adverse effect on either the shareholders or the employees or the creditors of the Reliance Capital.

Salient Features of the Scheme:

Scheme of Arrangement ("Scheme") involving demerger of Real Estate Lending Business of Reliance Capital into our Company.

Real Estate Lending Business means the entire undertaking of Reliance Capital pertaining to all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind and wheresoever situated, in relation to and pertaining to the Real Estate Lending Business on a going concern basis, together with all its assets and liabilities.

The proposed Scheme envisages that our Company shall undertake the Real Estate Lending Business alongwith the Housing Finance business already undertaken by our Company. Pursuant to approval of the Scheme by National Company Law Tribunal, all the existing shareholders of Reliance Capital would be allotted shares in our Company in the same proportion (share entitlement ratio being 1:1) in which they hold shares in existing Reliance Capital and our Company shall achieve listing on BSE and NSE, where equity shares of Reliance Capital are listed.

With respect to the shares of Reliance Capital held by Custodian being shares underlying the GDRs of the Reliance Capital, our Company shall issue its shares in accordance with the Share Entitlement Ratio, to Custodian to hold such shares in trust together with all additions or accretions including dividends thereto. All shares of our Company issued as above would exclusively be for the benefit of the GDR holders of Reliance Capital. It is proposed that the Custodian may, subject however to the prevailing market conditions, sell, transfer or dispose of the shares held by it within a period of six months from date of listing in such a manner as may be proper in accordance with provisions of the Depository Agreement and shall distribute the proceeds, after deducting applicable costs and taxes, to all the GDR holders of Reliance Capital as on the Record Date.

The Appointed Date for the demerger of the Real Estate Lending Business of the Demerged Company into our Company is April 1, 2017.

The effective date of the Scheme is September 5, 2017.

Pursuant to allotment in terms of the Scheme, the shareholding of our Company is as follows:

For shareholding of our Company pursuant to the allotment in terms of the scheme please refer to chapter "*Capital Structure*".

MANAGEMENT

Board of Directors

The general supervision, direction and management of our Company, its operations and business are vested in the Board, which exercises its power subject to the Memorandum and Articles of Association of our Company and the requirements of the applicable laws. The Articles of Association set out that the number of Directors in our Company shall be not less than 3 (three) and shall not be more than 15 (fifteen) unless otherwise approved in the general meeting of the Company.

The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI LODR Regulations. As on date our Company has 5 (five) Directors of which 2 (two) are Independent, 1 (one) of whom is an Independent woman Director, 1 (one) is Non-Executive Non-Independent Directors, 1 (one) is Director and CFO and 1 (one) is Executive Director and CEO.

The following table sets forth details regarding the Board at the date of this Information Memorandum:

Details relating to Directors

Name, Designation, Occupation, Term, Address and Nationality	Age	DIN	Other Directorships and LLP
Mr. Padmanabh Vora *Designation*: Non-Executive Chairman & Independent Director *Occupation*: Professional *Term*: 5 consecutive years commencing from March 24, 2015 *Address*: Flat No. 503-504, 5th Floor, "A" Wing, Mount Everest Tower, Bhakti Park, Wadala (East), Mumbai 400 037, Maharashtra, India. *Nationality*: Indian	73	00003192	1. KIFS Housing Finance Private Limited 2. Paramount Limited 3. Rama Cylinders Private Limited 4. NSDL Database Management Limited 5. Sterling Addlife India Private Limited 6. Pahal Financial Services Private Limited 7. J. Kumar Infraprojects Limited 8. Reliance Commercial Finance Limited 9. Reliance Capital Trustee Co. Limited 10. Prashant Mittal & Co., LLP
Ms. Deena Mehta *Designation*: Independent Director *Occupation*: Professional *Term*: 5 consecutive years commencing from March 24, 2015 *Address:*17A, Abhilasha Building, August Kranti Marg, Mumbai 400 036, Maharashtra, India *Nationality*: Indian	56	00168992	1. Asit C Mehta Financial Services Limited 2. Asit C Mehta Investment Interrmediates Limited 3. Asit C Mehta Condex Services DMCC 4. Reliance Commercial Finance Limited 5. Reliance Asset Reconstruction Company Limited 6. National Payments Corporation of India 7. NMIMS Business School Alumni Association 8. Gandhar Oil Refinery (India) Limited

Name, Designation, Occupation, Term, Address and Nationality	Age	DIN	Other Directorships and LLP
Mr. Gautam Doshi *Designation*: Non-Executive Director *Occupation*: Service *Term*: Liable to retire by rotation *Address*: 402, Hamilton Court, Tagore Road, Santacruz (West), Mumbai 400 054, Maharashtra, India. *Nationality*: Indian	64	00004612	1. Connect Capital Private Limited 2. Reliance Anil Dhirubhai Ambani Group Limited 3. Reliance MediaWorks Limited 4. Reliance Communications Infrastructure Limited 5. Reliance Telecom Limited 6. Digital Bridge Foundation 7. Kudal Real Estate Private Limited 8. Banda Real Estate Private Limited 9. Piramal Phytocare Limited 10. Aashni Ecommerce Private Limited 11. Capricon Realty Limited
Mr. Amit Bapna Designation: Director & CFO *Occupation*: Service *Term*: Liable to retire by rotation *Address:* 1801, 18th Floor, Sumer Trinity Tower-I, New Prabhadevi Rd., Prabhadevi, Mumbai 400 025, Maharashtra, India *Nationality*: Indian	42	00008443	1. Reliance Nippon Life Insurance Company Limited 2. Reliance Capital AIF Trustee Company Private Limited 3. Reliance Securities Limited 4. Reliance Commodities Limited 5. Reliance Wealth Management Limited 6. Business Broadcast News Holdings Limited 7. Unlimit IOT Private Limited 8. People's Electoral Trust (A Section 8 company) 9. Prime Focus Limited 10. Prime Focus Technologies Limited 11. Quant Capital Private Limited 12. Sula Vineyards Private Limited 13. Grover Zampa Vineyards Limited 14. Square Dotcom Private Limited 15. Yatra Online Private Limited 16. Yatra Online Inc.
Mr. Ravindra Sudhalkar *Designation*: Executive Director & CEO *Occupation*: Service *Term*: 3 years, with effect from April 24, 2017 *Address*: 2005, Oberoi Splendor Grande, JVLR, Andheri East, Mumbai 400 060, Maharashtra, India *Nationality*: Indian	49	07787205	Nil

Profile of Directors

Mr. Padmanabh Vora, 73 years, is the Non-Executive Chairman and an Independent Director on our Board and is the Chairman of Corporate Social Responsibility Committee and Nomination and Remuneration Committee a member of the Audit Committee and Stakeholders Relationship Committee. He was first appointed as a Director of our Company on July 1, 2008. He is a practicing Chartered Accountant and at present is managing partner in P. P. Vora & Co, Chartered Accountants. He is currently the chairman of NSDL Database Management Limited and has in the past held managing directorship and chairmanship of IDBI Bank Limited and chairmanship of National Housing Bank.

Ms. Deena Mehta, 56 years is an Independent Director on our Board and is the Chairperson of the Audit Committee and Risk Management Committee and a member of the Nomination and Remuneration Committee. She was first appointed as a Director on March 24, 2015. She is an associate member of Institute of Chartered Accountants of India (ICAI) and fellow member of Securities & Investment Institute of London. She has completed Post Graduation in Management Studies with Specialization in Finance from NMIMS and Post

Graduate diploma course in Securities Law from Government Law College. She is presently managing director of Asit C Mehta Financial Services Limited. She has more than 20 years of experience in securities market.

Mr. Gautam Doshi, 64 years, is Non-Executive Director on our Board and a member of the Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. He was first appointed as a Director of our Company on July 1, 2008. He is a member of the Institute of Chartered Accountants of India. He has served as the Chairman of the Institute of Chartered Accountants of India for the year 1982–83, and was elected to the Council of the Institute of Chartered Accountants of India for two consecutive terms spanning over 1992 to 1998. He specialises in the fields of taxation and regulatory areas. He is a Group Managing Director of Reliance Group.

Mr. Amit Bapna, 42 years**,** is Director on our Board and is Chief Financial Officer of the Company. He is a member of the Corporate Social Responsibility Committee and Risk Management Committee. He was first appointed as a Director of our Company on April 24, 2017. He is a member of the Institute of Chartered Accountants of India. He is the Chief Financial Officer at Reliance Capital Limited. He earlier worked in the capacity of CFO of Reliance Capital Asset Management Limited and Reliance Consumer Finance Limited. He has been with Reliance Capital Limited since 2004 and with the Reliance Group since 1999.

Mr. Ravindra Sudhalkar, aged 49 years, is presently the Executive Director & CEO of our Company and a member of the Stakeholders Relationship Committee and Risk Management Committee. He is Masters in Science (Electronics) from Sardar Patel University, Anand Gujarat. He also holds a masters in business administration from Sardar Patel University. He has more than 2 (two) decades of experience in financial sectors and has been part of the senior management at ICICI Bank and Kotak Mahindra Bank, before he joined our Company on October 1, 2016.

Confirmations

None of our Directors have been identified as a ‘wilful defaulter’ by the RBI, ECGC, any government/regulatory authority and/or by any bank or financial institution.

Relationship with other Directors

None of the Directors of the Company are related with each other.

Borrowing powers of the Board

The Board of Directors of the Company at their Meeting held on April 24, 2017 approved the borrowing limit up to an amount of ₹ 24,000 crores over and above the paid-up capital and free reserves of our Company under Section 179(3)(d) of the Companies Act, 2013 and recommended the same for Shareholders approval. Our Shareholders have by way of Extraordinary General Meeting dated April 25, 2017, passed a resolution under Section 180(1)(c) of the Companies Act, 2013 authorising the Board of Directors to borrow money upon such terms and conditions as the Board may think fit in excess of aggregate of paid-up share capital and free reserves of the Company up to an amount of ₹ 24,000 crores over and above the paid-up capital and free reserves of our Company, for the purpose of business of the Company, provided that the total amount so borrowed shall be within the limits as prescribed under the Housing Finance Companies (NHB) Directions, 2010.

Shareholding of Directors

Except as disclosed below, as on the date of this Information Memorandum, none of our Directors hold any Equity Shares in our Company:

Sr. No.	Director’s name	Equity Shares	Total Shareholding as % of total no. of equity shares
1.	Mr. Ravindra Sudhalkar	1	Negligible
2.	Mr. Amit Bapna	8,180	Negligible
3.	Mr. Padmanabh Vora*	5	Negligible
4.	Mr. Gautam Doshi*	7	Negligible

*Jointly as a second holder

Debenture holding of Directors

As on the date of this Information Memorandum, our Directors do not hold any debentures of the Company.

Corporate Governance

Our Company believes that good corporate governance is an important constituent in enhancing stakeholder value. Our Company has in place processes and systems whereby it complies with the applicable requirements of corporate governance under the Companies Act, 2013 and rules & regulations made thereunder and the SEBI LODR Regulations. The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and constitution of the committees of the Board, as required under applicable law.

Our Company believes that its Board and its Committee(s) are constituted in compliance with the Companies Act, 2013 and SEBI (LODR) Regulations. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Our 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.

Appointment of any relatives of Directors to an office or place of profit

None of our Directors' relatives have been appointed to an office or place of profit.

Committees of Board of Directors

Details of key committees of Board of Directors are as follows:

1. **Audit Committee**

   Audit Committee was reconstituted on September 8, 2017 and the Audit Committee currently comprises of 3 (three) members: Ms. Deena Mehta, Mr. Padmanabh Vora and Mr. Gautam Doshi. Ms. Deena Mehta is the Chairperson of the Audit Committee.

   The terms of reference of the Audit Committee, *inter alia*, include:

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

h) Subject to and conditional upon the approval of the Board of Directors, approval of Related Party Transactions (RPTs) or subsequent modifications thereto. Such approval can be in the form of omnibus approval of RPT subject to conditions not inconsistent with the conditions specified in Regulation 23(2) and Regulation 23(3) of the Listing Regulations. Such approval shall not be required for transactions with a wholly owned subsidiary whose accounts are consolidated with the Company;
i) Subject to review by the Board of Directors, review on quarterly basis, of RPTs entered into by the Company pursuant to each omnibus approval given pursuant to (h) above;
j) Scrutiny of inter-corporate loans and investments;
k) Valuation of undertakings or assets of the company, wherever it is necessary;
l) Review the Company's established system and processes of internal financial controls and risk management systems;
m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
o) Discussion with internal auditors of any significant findings and follow up there on;
p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
q) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
r) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
s) To review the functioning of the Whistle Blower mechanism;
t) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
u) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

The audit committee is also authorised to:

a) Investigate any activity within its terms of reference.
b) Seek any information from any employee.
c) Obtain outside legal or other professional advice.
d) Secure attendance of outsiders with relevant expertise, if it considers necessary.
e) Call for comments from the auditors about internal controls systems and the scope of audit, including the observations of the auditors;
f) Review financial statements before submission to the Board; and
g) Discuss any related issues with the internal and statutory auditors and the management of the Company.

2. **Stakeholders Relationship Committee ("SRC")**

SRC was reconstituted on April 24, 2017. The SRC presently comprises of three members: Mr. Padmanabh Vora, Mr. Gautam Doshi and Mr. Ravindra Sudhalkar. Mr. Padmanabh Vora is the Chairman of SRC.

The terms of reference of the SRC, includes, *inter alia*, the following:

a) To monitor and resolve the stakeholders' complaints/grievances including relating to non-receipt of allotment / refund, transfer of securities, non-receipt of balance sheet, etc.
b) To oversee the performance of the Register and Transfer Agents and to recommend measures for overall improvement in the quality of investor services.
c) To perform all functions relating to the interests of security holders of the Company and as assigned by the Board, as may be required by the provisions of the Companies Act, 2013 and Rules made thereunder, Listing Agreements with the Stock Exchanges and guidelines issued by the SEBI or any other regulatory authority."

3. **Nomination and Remuneration Committee ("NRC")**

NRC was reconstituted on September 8, 2017. NRC presently comprises of 3 (three) members: Mr. Padmanabh Vora, Ms. Deena Mehta and Mr. Gautam Doshi . Mr. Padmanabh Vohra is the Chairman of the NRC.

The terms of reference of the NRC includes, *inter alia*, the following:

a) process for selection and appointment of new directors and succession plans.
b) recommend to the Board from time to time, a compensation structure for directors and the senior management personnel.
c) to identify persons who are qualified to be appointed in Senior Management in accordance with the criteria laid down and to recommend their appointment and/ or removal to the Board.
d) to formulate the criteria for evaluation of Independent Directors and the Board and the committees thereof.
e) to carry out evaluation of every director's performance.
f) to devise a policy on board diversity.
g) to perform functions relating to all share based employees benefits.

4. **Corporate Social Responsibility Committee ("CSR Committee")**

CSR Committee was reconstituted on April 24, 2017. CSR presently comprises of 3 (three) members: Mr. Padmanabh Vora, Mr. Gautam Doshi and Mr. Ravindra Sudhalkar. Mr. Padmanabh Vora is the Chairman of the CSR Committee.

The terms of reference of the CSR Committee, includes *inter alia*, the following:

The Committee shall assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility Policy and the Scope and Functions of the Committee shall be in compliance with the provisions of Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, SEBI LODR Regulations and as applicable from time to time.

5. **Risk Management Committee ("RMC")**

In terms of the provisions of para 3 of the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, our Company has re-constituted RMC on September 8, 2017. RMC presently comprises of 5 (five) members: Ms. Deena Mehta, Mr. Padmanabh Vora, Mr. Gautam Doshi, Mr. Amit Bapna and Mr. Ravindra Sudhalkar. Ms. Deena Mehta is the Chairperson of the RMC.

Key managerial personnel of our Company

Our operations are overseen by a professional management team. In addition to the Directors as set forth above, following are the key managerial personnel of our Company (other than Mr. Ravindra Sudhalkar, Executive Director & CEO and Mr Amit Bapna, Director & CFO):

Ms. Parul Jain, 32 years, is presently the Company Secretary & Compliance Officer of our Company. She is a commerce graduate from University of Rajasthan and an Associate Member of the Institute of Company Secretaries of India. She is associated with Reliance Group since May 2007 and is responsible for corporate secretarial and compliance functions.

Shareholding of our Company's key managerial personnel

As at on the date of this Information Memorandum our key managerial personnel do not hold any Equity Shares of our Company except Ms. Parul Jain, Company Secretary & Compliance Officer, who holds 2 shares individually and 2 shares jointly with Reliance Capital Limited.

Other Confirmations

None of the Directors or key managerial personnel of our Company has any financial or other material interest in the Issue. Further, our Directors have no interest in any property acquired within the preceding two years or proposed to be acquired by our Company. No loans have been availed by our Directors or the Key Managerial Personnel from our Company except Mr. Amit Bapna who has availed a home loan.

PROMOTER, PROMOTER GROUP AND GROUP COMPANIES

The Promoter of our Company is Reliance Capital Limited ("**RCL**").

Profile of our Promoter

Our Promoter (CIN: L65910MH1986PLC165645) was incorporated on March 5, 1986 in the State of Gujarat under the provisions of the Companies Act, 1956 under the name "Reliance Capital & Finance Trust Limited". Subsequently, the name of the Company was changed to "Reliance Capital Limited" with effect from January 5, 1995. Our Promoter shifted its registered office from the State of Gujarat to the State of Maharashtra pursuant to the order of the Company Law Board, Western Region Bench, Mumbai dated November 2, 2006 and registered the same with the RoC, State of Maharashtra on November 20, 2006. Its registered office is presently located at H Block 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai – 400 710, Maharashtra, India.

Reliance Capital has interests in asset management and mutual funds, life health and general insurance, commercial and home finance, stock broking, wealth management services, distribution of financial products, asset reconstruction, proprietary investments and other activities in financial services. Reliance Capital is also registered with the RBI as Non-Banking Financial Company. The equity shares of Reliance Capital are currently listed on BSE and NSE.

Board of Directors

The following table sets forth details regarding the board of directors of Reliance Capital as on the date of this Information Memorandum:

Sr. No.	Name of the director	Designation
1.	Anil D. Ambani	Chairman and Non-Executive Director
2.	Amitabh Jhunjhunwala	Vice-Chairman and Non-Executive Director
3.	Rajendra Prabhakar Chitale	Independent Director
4.	Dr. Bidhubhusan Samal	Independent Director
5.	Vijayendra Nath Kaul	Independent Director
6.	Chhaya Virani	Independent Director
7.	Jai Anmol Ambani	Executive Director

Financial Information

The summary audited consolidated financial results of Reliance Capital for the last three Fiscals are as follows:

(in ₹ crores, except per share data)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity Capital	253	253	253
Reserves and surplus (excluding revaluation reserves)	15,081	13,890	13,071
Sales/Turnover	17,640	9,9998	8,929
Profit/(Loss) after Tax	1,086	1,101	1,001
Basic EPS	42.99	43.56	40.69
Diluted EPS	42.99	43.56	40.69
Net asset value per share	606.09	559.01	526.64

There are no significant notes of the auditors in relation to the aforementioned financial statements.

Capital Structure

The authorised share capital of Reliance Capital is ₹400,00,00,000 divided into 30,00,00,000 equity shares of ₹ 10 each and 10,00,00,000 preference shares of ₹10 each. The issued and subscribed equity share capital of Reliance Capital is ₹254,03,38,360 divided into 25,40,33,836 equity shares of ₹10 each, and the paid-up share capital is ₹252,68,96,300 dividend into 25,26,89,630 equity shares of ₹10 each.

Shareholding pattern of Reliance Capital

The following table sets forth details of the shareholding pattern of Reliance Capital as on June 30, 2017:

Category (I)	Category of Shareholder (II)	Number of Shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialised form (XIV)
								No. of Voting Rights										
								Class (Equity)	Class	Total	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(A)	**Promoter and Promoter Group**	10	13,13,82,303	0	0	13,13,82,303	52	13,13,82,303	0	13,13,82,303	52	NA	NA	0	0	5,12,00,000	39	13,13,82,303
(B)	**Public**	9,34,932	11,83,78,221	0	0	11,83,78,221	47	11,83,78,221	0	11,83,78,221	47	NA	NA	0	0	NA	NA	11,37,08,765
(C)	**Non Promoter-Non Public (C1)+C2)**	2	28,72,276	0	0	28,72,276	0	28,72,276	0	28,72,276	1	NA	NA	0	0	NA	NA	28,72,276
(C1)	Shares underlying DRs	1	12,72,276	0	0	12,72,276	NA	12,72,276	0	12,72,276	1	NA	NA	0	0	NA	NA	12,72,276
(C2)	Shares held by Employee Trusts	1	16,00,000	0	0	16,00,000	1	16,00,000	0	16,00,000	1	NA	NA	0	0	NA	NA	16,00,000
	Total (A) + (B) + (C)	**9,34,944**	**25,26,32,800**	**0**	**0**	**25,26,32,800**	**100**	**25,26,32,800**	**0**	**25,26,32,800**	**100**	**NA**	**NA**	**0**	**0**	**5,12,00,000**	**21**	**24,79,63,344**

Promoters of Reliance Capital:

1. Mr. Anil D. Ambani is the promoter of Reliance Capital Limited; and

2. There has been no change in the management and control of Reliance Capital in the three years preceding the date of this Information Memorandum.

Interest of Reliance Capital in the Promotion of our Company

Reliance Capital is interested in our Company to the extent of its shareholding in our Company and the dividend declared, if any and any other distributions in respect of its shareholding in our Company. For further details, see *"Capital Structure"*.

Interest of Reliance Capital in the Property of our Company

Reliance Capital does not have any interest whether direct or indirect in any property acquired by our Company within two years preceding the date of this Information Memorandum or proposed to be acquired by our Company as on the date of this Information Memorandum or in any transaction for acquisition of land, construction of buildings and supply of machinery, etc.

Interest of Reliance Capital in our Company other than as Promoter

Further, except as stated in this section and *"Financial Statements - Related Party Transactions*", Reliance Capital does not have any interest in our Company other than as promoters.

Interest of Reliance Capital in our Company arising out of being a member of firm or company

Our Company has not made any payments in cash or shares or otherwise to Reliance Capital or to firms or companies in which Reliance Capital is interested as members or promoters nor has Reliance Capital been offered any inducements to become interested in any firm or company, in connection with the promotion or formation of our Company.

Common Pursuits of Reliance Capital with our Company

None of the business activities of Reliance Capital or its subsidiaries are similar to that of our Company.

Disassociation by Reliance Capital in the last three years

Reliance Capital has not disassociated itself from any venture during the three years preceding the date of filing of this Information Memorandum.

Sick Companies, Insolvency and other confirmations

Reliance Capital does not fall under the definition of sick industrial companies under Sick Industrial Companies (Special Provisions) Act, 1985, or declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016. Further no winding up, insolvency or bankruptcy proceedings have been initiated against it.

During the five years preceding the date of the Information Memorandum, Reliance Capital has not been a defunct company nor has there been an application made to the registrar of companies for striking off its name.

PROMOTER GROUP

Unless the context requires otherwise, the entities forming part of our promoter group in accordance with SEBI ICDR Regulations have been identified as our Promoter Group companies.

GROUP COMPANIES

The following table enumerates our group companies, brief description of the business and nature and extent of interest of the Promoters:

Sr. No.	Name of the Company	Relationship with Promoter	Country of Incorporation	Nature of business activity
1.	Reliance Capital AIF Trustee Company Private Limited	Subsidiary	India	Non Financial Services / Trustee company for Alternative Investment Fund (AIF)
2.	Reliance Capital Pension Fund Limited	Subsidiary	India	Financial Services / Pension Fund Manager under National Pension System
3.	Reliance Capital Trustee Co. Limited	Subsidiary	India	Non Financial Services / Trustee for Reliance Mutual Fund (RMF)
4.	Reliance General Insurance Company Limited	Subsidiary	India	Financial Services / Providing general insurance services
5.	Reliance Nippon Life Insurance Company Limited	Subsidiary	India	Financial Services/ Providing life insurance services
6.	Reliance Health Insurance Limited	Subsidiary	India	Financial Services / Providing health insurance services
7.	Reliance Commercial Finance Limited	Subsidiary	India	Financial Services / Non-Banking Financial Company (NBFC)
8.	Reliance Exchangenext Limited	Subsidiary	India	Non Financial Services / Forming or promoting stock exchanges
9.	Reliance Financial Limited	Subsidiary	India	Financial Services / NBFC
10.	Reliance Corporate Advisory Services Limited	Subsidiary	India	Non Financial Services / Corporate Advisory Services
11.	Reliance Commodities Limited	Subsidiary	India	Financial Services / Commodities Broking
12.	Reliance Money Precious Metals Private Limited	Subsidiary	India	Non Financial Services / Buying and selling of Gold
13.	Reliance Money Solutions Private Limited	Subsidiary	India	Financial Services / Providing distribution services
14.	Reliance Securities Limited	Subsidiary	India	Financial Services / Securities Broking
15.	Reliance Wealth Management Limited	Subsidiary	India	Financial Services / Portfolio Management Services (PMS) and Wealth Management
16.	Quant Broking Private Limited	Subsidiary	India	Financial Services / Broking
17.	Quant Capital Private Limited	Subsidiary	India	Financial Services / Holding Company for Quant Group Companies
18.	Quant Investment Services Private Limited	Subsidiary	India	Financial Services / Providing investment and financial services
19.	Quant Securities Private Limited	Subsidiary	India	Financial Services / Stock Broking
20.	Reliance Infocomm Infrastructure Limited	Related Party	India	Non Financial Services / Providing facility usage services
21.	Reliance Communications Infrastructure Limited	Related Party	India	Non Financial Services / Offering Passive Infrastructure and other services

Top five Group Companies are as under:

1. Reliance Nippon Life Insurance Company Limited

Reliance Nippon Life Insurance Company Limited, incorporated on May 14, 2001 under the provisions of the Companies Act, 1956, is engaged in the business of life insurance.

Financial Performance - Standalone

(₹ in crores, except for earnings per share data)

Parameter	As of March 31, 2017	As of March 31, 2016	As of March 31, 2015
Equity Capital	1,196.32	1,196.32	1,196.32
Reserves and Surplus*	80.88	117.14	353.09
Profit after tax	(61.13)	(197.28)	135.18
Earnings per share (basic and diluted)	(0.51)	(1.65)	1.13
Net asset value per share (₹)	10.68	10.98	12.95

*including fair value change of Shareholders fund

2. Reliance General Insurance Company Limited

Reliance General Insurance Company Limited, incorporated on August 17, 2000 under the provisions of the Companies Act, 1956, is engaged in the business of general insurance.

Financial Performance - Standalone

(₹ in crores, except for earnings per share data)

Parameter	As of March 31, 2017	As of March 31, 2016	As of March 31, 2015
Equity Capital	125.78	122.78	122.78
Reserves and Surplus*	1,131.14	890.61	806.95
Share Application Money Pending for Allotment		90.00	90.00
Profit after tax	130.34	99.08	81.39
Earnings per share (basic)	10.36	8.07	6.63
Earnings per share (diluted)	10.36	7.78	6.59
Net asset value per share (₹)#	99.93	86.69	80.12

*including fair value change of Shareholders fund

Net worth includes share application money pending for allotment used in calculating Net asset value per share, for which no. of shares considered as 45,00,000 shares @ ₹ 200 per share for FY 2015-16 and FY 2014-15, which were issued in FY 2016-17 @ ₹ 300 per share.

3. Reliance Commercial Finance Limited

Reliance Commercial Finance Limited, incorporated on August 17, 2000 under the provisions of the Companies Act, 1956, is engaged in the business of Non Banking Financial Company.

Financial Performance - Standalone

(₹in crores, except for earnings per share data)

Parameter	As of March 31, 2017	As of March 31, 2016	As of March 31, 2015
Equity Capital	122.83	63.30	12.30
Reserves and Surplus	1,982.89	(2.78)	(2.82)
Profit after tax	295.17	0.03	0.02
Earnings per share (basic and diluted)	46.04	0.01	0.03
Net asset value per share (₹)	171.44	9.56	7.71

For Net asset value per share Redeemable preference shares have not been considered though part of Net Worth.

4. Reliance Communications Infrastructure Limited

Reliance Communications Infrastructure Limited, incorporated on July 17, 1997 under the provisions of the Companies Act, 1956, is engaged in the business of of running (whether under licence or otherwise) telecommunication infrastructure, telecommunication systems, telecommunication networks and telecommunication services.

Financial Performance - Standalone

(₹in crores, except for earnings per share data)

Parameter	As of March 31, 2017	As of March 31, 2016	As of March 31, 2015
Equity Capital	938.00	938.00	938.00
Reserves and Surplus	429.99	447.17	(15.67)
Profit after tax	(17.18)	(285.90)	119.98
Earnings per share (basic and diluted)	(0.02)	(0.30)	0.17
Net asset value per share (₹)	1.46	1.48	0.98

5. Reliance Securities Limited

Reliance Securities Limited, incorporated on June 17, 2005 under the provisions of the Companies Act, 1956, is engaged in the business of being shares, stocks and securities brokers, underwriters, agents and brokers for the subscription, sale and purchase of all securities of the capital market and the wholesale debt market.

Financial Performance - Standalone

(₹ in crores, except for earning per share data)

Parameter	As of March 31, 2017	As of March 31, 2016	As of March 31, 2015
Equity Capital	50.00	50.00	25.00
Reserves and Surplus	(93.50)	(120.24)	(20.66)
Profit after tax	(0.20)	(74.59)	(16.00)
Earnings per share (basic and diluted)	(3.70)	(18.18)	(12.40)
Net asset value per share (₹)	(8.70)	(14.05)	1.74

For Net asset value per share Redeemable preference shares have not been considered though part of Net Worth.

Group Companies with negative networth are as under:

Reliance Money Precious Metals Private Limited

Reliance Money Precious Metals Private Limited, incorporated on October 3, 2006 under the provisions of the Indian Companies Act, 1956, is engaged in the business of dealing with all kinds of goods and merchandise including precious and semi-precious metals.

Financial Performance - Standalone

(₹ in crores, except for earnings per share data)

Parameter	As of March 31, 2017	As of March 31, 2016	As of March 31, 2015
Equity Capital	8.00	8.00	8.00
Reserves and Surplus	(23.63)	(23.56)	(19.97)
Profit after tax	(0.07)	(3.59)	(4.21)
Earnings per share (basic and diluted)	(3.16)	(4.72)	(5.26)
Net asset value per share (₹)	(19.54)	(19.45)	(14.97)

RELATED PARTY TRANSACTIONS

For details of related party transactions, see Financial Statements.

DIVIDEND POLICY

Our Board of Directors at its meeting held on September 8, 2017, has adopted the Dividend Distribution Policy (the "**Policy**") in accordance with the Companies Act, 2013 and Regulation 43A of the LODR Regulations.

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

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

i. In the event of a growth opportunity where our Company may be required to allocate a significant amount of capital.
ii. In the event of higher working capital requirement for business operations or otherwise.
iii. In the event of inadequacy of cashflow available for distribution.
iv. In the event of inadequacy or absence of profits.
v. In the event of any regulation or contractual restriction.

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

Parameters to be considered before recommending dividend

Dividends will generally be recommended by the Board of Directors once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act, 2013. The Board may also declare interim dividends as may be permitted by the Companies Act, 2013. Our Policy balances the objective of appropriately rewarding shareholders through dividends and to support the future growth.

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

External Factors

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

Internal Factors

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

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

Any other factor as deemed fit by the Board.

Utilisation of retained earnings

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

- For expansion and growth of business;
- Additional investments in existing businesses;
- Declaration of Dividend;
- General Corporate purpose; and

- Any other specific purpose as may be approved by the Board.

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

Our Company has issued only one class of shares viz. Equity shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when our Company decides to issue other classes of share.

Review

This Policy will be reviewed periodically by the Board.

Dividend Paid

The Shareholders of our Company in the AGM dated July 24, 2017 have approved payment of a dividend of ₹ 0.50 (5%) per equity share each of ₹ 10 aggregating to ₹ 6.97 crores (inclusive of dividend tax) for the financial year ended March 31, 2017, to all those equity shareholders whose name appear in Register of Members as on the date of the AGM.

SECTION V-FINANCIAL INFORMATION

FINANCIAL STATEMENTS

There have not been any reservations, qualifications and adverse remarks in our financial statements since incorporation.

There has been no change in the accounting policies of our Company.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our financial statements, including the notes thereto, which appear elsewhere in this Information Memorandum. You should also read the section titled "Risk Factors", which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to the financial statements of our Company.

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and the Companies Act, 2013.

This discussion contains forward-looking statement and reflects our current plans and expectations, actual results may differ materially from those anticipated in these forward-looking statements. By their nature certain market risk disclosures are only estimates and could be materially different from those that have been estimated. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the sections "Risk Factors", "Forward Looking Statements" and "Our Business".

Overview

We are a non deposit taking housing finance company registered with the NHB and focused on providing financing products for the LMI to HMI segment in India, primarily in Tier I and Tier II cities and towns and focused on the self-employed. We have been active in the housing finance sector in India since 2009.We are a wholly owned subsidiary of Reliance Capital Limited, the financial services company of the Reliance Group.

Our Company was incorporated in 2008 and the entire home finance portfolio of Reliance Capital Limited was transferred to our Company. Our Company was registered as a non public deposit taking housing finance company with NHB on January 6, 2009 with Registration no. 02.0069.09. Our registration certificate was subsequently renewed on April 27, 2009 (with Registration No. 04.0074.09) due to the change in the name of the Company to "Reliance Home Finance Private Limited". Subsequently, upon the conversion of the Company from a private limited company to a public limited company registration certificate was renewed on July 16, 2012 (with Registration No. 07.0101.12). We offer Housing Loans, which includes providing secured finance primarily to individuals, partnership firms and companies for the purchase, self-construction, improvement and extension of homes, new and resalable flats, against mortgage of the same property, which comprises 67.61% and 74.51% of our loan book, i.e. ₹ 6,757.43 crores and ₹ 5,031.61 crores as on March 31, 2017 and March 31, 2016, respectively and construction finance, which includes offering loans to reputed developers for construction of residential projects, against mortgage of the same property and/or other collateral, which comprises 18.60% and 20.16% of our loan book, i.e. ₹ 1,858.77 crores and ₹ 1,361.12 crores, as on March 31, 2017 and March 31, 2016. We also provide certain categories of non-housing loans including Loan Against property ("**LAP**"), which includes offering loans for business purposes or for the purchase of commercial property or for investment in asset, against mortgage of property of the borrower, which comprises 25.70% and 21.92% of our loan book, i.e. ₹ 2,568.49 crores and ₹ 1,480.37 crores, as on March 31, 2017 and March 31, 2016, respectively. We also undertake broking for purchase/ selling and/ or leasing of residential as well as commercial real estate. We also provide property valuation services for our loan business as well as to third parties and provide advisory services to real estate developers.

We are part of the Reliance Group which is one of India's prominent private sector business houses serving over 25 crores customers across telecommunications, power, financial services, infrastructure, media and entertainment, and healthcare sectors. Our Promoter, RCL has interests in asset management and mutual funds; life and general insurance; commercial and home finance; equities and commodities broking; wealth management services; distribution of financial products; asset reconstruction; proprietary investments and other activities in financial services. RCL is a constituent of MSCI Global Small Cap Index and is listed on NSE and BSE.

We have a robust marketing and distribution network, with a presence across more than 100 locations through 44 branches, throughout India as at June 30, 2017. Our branches aim at providing a fast and seamless customer experience with emphasis on a single window interface for the customer.

As on March 31, 2017 and March 31, 2016 the gross outstanding loan book was ₹ 9,994.40 crores and ₹ 6,752.65 crores, respectively and our assets under management were ₹ 11,174.47 crores and

₹ 7,420.30 crores, respectively. As on March 31, 2017 and March 31, 2016 our gross NPAs as a percentage of our loan book was 0.84% and 0.97%, respectively.

For the years ended March 31, 2017, 2016, 2015, 2014 and 2013, our revenue from operations was ₹ 1,078.57 crores, ₹ 796.04 crores, ₹ 500.95 crores, ₹ 422.82 crores and ₹ 355.97 crores, respectively, and our profit after tax was, ₹ 172.59 crores, ₹ 86.75 crores, ₹ 69.06 crores, ₹ 43.39 crores and ₹ 27.48 crores, respectively. Our revenue from operations and profit after tax grew at a CAGR of 26.04% and 45.52%, respectively, over the five fiscal years ended March 31, 2017.

Certain factors affecting our results of operations

Our financial performance is subject to various risks and uncertainties, including those discussed in "*Risk Factors*". Certain important factors that have affected and which may continue to affect our financial performance, financial condition and cash flows include the following:

Performance of the Indian economy as well as the real estate and housing finance sectors in India

We have benefited significantly from the growth of India's economy, favourable demographic trends and the demand for housing in India. According to the data released by the International Monetary Fund (IMF) in July 2017, while the world economy grew by 3.4% and 3.2%, respectively, in 2015 and 2016, the Indian economy expanded by a sharper 8.0% and 7.1%, respectively, making it the fastest growing large economy in the world, ahead of China (+6.9% and +6.7%), Brazil (-3.8% and -3.6%), Russia (-2.8% and -0.2%) and South Africa (+1.3% and +0.3%). The overall economic growth and the increase in GDP in India have led to an increase in incomes and spending on housing in India, which has also led to an increase in demand for housing finance loans. In addition, demand for housing and housing finance has also increased due to steady reduction in policy repo rate, which has led to a reduction in base interest rates by lenders, which in turn has increased the debt servicing capability of buyers in India and made them eligible for higher size of loans. The continued increase in India's population, which has become increasingly urbanised, and the shift in India to smaller family units has also led to greater demand for individual housing. In response to these developments, the Government has also implemented certain initiatives such as "*Smart Cities*" and "*Pradhan Mantri Awas Yojana*" or "*Housing for all by 2022*" to promote the provision of housing and housing finance, which has also in turn increased demand for housing loans. Outstanding housing finance loans by banks and HFCs in India increased from approximately ₹ 6,252.00 billion as of the end of Fiscal Year 2012 to an estimated ₹14,405.00 billion as of the end of Fiscal Year 2017. Driven by the Government's current focus on supporting housing throughout India, stabilising real estate prices, declining interest rates and rising incomes of prospective customers the housing finance industry is expected to have steady growth. (*Source: ICRA*)

As we continue to expand our operations, we believe that our strong market position, combined with growing size and scale, and our national presence allow us to benefit from the significant growth potential in the Indian housing finance industry and provide us with a competitive advantage. Despite the recent signs of an economic turnaround in the Indian economy and growth of the housing finance sector, any adverse changes in the economic conditions such as inflationary pressures and increase in unemployment rates or changes in the regulatory environment in India, may have a material adverse effect on the housing finance industry in India, which in turn may harm our business and results of operations. Increasing linkage of the Indian economy to other global economies has resulted in the Indian economy being influenced by economic developments in other countries.

Competition with low entry barriers

Our primary competitors are HFCs, co-operative banks, local moneylenders, public sector banks, private banks (including foreign banks), regional rural banks and NBFCs. We are exposed to the risk of increased and more aggressive competition from banks expanding their housing finance operations across the markets in which we operate, resulting in margin pressures. We believe that our consistent relationships with our customers, our knowledge of the real estate needs of the Self-Employed (LMI to HMI) segment and salaried segment, continued expansion of our branch network through captive set-ups and tie-ups with public sector banks that have a strong regional presence coupled with our proactive approach in providing flexible loan products and speedy service will enable us to remain competitive.

Regulatory policies for HFCs

Being a financial intermediary, the operations of our Company are regulated by the NHB. Our Company is presently required by the NHB to maintain a minimum capital adequacy of 12%. In addition, the NHB also requires that we transfer 20% of our annual profits to a reserve fund. The NHB also requires us to make provisions in respect of NPAs. We may make additional provisioning for NPAs at a faster rate than that prescribed by the NHB. Any changes in the regulatory framework affecting HFCs including the provisioning norms for NPAs or capital adequacy requirements could affect our profitability and consequently our net worth. Any additional requirements, for example in relation to securitization, re-financing of our loans with NHB or restrictions imposed on banks' lending to HFCs could adversely affect our growth.

Availability of cost effective funding sources and impact of interest rate volatility

With the growth of our business, we are increasingly relying on funding from the debt capital markets and commercial borrowings. The market for such funds is competitive and our ability to obtain funds at competitive rates will depend on various factors including our ability to maintain our credit ratings. While our borrowing costs have been competitive in the past due to our credit rating and the quality of our asset portfolio, if we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our loans. This may adversely impact our business and future financial performance.

Our operations are susceptible to interest rate movements. Interest rates are sensitive to many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors.

We are exposed to interest rate risks. In order to mitigate the same, we have a mix of long term and short term borrowings with both fixed and variable rates.

Credit Quality, Write-Offs and Provisions

The credit quality of our loans is a key driver of our results of operations, as quality loans help reduce the risk of losses from loan impairment. Credit risk is the risk of financial loss arising out of the inability or unwillingness of a customer to meet his obligations. The credit risk arises because of the quality of the loan portfolio and it is extremely important to control this risk in the housing finance industry. Any inability to control such risk could adversely affect our financial results and operations.

Our NPA level is a function of our credit quality, which is further dependent upon our recovery mechanisms and credit appraisal processes. Our gross NPAs represented 0.84%, 0.97% and 1.04% of our total loan portfolio as at March 31, 2017, 2016 and 2015, respectively. Our write-offs were ₹ 13.16 crores, ₹ 10.20 crores and ₹ 8.32 crores as of March 31, 2017, March 31, 2016 and March 31, 2015, respectively.

For the three fiscal years, our write-offs had remained less than 0.2% of our total loan book. Our ability to continue to reduce or contain the level of our NPAs depend on a number of factors beyond our control, such as increased competition, economic conditions, including with respect to specific industries to which we are exposed, decreases in agricultural production, decline in commodity prices, adverse fluctuations in interest and exchange rates or adverse changes in Indian policies, laws or regulations and also on our ability to manage our risk.

Liquidity 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. Managing liquidity risk is essential to maintain the confidence of depositors and counterparties. 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. Any inability to meet our financial obligation in a timely manner, could affect our business of operation and future growth of our Company.

Significant Accounting Policies

a. Basis of preparation and presentation 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 confirmity 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/securtised 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.

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.

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.

Summary of Changes to Significant Accounting Policies

There has been no change in classification of any accounting measures in Fiscal 2017.

Related Party Transactions

For more information see "*Related Party Transactions*" refer Financial Statements.

RELIANCE Home Finance

RESULTS OF OPERATIONS

The table below sets forth our results of operation derived from our restated financial statements for Fiscal Years 2017, 2016 and 2015, expressed in absolute terms and as a percentage of our total revenue for the periods indicated.

(₹ in crores, except for earnings per share data)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Revenue			
Revenue from operation	1,078.57	796.04	500.95
Other Income	66.11	18.99	11.65
Total Revenue (i)	1,144.68	815.03	512.60
Expenses			
Employee Benefits expense	93.70	71.02	34.84
Finance Cost	748.53	535.93	316.70
Depreciation and Amortisation	7.06	0.72	0.03
Other expenses	157.59	70.66	55.13
Total Expenses (ii)	1,006.88	678.33	406.70
Profit Before Tax (iii) = (i-ii)	137.80	136.70	105.91
Tax Expense: (iv)			
Current Tax	-	51.67	32.53
Income tax for Earlier Year	(9.57)	-	-
Deferred Tax	(25.22)	(1.72)	4.32
Profit After Tax (iii-iv)	172.59	86.75	69.06
Earnings per equity share (Face value of ₹ 10 each fully paid up)			
Basic & Diluted %	20.45	13.18	10.49

Principal Components of Statement of Profit and Loss

Income

Revenue from operations

Our revenue from operations includes interest income on loans, interest on investments and other interest.

- Interest on housing and non-housing loans made to our customers. For further details in relation to our loan products, please refer to the chapter "*Our Business*";
- Interest on investments comprises interest income on bank deposits and investments in bonds and government securities we made; and
- Interest on bank deposits, which comprises interest on term deposits we have with banks.

Other income

Other income consists of income from profit on sale of current investments and long term investments, income on income tax refunds, reversal of provision for diminution on the value of debentures, net of loss on sale of debentures, and other miscellaneous income.

Expenses

Employee benefits expense: Employee benefits expense includes payment and provision for salaries and bonus paid to employees, contributions to provident fund and other funds and staff welfare expenses and other amenities.

Finance costs: Finance costs primarily include interest expenses on loans, NCDs, loans from other body corporates and discount on commercial paper as well as bank charges towards borrowing and brokerage paid for raising deposits.

Depreciation and amortisation expense: Depreciation and amortisation expense includes the depreciation and amortisation of buildings, computers, furniture and fixtures, leasehold improvements, office equipment, vehicles and computer software

Other expenses: Other expenses primarily include legal expenses and professional charges, marketing expenses, rent, repairs and maintenance expenses, directors' sitting fees, auditors' remuneration, loss on sale of fixed assets, loan origination costs such as commission paid to our third-party distribution channel partners and client verification charges and other miscellaneous expenses.

Liquidity and Capital Resources

Summary of Cash Flow

(in ₹crores)

	Fiscal 2017	Fiscal 2016	Fiscal 2015
Net Cash Flow From/(Used In) Operating Activities	(229.52)	433.43	(179.27)
Net Cash From/(Used In) Investing Activities	(395.07)	(71.50)	293.15
Net Cash From/(Used In) Financing Activities	200.00	-	-
Net Increase in Cash and Cash Equivalents	**(424.59)**	**361.93**	**113.88**

We need cash primarily to finance new borrowers and meet working capital requirements. We fund these requirements through a variety of sources, including cash from interest income, short term borrowings and long-term borrowings such as debentures, term loans from commercial banks, preferential share issuance, etc.

Liquidity

We regularly monitor our funding levels to ensure we are able to satisfy the requirement for loan disbursements and maturity of our liabilities. We maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements. Liquidity is provided principally by long-term borrowings from banks, short and long-term general financing through the domestic debt markets and retained earnings, proceeds from securitization and equity issuances.

Surplus funds, if any are invested in accordance with our investment policy and practice. As of March 31, 2017, our total current investment portfolio was ₹ 454.38 crores. As of March 31, 2017, our cash and bank balances amounted to ₹ 252.49 crores. In addition, we monitor and manage our asset-liability gap with respect to our maturing assets and liabilities.

Excluding the estimated Prepayments based on our past experience, as at March 31, 2017 our liabilities maturing within one year exceeded our assets maturing within the same period by ₹ 995.08 crores, our liabilities maturing between one year and three years exceeded our assets maturing during the same period by ₹ 3,019.23 crores, our liabilities maturing between three and five years fall short of our assets maturing during the same period by ₹ 1,014.89 crores while our assets maturing in over five years exceeded our liabilities maturing in the same period by ₹ 5,827.03 crores For any period where liabilities exceed assets, we look to our credit lines with banks and will access the debt capital markets to ensure that liquidity requirements are met.

The loan agreements entered into by our Company and debentures issued contain a number of covenants including financial covenants. In addition, some loans contain provisions, which allow the lender, at its discretion, to call for repayment of the loan at short notice and/or require us to prepay on a *pari passu* basis if any other loan is being repaid. These covenants, if acted upon, may have an impact on our liquidity.

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 adequacyliquid 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.

Significant Developments After March 31, 2017

The Scheme of Arrangement under Sections 230 to 232 of the Companies Act, 1956 between India Debt Management Private Limited ('the Demerged Company') and our 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. For further details, refer to the "***Financial Statements***".

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

In terms of Part A, para (2), sub-para (X), clause (A) sub-clause (1) of the ICDR Regulations, our Company is required to disclose in the Information Memorandum, (i) all criminal proceedings, (ii) all actions by statutory or regulatory authorities, (iii) all outstanding tax litigations involving direct and indirect taxes; and (iv) all material litigation, in each case involving our Company, our directors, our promoters and our group companies.

Our Board, in its meeting held on September 8, 2017 has adopted the Materiality Policy for the purposes of disclosure in the Information Memorandum. In terms of the Materiality Policy,

(i) all pending litigation involving our Company, our Directors and Group Companies, other than criminal proceedings (which are to be disclosed individually), statutory or regulatory actions and taxation matters (which would be disclosed in consolidated manner in accordance with the SEBI ICDR Regulations), would be considered 'material' for the purposes of disclosure in this Information Memorandum if: (i) the aggregate monetary amount of claim involved, whether by or against the Company, its Directors or Group Companies, in any such pending litigation is in excess of 10.00% of consolidated profit after tax of the Company, as per the last annual restated audited consolidated financial statements of the Company i.e. ₹ 17.29 crores or (ii) such pending litigation is material from the perspective of Company's business, operations, financial results, prospects or reputation, irrespective of the amount involved in such litigation.

(ii) all pending litigation involving our Promoter, other than criminal proceedings (which are to be disclosed individually), statutory or regulatory actions and taxation matters (which would be disclosed in consolidated manner in accordance with the SEBI ICDR Regulations), would be considered 'material' for the purposes of disclosure in this Information Memorandum if: (i) the aggregate monetary amount of claim involved, whether by or against the Promoter, in any such pending litigation is in excess of 10.00% of consolidated profit after tax of our Promoter, as per the last annual restated audited consolidated financial statements of the Company i.e. ₹176.40 crores or (ii) such pending litigation is material from the perspective of Company's business, operations, financial results, prospects or reputation, irrespective of the amount involved in such litigation.

<u>Litigation involving our Company</u>

Litigations against our Company

Criminal proceedings against our Company

As on the date of this Information Memorandum, there are no criminal cases that have been instituted against our Company.

Material civil litigations against our Company

As on the date of this Information Memorandum, there are no material civil cases that have been instituted against our Company.

Litigations by our Company

Criminal proceedings initiated by our Company

As on the date of this Information Memorandum, there are no criminal cases that have been instituted by our Company.

Cases filed by the Company under Section 138 of the Negotiable Instruments Act, 1881

Our Company has filed various complaints and notices under Section 138 of the Negotiable Instruments Act, 1881 for recovering amounts due from various entities on account of dishonouring of cheques issued by such entities. As of the date of this Information Memorandum, there are 753 such complaints pending before various courts. The total amount involved in such cases is approximately ₹3,037.96 lakhs.

Material civil litigations initiated by our Company

As on the date of this Information Memorandum, there are no material civil cases that have been instituted by our Company.

Details of acts of material frauds committed against our Company in the last five years, if any, and if so, the action taken by our Company

There have been instances of fraud, which are inherent in the nature of the business of our Company. However, there is no material fraud committed against our Company in the last five Fiscals.

Litigations against our Promoter, Group Companies and Directors which may have an adverse impact on our Company

Litigation involving our Promoter

Litigation against our Promoter

Criminal proceedings against our Promoter

As on the date of this Information Memorandum, there are no outstanding criminal proceedings against our Promoters.

Material civil litigations against our Promoter

As on the date of this Information Memorandum, there are no outstanding material civil litigations initiated against our Promoter.

Tax proceedings against our Promoter

(in ₹ crores)

Nature of tax involved	Number of cases outstanding	Amount involved in such proceedings
Direct tax		
Income Tax	11	16.37
Sub-total (A)	11	16.37
Indirect tax		
Service Tax & VAT	13	29.13
Sub-total (B)	13	29.13
Total (A+B)	**24**	**45.50**

Litigation or legal action by the Government of India or any statutory authority involving our Promoters in last five years

In relation to Reliance Capital Limited, SEBI had issued an administrative warning letter no. MIRSD4 / DPINSP / 8695 / 2014) dated March 21, 2014 with respect to its findings in relation to the inspection of books and records of Reliance Securities Limited (DP transferred from RCL) carried out in August 2012. SEBI issued Show cause notice to RCL letter no. EAD5 / ADJ / JJ / AM / OW / 16794 / 2014 dated June 12, 2014 and has initiated adjudication proceedings.

SEBI had withdrawn the Show Cause Notice dated June 12, 2014 vide order of Securities Appellate Tribunal ('SAT') dated February 9, 2015. There is no other regulatory action pending against the Company in this regard.

Litigation by our Promoter

Criminal proceedings initiated by our Promoter

As on the date of this Information Memorandum, there are no outstanding criminal proceedings initiated by our Promoter.

Material civil litigations initiated by our Promoter

As on the date of this Information Memorandum, there are no outstanding material civil litigations initiated by our Promoters.

Litigation involving our Group Companies

Litigation involving Reliance Commercial Finance Limited ("RCFL")

Litigations against RCFL

Material civil litigations against RCFL

Pashupathi Nath International and Rohit Goyal (the "**Borrowers**") have filed a civil writ petition dated August 1, 2016 before the Punjab and Haryana High Court against the Ministry of Finance, CIBIL and RFCL, seeking the cancellation of RFCL's licence to carry on its activities as a non-banking finance company. The Borrowers have alleged that their CIBIL score has unfairly been affected due to a settlement arrived at between them and RFCL. The matter is currently pending.

Criminal Proceedings against RCFL

1. Joydip Banerjee (the "**Complainant**") has filed a criminal complaint dated September 10, 2009, before the 5th Judicial Magistrate, Alipore, Kolkata against RCFL for criminal conspiracy and criminal intimidation by the employees and agents of RCFL, who allegedly threatened the Complainant and his family members. The matter is currently pending.

2. Rintu Sen (the "**Complainant**") has filed a criminal complaint dated September 9, 2014 before the Additional Chief Judicial Magistrate, Chandannagar, West Bengal against Santanu Bhattacharjee and others (the "**Accused**") for violating several provisions of the Indian Penal Code, 1860 and the Arms Act, 1959, *inter alia* alleging that the Accused, who were employees and agents of RCFL have assaulted and threatened the Complainant with the use of a pistol, thereafter robbing the Complainant of several valuables, including a vehicle. The matter is currently pending.

3. Jayanta Hazra (the "**Complainant**") has filed a criminal complaint dated May 7, 2014 before the 6th Judicial Magistrate, Howrah, West Bengal against Palash Ghosh and others (the "**Accused**") for violating several provisions of the Indian Penal Code, 1860 relating *inter alia* to house trespass, criminal intimidation and assault with the intention of outraging the modesty of a woman. The Complainant has alleged that the Accused, who were employees and agents of RCFL have misbehaved with and threatened to kidnap the family members of the Complainant. The matter is currently pending.

Tax proceedings against RCFL

As on the date of this Information Memorandum, there are no outstanding tax proceedings against RCFL.

Litigations by RCFL

Material civil litigations initiated by RCFL:

RCFL has Initiated arbitration proceedings under the Arbitration and Conciliation Act, 1996 against Abhijeet Roads Limited, Abhijeet Power Limited and others (the "**Borrowers**") before the sole arbitrator K J Paratwar, seeking the repayment of a sum of ₹ 50 crores in relation to a loan availed by the Borrowers. Further, RCFL has filed a petition dated March 20, 2017 before the Bombay High Court against the Borrowers, seeking the grant of interim relief against the Borrower to secure its interests towards the repayment of the loan. These matters are currently pending.

Criminal proceedings initiated by RCFL:

1. RCFL has filed 21,630 separate criminal complaints against various persons pertaining to the 91 is honor of cheques. These matters are presently pending before different forums at different stages of adjudication. The aggregate amount involved in these matters is ₹ 41.35 crores.

2. RCFL had filed an application under Section 156(3) (the "**Application**") before the Metropolitan Magistrate Bhoiwada ("**Lower Court**"), seeking that investigation be initiated against Abhijeet Roads Limited, Abhijeet Power Limited and others (collectively, the "**Borrowers**") and that a first information report be lodged for the violation of various provisions of the Indian Penal Code, 1860, *inter alia* relating to criminal breach of trust and cheating. The Lower Court passed an order dated April 24, 2017 rejecting the Application (the "**Order**"). Accordingly, RCFL has filed a criminal revision petition dated June 23, 2017 before the Sessions Court, Mumbai, seeking that the Order is struck down, and further, that the police is directed to file a first information report in the matter. The matter is currently pending.

3. RCFL had filed a criminal complaint ("**Complaint**") before the Judicial Magistrate, First Class, Pune ("**Lower Court**") against Jayanta Desai (the "**Accused**") and others, for violating several provisions of the Indian Penal Code, 1860 relating *inter alia* to cheating, criminal breach of trust and misappropriation of property, alleging that the Accused have cheated in collusion with a dealer. The Accused had taken a loan from RCFL to purchase cars. However, upon certain issues arising between the Accused and the dealer, she stopped making monthly payments to RCFL. The Lower Court has passed an order rejecting the Complaint (the "**Order**"). Accordingly, RCFL has filed a criminal revision petition dated August 3, 2011 before the Sessions Court, Pune, seeking that the Order is struck down. The matter is currently pending.

4. RCFL had filed two separate criminal complaints against Ravinder Singh Thakur (the "**Accused**") before Chief Judicial Magistrate, Ludhiana for the dishonour of cheques, pursuant to which the Accused has been convicted. The Accused has subsequently filed an appeal before the District Judge, Ludhiana against such conviction. These matters are currently pending.

5. RCFL had filed a criminal complaint against Ranjit Singh Oberoi (the "**Accused**") before Metropolitan Magistrate Court, Dwarka for the dishonour of cheques, pursuant to which the Accused has been convicted. The Accused has subsequently filed an appeal before the Sessions Judge, Tis Hazari Courts against such conviction. The matter is currently pending for arguments on September 26, 2017.

Litigation involving Reliance Commodities Limited ("RCoL")

Litigations against RCoL

Criminal proceedings against RCoL:

Bhaveshkumar Rameshbhai Patel and others have filed a first information report dated January 30, 2012 (the "**FIR**") with the Crime Branch, Ahmedabad against certain officials of RCoL and others (the "**Accused**") for the violation of various provisions of the Indian Penal Code, 1860, *inter alia* relating to criminal breach of trust, cheating and house trespass, alleging that the Accused traded from their accounts in an unauthorized manner, and further claiming ₹ 1 crore as damages. We have filed petition before the High Court of Gujarat, seeking the quashing of the FIR. The matter is currently pending.

Material civil litigations against RCoL

As on the date of this Information Memorandum, there are no outstanding material civil litigations initiated against RCoL.

Tax proceedings against RCoL

As on the date of this Information Memorandum, there are no outstanding tax proceedings against RCoL.

Litigations by RCoL

Criminal proceedings initiated by RCoL

As on the date of this Information Memorandum, there are no criminal cases that have been instituted by RCoL.

Material civil litigations initiated by RCoL

As on the date of this Information Memorandum, there are no material civil cases that have been instituted by RCoL.

Litigation involving Reliance Financial Limited ("RFL")

Litigations by RFL

Criminal proceedings against RFL

RFL has filed a criminal complaint against Mr. Shyamsunder Jangid before the court of the Judicial Magistrate, First Class, Bhoiwada, Mumbai, pertaining to the dishonour of a cheque of ₹ 0.12 crores. The matter is currently pending.

Material civil litigations against RFL

As on the date of this Information Memorandum, there are no outstanding material civil litigations initiated against RFL.

Tax proceedings against RFL

As on the date of this Information Memorandum, there are no outstanding tax proceedings against RFL.

Litigations by RFL

Criminal proceedings initiated by RFL

As on the date of this Information Memorandum, there are no criminal cases that have been instituted by RFL.

Material civil litigations initiated by RFL

As on the date of this Information Memorandum, there are no material civil cases that have been instituted by RFL.

Litigation involving Reliance General Insurance Company Limited ("RGIC")

Litigations against RGIC

Material civil proceedings against RGIC

1. The Managing Director, Patliputra Central Co-operative Bank (the "**Plaintiff Bank**") has initiated certificate proceedings before the Certificate Officer, Patna against RGIC, seeking recovery of an amount of ₹ 28.84 crores (the "**Proceedings**"). The Plaintiff has alleged that RGIC participated in Weather Based Crop Insurance Scheme, sponsored by the government of the state of Bihar (the "**Bihar Government**"), under which insurance was provided to farmers growing certain crops for the period between July 1, 2013 to November 10, 2013. The insurance was implemented through banks, including the Plaintiff Bank, as nodal agencies. While RGIC paid a total amount of ₹ 23.06 crores in claims over this period to insured farmers, the Bihar Government has alleged *inter alia* that RGICL has paid less claims based upon the manual rain gauges data received by the Bihar Government from the manual weather stations installed by it, and hs consequently initiated the Proceedings through the Plaintiff Bank. RGIC has filed a writ petition before the High Court of Patna for quashing the Proceedings. The matters are currently pending.

2. Various persons have filed 11 separate claim applications before various Motor Accidents Claims Tribunals against RGIC, seeking compensation for death or grievous injury caused by persons that have obtained motor vehicle insurance from RGIC. The aggregate amount involved in these matters is ₹ 379.97 crores. The matters are currently pending at various stages of adjudication.

Criminal proceedings against RGIC

1. Paramjeet Dahiya has filed a criminal complaint dated July 21, 2015 before the Metropolitan Magistrate, Rohini against RGIC, alleging the non-receipt of payment of services rendered to it, amounting to ₹ 0.1 crores. The matter is currently pending.

2. Rajendra Agarwal has initiated criminal proceedings against Shailesh Kumar Agarwal and Virendra Kumar Pandey, both agents of RGIC, alleging the issuance of fake cover notes. The matter is currently pending.

Tax proceedings against RGIC:

(in ₹crores)

Nature of tax involved	Number of cases outstanding	Amount involved in such proceedings
Direct tax		
Income Tax	1	46.68
Sub-total (A)	1	46.68
Indirect tax		
Service Tax	5	239
Sub-total (B)	5	239
Total (A+B)	6	285.68

Actions by Regulatory / Statutory Authorities against RGIC:

1. IRDAI issued an order against RGIC dated September 11, 2013, levying a penalty of ₹ 0.05 crore towards its failure to meet the obligatory target in relation to the declined risk pool for the year 2012-2013.

2. IRDAI issued a show cause notice ("**Notice**") to RGIC to show cause as to why no legal action should be initiated against RGIC for alleged violations of the provisions of IRDA (Health Insurance) Regulations, 2013. Pursuant to a reply filed by RGIC to the Notice, IRDAI has passed an order dated April 9, 2015 directing RGIC to pay a penalty of ₹ 0.05 crore.

3. IRDAI issued a show cause notice ("**Notice**") to RGIC to show cause as to why regulatory action should not be initiated against RGIC for the violation of the provisions of Regulation 2(g)(i) of the IRDA (Registration of Indian Insurance Companies) Regulations, 2000 ("**RIIC Regulations**") and non-disclosure of information regarding the status of RCap as a subsidiary company of Reliance Innoventures Private Limited. RGIC had filed its reply to the show cause notice. Pursuance to a reply filed by RGIC to the Notice, IRDA has passed an order dated September 14, 2015 directing RGICL to pay a penalty of ₹ 0.05 crore.

Litigations by RGIC

Criminal proceedings initiated by RGIC

As on the date of this Information Memorandum, there are no criminal cases that have been instituted by RGIC.

Material civil litigations initiated by RGIC:

RGIC has filed a civil suit before the High Court of Bombay against Colonial Life Insurance Company (Trinidad) Limited ("**CLICo**") and K. M. Dastur Reinsurance Brokers Private Limited ("**KMD**"), seeking the recovery of an outstanding amount of ₹ 37.92 crores under a reinsurance agreement entered into between RGIC and CLICo on the recommendations of KMD (the "**Agreement**"). RGIC had issued a Group Accident Liability Policy to the Indian Railways. As per the Agreement, CLICo agreed to indemnify RGIC to the extent of 70% of all claim amounts paid by the RGICL, but has failed to do so. The matter is currently pending.

Litigation involving Reliance Nippon Life Insurance Company Limited ("RNLI")

Litigations against RNLI

Criminal proceedings against RNLI

1. Bimla Devi Agarwal has filed a criminal complaint dated June 12, 2014 before the Judicial Magistrate, First Class, Tinsukia against RNLI and others for criminal breach of trust and cheating, alleging the wrongful sale of a policy. Futher, RNLI had filed a petition for quashing of the complaint before the Guwahati High Court, which passed an order dated January 27, 2015 (the "**Order**"), dismissing the same. RNLI has filed a special leave petition before the Supreme Court of India against the Order, which has granted an interim stay on the proceedings. The matters are currently pending.

2. Chanda Sharma Agarwal has filed a criminal complaint dated December 4, 2015 before the Additional Chief Judicial Magistrate-II, Alipurdaur (the "**ACJM**") against RNLIC and others for the violation of various provisions of the Indian Penal Code, 1860 *inter alia* relating to cheating, criminal breach of trust, forgery and mischief, alleging the fraudulent sale insurance policy. The ACJM has issued summons by its order dated November 18, 2015 (the "**Order**"). RNLI has filed a revision petition before the Sessions Court, Alipur (the "**Sessions Court**") bearing, challenging the Order. The Sessions Court has granted stay to the effect and operation of the Order. The matter is currently pending.

3. Balram Maurya (the "**Complainant**") had filed a criminal complaint dated July 25, 2016 before the Special District Judge, Lucknow (the "**District Court**") against RLNI, alleging cheating and fraud in the sale of a policy. The complaint was dismissed by the District Court in terms of its order dated January 29, 2016 (the "**Order**"). The Complainant has filed a revision petition before the Sessions Court, Lucknow, challenging the Order. The matter is currently pending.

Material civil litigations against RNLI

As on the date of this Information Memorandum, there are no outstanding material civil litigations initiated against RNLI.

Tax proceedings against RNLI

As on the date of this Information Memorandum, there are no outstanding tax proceedings against RNLI.

Actions by Regulatory / Statutory Authorities against RNLI:

1. Pursuant to on-site inspection of RNLI in January 2012, IRDAI has passed an order dated April 11, 2014, imposing a penalty of ₹ 1.77 crore on RNLI.

2. Pursuant to on-site inspection of RNLI in May 2014, IRDAI has passed an order dated August 6, 2015 (the "**Order**"), imposing a penalty of ₹ 0.85 crore on RNLI. RNLI has filed an appeal against the Order before the Securities Appellate Tribunal, Mumbai.

3. IRDAI has imposed a penalty of ₹ 0.05 crore on RNLI for the violation of Regulation 2(g)(i) of IRDA (Registration of Insurance Companies) Regulations, 2002, with respect of shareholding by Reliance Capital being a subsidiary company by its order dated September 10, 2015.

4. Pursuant to an investigation of 25 channel development associates of RNLI by independent chartered accountant firms, IRDAI has passed an order dated November 3, 2016, imposing a penalty of ₹ 0.15 crore on RNLI.

Litigations by RNLI

Criminal proceedings initiated by RNLI

As on the date of this Information Memorandum, there are no criminal cases that have been instituted by RNLI.

Material civil litigations initiated by RNLI

As on the date of this Information Memorandum, there are no material civil cases that have been instituted by RNLI.

Litigation involving Reliance Securities Limited ("RSL")

Litigations against RSL

Material civil litigations against RSL

There are no material civil cases that have been instituted against RSL.

Criminal matters against RSL

Mr. Agasti Girish Dabke has filed a First Information Report against certain branch officials of the Borivali (West) branch of RSL (the "**Accused**"), alleging the conduct of certain trades by the Accused from his trading account without his consent. The matter is currently pending.

Tax proceedings against RSL

(in ₹ crores)

Nature of tax involved	Number of cases outstanding	Amount involved in such proceedings
Direct tax		
Income Tax	1	9.68
Sub-total (A)	1	9.68
Indirect tax		
Service Tax	9	47.50
Sub-total (B)	9	47.50
Total (A+B)	10	57.18

Litigations by RSL

Criminal matters initiated by RSL

1. RSL has filed five separate criminal complaints against various persons pertaining to the dishonour of cheques. These matters are presently pending before different forums at different stages of adjudication. The aggregate amount involved in these matters is ₹ 0.22 crores.

2. RSL has filed a criminal complaint against Mr Kartikesh Mishra before the Chief Judicial Magistrate, Ranchi on October 8, 2013, alleging the violation of various provisions of the Indian Penal Code, 1860 including those relating to criminal breach of trust, mischief, cheating, fraud and misappropriation for unauthorised trade in the account of the client account. The matter is currently pending.

3. RSL (formerly the matter was of RMXL. RMXL has amalgamated with RSL with effect from February 7, 2017 via Order dated December 9, 2016 by the Bombay High Court) had filed an appeal in FEMA Tribunal Delhi against impugned order of ED Lucknow. The appellate Tribunal had stayed the order and asked us to deposit 10% of penalty amount and give security for balance 90%. The matter is now pending for Final hearing.

4. RSL (formerly the matter was of RMXL. RMXL has amalgamated with RSL with effect from February 7, 2017 via Order dated December 10, 2016 by the Bombay High Court) had received a summons from ED Delhi to give evidence and produce certain documents in relations to proceedings under FEMA. Pursuant to that, the statement of RSL was recorded and the major seized

amount was been released. Further, RBI had in 2009 issued SCN seeking reply from Company on ED findings. RSL had replied and submitted documents, information as sought by RBI from time to time. Further the FFMC license of the company has been renewed by RBI every year since then. Finally, since the Company had ceased to do FFMC business, the FFMC licenses were surrendered by the Company and accepted by RBI in January 2016ED delhi is seized of the matter and we have requested them to expedite the matter.

Litigation involving Quant Broking Private Limited ("QBPL")

Litigation against QBPL

Criminal proceedings against QBPL

As on the date of this Information Memorandum, there are no outstanding criminal proceedings against QBPL.

Material civil litigations against QBPL

As on the date of this Information Memorandum, there are no outstanding material civil litigations initiated against QBPL.

Tax proceedings against QBPL:

(in ₹ crores)

Nature of tax involved	Number of cases outstanding	Amount involved in such proceedings
Direct tax		
Income Tax	3	6.85
Sub-total (A)	3	6.85
Indirect tax		
Service Tax	2	11.2
Sub-total (B)	2	11.2
Total (A+B)	5	18.05

Litigations by QBPL

Criminal proceedings initiated by QBPL

As on the date of this Information Memorandum, there are no criminal cases that have been instituted by QBPL

Material civil litigations initiated by QBPL

As on the date of this Information Memorandum, there are no material civil cases that have been instituted by QBPL.

Litigation involving Quant Capital Private Limited ("QCPL")

Litigations against QCPL

Criminal proceedings against our Company

As on the date of this Information Memorandum, there are no criminal cases that have been instituted against QCPL.

Material civil litigations against QCPL

Adil Patrawala has filed a petition before the Company Law Board, Mumbai against QCPL and RCap under section 397 – 398 of the Companies Act claiming mismanagement in the affairs of QCPL and oppression of its minority shareholders. The matter is currently pending.

Tax proceedings against QCPL:

(in ₹ crores)

Nature of tax involved	Number of cases outstanding	Amount involved in such proceedings
Direct tax		
Income Tax	2	0.38
Sub-total (A)	2	0.38
Indirect tax		
Service Tax	0	0
Sub-total (B)	0	0
Total (A+B)	2	0.38

Litigations by QCPL

Criminal proceedings initiated by QCPL

As on the date of this Information Memorandum, there are no criminal cases that have been instituted by QCPL

Material civil litigations initiated by QCPL

As on the date of this Information Memorandum, there are no material civil cases that have been instituted by QCPL.

Litigation involving Quant Securities Private Limited ("QSPL")

Litigations against QSPL

Criminal proceedings against QSPL

As on the date of this Information Memorandum, there are no outstanding criminal proceedings against QSPL.

Material civil litigations against QSPL

As on the date of this Information Memorandum, there are no outstanding material civil litigations initiated against QSPL.

Tax proceedings against QSPL:

(in ₹ crores)

Nature of tax involved	Number of cases outstanding	Amount involved in such proceedings
Direct tax		
Income Tax	2	1.86
Sub-total (A)	2	1.86
Indirect tax		
Service Tax	0	0
Sub-total (B)	0	0
Total (A+B)	2	1.86

Litigations by QSPL

Criminal proceedings initiated by QSPL

As on the date of this Information Memorandum, there are no criminal cases that have been instituted by QSPL

Material civil litigations initiated by QSPL

As on the date of this Information Memorandum, there are no material civil cases that have been instituted by QSPL.

GOVERNMENT APPROVALS

A. Material licenses and approvals obtained by our Company

We require various approvals to carry on our business in India. We have received the following major Government and other approvals pertaining to our business:

a) Incorporation Details

(i) Certificate of incorporation dated June 5, 2008 issued to our Company by the RoC.

(ii) Certification dated March 26, 2009, granted by the RoC upon change of name of our Company.

(iii) Certification dated March 27, 2012, granted by the RoC upon change of name consequent to conversion from private to public company.

b) Approvals from Tax Authorities

(i) The permanent account number of our Company is AAECR0305E.

(ii) The tax deduction account number of our Company is MUMR24817C.

(iii) A state-wise break down of the goods and services tax registration number of our Company is as follows:

State	GSTIN
Andhra Pradesh	37AAECR0305E1ZW
Assam	18AAECR0305E1ZW
Chandigarh	04AAECR0305E1Z5
Chattisgarh	22AAECR0305E1Z7
Gujarat	24AAECR0305E1Z3
Haryana	06AAECR0305E1Z1
Karnataka	29AAECR0305E1ZT
Kerala	32AAECR0305E1Z6
Madhya Pradesh	23AAECR0305E1Z5
Maharashtra	27AAECR0305E1ZX
New Delhi	07AAECR0305E1ZZ
Odisha	21AAECR0305E1Z9
Punjab	03AAECR0305E1Z7
Rajasthan	08AAECR0305E1ZX
Tamil Nadu	33AAECR0305E1Z4
Telangana	36AAECR0305E1ZY
Uttar Pradesh	09AAECR0305E1ZV
Uttarakhand	05AAECR0305E1Z3
West Bengal	19AAECR0305E1ZU
Maharashtra (ISD)	27AAECR0305E2ZW

c) Other Approvals

(i) Ministry of Finance (Department of Financial Services) vide notification no. S.O.3466 E dated December 18, 2015, in exercise of the powers conferred by Section 2 (1) (m) (iv) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002) (SARFAESI Act), the Central Government specified RHFL as “financial institution” for the purpose of SARFAESAI Act.

(ii) Original certificate of registration with number 02.0069.09 dated January 6, 2009 issued to our Company by the NHB allowing our Company to carry on the business of a housing finance company.

(iii) Revised certificate of registration with number 04.0074.09 dated April 27, 2009 issued to our Company by the NHB, upon change of name of our Company to Reliance Home Finance Limited.

(iv) Revised certificate of registration with number 07.0101.12 dated July 16, 2012 issued to our Company by the NHB, upon the conversion of the Company from a private limited company to a public limited company.

(v) We require registration for our offices and branches located across India, under the applicable shops and establishments laws in the relevant states where we operate.

(vi) We require registration from the Employee Provident Fund Organization, Regional Office, New Delhi, under the provisions of the EPF Act and our Company has been allotted EPF establishment number MH/125697.

(vii) The Company is registered with Maharashtra Real Estate Regulatory Authority to act as a real estate agent to facilitate the sale or purchase or renting of any plot, apartment, building or offices, in real estate projects registered in the State of Maharashtra under section 9 with registration certificate bearing no. A51800007014 dated August 31, 2017. The registration is valid for a period of five years.

B. Material licenses and approvals for which applications have been made or are yet to be made by our Company.

Nil

C. Trademark Registrations

For details in relation to the intellectual property which are registered to our Company, see "*Our Business - Intellectual Property*".

Licences for Demerged Undertaking

Pursuant to the Scheme of Arrangement, all the licenses, approvals, registrations, right to use all branches along with all the assets used therein, incentives (if any), rights as licensee or lessee, municipal permissions, regulatory permissions, consents, or powers of every kind, nature and description whatsoever in connection with operating or relatable to the Demerged Undertaking and all other permissions, rights (including rights under any contracts, memoranda of understanding, etc.), entitlements, copyrights, patents, trademarks, trade names, domain names and other industrial designs, trade secrets, or intellectual property rights of any nature and all other interest exclusively relating to the services being dealt with by the Demerged Undertaking shall stand transferred to and vested in or shall be deemed to be transferred to and vested in the Resulting Company as if the same were originally given or issued to or executed in favour of the Resulting Company, and the rights and benefits under the same shall be available to the Resulting Company.

REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Mumbai Bench of National Company Law Tribunal, *vide* its Order dated August 10, 2017 has approved the Scheme of Arrangement between Reliance Capital Limited and Reliance Home Finance Limited and their respective shareholders and creditors. Pursuant to the Scheme, the Real Estate Lending Business of the Demerged Company is transferred to and vested with the Resulting Company with the Appointed Date of April 1, 2017 in accordance with Sections 230 to 232 of the Companies Act, 2013. The Scheme was made effective on September 5, 2017. In accordance with the said Scheme, the Company has issued and alloted, at par, to all equity shareholders of RCap 1 (One) fully paid Equity share of the Company for every 1 (One) fully paid-up Equity share held in RCap. Subsequently, the equity shares of Reliance Home Finance Limited issued pursuant to the Scheme shall be listed and admitted to trading on BSE and NSE. Such admission and listing is not automatic and will be subject to fulfillment by our Company of the listing criteria of BSE and NSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application by our Company seeking listing.

Eligibility criteria

There being no initial public offering or rights issue, the eligibility criteria of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 do not become applicable. However, SEBI *vide* its letter no. CFD/DIL-1/BNS/SD/2621/2016 dated May 2, 2016, granted relaxation of clause (b) to sub-rule (2) of Rule 19 thereof by making an application to SEBI under sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 as per the SEBI Circular no. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013. Our Company has submitted the Information Memorandum, containing information about itself, making disclosures in line with the disclosure requirement for public issues, as applicable to BSE and NSE for making the said Information Memorandum available to public through their websites www.bseindia.com and www.nseindia.com. Our Company has made the said Information Memorandum available on its website www.reliancehomefinance.com. Our Company has published an advertisement in the newspapers containing its details as per the SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015 with the details required as in terms of Annexure I (I.) (A) para 6 of the said Circular on [●]. The advertisement draws specific reference to the availability of the Information Memorandum on its website.

Prohibition by SEBI

Our Company, its directors, its promoters, other companies promoted by the promoters and companies with which our Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Wilful Defaulter

Our Company, its promoters, other companies promoted by the promoters, the relative (as per Companies Act) of promoters have not been identified as willful defaulters by RBI, ECGC, any government/regulatory authority and/or by any bank or financial institution.

Disclaimer Clause of the BSE

[●]

Disclaimer Clause of the NSE

[●]

General Disclaimer from our Company

Our Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements published in terms of SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015 with the details required as in terms of Annexure I (I.) (A) para 6 of the said Circular or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by our Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Listing

Applications have been made to BSE and NSE for obtaining an In-prinicipal approval of listing of the Equity Shares of our Company. Our Company has nominated NSE as the Designated Stock Exchange for the aforesaid listing of the shares. Our Company has taken steps for completion of necessary formalities for listing and commencement of trading at all the stock exchanges mentioned above within a period as approved by SEBI.

Listing Approval from BSE and NSE

Our Company is applying for listing approval from BSE and NSE.

Exemption from Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957

Our Company was granted an exemption from the application of Rule 19(2) (b) of the Securities Contracts (Regulation) Rules, 1957 by the Securities and Exchange Board of India *vide* the letter no. [●] dated [●].

Filing

Copy of this Information Memorandum has been filed with BSE and NSE.

Demat Credit

Our Company has executed a Tripartite Agreement with the Depositories i.e. NSDL and CDSL for admitting its securities in demat form. Our Company has been allotted the ISIN INE217K01011.

Expert Opinions

Save as stated elsewhere in this Information Memorandum, we have not obtained any expert opinions.

Dispatch of Share Certificates

In accordance with the Scheme, new shares have been issued and allotted to the eligible shareholders of Reliance Capital Limited on the Record Date i.e. September 6, 2017. Our Company has dispatched the physical share certificates to shareholders holding shares of Reliance Capital Limited in physical form and credited the new shares to depository participant accounts of the shareholders on September 8, 2017 and September 9, 2017.

Previous Rights and Public Issues

Since incorporation, our Company has not issued Equity Shares to the public.

Commission and Brokerage on Previous Issues

Our Company has not issued any Equity Shares to the public since its inception and no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares.

Promise vis-à-vis performance

This is for the first time Equity Shares of our Company are getting listed on the stock exchanges.

Outstanding Debentures or Bonds and Redeemable Preference Shares and other Instruments issued by our Company

Except as disclosed below, there are no outstanding debentures or bonds and redeemable preference shares and other instruments issued by our Company:

(a) Preference Shares:
3,10,35,980 - 8% Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each.

(b) Debentures:

ISIN	Coupon (%)	Amount (₹ in crore)	Date of Allotment	Redemption Date	Secured / Unsecured
INE217K07026	10.10%	20.00	November 26, 2012	November 26, 2017	Secured
INE217K07034	10.00%	1.00	December 11, 2012	December 11, 2022	Secured
INE217K07042	10.00%	15.00	January 3, 2013	January 3, 2018	Secured
INE217K07059	10.00%	25.00	January 8, 2013	January 8, 2018	Secured
INE217K07117	9.48%	1.00	April 27, 2013	April 27, 2025	Secured
INE217K07125	9.70%	10.00	April 29, 2013	April 29, 2018	Secured
INE217K07133*	0.00%	10.00	May 7, 2013	May 4, 2018	Secured
INE217K07141	9.25%	30.00	June 3, 2013	June 3, 2018	Secured
INE217K07158	9.09%	5.00	June 4, 2013	June 4, 2018	Secured
INE217K07166	9.25%	15.00	June 7, 2013	June 7, 2018	Secured
INE217K07174	9.25%	5.00	June 10, 2013	June 10, 2018	Secured
INE217K07182	9.25%	5.00	June 13, 2013	June 13, 2018	Secured
INE217K07190	9.25%	10.00	June 19, 2013	June 19, 2018	Secured
INE217K07208	9.35%	30.00	July 5, 2013	July 5, 2023	Secured
INE217K07216	9.52%	15.00	July 26, 2013	July 26, 2023	Secured
INE217K07240	9.90%	1.70	March 28, 2014	March 28, 2024	Secured
INE217K07257	9.80%	15.00	May 15, 2014	May 15, 2024	Secured
INE217K07265	9.80%	5.00	June 27, 2014	June 27, 2019	Secured
INE217K07273	9.80%	10.00	June 19, 2014	June 19, 2019	Secured
INE217K07281	9.75%	10.00	October 16, 2014	October 16, 2019	Secured
INE217K07315	9.05%	15.00	March 26, 2015	March 26, 2020	Secured
INE217K07323	9.15%	20.00	March 27, 2015	March 25, 2022	Secured
INE217K07430	9.15%	15.00	September 22, 2015	September 22, 2025	Secured
INE217K07497	8.82%	20.00	October 28, 2015	October 28, 2022	Secured
INE217K07521	8.80%	25.00	December 15, 2015	December 15, 2020	Secured
INE217K07646	9.00%	50.00	March 8, 2016	March 8, 2021	Secured
INE217K07661	9.00%	10.00	March 16, 2016	March 16, 2021	Secured
INE217K07737	8.83%	40.00	April 11, 2016	April 11, 2023	Secured
INE217K07752	8.81%	25.00	April 26, 2016	April 26, 2023	Secured
INE217K07778	8.81%	15.00	May 6, 2016	May 5, 2023	Secured
INE217K07786	8.95%	25.00	May 18, 2016	May 16, 2025	Secured
INE217K07828	8.81%	25.00	June 24, 2016	June 24, 2021	Secured
INE217K07836	8.81%	30.00	June 24, 2016	June 23, 2023	Secured
INE217K07869	8.81%	20.00	July 20, 2016	July 19, 2019	Secured
INE217K07877	8.90%	50.00	July 22, 2016	July 22, 2021	Secured
INE217K07885	8.90%	25.00	July 27, 2016	July 26, 2019	Secured
INE217K07893	8.90%	50.00	August 12, 2016	August 12, 2019	Secured
INE217K07919	8.35%	30.00	October 3, 2016	October 3, 2019	Secured
INE217K07927	8.80%	10.00	October 4, 2016	October 4, 2023	Secured
INE217K07943	8.35%	25.00	October 17, 2016	October 17, 2019	Secured
INE217K07950	8.75%	20.00	October 26, 2016	October 26, 2021	Secured
INE217K07968	8.85%	20.00	October 27, 2016	October 27, 2023	Secured
INE217K07976	8.35%	75.00	November 2, 2016	September 17, 2019	Secured
INE217K07AI1	8.64%	100.00	March 23, 2017	May 25, 2020	Secured

ISIN	Coupon (%)	Amount (₹ in crore)	Date of Allotment	Redemption Date	Secured / Unsecured
INE217K07AJ9**	0.00%	100.00	March 30, 2017	May 29, 2020	Secured
INE217K07AR2	8.50%	20.00	May 8, 2017	May 7, 2027	Secured
INE217K07AS0	8.25%	20.00	May 9, 2017	May 8, 2020	Secured
INE217K07AU6	8.65%	25.00	August 30, 2017	August 30, 2024	Secured
INE217K07AB6	8.70%	812.00	January 3, 2017	January 3, 2020	Secured
INE217K07AC4	8.90%	1,054.64	January 3, 2017	January 3, 2020	Secured
INE217K07AD2	8.90%	165.91	January 3, 2017	January 3, 2022	Secured
INE217K07AE0	9.05%	333.60	January 3, 2017	January 3, 2022	Secured
INE217K07AF7	9.00%	12.82	January 3, 2017	January 3, 2027	Secured
INE217K07AG5	9.15%	239.30	January 3, 2017	January 3, 2027	Secured
INE217K07398	Market Linked	5.00	July 8, 2015	July 6, 2018	Secured
INE217K07455*	Market Linked	3.90	October 13, 2015	January 11, 2018	Secured
INE217K07463	Market Linked	1.25	October 13, 2015	October 16, 2017	Secured
INE217K07471	Market Linked	1.50	October 23, 2015	January 23, 2018	Secured
INE217K07489	Market Linked	1.25	October 23, 2015	October 23, 2017	Secured
INE217K07554	Market Linked	6.30	January 22, 2016	May 22, 2019	Secured
INE217K07604	Market Linked	10.00	February 16, 2016	October 16, 2017	Secured
INE217K07612	Market Linked	3.80	February 29, 2016	May 31, 2018	Secured
INE217K07620	Market Linked	1.25	February 29, 2016	July 1, 2018	Secured
INE217K07638	Market Linked	2.00	February 29, 2016	October 26, 2017	Secured
INE217K07653	Market Linked	1.00	March 9, 2016	September 9, 2019	Secured
INE217K07679	Market Linked	12.00	March 30, 2016	September 30, 2019	Secured
INE217K07687	Market Linked	1.70	March 30, 2016	July 30, 2018	Secured
INE217K07695	Market Linked	4.90	March 30, 2016	July 2, 2018	Secured
INE217K07703	Market Linked	0.50	March 30, 2016	July 30, 2019	Secured
INE217K07711	Market Linked	15.00	March 31, 2016	October 19, 2017	Secured
INE217K07729	Market Linked	14.00	April 7, 2016	October 7, 2019	Secured
INE217K07745	Market Linked	1.00	April 20, 2016	January 20, 2018	Secured
INE217K07760	Market Linked	1.75	April 29, 2016	August 29, 2018	Secured
INE217K07794	Market Linked	1.25	May 30, 2016	October 1, 2018	Secured
INE217K07901	Market Linked	5.00	September 19, 2016	March 19, 2020	Secured
INE217K07935	Market Linked	2.00	October 5, 2016	January 6, 2020	Secured
INE217K07984	Market Linked	3.00	December 1, 2016	December 2, 2019	Secured
INE217K07992	Market Linked	5.00	December 1, 2016	December 3, 2019	Secured
INE217K07AA8	Market Linked	3.00	December 2, 2016	December 2, 2019	Secured
INE217K07AH3*	Market Linked	3.00	February 3, 2017	August 3, 2020	Secured
INE217K07AK7*	Market Linked	1.70	April 3, 2017	October 5, 2020	Secured
INE217K07AL5*	Market Linked	5.15	April 3, 2017	October 5, 2020	Secured
INE217K07AM3	Market Linked	10.00	April 11, 2017	October 12, 2020	Secured
INE217K07AN1	Market Linked	2.00	April 11, 2017	July 11, 2019	Secured
INE217K07AO9*	Market Linked	4.45	May 5, 2017	November 5, 2020	Secured
INE217K07AP6*	Market Linked	2.35	May 5, 2017	November 5, 2020	Secured
INE217K07AQ4*	Market Linked	1.00	May 5, 2017	May 6, 2019	Secured
INE217K07AT8	Market Linked	0.60	July 28, 2017	January 28, 2021	Secured
INE217K07AT8***	Market Linked	5.00	August 22, 2017	January 28, 2021	Secured
INE217K07AT8*	Market Linked	9.85	August 24, 2017	January 28, 2021	Secured
INE217K08016	10.60%	6.00	September 18, 2012	September 18, 2022	Unsecured
INE217K08024	10.40%	15.00	September 21, 2012	September 21, 2022	Unsecured
INE217K08032	10.40%	20.00	September 24, 2012	September 24, 2022	Unsecured
INE217K08040	10.60%	2.00	September 27, 2012	September 18, 2022	Unsecured
INE217K08057	10.40%	15.00	October 4, 2012	October 4, 2022	Unsecured
INE217K08065	10.33%	30.00	October 10, 2012	October 10, 2022	Unsecured
INE217K08073	10.33%	10.00	October 18, 2012	October 18, 2022	Unsecured
INE217K08081	10.33%	5.00	November 26, 2012	November 26, 2022	Unsecured

ISIN	Coupon (%)	Amount (₹ in crore)	Date of Allotment	Redemption Date	Secured / Unsecured
INE217K08107	10.00%	15.00	February 7, 2013	February 7, 2023	Unsecured
INE217K08115	9.50%	5.00	May 14, 2013	November 12, 2018	Unsecured
INE217K08123	9.50%	25.00	May 29, 2013	May 29, 2023	Unsecured
INE217K08131	9.50%	20.00	June 9, 2015	June 9, 2025	Unsecured
INE217K08149	9.50%	10.00	June 12, 2015	June 12, 2025	Unsecured
INE217K08156	9.50%	10.00	June 15, 2015	June 13, 2025	Unsecured
INE217K08164	9.50%	10.00	June 29, 2015	June 29, 2025	Unsecured
INE217K08172	9.50%	10.00	July 1, 2015	July 1, 2025	Unsecured
INE217K08180	9.25%	20.00	July 3, 2015	July 3, 2025	Unsecured
INE217K08198	9.50%	10.00	August 21, 2015	August 21, 2025	Unsecured
INE217K08206	9.25%	7.00	August 24, 2015	August 23, 2025	Unsecured
INE217K08214	9.45%	10.00	September 16, 2015	September 15, 2022	Unsecured
INE217K08222	9.00%	15.00	January 21, 2016	January 21, 2026	Unsecured
INE217K08230	9.00%	3.00	February 10, 2016	February 10, 2026	Unsecured
INE217K08248	8.75%	5.00	November 23, 2016	November 23, 2026	Unsecured
INE217K08255	9.00%	50.00	November 25, 2016	November 25, 2026	Unsecured
INE217K08263	9.00%	10.00	December 7, 2016	December 7, 2026	Unsecured
INE217K08271	9.25%	250.03	January 3, 2017	January 3, 1932	Unsecured
INE217K08289	9.40%	185.68	January 3, 2017	January 3, 1932	Unsecured

** issued at discount*
*** redeemed at premium*
**** issued at premium*

Stock Market Data for Equity Shares of our Company

The Equity Shares of our Company are not listed on any stock exchanges. Through this Information Memorandum, our Company is seeking approval for listing of its Equity Shares.

Disposal of Investor Grievances

Our Company has the following platforms for addressing investors' grievances:

- E-mail i.d.: rhfl.investor@relianceada.com
- SCORES i.d.: r00646

Shareholders can express their grievances by sending mails to above mail i.d. or raise complaints in SCORES (Common Portal introduced by SEBI).

Compliance Officer and Company Secretary

Ms. Parul Jain
Company Secretary & Compliance Officer

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

SECTION VII – OTHER INFORMATION

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

The main provisions of the AOA relating to the issue and allotment of shares and matters incidental thereto have been set out below. Please note that each provision herein below is numbered as per the corresponding Article number in the AOA. All defined terms used in this section have the meaning given to them in the AOA. Any reference to the term “Article” hereunder means the corresponding Article contained in the AOA.

Article 3 states that subject to the provisions of the Companies Act, 2013 and the AoA, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions, either at a premium or at par and at such time as they may from time to time think fit.

Article 4 states that subject to the provisions of the Companies Act, 2013 and the AoA, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.

Article 5 states that the Company, in accordance with the AoA and the Companies Act, 2013, the rules framed thereunder and other applicable laws may issue (a) equity share capital: (i) with voting rights; and / or (ii) with differential rights as to dividend, voting or otherwise in accordance with the rules; and (b) preference share capital.

Article 7 states that a person subscribing to shares offered by the Company shall have the option either to receive certificates for such shares or hold the shares in a dematerialised state with a depository. Where a person opts to hold any share with the depository, the Company shall intimate such depository the details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share. For the purposes of the AoA, the term “Depository” shall carry the meaning assigned to the term by the Depositories Act, 1996 or any subsequent amendment(s) thereto.

Article 14 (1) states that the Board or the Company, as the case may be, may, in accordance with the Companies Act, 2013 and the rules, issue further shares to (a) persons who, at the date of offer, are holders of equity shares of the Company; such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; or (b) employees under any scheme of employees’ stock option; or (c) any persons, whether or not those persons include the persons referred to in clause (a) or clause (b) above. Further, Article 14 (2) states that a further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer, private placement or otherwise, subject to and in accordance with the Companies Act, 2013 and the rules.

Article 15 (1) states that the Company shall have a first and paramount lien on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and on all shares (not being fully paid shares) standing registered in the name of a member, for all monies presently payable by him or his estate to the Company, provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause. Further, Article 15 (2) states that the Company’s lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares for any money owed to the Company and Article 15 (3) states that unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Company’s lien.

Article 31 (1) states that the instrument of transfer of any share in the Company shall be duly executed by or on behalf of both the transferor and transferee and Article 31(2) states that the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof. Further Article 32 states that the Board may, subject to the right of appeal conferred by the Companies Act 2013, decline to register (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or (b) any transfer of shares on which the Company has a lien.

Article 33 states that in case of shares held in physical form, the Board may decline to recognise any instrument of transfer unless (a) the instrument of transfer is duly executed and is in the form as prescribed in the Rules made under the Act; (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably be required to show the right of the transferor to make the transfer; and (c) the instrument of transfer is in respect of only one class of shares.

Article 36 (1) states that on the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares. Further, Article 36(2) states that nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons. In this regard, Article 39 states that a person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company. Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

Article 55 states that subject to the provisions of the Companies Act, 2013, the Company may, by ordinary resolution (a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient; (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum; and (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

Article 57 states that the Company may, by resolution as prescribed by the Companies Act, 2013, reduce in any manner and in accordance with the provisions of the Companies Act, 2013 and the rules, its share capital; and/or any capital redemption reserve account; and/or any securities premium account; and/or any other reserve in the nature of share capital.

Article 58 states that where two or more persons are registered as joint holders (not more than three) of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles (a) the joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share; (b) on the death of any one or more of such joint-holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person; (c) any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share; (d) only the person whose name stands first in the register of members as one of the joint-holders of any share shall be entitled to the delivery of certificate, if any, relating to such share or to receive notice (which term shall be deemed to include all relevant documents) and any notice served on or sent to such person shall be deemed to be service on all the joint-holders; (e)(i) Any one of two or more joint-holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the register in respect of such shares shall alone be entitled to vote in respect thereof. (ii) several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this clause be deemed joint-holders; and (f) the provisions of these Articles relating to joint holders of shares shall mutatis mutandis apply to any other securities including debentures of the Company registered in joint names.

Article 61 states that notwithstanding anything contained in the AoA but subject to all applicable provisions of the Companies Act, 2013 or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

Article 85 states that unless otherwise determined by the Company in general meeting, the number of directors shall not be less than 3 (three) and shall not be more than 15 (fifteen). Further, Article 86 states that the Board shall have power to determine the directors whose period of office is or is not liable to determination by retirement of directors by rotation.

Article 92 states that the management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the memorandum of association or otherwise authorized to exercise and do, and, not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and other laws and of the memorandum of association and these Articles and to any regulations, not being inconsistent with the memorandum of association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of our Company on any working day (i.e. Monday to Friday and not being a bank holiday in Maharashtra) between 10:00 A.M. and 2:00 P.M. for a period of seven days from the date of filing of this Information Memorandum with the Stock Exchanges.

DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of our Company, as amended to date.
2. Certificate of Incorporation of our Company dated June 5, 2008, issued by RoC.
3. Certificate of Registration dated January 6, 2009 (revised on April 20, 2009 pursuant to change of name) bearing registration no. 07.0101.12 issued by the National Housing Bank.
4. Annual Report of our Company for the last five Fiscals.
5. Order dated August 10, 2017 of the NCLT, Mumbai Bench approving the Scheme of Arrangement for Demerger.
6. SEBI's letter no. [●] dated [●] granting relaxation of Rule 19(2) (b) of the Securities Contracts (Regulation) Rules, 1957 as per the SEBI Circular no. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013 for the purpose of listing of the shares of Reliance Home Finance Limited.
7. BSE letter no. [●] dated [●] granting in-principle approval for listing.
8. NSE letter no. [●] dated [●] granting in-principle approval for listing.
9. Tripartite Agreement with NSDL, Registrar and Transfer Agent and our Company.
10. Tripartite Agreement with CDSL, Registrar and Transfer Agent and our Company.

DECLARATION

All Statements made in this Information Memorandum are true and correct.

For and on behalf of the Board of Directors of Reliance Home Finance Limited

Name: Ravindra Sudhalkar
Designation: *Executive Director & CEO*

Name: Amit Bapna
Designation: *Director & CFO*

RELIANCE HOME FINANCE LIMITED

Place: Mumbai
Date: September 11, 2017