Repco
Home Finance

**REPCO HOME FINANCE LIMITED.**
(Promoted by Repco Bank-Govt. of India Enterprise)
CIN : L65922TN2000PLC044655

**RHFL/SE/27/2020-21**

**September 08, 2020**

National Stock Exchange of India Limited,
Exchange Plaza,
Bandra Kurla Complex, Bandra (E)
Mumbai-400 051

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

Kind Attn: Listing Department

Respected Sir,

**Sub: Annual Report 2019-20 and Notice of 20th Annual General Meeting (AGM)**
**Ref: Regulation 30 and 34 of SEBI Listing Obligations and Disclosure Requirements Regulations, 2015 read with SEBI Circular No SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020**

Pursuant to Regulation 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the Financial year 2019-20 together with the Notice of the 20th Annual General Meeting scheduled to be held on Wednesday, September 30, 2020 through Video Conference/ Other Audio Visual Means.

We are commencing the process of sending the said documents by e-mail today i.e., September 08, 2020 to the Members, who had registered their e-mail IDs.

The above mentioned documents are made available on the website of the Company at https://www.repcohome.com/annual_reports.php.

The schedule of events is set out below:

| | |
|---|---|
| Cut-off date to vote on AGM resolutions | September 23, 2020 |
| Commencement of Remote e-voting | September 27, 2020 (9:00 a.m.) |
| End of Remote e-voting | September 29, 2020 (5:00 p.m.) |
| Annual General Meeting | September 30, 2020 (11.30 a.m.) |

This is submitted for information and records.

Thanking You,

Yours Faithfully,

Company Secretary

**Corporate Office :** 3rd Floor, Alexander Square, New No : 2 (Old No. 34 & 35) Sardar Patel Road, Guindy, Chennai - 600 032.
Phone : 044 - 42106650 Fax : 044 - 42106651 E-mail : co@repcohome.com, www.repcohome.com
**Registered Office :** 'REPCO TOWER', No : 33, North Usman Road, T.Nagar, Chennai - 600 017. Phone : 044-28340715 / 4037 / 2845

Repco Home Finance

# 20th Annual Report 2019-20

*Shri. Yashpal Gupta, Managing Director addressing the Managers during review meet*

*Shri. Yashpal Gupta,Managing Director hands over an award to Virudhunagar Branch for its performance*

*Inauguration of Udaipur Branch by Shri. Arun Mishra, Chief Developement Officer*

# BOARD OF DIRECTORS

Chairman
Shri **T.S. KRISHNAMURTHY**
(Chief Election Commissioner, Retd)
(DIN 00279767)

Shri **DINESH PONRAJ OLIVER** I.A.S
Director of Rehabilitation,
Government of Tamil Nadu
(DIN 05297355)

Shri **K.SRIDHAR**
Managing Director (Retd)
LIC of India Ltd.
(DIN 00034010)

Shri **G.R. SUNDARAVADIVEL**
Executive Director (Retd)
United Bank of India
(DIN 00353590)

Shri **V. NADANASABAPATHY**
Dy. General Manager (Retd)
Syndicate Bank
(DIN 03140725)

Shri **L. MUNISHWAR GANESAN**
Business Professional
(DIN 07082752)

Smt **R.S. ISABELLA**
Managing Director, Repco Bank
(DIN 06871120)

Smt **SUMITHRA RAVICHANDRAN**
Practising Chartered Accountant
(DIN 08430816)

Shri **YASHPAL GUPTA**
Managing Director & CEO
(DIN 00033484)

# OUR MISSION

Translating into reality the aspirations of people to own a house covering the market existing and potential comprehensively through institutional credit support customised to suit individual needs in a transparent and ethical way.

Repco Home Finance

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# FINANCIAL HIGHLIGHTS

| Particulars | Units | IGAAP | | | | Ind AS | | CAGR |
|---|---|---|---|---|---|---|---|---|
| | | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | |
| **Loan Book** | Rs Mn | 60,129 | 76,912 | 89,399 | 98,568 | 1,10,368 | 1,18,261 | 14% |
| Home Loans | Rs Mn | 48,584 | 61,683 | 71,340 | 80,234 | 90,060 | 96,146 | 15% |
| Home Equity | Rs Mn | 11,545 | 15,229 | 18,059 | 18,334 | 20,308 | 22,115 | 14% |
| **Sanctions** | Rs Mn | 23,989 | 30,828 | 28,758 | 30,793 | 33,700 | 27,578 | 3% |
| **Disbursements** | Rs Mn | 21,812 | 28,512 | 26,424 | 28,065 | 30,918 | 26,269 | 4% |
| **Income from operations** | Rs Mn | 6,922 | 8,801 | 10,442 | 11,072 | 11,893 | 13,455 | 14% |
| **Net interest income** | Rs Mn | 2,373 | 3,039 | 3,678 | 4,583 | 4,693 | 5,205 | 17% |
| **Profit after tax** | Rs Mn | 1,231 | 1,501 | 1,823 | 2,010 | 2,346 | 2,803 | 18% |
| **Networth** | Rs Mn | 8,057 | 9,512 | 10,866 | 12,100 | 14,415 | 16,696 | 16% |
| **Debt** | Rs Mn | 51,044 | 65,379 | 75,604 | 81,370 | 92,790 | 1,00,599 | 15% |

**Ratios**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Net interest margin** | % | 4.5 | 4.4 | 4.4 | 4.9 | 4.5 | 4.6 |
| **Gross NPA** | % | 1.3 | 1.3 | 2.6 | 2.9 | 3 | 4.3 |
| **Return on assets** | % | 2.3 | 2.2 | 2.2 | 2.1 | 2.2 | 2.5 |
| **Return on equity** | % | 16.1 | 17.7 | 18.2 | 17.5 | 17.7 | 18 |

# CORPORATE INFORMATION

**CORPORATE IDENTIFICATION NUMBER: CIN - L65922TN2000PLC044655**
**Legal Entity Identifier (LEI) Number: 335800M7AQBAQYVHEW38**

## BOARD OF DIRECTORS

1. Shri. T.S. KrishnaMurthy
   Chairman, Non-Executive and Independent Director
2. Shri. Dinesh Ponraj Oliver, I.A.S.
   Non-Executive and Non-Independent Director
3. Shri. K. Sridhar
   Non-Executive and Independent Director
4. Shri. V. Nadanasabapathy
   Non-Executive and Independent Director
5. Shri. G.R. Sundaravadivel
   Non-Executive and Independent Director
6. Shri. L. Munishwar Ganesan
   Non-Executive and Non-Independent Director
7. Smt. R.S. Isabella
   Non-Executive and Non-Independent Director
8. Smt. Sumithra Ravichandran
   Non-Executive and Independent Director
9. Shri.Yashpal Gupta
   Managing Director

## COMMITTEES OF THE BOARD

### AUDIT COMMITTEE

- Shri. K.Sridhar — Chairman of the Committee
- Shri. V. Nadanasabapathy — Member
- Shri. G.R. Sundaravadivel — Member
- Smt. Sumithra Ravichandran — Member

### STAKEHOLDERS RELATIONSHIP COMMITTEE

- Shri. G.R. Sundaravadivel — Chairman of the Committee
- Shri. K. Sridhar — Member
- Shri. V. Nadanasabapathy — Member

### NOMINATION & REMUNERATION COMMITTEE

- Shri.G.R. Sundaravadivel — Chairman of the Committee
- Shri.K.Sridhar — Member
- Shri.V. Nadanasabapathy — Member
- Smt.R.S. Isabella — Member

### COMPENSATION COMMITTEE

- Shri.G.R. Sundaravadivel — Chairman of the Committee
- Shri.K.Sridhar — Member
- Shri.V. Nadanasabapathy — Member

## MANAGEMENT AND RISK MANAGEMENT COMMITTEE

- Shri. Dinesh Ponraj Oliver, I.A.S — Chairman of the Committee
- Shri. K. Sridhar — Member
- Shri. V. Nadanasabapathy — Member
- Shri. G.R. Sundaravadivel — Member
- Shri. Yashpal Gupta — Member

## CSR COMMITTEE

- Shri. T.S. KrishnaMurthy — Chairman of the Committee
- Shri. K.Sridhar — Member
- Shri. V. Nadanasabapathy — Member
- Shri. G.R. Sundaravadivel — Member

## SECURITIES ALLOTMENT COMMITTEE

- Shri. T.S. KrishnaMurthy — Chairman of the Committee
- Shri. K.Sridhar — Member
- Shri. V. Nadanasabapathy — Member
- Shri. G.R. Sundaravadivel — Member
- Shri. L.Munishwar Ganesan — Member

## CHIEF FINANCIAL OFFICER

Shri. T. Karunakaran, General Manager

## COMPANY SECRETARY & COMPLIANCE OFFICER

Shri. K. Prabhu, General Manager

## CHIEF RISK OFFICER

Ms. Shanthi Srikanth, Deputy General Manager

## SENIOR MANAGEMENT

- Shri. Arun Mishra — Chief Development Officer
- Smt. Poonam Sen — General Manager
- Shri. A. Palpandi — General Manager
- Shri. K. Pandiarajan — Deputy General Manager & Chief Technology Officer

## REGISTERED OFFICE

Repco Tower, No. 33, North Usman Road, T. Nagar, Chennai 600 017
Telephone: 044-28340715
Facsimile: 044-28340716

## CORPORATE OFFICE

Third Floor, Alexander Square, Old No.34 & 35, New No.2,
Sardar Patel Road, Guindy, Chennai – 600032
Telephone: 044- 42106650; Mobile: 9444394918
Facsimile: 044 - 42106651
E-mail: cs@repcohome.com
Website: www.repcohome.com

## REGULATION AND SUPERVISION

Regulated by Reserve Bank of India
Surpervised by National Housing Bank

## STATUTORY AUDITORS

S.R. Batliboi & Associates LLP
Chartered Accountants
Firm Registration Number: 101049W/E300004
7th Floor, "A" Block
Tidel Park (Module 601,701, & 702)
No. 4, Rajiv Gandhi Salai, Taramani,
Chennai 600 113

## SECRETARIAL AUDITORS

G Ramachandran & Associates
Company Secretaries
F-10 Syndicate Residency,
No. 3 Dr Thomas First Street,
Off: South Boag Road,
T Nagar, Chennai - 600 017.

## DEBENTURE TRUSTEES

Catalyst Trusteeship Limited
GDA House, Plot No. 85,
Bhusari Colony (Right),
Paud Road, Pune - 411 038

## REGISTRAR AND SHARE TRANSFER AGENT

KFin Technologies Private Limited
Selenium Building, Tower B, Plot number 31 & 32 , Financial District, Gachibowli,
Nanakramguda, Hyderabad 500032
Tel : 040-67162222
Fax : 040-23001153
E-mail: einward.ris@kfintech.com

## BANKERS / FINANCIAL INSTITUTIONS

- Allahabad Bank
- Andhra Bank
- Axis Bank Limited
- Bank of Baroda
- Bank of India
- Canara Bank
- Corporation Bank
- DCB Bank
- HDFC Bank Limited
- ICICI Bank Limited
- IDBI Bank Limited

- Indian Bank
- Karur Vysya Bank
- Kotak Mahindra Bank Limited
- National Housing Bank
- Oriental Bank of Commerce
- Punjab National Bank
- Repco Bank Limited
- State Bank of India
- SBI Life Insurance
- Syndicate Bank
- Union Bank of India
- United Bank of India
- Yes Bank Limited

## STOCK EXCHANGES

- National Stock Exchange of India Limited
  Exchange Plaza,
  Bandra Kurla Complex, Bandra (E)
  Mumbai-400 051

- BSE Limited
  Phiroze Jeejeebhoy Towers
  Dalal Street
  Mumbai- 400001

## DEPOSITORY

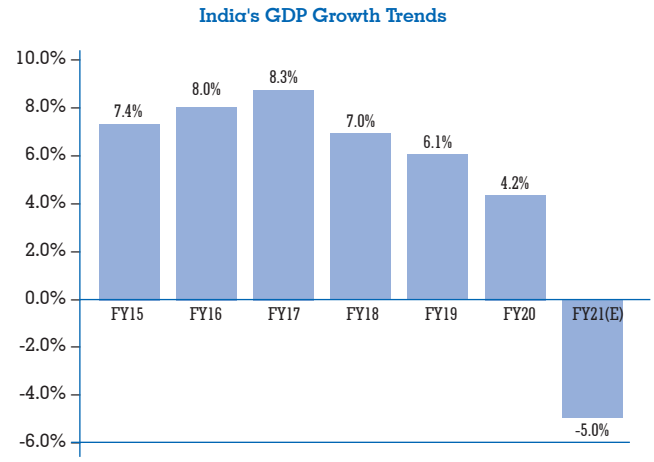
National Securities Depository Limited
Trade World, 'A' Wing,
4th Floor Kamala Mills Compound
Senapati Bapat Marg, Lower Parel,
Mumbai 400 013

Central Depository Services (India) Limited
Marathon Futurex, A Wing, 25th Floor,
N M Joshi Marg Lower Parel (East),
Mumbai 400013

# MANAGEMENT DISCUSSION AND ANALYSIS FY 2019-20

India's GDP growth had been showing signs of slowing down until December 2019 as all major growth engines – manufacturing, agriculture, and consumption (consumption alone contributes about 60% to India's GDP) - were decelerating. The silver lining was Government spending though there were concerns as to how long such spending could continue and support growth. Up until this point, the outlook was slightly worrying but manageable. However, the onset of Covid-19 in Q4FY20 and the resultant lockdown changed the picture upside down with most experts expecting the GDP growth to slip into negative territory and pegging the growth rate between -5% and -10% for FY21. Consumer sentiment and demand are expected to remain subdued owing to the impact on income caused by pay cuts and layoffs. All consumer-facing and large scale employment generating sectors like real estate, construction tourism, hospitality, and aviation are expected to face even steeper challenges in the foreseeable future given the bleak demand outlook. We will pin our hopes on an incrementally better H2FY21.

India's growth in FY20 is being pegged at 4.2%, which was dragged down by Q4FY20 growth of 3.1% owing to the challenges our economy was already facing and the lockdown observed in the last week of March 2020.




*Source – National Statistical Office (FY 15 to FY 20)*

The Government was quick to take action in its efforts to lower the damage caused by the pandemic and the resultant lockdown.

**Key steps taken by the GOI**

- Announced Rs. 20 trillion stimulus package.
- Provided food and direct bank transfer to the extent of Rs. 1.7 trillion.
- Annouced additional liquidity to NBFCs
- Announced credit guarantee on MSME loans to lower risk aversion of banks.
- Annouced a number of corporates' friendly measures concerning, amongst other things, extenson of complaince timeline.

**Key steps taken by the RBI**

- Annouced 6 months moratarium for both consumers and financial institutions on all types of loans to help tide over cash flow problems.
- Reduced repo rate and reverse repo rate to make banks lend more.
- Infused liquidity of Rs. 3.7 trillion via CRR cuts, TLTRO auctions.

The Government has indicated that it will not shy away from announcing more measures to boost domestic consumption and investment. Subdued commodity prices, especially crude prices, are likely to keep inflation and fiscal deficit in check.

The year gone by was a challenging one for HFCs from both a microeconomic and macroeconomic point of view but your company's financial performance and overall financial health remained strong. The efforts of last 3 years to lower exposure to non-housing loans (LAP) and to bring a balance between salaried and non-salaried loans have helped us in keeping the balance sheet quality robust. Once this near term (4-6 quarters) uncertainty is over, we will attempt to restart our granular retail only growth strategy. Our target segment will continue to be small salaried customers employed with MSMEs and SMEs and unsalaried customers running MSMEs, small shops and the like with aspirations to own a house in Tier 2, Tier 3 and Tier 4 towns. The lessons learned during the present

times will be well utilized to perfect our underwriting practices.

## 1. Industry Structure and Developments:

India's economic growth at 4.2% surpassed that of the world economy, which grew 2.9%. Both China and Euro Zone economies grappled with demand side issues and trade related uncertainties. Whatever greenshoots had started to appear in the global economy owing to supportive monetary policies were offset by the onset of Covid-19. Although the growth outlook for FY21 is recessionary, the economic growth of India is expected to rebound into the positive territory FY22 onward as per estimates released by various economists and thought leaders. It is possible that India may not give up the tag of the fastest growing economy in the world and continue to attract foreign investments.

Liquidity remained tight because of a slowing economy and chased select corporates as it did last year. Overall bank credit growth slipped to a multi-year low of 6.1%. Fresh bank credit de-grew over 60% in FY20 as banks showed even more risk aversion and also because the economy was observing a complete lockdown during what is normally a buoyant time period for fresh credit. Looking ahead, credit growth will likely remain muted in FY21 given the demand impairment, risk aversion and low propensity for investment.

The affordable housing finance sector holds prominence in India's financial sector. The sector caters to the needs of the underserved such as the non-salaried segment, MSMEs, blue collared employees and others. The affordable housing finance sector maintains a good balance between employing technology and maintaining good old direct customer contact. Direct customer connect generally results in better customer relationship, better customer satisfaction and good loan performance over a period of time.

The probability of a full-blown financial crisis playing out because of the ongoing crisis is low as the balance sheet of companies as well as the individuals are strong and modestly levered. However, there will be near term demand uncertainty till a vaccine for Covid-19 is found and launched en masse. The bond markets are underpenetrated and need to be deepened to ensure good amount of liquidity for corporates to borrow and investors to exit based on requirements .The recent crisis, where a large mutual fund shut down six of its debt schemes has caused a trust deficit and now a greater responsibility lies on already risk averse banks to support the debt market through the TLTRO route. Development of credit default swaps, broadening the participants profile and securities profile in the repo market will help the deepen the bond market in India.

**The Budget 2020 retained its focus on affordable housing. Announcements pertaining to the housing sector in the budget 2020, which can improve demand for housing in the near term**

- Tax holiday on profits earned by developers on affordable housing was extended until March 31, 2021.
- Additional deduction of Rs. 1,50,000 for interest paid on housing loans extended by a year until March 31, 2021.
- In May 2020, credit linked subsidy scheme for middle income group (MIG) was extended until March 31, 2021.
- Simplification of personal income tax structure will lower tax expense and reduce EMI burden on affordable housing finance.

**Demand and Supply side factors supporting affordable housing**

| Demand side Factors | Supply side factors |
|---|---|
| Credit Linked Subsidy Scheme under PMAY- interest subsidy upto Rs. 2.7 lakhs for borrowers with income upto Rs. 18 lakhs.<br><br>Additional tax deductions of upto Rs. 1.5 lakhs to new home buyers.<br><br>GST reduced on under construction properties from 12% to 5% and on affordable housing from 8% to 1%.<br><br>As per a report, 2.5 crs affordable houses needed by 2030 to bridge shortage. | Tax holidays for developers of affordable housing projects.<br><br>Affordable housing granted infrastructure status.<br><br>Additional budgetary allocation of Rs. 1 lakh crs to PMAY urban and rural.<br><br>With economy slowing down, focus of most developers is likely to shift to resilient affordable housing segement. |

## 2. Opportunities and Threats in the Housing Finance Sector

**Opportunities:**

**Government's Initiatives**

The housing demand in the real estate sector is quite robust largely due to the growing population (Growth at about 1% per annum) in India, which is complimented by acute housing shortage of 40 million houses (both urban and rural), favourable demographics, rise of concept of nuclear families, migration to urban areas, fiscal benefits, rising income aspirations could lead to a further demand for another 8-10 million houses. Now, the builders with strong balance sheet are likely to shift their thrust from luxury and mid-end houses to affordable housing owing to better incentives available in that segment.

**Housing for All 2022:**

The Government of India has reiterated its commitment to "Housing for all by 2022". The mission seeks to address the housing requirement of urban poor including slum dwellers through following programme verticals:

- Slum rehabilitation of Slum Dwellers with participation of private developers using land as a resource
- Promotion of Affordable Housing for weaker section through credit linked subsidy
- Affordable Housing in Partnership with Public & Private sectors
- Subsidy for beneficiary-led individual house construction

The Mission will be implemented until 2022 and will provide central assistance to implementing agencies through States and UTs for providing houses to all eligible families/beneficiaries by 2022.

### Pradhan Mantiri Awas Yojana - Credit Linked Subsidy Scheme (PMAY-CLSS)

With an objective to expand institutional credit flow to the housing needs of urban poor, the Government of India (GoI) has launched the Credit Linked Subsidy Scheme (CLSS) under its Housing for all Mission. Credit linked subsidy will be provided on home loans taken by eligible urban poor (Economically Weaker Section/ Lower Income Group and Middle Income Group) for acquisition, construction and improvement of the beneficiaries ' first house. The scheme is implemented through Nodal agencies like National Housing Bank (NHB) and HUDCO.

Under this scheme, Beneficiaries of Economically Weaker section (EWS) and Low Income Group (LIG) seeking housing loans from financial institutions would be eligible for an interest subsidy at the rate of 6.5 % for tenure of 20 years or during tenure of loan whichever is lower. The subsidy will be available only for loan amounts upto Rs 6 lakhs and loans beyond Rs. 6 lakhs, if any, will be at nonsubsidized rate. Similarly, Beneficiaries of Middle Income Group (MIG 1 & 2) seeking housing loans from financial institutions would be eligible for an interest subsidy at the rate of 4 % or 3 % for tenure of 20 years or during tenure of loan whichever is lower. The subsidy will be available only for loan amounts upto Rs 9 lakhs or Rs 12 lakhs respectively and loans beyond the limits, if any, will be at nonsubsidized rate. Our Company being a prime lending institution has MoU in place with NHB for successful implementation of the scheme.

**Underpenetrated Market:**

Going by the metric of mortgage to GDP ratio of sub-10%, the Indian mortgage market has low penetration relative to global peers and significant growth is expected on this front translating into good growth rates going forward.

**Urbanization:**

Notwithstanding that the growth in population may be showing a decelerating trend, the rapid urbanization in the country reflects favorable prospects for the sector.

**Favorable Demographics:**

About 67% of our country's population is comprised of persons who are in the mid-thirties age group and given that house purchase decisions are made roughly during this stage of human life cycle presents a large opportunity for the sector.

**Tax Benefits:**

Apart from the measures announced in the budget 2020, home loan principal repayment upto Rs. 1.5

lakhs (Section 80C of the Income Tax Act) and interest payment upto Rs. 2 lakhs are eligible for tax deduction under the old tax regime. This pushes down the effective interest rate paid on home loans.

**Threats**

- The ongoing economic slowdown and persistent high interest rate for majority of corporates and small businesses could adversely impact the demand for housing and housing finance.
- The ongoing health crisis has cast a shadow of doubt on near term demand for housing and housing finance.
- The ongoing chain of events concerning the financial sector resulting in trust deficit and liquidity tightening, if not addressed soon could catapult to a bigger challenge for non-bank financial companies including HFCs.
- Company's ability to raise resources at competitive rates in these difficult times adverse scenario could impact profitability.
- Company's ability to hire and train manpower for achieving company's growth objectives outside south India.
- Sizeable exposure to non-salaried segment could exert pressure on the company's asset quality and increase credit cost in these challenging times.
- Inability of government to push through the envisaged reforms could result in significant opportunity cost.

## Strengths and Weakness

**Strengths**

- Strong profitability ratios even in challenging times.
- Robust off-balance sheet liquidity in terms of unavailed long term credit lines from multiple financial institutions.
- Support of the largest private and public sector banks in India, who continue support even during challenging times.
- A loyal and strong customer base, who we handhold during their difficult times. Such customers provide repeat business even when their financial situation has seen material improvement making them eligible for lower rate loans from large banks.
- Abundant opportunities to tap the affordable housing space. Especially in view of the sustained governmental focus on affordable housing.
- The company has demonstrated the efficacy of its business model by successfully replicating it in other prosperous non - south States like Maharashtra, Gujarat and the like.
- Focus on tier II and tier III cities and peripheral areas of tier I cities results in less competition from banks and other HFCs leading to possibility of high growth in advances.
- The company has over the years gained significant insights in underwriting the risks involved in lending to non-salaried class, which is highly underpenetrated, relatively less competitive and offers higher yields.
- Proven track record of containing loan losses at very low levels.
- Lean operating cost structure –3-5 employees per branch on average, lower rentals in tier 2/3 cities, commission expenses capped, amongst other factors.
- Strong Tier 1 capital position; CAR – 25.85%.
- Expanding footprint – sowing the seeds for the future.

**Weakness**

- Slowing loan book growth.
- Large exposure to non-salaried segment.
- About 85% of the loan book comes from five south States and points to existence of significant concentration risk.
- High exposure to Tamil Nadu has resulted in greater susceptibility to State specific adverse developments.
- Credit rating of AA assigned by CARE Ratings would constrain company's ability to optimize cost of market borrowings in an extremely buoyant environment where average marginal cost of lending rate of banks is higher than interest rates prevalent in capital market and money market.

- Constrained credit rating profile could also cause a meaningful rise in cost of funds during times of distress in the economy as credit spreads widen. Worse still, it could restrict company ability to raise resources - affecting future growth prospects.
- Higher proportion of Stage-3 (NPAs) assets. However, the mitigating factors are provisioning been higher than historically observed loss given default and comfortable asset coverage (see table below) .
- There is a lot of scope for improvement as far as technology initiatives within the company is concerned.
- The stress of migration of performing assets to banks & other HFCs on account of takeovers may impact overall asset quality.

| NPA/Stage 3 ageing | Average LTV | NPA amount (Rs. Crs) | Provisions (Rs. Crs) | Provision cover |
|---|---|---|---|---|
| Less than 1 year | 46% | 238 | 60 | 25% |
| 1-2 years | 49% | 110 | 31 | 28% |
| 2-3 years | 49% | 86 | 30 | 35% |
| Beyond 3 years | 49% | 76 | 62 | 82% |
| Grand Total | 47% | 512 | 183 | 36% |

## OUTLOOK

- Going forward, Balance Sheet growth would depend on how fast the consumer confidence and demand returns. Early identification and distribution of a cure for the pandemic would bring back the buoyancy. A stable and secure environment generally cause demand for high ticket value products like housing to go up.
- Till such time the external environment becomes conducive, the company's focus will be on maintaining the quality of the Balance Sheet.
- The company will continue to maintain an optimal blend of non-salaried and salaried loans in the loan book.
- The company will continue to maintain the non-housing book at or below 20% with continued focus on small ticket loans.
- The company will endeavor to diversify sources of borrowings and effectively manage borrowing cost as and when macroeconomic situation improves.
- The company will focus on cross selling value additive products and earning fee based income.
- The company will maintain control on operating costs and improve employee productivity.
- The company will focus on improving the asset quality.

## CORPORATE OVERVIEW

The company operates with two products – individual home loans and loans against property (LAP). The company provides a variety of tailor-made home loan products to individual borrowers in both salaried and non-salaried (self employed professional and self employed non-professional) classes to suit various requirements

| Construction or purchase | Repair and Renovation/ Extension | Loan against property |
|---|---|---|
| • Repco Rural Loan*<br>• Dream Home Loan<br>• Super Loan*<br>• Fifty Plus Loan<br>• NRI Housing Loan<br>• Plot loan | • Home Makeover Loan<br>• Super Loan*<br>• Repco Rural loan* | • Prosperity loan<br>• New Horizon Loan<br>• Commercial Real Estate (CRE) Loan |

* Overlapping multi-purpose products

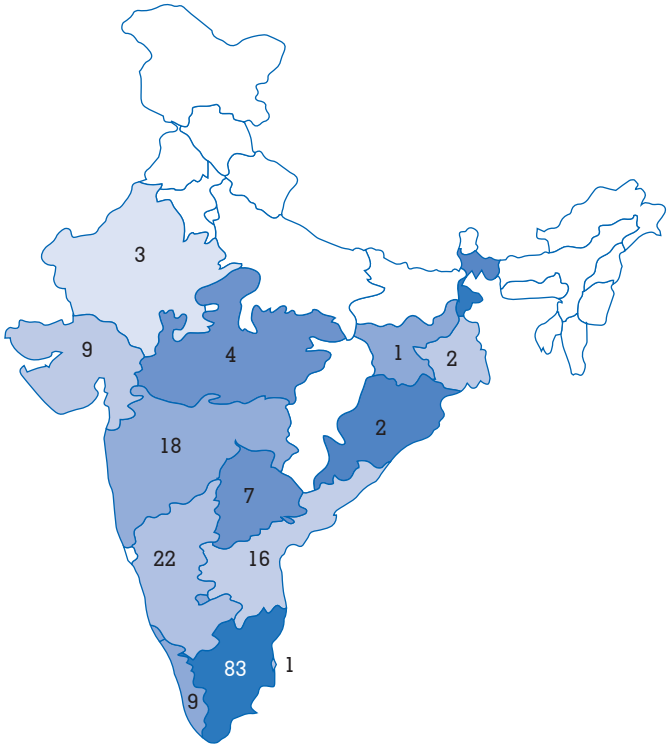
100% of the loans extended by the company is to retail clients.

## GEOGRAPHIC PRESENCE

**179 points of presence comprising of 153 business branches, 2 asset recovery branches and 24 satellite centers; presence in 12 states and a union territory; greater focus on direct sourcing**

During the year, the company converted 4 satellite centers into branches, opened 5 new branches and 2 new satellite centers, taking the total network to

153 branches and 24 satellite centers. The company ventured into the State of Rajasthan with a branch and added 2 more branches by the end of the year. The retail network now is spread across states of Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Kerala, Maharashtra, Odisha, West Bengal, Gujarat, Madhya Pradesh, Jharkhand , Rajasthan and the Union Territory of Puducherry.




| State-wise business network | March 2020 |
|---|---|
| Tamil Nadu | 83 |
| Andhra Pradesh | 16 |
| Telangana | 7 |
| Gujarat | 9 |
| Karnataka | 22 |
| Kerala | 9 |
| Maharashtra | 18 |
| Odisha | 2 |
| Puducherry | 1 |
| West Bengal | 2 |
| Rajasthan | 3 |
| Madhya Pradesh | 4 |
| Jharkhand | 1 |
| Total | 177* |

*excluding 2 asset recovery branches in Chennai and Bangalore

The company's sources of customer acquisition are loan camps , customer walk-ins, referrals, direct selling agents and direct sales teams. Of these, loan camps contribute to over 35% of incremental originations. Manager of every branch conducts a loan camp once in every 2-3 months where, a primary assessment of customer documents is done and an in-principle sanction given. The customer then approaches the branch for further processing of his/her loan. The branch personnel act as single point of contact to customers and are responsible for sourcing loans, carrying out preliminary checks on the credit worthiness of potential customers, providing assistance in documentation, disbursing loans and monitoring repayments and collections. This way the company ensures that there is no conflict of interest and level of accountability is very high. The share of DSA driven business was about 18% of total incremental business generated in FY20.

## RESULT OF OPERATIONS

The company reported satisfactory performance considering the headwinds due to the economic slowdown. The impact of outbreak of Covid-19 was limited as far as FY20 performance is concerned. The ensuing pages will present the results of operations in greater detail. Segment wise disclosure is not applicable as the company is only engaged in housing finance.

There are no significant changes in the key financial ratios of the Company.

## RISK MANAGEMENT

The company's business activities expose it to a variety of risks including credit risk, operational risk, interest rate risk and solvency risk. Risk management forms an integral part of company's business. The objective of the Company's risk management system is to measure and monitor various risks and to implement policies and procedures to mitigate such risks.

The company recognizes that identification of risk is most important function in managing and mitigating the risk. The company identifies the risks in each function / activity by taking inputs from all the departments. The overall responsibility of identifying, monitoring and revaluating risks lies with departmental heads and executive management.

The company analyzes risks in terms of consequence and likelihood of its impact. The analysis considers

the range of potential consequences and likelihood of those consequences to occur.

The credit & operational risk management committee of the company, comprising of chief risk officer and other senior management team members meets regularly to assess the adequacy of existing risk management system and to discuss emerging risks, operational or otherwise.

The board reviewed the risk management practices of the company and gave a favorable opinion.

### Rigorous credit appraisal keeps credit risk in check

The credit appraisal process, which happens both at branch and head office level ensures high level of checks. A preliminary appraisal is performed by the branch manager, branch-level valuers and lawyers. This again is revalidated at the head office level before loan sanction. Each borrower is rated based on a dynamic credit rating model comprising of over 15 parameters, including credit bureau score, carrying different weights. The credit decision and interest chargeable is linked to the credit score. Credit bureau scores are tracked and taken seriously and proposals with scores below a threshold value are rejected (minor deviations are considered if backed by proper justifications).Apart from that, we are now moving towards capturing and analysing granular characteristics of loan accounts, identifying patterns and behaviours and making the credit underwriting process completely system driven. All efforts are made to ensure that our pricing covers the risk we underwrite. Such pricing discipline, we believe, will generate consistent and superior return ratios.

The company maintains a conservative loan to value (LTV) and documented installment to income ratio (IIR) on the loans. The average LTV was 53.4% at the forced sale value and average documented IIR was 35.6% as on March 31, 2020.

### Operational risk is mitigated using various tools

An ongoing monitoring of loan accounts is ensured by credit monitoring department at the head office that tracks, among other things, early mortality cases and early warning signs and informs process owners immediately. Early mortality , as a proportion of disbursements is just around 1% now as compared greater than 5% a few years ago. Credit offsite team that sits out of a separate office at Chennai checks and double checks all KYC documents before giving disbursement clearance.

Inspection of each branch is performed by an internal inspection team and risk-based audit by an external audit firm at regular intervals. Concurrent audit is done at key branches identified in terms of loans outstanding. Senior company officials also make surprise visits to branches to check if all processes and best practices are followed. Apart from that, we take the help of external KYC agents to perform KYC and risk checks on all plot loans and other loans of ticket size higher than Rs. 50 lakhs. We have also been focusing on reducing Stage-2 assets. Our recovery team now starts following up with customers and stands ready to take action the moment an account defaults on a payment. The results are encouraging with Stage-2 assets now constituting just 2.3% of the overall loan book ; down from 12.0% in the previous year.

To improve operational efficiency, quarterly Board level discussions are held on reports shared by recovery officers, external audit firm and vigilance officer, who oversee monitoring of company's offsite transactions and Know Your Customer related compliance. New learning is put to use immediately.

Performance review of all branch personnel is undertaken twice a year by senior management team. It is a platform where performers are rewarded in front of all employees and others are motivated to do their job efficiently.

### Interest rate risk

The Company has formulated an asset liability management (ALM) policy, which lays down mechanisms for assessment of various types of risks and altering the asset-liability portfolio in a dynamic way to manage such risks. There is an on-going monitoring of the maturity profile of assets and liabilities by Asset Liability Management Committee (ALCO) - a strategic decision making body constituted by the Board, to mitigate the risks arising from cash flow mismatches, comprising of the Managing Director, Chief Development Officer, Chief Financial Officer and a few other senior members of the Company.

At any point in time, an optimal balance between short term and long term borrowings is maintained in sync with extant asset and liability profile. Most of the long term borrowings and on-lending happen at floating

rates, which acts as a hedge in times when interest rate volatility is high.

### Solvency Risk

Recent events have brought solvency risk in spotlight. To mitigate this perceived risk we have a short term investment policy in place. The idea is to create and maintain an emergency buffer of upto Rs. 500 Crs to be used in the unlikely event that things go out of hand. The ALCO members are also part of the Investment Committee (IC). During the year ending March 2020, the company made investments in short term bank fixed deposits. The value of short-term investments at the end of the year was Rs. 180.4 crs.

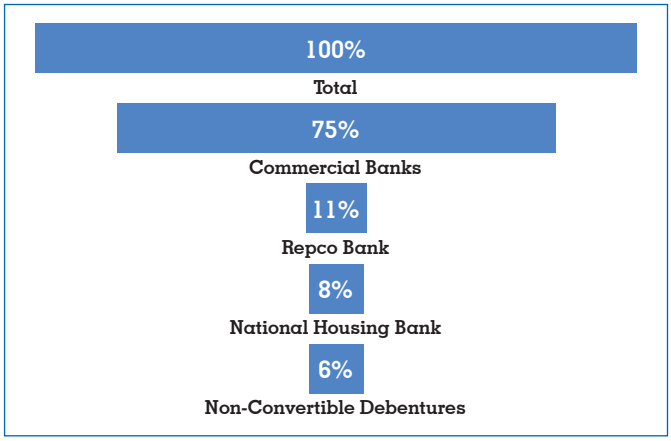
## BORROWING PROFILE

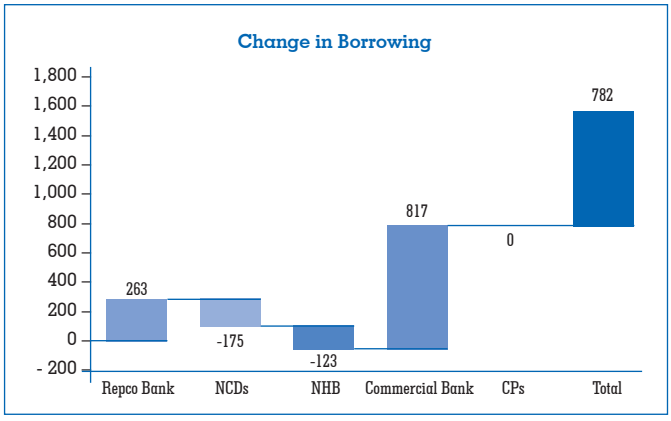
**The company has a diversified sources of funding spread across five verticals viz. refinance from NHB, long-term bank loans, working capital loan from Repco Bank, non-convertible debentures (NCDs) and commercial papers (CPs).**

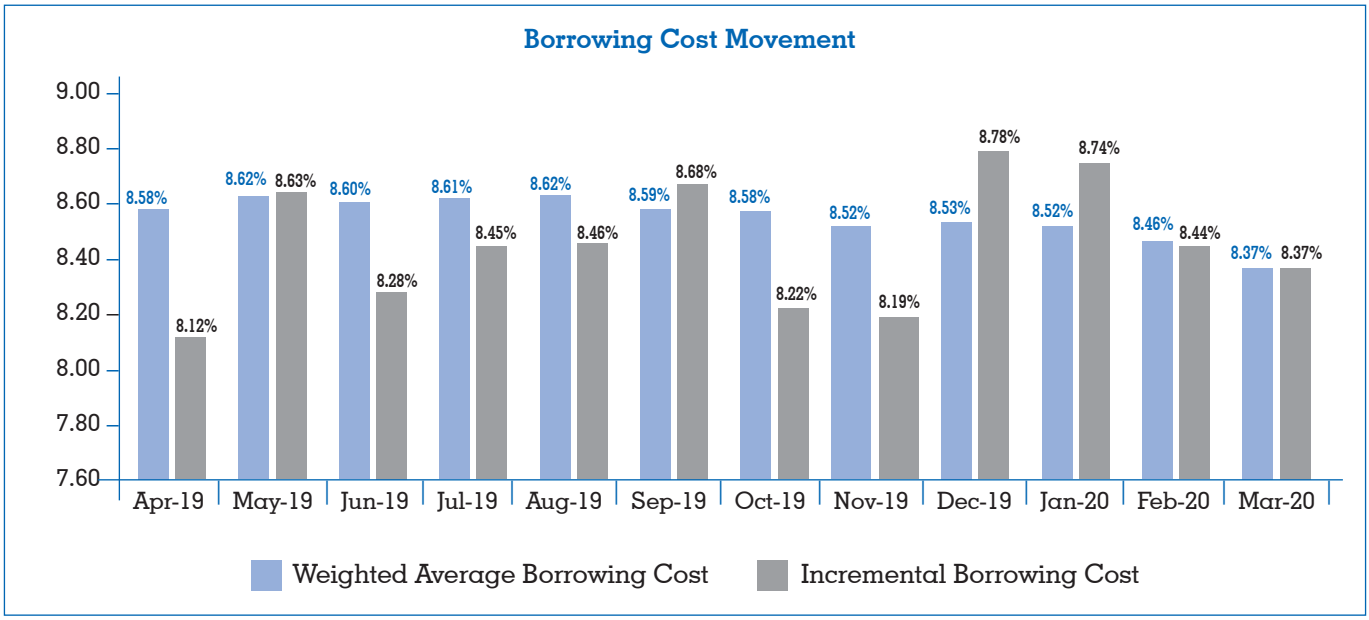
As of March 31, 2020, 75.2% of company's borrowings were by way of borrowings from commercial banks, 7.8% by way of refinance from the National Housing Bank (NHB), 10.5% from Repco Bank and 6.5% by way of non-convertible debentures. Although there were no commercial papers outstanding as on March 31, 2020, the company did issue intra-year commercial papers. The total outstanding borrowings stood at Rs. 10,059.89 Crs as against Rs. 9,279.01 Crs in the previous year.

As of March 31, 2020, 11.6 % of overall borrowings were on fixed rate basis and 88.4% floating rate basis. The average tenor on borrowings was 7.7 years.

| Borrowing source | Rs. Crs |
|---|---|
| Repco Bank | 1,060.35 |



| | |
|---|---|
| NCDs | 652.00 |
| National Housing Bank | 780.99 |
| Commercial Banks | 7,566.55 |
| Total | 10,059.89 |

## CREDIT RATING

**The company's short term and long term debt facilities are rated by two rating agencies – CARE Ratings & ICRA.**

In FY20, credit rating agency CARE Ratings reaffirmed AA rating assigned to company's term loan and non-convertible debenture facilities. Company's commercial paper facility continues to enjoy A1+ rating by CARE Ratings.

Rating agency ICRA reaffirmed AA- rating assigned to company's term loan facilities and A1+ rating assigned to company's commercial paper facility.

## CAPITAL ADEQUACY

RHFL's capital adequacy ratio (CAR) as at March 31, 2020 was 25.85% consisting entirely of Tier-1 capital. Over the medium term, as and when risk spreads revert to the mean, the company would look to securitize its loan assets and explore other options to maintain its capital adequacy to support its growth ambitions.

## ASSET QUALITY

Over the years, the company has developed robust risk management systems & processes in all areas of operations like loan origination, credit appraisal, loan disbursement and collection & recovery.

However, given the tilt of the loan book towards the unsalaried segment and focus on tier 2 & 3 areas of the country, the asset quality of the book exhibits significant volatility. Majority of our salaried customers work for micro, small and medium enterprises and have volatile cash flows. Although the market segment we operate in results in volatile asset quality and relatively higher credit costs, the actual losses are quite low. Cumulative since inception write down of only about Rs. 61.8 Crs (including technical write-offs) as bad till date bears testimony to the aforementioned statement.

Stage-3 assets constituted 4.33% (Rs. 511.7 Crs) of the overall loan book as on 31st March 2020 as compared to 2.95% (Rs. 325.8 Crs in the previous year. The provision coverage ratio on Stage-3 assets stood at about 36% at the end of FY20.

In 2019, the company had opened 2 asset recovery branches (ARBs) at Chennai and Bangalore and transferred some of the chronic Stage-2 & Stage-3 accounts. The focus of the ARBs was on recovery, making better use of available work force resources and preserving the existing hierarchy by creating a proxy for head office level verticalization. This move helped free up business development resources at branch level, who could focus on growth and containing fresh slippages. Performance of ARBs is appended below.

| ARB Branch | Opening (Jan 2019) | | | | | As on 31-03-2020 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stage-2 | | Stage-3 | | Total (Rs. Crs) | Stage-2 | | Stage-3 | | Total (Rs. Crs) |
| | Nos. | Amount (Rs. Crs) | Nos. | Amount (Rs. Crs) | | Nos. | Amount (Rs. Crs) | Nos. | Amount (Rs. Crs) | |
| Chennai | 654 | 148 | 426 | 111 | 258 | 327 | 63 | 475 | 126 | 189 |
| Bangalore | 261 | 47 | 134 | 35 | 81 | 150 | 27 | 112 | 27 | 54 |
| Total | 915 | 194 | 560 | 145 | 340 | 477 | 90 | 587 | 154 | 244 |

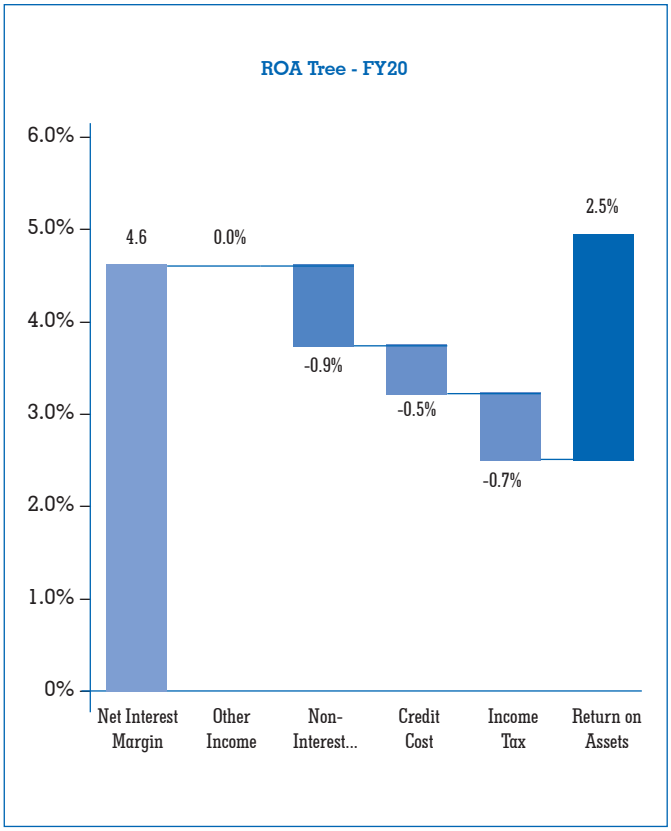
## INVESTMENTS

The Company has investments in the equity of unlisted associate company, Repco Micro Finance Limited to the extent of Rs.22 Crs (2,20,00,000 equity shares of Rs.10/- each).

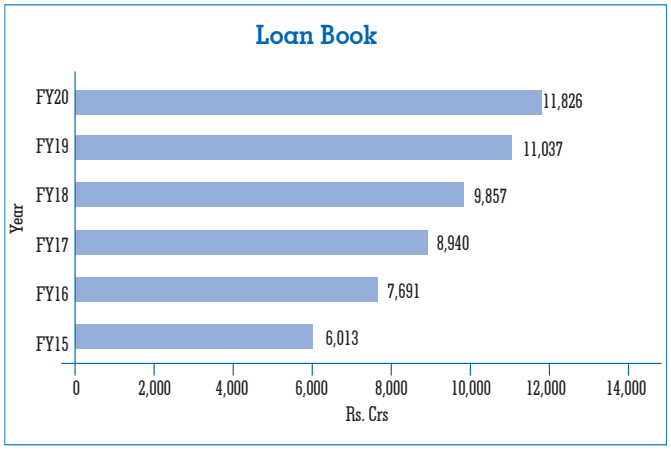
## FINANCIAL PERFORMANCE SUMMARY

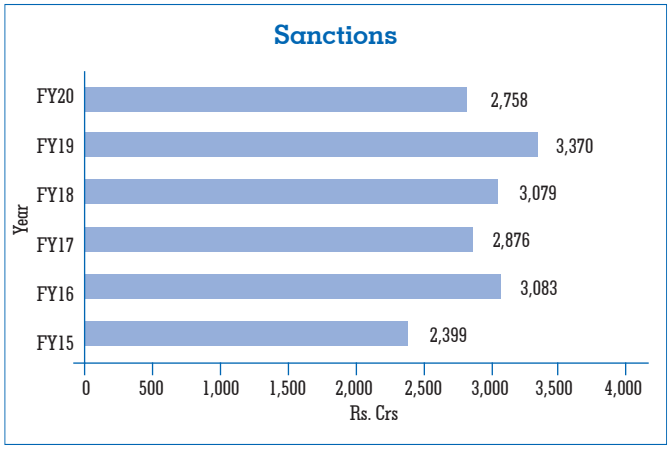
Ratio of income and expenses to average loan assets (ROA Tree)

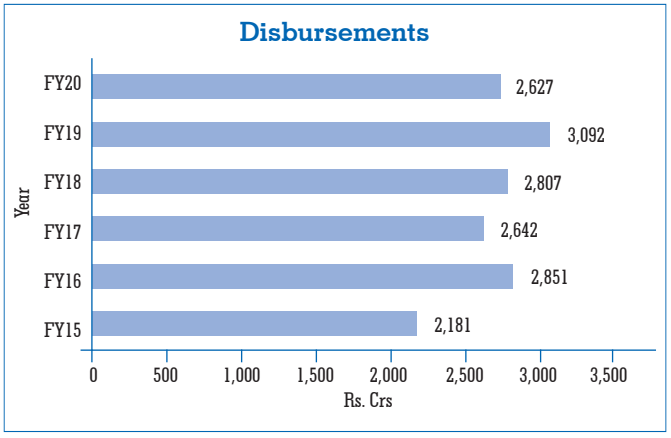
| Metric | FY18 | FY19 | FY20 |
|---|---|---|---|
| Net interest margin | 4.9% | 4.5% | 4.6% |
| Other income | 0.0% | 0.1% | 0.0% |
| Non-interest expenses | 0.9% | 0.9% | 0.9% |
| Credit cost | 0.8% | 0.2% | 0.5% |
| Income Tax | 1.1% | 1.2% | 0.7% |
| Return on assets | 2.1% | 2.2% | 2.5% |

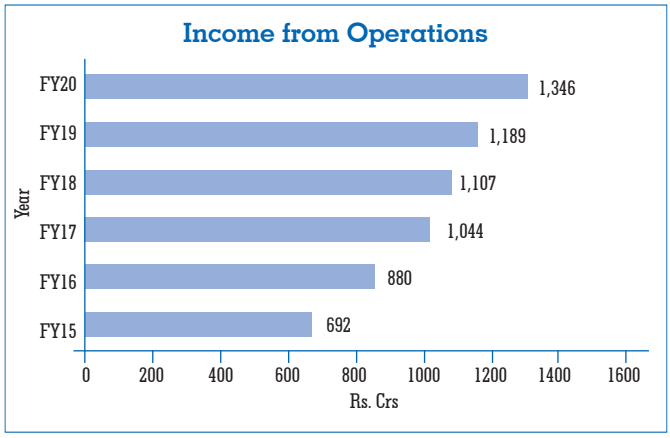



## 5 YEAR HISTORICAL PERFORMANCE AT A GLANCE

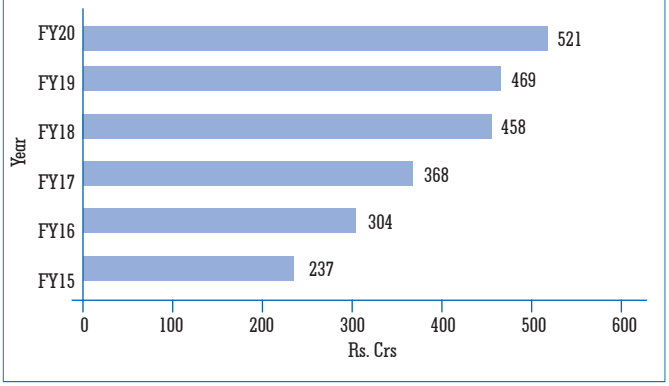


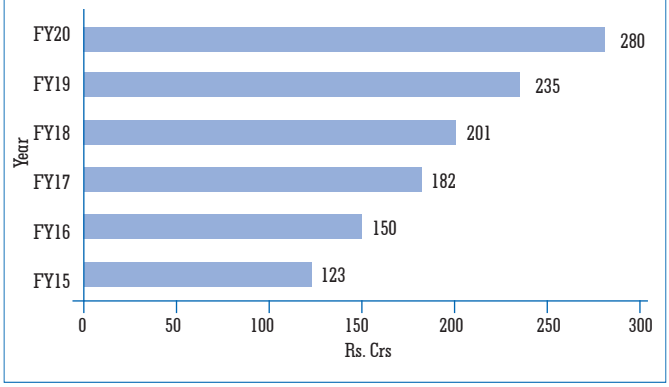



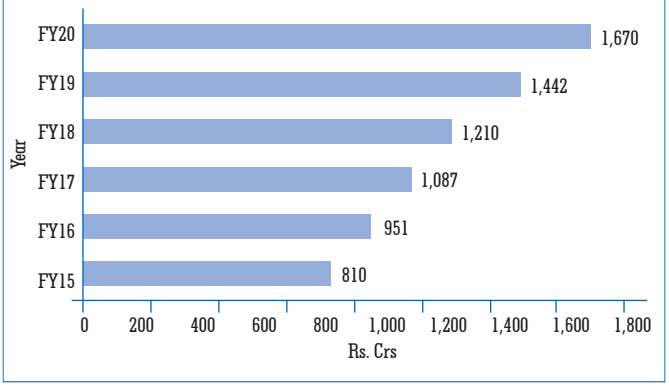
## Net Interest Income



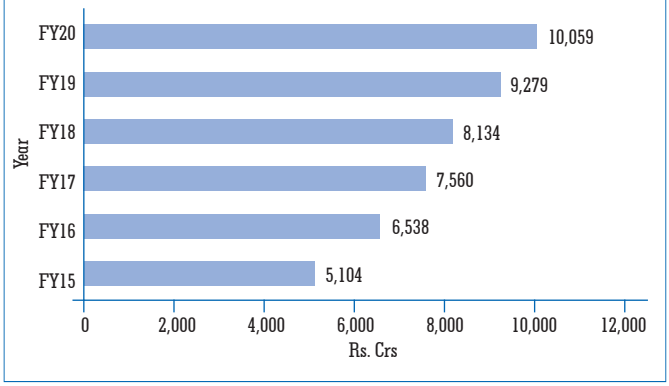

## Profit After Tax



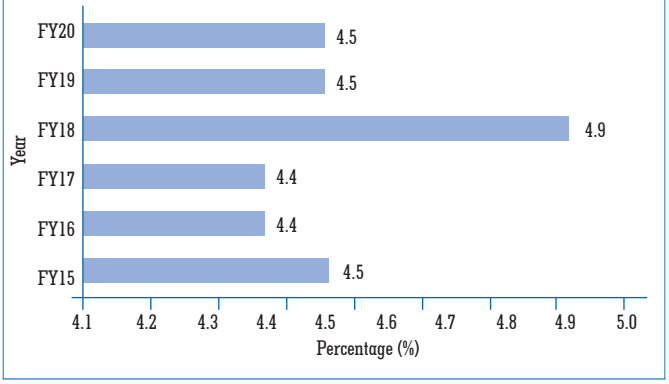

## Networth



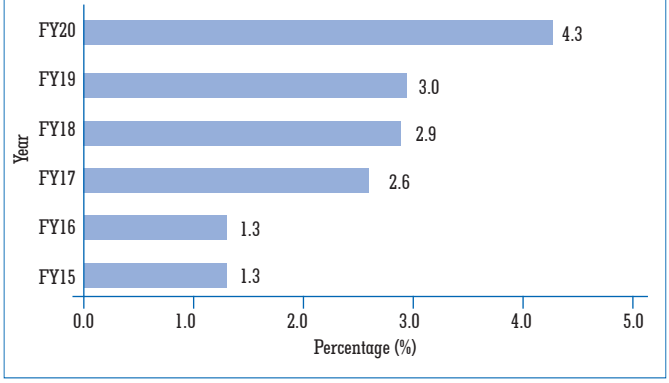

## Debt



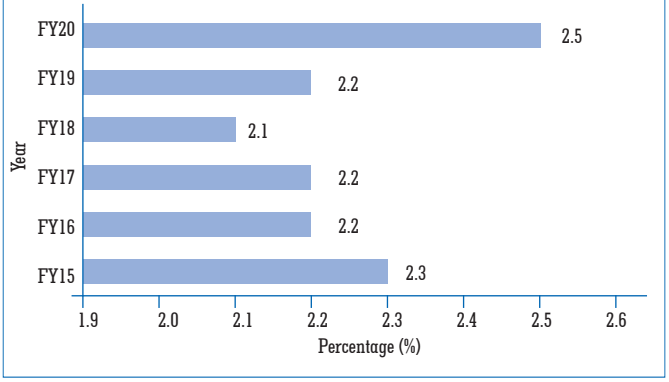

## Net Interest Margin



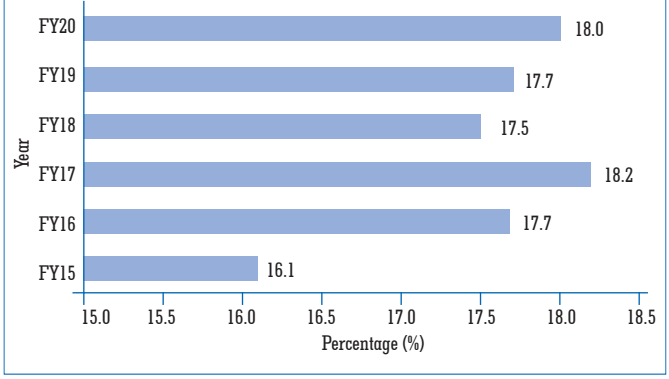

## Gross NPA

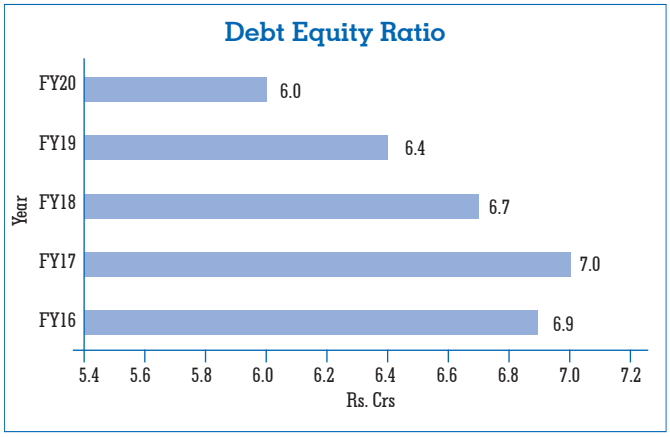



## Return on Assets




## Return on Equity






## INTERNAL AUDIT & CONTROL

The Company has put in place organized and effective internal control systems. The company gets internal audit done by an external chartered accountant firm twice every year. Besides, efforts are made to carry out a full-fledged inspection of every branch once in a year by the head office inspection team. There are stringent systems in place to ensure that the assets and properties of the Company are utilized in the best interest of the Company. The internal control systems and internal auditor's reports are reviewed by the Audit Committee of the Board at regular intervals so as to ensure transparency and proper compliances.

## INFORMATION TECHNOLOGY

All branches of the company are connected wirelessly with the head office at Chennai. One of the USPs of the company is quick processing of loan applications, which is facilitated by the company's adequate IT infrastructure that ensures all borrower specific documents are transferred online. Automated SMS alerts are also sent to borrowers to remind them of upcoming payments so they can ensure availability of sufficient funds in their bank accounts. The company's ability to operate and remain competitive depends in part on its ability to maintain and upgrade information technology systems and infrastructure on a timely and cost-effective basis, including ability to process a large number of transactions on a daily basis. An Information Technology audit is conducted every year via an external agency to ensure safety of protocols and data.

## HUMAN RESOURCES

The Company believes in attracting, nurturing and retaining a qualitative workforce to accomplish its long-term objectives. To achieve this, the company provides the necessary internal and external training to keep employees updated in tune with prevailing benchmark practices in the housing finance industry. The Company provides a professional work environment and maintains healthy relations with its employees. As on March 31, 2020, the company had 994 employees on it rolls.

For and on behalf of the Board of Directors

**Yashpal Gupta**
Managing Director
(DIN No. 00033484)

September 04, 2020

# DIRECTORS' REPORT

## To the Members

Your Directors are pleased to present the 20th Annual Report of your Company with the Audited Accounts for the year ended March 31,2020.

The Company's financial performance for the financial year ended March 31, 2020, is summarized below:

(Rs in crore)

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Profit before Tax | 360.19 | 359.82 | 360.19 | 359.82 |
| Less: Provision for Taxation | | | | |
| Current Year | 95.21 | 101.69 | 95.21 | 101.69 |
| Deferred tax | (15.37) | 23.49 | (15.37) | 23.49 |
| **Profit after tax** | **280.35** | **234.64** | **280.35** | **234.64** |
| Other comprehensive Income | (0.60) | 0.84 | (0.60) | 0.84 |
| **Total Comprehensive Income for the period** | **279.75** | **235.48** | **279.75** | **235.48** |
| Add : Net share of profit from associate | | - | 17.79 | 14.42 |
| Balance brought forward from previous year | 405.96 | 290.07 | 435.64 | 307.60 |
| Less: Dividend received from Associate credited to carrying value of investment | - | - | 3.18 | 2.27 |
| **Amount available for appropriations** | **685.71** | **525.55** | **730.00** | **555.23** |
| **Appropriations:** | | | | |
| Transferred to Statutory Reserve u/s 29 C of the National Housing Bank Act, 1987 | 56.07 | 46.93 | 56.07 | 46.93 |
| Transferred to special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987 | 63.36 | 55.27 | 63.36 | 55.27 |
| Transfer to General Reserve | 25.00 | - | 25.00 | - |
| Dividend for previous year | 15.64 | 13.75 | 15.64 | 13.75 |
| Tax on Distributed Profits | 3.21 | 2.80 | 3.21 | 2.80 |
| Ind AS Transition Impact on Reserve | 1.40 | - | 2.53 | |
| Remeasurement of defined benefit obligations | (0.60 ) | 0.84 | (0.60) | 0.84 |
| Balance carried forward to balance sheet | 521.62 | 405.96 | 564.79 | 435.64 |
| **Total** | **685.71** | **525.55** | **730.00** | **555.23** |
| Earnings Per Share | | | | |
| Basic (Rs.) | 44.81 | 37.51 | 47.66 | 39.81 |
| Diluted (Rs.) | 44.81 | 37.51 | 47.66 | 39.81 |

## Dividend

Your Directors recommend a dividend of Rs.2.50 per equity share of face value of Rs.10.00 each to the shareholders of the Company for the financial year 2019-20, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

Consequent to amendment made in the Budget 2020, DDT u/s 115-O has been abolished, dividend paid on or after 1st April 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source (TDS) at the time of making the payment of dividend.

The Dividend Distribution Policy as required under regulation 43A of SEBI (LODR) Regulations, 2015, has been provided as Annexure-1 to this report and is also made available on the website of the Company at https://www.repcohome.com/corporate_governance.php.

## Share Capital

As at March 31, 2020, the Paid up capital stood at Rs. 62,56,13,620 divided into 6,25,61,362 Equity shares of Rs. 10 each. During the financial year, there was no change in the Paid up capital of the Company.

## State of Affairs of the Company

The Company endeavours towards adopting the high standards of underwriting practices backed up by robust monitoring and recovery mechanisms. The Company is committed in its efforts towards improving efficiency and service level in its operations.

## Lending Operations

1) **Sanctions**

   During the year, loan approvals stood at Rs. 2,757.80 crore as compared to Rs. 3,370.02 crore in the previous year. The cumulative loan sanctions since inception of the Company stood at Rs. 24810.40 crore at the end of the financial year 2019-20.

2) **Disbursements**

   During the year under review, the Company disbursed loans to the extent of Rs.2626.86 crore as against Rs. 3,091.77 crore in the previous year. The Cumulative disbursements stood at Rs. 22899.58 crore at the end of the financial year 2019-20.

3) **Loans Outstanding**

   The loan book of the Company as at the end of financial year 2019-20 was Rs. 11826.12 crore as against Rs. 11,036.82 crore in the previous year representing a growth of 7.15%.

## Non-Performing Assets (NPA)

As of March 31, 2020, the gross NPA of the Company was Rs. 511.65 crore (previous year Rs. 325.75 crore) constituting 4.33% (previous year 2.95%) of the total loans outstanding. The Net NPA stood at 2.82% of the loan assets as on March 31, 2020 against 1.90% as on March 31, 2019.

## Regulatory Compliance

Following the amendment in the Finance Act, 2019 and the subsequent notification by the Reserve Bank of India (RBI) in August 2019, HFCs would be treated as one of the categories of non-banking financial companies (NBFCs) for regulatory purposes and accordingly would come under RBI's direct oversight. NHB would continue to carry out supervision of HFCs.

The Company is in compliance with the guidelines, circulars and directions of National Housing Bank and Reserve Bank of India as applicable to us. The Company is also in compliance with the Companies Act 2013, guidelines, directions and circulars of MCA, SEBI etc.

The Company is registered with the Central Registry of Securitization, Asset Reconstruction and Security Interest of India (CERSAI) and furnishes information in respect of its loans. Compliance of all regulatory guidelines of NHB/RBI / other statute are periodically reviewed at Audit Committee / Board of the Company.

## IRDAI Compliance

The Company is registered with IRDAI for carrying on the Insurance Agency Business for life and general Insurance and has complied with the applicable requirements under Insurance Regulatory and

Development Act, 1999 and IRDAI (Registration of Corporate Agent) Regulations 2015, as amended from time to time.

## Other Compliances

(i) The Company had obtained the Legal Entity Identifier No. 335800M7AQBAQYVHEW38 as required under the RBI Circular -No.RBI/2017-18/82 - DBR. No.BP.92/21.04.048/2017-18 dated November 02, 2017 and as advised by NHB. The Registration has been renewed as required on an annual basis.

(ii) As per RBI/2015-16/96 Master Circular No.15/2015-16 on Foreign Investment in India and as per RBI/2017-18/194 A.P (DIR Series) Circular No.30 dated June 07, 2018 on Foreign Investment in India, all types of Companies which have foreign investment are required to report through FIRMS – Reporting in Single Master Form. For the purpose the Company has completed the registration process for Entity User and was issued login credentials.

(iii) As required under Section 215 of the Insolvency and Bankruptcy Code, 2016, the Company has registered itself with National e-governance Services Limited (NeSL)

(iv) As per the ROC letter No. ROCB/Co. No.8699/ MSME Notice/2019/3106 dated January 24, 2019 received by the Company and MSME Notification No.S.O. 5621(E) dated November 02, 2018, the Companies registered under the Companies Act, with a turnover of more than Rs.500 Crore shall get themselves registered on the Trade Receivables Discounting System (TReDS) platform. The Company has applied for registration on TReDS Platform through Receivables Exchange of India Limited (RXIL) and has received the provisional registration No. RE0000869 (Membership Code).

(v) The Company has complied with all the applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and circulars, notifications etc issued by SEBI.

## Capital Adequacy

The Company's capital adequacy ratio as on 31 March 2020 was 25.85 % (previous year 24.08%) which is well above the prescribed threshold limit of NHB. This consisted entirely of Tier 1 capital.

## Financial Resources

### Refinance from National Housing Bank (NHB)

During the year the Company has availed refinance facility for Rs.200 crore from National Housing Bank. The refinance outstanding at the end of the year was Rs. 780.99 crore (previous year Rs. 903.60 crore)

### Borrowings from Bank and Financial Institutions

The outstanding borrowings from Banks and Financial Institutions at the end of the financial year stood at Rs.7566.6 crore (previous year Rs. 7548.41 crore).

### Secured Non-Convertible Debentures

During the year, the Company has not issued any SRNCDs (previous year -Nil). The outstanding SRNCDs as on 31st March 2020 was Rs.652 crores (previous year Rs. 827 crores). The Non-Convertible Debentures are rated by Care Ltd.

### Commercial Papers

The Company's commercial paper is rated A1+ by M/s. ICRA Ltd., and CARE Ltd., implying highest safety. During the year, the Company has issued commercial paper for Rs.425 crore. After repayments on maturity, the net amount outstanding as at 31st March 2020 is NIL. (Previous year - Nil).

## Unclaimed NCDs / Unclaimed Equity

According to section 125 of the Companies Act, 2013, NCDs and interest thereon remaining unclaimed and unpaid for a period of seven years from the date they became due are required to be credited to the Investor Education and Protection Fund (IEPF) set up by the Government of India. As at 31 March 2020 there are no Non-Convertible Debentures amount or interest thereon remaining unpaid or unclaimed.

### Disclosure under Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis, (NHB) Directions 2014.

There are no Non-Convertible Debentures which have not been claimed by the Investors or which were not paid by the Company after the date on which the Non Convertible Debentures became due for redemption. Further the Company has paid the interest on respective due dates.

NCDs amounting to Rs.175 crore has been redeemed during the financial year 2019-20.

### Unclaimed Dividends

As of 31 March 2020, dividend amounting to Rs. 3,48,789.20 has not been claimed by the investors. According to Section 125 of the Companies Act, 2013 dividends remaining unclaimed for a period of seven years from the date they became due are required to be credited to the Investor Education and Protection Fund (IEPF) set up by the Government of India. In accordance with the Investor Education Fund (Uploading of information regarding unpaid and unclaimed amount lying with the Companies) Rules 2012, the Company has uploaded this information on www.iepf.gov.in and https://www.repcohome.com/unclaimed_dividend.php

### Public Deposits

The Company has not accepted deposits from the public during the financial year 2019-20.

### Impact of CoVID-19 on the operations and performance of the Company

The CoVID-19 pandemic and the consequent lockdown restrictions imposed by national and state governments had impacted businesses not only in India but all over the world. The pandemic has prompted the governments and businesses to take unprecedented measures which included lockdowns, restrictions on travel and business operations, temporary closures of businesses, quarantines etc and this had an impact on all business entities. The operations of the Company were restricted due to CoVID-19 pandemic in the latter half of March 2020 and this had an impact on business and on collection of dues.

### Moratorium of loans

The Reserve Bank of India, issued circulars dated March 27, 2020, April 17, 2020 and May 23, 2020, permitting all commercial banks, co-operative banks, All India Financial Institutions, and NBFCs to give moratorium to customers in respect of installments falling due between March 2020 to August 2020 due to CoVID-19 pandemic. Accordingly, the Company has offered moratorium to its customers based on the Board approved policy.

The Company has been servicing its debts and other financial obligations during the pandemic and will continue to service its future obligations without any hassle. The Company has not opted for moratorium offered by its lending institutions.

### Risk Management

The Management & Risk Management Committee of the Company is constituted in line with the provisions of Regulation 21 of the SEBI (LODR) Regulations. The Committee comprises of Shri. Dinesh Ponraj Oliver, I.A.S. (Chairman of the Committee), Shri. G.R. Sundaravadivel, Shri. K.Sridhar, Shri. V. Nadanasabapathy and Shri.Yashpal Gupta.

The Company has in place a risk management policy framework which has been approved by the Board of Directors. The framework identifies various risks faced by the Company and puts in place appropriate mitigants.

In accordance with NHB Circular No: NHB/ND/DRS/Policy Circular No.95/2018-19 dated May 29, 2019, the Company has duly appointed Ms. Shanthi Srikanth as its Chief Risk Officer. The CRO shall be involved in the process of identification, measurement and mitigation of risks. All credit products shall be vetted by CRO. The CRO analyses all the credit products from the angle of inherent and control risks.

The Company has constituted an internal risk management committee named Credit & Operational

Risk Management Committee (CORMC) comprising of Managing Director, Chief Development Officer, Chief Risk Officer, all General Managers and Chief Technology Officer. The scope of the committee includes Identifying, monitoring and measuring of risk profile, develop policies and procedures, monitor compliance of risk parameters by various departments etc.

## Human Resources

The objective of human resource development in an organization is to enhance human productivity through progressive and consistent policies in knowledge & skill upgradation and betterment of employment conditions at all levels. Human Resource Management's objective is to maximize the return on investment from the organization's human capital. It is the responsibility of human resource/ development department in a corporate context to conduct these activities in an effective, legal, impartial and cohesive manner.

Your Company worked tirelessly towards the performance upgradation of its employees by introducing objective performance appraisal mechanism and performance linked incentive structure. Employees are also nominated regularly to attend various training programmes conducted by NHB, ICSI & other capacity building institutions besides in-house training programmes for constant skill upgradation. During the financial year the Company conducted 3 in-house training programmes and employees were nominated for 5 external programmes.

The Company provides a professional work environment and maintains a healthy relation with its employees.

As on 31 March 2020, the number of employees on the rolls of the Company stood at 994.

## Disclosure under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of women at the workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The following is a summary of sexual harassment complaints received and disposed off during the year 2019-20

- No. of complaints received: 1
- No of complaints disposed off: 0

## Particulars of Employees Covered Under Companies (Appointment and Remuneration of Managerial Personnel Rules, 2014.

During FY19-20, the Company had not employed anyone with a remuneration of Rs.1.02 crore or more per annum.

## Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013 and the rules framed thereunder, the Company has in place a Corporate Social Responsibility Committee of Directors comprising of Shri. T.S. KrishnaMurthy, Shri. K. Sridhar, Shri. G.R. Sundaravadivel and Shri. V. Nadanasabapathy and has inter alia formulated a Corporate Social Responsibility Policy. The policy is placed on the website of the Company, https://www.repcohome.com/corporate_governance.php.

This Committee envisages the activities to be undertaken in pursuance of CSR initiatives. During the year the Company spent a sum of Rs.1.48 crore towards CSR initiatives. The Annual Report on CSR activities forming part of the Directors' Report is furnished as Annexure-2 to this report.

## Employee Stock Option Scheme:

There are no material changes to Repco Home Finance Limited Employees Stock Option Scheme. The ESOP Scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 (the 'SBEB Regulations'). The disclosures as required by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014 have been placed on the website of the Company.

The Company has not issued any stock options during FY 2020.

## Particulars Relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Expenditure

Particulars relating to conservation of energy and technology absorption stipulated in the Companies (Accounts) Rules 2014 are not applicable to the Company and further the Company has no foreign exchange earnings.

## Directors

In accordance with Section 152 of the Companies Act, 2013, Shri. L. Munishwar Ganesan, Director of the Company is liable to by rotation at the ensuing annual general meeting and is eligible for reappointment. The resolution for his re-appointment forms a part of the notice convening the Annual General Meeting. The details pertaining to the re-appointment are elucidated in the explanatory statement to the notice convening the Annual General Meeting.

All the directors of the Company have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations and that they are not disqualified from being appointed as directors in terms of Section 164(2) of the Companies Act, 2013.

The details of the number of Board/Committee meetings held are provided in the Report on Corporate Governance which forms part of this report.

## Declaration by Independent Directors:

The Independent Directors have given declarations to the Company in terms of Section 149(7) and 149(8) of the Companies Act, 2013 and Regulation 25(8) of SEBI (LODR) Regulations, 2015 that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015.

The details of familiarization programmes conducted for Independent Directors is put up on the website of the Company. (https://www.repcohome.com/pdf_files/corporate_governance/Familiarization%20programmes_FY%202019-20.pdf)

## Key Managerial Personnel

There was no change in the Key Managerial Personnel of the Company during FY2020.

Details of Managerial Remuneration As Required Under Companies (Appointment And Remuneration of Managerial Personnel) Rules, 2014

The particulars of managerial remuneration as required by under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given as Annexure-3.

## Statutory Auditors

At the 17th Annual General Meeting held on 21 September 2017, the members had appointed M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/ E300004) as Statutory Auditors for a term of five years beginning from the conclusion of the 17th Annual General Meeting till the conclusion of the 22nd Annual General Meeting.

The Statutory Auditors have not made any adverse comments or given any qualification, reservation or adverse remarks or disclaimer in their Audit Report.

## Directors' Responsibility Statement

In pursuance of section 134(3)(C) read with Section 134(5) of the Companies Act, 2013, and based on the information provided by the Management, your Directors hereby confirm that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed;

(b) Accounting policies selected were applied consistently.

Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at 31 March 2020 and of the profit and loss of the Company for that date;

(c) Proper and sufficient care has been taken for the

maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The annual accounts of the Company have been prepared on a going concern basis;

(e) Internal financial controls have been followed by the Company and such internal financial controls are adequate and were operating effectively.

(f) Systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

## Remuneration Policy

The Remuneration Policy, including the criteria for remunerating non-executive directors is recommended by the Nomination & Remuneration Committee and approved by the Board. The key objective of the Remuneration Policy is to ensure that it is aligned to the overall performance of the Company. The Policy ensures that it is fair and reasonable to attract and retain necessary talent, is linked to attaining performance benchmarks and involves a judicious balance of fixed and variable components. The Remuneration Policy is placed on the Company's website at http://www.repcohome.com/corporate_governance.php.

## Internal Control Systems

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Audit is carried out by Independent firms of Chartered Accountants.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board every quarter or at periodic intervals.

## Extracts of the Annual Return (Form MGT-9)

The Extract of Annual Return as provided under section 92 of the Companies Act, 2013, in the prescribed form MGT-9 is placed on the Company's website and can be accessed at https://www.repcohome.com/pdf_files/corporate_governance/FORM%20NO.%20MGT-9%20-%20EXTRACT%20OF%20ANNUAL%20RETURN_FY%202019-20.pdf

## Secretarial Audit Report

In accordance with Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, M/s. G Ramachandran & Associates, Company Secretaries were appointed by the Company to undertake Secretarial Audit of the Company. The Secretarial Audit Report is annexed to this report as Annexure-4 and the same does not contain any qualification, reservation or adverse remark.

In addition to the Secretarial Audit Report, Secretarial Compliance report has also been issued by the PCS as per the SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 02, 2019, and the said report has been submitted to the Stock Exchanges.

## Secretarial Standards

The Company complies with the mandatory Secretarial Standards i.e. SS-1 and SS-2 issued by the Institute of Company Secretaries of India and has referred to Secretarial Standards SS-3 and SS-4 for good governance.

## Details of Loans Given, Guarantees Given or Security Provided

The provisions contained in Section 186(11) of the Companies Act, 2013, relating to loans, guarantees or securities do not apply to the Company.

## Investments

The Company has investments in the equity of unlisted Associate Company, Repco Micro Finance Limited to the extent of Rs.22 Crore (2,20,00,000 equity shares of Rs.10/-each).

## Subsidiary, Joint Ventures and Associate Companies

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, your Company has prepared Consolidated Financial Statements of the Company which forms part of this Annual Report. Further, a Statement containing salient features of financial statements of the Subsidiary, joint venture entities and associate Companies in the prescribed format AOC-1, pursuant to Section 129(3) of the Companies Act, 2013 and rules made thereunder, is annexed as Annexure-5 to this Report.

## Particulars of Contracts or Arrangements with Related Parties Referred to in Section 188(1)

All the related party transactions entered during the year were in ordinary course of business and on arm's length basis. The Company has obtained the shareholders' approval for material related party transactions as required under Listing Regulations.

## There are no transactions under the ambit of section 188 of the Companies Act 2013.

The Company presents a statement of all related party transactions before the Audit Committee. The details of such transactions are given in the accompanying financial statements.

## Material Changes and Commitments Affecting Financial Position of the Company between 31 March 2020 and the date of Board's Report.

There has been no material changes and commitment, affecting the financial position of the Company which has occurred between the end of the financial year to which the financial statements relate and the date of the report. At this stage the Board does not see any significant adverse impact of Covid-19 on the affairs of the Company.

The Company does not have any subsidiary. There has been no change in the nature of business of the Company. No significant or material Orders have been passed by the regulators or Courts or Tribunals impacting the going concern status of the Company and / or the Company's operations in future.

## Management Discussion and Analysis

In accordance with the SEBI (LODR) Regulations, 2015, Management Discussion and Analysis Report for the year under review, is presented in a separate section which forms a part of this report.

## Report on Corporate Governance

In accordance with the SEBI (LODR) Regulations, 2015, the report on corporate governance for the year under review is presented in a separate section which forms a part of this report.

## Board Evaluation

As per the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Nomination & Remuneration Committee carried out the evaluation of the performance of each Director of the Company and the Board as a whole.

The independent directors held a separate meeting to review the performance of the non-executive directors, the Chairman of the Company and the overall performance of the board.

## Vigil Mechanism / Whistle Blower Policy

The Board of Directors has approved the vigil mechanism/ whistle blower policy of the Company which provides a framework to promote a responsible and secure whistle blowing. It protects employees wishing to raise a concern about serious irregularities within the Company. It provides for a vigil mechanism to channelize reporting of such instances/ complaints/ grievances to ensure proper governance. The Audit Committee oversees the vigil mechanism. No Director / employee has been denied access to the Audit Committee. The policy is placed on the website of the Company, https://www.repcohome.com/corporate_governance.php.

## Reporting of Frauds

Pursuant to NHB Circular on Guidelines on Reporting and Monitoring of Frauds in Housing Finance Companies dated Feburary 05 2019, the Company has reported 6 fraudulent cases (PY 9 fraudulent cases) to NHB. The Amount related to fraud is Rs. 1.57 crores (PY

2.09 crores). All efforts are being made to recover the maximum amount possible.

### Listing

The shares of your Company are listed on National Stock Exchange Limited and Bombay Stock Exchange Limited. The Listing fees for the financial year 2020-21 have already been paid to the Stock Exchanges.

Details of non-compliance, penalties, imposed on by any statutory authority

There were no penalties/punishments/compounding of offences for the year ending March 31, 2020

### Credit rating

The brief details of the ratings received from credit rating agencies by the Company for its outstanding instruments is given in the annexed 'General Shareholder Information'.

### Others

### Related Party Transaction Policy

In terms of the Housing Finance Companies – Corporate Governance (NHB) Directions, 2016, the Company has attached the Related Party Transactions Policy at the end of this Annual Report as 'Annexure-6'.

The policy is also placed on the website of the Company, https://www.repcohome.com/corporate_governance.php

### Business Responsibility Report

The Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015, mandates inclusion of Business Responsibility Report in the prescribed format, as a part of the Annual Report for top 1000 listed entities based on the market capitalisation. In compliance with the said Regulations, the Business Responsibility Report is provided as a part of this Report as Annexure-7.

### Acknowledgements

The Directors of your Company wish to place on record their sincere gratitude to the National Housing Bank, Reserve Bank of India and its Executives for continuous guidance and support. We also record our gratitude to our bankers, financial institutions and insurance companies for their continued trust, support and assistance given to the Company.

The Board places on record its sincere gratitude to Ministry of Home Affairs, GOI, SEBI, NSE, BSE, Department of Company Affairs, REPCO Bank, shareholders, Government, local/statutory authorities, customers and all the other stakeholders for their patronage and support for the achievements by the Company despite the most competitive environment in the market.

Your Directors take this opportunity to thank all the executives and employees of the Company and wish to place on record their commendable hard work, team spirit and dedicated service to the customers which enabled the Company to achieve an appreciable level of business performance during the year.

For and on behalf of the Board of Directors

Date : September 04, 2020 **(T.S.KrishnaMurthy)**
Place : Chennai Chairman
(DIN No. 00279767)

# ANNEXURE-1 TO DIRECTORS' REPORT

## DIVIDEND DISTRIBUTION POLICY

### SCOPE AND PURPOSE

The Securities Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations). Vide these Regulations, SEBI has inserted Regulation 43A after Regulation 43 of SEBI (LODR) Regulations, 2015, which requires the Company to frame and adopt a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website. Accordingly, this Dividend Distribution Policy has been adopted by the Company.

### KEY PARAMETERS TO BE CONSIDERED WHILE DECLARING THE DIVIDEND

**(a) The circumstances under which the shareholders of the Company may or may not expect dividend:**

1. Dividend shall be declared or paid only out of:
   - I. Profit of the current period post:
     - a) providing for depreciation as per law;
     - b) transfer to reserves as per Companies Act, 2013 and National Housing Bank Act, 1987 and Guidelines and the rules made thereunder, Income Tax Act, 1961 or in pursuance of any applicable statute.
   - II. Profit of previous years
     - a) after providing for depreciation as per law; and
     - b) out of the amount available for dividend after prescribed appropriations
   - III. Combination of I or II
2. The losses of previous years will be set off against the current year's or previous year's profit before declaring dividend.
3. The Board will avoid practice of declaration of dividend out of reserves.

**(b) The following financial parameters shall be considered before declaration of dividend:**

1. Income and profitability parameters:
   - I. Net Interest Income (NII)
   - II. Profit Before Tax (PBT) and Profit After Tax (PAT)
   - III. Return on Assets (RoA)
   - IV. Return on Equity (RoE)
   - V. Earnings Per Share (EPS)
   - VI. Profit growth targets and market expectations
2. Capitalization level parameters:
   - I. Net Owned Funds (NOF)
   - II. Capital Risk Adequacy Ratio (CRAR), tier I capital and tier II capital
   - III. Gross leverage and net leverage

3. Portfolio quality parameters:
   I. Absolute values of gross NPA and net NPA
   II. Gross NPA and net NPA as percentage of loan assets
   III. Provisioning levels and provision coverage
   IV. Change in regulatory provisioning requirements
   V. Outlook on portfolio quality

**(c) Internal and external factors that shall be considered for declaration of dividend;**

1. The Board and Management may decide to utilize its profit for
   I. Business growth
   II. Capital expenditure
   III. Inorganic growth
   IV. Provision of contingency fund
   V. Acquisition of technology
2. The level of competition and the prospects of growth for the sector may require the Company to buffer up Capital to enhance operational efficiency.
3. The ability of the Company to raise funds in cost effective manner coupled with the liquidity scenario may also occasion ploughing back of profits.
4. The Company is exposed to operational, environmental, regulatory, and legal risks. Possible adverse impact from these risks notwithstanding risk migration by the Company can have a bearing on dividend payout.

**(d) Policy as to how the retained earnings shall be utilized:**

The retained earnings will be utilized for the main objects of the Company.

**(e) Parameters that shall be adopted with regard to various classes of share**

The Company only has one class of equity share and there are no shares with differential rights as to either voting or dividend

# ANNEXURE -2 TO DIRECTORS' REPORT

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

- **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

  Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

  The CSR Policy of the Company as approved by the Board of the Directors, is available on the Company's website at https://www.repcohome.com/corporate_governance.php.

- **Composition of the CSR Committee:** The CSR Committee comprises of the following directors:
  - Shri. T.S. KrishnaMurthy (Chairman, Non-Executive and Independent Director)
  - Shri. K. Sridhar (Non-Executive and Independent Director)
  - Shri. V. Nadanasabapathy (Non-Executive and Independent Director)
  - Shri. G.R.Sundaravadivel (Non-Executive and Independent Director)
- **Average net profit (before tax) of the Company for last three financial years:** Rs.318.06 crore
- **Prescribed CSR Expenditure (two percent of the amount mentioned in item above):** Rs.6.36 crore
- **Details of CSR expenditure during the financial year 2019-20**
  - Total amount to be spent for the financial year 2019-20: Rs.6.36 crore
  - Amount spent during the financial year 2019-20 : Rs.1.48 crore
  - Amount unspent, if any : Rs.4.88 crore

**Reason for not spending the amount:**

The Company could not spend the entire amount towards CSR activities during the Financial Year 2019-20 due to process constraints such as particulars/information/approval being awaited from Appropriate Authorities/Bodies.

The Company has earmarked a sum of Rs.2.5 crore for provision of housing to economically downtrodden repatriates in Nilgiris District and the same is expected to be expended during the financial year.

We state that the implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**Shri. Yashpal Gupta**
Managing Director
(DIN No. 00033484)

**Shri. T.S. KrishnaMurthy**
Chairman of CSR Committee
(DIN No. 00279767)

**Manner in which the amount spent during the financial year 2019-20 is detailed below.** **(Rs.)**

| S No | CSR Project or Activity identified | Sector in which Project is covered | Projects or Programs with location | Amount Outlay (Budget) Project or Program-wise | Amount spent on the projects or programs | Cumulative expenditure upto the reporting period | Amount spent direct or through agency |
|---|---|---|---|---|---|---|---|
| 1 | Contribution to M/s. Sivananda Saraswathi Sevashram | Promoting preventive health and setting up old age homes | Chennai | 25,000 | 25,000 | 25,000 | Direct |
| 2 | Contribution to M/s. Varasidhi Visual Vidyashram | Promoting education and Health Care | Tirunelveli | 2,00,000 | 2,00,000 | 2,25,000 | Direct |
| 3 | Contribution to M/s. M.S.Chellamuthu Trust & Research Foundation | Promoting education | Madurai | 4,86,330 | 4,86,330 | 7,11,330 | Direct |
| 4 | Contribution to M/s. Chennai Age Care Centre | Promoting preventive health and setting up old age homes | Chennai | 20,000 | 20,000 | 7,31,330 | Direct |
| 5 | Contribution to M/s. Voluntary Health Services | Promoting preventive health | Chennai | 5,00,000 | 5,00,000 | 12,31,330 | Direct |
| 6 | Contribution to M/s. Repatriates Welfare Trust | Promoting education and livelihood enhancement projects | Chennai | 1,00,00,000 | 1,00,00,000 | 1,12,31,330 | Direct |
| 7 | Contribution to M/s. Aim For Seva | Promoting education | Sriperumbudur | 5,00,000 | 5,00,000 | 1,17,31,330 | Direct |
| 8 | Contribution to Renaissnce Malarchi Special School | Promoting education | Pudukottai | 5,00,000 | 5,00,000 | 1,22,31,330 | Direct |
| 9 | Contribution to M/s. Gandhigram Trust | Promoting education and Health Care | Chinnalapatti | 5,00,000 | 5,00,000 | 1,27,31,330 | Direct |
| 10 | Contribution to M/s. Ramakrishna Mission | Promoting education | Chennai | 5,00,000 | 5,00,000 | 1,32,31,330 | Direct |
| 11 | Contribution to M/s. Amar Seva Sangam | Promoting preventive health and promoting education | Ayikudi | 5,00,000 | 5,00,000 | 1,37,31,330 | Direct |
| 12 | Contribution to National Defence Fund. | Contribution to the Prime Minister's national relief fund or any other fund set up by the Central Government or the State Government for socio- economic development | Delhi | 10,00,000 | 10,00,000 | 1,47,31,330 | Direct |
| 13 | Contribution to M/s Kshetropasana Trust | Protection of national heritage, art and culture | Kancheepuram | 1,00,000 | 1,00,000 | 1,48,31,330 | Direct |

# ANNEXURE – 3 TO DIRECTORS REPORT

## DISCLOSURES ON MANAGERIAL REMUNERATION

1) **Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2019-20.**

| Sl No | Name | Designation | Ratio of remuneration to the median employees' remuneration (Times) |
|---|---|---|---|
| 1 | Shri. T.S. KrishnaMurthy | Chairman, Independent Director | 1.34 |
| 2 | Shri. Dinesh Ponraj Oliver, I.A.S | Non-Executive Director | Nil |
| 3 | Shri. K. Sridhar | Independent Director | 1.89 |
| 4 | Shri. G.R. Sundaravadivel | Independent Director | 2.39 |
| 5 | Shri. V. Nadanasabapathy | Independent Director | 3.35 |
| 6 | Shri. L. Munishwar Ganesan | Non-Executive Director | 0.48 |
| 7 | Smt. R.S. Isabella | Non-Executive Director | Nil |
| 8 | Smt. Sumithra Ravichandran | Independent Director | 0.86 |
| 9 | Shri. Yashpal Gupta | Managing Director | 11.49 |

2) **Percentage increase in the remuneration of each director and key managerial personnel in the financial year 2019-20**

| Sl No | Name | Designation | Increase in Remuneration (%) |
|---|---|---|---|
| 1 | Shri. T.S. KrishnaMurthy | Chairman, Independent Director | 6.67 |
| 2 | Shri. Dinesh Ponraj Oliver, I.A.S | Non-Executive Director | Nil |
| 3 | Shri. K. Sridhar | Independent Director | (19.39) |
| 4 | Shri. G.R. Sundaravadivel | Independent Director | 2.04 |
| 5 | Shri. V. Nadanasabapathy | Independent Director | 33.33 |
| 6 | Shri. L. Munishwar Ganesan | Non-Executive Director | (11.11) |
| 7 | Smt. R.S. Isabella | Non-Executive Director | Nil |
| 8 | Smt. Sumithra Ravichandran | Independent Director | Nil |
| 9 | Shri. Yashpal Gupta | Managing Director | 8.14 |
| 10 | Shri. T. Karunakaran | Chief Financial Officer | 14.98 |
| 11 | Shri. K. Prabhu | Company Secretary | 20.04 |

3) **The percentage increase in the median remuneration of employees in the financial year stood at 1.53%**

4) **The number of permanent employees on the rolls of the Company:** 994

5) **Average percentile increase already made in salaries of employees other than managerial personal in last financial year and its comparison with percentile increase in managerial remuneration.**

   The average decrease in the remuneration of all employees was 0.84% in the financial year 2019-20. The average increase in remuneration of key managerial personnel was 12.60%.

   The average increase in the remuneration of managerial personnel was determined based on the overall performance of the Company. Further the criteria for remuneration of other employees are based on an internal evaluation of key result areas (KRAs). The decision regarding performance appraisal, rating, annual increment, KRAs and amount of variable pay for all Officers in the rank of General Manager and above including the Key Managerial Personnel is taken by the Nomination & Remuneration Committee.

   There was no exceptional circumstance which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company.

6) **We affirm that the remuneration paid to Directors, Key Managerial Personnel (KMPs) and others is as per the remuneration policy of the Company.**

# ANNEXURE – 4 TO DIRECTORS' REPORT

**Form No. MR-3**

## SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020**

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

To,
The Members,
Repco Home Finance Limited
CIN# L65922TN2000PLC044655
'Repco Tower' No.33 North Usman Road,
T. Nagar, Chennai – 600017

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Repco Home Finance Limited (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information, explanations and clarifications provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Repco Home Finance Limited for the financial year ended on 31st March 2020 according to the provisions of:

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

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

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as may be amended from time to time;

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

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

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

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

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

   (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(vi) National Housing Bank Act, 1987 read with applicable rules and regulations relating to (as may be amended from time to time);

(a) Master Circular - The Housing Finance Companies (NHB) Directions, 2010

(b) Master Circular – Miscellaneous Instructions to all Housing Finance Companies

(c) Master Circular – Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016

Pursuant to the notification issued by Central Government, with effect from 9th August, 2019, all Housing Finance Companies (HFCs) are treated as one of the categories of Non-Banking Financial Companies and are regulated by Reserve Bank of India (RBI). Further, RBI is in the process of reviewing the extant regulatory framework applicable to the HFCs and are planning to come out with revised regulations in due course. Till such time, HFCs are advised to continue to comply with the directions and instructions issued by the National Housing Bank.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We further report that

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that we could not verify certain documents physically in view of Government imposed lockdown due to COVID-19 pandemic situation.

**For G RAMACHANDRAN & ASSOCIATES**
**Company Secretaries**

**G. RAMACHANDRAN**
Proprietor
FCS No.: F9687 CoP No.:3056

Date : September 04, 2020
Place: Chennai

UDIN: F009687B000636390

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

# ANNEXURE-A SECRETARIAL AUDIT REPORT OF EVEN DATE

To,
The Members,
Repco Home Finance Limited
CIN# L65922TN2000PLC044655
'Repco Tower' No.33 North Usman Road,
T. Nagar, Chennai – 600017

Our Report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the company our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We followed a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company not of the efficacy of effectiveness with which the management has conducted the affairs of the Company.

**For G RAMACHANDRAN & ASSOCIATES**
**Company Secretaries**

**G. RAMACHANDRAN**
Proprietor
FCS No.: F9687 CoP No.:3056

Date : September 04, 2020
Place: Chennai

UDIN: F009687B000636390

# ANNEXURE – 5 TO DIRECTORS' REPORT

## FORM AOC-1

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

**Statement containing salient features of financial statement of subsidiaries / associate companies / joint ventures**

**Part "A": Subsidiaries – Not Applicable**

**Part "B": Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

| | **Name of Associates/ Joint Ventures** | **REPCO MICRO FINANCE LIMITED** |
|---|---|---|
| • | Latest audited Balance Sheet Date | 31.03.2020 |
| • | Date on which the Associate or Joint Venture was associated or acquired | 19.10.2010 |
| • | Shares of Associate / Joint Ventures held by the Company on the year end. | |
| | Number | 2,20,00,000 |
| | Amount of Investment in Associates / Joint Venture. | 22,00,00,000 |
| | Extent of Holding % | 31.79% |
| • | Description of how there is significant influence | By virtue of shareholding |
| • | Reasons why the associate / joint ventures is not consolidated. | Not Applicable |
| • | Net worth attributable to Shareholdings as per latest audited Balance Sheet | Rs. 203.31 crore |
| • | Profit / Loss for the year | |
| | Considered in Consolidation | Rs. 17.79 Crore |
| | Not considered in Consolidation | – |

For and on behalf of the Board of Directors

| | **(T.S.KrishnaMurthy)** | **(Yashpal Gupta)** |
|---|---|---|
| Place: Chennai | Chairman | Managing Director |
| Date : September 04, 2020 | (DIN No. 00279767) | (DIN No. 00033484) |

# ANNEXURE – 6 TO DIRECTORS' REPORT

## RELATED PARTY TRANSACTION POLICY

### 1. Preamble

The policy envisages the procedure governing Related Party Transactions required to be followed by company to ensure compliance with the Law and Regulation. The Related Party Transaction Policy may be amended from time to time and is subject to the approval of the Board of Directors of the Company.

### 2. Purpose

This policy is framed as per requirement of Regulation 23(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

### 3. Definitions

**"Audit Committee"** means Committee of Board of Directors of the Company constituted under the provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.

**"Board"** means Board of Directors of the Company.

**"Control"** includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner

**"Key Managerial Personnel"** means key managerial personnel as defined under the Companies

Act, 2013 and includes

(i) Managing Director, or Chief Executive Officer or manager and in their absence, a wholetime director;

(ii) Company Secretary; and

(iii) Chief Financial Officer

**"Material Related Party Transaction"** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the company as per the last audited financial statements of the company, whichever is higher.

**"Policy"** means Related Party Transaction Policy.

**"Related Party"** means related party as defined in Regulation 2(zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which is as follows:

A 'related party' is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person's family is related to a company if that person:

   a. is a related party under Section 2(76) of the Companies Act, 2013 which are as follows:

      - a director or his relative ;
      - a key managerial personnel or his relative ;
      - a firm, in which a director, manager or his relative is a partner ;
      - a private company in which a director or manager is a member or director ;
      - a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital ;
      - any body corporate whose Board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager ;
      - any person under whose advice, directions or instructions a director or manager is accustomed to act :

      Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- any company which is –
  - a holding, subsidiary or an associate company of such company ; or
  - a subsidiary of a holding company to which it is also a subsidiary ;
- Director or key managerial personnel of the holding company or his relative with reference to a company; or

b. has control or joint control or significant influence over the company; or

c. is a key management personnel of the company or of a parent of the company; or

2. An entity is related to a company if any of the following conditions applies:

a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or

b. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or

c. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or

d. Both entities are joint ventures of the same third party; or

e. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or

f. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or

g. The entity is controlled or jointly controlled by a person identified in (1).

h. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity); or

**"Related Party Transaction"** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

**"Relative"** means relative as defined under the Companies Act, 2013 and includes any one who is related to another, if –

i. They are members of a Hindu undivided family;

ii. They are husband and wife ; or

iii. Father (including step-father)

iv. Mother ( including step-mother)

v. Son ( including step-son)

vi. Son's wife

vii. Daughter

viii. Daughter's husband

ix. Brother (including step-brother)

x. Sister (including step-sister)

## 4. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

### 4.1 Identification of Potential Related Party Transactions

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

### 4.2 Prohibitions related to Related Party Transactions

All Related Party Transactions shall require prior approval of Audit Committee.

Further, all Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions.

### 4.3 Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself

or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party

## 5. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

# ANNEXURE – 7 TO DIRECTORS' REPORT
# BUSINESS RESPONSIBILITY REPORT

**Business Responsibility Report is a disclosure mandated by the Securities and Exchange Board of India (SEBI) for the top 1000 listed companies [Reg.34(2)(f)]. It covers initiatives taken from an environment, social and governance perspective.**

## SECTION A - GENERAL INFORMATION ABOUT THE COMPANY

| | | |
|---|---|---|
| 1 | Corporate Identity Number (CIN) of the Company | L65922TN2000PLC044655 |
| 2 | Name of the Company | Repco Home Finance Limited |
| 3 | Registered Address | Repco Tower, No. 33, North Usman Road,<br>T. Nagar, Chennai 600017 |
| 4 | Website | www.repcohome.com |
| 5 | Email id | cs@repcohome.com |
| 6 | Financial Year reported | 2019-20 |
| 7 | Sector(s) that the Company is engaged in (industrial activity code-wise) | Housing Finance- 64192 |
| 8 | List of key products / services that the Company provides | (i) Housing loan (ii) Loan against Property |
| 9 | Total number of locations where business activity is undertaken by the Company | |
| | a. Number of International Locations (Provide details of major 5) | NA |
| | b. Number of National Locations | Operates in 12 States and 1 Union Territory through 153 branches and 24 satellite centres |
| 10 | Markets served by the Company - Local / State / National / International | The Company has Pan-India presence |

## SECTION B - FINANCIAL DETAILS OF THE COMPANY

| | | |
|---|---|---|
| 1 | Paid up capital | Rs. 62.56 crore |
| 2 | Total turnover | Rs. 1351.10 crore |
| 3 | Total profit after taxes | Rs. 280.35 crore |
| 4 | Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | Rs. 0.53% (amount spent on CSR - Rs. 1.48 crore) |
| 5 | List of activities in which expenditure in four above has been incurred: | Refer Annual Report on CSR activities annexed to Directors' Report |

## SECTION C - OTHER DETAILS

1. **Does the Company have any Subsidiary Company/Companies?**

   RHFL does not have any subsidiary.

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s).**

   Not applicable.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, more than 60%]**

   Not applicable.

## SECTION D - BUSINESS RESPONSIBILITY INFORMATION

1. **Details of Director / Directors responsible for BR:**

   a. Details of the Director / Directors responsible for IMPLEMENTATION of the BR policy/ policies:

   The Board of the Company is collectively responsible for the implementation of the BR policies of the Company.

   b. Details of the BR head:

| S no | Particulars | Details |
|---|---|---|
| 1 | DIN | 00033484 |
| 2 | Name | Shri.Yashpal Gupta |
| 3 | Designation | Managing Director and CEO |
| 4 | Telephone no | 044-42106650 |
| 5 | E-Mail id | md@repcohome.com |

2. **Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N)**

**Principle 1**: Businesses should conduct and govern themselves with ethics, transparency and accountability.

**Principle 2**: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

**Principle 3**: Businesses should promote the well being of all employees.

**Principle 4:** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

**Principle 5**: Businesses should respect and promote human rights.

**Principle 6:** Businesses should respect, protect and make efforts to restore the environment

**Principle 7**: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

**Principle 8**: Businesses should support inclusive growth and equitable development

**Principle 9:** Businesses should engage with and provide value to their customers and consumers in a responsible manner

## Principle-wise Business Responsibility Policies (Y/N)

### (a) Details of Compliance (Reply in Yes 'Y' or No 'N')

| S no. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Ethics & Transparency | Product Responsibility | Human Resources | Corporate Social Responsibility | Respect for Human Rights | Responsible lending norms | Public Policy Advocacy | Inclusive Growth | Customer Engagement |
| 1 | Do you have a policy / policies for | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 2 | Has the policy been formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 3 | Does the policy conform to any national / international standards? If Yes, specify? (50 words) | All the policies have been framed as per industry standard | | | | | | | | |
| 4 | Has the policy being approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director? | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 5 | Does the company have a specified committee of the Board/Director / Official to oversee the Implementation of the policy? | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 6 | Indicate the link for the policy to be viewed online? | https://www.repcohome.com/corporate_governance.php | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 8 | Does the company have in-house structure to implement the policy/ policies? | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 9 | Does the company have a grievance redressal mechanism related to the policy /policies to address stakeholders' grievances related to the policy / policies? | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 10 | Has the company carried out independent audit / evaluation policy by an internal or external agency? | All the policies of the Company are reviewed/ evaluated internally. | | | | | | | | |

*N - does not directly engage in lobbying or advocacy activities and hence, does not have a specific policy for this purpose.

**(b) If answer to the question at serial NUMBER 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

| S no. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | The company has not understood the principles | Not Applicable | | | | | | ** | Not Applicable | |
| 2 | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles. | | | | | | | | | |
| 3 | The company does not have financial or manpower resources available for the task. | | | | | | | | | |
| 4 | It is planned to be done within next 6 months. | | | | | | | | | |
| 5 | It is planned to be done within the next 1 year. | | | | | | | | | |
| 6 | Any other reason (please specify). | | | | | | | | | |

** The company presently is not a member of any trade and chamber or association

### 3. Governance related to BR:

(a) Indicate the frequency with which the Board of Directors, committee of the Board or CEO meets to assess the BR performance of the company - within 3 months, 3-6 months, annually, more than 1 year.

3-6 months.

(b) Does the company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The company publishes the BR Report in the Annual Report, on the website of the company (www. repcohome. com) and files the same online on NSE & BSE websites.

## Section e – Principle-Wise Performance

**Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability'**

**1. Does the Policy relating to ethics, bribery and corruption cover only the Company?**

Yes. The Company's governance practices are administered by the Board of Directors and committees involved in managing stakeholder priorities and concerns. Its robust framework ensures that all its daily operations are conducted in a transparent and accountable manner. There is zero tolerance in the matters relating to unethical practices, bribery and corruption has helped it to gain confidence and trust of its stakeholders.

**2. Does it extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?**

Not Applicable.

**3. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

The Company had received 72 customer grievances/service requests and had 4 grievances/service requests

pending at the beginning of the year. During the year 73 grievances/service requests were resolved and 3 were pending for resolution. The information on products are prominently displayed on the notice boards of the branches. There were no cases filed against the Company regarding Unfair Trade practices, irresponsible advertising and /or competitive behaviour. The Company collects feedback from its customers through the visits of its officials to the various branches and through other modes.

During the year, 4 complaints were received from shareholders, out of which 3 were resolved and 1 was pending as of 31.03.2020. The pending complaint was resolved subsequently.

**Principle 2: Businesses should provide goods and services that are safe and contribute to the sustainability throughout the life cycle.**

The Company is a Housing Finance Company that provides loans for purchase/ construction/repairs to houses in accordance with all applicable regulatory prescriptions including the guidelines/directions of Reserve Bank of India/National Housing Bank in relation to its credit/technical and legal appraisal processes.

**Principle 3: Businesses should promote the wellbeing of all employees.**

1. Please indicate the total number of employees.

   Total number of employees as on March 31, 2020 was 994

2. Please indicate the total number of employees hired on temporary/contractual/casual basis 74 employees are hired on a contractual basis.

3. Please indicate the number of permanent women employees.

   193 permanent women employees are working in the Company as on March 31 2020, which constitute 19 % of the total employee strength of the Company

4. Please indicate the number of permanent employees with disabilities.

   Nil

5. Do you have employee association that is recognized by management?

   There is no employee association. However, mechanisms are in place for employees to represent their issues, if any.

6. What percentage of your permanent employees are members of this recognized employee association?

   Not Applicable

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as at the end of the financial year.

| S No. | Category | No. of complaints filed during the financial year | No. of complaints pending as at the end of the financial year |
|---|---|---|---|
| 1 | Child Labour / Forced Labour / Involuntary labour | The Company does not hire child labour, forced labour or involuntary labour | |
| 2 | Sexual harassment | 1 | 1 |
| 3 | Discriminatory employment practices | Nil | Nil |

The Company provides mediclaim/accident/life insurance coverage to its employees. The Company extends housing loans to employees at a concessional rate for purchase/construction and repairs to houses as a part of its welfare measure. The Company also has a furnishing allowance scheme for its eligible employees.

8. What safety and skill upgradation training was provided in the last year?

   Employees are nominated regularly to attend various training programmes conducted by NHB, ICSI & other capacity building institutions besides in-house training programmes for constant skill upgradation. During the financial year the Company conducted 3 in-house training programmes and employees were nominated for 5 external programmes.

**Principle 4: Businesses should respect the interests of and be responsive towards all stake holders, especially those who are vulnerable and marginalized:**

1. Has the Company mapped its internal and external stakeholders?

   Yes, the Company mapped all its internal and external stakeholders based on their relevance.

2. Out of the above, has the company identified the disadvantaged, vulnerable and marginalised stakeholders?

   The Company is extending affordable housing loans under rural housing, urban housing, PMAY (CLSS) schemes-EWS/LIG/MIG.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so provide details thereof, in about 50 words or so.

   The Company through its CSR initiatives is providing various welfare benefits to underprivileged Children, making contribution to trusts that engage in Promoting education, preventive health etc.

**Principle 5: Business should respect and promote human rights:**

1. Does the policy of the Company on human rights cover only the company or extend to the group/joint ventures/ suppliers / contractors / NGOs / others?

   The Company complies and adheres to all the human rights laws and guidelines of the Constitution of India, national laws and policies and treats all its stakeholders and customers with dignity, respect and due understanding

2. How many stakeholders complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   For Stakeholder complaints, kindly refer Principle 1 under Section E of this BR Report.

**Principle 6: Businesses should respect, protect and make efforts to restore the environment:**

1. Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint-ventures / Suppliers / Contractors / NGOs / Others?

The Company follows electronic mode of communication with all Stake Holders to promote green environment and avoid usage of paper.

2. Does Company have strategies/initiatives to address global environmental issues such as climate change, global warming etc.,?

   The Company is committed towards respecting, protecting and making efforts to protect the environment and is in compliance with the legal/regulatory requirements related to environment protection, management and sustainable development.

3. Does the Company identify and assess potential environmental risks?

   RHFL being in the business of granting housing loans ensures housing projects which are environmentally safe and secure, by taking opinion from experts, i.e., from panel valuers.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filled?

   Not Applicable.

5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc., Y/N. If yes, please give hyperlink for web page etc.,

   Nil

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   Not Applicable

7. Number of Show Cause/Legal Notices received from CPCB/SPCB which are pending (i.e., not resolved to satisfaction) as on end of Financial Year.

   NIL

**Principle 7: Businesses when engaged in influencing public and regulatory policy should do so in a responsible manner:**

1. Is your Company a member of any trade and chamber of association?

   The Company presently is not a member of any trade and chamber of association.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?

   Not Applicable.

**Principle 8: Businesses should support inclusive growth and equitable development**

1. Does the Company have specified programs/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company supports inclusive growth and equitable development by extending affordable housing loans under rural housing, urban housing, PMAY (CLSS) schemes-EWS/LIG/MIG. The Company is active in the tier-ii and tier-iii cities thus playing its part in enhancing housing stock in those locations.

2. Are the programs/projects undertaken through in-house team/own foundation/external NGO/Government structures/any other organization?

   The Company's contribution towards CSR initiatives are done directly.

3. Have you done any impact assessment of your initiative?

   Monitoring and evaluation of projects under CSR is undertaken by the Company Officials which includes physical visits, reports about the projects and evaluation of project. The verification of the end use of funds is ensured for CSR activities.

4. What is your Company's direct contribution to community development projects – amount in INR and the details of the projects undertaken?

   The Company is making contribution to trusts involved in providing education, welfare and development activities for poor and weaker section of the society as part of CSR initiative.

   For more information, please refer to the Annual Report on CSR activities as contained in the Annual Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.

   Yes, Initiatives implemented under CSR are tracked to determine the outcomes achieved and the benefits gained by the community through CSR Committee.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner:**

1. What percentage of customer complaints/consumer cases are pending as on the end of the financial year?

   The Company had received 72 customer grievances/service requests and had 4 grievances/service requests pending at the beginning of the year. During the year 73 grievances/service requests were resolved and 3 were pending for resolution

   Percentage of customer complaints pending as on March 31, 2020 – 4%

2. Does the Company display product information on the product label, over and above what is mandated as per laws?

   RHFL is a housing finance company hence not applicable.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible, advertising, and/or anti-competitive behaviour during the last five years and pending as at end of financial year. If so, provide details thereof, in about 50 words or so.

   There is no such instance.

4. Did your Company carry out any consumer survey consumer satisfaction trends?

   The Company has not carried out any formal consumer survey/ consumer satisfaction trends.

# REPORT ON CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE PHILOSOPHY

The Company is committed to ensure high standards of transparency and accountability in all its activities. The best management practices and high levels of integrity in decision making are followed to ensure long term wealth generation and creation of value for all the stakeholders. The Company follows all the principles of corporate governance in its true spirit and at all times.

During the year ended 31st March, 2020, your Company had complied with the provisions set out on Corporate Governance Practices required under Listing Regulations.

Given below is the Report of the Directors on Corporate Governance in accordance with the provisions of the SEBI (LODR) Regulations, 2015.

## BOARD OF DIRECTORS

### Composition

The Board had nine Directors as on 31st March 2020. All the Directors of the Company, except the Managing Director are Non-Executive Directors. Out of the eight Non-Executive Directors, five are Independent Directors. The composition of the board is in conformity with Regulation 17 of the SEBI (LODR) Regulations, 2015 and Section 149 of the Companies Act, 2013.

| S No. | Name of the Director | DIN | Category of Directors | No of shares held in RHFL |
|---|---|---|---|---|
| 1 | Shri. T.S. KrishnaMurthy | 00279767 | Chairman, Independent Non-Executive | 265 |
| 2 | Shri. Yashpal Gupta | 00033484 | Managing Director | 0 |
| 3 | Shri. Dinesh Ponraj Oliver | 05297355 | Non-Executive | 0 |
| 4 | Shri. K. Sridhar | 00034010 | Independent Non-Executive | 0 |
| 5 | Shri. V. Nadanasabapathy | 03140725 | Independent Non-Executive | 0 |
| 6 | Shri. G.R. Sundaravadivel | 00353590 | Independent Non-Executive | 0 |
| 7 | Shri. L. Munishwar Ganesan | 07082752 | Non-Executive | 525 |
| 8 | Smt. R.S. Isabella | 06871120 | Non-Executive | 10 |
| 9 | Smt. Sumithra Ravichandran | 08430816 | Independent Non-Executive | 0 |

### Number of Directorships and Memberships in Committees etc.

None of the Directors hold office in more than ten Public Companies in terms of Sec 165 of Companies Act, 2013. All Directors are also in compliance with the limit of Independent Directorships of listed companies as prescribed under Regulation 17A of the Listing Regulations. None of the Directors on the Board is a member of more than ten Committees or Chairperson of five Committees (Committees being Audit Committee and Stakeholders Relationship Committee) across all the entities in which he/she is a Director.

The details of the Board of Directors in terms of their directorships held in listed companies, category of directorship and their memberships/ Chairmanships in Audit Committee and Stakeholders Relationship Committee are as under:

| S No. | Name of the Director | Total Directorships in Listed Companies (including RHFL) | Name of the Listed Companies | Category of Directorship | Membership of AC & SRC in public limited companies (including RHFL) | Chairperson of AC & SRC Committees in public companies |
|---|---|---|---|---|---|---|
| 1 | Shri. T.S. KrishnaMurthy | 1 | Repco Home Finance Limited | Independent Non-Executive | - | - |
| 2 | Shri. Yashpal Gupta | 1 | Repco Home Finance Limited | Executive | - | - |
| 3 | Shri. Dinesh Ponraj Oliver | 1 | Repco Home Finance Limited | Non-Executive | - | - |
| 4 | Shri. K. Sridhar | 1 | Repco Home Finance Limited | Independent Non-Executive | 2 | 1 |
| 5 | Shri. V. Nadanasabapathy | 1 | Repco Home Finance Limited | Independent Non-Executive | 2 | - |
| 6 | Shri. G.R. Sundaravadivel | 2 | Repco Home Finance Limited | Independent Non-Executive | 2 | 1 |
| | | | Indbank Merchant Banking Services Limited | Independent Non-Executive | 1 | 1 |
| 7 | Shri. L. Munishwar Ganesan | 1 | Repco Home Finance Limited | Non-Executive | - | - |
| 8 | Smt. R.S. Isabella | 1 | Repco Home Finance Limited | Non-Executive | - | - |
| 9 | Smt. Sumithra Ravichandran | 1 | Repco Home Finance Limited | Independent Non-Executive | 1 | - |

## Skills / Expertise / Competencies of the Board of Directors

The key competencies, skills and attributes which are taken into consideration while nominating Directors to serve on the Board in given below:

- Knowledge on Company's business, policies, strengths & weaknesses, major threats and opportunities and knowledge of the industry
- Financial Skills and management of the finance function of a company
- Leadership skills and experience in reputed banks and financial institutions
- Technical / Professional skills and specialized knowledge in relation to Company's business
- Experience in developing and implementing good corporate governance practices, maintaining board and management accountability, managing stakeholders' interests

The Board comprises of qualified members with required skills, competence and expertise to make effective contributions to the Board and its committees. The Board members are committed to ensure that the Company's Board is in compliance with the highest standards of corporate governance.

The mapping of skills, expertise, and competence of each of the Directors are provided below:

| Skills, expertise, and competence | Shri.T.S. Krishna Murthy | Shri. Yashpal Gupta | Shri. Dinesh Ponraj Oliver | Shri. K. Sridhar | Shri. V. Nadana sabapathy | Shri. G.R. Sundara vadivel | Shri. L. Munishwar Ganesan | Smt. R.S. Isabella | Smt. Sumithra Ravichandran |
|---|---|---|---|---|---|---|---|---|---|
| Knowledge on Company's business, policies, strengths & weaknesses, major threats and opportunities and knowledge of the industry | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| Financial Skills and management of the finance function of a company | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | | ✔ | ✔ |
| Leadership skills and experience in reputed banks and financial institutions | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| Technical / Professional skills and specialized knowledge in relation to Company's business | | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| Experience in developing and implementing good corporate governance practices, maintaining board and management accountability, managing stakeholders' interests | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |

The Board monitors and reviews the effectiveness of the Company's governance practices, succession plan, ensuring integrity of the Company's accounting and financial reporting systems, independent audits, systems of risk management, financial and operational control, compliance with the law and relevant standards and such other responsibilities as expected by the regulatory authorities.

### Independent Directors

As on 31 March 2020, the Company had five Independent Directors on its Board. The Company has received the necessary declaration from the Independent Directors under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and SEBI (LODR).

None of the Directors have any pecuniary relationships or transactions vis-à-vis the Company. None of the Directors of the Company are related to each other. All directors are appointed by the members of the Company.

Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

### Appointment of Independent Directors

As on 31st March 2020, the Company has five Independent Directors on its Board. Shri. T.S. KrishnaMurthy, Shri. G.R.Sundaravadivel and Shri. V. Nadanasabapathy were appointed at the 14th Annual General Meeting of the Company held on 11 September 2014 for a period of 5 years. The second term of Shri. T.S. KrishnaMurthy, Shri. G.R.Sundaravadivel and Shri. V. Nadanasabapathy as Independent Directors for a period of 3 years starting from 11 September 2019 was approved by the Shareholders through postal ballot. Shri. K. Sridhar was appointed as Independent Director for a period of 5 years at the 18th Annual General Meeting of the Company held on 25 September 2018. Smt. Sumithra Ravichandran was appointed as Independent Director for a period of 5 years at the 19th Annual general meeting held on 27 September 2019. The Independent Directors are not liable to retire by rotation .The letters of appointment were issued to the Directors in accordance with the Companies Act, 2013. The copy of the letter with the terms and conditions of appointment of the Independent Directors is placed on the Company's website.

All the Independent directors possess the requisite qualifications and are very experienced in their own fields.

### Familiarisation Programme

The objective of a familiarisation programme is to ensure that the Directors are updated on the business environment and overall operations of the Company. This enables the directors to make better informed decisions in the interest of the Company and its stakeholders.

In compliance with the requirements of SEBI Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their role, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc.

The Directors were briefed on the operations of the Company through periodic presentations made during the course of the Committee / Board Meetings. The Directors are apprised of regulatory changes by placing the same before the respective Committee / Board Meetings. The key executives interact periodically with the Directors to brief them on the state of affairs of the organisation. The Managing Director makes a comprehensive and holistic presentation to the Board every quarter. An overview of the familiarisation programme is placed on the Company's website, http://www.repcohome.com/corporate_governance.php.

### Board Meetings

The meetings of the Board of Directors are generally held at the Corporate Office of the Company or within Chennai. The meetings are generally scheduled well in advance. The Board meets at least once in a quarter to review the quarterly performance and the financial results of the Company.

The dates for the board meetings are fixed after taking into account the convenience of all the Directors and sufficient notice is given to them. Detailed agenda notes are sent to the Directors. All the information required for decision making are incorporated in the agenda. Those that cannot be included in the agenda are tabled at the meeting. The Managing Director makes a presentation to the Board on the overall performance of the company at every board meeting. The Board reviews performance, approves capital expenditures, sets the strategy the company should follow and ensures financial stability. The Board takes on record the actions taken by the company on all its decisions periodically.

The Board also takes on record the declaration made by the Managing Director, Chief Financial Officer and Company secretary regarding compliances of all laws on a quarterly basis.

The Board met 4 times during the financial year 2019-20. The meetings were held 29-05-2019, 14-08-2019, 12-11-2019 and 07-02-2020. The attendance of each director at the board meetings and attendance at the last annual general meeting are as under:

| S No | Name of Directors | Attendance at the Board meetings (No of meetings held-4) | Attendance at the 19th AGM |
|---|---|---|---|
| 1 | Shri. T.S. KrishnaMurthy | 4 | Present |
| 2 | Shri. Yashpal Gupta | 4 | Present |
| 3 | Shri. Dinesh Ponraj Oliver, I.A.S | 3 | Present |
| 4 | Shri. K.Sridhar | 3 | Present |
| 5 | Shri. G.R. Sundaravadivel | 4 | Present |
| 6 | Shri. V. Nadanasabapathy | 4 | Present |
| 7 | Shri. L. Munishwar Ganesan | 4 | Not present |
| 8 | Smt. R.S. Isabella | 4 | Present |
| 9 | Smt. Sumithra Ravichandran | 4 | Present |

Leave of absence was granted to the Directors who could not attend the respective meetings.

### Appointment of Directors

During the year under review, the Board of Directors appointed Smt. Sumithra Ravichandran as Independent Director with effect from 01 April 2019.

### Re-appointment of Director(s)

Pursuant to Section 152 of the Companies Act, 2013, Shri. L. Munishwar Ganesan, Director is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

### Disclosure of relationship between directors inter-se:

There is no inter-se relationship between the directors of the Company

## COMMITTEES OF THE BOARD

The Board has established the following statutory and non-statutory Committees

### 1. Audit Committee

The audit committee assists the board in the analysing of financial information and in overseeing the financial and accounting processes in the company. The terms of reference of the audit committee covers all matters specified in Regulation 18 of the SEBI (LODR) Regulations, 2015 and also those specified in section 177 of the Companies Act 2013. The audit committee reviews, the quarterly and annual financial statements and related party transactions and reports its findings to the Board. The committee also recommends the appointment of internal auditor and statutory auditor. The statutory auditors were present at all audit committee meetings. The internal auditors are also invited to the audit committee meetings at periodic intervals.

The composition of the audit committee is as per Regulation 18 of the SEBI (LODR) Regulations, 2015. The Audit Committee comprises of Shri.K.Sridhar (Chairman), Shri. G.R. Sundaravadivel, Shri. V. Nadanasabapathy and Smt. Sumithra Ravichandran. The Audit Committee is chaired by an Independent Director. All the members of the committee are financially literate and have relevant finance / audit exposure. The Managing Director and Chief Financial Officer are permanent invitees to the meetings of the committee. The Company Secretary acts as the Secretary to the committee. Shri.K.Sridhar, Chairman of the Audit Committee was present at the previous Annual General Meeting of the company held on 27 September 2019.

The audit committee met 4 times during the year on 29-05-2019, 14-08-2019, 11-11-2019 and 07-02-2020. The details of attendance at the Audit Committee meetings are as under:

| Name of the Director | Number of meetings attended |
|---|---|
| Shri. K. Sridhar - Chairman | 3 |
| Shri. G.R. Sundaravadivel - Member | 4 |
| Shri. V. Nadanasabapathy - Member | 4 |
| Smt. Sumithra Ravichandran - Member | 3 |

**2. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises of Shri. G.R. Sundaravadivel (Chairman), Shri. K. Sridhar, Shri. V. Nadanasabapathy and Smt. R.S. Isabella. The Company Secretary is the Secretary to the Committee.

The powers, role and terms of reference of the Nomination and Remuneration Committee covers the areas as contemplated under SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013, besides other terms as may be referred by the Board.

The terms of reference of the Nomination and Remuneration Committee:

a) Formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommendation to the Board of the remuneration policy.
b) Formulation of criteria for evaluation of Independent Directors and the Board.
c) Devising a policy on Board diversity.
d) Identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
e) Power to decide regarding performance appraisal, rating, annual increment, KRAs and amount of variable pay for all the Officer in the rank of General Manager and above including the Key Managerial Personnel

During the year, the Nomination and Remuneration Committee met 4 times on 24-06-2019,14-08-2019, 16-09-2019 and 06-01-2020. The details of attendance at the Nomination and Remuneration Committee Meeting are as under:

| Name of the Director | Number of meetings attended |
|---|---|
| Shri. G.R. Sundaravadivel - Chairman | 4 |
| Shri. K. Sridhar – Member | 3 |
| Shri. V. Nadanasabapathy - Member | 4 |
| Smt. R.S. Isabella | 3 |

**Evaluation of Directors and the Board**

The Nomination and Remuneration Committee reviewed the formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommendation to the Board of the remuneration policy; formulation of criteria for evaluation of Independent Directors and the Board; devising a policy on Board diversity; and identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

The performance of individual Directors was evaluated on parameters such as participation in Board deliberations, attendance at Board meetings, level of independence of judgement, protecting the interest of the Company and its shareholders.

**3. Stakeholders' Relationship Committee:**

The Stakeholders' Relationship Committee comprises of Shri. G.R. Sundaravadivel (Chairman), Shri. K. Sridhar and Shri. V. Nadanasabapathy.

SEBI vide Circular Ref:CIR/OIAE/2/2011 dated June 3, 2011 informed the Company that they had commenced processing of investor complaints in a web based complaints redress system "SCORES". Under this system, all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit Action Taken Report (ATRs) along with supporting documents electronically in SCORES.

All the requests received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. Shri. K. Prabhu, Company Secretary is the Compliance Officer of the Company. For any clarification / complaint the

shareholders may contact Shri. K. Prabhu, Company Secretary at the Corporate Office of the Company.

The committee met once during the year on 04-03-2020. The details of attendance at the Stakeholders' Relationship Committee meeting is as under:

| Name of the Director | Number of meetings attended |
|---|---|
| Shri. G.R. Sundaravadivel - Chairman | 1 |
| Shri. K. Sridhar - Member | 1 |
| Shri. V. Nadanasabapathy- Member | 1 |

During the year, 4 complaints were received from shareholders, out of which 3 were resolved and 1 was pending as of 31.03.2020. The pending complaint was resolved subsequently.

**4. Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee comprises of Shri. T.S. KrishnaMurthy (Chairman), Shri. K. Sridhar, Shri. G.R. Sundaravadivel and Shri. V. Nadanasabapathy. The Committee is primarily responsible for formulating and recommending to the Board of Directors, a Corporate Social Responsibility (CSR) Policy and monitoring the same from time to time, amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR Projects. During the financial year the Committee met 3 times on 24-06-2019, 12-11-2019 and 07-02-2020. The details of attendance at the Committee meeting are as under:

| Name of the Director | Number of meetings attended |
|---|---|
| Shri. T.S. KrishnaMurthy - Chairman | 3 |
| Shri. G.R. Sundaravadivel - Member | 3 |
| Shri. K. Sridhar - Member | 3 |
| Shri. V. Nadanasabapathy - Member | 3 |

**5. Compensation Committee**

The Compensation Committee comprises of Shri. G.R. Sundaravadivel (Chairman), Shri. K. Sridhar and Shri. V. Nadanasabapathy. Compensation Committee was constituted for the purpose of reviewing and approving, on behalf of the Board of Directors, Management recommendations regarding all forms of compensation to be provided to the staff and Directors of the Company, all bonus and stock compensation to all employees, and to administer the Company's stock option plans.

**6. Management & Risk Management Committee**

The Management & Risk Management of the Company is constituted in line with the provisions of Regulation 21 of the SEBI (LODR) Regulations. The Committee comprises of Shri. Dinesh Ponraj Oliver (Chairman), Shri. G.R. Sundaravadivel, Shri. K. Sridhar, Shri. V. Nadanasabapathy and Shri. Yashpal Gupta.

The Committee takes business decisions like sanctioning of loan proposal, approval of one time settlement (OTS), examination and recommendation of business policies, review of business performance and other related activities. The Committee also reviews and monitors the overall risk management framework for management of various risks.

During the financial year the Committee met 7 times on 27-06-2019,30-07-2019, 30-08-2019, 27-09-2019,29-11-2019, 30-12-2019 & 04-03-2020. The details of attendance at the Committee meeting are as under:

| Name of the Director | Number of meetings attended |
|---|---|
| Shri. Dinesh Ponraj Oliver, I.A.S - Chairman | 7 |
| Shri. K. Sridhar - Member | 5 |
| Shri. G.R. Sundaravadivel - Member | 7 |
| Shri. V. Nadanasabapathy - Member | 7 |
| Shri. Yashpal Gupta - Member | 7 |

**7. Securities Allotment Committee**

The Securities Allotment Committee was constituted to effect allotment of Debentures and securities including that of allotment of shares pursuant to exercise of employee stock options. The Committee comprises of Shri.T.S.KrishnaMurthy (Chairman), Shri. G.R. Sundaravadivel, Shri. K. Sridhar, Shri. V. Nadanasabapathy and Shri. L. Munishwar Ganesan.

**8. IT Strategic Committee**

The Board has constituted IT Strategy Committee as per NHB guidelines NHB(ND)/DRS/Policy Circular No.90/ 2017-18. The Committee comprises of Shri. V. Nadanasabapathy (Director & Chairman of the Committee), Shri. T. Karunakaran (Chief Information Officer) and Shri. K. Pandiarajan (Chief Technology Officer).

The Committee conducts gap analysis between their current IT framework and stipulations as laid out in the specified circular and to review and amend/ frame IT strategies as and when required. During the year the IT Strategic Committee met 10 times on 27-05-2019, 27-06-2019, 08-08-2019, 16-09-2019, 08-11-2019, 11-12-2019, 18-12-2019, 04-02-2020, 17-02-2020 and 02-03-2020.

### Meeting of Independent Directors:

The Independent Directors of the Company had met once during the year on 04-02-2020 to review the performance of the Board as a whole, the Committees, the Managing Director, the non-independent directors and the Chairman of the Company and to assess the quality, quantity and timeliness of flow of information between the Company Management and the Board.

### Remuneration Policy

The Remuneration Policy, including the criteria for remunerating non-executive directors is recommended by the Nomination & Remuneration Committee and approved by the Board. The key objective of the Remuneration Policy is to ensure that it is aligned to the overall performance of the Company. The Policy ensures that it is fair and reasonable to attract and retain necessary talent, is linked to attaining performance benchmarks and involves a judicious balance of fixed and variable components. The Remuneration Policy is placed on the Company's website at http://www.repcohome.com/corporate_governance.php.

## REMUNERATION PAID TO DIRECTORS

**Details of Remuneration paid to the all the Directors during the financial year 2019-20**

**a) Remuneration Details of Shri. Yashpal Gupta, Managing Director during the financial year 2019-20**

The remuneration payable to the Managing Director is determined by the Board on the recommendation of the Nomination & remuneration committee. This is subject to the approval of the shareholders at the Annual General Meeting.

(i) All elements of remuneration package of Managing Director are summarized under major groups, such as salary, benefits, bonus, pension., etc.

| | |
|---|---|
| Salary, in the form of Pay, Dearness Allowance etc | Rs. 30,09,198 |
| Perquisites and Allowances | Rs. 7,05,209 |
| Benefits | Rs. 1,40,628 |
| Exgratia | Rs. 75,000 |
| Provident Fund | Rs. 3,30,600 |

(ii) Details of performance linked incentives

- Performance Incentive (Including tax): Rs. 8,41,231***

  (*** Includes Rs. 1,28,767 which pertains to FY 2018-19 and paid in 2019-20)

Variable pay – Based on the evaluation of Key Result Areas (KRAs) as decided for H1 FY 2019-20, by the Nomination & Remuneration Committee and parameters for evaluation are as follows:

| Sl. | KRA | Weightage |
|---|---|---|
| 1 | Disbursements | 20 |
| 2 | AUM Growth | 10 |
| 3 | GNPA - Achievement of Target NPA Levels -100% of the weighted marks<br>- Reduction of GNPA Levels compared to the corresponding quarter of the previous financial year-50% of the weighted marks | 5 |
| 4 | O/D Ratio | 5 |
| 5 | Credit Rating –ICRA AA- /CARE AA Maintaining the existing Rating -60% of the weighted marks<br>Improving the Rating -100% of the weighted marks<br>Decline in rating-0% | 5 |
| 6 | Net Profit | 15 |
| 7 | NIM Achieved | 5 |
| 8 | RoA Achieved | 5 |
| | Company Performance | 70 |
| | Qualitative Score | 30 |
| | Total Score | 100 |

(iii) Service contracts, notice period, severance fees

The tenure of the MD was for 3 years with effect from 03 January 2019 with notice period of three months or salary in lieu thereof.

(iv) Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable. - Not applicable

**b) Remuneration of Non- Executive Directors**

The Non Executive Directors do not draw any remuneration from the company except sitting fees for attending the meetings of the board and the committees. The sitting fee paid for each meeting for Chairman is Rs.70,000. The sitting fees for other directors is Rs.50,000 for Board meetings and Rs.40,000 for Committee meetings.

**Details of Sitting Fees paid to Non-Executive Directors**

| S No | Name of Directors | Sitting fees paid (₹) |
|---|---|---|
| 1 | Shri. T.S. KrishnaMurthy | 560000 |
| 2 | Shri. Dinesh Ponraj Oliver, I.A.S | – |
| 3 | Shri. K. Sridhar | 790000 |
| 4 | Shri. G.R. Sundaravadivel | 1000000 |
| 5 | Shri. V. Nadanasabapathy | 1400000 |
| 6 | Shri. L. Munishwar Ganesan | 200000 |
| 7 | Smt. R.S. Isabella | – |
| 8 | Smt. Sumithra Ravichandran | 360000 |

## TRANSACTIONS WITH NON-EXECUTIVE DIRECTORS

There were no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company during the Financial Year ended 31st March 2020.

## PREVENTION OF INSIDER TRADING

In January 2015, SEBI notified the SEBI (Prevention of Insider Trading) Regulations, 2015 which came into effect from May 15, 2015. Pursuant thereto, the Company has formulated and adopted a Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information and revised existing Code for Prevention of Insider Trading.

The code ensures that the employees deal in the shares of the Company only at a time when any price sensitive information that could be known to the employee is also known to the public at large. This code is applicable to the Designated persons and Directors of the Company.

### Code of Conduct

The Board of Directors has laid down a Code of Conduct for all the Board members and the Senior Management of the Company.

The Code of Conduct is posted on the website of the Company, http://www.repcohome.com/corporate_governance.php. For the year under review, all Directors and members of senior management have affirmed their adherence to the provisions of the Code. A declaration from the Managing Director/ CEO of the Company is placed as Annexure to this Report.

In terms of the HFCs Corporate Governance (NHB) Directions, 2016, all the Directors have executed the Declarations-cum undertakings as well as the Deed of Covenants with the Company.

## ANNUAL GENERAL MEETINGS

The details of the Annual General Meetings held in the last three years are as follows:

| Financial Year | Meeting | Date & Time | Venue | Special Resolutions passed |
|---|---|---|---|---|
| 2016-17 | 17th AGM | 21/09/2017 10.15 AM | Sri Dakshinamurthy Auditorium, PS Higher Sec School,No.215, Ramakrishna Mutt Road, Mylapore, Chennai-600004 | Offer or invite subscription for Non-Convertible Debentures (NCD) and Commercial Paper (CP) aggregating to Rs. 3,000 Crore and Rs.800 Crore respectively on private placement |
| 2017-18 | 18th AGM | 25/09/2018 11.00 AM | Bharatiya Vidya Bhavan (Bhavan's Dr. Preetha Reddy Auditorium - Main Hall) 18, 20, East Mada Street, Mylapore, Chennai 600 004 | Offer or invite subscription for Non-Convertible Debentures (NCD) and Commercial Paper (CP) aggregating to Rs. 4000 Crore and Rs.1000 Crore respectively on private placement |
| 2018-19 | 19th AGM | 27/09/2019 10.15 AM | Sri Dakshinamurthy Auditorium, PS Higher Sec School,No.215, Ramakrishna Mutt Road, Mylapore, Chennai-600004 | Offer or invite subscription for Non-Convertible Debentures (NCD) and Commercial Paper (CP) aggregating to Rs. 4000 Crore and Rs.1000 Crore respectively on private placement. |

## POSTAL BALLOT

1. Details of Special Resolutions passed through Postal Ballot in the last year: NA
2. Person who conducted the postal ballot exercise: NA
3. Whether any Special Resolution is proposed to be conducted through postal ballot: No resolution is proposed to be conducted through Postal Ballot as on the date of AGM.
4. Procedure for Postal Ballot: Your Company follows the provisions of the Companies Act, 2013 and Listing Regulations 2015 for Postal Ballot, if any.

## MEANS OF COMMUNICATION

a. The audited / unaudited financial results of the Company are published in leading newspapers in English viz. Business Line, Business Standard, Financial Express, Mint etc and in regional language i.e Tamil viz. The Hindu-Tamil, Dinamani etc. The Standalone quarterly and annual results of the Company are available on the Company's website at http://www.repcohome.com/quarterly_results.php. The Standalone and consolidated financial results are filed with the Stock Exchanges in terms of SEBI (LODR) Regulations, 2015.

b. The company's website contains basic information about the Company and such other details as required under the SEBI (LODR) Regulations, 2015 including investor presentations. The Company ensures periodical updation of its website.

c. Pursuant to the SEBI (LODR) Regulations, 2015, all data related to quarterly financial results, shareholding pattern, etc., are filed in NEAPS (NSE Electronic Application Processing System) and BSE Listing Centre within the time frame prescribed in this regard.

## GENERAL SHAREHOLDER INFORMATION

### 1. Annual General Meeting

| | |
|---|---|
| Date and time | September 30, 2020 at 11:30 AM through video conferencing |
| Deemed venue for the meeting | Corporate office of the Company |
| Financial Year | 1st April 2019 to 31st March 2020 |

### 2. Book Closure Dates:

From September 24, 2020 to September 30, 2020 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend if approved by the Shareholders.

### 3. Particulars of Dividend for the year ended 31.03.2020

The Board of Directors has recommended a dividend of Rs.2.50 per equity share of Rs.10/ each for the financial year ended March 31, 2020 subject to the approval of the shareholders at the Annual General Meeting.

Dividend entitlement is as follows:

i) For shares held in physical form: shareholders whose names appear on the register of members of the Company as September 23, 2020.

ii) For shares held in electronic form: beneficial owners whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of business on September 23, 2020.

The Dividend if any declared by the members at the ensuing Annual General Meeting will be paid on or before on October 30, 2020 (30 days of AGM Date) being the statutory time limit.

### 4. Listing of Shares

| Name of the Stock Exchange | Stock Code |
|---|---|
| Bombay Stock Exchange Limited, Mumbai (BSE) | 535322 |
| National Stock Exchange of India Limited (NSE) | REPCOHOME |

International Securities Identification Number:
ISIN for our equity shares is INE612J01015

(Note: Annual Listing fees for the year 2020-21 were duly paid to the above stock exchanges within the stipulated time limit.)

### Listing of Debt Securities:

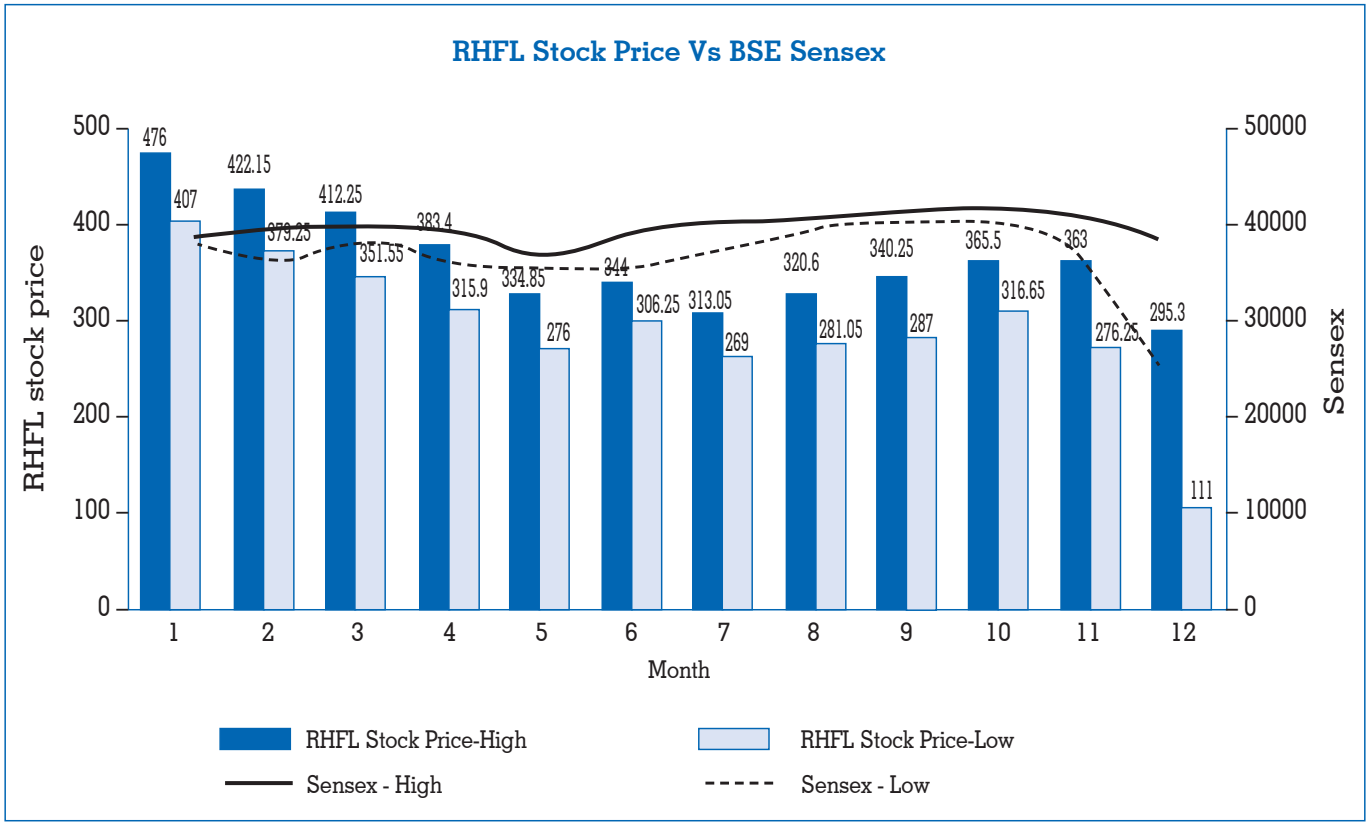
The Company's Non-Convertible Debentures are listed on Bombay Stock Exchange Limited.

## 5. Stock Market Data

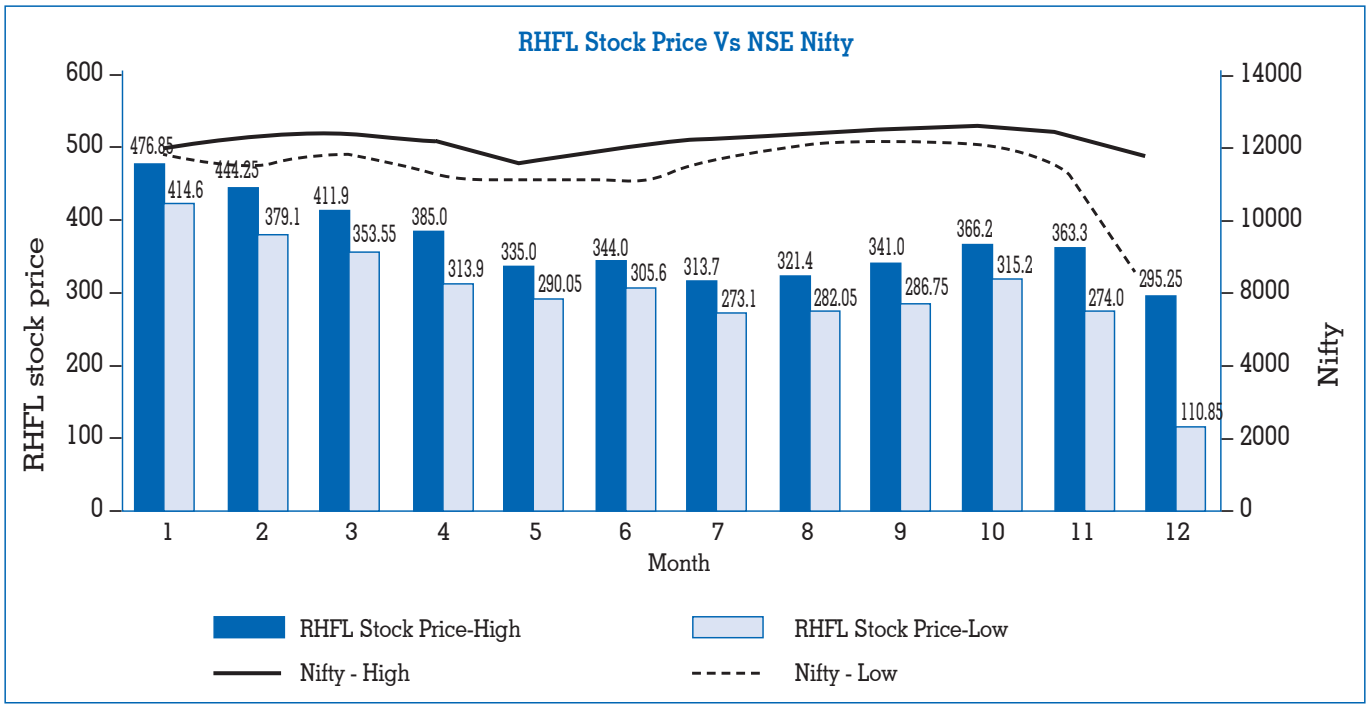
| Month | The Bombay Stock Exchange Limited | | | National Stock Exchange of India Limited | | |
|---|---|---|---|---|---|---|
| | Month's High Price (in Rs.) | Month's Low Price (in Rs.) | Total volume of shares transacted | Month's High Price (in Rs.) | Month's Low Price (in Rs.) | Total volume of shares transacted |
| Apr-19 | 476 | 407 | 404114 | 476.85 | 414.6 | 7350096 |
| May-19 | 442.15 | 379.25 | 291542 | 444.25 | 379.1 | 6166319 |
| Jun-19 | 412.25 | 351.55 | 554147 | 411.9 | 353.55 | 5486896 |
| Jul-19 | 383.4 | 315.9 | 302505 | 385 | 313.9 | 2338800 |
| Aug-19 | 334.85 | 276 | 526215 | 335 | 290.05 | 2588201 |
| Sep-19 | 344 | 306.25 | 124168 | 344 | 305.6 | 1835772 |
| Oct-19 | 313.05 | 269 | 104272 | 313.7 | 273.1 | 1291904 |
| Nov-19 | 320.6 | 281.05 | 451141 | 321.4 | 282.05 | 2007045 |
| Dec-19 | 340.25 | 287 | 173775 | 341 | 286.75 | 2452296 |
| Jan-20 | 365.5 | 316.65 | 383370 | 366.2 | 315.2 | 3646164 |
| Feb-20 | 363 | 276.25 | 425414 | 363.3 | 274 | 3816121 |
| Mar-20 | 295.3 | 111 | 455048 | 295.25 | 110.85 | 3023483 |

(Note: The securities were not suspended from trading, any time during FY20)

**Movement of Repco's Share Price via-a-vis the Sensex**



**Movement of Repco's Share Price via-a-vis the Nifty**




## 6. Shareholding Pattern as on 31st March 2020

| Particulars | Number of Share holders | Total Number of shares held | Shares held in dematerialised form | % of capital |
|---|---|---|---|---|
| **Promoter and Promoter Group** | | | | |
| a. Bodies Corporate | 0 | 0 | 0 | 0 |
| b. Directors & their relatives | 0 | 0 | 0 | 0 |
| c. Others | 1 | 23230606 | 23230606 | 37.13 |
| **Public Shareholding** | | | | |
| **I. Institutions** | | | | |
| a. Mutual Funds/UTI | 9 | 15157901 | 15157901 | 24.23 |
| b. Financial Institutions / Banks | 1 | 28425 | 28425 | 0.05 |
| c. Insurance Companies | 0 | 0 | 0 | 0 |
| d. Foreign Institutional Investors | 101 | 17993153 | 17993153 | 28.76 |
| **II. Non Institutions** | | | | |
| a. Bodies Corporate | 228 | 429606 | 429606 | 0.69 |
| b. Individuals | 20686 | 3990825 | 3990553 | 6.38 |
| c. Non Resident Indians | 948 | 331154 | 331154 | 0.53 |
| d. Clearing Members | 63 | 128984 | 128984 | 0.21 |
| e. Trusts | 3 | 218807 | 218807 | 0.35 |
| f. NBFC/ Alternative Investment Fund Qualified Institutional Buyers | 7 | 1051901 | 1051901 | 1.67 |
| **Total** | **22047** | **62561362** | **62561090** | **100** |

Shares held in demat form – 62561090

Shares held in physical form - 272

The shares of the Company are listed and traded actively on the stock exchanges and hence the liquidity for the shares of the Company is high.

**7. Distribution of Shareholding as on 31st March 2020**

| Number of Equity Shares held | Number of Share holders | % | Number of Shares | % |
|---|---|---|---|---|
| upto 5000 | 20608 | 93.47 | 1562356 | 2.50 |
| 5001 - 10000 | 723 | 3.28 | 544367 | 0.87 |
| 10001 - 20000 | 335 | 1.52 | 479756 | 0.77 |
| 20001 - 30000 | 109 | 0.49 | 270703 | 0.43 |
| 30001 - 40000 | 49 | 0.22 | 177173 | 0.28 |
| 40001 - 50000 | 46 | 0.21 | 209523 | 0.33 |
| 50001 - 100000 | 42 | 0.19 | 305363 | 0.49 |
| 100001 & Above | 135 | 0.61 | 59012121 | 94.33 |
| **Total** | **22047** | **100** | **62561362** | **100** |

## 8. Registrar and Share Transfer Agents

KFin Technologies Private Limited, having its office at Karvy Selenium, Tower B, Plot No. 31 & 32,Financial District, Gachibowli, Hyderabad 500 032 are the Registrars for the demat segment and also the share transfer agents of the company, to whom communications regarding share transfer and dematerialization requests are addressed. All matters connected with share transfer, transmission, dividend payment is handled by the share transfer agent. Share transfers are processed within 15 days of lodgement. A Practising Company Secretary certifies on a quarterly basis the timely dematerialization of shares of the company.

**Share Transfer system**

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company.

## 9. Information in respect of unclaimed dividends due for remittance into Investor Education and Protection Fund (IEPF) is given below:

Under the provisions of the Companies Act, 2013 dividends that remain unclaimed for a period of seven years from the date of declaration are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. The details of the unclaimed dividend are as under:

(Rs.)

| Financial Year | Unpaid/ Unclaimed dividend as on 31.3.2020 | Date of declaration | Date of transfer to IEPF |
|---|---|---|---|
| 2012-13 | 10165.00 | 13-Sep-13 | 21-Oct-20 |
| 2013-14 | 22534.40 | 11-Sep-14 | 19-Oct-21 |
| 2014-15 | 22274.00 | 12-Sep-15 | 20-Oct-22 |
| 2015-16 | 48868.60 | 22-Sep-16 | 30-Oct-23 |
| 2016-17 | 86532.00 | 21-Sep-17 | 29-Oct-24 |
| 2017-18 | 62460.20 | 25-Sep-18 | 03-Nov-25 |
| 2018-19 | 95955.00 | 27-Sep-19 | 05-Nov-26 |

The details of Unpaid/ Unclaimed dividend is posted on the Company's website, http://www.repcohome.com/unclaimed.php

- Members are requested to note that as per the Companies Act, 2013, unclaimed dividend once transferred to IEPF will not be refunded.
- Shareholders holding shares in electronic form are requested to deal only with their Depository Participant in respect of change of address, nomination facility and furnishing bank account number, etc.

## 10. Request to Investors

Shareholders are requested to follow the general safeguards/procedures as detailed hereunder in order to avoid risks while dealing in the securities of the Company.

- Shareholders are requested to convert their physical holding to demat/electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.
- Shareholders holding shares in physical form, should communicate the change of address, if any, directly to the Registrars and Share Transfer Agent of the Company.
- It has become mandatory for transferees to furnish a copy of Permanent Account Number for registration of transfer of shares held in physical mode.
- Shareholders holding shares in physical form who have not availed nomination facility and would like to do so are requested to avail the same, by submitting the nomination in Form 2B. The form will be made available on request. Those holding shares in electronic form are advised to contact their DPs.
- As required by SEBI, it is advised that the shareholders furnish details of their bank account number and name and address of their bank for incorporating the same in the dividend warrants. This would avoid wrong credits being obtained by unauthorized persons.

## 11. Reconciliation of Share Capital Audit

A quarterly audit was conducted by a practising Company Secretary, reconciling the issued and listed capital of the Company with the aggregate of the number of shares held by investors in physical form and in the depositories and the said certificates were submitted to the stock exchanges within the prescribed time limit. As on 31st March 2020 there was no difference between the issued and listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories.

## 12. Dematerialisation of shares

As on 31st March 2020, 6,25,61,090 equity shares representing 99.99% of the paid up equity capital have been dematerialized.

| Particulars | No.of shares | (%) |
|---|---|---|
| Shares held in physical form | 272 | 0.01 |
| Shares held in electronic form | 6,25,61,090 | 99.99 |
| Total Shares | 6,25,61,362 | 100 |

## 13. Information to Shareholders

A brief resume of the director reappointed together with the nature of his experience and details of the other directorships held by him is annexed to the Notice convening the Annual General Meeting.

## 14. Outstanding GDRs / ADRs / warrants:

The Company does not have any GDRs / ADRs / Warrants or any convertible instruments.

## 15. Commodity price risk or foreign exchange risk and hedging activities: Nil

## 16. Plant Locations: Nil

## 17. Address for Correspondence

| | |
|---|---|
| To contact Registrars & Share Transfer Agents for matters relating to shares | M/s. KFin Technologies Private Limited,<br>Selenium, Tower B, Plot number 31 & 32, Financial District,<br>Gachibowli, Nanakramguda,<br>Hyderabad 500 032<br>Tel : 040 6716 2222, 3321 1000<br>E-mail: einward.ris@kfintech.com |
| For any other general matters or in case of any difficulties / grievance | Shri. K.Prabhu,<br>Company Secretary<br>Repco Home Finance Limited<br>Third Floor, Alexander Square,<br>Old No.34 & 35, New No.2,<br>Sardar Patel Road, Guindy,<br>Chennai – 600032<br>Telephone: 044- 42106650<br>Fax No: 044 - 42106651<br>E-mail: cs@repcohome.com |

**Credit Ratings**

| Nature of instrument | Rating awarded by ICRA Limited | Rating awarded by CARE Limited |
|---|---|---|
| Term Loans | AA- | AA |
| Debentures | – | AA |
| Commercial Papers | A1+ | A1+ |

**Other Disclosures:**

a) **Materially significant related party transactions:**

The Company has also formulated a policy on dealing with the Related Party Transactions and necessary approval of the Audit Committee and Board of Directors were taken wherever required in accordance with the Policy. The Policy is placed on the Company's website, http://www.repcohome.com/corporate_governance.php.

The Company has been entering into contracts and arrangements with the promoter bank viz., Repco Bank since incorporation, in the ordinary course of business. The Company has been availing Term Loans, Overdraft facilities, making payment of interest, placing short term/long term deposits, and collecting / recovering interest thereon, occupy any business premises of the Bank on rent, let any business premises to the bank on rent etc.

The Company has obtained prior approval of the shareholders for the material related party transactions which would be entered into or already entered into by the Company with Repco Bank for an amount not exceeding Rs.1200 Crore (Rupees Nine Hundred Crore) only.

In compliance with the Regulation 23(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has submitted to the stock exchanges a note on Related Party Transactions, to the extent applicable, drawn in accordance with applicable accounting standards.

There have been no materially significant related party transactions with the Company's promoters, directors, the management, their subsidiaries or relatives which may have potential conflict with the interest of the Company at large. The necessary disclosures regarding the transactions are given in the notes to accounts.

b) **Details of non-compliance by listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the Board or any statutory authority, on any matter related to capital markets, during the last three years;**

During the FY 2019-20, there were no penalties or strictures have been imposed on the Company by any stock exchange, SEBI or any other statutory authority on any matter relating to the capital markets.

c) **Details of establishment of vigil mechanism / whistle blower policy**

The Company has an established a Whistle Blower Policy/ vigil mechanism for Directors / Employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of Directors/ Employees who avail of the mechanism. The Company affirms that no personnel has been denied access to the Audit Committee.

Any employee of the Company may report any unethical & improper practices or alleged wrongful conduct to the Designated Officer if it involves any employees or to the Managing Director if it involves General Manager and above and to the Audit Committee in certain exceptional cases and in case of involvement of the Managing Director. The Whistle Blower Policy is placed on the Company's website, http://www.repcohome.com/corporate_governance.php.

d) **Details of compliance with mandatory requirements**

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and all the applicable clauses of Regulation 46(2) (b) to (i) of the Listing Regulations.

This Corporate Governance Report of the Company for the FY19-20 and as on March 31, 2020 are in compliance with the requirements of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

e) **Non-Mandatory Disclosures:**

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

(i) **The Board:** The Chairperson of the Company is Non-Executive Chairperson. The Company has separate positions for that of the Chairman and that of the Managing Director & CEO.

(ii) **Shareholder Rights:** The half-yearly and quarterly financial statements are published in newspapers, uploaded on Company's website, submitted to Stock exchanges on which Equity shares/ Non-convertible debentures of the Company are listed viz., the National Stock Exchange of India Ltd., and the BSE Limited.

(iii) **Modified opinion(s) in audit report:** The Company has a regime of un-modified financial statements. There were no qualifications on financial statements by the Auditors.

(iv) **Reporting of Internal Auditor:** The Internal Auditor of the company directly reports to the Audit Committee.

**(f) Subsidiaries**

The Company has no subsidiaries and as such the requirement of certain compliances relating to subsidiaries, as prescribed, are not applicable.

**(g) Commodity risks faced by the Company during the year and commodity hedging activities:** Not applicable

**(h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A):** Not applicable for the year.

**(i) Certification from Company Secretary in Practice:**

Shri. G. Ramachandran of M/s. G Ramachandran & Associates, Practicing Company Secretaries, has conducted Secretarial Audit and his Audit Report is annexed to the Directors Report. He has also issued a certificate as required under the Listing Regulations, confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this report as Annexure.

**(j) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has constituted an Internal Complaint Committee for prevention, prohibition and redressal of complaints / grievances on the sexual harassment of women at work places. During the year, 1 complaint of sexual harassment was received by the Company and the same is under process.

**(k) There have been no instances during the year where recommendations of any Committee of the Board were not accepted by the Board.**

**(l) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor is given below:**

| Particulars | (Rs in cr) |
|---|---|
| Statutory Audit fees including Limited review | 0.26 |
| Certification fees | 0.07 |
| Total | 0.33 |

**(m) Compliance with Accounting Standards**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016 as applicable read with Section 133 of the Companies Act, 2013 and guidelines issued by National Housing Bank.

**(n) Disclosures made by the Management to the Board**

During the year, there were no transactions of a material nature with the promoters, Directors or the management, or relatives that had any potential conflict with the interest of the Company. All disclosures related to financial and commercial transactions where Directors have a potential interest are provided to the board and the interested Directors do not participate in the discussion nor do they vote on such matters.

**(o) The Company has complied with the Regulation 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the Listing Regulations.**

**Compliances:**

The Company has complied with the mandatory requirements as stipulated under Regulation 34(3) and 53 of SEBI (LODR) Regulations, 2015. The Company has submitted the quarterly compliance status report to the stock exchanges within the prescribed time limit.

**Disclosures with respect to demat suspense account/ unclaimed suspense account**

(a) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year: Nil

(b) Number of shareholders who approached listed entity for transfer of shares from suspense account during the year: Nil

(c) Number of shareholders to whom shares were transferred from suspense account during the year: Nil

(d) Aggregate number of equity shares that were transferred in favour of the IEPF Authority during the year : Nil

(e) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year: Nil

**Updation of bank account details**

The members are requested to update their bank account details with the Company (in respect of shares held in physical form) and with their respective depositories (in respect of shares held in demat form),so that the dividend amount shall be credited directly in their bank accounts.

**CEO/ CFO Certification**

In accordance with Regulation 17(8) and Part B of Schedule II of SEBI (LODR) Regulations, 2015, the Managing Director & Chief Executive Officer and the Chief Financial Officer of the Company, have inter alia, certified and confirmed to the Board about the correctness of the financial statements, adequacy of internal control measures and matters to be reported to the Audit Committee.

**Going Concern**

The directors are satisfied that the Company has adequate resources to continue its business for the foreseeable future and consequently consider it appropriate to adopt the going concern basis in preparing the financial statements.

For and on behalf of the Board of Directors

**(Yashpal Gupta)**
Managing Director
(DIN No. 00033484)

Place : Chennai
Date: September 04, 2020

## DECLARATION BY MANAGING DIRECTOR & CEO ON CODE OF CONDUCT

**[Schedule V (D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

To
The Members

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended March 31, 2020.

Place : Chennai
Date : September 04, 2020

**(Yashpal Gupta)**
Managing Director & CEO

# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To
The Members of
Repco Home Finance Limited
CIN# L65922TN2000PLC044655
'Repco Tower' No.33 North Usman Road,
T. Nagar, Chennai – 600017

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Repco Home Finance Limited having CIN: L65922TN2000PLC044655 and having registered office at 'Repco Tower' No.33, North Usman Road, T. Nagar, Chennai – 600017 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| S.No. | Name of Director | DIN | Designation | Date of appointment in Company |
|---|---|---|---|---|
| 1 | Mr. Yashpal Gupta | 00033484 | Managing Director | 03/01/2019 |
| 2 | Mr. Kalyanasundaram Sridhar | 00034010 | Director | 21/09/2017 |
| 3 | Mr. Taruvai Subbayya Krishnamurthy | 00279767 | Director | 13/09/2011 |
| 4 | Mr. Ganapathy Ramasamy Sundaravadivel | 00353590 | Director | 03/04/2012 |
| 5 | Mr. Velayutham Nadanasabapathy | 03140725 | Director | 22/07/2005 |
| 6 | Mr. Oliver Sam Dinesh Ponraj Oliver | 05297355 | Director | 13/11/2017 |
| 7 | Mr. Rajendran Stella Isabella | 06871120 | Director | 08/11/2016 |
| 8 | Mr. Munishwar Ganesan | 07082752 | Director | 02/02/2015 |
| 9 | Mr. Sumithra Ravichandran | 08430816 | Director | 01/04/2019 |

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

For **M/s. G Ramachandran & Associates**
**Company Secretaries**

**G RAMACHANDRAN**
Proprietor
M.No.: F9687, COP: 3056

Date: September 04, 2020
Place: Chennai
UDIN: F009687B000636357

# CEO/CFO CERTIFICATION FOR THE YEAR ENDED MARCH 31,2020

With reference to the certification as per Regulation 17(8) Part B of the SEBI (Listing obligations & Disclosure Requirements) Regulations 2015, we certify that:

a) We have reviewed financial statements and the Cash Flow statement for the year ended March 31st 2020 and that to the best of our knowledge and belief:
   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the Audit Committee
   i. Significant changes in Internal control over financial reporting during the year;
   ii. Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Yashpal Gupta**
Managing Director & CEO

**T. Karunakaran**
Chief Financial Officer

Place: Chennai
Date: September 04, 2020

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS AMENDED

The Members of

Repco Home Finance Limited

1. The Corporate Governance Report prepared by Repco Home Finance Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2020 as required by the Company for annual submission to the Stock exchange.

## Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

## Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:

   i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;

   ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;

   iii. Obtained and read the Register of Directors as on March 31, 2020 and verified that at least one independent woman director was on the Board of Directors throughout the year;

iv. Obtained and read the minutes of the following meetings of the Board of Directors/Committees held between April 1, 2020 and March 31, 2020:

(a) Board of Directors;

(b) Audit Committee;

(c) Annual General Meeting (AGM) / Extra Ordinary General Meeting (EGM);

(d) Nomination and Remuneration Committee;

(e) Stakeholders Relationship Committee;

(f) Risk Management Committee

v. Obtained necessary declarations from the directors of the Company.

vi. Obtained and read the policy adopted by the Company for related party transactions.

vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.

viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

## Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

## Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership Number: 211107

UDIN: 20211107AAAAFD8277
Place of Signature: Chennai
Date: September 4, 2020

# WEB LINKS

As required under the various provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the web link of some of the important documents placed on the website of the Company is provided below:

1. Code of Conduct for directors and senior management
   https://www.repcohome.com/pdf_files/corporate_governance/CODE%20OF%20CONDUCT.pdf

2. Corporate Social Responsibility Policy
   https://www.repcohome.com/pdf_files/corporate_governance/CSRP.pdf

3. Whistle Blower Policy
   https://www.repcohome.com/pdf_files/corporate_governance/Whistle%20Blower%20Policy%20of%20Repco%20Home%20Finance.pdf

4. Policy on Transactions with Related Parties
   https://www.repcohome.com/pdf_files/corporate_governance/RELATED%20PARTY%20TRANSACTION%20POLICY-2020.pdf

5. Familiarization Programme
   https://www.repcohome.com/pdf_files/corporate_governance/Familiarisation_Program_for_Independent_Directors.pdf

6. Policy on Remuneration of Directors, Senior Management, KMPs and other employees
   https://www.repcohome.com/pdf_files/corporate_governance/RemunerationPolicy.pdf

7. Policy on Disclosure of Material Events / Information
   https://www.repcohome.com/pdf_files/corporate_governance/Policy%20on%20Disclosure%20of%20Material%20Events%20and%20Information.pdf

8. Business Responsibility Report
   https://www.repcohome.com/pdf_files/corporate_governance/Business%20Responbility%20Report_FY%202019-20.pdf

9. Archival Policy
   https://www.repcohome.com/pdf_files/corporate_governance/Archival_Policy.pdf

10. Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information
    https://www.repcohome.com/pdf_files/corporate_governance/CODE%20OF%20PRACTICES%20&%20PROCEDURES%20FOR%20FAIR%20DISCLOSURE%20OF%20UNPUBLISHED%20PRICE%20SENSITIVE%20INFORMATION%20July%202020.pdf

11. Disclosure under Regulation 14 of SEBI (SBEB) Regulations 2014
    https://www.repcohome.com/corporate_governance.php

12. Dividend Distribution Policy
    https://www.repcohome.com/pdf_files/corporate_governance/DIVIDEND_DISTRIBUTION_POLICY.pdf

13. Extracts of the Annual Return (Form MGT-9)
    https://www.repcohome.com/pdf_files/corporate_governance/FORM%20NO.%20MGT-9%20-%20EXTRACT%20OF%20ANNUAL%20RETURN_FY%202019-20.pdf

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REPCO HOME FINANCE LIMITED

**Report on the Audit of the Standalone Financial Statements**

## Opinion

We have audited the accompanying standalone financial statements of Repco Home Finance Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

## Basis for Opinion

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

## Emphasis of Matter

We draw attention to Note no 3 to the accompanying standalone financial statements, which describes the economic and social disruption the Company is facing as a result of COVID-19 pandemic, and its possible consequential implications, on the Company's operations and financial metrics.

Our opinion is not modified in respect of this above matter.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **(a) Impairment of Financial Instruments based on expected credit loss models (Refer to note 5.3 and note 8.1 to the financial statements)** | |
| Financial instruments, which include advances to customers, represents a significant portion of the total assets of the Company. The Company has advances aggregating Rs 11,801.65 crores as at March 31, 2020.<br><br>As per the expected credit loss model prescribed under Ind AS 109, the Company is required to estimate the probability of loss / expected loss based on past experience and future considerations. This involves a significant degree of estimation and judgements, including determination of staging of financial instruments; estimation of probability of defaults, loss given defaults, exposure at defaults; and forward looking factors, micro- and macro-economic factors, in estimating the expected credit losses. Additionally, the economic and business consequences of the COVID-19 pandemic as described in Note 8 to the financial statements, significant social disruption and disturbance and slowdown of economic activity, moratoriums granted to borrowers, the related regulatory directives and also the applicable accounting directions, further affect loan loss provisioning under the ECL approach.<br><br>Due to the significance of the amounts involved, judgments involved in classification of loans, relative complexity of various assumptions and estimates used, and determination of related provisions, this audit area is considered a key audit matter. | Our audit procedures included the following:<br><br>• We read and assessed the Company 's impairment provisioning policy with reference to Ind AS 109 and the provisioning framework approved by the Board of Directors as well as relevant regulatory guidelines and pronouncements.<br><br>• For expected credit loss provision against outstanding exposures classified across various stages, we obtained an understanding of the Company's provisioning methodology (including factors that affect the probability of default, loss given defaults and exposure at default; various forward looking, micro- and macro-economic factors), the underlying assumptions and the sufficiency of the data used by management and tested the same on sample basis.<br><br>• We performed tests of controls and details on a sample tests basis in respect of the staging of outstanding exposures, implementation of Company policy in response to COVID-19 and other relevant data used in impairment computations prepared by management as compared to the Company's policy.<br><br>• We enquired with the management regarding significant judgments and estimates involved in the impairment computation and additional provision arising from the effects of the COVID-19 pandemic, and evaluated the reasonableness thereof.<br><br>• We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets<br><br>• Assessed disclosures included in the standalone financial statements in respect of expected credit losses including the specific disclosures made with regard to the impact of COVID-19 on ECL estimation. |

## Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

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

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

## Responsibilities of Board of Directors for the Standalone Financial Statements

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

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

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

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting

Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 34 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 8.1 to the standalone financial statements.

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

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Aniruddh Sankaran**
Partner

Membership Number: 211107
UDIN: 20211107AAAACR2483

Place of Signature: Chennai

Date: July 23, 2020

# ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF REPCO HOME FINANCE LIMITED (THE "COMPANY")

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

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company.

(vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to duty of custom, value added tax and duty of excise are not applicable to the Company

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, sales-tax, service tax, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of sales-tax, service tax, value added tax and cess which have not been deposited on account of any dispute. The dues outstanding of income tax on account of a dispute is as follows

| Name of the Statute | Nature of dues | Period of dispute | Amount due Rs. In crores * | Forum where it is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | FY 2012-13 | 5.31 | Income Tax appellate Tribunal (ITAT) |
| Income Tax Act, 1961 | Income Tax | FY 2013-14 | 4.33 | Commissioner of Income tax appeals |

* The Company has paid an aggregate of Rs.1.06 crores in protest against these matters and has filled appeal in both the cases.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Aniruddh Sankaran
Partner
Membership Number: 211107

UDIN: . 20211107AAAACR2483

Place of Signature: Chennai

Date: July 23, 2020

# ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF REPCO HOME FINANCE LIMTED

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

We have audited the internal financial controls over financial reporting of Repco Home Finance Limited (the "Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

## Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

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

### Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Aniruddh Sankaran
Partner
Membership Number: 211107

UDIN: 20211107AAAACR2483

Place of Signature: Chennai

Date: July 23, 2020

# Balance Sheet

## As at March 31, 2020

(All amounts are Rupees in Crores, unless otherwise stated)

| Particulars | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **I. Assets** | | | |
| **Financial Assets** | | | |
| Cash and cash equivalents | | | |
| Bank balances other than cash and cash equivalents | 6 | 324.31 | 57.50 |
| Loans | 7 | 0.03 | 0.10 |
| Other financial assets | 8 | 11,587.72 | 10,837.93 |
| Investment in associate | 9 | 10.09 | 9.59 |
| | 10 | 22.00 | 22.00 |
| **Non-financial Assets** | | | |
| Property, plant and equipment | | | |
| Other intangible assets | 11 | 14.20 | 13.61 |
| Right-of-use (ROU) assets | 11 | 2.31 | 1.91 |
| Other non-financial assets | 38 | 20.72 | - |
| | 12 | 12.55 | 14.33 |
| **Total Assets** | | **11,993.93** | **10,956.97** |
| **II. Liabilities and equity** | | | |
| **Financial Liabilities** | | | |
| Debt securities | 13 | 680.24 | 876.02 |
| Borrowings (other than debt securities) | 14 | 9,428.80 | 8,472.72 |
| Other financial liabilities | 15 | 46.27 | 16.88 |
| **Non-financial Liabilities** | | | |
| Provisions | 16 | 15.92 | 11.98 |
| Deferred tax liabilities (net) | 27 | 35.83 | 51.99 |
| **Total liabilities** | | **10,207.06** | **9,429.59** |
| **III. Equity** | | | |
| Equity share capital | 17 | 62.56 | 62.56 |
| Other equity | | 1,724.31 | 1,464.82 |
| **Total equity** | | **1,786.87** | **1,527.38** |
| **Total liabilities and equity** | | **11,993.93** | **10,956.97** |

Significant Accounting policies & Notes to financials statements 2

The accompanying notes form an integral part of the standalone financial statement

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

**per Aniruddh Sankaran**
Partner
Membership No. 211107
Place : Chennai
Date : July 23, 2020

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

**T Karunakaran**
Chief Financial Officer
Place : Chennai
Date : July 23, 2020

**K Prabhu**
Company Secretary
Place : Chennai
Date : July 23, 2020

**Yashpal Gupta**
Managing Director
Place : Chennai
Date : July 23, 2020

**T S KrishnaMurthy**
Chairman
Place : Chennai
Date : July 23, 2020

# Statement of Profit and Loss

## For the year ended March 31, 2020

(All amounts are Rupees in Crores, unless otherwise stated)

| Particulars | Note No. | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **I. Revenue from operations** | | | |
| Interest income | 18 | 1,317.36 | 1,163.37 |
| Other loan related income | 19 | 28.10 | 25.88 |
| **Total revenue from operations** | | **1,345.46** | **1,189.25** |
| Other income | 20 | 5.64 | 5.92 |
| **Total income** | | **1,351.10** | **1,195.17** |
| **II. Expenses** | | | |
| Finance costs | 21 | 824.97 | 719.95 |
| Employee benefits expenses | 22 | 66.43 | 58.52 |
| Depreciation, amortisation and impairment | 11 & 38 | 12.93 | 5.03 |
| Others expenses | 23 | 27.14 | 34.87 |
| Provisions and write-offs | 24 | 59.44 | 16.98 |
| **Total expenses** | | **990.91** | **835.35** |
| Profit before tax | | 360.19 | 359.82 |
| **Tax expense:** | 26 | | |
| (1) Current tax | | 95.21 | 101.69 |
| (2) Deferred tax | 27 | (15.37) | 23.49 |
| **III. Profit for the year** | | **280.35** | **234.64** |
| **IV. Other comprehensive Income** | | | |
| **A. Items that will not be reclassified to profit or loss** | | | |
| Remeasurement gain / (loss) on defined benefit plan | | (0.91) | 1.29 |
| Income tax impact | | 0.31 | (0.45) |
| Other Comprehensive Income | | **(0.60)** | **0.84** |
| **V. Total comprehensive income ( III + IV )** | | **279.75** | **235.48** |
| Earnings per equity share | | | |
| Basic (INR) | | 44.81 | 37.51 |
| Diluted (INR) | | 44.81 | 37.51 |

Significant Accounting policies & Notes to financials statement 2

The accompanying notes form an integral part of the standalone financial statement

As per our report of even date
For **S.R. Batliboi & Associates LLP**
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Date : July 23, 2020

**T S KrishnaMurthy**
Chairman
Place : Chennai
Date : July 23, 2020

# Statement of changes in equity

## For the year ended March 31, 2020

(All amounts are Rupees in Crores, unless otherwise stated)

### A. Equity Share Capital

| | Number of shares | Amount |
|---|---|---|
| As at April 01, 2018 | 6,25,61,362 | 62.56 |
| Add : Shares issued during the year | – | – |
| As at March 31, 2019 | 6,25,61,362 | 62.56 |
| Add : Shares issued during the year | – | – |
| As at March 31, 2020 | 6,25,61,362 | 62.56 |

### B. Other Equity

| Particulars | Reserve and Surplus | | | | | | Items of Other comprehensive Income | Total |
|---|---|---|---|---|---|---|---|---|
| | Special Reserve* | Statutory Reserve* | Capital Redemption Reserve | Securities Premium account* | General reserve* | Retained earnings | | |
| Balance at April 01, 2018 | 320.86 | 170.37 | - | 318.42 | 145.94 | 290.07 | 0.23 | 1,245.89 |
| Profit for the year | - | - | - | - | - | 234.64 | - | 234.64 |
| Appropriations to reserve | 55.27 | 46.93 | - | - | - | (102.20) | - | - |
| Other comprehensive income | - | - | - | - | - | - | 0.84 | 0.84 |
| **Total comprehensive income** | **376.13** | **217.30** | **-** | **318.42** | **145.94** | **422.51** | **1.07** | **1,481.37** |
| Dividend and dividend distribution tax | - | - | - | - | - | (16.55) | - | (16.55) |
| **At March 31, 2019** | **376.13** | **217.30** | **-** | **318.42** | **145.94** | **405.96** | **1.07** | **1,464.82** |
| Profit for the year | - | - | - | - | - | 280.35 | - | 280.35 |
| Effect of adoption of Ind-AS 116 (Refer Note 38) | | | | | | (1.40) | | (1.40) |
| Appropriations to reserve | 63.36 | 56.07 | - | - | 25.00 | (144.43) | - | - |
| Other comprehensive income | - | - | - | - | - | - | (0.60) | (0.60) |
| **Total comprehensive income** | **439.49** | **273.37** | **-** | **318.42** | **170.94** | **540.48** | **0.47** | **1,743.17** |
| Dividend and dividend distribution tax | - | - | - | - | - | (18.86) | - | (18.86) |
| **At March 31, 2020** | **439.49** | **273.37** | **-** | **318.42** | **170.94** | **521.62** | **0.47** | **1,724.31** |

*Refer Note 17.2 for description of nature and purpose of each reserve.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
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ICAI Firm Registration Number: 101049W/E300004

**per Aniruddh Sankaran**
Partner
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Place : Chennai
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Managing Director
Place : Chennai
Date : July 23, 2020

**T S KrishnaMurthy**
Chairman
Place : Chennai
Date : July 23, 2020

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

Repco Home Finance

(All amounts are Rupees in Crores, unless otherwise stated)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **A. Cash Flow From Operating Activities** | | |
| Profit before tax | 360.19 | 359.82 |
| **Adjustments to reconcile profit before tax to net cash flows:** | | |
| Depreciation and amortisation | 12.93 | 5.03 |
| (Profit)/Loss on Sale of Fixed Assets | (0.02) | (0.09) |
| Provision based on expected credit loss (including Bad debts written off) | 59.44 | 16.98 |
| Interest Earned on Deposits | (0.03) | (0.03) |
| Dividend received on Investments | (2.64) | (1.87) |
| Finance cost on amortization of NCD | (0.39) | 1.11 |
| Re-measurement gains/(losses) on defined benefit obligations (net) | (0.91) | 1.29 |
| **Operating Profit Before Working Capital Changes** | **428.57** | **382.24** |
| **Changes in Working Capital** | | |
| (Increase)/Decrease in loans and advances | (0.55) | (1.54) |
| (Increase)/Decrease in other financial assets | (0.32) | 8.78 |
| Increase/(decrease) in provisions | 3.94 | (0.77) |
| Increase/(decrease) in financial liabilities | 9.32 | (91.88) |
| **Operating Profit after Working Capital Changes** | **440.96** | **296.83** |
| (Increase)/Decrease in Housing/other loans | (809.27) | (1,205.76) |
| **Net Cash From Operations** | **(368.31)** | **(908.93)** |
| **Direct Taxes Paid** | (93.10) | (106.09) |
| **Net Cash flow used in operating activities (A)** | **(461.41)** | **(1,015.02)** |
| **B. Cash Flow From Investing Activities** | | |
| Purchase of Fixed Assets | (7.35) | (7.26) |
| Proceeds from sale of fixed assets | 0.05 | 0.30 |
| (Increase)/Decrease in Capital advances | 0.07 | 0.05 |
| Subscription to Investments | - | (6.40) |
| Interest received on Deposits | 0.03 | 0.03 |
| Dividend received on Investments | 2.64 | 1.87 |
| Investments/redemption of Deposits Maturing after three months (net) | 0.07 | (0.04) |
| **Net Cash flow used in Investing Activities (B)** | **(4.49)** | **(11.45)** |
| **C. Cash Flow From Financing Activities** | | |
| Term loans received from Banks and financial institutions | 3,405.00 | 3,658.00 |
| Repayment of Term loan from banks and financial Institutions | (2,312.09) | (1,363.46) |
| Proceeds from Issue of Non convertible Debentures | - | - |
| Redemption of Non convertible Debentures | (195.38) | (573.71) |
| Proceeds from issue of Commercial paper | 425.00 | 1,225.00 |
| Redemption of Commercial Paper | (425.00) | (2,025.00) |
| Proceeds of refinance availed from NHB | 200.00 | 300.00 |
| Repayment of Refinance availed from National Housing Bank | (335.35) | (343.81) |
| Increase in Short term Borrowings | (1.48) | 197.66 |
| Payment of lease liabilities | (7.13) | - |
| Payment of interest portion of lease liabilities | (2.00) | - |
| Dividends Paid(Including Dividend distrubution tax) | (18.86) | (16.55) |
| **Net Cash flow from financing activities (C)** | **732.71** | **1,058.13** |
| **Net Increase/(Decrease) in cash and cash equivalent D = (A+B+C)** | 266.81 | 31.66 |
| Cash and Cash Equivalents - Opening Balance (E) | 57.50 | 25.84 |
| **Cash and Cash Equivalents - Closing Balance (D) + (E)** | **324.31** | **57.50** |
| **Components of Cash and Cash Equivalents at the end of the year (Also refer note 6)** | | |
| Current account with Banks | 143.29 | 54.61 |
| Unpaid dividend accounts* | 0.03 | 0.03 |
| Short term deposits | 180.42 | 0.36 |
| Cash on Hand | 0.57 | 2.50 |
| **Total Cash and Cash Equivalents** | **324.31** | **57.50** |

* The company can utilise this balance only towards settlement of the unpaid dividend

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

**per Aniruddh Sankaran**
Partner
Membership No. 211107
Place : Chennai
Date : July 23, 2020

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

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Place : Chennai
Date : July 23, 2020

**T S KrishnaMurthy**
Chairman
Place : Chennai
Date : July 23, 2020

# Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2020

## 1. Corporate information

Repco Home Finance Limited ("the Company" or "RHFL") is a housing finance company head quartered in Chennai, Tamil Nadu. Incorporated in April 2000, the Company is registered as a housing finance company with the National Housing Bank (NHB).

## 2. Basis of preparation

The standalone financial statements ("financial statements") have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for fair value through other comprehensive income (FVOCI) instruments, all of which have been measured at fair value as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the National Housing Bank ("NHB") to the extent applicable.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Amounts in the financial statements are presented in Indian Rupees in crores rounded off to two decimal places as permitted by Schedule III to the Act. except when otherwise indicated.

### 2.1 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note No.42.3.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in the normal course of business, event of default or insolvency or bankruptcy of the Company and/or its counterparties.

## 3. Impact on COVID-19 Pandemic

The COVID-19 pandemic (declared as such by the World Health Organisation on March 11, 2020), has contributed to a significant decline and volatility, and a significant decrease in economic activity, in global and Indian markets. The Indian government announced a strict 40-day lockdown in India to contain the spread of the virus till May 3, 2020, which was further extended across different periods in various states with some relaxations in specific areas. This has led to significant disruptions and dislocations for individuals and businesses, impacting Company's regular operations including lending and collection activities. However, the full extent of impact of the COVID-19 pandemic on the Company's operations, and financial metrics (including impact on provisioning on advances) will depend on future developments and the governmental, regulatory and the Company's responses thereto, which are highly uncertain and incapable of estimation at this time. The Company's Impairment loss allowance in respect of its loan portfolio as at March 31, 2020, includes amounts estimated by management as the potential impact of COVID-19 based on the information available at this point in time.

## 4. Significant accounting policies

### 4.1 Financial instruments – initial recognition

#### 4.1.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities and borrowings are initially recognised on the transaction date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans are

recognised on the date when funds are disbursed to the customer. The Company recognises debt securities and borrowings when funds are received by the Company.

**4.1.2 Initial measurement of financial instruments**

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

**4.1.3 Measurement categories of financial assets and liabilities**

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either Amortised Cost, FVOCI or FVTPL.

Financial liabilities and other than loan commitments are measured at amortised cost or FVTPL when fair value designation is applied.

**4.2 Financial assets and liabilities**

**4.2.1 Bank balances, Loans, Trade receivables and financial investments at amortised cost**

The Company measures Bank balances, Loans, Trade receivables and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

**4.2.1.1 Business model assessment**

The Company determines its business model at the level that best reflects how it manages group of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment
- The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

**4.2.1.2 The SPPI (Sole payment of Principal and Interest) test**

As a second step of its classification process the Company assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

**4.2.2 Financial assets or financial liabilities held for trading**

The Company classifies financial assets and liability as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities, and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

**4.2.3 Debt securities and other borrowed funds**

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the Effective Interest Rate ('EIR').

**4.2.4 Financial assets and financial liabilities at fair value through profit or loss**

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109.

Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

**4.2.5 Undrawn loan commitments**

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the Expected Credit Loss ('ECL') requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet.

**4.3 Reclassification of financial assets and liabilities**

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

**4.4 Derecognition of financial assets and liabilities**

**4.4.1 Derecognition of financial assets due to substantial modification of terms and conditions**

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes

When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors:

- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion
- If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

**4.4.2 Derecognition of financial assets other than due to substantial modification**

**4.4.2.1 Financial assets**

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

A transfer only qualifies for derecognition if either the Company has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset,but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

**4.4.3 Financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference

between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of Profit and Loss.

**4.5 Impairment of financial assets**

**4.5.1 Overview of the ECL principles**

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

**Stage 1:** When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

**Stage 3:** Loans considered credit-impaired. The Company records an allowance for the LTECLs.

**4.5.2 The calculation of ECL**

The Company calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

**PD** The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

**EAD** The Exposure at Default is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

**LGD** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a

percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

The mechanics of the ECL method are summarised below:

**Stage 1:** The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

**Stage 3:** For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

**Loan commitment:**

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

For an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments, the ECL is recognised along with advances

**4.5.3 Forward looking information**

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs such as: GDP growth, House price indices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

**4.6 Collateral valuation**

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in the form of Immovable properties. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a specific event. The value of the property at the time of origination will be arrived by obtaining valuation reports from Company's empanelled valuer.

**4.7 Collateral repossessed**

The Company generally does not use the assets repossessed for the internal operations. These repossessed assets which are intended to be realised by way of sale are considered for staging based on performance of the assets and the ECL allowance is determined based on the estimated net realisable value of the repossessed asset. The Company resorts to regular repossession of collateral provided against loans. Further, in its normal course of business, the Company from time to time, also exercises its right over property through legal procedures which include seizure of the property. As per the Company's accounting policy, collateral repossessed are not recorded on the balance sheet.

**4.8 Write-offs**

Financial assets are written off either partially or in their entirety only when there are no reasonable

certainties in recovery from the financial asset. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to Statement of Profit and Loss.

**4.9 Forborne and modified loans**

The Company sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Company's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Company also reassesses whether there has been a significant increase in credit risk. The Company also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 12-month probation period. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities has to be considered performing
- The probation period of 12 months has passed from the date the forborne contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period

The customer does not have any contract that is more than 30 days past due. If modifications are substantial, the loan is derecognised.

**4.10 Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments** – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments** – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.
- **Level 3 financial instruments** – Those that include one or more unobservable input that is significant to the measurement as whole.

**4.11 Recognition of interest income**

**4.11.1 The effective interest rate method**

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

**4.11.2 Interest income**

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

**4.12 Recognition of income and expenses**

Revenue (other than for those items to which *Ind AS 109 Financial Instruments* are applicable) is measured at fair value of the consideration received or receivable. *Ind AS 115 Revenue from contracts with customers* outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

**Step 1:** Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2:** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3:** Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5:** Recognise revenue when (or as) the Company satisfies a performance obligation

**4.12.1 Dividend Income**

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

**4.12.2 Fee and commission income**

Fee and commission income include fees other than those that are an integral part of EIR. The Company recognises the fee and commission income in accordance with the terms of the relevant contracts / agreement and when it is probable that the Company will collect the consideration.

**4.12.3 Rental Income**

Income from leases is recognised in the statement of profit and loss as per the contractual rentals unless another systematic basis is more representative of the time pattern in which benefits derived from the leased assets.

**4.12.4 Other Income**

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

**4.13 Leases**

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17, Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. Lessor accounting under Ind AS 116 remains unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 1 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company has lease contracts for various items of Land and Building. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The comparative information for each of the primary financial statements are not restated and have been presented based on the requirements of previous standard (i.e., Ind AS 17 Leases, Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The Company is not needed to present a balance sheet as at April 1 2018 (i.e., no third balance sheet).

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.

- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

**4.14 Cash and cash equivalents**

Cash and cash equivalents comprises of Cash in Hand, demand deposits with other banks and Balances with Banks.

Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**4.15 Property, plant and equipment**

Property, plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. Land is not depreciated.

The estimated useful lives are, as follows:

| Asset Description | Estimated Useful Life by the management | Estimated Useful Life as per Schedule II |
|---|---|---|
| Buildings | 60 years | 60 years |
| Computer Equipment | 3-6 years | 3-6 years |
| Office Equipment | 3-5 years | 5 years |
| Furniture and fittings | 5-10 years | 10 years |
| Motor vehicles | 8 years | 8 years |
| Electrical installations and equipment | 5-10 years | 10 years |

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

**Intangible assets / Amortisation**

Intangible assets that are acquired by the Company, which have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the intangible asset and are amortised over the lower of the estimated useful life/licensed period on the straight-line basis or five years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

**4.16 Impairment of non–financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not

generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**4.17 Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to Statement of Profit and Loss in subsequent periods.

Past service costs are recognised in Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

**4.18 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

**4.19 Taxes**

**4.19.1 Current tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**4.19.2 Deferred tax**

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the

temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**4.19.3 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**4.20 Segment reporting**

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance based on an analysis of various performance indicators by business segments and geographic segments.

As per the requirements of Ind AS 108 "Operating Segments", based on evaluation of financial information for allocation of resources and assessing performance, the Company has identified a single segment, viz. "providing long term housing finance, loans against property and

refinance loans". Accordingly, there are no separate reportable segments as per Ind AS 108.

**4.21 Dividends on ordinary shares**

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

**4.22 Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 5. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements are as below:

a. Measurement of Expected Credit Loss

b. Measurement of useful life of Property, Plant & Equipment

c. Estimation of Taxes on Income

d. Estimation of Employee Benefit Expense

e. Effective Interest Rate

f. Provisions and other contingent liabilities

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**5.1 Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

**5.2 Effective Interest Rate (EIR) method**

The Company's EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/ expense that are integral parts of the instrument.

**5.3 Impairment of financial asset**

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

**5.4 Provisions and other contingent liabilities**

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

# Notes to Financial Statements

## For the Year Ended March 31, 2020

(All amounts are Rupees in Crores, unless otherwise stated)

| Note 6: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash on hand | 0.57 | 2.50 |
| **Balances with bank** | | |
| a. Current accounts | 143.29 | 54.61 |
| b. Deposit accounts* | 180.42 | 0.36 |
| c. Unpaid dividend accounts | 0.03 | 0.03 |
| **Total** | **324.31** | **57.50** |

*Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

| Note 7: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Bank Balance other than cash and cash equivalents** | | |
| Bank deposit with maturity of less than 12 months | 0.03 | 0.10 |
| **Total** | **0.03** | **0.10** |

Deposits amounting to Rs. 0.03 crores (March 2019 - Rs. 0.10) held jointly by the company and employee towards security deposit.

| Note 8: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Loans** | | |
| Financial assets measured at Amortised cost | | |
| Term loans | 11,774.31 | 10,977.96 |
| Impairment loss allowance | (213.86) | (164.43) |
| **Total – Net** | **11,560.45** | **10,813.53** |
| Term loans to employees | 27.34 | 24.46 |
| Impairment loss allowance | (0.07) | (0.06) |
| **Total** | **27.27** | **24.40** |
| **Grand total** | **11,587.72** | **10,837.93** |
| (a) Secured by tangible assets (equitable mortgage of property) | 11,801.65 | 11,002.42 |
| (b) Unsecured, considered good | - | - |
| **Total – Gross** | **11,801.65** | **11,002.42** |
| Less: Impairment loss allowance | (213.93) | (164.49) |
| **Total – Net** | **11,587.72** | **10,837.93** |
| In India | 11,587.72 | 10,837.93 |
| Outside India | - | - |

(All amounts are Rupees in Crores, unless otherwise stated)

**8 (a) Impact on COVID-19 Pandemic**

Further to the impact on COVID-19 as detailed in Note 3 and pursuant to the Reserve Bank of India circulars dated March 27, 2020, April 17, 2020 and May 23, 2020 ("RBI circular") allowing lending institutions to offer moratorium to borrowers on payment of installments, the Company has extended moratorium to its borrowers in accordance with its Board approved policy. The company applied estimates and associated assumptions in preparing the financial results, especially for the expected credit loss on advances, are based on historical experience and other emerging/forward looking factors including those arising on account of the COVID-19 pandemic. The Company has used early indicators of moratorium and delayed payment metrics observed along with an estimation of potential stress on probability of defaults and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit loss on loans and has recognised an expected credit loss of Rs. 213.93 crores, including an additional impairment loss allowance of Rs.39.3 crores.

**8 (b)** There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is NIL (Previous year - NIL)

**Note 8.1: Term loans**

**8.1.1 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loans is, as follows:**

| Particulars | FY 2019-20 | | | | | FY 2018-19 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 Collective | Stage 2 Collective | Stage 3 Individual | Stage 3 Collective | Total | Stage 1 Collective | Stage 2 Collective | Stage 3 Individual | Stage 3 Collective | Total |
| Gross Carrying amount opening balance | 9,303.51 | 1,343.39 | 83.82 | 271.70 | 11,002.42 | 7,997.02 | 1,526.21 | 105.60 | 200.54 | 9,829.37 |
| Assets de-recognised or repaid | (1,478.88) | (227.63) | (21.11) | (44.22) | (1,771.84) | (1,417.08) | (293.91) | (36.58) | (47.20) | (1,794.77) |
| New assets originated or purchased | 2,539.91 | 6.80 | 0.19 | 24.17 | 2,571.07 | 2,908.65 | 42.61 | 0.07 | 16.49 | 2,967.82 |
| Transfers to Stage 1 | 740.75 | (731.03) | – | (9.72) | – | 376.71 | (365.84) | (0.07) | (10.80) | – |
| Transfers to Stage 2 | (79.36) | 82.15 | – | (2.79) | – | (533.45) | 552.04 | (1.76) | (16.83) | – |
| Transfers to Stage 3 | (61.10) | (197.37) | – | 258.47 | – | (28.34) | (117.72) | 16.56 | 129.50 | – |
| Transfers to Stage 3 - Individual | – | (0.10) | 13.90 | (13.80) | – | – | – | – | – | |
| **Gross carrying amount closing balance** | **10,964.83** | **276.21** | **76.80** | **483.81** | **11,801.65** | **9,303.51** | **1,343.39** | **83.82** | **271.70** | **11,002.42** |

(All amounts are Rupees in Crores, unless otherwise stated)

### 8.1.2 Reconciliation of ECL balance is given below:

| Particulars | FY 2019-20 | | | | | FY 2018-19 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 Collective | Stage 2 Collective | Stage 3 Individual | Stage 3 Collective | Total | Stage 1 Collective | Stage 2 Collective | Stage 3 Individual | Stage 3 Collective | Total |
| ECL allowance - opening balance | 14.79 | 31.89 | 84.48 | 33.33 | 164.49 | 13.25 | 35.46 | 106.18 | 25.31 | 180.20 |
| New assets originated or purchased | 4.98 | 0.15 | - | 0.52 | 5.65 | 4.36 | 0.75 | - | 0.12 | 5.23 |
| Assets derecognised or repaid | (3.63) | (20.40) | (21.22) | (6.18) | (51.43) | (2.80) | (14.50) | (41.87) | (8.10) | (67.27) |
| Transfers to Stage 1 | 1.71 | (1.69) | - | (0.02) | - | 0.55 | (0.54) | - | (0.01) | - |
| Transfers to Stage 2 | (0.11) | 0.20 | - | (0.09) | - | (0.85) | 1.28 | (0.06) | (0.37) | - |
| Transfers to Stage 3 | (0.09) | (5.06) | - | 5.15 | - | (0.04) | (2.85) | 2.20 | 0.69 | - |
| Transfers to Stage 3 - Individual | - | - | 1.85 | (1.85) | - | - | - | - | - | - |
| Changes to models and inputs used for ECL calculations | 4.69 | 3.54 | 12.14 | 74.85 | 95.22 | 0.32 | 12.29 | 18.03 | 15.69 | 46.33 |
| **ECL allowance - closing balance** | **22.34** | **8.63** | **77.25** | **105.71** | **213.93** | **14.79** | **31.89** | **84.48** | **33.33** | **164.49** |

## Note 8.2: Loan commitment

### 8.2.1 An analysis of changes in the gross carrying amount is as follows

| Particulars | FY 2019-20 | | | | | FY 2018-19 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 Collective | Stage 2 Collective | Stage 3 Individual | Stage 3 Collective | Total | Stage 1 Collective | Stage 2 Collective | Stage 3 Individual | Stage 3 Collective | Total |
| Opening balance of outstanding exposure | 625.42 | 7.19 | – | 1.47 | 634.08 | 475.72 | 10.38 | – | 0.81 | 486.91 |
| New exposure | 390.55 | 0.21 | – | – | 390.76 | 572.71 | 1.23 | – | – | 573.94 |
| Exposure derecognised or matured/lapsed (excluding write off) | (557.91) | (4.52) | – | (1.46) | (563.89) | (421.85) | (4.74) | – | (0.18) | (426.77) |
| Transfers to Stage 1 | 2.45 | (2.44) | – | (0.01) | – | 2.94 | (2.89) | – | (0.05) | – |
| Transfers to Stage 2 | (1.84) | 1.84 | – | – | – | (3.91) | 4.02 | – | (0.11) | – |
| Transfers to Stage 3 | – | – | – | – | – | (0.19) | (0.81) | – | 1.00 | – |
| Transfers to Stage 3 - Individual | – | – | – | – | – | – | – | – | – | – |
| **Gross carrying amount closing balance** | **458.67** | **2.28** | **–** | **–** | **460.95** | **625.42** | **7.19** | **–** | **1.47** | **634.08** |

(All amounts are Rupees in Crores, unless otherwise stated)

| Note 9: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Others financial assets** | | |
| **Financial assets measured at Amortised cost** | | |
| Other loans to employees | 4.14 | 3.75 |
| Advances | 1.83 | 1.61 |
| Security deposits | 4.10 | 4.23 |
| Others | 0.02 | – |
| **Total** | **10.09** | **9.59** |

| Note 10: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Investment in associate (at amortized cost)** | | |
| **Equity instruments, unquoted and trade** | | |
| 2,20,00,000 equity shares of Rs. 10/- each (March 2019 and March 2020) fully paid up in Repco Micro Finance Ltd. | 22.00 | 22.00 |
| **Total – Gross** | **22.00** | **22.00** |
| Less: Impairment loss allowance | – | – |
| **Total – Net** | **22.00** | **22.00** |
| In India | 22.00 | 22.00 |
| Outside India | – | – |

**Note 10.1: Internal rating grade**

| | March '20 | | |
|---|---|---|---|
| **Grade** | **Stage 1** | **Stage 2** | **Stage 3** |
| High grade | 22.00 | – | – |
| Medium grade | – | – | – |
| Low grade | – | – | – |
| **Total** | **22.00** | **–** | **–** |
| | **March '19** | | |
| **Grade** | **Stage 1** | **Stage 2** | **Stage 3** |
| High grade | 22.00 | – | – |
| Medium grade | – | – | – |
| Low grade | – | – | – |
| **Total** | **22.00** | **–** | **–** |

(All amounts are Rupees in Crores, unless otherwise stated)

**Note 10.2: Movement in investments**

| | March '20 | | |
|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 |
| Opening balance | 22.00 | – | – |
| New assets purchased | – | – | – |
| Assets derecognized or written off | – | – | – |
| Transfer to stages | – | – | – |
| **Closing balance** | **22.00** | – | – |
| | **March '19** | | |
| | **Stage 1** | **Stage 2** | **Stage 3** |
| Opening balance | 15.60 | – | – |
| New assets purchased | 6.40 | – | – |
| Assets derecognized or written off | – | – | – |
| Transfer to stages | – | – | – |
| **Closing balance** | **22.00** | – | – |

**Note 11:**

**Property, Plant & Equipment (PPE) and Intangible Assets**

| Particulars | Land & Building* | Furniture & Fixtures | Motor Vehicles | Computers | Office Equipment | Electricals & installation equipment | Total PPE | Software | Total Intangible Assets |
|---|---|---|---|---|---|---|---|---|---|
| Gross block | | | | | | | | | |
| As at April 1, 2018 | 6.50 | 1.74 | 0.98 | 2.64 | 1.78 | 0.16 | 13.80 | 2.04 | 2.04 |
| Add: Additions | - | 1.93 | 0.81 | 1.29 | 0.66 | 0.07 | 4.76 | 2.49 | 2.49 |
| Less: Disposals | - | 0.01 | 0.25 | - | 0.04 | - | 0.30 | - | - |
| **As at March 31, 2019** | **6.50** | **3.66** | **1.54** | **3.93** | **2.40** | **0.23** | **18.26** | **4.53** | **4.53** |
| Add: Additions | - | 1.37 | 0.27 | 1.43 | 0.99 | 0.05 | 4.11 | 1.95 | 1.95 |
| Less: Disposals | - | 0.03 | 0.01 | 0.25 | 0.05 | 0.01 | 0.35 | - | - |
| **As at March 31, 2020** | **6.50** | **5.00** | **1.80** | **5.11** | **3.34** | **0.27** | **22.02** | **6.48** | **6.48** |
| **Depreciations / Amortisation** | | | | | | | | | |
| As at April 1, 2018 | 0.07 | 0.43 | 0.11 | 0.72 | 0.17 | 0.01 | 1.51 | 0.84 | 0.84 |
| Add: Charge for the year | 0.11 | 1.46 | 0.20 | 1.06 | 0.38 | 0.03 | 3.24 | 1.78 | 1.78 |
| Less: Disposals | - | - | 0.09 | - | 0.01 | - | 0.10 | - | - |
| **As at March 31, 2019** | **0.18** | **1.89** | **0.22** | **1.78** | **0.54** | **0.04** | **4.65** | **2.62** | **2.62** |
| Add: Charge for the year | 0.11 | 1.43 | 0.21 | 1.27 | 0.43 | 0.04 | 3.49 | 1.55 | 1.55 |
| Less: Disposals | - | 0.02 | 0.01 | 0.25 | 0.04 | 0.00 | 0.32 | - | - |
| **As at March 31, 2020** | **0.29** | **3.30** | **0.42** | **2.80** | **0.93** | **0.08** | **7.82** | **4.17** | **4.17** |
| **Net block** | | | | | | | | | |
| **As at March 31, 2020** | **6.21** | **1.70** | **1.38** | **2.31** | **2.41** | **0.19** | **14.20** | **2.31** | **2.31** |
| **As at March 31, 2019** | **6.32** | **1.77** | **1.32** | **2.15** | **1.86** | **0.19** | **13.61** | **1.91** | **1.91** |

* Land and building with a carrying amount of Rs. 11.46 lakhs (March 31, 2019 - Rs. 11.74 lakhs) are subject to additional charge to secure the Company's redeemable non-convertible debentures.

(All amounts are Rupees in Crores, unless otherwise stated)

| Note 12: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Other non-financial assets** | | |
| Prepaid expenses | 9.98 | 9.66 |
| Advance tax (net of provision) | 2.57 | 4.67 |
| **Total** | **12.55** | **14.33** |

| Note 13: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Debt securities** | | |
| **Secured** | | |
| Redeemable non-convertible debentures (Refer notes below) | 680.24 | 876.02 |
| **Total** | **680.24** | **876.02** |

A. Redeemable Non-convertible debentures are secured by first and exclusive charge on the specific assets by way of hypothecation of book debts and receivables and also by way of mortgage of specific immovable property in favour of debenture trustees

B. The details regarding repayment and interest is given in Note 14 (a).

| Note 14: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Borrowing other than debt securities** | | |
| **Term loans including Cash Credit and WCDL** | | |
| From related parties (Repco Bank Limited) | 1,060.35 | 798.72 |
| From banks and Financial institutions | 7,587.46 | 6,757.66 |
| From National Housing Bank (Refer Note A below) | 780.99 | 916.34 |
| **Total** | **9,428.80** | **8,472.72** |
| Borrowings in India | 9,428.80 | 8,472.72 |
| Borrowings outside India | – | – |

A. Refinance from National Housing Bank (NHB) and other Term Loans from banks and financial institutions are secured by first and exclusive charge on the specific book debts/receivables of the company and an irrevocable Power of Attorney (POA) given by the company in favour of the Banks/NHB for recovery of dues and for creation of mortgage on the properties of the loan borrowers of the company.

B. The Company is a large Corporate as per the applicability criteria given under the SEBI Circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018.

## Note 14(a)

## Maturity Profile of term Loans from National Housing Bank

| As at March 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|
| Rate of Interest (%) | Maturities | | | | | |
| | upto 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years to 10 years | Over 10 years | Total |
| 4.00 to 6.00 | 22.65 | 60.40 | 60.40 | 23.45 | - | 166.90 |
| 6.01 to 8.00 | 56.39 | 146.12 | 137.28 | 88.49 | 12.05 | 440.33 |
| 8.01 to 9.00 | 24.63 | 51.39 | 28.79 | 41.00 | 27.95 | 173.76 |
| **Total** | **103.67** | **257.91** | **226.47** | **152.94** | **40.00** | **780.99** |

(All amounts are Rupees in Crores, unless otherwise stated)

## Maturity Profile of Term Loans from banks & financial institutions

| As at March 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|
| Rate of Interest (%) | Maturities | | | | | |
| | upto 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years to 10 years | Over 10 years | Total |
| 7.50 to 8.00 | 151.67 | 136.15 | 124.56 | 14.04 | – | 426.42 |
| 8.01 to 8.14 | 28.39 | 56.56 | 32.38 | 2.74 | – | 120.07 |
| 8.15 to 8.30 | 208.35 | 1,212.18 | 147.43 | 337.70 | – | 1,905.66 |
| 8.31 to 8.60 | 478.01 | 693.03 | 388.90 | 483.23 | 147.65 | 2,190.82 |
| 8.61 to 9.00 | 680.27 | 1,147.48 | 920.29 | 1,117.34 | 139.46 | 4,004.84 |
| **Total** | **1,546.69** | **3,245.40** | **1,613.56** | **1,955.05** | **287.11** | **8,647.81** |

## Maturity Profile of Non Convertible Debentures

| As at March 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|
| Rate of Interest (%) | Maturities | | | | | |
| | upto 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years to 10 years | Over 10 years | Total |
| 8.05 | 197.45 | – | 270.27 | | – | 467.72 |
| 8.20 | 106.48 | – | – | – | – | 106.48 |
| 8.25 | 106.04 | – | – | – | – | 106.04 |
| **Total** | **409.97** | **–** | **270.27** | **–** | **–** | **680.24** |

## Maturity Profile of term Loans from National Housing Bank

| As at March 31, 2019 | | | | | | |
|---|---|---|---|---|---|---|
| Rate of Interest (%) | Maturities | | | | | |
| | upto 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years to 10 years | Over 10 years | Total |
| 4.00 to 6.00 | 13.84 | 36.40 | 36.40 | 33.55 | - | 120.19 |
| 6.01 to 8.00 | 55.66 | 80.87 | 72.63 | 76.64 | - | 285.80 |
| 8.01 to 9.00 | 33.50 | 45.15 | 37.28 | 67.70 | 2.20 | 185.83 |
| 9.01 to 9.55 | 39.88 | 79.31 | 66.36 | 108.39 | 30.58 | 324.52 |
| **Total** | **142.88** | **241.73** | **212.67** | **286.28** | **32.78** | **916.34** |

## Maturity Profile of Term Loans from banks & financial institutions

| As at March 31, 2019 | | | | | | |
|---|---|---|---|---|---|---|
| Rate of Interest (%) | Maturities | | | | | |
| | upto 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years to 10 years | Over 10 years | Total |
| 7.50 to 8.00 | 24.10 | 46.15 | 46.15 | 34.62 | - | 151.02 |
| 8.01 to 8.14 | 5.00 | 10.00 | 7.85 | 2.14 | - | 24.99 |
| 8.15 to 8.30 | 15.97 | 829.49 | 30.77 | 7.69 | - | 883.92 |
| 8.31 to 8.60 | 402.38 | 416.05 | 330.81 | 73.59 | 1.50 | 1,224.33 |
| 8.61 to 9.00 | 705.69 | 1,045.81 | 717.95 | 1,037.56 | 126.83 | 3,633.84 |
| 9.01 to 9.30 | 209.29 | 368.57 | 268.57 | 362.37 | 99.89 | 1,308.69 |
| 9.31 to 9.50 | 21.42 | 42.11 | 42.11 | 84.14 | - | 189.78 |
| 9.51 to 9.75 | 5.00 | 20.00 | 20.00 | 40.00 | - | 85.00 |
| 9.76 to 9.95 | 20.00 | 34.81 | - | - | - | 54.81 |
| **Total** | **1,408.85** | **2,812.99** | **1,464.21** | **1,642.11** | **228.22** | **7,556.38** |

(All amounts are Rupees in Crores, unless otherwise stated)

## Maturity Profile of Non Convertible Debentures

| As at March 31, 2019 | | | | | | |
|---|---|---|---|---|---|---|
| Rate of Interest (%) | Maturities | | | | | |
| | upto 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years to 10 years | Over 10 years | Total |
| 8.05 | 17.51 | 179.18 | – | 271.38 | – | 468.07 |
| 8.20 | 6.11 | 100.03 | – | – | – | 106.14 |
| 8.25 | 6.55 | 100.00 | – | – | – | 106.55 |
| 8.50 | 104.03 | – | – | – | – | 104.03 |
| 8.78 | 31.40 | – | – | – | – | 31.40 |
| 8.95 | 59.83 | – | – | – | – | 59.83 |
| **Total** | **225.43** | **379.21** | – | **271.38** | – | **876.02** |

| Note 15: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Other financial liabilities at amortised cost** | | |
| Unpaid dividend | 0.03 | 0.03 |
| Statutory dues | 1.43 | 2.19 |
| Book overdraft | 3.34 | 4.06 |
| Others | 41.47 | 10.60 |
| **Total** | **46.27** | **16.88** |

| Note 16: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Provisions** | | |
| Provision for employee benefits | | |
| Provision for Gratuity (Refer Note no. 30) | 1.63 | 0.15 |
| Provision for compensated absences (Refer Note no. 30.3) | 7.91 | 5.09 |
| Others | 5.98 | 6.33 |
| Total | **15.52** | **11.57** |
| Others | 0.40 | 0.41 |
| **Total** | **15.92** | **11.98** |

### Movement of provisions other than employee benefit

The movement in provisions during 2019-20 and 2018-19 is, as follows:

| | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Opening balance | 0.41 | 2.62 |
| Arising during the year | - | 0.40 |
| Utilised | (0.01) | (2.61) |
| **Closing balance** | **0.40** | **0.41** |

(All amounts are Rupees in Crores, unless otherwise stated)

| Note 17: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Issued Capital and Reserves** | | |
| **Authorised** | | |
| 10,00,00,000 (March 31, 2020 and March 2019 - 10,00,00,000) Equity shares of Rs.10/-each | 100.00 | 100.00 |
| **Issued, Subscribed & paid up capital** | | |
| 6,25,61,362 (March 31, 2020 and March 2019 -6,25,61,362) Ordinary shares of Rs. 10/- each | 62.56 | 62.56 |
| **Total** | **62.56** | **62.56** |

**a) Reconciliation of shares outstanding at the beginning and at the end of the year**

| | No. of shares |
|---|---|
| At 1 April 2018 | 6,25,61,362 |
| Issued during the year | - |
| At 1 April 2019 | 6,25,61,362 |
| Issued during the year | - |
| At 31 March 2020 | 6,25,61,362 |

**b) Shareholding holding more than 5% shares**

| | 31st March 2020 | | 31st March 2019 | |
|---|---|---|---|---|
| | No's | % of holding | No's | % of holding |
| Repco Bank Limited | 2,32,30,606 | 37.13 | 2,32,30,606 | 37.13 |
| Franklin Templeton Mutual Fund | 34,64,616 | 5.54 | 38,64,616 | 6.18 |
| HDFC Trustee Company Ltd. | 36,47,210 | 5.83 | 45,30,653 | 7.24 |
| India Capital Fund Limited | 46,01,750 | 7.36 | 34,44,750 | 5.51 |
| Aditya Birla Sunlife Trustee Private Limited | – | – | 41,36,059 | 6.61 |

**c) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(All amounts are Rupees in Crores, unless otherwise stated)

**Note 17.1 : Other Equity**

| | Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| i) | **Securities Premium account (Refer Note 17.2.1)** | | |
| | Opening balance | 318.42 | 318.42 |
| | Add : Additions during the year | – | – |
| | Less : Utilized during the year | – | – |
| | **Closing balance** | **318.42** | **318.42** |
| ii) | **Special Reserve (Refer Note 17.2.2)** | | |
| | Opening balance | 376.13 | 320.86 |
| | Add : Additions during the year | 63.36 | 55.27 |
| | Less : Utilized during the year | – | – |
| | **Closing balance** | **439.49** | **376.13** |
| iii) | **Statutory Reserve (Refer Note 17.2.3)** | | |
| | Opening balance | 217.30 | 170.37 |
| | Add : Additions during the year | 56.07 | 46.93 |
| | Less : Utilized during the year | – | – |
| | **Closing balance** | **273.37** | **217.30** |
| iv) | **General reserve** | | |
| | Opening balance | 145.94 | 145.94 |
| | Add : Additions during the year | 25.00 | – |
| | Less : Utilized during the year | – | – |
| | **Closing balance** | **170.94** | **145.94** |
| v) | **Retained earnings** | | |
| | Opening balance | 405.96 | 290.07 |
| | Add : Profit for the year | 280.35 | 234.64 |
| | Less : Effect of adoption of Ind-AS 116 (Refer Note 38) | (1.40) | – |
| | Less : Appropriation | | |
| | i) General Reserve | (25.00) | – |
| | ii) Statutory Reserve | (56.07) | (46.93) |
| | iii) Special Reserve | (63.36) | (55.27) |
| | iv) Dividend for previous years (including dividend distribution tax) | (18.86) | (16.55) |
| | **Closing balance** | **521.62** | **405.96** |
| vi) | **Other comprehensive Income** | | |
| | Opening balance | 1.07 | 0.23 |
| | Add : Additions during the year | (0.60) | 0.84 |
| | Less: Utilized during the year | – | – |
| | **Closing balance** | **0.47** | **1.07** |
| | **Grand Total** | **1,724.31** | **1,464.82** |

(All amounts are Rupees in Crores, unless otherwise stated)

## 17.2 Nature and purpose of reserves

### 17.2.1 Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act,2013.

### 17.2.2 Special Reserve

As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1) (viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount of Rs.63.36 Crores (Previous year Rs.55.27 Crores) to Special Reserve in terms of Section 36(1) (viii) of the Income Tax Act, 1961.

### 17.2.3 Statutory reserve

The Company has transferred an amount of Rs. 56.07 Crore during the year (Previous year Rs.46.93 Crore) to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987.

### 17.2.4 General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013. During the year, the company has transferred an amount of Rs. 25 crores to General Reserve.

(All amounts are Rupees in Crores, unless otherwise stated)

| Note 18: | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Interest income** | | |
| **Financial assets measured at Amortised cost** | | |
| **Interest on Loans** | | |
| Loans and advances to customers | 1,317.36 | 1,163.37 |
| **Total** | **1,317.36** | **1,163.37** |

| Note 19: | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Other loan related income** | | |
| Insurance Income | 2.88 | 0.25 |
| Other operating income | 25.22 | 25.63 |
| **Total** | **28.10** | **25.88** |

| Note 20: | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Other income** | | |
| Dividend income | 2.64 | 1.87 |
| Profit on sale of assets | 0.02 | 0.09 |
| Other income | 2.98 | 3.96 |
| **Total** | **5.64** | **5.92** |

| Note 21: | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Finance Cost** | | |
| **On Financial liabilities measured at Amortised Cost** | | |
| Interest on Debt securities | 59.54 | 92.01 |
| Interest on Borrowings other than debt securities | 686.66 | 544.43 |
| Interest on refinance from National Housing Bank | 69.82 | 55.77 |
| Interest on commercial papers | 5.06 | 25.61 |
| Borrowing and other finance cost | 3.89 | 2.13 |
| **Total** | **824.97** | **719.95** |

| Note 22: | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Employee benefit expenses** | | |
| Salaries and wages | 54.10 | 46.80 |
| Contribution to provident and other funds | 3.73 | 3.26 |
| Gratuity expense (Refer note 30) | 1.81 | 1.26 |
| Staff welfare expenses | 6.79 | 7.20 |
| **Total** | **66.43** | **58.52** |

(All amounts are Rupees in Crores, unless otherwise stated)

| Note 23: | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Other expenses** | | |
| Advertisement & business promotion | 5.27 | 5.17 |
| Assignment Service Charge | 0.07 | - |
| Legal fees | 4.82 | 5.07 |
| Communication expenses | 2.06 | 1.31 |
| Professional & consultancy fee | 2.77 | 3.81 |
| Remuneration to auditors (Refer note 23.1 below) | 0.33 | 0.32 |
| Electricity expenses | 1.30 | 1.22 |
| Directors' sitting fee (Refer 31.14) | 0.43 | 0.38 |
| Miscellaneous expenses | 1.33 | 1.71 |
| Insurance expenses | 0.12 | 0.20 |
| Printing and stationery | 0.85 | 0.76 |
| Rates & taxes | 2.56 | 2.17 |
| Rent | – | 8.44 |
| Repairs & maintenance - others | 0.75 | 0.78 |
| Travelling & conveyance | 2.51 | 2.40 |
| Training expenses | 0.16 | 0.26 |
| Vehicle maintenance | 0.33 | 0.30 |
| Contributions towards CSR activities (Refer 25) | 1.48 | 0.55 |
| Donations* | - | 0.02 |
| **Total** | **27.14** | **34.87** |

*The amount is less than or equal to Rs. 10,000 for Financial Year 2019-20.

| Note 23.1: | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Audit fees** | | |
| As auditors | | |
| Statutory Audit | 0.18 | 0.18 |
| Limited review | 0.08 | 0.08 |
| Certifications | 0.07 | 0.06 |
| Out of pocket expenses* | - | - |
| **Total** | **0.33** | **0.32** |

*The amount is less than Rs. 25,000 for both the years.

| Note 24: | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **Provisions And Write-Offs** | | |
| Impairment loss allowance on term loans | 58.77 | 16.49 |
| Bad debts written off | 0.67 | 0.49 |
| **Total** | **59.44** | **16.98** |

(All amounts are Rupees in Crores, unless otherwise stated)

| Note 25: | 2019-20 | 2018-19 |
|---|---|---|
| **Details of CSR expenditure:** | | |
| **a) Gross amount required to be spent by the Company during the year** | 6.36 | 5.39 |
| **b) Amount spent during the year** | | |
| i) Construction/acquisition of any asset | - | - |
| ii) On purposes other than (i) above | 1.48 | 0.55 |

| Note 26: | 2019-20 | 2018-19 |
|---|---|---|
| **Income Tax** | | |
| The components of income tax expense for the years ended 31 March 2020 and 2019 are: | | |
| Current tax in repect of current year | 85.05 | 101.69 |
| Adjustments in respect of current tax of prior years | 10.16 | - |
| Deferred tax relating to origination and reversal of temporary differences* | (15.37) | 23.49 |
| **Total tax charge** | **79.84** | **125.18** |

*Includes adjustment on account of tax rate change on opening deferred tax balances. (Refer Note 27 & 27.1)

**Note 26.1:**

**Reconciliation of the total tax charge**

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2020 and 2019 is, as follows:

| | 2019-20 | 2018-19 |
|---|---|---|
| **Accounting profit before tax** | 360.19 | 359.82 |
| At income tax rate of 25.168% (2019: 34.608%) | 90.65 | 124.53 |
| **Adjustment in respect of income tax are as below** | | |
| CSR expenses | 0.37 | (0.20) |
| Dividend exempt under Sec 10(34) | (0.66) | 0.65 |
| Others | (6.14) | - |
| Adjustments in respect of income tax of prior year | 10.16 | - |
| Due to rate change (Also Refer Note 27.1) | (14.54) | 0.20 |
| **Income tax expense reported in the statement of profit and loss** | **79.84** | **125.18** |

The effective income tax rate for 31 March 2020 is 22.167% (31 March 2018: 34.789%).

(All amounts are Rupees in Crores, unless otherwise stated)

**Note 27:**

**Deferred tax**

| Particulars | March 31, 2020 | | 2019-20 | |
|---|---|---|---|---|
| | Deferred Tax Assets | Deferred Tax Liabilities | Income Statement | OCI |
| Amortization of processing fees | 24.37 | - | 6.05 | - |
| Impact due to fair valuation of Employee staff loans | 2.32 | 2.36 | (0.03) | - |
| Impact due to fair valuation of Security deposits | 0.25 | 0.23 | - | - |
| NCD - Amortisation of Transaction cost | 0.42 | 0.50 | 0.30 | - |
| Provision | 1.87 | - | 0.94 | - |
| ECL impact on advances (net) | 48.41 | - | 20.77 | - |
| Depreciation and amortisation | 5.55 | 5.05 | (0.19) | - |
| Remeasurement of actuarial gain or loss | - | 0.27 | - | (0.47) |
| Special Reserve U/s 36(1) (viii) of the Income Tax Act, 1961 | - | 110.61 | (57.59) | - |
| Due to rate change (Also refer Note 27.1) | - | - | 14.38 | 0.16 |
| **Total** | **83.19** | **119.02** | **(15.37)** | **(0.31)** |

| Particulars | March 31, 2019 | | 2018-19 | |
|---|---|---|---|---|
| | Deferred Tax Assets | Deferred Tax Liabilities | Income Statement | OCI |
| Amortization of processing fees | 23.77 | - | (4.95) | - |
| Impact due to fair valuation of Employee staff loans | 2.97 | 3.03 | (0.03) | - |
| Impact due to fair valuation of Secuirty deposits | 0.26 | 0.24 | - | - |
| NCD - Amortisation of Transaction cost | 0.72 | 0.56 | 0.39 | - |
| Provision | 2.20 | - | (0.49) | - |
| ECL impact on advances (net) | 54.06 | - | 1.64 | - |
| Depreciation and amortisation | - | 0.12 | 0.34 | - |
| Remeasurement of actuarial gain or loss | - | 0.58 | - | (0.45) |
| Special Reserve U/s 36(1) (viii) of the Income Tax Act, 1961 | - | 131.44 | (20.39) | - |
| **Total** | **83.98** | **135.97** | **(23.49)** | **(0.45)** |

**Note 27.1:**

Pursuant to The Taxation Laws (Amendment) Ordinance, 2019 (the "Ordinance") issued on September 20, 2019, the Income tax rates have been changed with effect from April 1, 2019. The Company has exercised the option permitted u/s 115BAA of the Income Tax Act, 1961 to compute Income tax at revised rate (i.e 25.17%). Accordingly, the Company has recognised provision for income taxes for the year ended March 31, 2020, and remeasured the balance of net deferred tax liability, at new rates indicated above; and the tax expense for the year is net of Rs. 14.54 crores, resulting from write back of deferred tax liability as at March 31, 2020, pertaining to earlier years.

(All amounts are Rupees in Crores, unless otherwise stated)

## Note 28:

### Earnings per share

The following table shows the income and share data used in the basic and diluted EPS calculations:

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| Net profit attributable to equity holders of the company | 280.35 | 234.64 |
| Weighted average number of ordinary shares outstanding during the year for basic earnings per share | 6.26 | 6.26 |
| Weighted average number of ordinary shares outstanding during the year for diluted earning per share | 6.26 | 6.26 |
| **Earnings per share:** | | |
| Basic earnings per share | 44.81 | 37.51 |
| Diluted earnings per share | 44.81 | 37.51 |
| Nominal Value per equity share | 10.00 | 10.00 |

## Note 29:

### Segment information

The Company operates under the principal business segment viz."Providing loans for construction or purchase of residential property". Further, the Company is operating in a single geographical segment. The Chief Operating Decision Maker (CODM) views and monitors the operating results of its single business segment for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements. Accordingly, disclosures relating to primary and secondary business segments under the Indian Accounting Standard on 'Segment Reporting' (Ind AS 108) are not applicable to the Company.

## Note 30:

### Retirement benefit plan

**30.1 Defined contribution plan**

A Contribution towards PF is determined under the Employees' Provident Funds & Miscellaneous Provisions Act,1952 and charged to the Statement of Profit and Loss during the period of incurrence when the services are rendered by the employees.

The expense charged in statement of profit and loss amounting to Rs. 3.73 crores (2019: Rs.3.26 crores) represents contributions payable to these plans by the Company at rates specified in the rules of the plan.

**30.2 Defined benefit plan**

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

(All amounts are Rupees in Crores, unless otherwise stated)

| | Particulars | 2019-20 | 2018-19 |
|---|---|---|---|
| A. | **Reconciliation of opening and closing balance of present value of defined benefit obligation** | | |
| | Liability as at the beginning of the period | 5.64 | 5.46 |
| | Add Interest Cost: | 0.44 | 0.44 |
| | Add Current Service Cost: | 1.80 | 1.19 |
| | Less Benefits Paid directly from the Assets: | (0.24) | (0.28) |
| | Actuarial (gain) / loss (Experience) | 0.08 | (1.17) |
| | **Liability as at the end of the period** | **7.72** | **5.64** |
| B. | **Reconcilaition of opening and closing balances of fair value of plan assets** | | |
| | Value of Assets as at the beginning of the Period: | 5.50 | 4.65 |
| | Add Adjustments to the Opening Balance: | - | - |
| | Add Expected Return on Assets: | 0.42 | 0.37 |
| | Add Contributions made: | 0.38 | 0.74 |
| | Less Benefits Paid out of the Assets: | (0.24) | (0.28) |
| | Return on Plan Assets excluding Expected income: | 0.03 | 0.02 |
| | **Value of Assets as at the end of the period:** | **6.09** | **5.50** |
| C. | **Expenses recognized in Other comprehensive Income** | | |
| | Actuarial gain/(loss) in inter-valuation. Period (Experience): -- Obligation: | 0.08 | (1.17) |
| | Actuarial gain/(loss) in inter-valuation. Period (Change in parameters): -- Obligation: | - | - |
| | Actuarial (gain)/loss in inter-valuation Period: -- (Demographic) Obligation: | - | - |
| | Less Excess Return on Plan Assets over expected returns: | (0.03) | (0.02) |
| | **Actuarial gain/loss in inter-valuation Period recognized in OCI:** | **0.05** | **(1.19)** |
| D. | **Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liability** | | |
| | Present value of obligation on the accounting date: | (7.72) | (5.65) |
| | Fair Value of Plan Assets on the accounting date: | 6.09 | 5.50 |
| | Effect of Asset Ceiling | - | - |
| | **Net Asset / (liability) recognised in Balance Sheet** | **(1.63)** | **(0.15)** |
| E. | **Expenses Recognised in statement of profit and loss** | | |
| | Net Interest Cost | 0.02 | 0.07 |
| | Current Service Cost | 1.79 | 1.19 |
| | Past Service Cost | - | - |
| | Curtailment Cost (Credit) | - | - |
| | Settlement Cost (Credit) | - | - |
| | **Expense to be recognized in statement of profit or loss** | **1.81** | **1.26** |

(All amounts are Rupees in Crores, unless otherwise stated)

| | Particulars | 2019-20 | 2018-19 |
|---|---|---|---|
| F. | **Reconciliation** | | |
| | Net Liability as at the beginning of the accounting period: | 0.15 | 0.82 |
| | Expenses recognized in P/L a/c | 1.81 | 1.26 |
| | Transferred to Other Comprehensive Income | 0.04 | (1.19) |
| | Less Adjustments to last valuation Closing Balance: | - | - |
| | Less Benefits paid directly by the Company | - | - |
| | Less Contributions made to the fund | (0.37) | (0.74) |
| | **Liability recognized in the Balance Sheet as on the accounting date:** | **1.63** | **0.15** |
| G. | **Actual return on plan assets** | | |
| | Expected return on Plan Assets | 0.42 | 0.37 |
| | Actuarial gain (loss) on Plan Assets | 0.03 | 0.02 |
| | **Actual return on Plan Assets** | **0.45** | **0.39** |
| H. | **Actuarial assumption** | | |
| | Discount Rate | 6.56% | 7.46% |
| | Interest Rate (Rate of Return on Assets) | 7.77% | 8.09% |
| | Salary escalation Rate (per annum) | 5.00% | 5.00% |
| | Resignations Rate (per annum) | 8.50% | 8.50% |
| | Mortality | IALM (2012-14) | IALM (2012-14) |
| I. | **Expected payment for future years from Gratuity trust fund** | | |
| | Within the next 12 months (next annual reporting period) | 0.03 | 0.03 |
| | Between 1 and 2 years | - | - |
| | Between 2 and 3 years | 0.03 | 0.01 |
| | Between 3 and 4 years | 0.08 | 0.03 |
| | Between 4 and 5 years | 0.11 | 0.07 |
| | Between 5 and 10 years | 8.68 | 6.38 |
| | **Total expected payments** | **8.93** | **6.52** |

The Company expects to contribute Rs. 1.81 crores (March 2019: 1.26 crores) to the fund in the next financial year.

| J. | **Sensitivity analysis** | **2019-20** | | **2018-19** | |
|---|---|---|---|---|---|
| | **Sensitivity Level** | **0.5% increase** | **0.5% decrease** | **0.5% increase** | **0.5% decrease** |
| | Impact on defined benefit obligation (increase/(decrease) by) due to changes in | | | | |
| | - Discount rate | (0.30) | 0.31 | (0.22) | 0.23 |
| | - Salary escalation | 0.31 | (0.30) | 0.23 | (0.22) |
| | - Resignation rate | 0.06 | (0.06) | 0.04 | (0.04) |

(All amounts are Rupees in Crores, unless otherwise stated)

**30.3 Leave encashment/Compensated Absences:**

Salary and wages includes Rs. 1.91 crore (PY Rs. 1.95 crore) towards provision made as per actuarial valuation in respect of accumulated leave salary encashable on retirement / resignation

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and amounts recognised in the balance sheet:

| | Particulars | 2019-20 | 2018-19 |
|---|---|---|---|
| **A.** | **Reconciliation of opening and closing balance of present value of defined benefit obligation** | | |
| | Liability as at the beginning of the period | 5.10 | 4.27 |
| | Add Interest Cost: | 0.33 | 0.29 |
| | Add Current Service Cost: | 1.58 | 1.66 |
| | Less Benefits Paid directly from the Assets: | (1.28) | (1.02) |
| | Actuarial (gain) / loss (Experience) | 0.86 | (0.10) |
| | **Liability as at the end of the period** | **6.59** | **5.10** |
| **B.** | **Expenses recognized in Other comprehensive Income** | | |
| | Actuarial gain/(loss) in inter-valuation. Period (Experience): - Obligation: | 0.86 | (0.10) |
| | Actuarial gain/(loss) in inter-valuation. Period (Change in parameters): - Obligation: | - | - |
| | **Actuarial gain/loss in inter-valuation Period recognized in OCI:** | **0.86** | **(0.10)** |
| **C.** | **The Amounts to be Recognized in the Balance Sheet** | | |
| | Present value of obligation on the accounting date: | (6.59) | 5.09 |
| | Fair Value of Plan Assets on the accounting date: | - | - |
| | **Net Asset / (liability) recognised in Balance Sheet** | **(6.59)** | **5.09** |
| **D.** | **Expenses Recognised in statement of profit and loss** | | |
| | Net Interest Cost | 0.33 | 0.29 |
| | Current Service Cost | 1.58 | 1.66 |
| | **Expense to be recognized in statement of profit or loss** | **1.91** | **1.95** |
| **E.** | **Reconciliation** | | |
| | Net Liability as at the beginning of the accounting period: | 5.09 | 4.27 |
| | Expenses recognized in P/L a/c | 1.91 | 1.95 |
| | Transferred to Other Comprehensive Income | 0.86 | (0.10) |
| | less Adjustments to last valuation Closing Balance: | - | - |
| | less Benefits paid directly by the Company | (1.28) | (1.03) |
| | **Liability recognized in the Balance Sheet as on the accounting date:** | **6.58** | **5.09** |
| **F.** | **Actuarial assumption** | | |
| | Discount Rate | 6.56% | 7.46% |
| | Interest Rate (Rate of Return on Assets) | 0.00% | 0.00% |
| | Salary escalation Rate (per annum) | 5.00% | 5.00% |
| | Resignations Rate (per annum) | 8.50% | 8.50% |
| | Mortality | IALM(2012-14) | IALM(2012-14) |

(All amounts are Rupees in Crores, unless otherwise stated)

**Note 31:**

The following disclosures have been given in terms of National Housing Bank's notification no. NHB.HFC.CG-DIR.1/ MD&CEO/2016 dated February 9, 2017 and in terms of the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010. Further, the disclosures which are for regulatory and supervisory purpose, have been made so as to comply with NHB's Policy Circular No. NHB(ND)/DRS/Policy Circular No. 89/2017-18 dated June 14, 2018 which requires Housing Finance Companies to continue to follow the extent provisions of National Housing Bank Act, 1987 and Housing Finance Companies (NHB) Directions 2010 including framework on prudential norms and other related circulars issued in this regards by NHB from time to time and the same have been prepared in accordance with Accounting Standards prescribed under section 133 of the Companies Act, read with the Companies (Accounting Standards) Rules, 2006, as amended (Indian GAAP) and relied upon by the auditors.

| | Particulars | 2019-20 | 2018-19 |
|---|---|---|---|
| 31.1 | **Reserve Fund U/s 29C of NHB Act, 1987** | | |
| | **Balance at the beginning of the year** | | |
| a) | Statutory Reserve u/s 29c of the National Housing Bank Act, 1987 | 217.30 | 170.37 |
| b) | Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987 | 376.13 | 320.86 |
| | **Total** | **593.43** | **491.23** |
| | **Addition / Appropriation / Withdrawal during the year** | | |
| | Add: | | |
| a) | a) Amount transferred u/s 29C of the NHB Act, 1987* | 56.07 | 46.93 |
| b) | b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987 | 63.36 | 55.27 |
| | Less: | | |
| a) | Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987 | - | - |
| b) | Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29 C of the NHB Act, 1987 | - | - |
| | **Balance at the end of the year** | | |
| a) | Statutory Reserve u/s 29C of the National Housing Bank Act, 1987 | 273.37 | 217.30 |
| b) | Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987 | 439.49 | 376.13 |
| | **Total** | **712.86** | **593.43** |

* Company has transferred Rs. 56.07 crores (March 2019- Rs. 46.93 Crores) to statutory reserve as per 29C of the NHB Act, 1987 for the year ended March 2020 and March 2019 on profit computed based on Ind AS financials

(All amounts are Rupees in Crores, unless otherwise stated)

| | Particulars | 2019-20 | 2018-19 |
|---|---|---|---|
| 31.2 | **Investments** | | |
| | Value of Investments | | |
| | (i) Gross value of Investments | | |
| | (a) In India | 22.00 | 22.00 |
| | (b) Outside India | - | - |
| | (ii) Provisions for Depreciation | | |
| | (a) In India | - | - |
| | (b) Outside India | - | - |
| | (iii) Net value of Investments | | |
| | (a) In India | 22.00 | 22.00 |
| | (b) Outside India | - | - |
| | Movement of provisions held towards depreciation on investments | | |
| | (i) Opening balance | - | - |
| | (ii) Add: Provisions made during the year | - | - |
| | (iii) Less: Write off/Written back of excess provisions during the year | - | - |
| | (iv) Closing balance | - | - |

| | Particulars | 2019-20 | 2018-19 |
|---|---|---|---|
| 31.3 | **Derivatives** | | |
| | Forward rate agreement (FRA) / Interest rate swaps (IRS) | NIL | NIL |
| | Exchange traded interest rate (IR) Derivative | NIL | NIL |
| | Disclosure on Risk exposure in Derivatives | NA | NA |

| | Particulars | 2019-20 | 2018-19 |
|---|---|---|---|
| 31.4 | **Securitisation** | | |
| | Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction | NA | NA |
| | Details of non-performing financial assets purchased / sold | NA | NA |
| | **Details of Assignment transactions undertaken by HFCs is given below:** | | |
| | i) No. of accounts | 885 | 1,013 |
| | ii) Aggregate value (net of provision) of accounts assigned | 29.55 | 36.42 |
| | iii) Aggregate consideration | 36.54 | 36.54 |
| | iv) Additional consideration realized in respect of accounts transferred in earlier years | NA | NA |
| | v) Aggregate gain / loss over net book value | - | - |

(All amounts are Rupees in Crores, unless otherwise stated)

**31.5 Maturity pattern of certain items of Assets and Liabilities (as per contracted cash flows)**

| As on March 31, 2020 | < 1 month | Over one month to 2 months | Over 2 months to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 to 5 years | Over 5 to 7 years | Over 7 to 10 years | Over 10 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | | | | |
| Deposits | – | – | – | – | – | – | – | – | – | – | – |
| Borrowings from bank (including NHB) | 123.00 | 128.92 | 115.14 | 532.80 | 750.50 | 3,503.32 | 1,840.03 | 1,133.10 | 974.89 | 327.10 | **9,428.80** |
| Market borrowings | – | 8.04 | 212.67 | 189.52 | – | – | 272.00 | – | – | – | **682.23** |
| Foreign Currency Liabilities | – | – | – | – | – | – | – | – | – | – | – |
| | **123.00** | **136.96** | **327.81** | **722.32** | **750.50** | **3,503.32** | **2,112.03** | **1,133.10** | **974.89** | **327.10** | **10,111.03** |
| **Assets** | | | | | | | | | | | |
| Advances | 103.32 | 11.18 | 53.76 | 163.66 | 338.55 | 1,490.74 | 1,684.59 | 1,750.43 | 2,297.01 | 3,962.09 | **11,855.33** |
| Investments | – | – | – | – | – | – | – | – | – | 22.00 | **22.00** |
| Foreign Currency Assets | – | – | – | – | – | – | – | – | – | – | – |
| | **103.32** | **11.18** | **53.76** | **163.66** | **338.55** | **1,490.74** | **1,684.59** | **1,750.43** | **2,297.01** | **3,984.09** | **11,877.33** |

| As on March 31, 2019 | < 1 month | Over one month to 2 months | Over 2 months to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 to 5 years | Over 5 to 7 years | Over 7 to 10 years | Over 10 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | | | | |
| Deposits | – | – | – | – | – | – | – | – | – | – | – |
| Borrowings from bank (including NHB) | 68.52 | 112.40 | 245.41 | 401.76 | 723.64 | 3,054.72 | 1,676.88 | 1,194.79 | 733.60 | 261.00 | **8,472.72** |
| Market borrowings | – | 7.98 | 6.55 | 106.95 | 104.14 | 380.00 | – | 272.00 | – | – | **877.62** |
| Foreign Currency Liabilities | – | – | – | – | – | – | – | – | – | – | – |
| | **68.52** | **120.38** | **251.96** | **508.71** | **827.78** | **3,434.72** | **1,676.88** | **1,466.79** | **733.60** | **261.00** | **9,350.34** |
| **Assets** | | | | | | | | | | | |
| Advances | 137.73 | 55.37 | 55.65 | 169.31 | 349.93 | 1,540.24 | 1,724.40 | 1,798.97 | 2,270.83 | 2,970.49 | **11,072.92** |
| Investments | – | – | – | – | – | – | – | – | – | 22.00 | **22.00** |
| Foreign Currency Assets | – | – | – | – | – | – | – | – | – | – | – |
| | **137.73** | **55.37** | **55.65** | **169.31** | **349.93** | **1,540.24** | **1,724.40** | **1,798.97** | **2,270.83** | **2,992.49** | **11,094.92** |

(All amounts are Rupees in Crores, unless otherwise stated)

| | Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| 31.6 | **Exposure to Real Estate Sector** | | |
| | **Category** | | |
| a) | **Direct Exposure** | | |
| | **(i) Residential Mortgages** | | |
| | Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; | 10,998.58 | 10,337.54 |
| | (i) Out of the above Individual Housing Loans up to Rs.15.00 lakh | 5,045.80 | 5,187.76 |
| | **(ii) Commercial Real Estate-** | | |
| | Lending Secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels land acquisition, development and construction, etc,). Exposure would also include non-fund based (NFB) limits; | 827.55 | 699.27 |
| | **(iii) Investments in Mortgage Backed Securities (MBS) and other securities exposures -** | | |
| | a) Residential | – | – |
| | b) Commercial Real Estate | – | – |
| b) | **Indirect Exposure** | | |
| | Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | – | – |
| 31.7 | **Exposure to Capital Market** | | |
| (i) | direct investment in equity shares, convertible bonds, convertible debentures and units of equity- oriented mutual funds the corpus of which is not exclusively invested in corporate debt; | 22.00 | 22.00 |
| (ii) | advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds; | – | – |
| (iii) | advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security; | – | – |
| (iv) | advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances; | – | – |
| (v) | secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; | – | – |
| (vi) | loans sanctioned to corporates against the security of shares/ bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources; | – | – |
| (vii) | bridge loans to companies against expected equity flows / issues; | – | – |
| (viii) | All exposures to Venture Capital Funds (both registered and unregistered) | – | – |
| | **Total Exposure to Capital Market** | **22.00** | **22.00** |

**31.8 Details of financing of parent company products :** NIL

**31.9 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL):**

The company has not exceeded limit prescribed by National Housing Bank for Single Borrower Limit (SGL) and Group Borrower Limit (GBL).

**31.10 Unsecured Advances:**

The Company has not financed against intangible securities such as rights, licenses, authority etc as collateral security.

**31.11 Registration obtained from other financial sector regulators:**

Registration of Company as Composite Corporate Agent with Insurance Regulatory & Development Authority has been obtained.

(All amounts are Rupees in Crores, unless otherwise stated)

**31.12 Regulatory capital**

| | March 31, 2020 | March 31, 2019 |
|---|---|---|
| (i) CRAR (%) | 25.85% | 24.08% |
| (ii) CRAR - Tier I Capital | 25.85% | 24.08% |
| (iii) CRAR - Tier II Capital | – | – |
| (iv) Amount of subordinated debt raised as Tier- II Capital | – | – |
| (v) Amount raised by issue of perpetual Debt instruments | – | – |

**31.13 Rating assigned by credit Rating Agencies and migration of rating during the year:**

**a. Rating assigned by credit rating agencies as follows:**

| Instrument | March 31, 2020 | | March 31, 2019 | |
|---|---|---|---|---|
| | ICRA | CARE | ICRA | CARE |
| | | | | |
| NCD | – | AA | – | AA |
| Term Loans | AA- | AA | AA- | AA |
| Commercial Papers | A1+ | A1+ | A1+ | A1+ |

**b. Migration of rating during the year : NIL**

**31.14 Remuneration of Directors:**

**The transactions of the non-executive directors vis-à-vis the Company is as below.**

| Name of the director | Nature of transaction | 2019-20 | 2018-19 |
|---|---|---|---|
| Mr. T.S. Krishnamurthy | Payment of sitting fees | 0.06 | 0.05 |
| Mr. Dinesh Ponraj Oliver, I.A.S | Payment of sitting fees | - | - |
| Mr. K. Sridhar | Payment of sitting fees | 0.08 | 0.10 |
| Mr. L. Munishwar Ganesan | Payment of sitting fees | 0.02 | 0.02 |
| Mr. V. Nadanasabapathy | Payment of sitting fees | 0.14 | 0.11 |
| Mr. G.R. Sundaravadivel | Payment of sitting fees | 0.10 | 0.10 |
| Ms. R.S. Isabella | Payment of sitting fees | - | - |
| Ms. Sumithra Ravichandran | Payment of sitting fees | 0.04 | - |

**31.15 Net Profit or Loss for the period, prior period items and changes in accounting policies:**

During the year,

(a) no prior period items occurred which has impact on Statement of Profit and loss,

(b) no change in Accounting policy,

(c) there were no circumstances (other than income recognition on Non performing advances ) in which revenue recognition has been postponed pending resolution of significant uncertainty except implementation of Ind AS required by Ministry of company affairs and

(d) there is no withdrawal from reserve fund.

**31.16 Revenue Recognition**

There are no circumstances in which revenue recognition has been postponed by the Company pending the resolution of significant uncertainties.

**31.17 Consolidated Financial Statements (CFS)**

RHFL has no subsidiary Company, hence requirement of CFS involving subsidiary Company is not applicable. However financial statement of associate is consolidated and reported.

**31.18 Disclosure of Penalties imposed by NHB and other regulators**

NHB or any other regulators has not imposed any penalties/punishments/compounding of offences during the FY 2019-20. In the FY 2018-19, the Company has paid penalty of Rs. 35,400, including GST,

**31.19** As per the Accounting Standard on 'Related Party Disclosures', details of the related parties, nature of the relationship with whom Company has entered transactions, remuneration of directors and balances in related party account at the year end, are given in Note no. 32. There were no material transaction with related parties and all these transactions with related parties were carried out in ordinary course of business at arm's length price.

(All amounts are Rupees in Crores, unless otherwise stated)

**31.20 Break up of Provisions and Contingencies shown under the head expenditure in Statement of Profit and Loss**

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| 1. Provisions for depreciation on Investment | - | - |
| 2. Provision made towards Income tax | 81.81 | 106.36 |
| 3. Provision towards NPA | 122.54 | 50.09 |
| 4. Provision for Standard Assets | | |
| Housing loans to individuals | (2.39) | (3.51) |
| Mortgage / other loans | 4.41 | 0.18 |
| Commercial loan | (0.03) | 4.94 |
| Commercial Real Estate - Residential Housing | - | - |
| 5. Other Provision and Contingencies (relating Sundry debtors and staff advances) | 0.40 | 0.41 |

**Break up of Loan & Advances and Provisions thereon (Excluding personal loans / advances extended to employees)**

| Particulars | Housing | | Non-Housing | |
|---|---|---|---|---|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| **Standard Assets** | | | | |
| a) Total Outstanding Amount | 9,278.46 | 8,805.14 | 2,065.23 | 1,942.03 |
| b) Provisions made | 33.03 | 32.31 | 12.90 | 11.63 |
| **Sub-Standard Assets** | | | | |
| a) Total Outstanding Amount | 181.55 | 105.71 | 66.39 | 52.97 |
| b) Provisions made | 36.31 | 21.14 | 13.28 | 10.59 |
| c) Provision required | 27.23 | 15.86 | 9.96 | 7.95 |
| **Doubtful Assets – Category-I** | | | | |
| a) Total Outstanding Amount | 71.36 | 65.99 | 28.75 | 29.00 |
| b) Provisions made | 53.52 | 49.49 | 21.56 | 21.75 |
| c) Provision required | 17.84 | 16.50 | 7.19 | 7.25 |
| **Doubtful Assets – Category-II** | | | | |
| a) Total Outstanding Amount | 102.49 | 47.24 | 46.43 | 17.62 |
| b) Provisions made | 102.49 | 47.24 | 46.43 | 17.62 |
| c) Provision required | 41.00 | 18.90 | 18.57 | 7.05 |
| **Doubtful Assets – Category-III** | | | | |
| a) Total Outstanding Amount | 8.94 | 5.93 | 4.71 | 1.29 |
| b) Provisions made | 8.94 | 5.93 | 4.71 | 1.29 |
| c) Provision required | 8.94 | 5.93 | 4.71 | 1.29 |
| **Loss Assets** | | | | |
| a) Total Outstanding Amount | 1.02 | - | - | - |
| b) Provisions made | 1.02 | - | - | - |
| c) Provision required | 1.02 | | | |
| Total | | | | |
| a) Total Outstanding Amount | 9,643.82 | 9,030.01 | 2,211.51 | 2,042.91 |
| b) Provisions made | 235.31 | 156.11 | 98.88 | 62.88 |

**Note:**

1. The Company's policy is to provide provisions towards NPA as per NHB guidelines based on erstwhile accounting policies followed by the company
2. The total outstanding amount mean principal + accrued interest + other charges pertaining to loans
3. The Category of Doubtful Assets will be as under:

| Period for which the assets has been considered as doubtful | Category |
|---|---|
| Up to one year | Category - I |
| One to three years | Category - II |
| More than three years | Category - III |

(All amounts are Rupees in Crores, unless otherwise stated)

**31.21 Draw Down from Reserves**

Not applicable since the company has not drawn down any amount from reserves in the current year as well as previous year.

**31.22 Concentration of Public Deposits ( for Public Deposit taking/holding HFCs):**

Not applicable, since the company has not accepted any deposits from the public.

| | Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| **31.23** | **Concentration of Loan & Advances** | | |
| | Total Loans & Advances to twenty largest borrowers | 81.67 | 102.65 |
| | Percentage of Loans & Advances to twenty largest borrowers to total advances of the HFC | 0.69 | 0.93 |
| **31.24** | **Concentration of all exposure(including off-balance sheet exposure)** | | |
| | Total exposure to twenty largest borrowers/customers | 84.00 | 103.93 |
| | Percentage of Loans & Advances to twenty largest borrowers /customers to total exposure of the HFC on borrowers/customers | 0.68 | 0.89 |
| **31.25** | **Concentration of NPAs** | | |
| | Total Exposure to top ten NPA accounts | 27.36 | 22.21 |
| **31.26** | **Sector-wise NPA ( Percentage of NPA to total advances in that sector)** | | |
| | **A. Housing Loans:** | | |
| | 1. Individuals | 3.79 | 2.50 |
| | 2. Builders / Project Loans | - | - |
| | 3. Corporates | - | - |
| | 4. Others (specify) | - | - |
| | **B. Non-Housing Loans:** | | |
| | 1. Individuals | 6.68 | 4.96 |
| | 2. Builders / Project Loans | - | - |
| | 3. Corporates | - | - |
| | 4. Others (specify) | - | - |
| **31.27** | **Movement of NPAs** | | |
| | (I) Net NPAs to Net Advances (%) | 1.93% | 1.38% |
| | (II) Movement of NPAs (Gross) | | |
| | a) Opening Balance | 325.75 | 282.64 |
| | b) Additions during the year | 254.36 | 143.23 |
| | c) Reductions during the year | 68.46 | 100.12 |
| | **d) Closing Balances** | **511.65** | **325.75** |
| | (III) Movement of Net NPAs | | |
| | a) Opening Balance | 150.69 | 125.47 |
| | b) Additions during the year | 188.34 | 124.61 |
| | c) Reductions during the year | 115.64 | 99.39 |
| | d) **Closing Balances** | **223.39** | **150.69** |
| | (IV) Movement of provisions for NPAs (excluding provision on standard assets) | | |
| | a) Opening Balance | 175.05 | 157.17 |
| | b) Additions during the year | 148.91 | 85.42 |
| | c) Reductions during the year | 35.70 | 67.54 |
| | d) **Closing Balances** | **288.26** | **175.05** |

(All amounts are Rupees in Crores, unless otherwise stated)

**31.28 Overseas Assets : The company does not have any overseas assets.**

**31.29 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms) :**

The company does not have any off balance sheet Special Purpose Vehicle (SPV) which requires to be consolidated as per accounting norms.

**31.30 Customers Complaints**

| | March 31, 2020 | March 31, 2019 |
|---|---|---|
| a) No. of complaints pending at the beginning of the year | 4 | 2 |
| b) No. of complaints received during the year | 72 | 42 |
| c) No. of complaints redressed during the year | 73 | 40 |
| d) No. of complaints pending at the end of the year | 3 | 4 |

**31.31** There are no Micro, Small and Medium Enterprises (MSME) to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2020. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

**31.32** Expenditure incurred in foreign currency: Towards Travelling Expenses - Rs. Nil (March 31, 2019 -Nil) and towards other borrowing costs - Rs.0.04 crores (March 31, 2019 -Rs. 0.03 crore). There are no Earnings in foreign currency during the current year as well as in the previous year.

**31.33** There are no amounts to be reflected under payable to Investor Protection Fund.

**31.34** Pursuant to NHB Circular on Guidelines on Reporting and Monitoring of Frauds in Housing Finance Companies dated February 05 2019, the company has reported 6 fraudulent cases (PY - 9 fraudulent cases) to NHB. The Amount related to fraud is Rs. 1.57 Crores (PY - 2.09 Crores).

**31.35 Moratorium**

Pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 ("RBI circular") allowing lending institutions to offer moratorium to borrowers on payment of installments, the Company has extended moratorium to its borrowers in accordance with its Board approved policy.

| Particulars | Amount |
|---|---|
| Amounts in SMA/overdue categories where the moratorium/deferment was extended | 1,512.99 |
| Asset classification benefits vide above mentioned RBI circular | 256.90 |
| Total provisions required as at March 31, 2020 as per circular | 12.85 |
| Provision made on account of COVID-19 as at March 31, 2020 | 25.69 |

(All amounts are Rupees in Crores, unless otherwise stated)

## Note 32:

### Related party disclosures

(a) Disclosures in terms of Indian Accounting Standard 24 "Related Party Disclosure" (Ind AS 24) are given below:-

**32.1 List of related parties:**

| | |
|---|---|
| Repco Bank Ltd., | Promoter |
| Repco Micro Finance Ltd., | Associates |

**32.2 Key Management Personnel**

| | |
|---|---|
| Shri R. Varadarajan | Managing Director (upto 31st December 2018) |
| Shri Yashpal Gupta | Managing Director (from 3rd January 2019) |
| Shri T.S. Krishnamurthy | Non-executive Director |
| Shri K. Sridhar | Non-executive Director |
| Shri L. Munishwar Ganesan | Non-executive Director |
| Shri V. Nadanasabapathy | Non-executive Director |
| Shri G.R. Sundaravadivel | Non-executive Director |
| Shri. Dinesh Ponraj Oliver, IAS | Non-executive Director |
| Smt.R.S. Isabella | Non-executive Director |
| Smt. Sumithra Ravichandran | Non-executive Director (from 01.04.2019) |
| Shri T. Karunakaran | Chief Financial Officer |
| Shri K. Prabhu | Company Secretary and Compliance Officer |

**32.3 The Company's related party balances and transactions are summarized as follows:**
**Remuneration paid to Key Management Personnel:**

| Name of Key Management Personnel | Remuneration Paid Salary including performance incentive and other perquisites # | |
|---|---|---|
| | **2019-20** | 2018-19 |
| Shri R.Varadarajan | - | 0.75 |
| Shri Yashpal Gupta | 0.51 | 0.13 |
| Shri T.Karunakaran | 0.29 | 0.23 |
| Shri K.Prabhu | 0.24 | 0.19 |

# The above remuneration excludes contribution to Gratuity fund and provision for leave liability as they are determined on an actuarial basis for the company as a whole.

**Compensation of Key management personnel of the company**

| | **2019-20** | 2018-19 |
|---|---|---|
| Short-term employee benefits | 0.98 | 1.23 |
| Post-employment benefits (defined contribution) | 0.06 | 0.07 |
| Termination benefits | - | - |

(All amounts are Rupees in Crores, unless otherwise stated)

**Related party transactions**

| Nature of Transaction | Nature of Relationship | 2019-20 | 2018-19 |
|---|---|---|---|
| Dividend Received on Investments | Key Management Personnel | - | - |
| | Repco Bank Ltd., | - | - |
| | Repco Micro Finance Ltd., | 2.64 | 1.87 |
| Dividend paid to shareholders | Key Management Personnel* | - | - |
| | Repco Bank Ltd., | 5.81 | 5.11 |
| | Repco Micro Finance Ltd., | - | - |
| Loans advanced during the year | Key Management Personnel | 0.90 | 0.11 |
| | Repco Bank Ltd., | - | - |
| | Repco Micro Finance Ltd., | - | - |
| Loan repayments received during the year | Key Management Personnel | 0.65 | 0.12 |
| | Repco Bank Ltd., | - | - |
| | Repco Micro Finance Ltd., | - | - |
| Interest received on Loans advanced | Key Management Personnel | 0.06 | 0.04 |
| | Repco Bank Ltd., | - | - |
| | Repco Micro Finance Ltd., | - | - |
| Borrowings availed during the year (Term Loan and Working capital demand loan) | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 300.06 | 430.98 |
| | Repco Micro Finance Ltd., | - | - |
| Borrowings repaid during the year (Term Loan and Working Capital demand Loan) | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 104.13 | 254.94 |
| | Repco Micro Finance Ltd., | - | - |
| Interest paid on Borrowings (Term Loan and Working Capital demand Loan) | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 65.70 | 51.80 |
| | Repco Micro Finance Ltd., | - | - |
| Interest earned on deposits | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 0.01 | 0.03 |
| | Repco Micro Finance Ltd., | - | - |
| Investments made during the year | Key Management Personnel | - | - |
| | Repco Bank Ltd., | - | - |
| | Repco Micro Finance Ltd., | - | 6.40 |
| Reimbursement – administrative expenses | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 0.05 | 0.12 |
| | Repco Micro Finance Ltd., | - | - |
| Rent paid | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 0.23 | 0.17 |
| | Repco Micro Finance Ltd., | - | - |
| Rent received | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 0.04 | 0.04 |
| | Repco Micro Finance Ltd., | - | - |
| Sitting fees received during the year | Key Management Personnel | - | - |
| | Repco Bank Ltd., | - | - |
| | Repco Micro Finance Ltd.,* | - | 0.01 |

*The amount is less than or equal Rs. 30,000 for the Financial Year 2019-20.

(All amounts are Rupees in Crores, unless otherwise stated)

**Related party outstanding balance**

| Nature of Transaction | Nature of Relationship | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| Equity Share Capital (Paid-up outstanding) | Key Management Personnel | 0.01 | 0.01 |
| | Repco Bank Ltd., | 23.23 | 23.23 |
| | Repco Micro Finance Ltd., | - | - |
| Borrowings Outstanding at the end of the year | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 1,060.35 | 798.72 |
| | Repco Micro Finance Ltd., | - | - |
| Loans Outstanding at the end of the year | Key Management Personnel | 1.09 | 0.42 |
| | Repco Bank Ltd., | - | - |
| | Repco Micro Finance Ltd., | - | - |
| Investments outstanding at the end of the year | Key Management Personnel | - | - |
| | Repco Bank Ltd., | - | - |
| | Repco Micro Finance Ltd., | 22.00 | 22.00 |
| Balances in Deposits Account | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 0.42 | 0.36 |
| | Repco Micro Finance Ltd., | - | - |

## Note 33:
## Change in liabilities arising from financing activities

| | 01-Apr-19 | Cash flows | Others | 31-Mar-20 |
|---|---|---|---|---|
| Debt securities | 876.02 | (225.62) | 29.84 | 680.24 |
| Borrowings other than debt securities | 8,472.72 | 935.88 | 20.20 | 9,428.80 |
| **Total liabilities from financing activities** | **9,348.74** | **710.26** | **50.04** | **10,109.04** |
| | **01-Apr-18** | **Cash flows** | **Others** | **31-Mar-19** |
| Debt securities | 2,248.62 | (1,424.32) | 51.72 | 876.02 |
| Borrowings other than debt securities | 6,024.33 | 2,380.84 | 67.55 | 8,472.72 |
| **Total liabilities from financing activities** | **8,272.95** | **956.52** | **119.27** | **9,348.74** |

The "others" above includes interest accrued, amortization of transaction cost incurred in connection with Non- convertible debentures and other bank charges incurred towards various services rendered by bank.

| | | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| **34** | **Contingent liabilities and commitments** | | |
| | i) Claims against the company not acknowledged as debts | 1.90 | 0.21 |
| | ii) Disputed Income tax Liability | 9.65 | 9.04 |
| | iii) Commitment towards sanction pending disbursement including part disbursement | 460.95 | 634.08 |
| | iv) Pending capital commitment | 0.26 | 0.12 |

(All amounts are Rupees in Crores, unless otherwise stated)

| | | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| 35 | **Particulars of dividend paid to Non-resident shareholders:** | | |
| | No of Shareholders | 2,501 | 2,598 |
| | No of Shares held | 1,69,63,202 | 1,94,18,976 |
| | Year for Which Dividend is Paid | 2018-2019 | 2017-2018 |
| | Gross amount of Dividend (Rupees in Crores) | 4.24 | 4.27 |
| 36 | **Amount of Dividend proposed to be distributed to the Equity Shares holders for the year ended** | | |
| | Dividend % | 25.00% | 25.00% |
| | Dividend per share | 2.50 | 2.50 |
| | Total Amount of dividend Proposed to be distributed | 15.64 | 15.64 |
| 37 | **Revenue from contracts with customers** | | |
| | Total Revenue from contracts with customers | 28.10 | 25.88 |
| | **Timing of revenue recognition** | | |
| | Services transferred at a point in time | 28.10 | 25.88 |
| | Services transferred over time | - | - |
| | **Geographical markets** | | |
| | In India | 28.10 | 25.88 |
| | Outside India | - | - |

**Note 38:**

**Lease disclosure under Ind AS 116 for the current year ended 31 March 2020**

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17, Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. Lessor accounting under Ind AS 116 remains unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 1 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company has lease contracts for various items of Land and Building. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The comparative information for each of the primary financial statements are not restated and have been presented based on the requirements of previous standard (i.e., Ind AS 17 Leases, Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The Company is not needed to present a balance sheet as at April 1 2018 (i.e., no third balance sheet). The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of Rs. 17.83 crores, and a lease liability of Rs. 19.73 crores. The cumulative effect of applying the standard resulted in Rs. 1.90 crores being debited to retained earnings.

(All amounts are Rupees in Crores, unless otherwise stated)

**i) Movement in Lease Liability**

| Particulars | March 31, 2020 |
|---|---|
| As on transition date | 19.73 |
| Add: Additions during the year | 9.47 |
| Add / (Less): Accretion of Interest | 2.00 |
| Less: Payments during the year | (9.13) |
| **Closing Balance** | **22.07** |

The Company has lease contracts for Land and Building used for the branches. Leases of such assets generally have lease terms between 3 and 6 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

**ii) Maturity Analysis of Lease Liabilities**

Given below are the undiscounted potential future rental contractual payments for the lease contracts existing as at March 31, 2020

| Particulars | Less than 1 Year | 1 - 5 Years | More than 5 Years |
|---|---|---|---|
| Lease Liabilities as at March 31, 2020 | 8.37 | 17.84 | 0.73 |

**iii) Movement in Right-of-use (ROU) Asset***

| Particulars | March 31, 2020 |
|---|---|
| As on transition date | 18.53 |
| Add: Additions during the year | 10.08 |
| Less: Amortisation for the year | (7.89) |
| **Closing Balance** | **20.72** |

*includes fair valuation of security deposit

**iv) Amount recognised in Balance Sheet**

| Particulars | March 31, 2020 |
|---|---|
| a) Right-of-use assets | 20.72 |
| b) Lease liabilities | |
| - Current | 5.96 |
| - Non-Current | 16.11 |
| **c) Additions to the Right-of-use assets** | **28.61** |

**v) Amount recognised in the Statement of Profit and Loss**

| Particulars | March 31, 2020 |
|---|---|
| a) Depreciation charge for Right-of-use assets | 7.89 |
| b) Interest expense on lease liabilities (included in finance cost) | 2.00 |

**vi) Cash outflows during the year**

| Particulars | March 31, 2020 |
|---|---|
| Payment of lease liabilities | 7.13 |
| Payment of interest portion of lease liabilities | 2.00 |

## Note 39:

### Fair value measurement

This note describes the fair value measurement of both financial and non-financial instruments and is structured as follows:

| | |
|---|---|
| Valuation principles | 39.1 |
| Valuation governance | 39.2 |
| Valuation methodologies of financial instruments not measured at fair value | 39.3 |
| Fair value of financial instruments not measured at fair value | 39.3.1 |

### 39.1 Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

### 39.2 Valuation governance

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Company including the risk and finance functions. The responsibility of ongoing measurement resides with the business units.

Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions.

### 39.3 Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the below tables.

**Loans and advances to customers**

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. Where such information is not available, the company uses historical experience and other information used in its collective impairment models.

Fair values of lending portfolios are calculated using a portfolio-based approach. The company then calculates and extrapolates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. The credit risk is applied as a top-side adjustment based on the collective impairment model incorporating probability of defaults and loss given defaults.

(All amounts are Rupees in Crores, unless otherwise stated)

### 39.3.1 Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non–financial liabilities.

| March 31, 2020 | Carrying value | Fair Value measurement using | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 324.31 | 324.31 | - | - | 324.31 |
| Bank balance other than cash and cash equivalents | 0.03 | 0.03 | - | - | 0.03 |
| Loans | 11,587.72 | - | - | 11,874.02 | 11,874.02 |
| Other financial assets | 10.09 | - | - | 10.09 | 10.09 |
| Investment in associate | 22.00 | - | - | 64.67 | 64.67 |
| **Total Financial asset** | **11,944.15** | **324.34** | **-** | **11,948.78** | **12,273.12** |
| Financial liabilities | | | | | |
| Debt securities | 680.24 | 680.24 | - | - | 680.24 |
| Borrowings (other than debt securities) | 9,428.80 | - | - | 9,428.80 | 9,428.80 |
| Other financial liabilities | 46.27 | - | - | 46.27 | 46.27 |
| **Total Financial liabilities** | **10,155.31** | **680.24** | **-** | **9,475.07** | **10,155.31** |

| March 31, 2019 | Carrying value | Fair Value measurement using | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 57.50 | 57.50 | - | - | 57.50 |
| Bank balance other than cash and cash equivalents | 0.10 | 0.10 | - | - | 0.10 |
| Loans | 10,837.93 | - | - | 11,082.45 | 11,082.45 |
| Other financial assets | 9.59 | - | - | 9.59 | 9.59 |
| Investment in associate | 22.00 | - | - | 51.16 | 51.16 |
| **Total Financial asset** | **10,927.12** | **57.60** | **-** | **11,143.20** | **11,200.80** |
| **Financial liabilities** | | | | | |
| Debt securities | 876.02 | 876.02 | - | - | 876.02 |
| Borrowings (other than debt securities) | 8,472.72 | - | - | 8,472.72 | 8,472.72 |
| Other financial Liabilities | 16.88 | - | - | 16.88 | 16.88 |
| **Total Financial Liabilities** | **9,365.62** | **876.02** | **-** | **8,489.60** | **9,365.62** |

## Note 40:

## Risk management

### 40.1 Introduction and risk profile

Company has operations in India. As the company is in financial sector, the risks associated with this type of business is integral part of the management. The company deals with large number of customers and is involved in long term lending. Hence, the risks to this type of business is unique and requires focused attention. Further, the management of risk is continuous and on going process and needs to be dynamic. The company is aware that risk is proportionate to the expected returns but should have limitations in exposing itself to the risks. This process of risk management is critical to the company's continuing profitability and reputation in the market. The company is generally exposed to credit risk, market risk, operational risk, compliance risk and competition risk.

### 40.1.1 Risk management structure

The Company has in place a Risk Management Policy duly approved by the Board covering various aspects of the risk management. Board of Directors are responsible for effective risk management. It oversees and reviews the overall functioning of the risk management and provide necessary directions in this regard.

The Management and Risk Management Committee of the Board (MRMC) is Board level committee entrusted with overseeing implementation of the Risk Management Policy / strategy approved by the Board. The committee reviews the functioning of the risk management framework at periodical intervals. It reviews the reports and directs for taking mitigating steps. The committee reports the status of the risk management of the company to the Board at periodical intervals through minutes of the meeting of the committee. The minutes of the committee are placed before the Board.

Credit and Operational Risk Management Committee (CORMC) is an executive committee consisting of Managing Director (MD) as Chairman of the Committee, Chief Development Officer (CDO), all the General Managers and Chief Technology Officer (CTO) which is responsible for laying down the operational guidelines and monitor and mitigate the risks the company is facing. The committee shall prescribe Risk Appetite for the company taking into account the inherent strengths and weakness. The Committee reviews and recommends the Management & Risk Management Committee or the Board of Directors the amendments to Risk Management Policy, as and when considered necessary. The minutes of the committee is placed before Management & Risk Management Committee of the Board. Besides this, Assets and Liabilities Management Committee (ALCO) addresses the market and liquidity risks.

The 'Risk Management Department' in Corporate Office of the company is responsible for Identification, measurement, monitoring and taking steps for mitigation of operational, credit and compliance risk and reporting to top management and the committees concerned.

The Chief Risk Officer (CRO) is designated as 'Risk Manager' of the company who is responsible for coordination, overseeing and implementation of the requirements identified in the Risk Management Policy.

### 40.1.2 Risk Identification

The Company has identified risk issues in various functions such as branches, departments in Corporate Office, Regional Offices, Central Depository, etc. and prepared a Risk Register. The register contains more than one thousand risk issues relating to various types of risks. This register is dynamic as it gets updated by additions and deletions as and when new guidelines are issued. Further, each risk is categorised as "Operational Risk", "Credit Risk", "Market Risk", "Compliance Risk or "Competition Risk".

### 40.1.3 Risk measurement

The risk issues identified and recorded in the Risk Register are measured based on the impact it may have on the business if the company is exposed to such risks. Based on the velocity of impact, each risk is categorised as 'High', 'Medium' and 'Low' risk. This is done to decide the quantum of focus required in respect of each risk issue. Weightage is given for each risk issue to enable the company to measure the risk. The company gives focus on 'High' risk issues for better management.

### 40.1.4 Risk Monitoring

The frequency for monitoring each risk issue is

prescribed. Accordingly, the risk issues are grouped as "Quarterly", "Half-yearly" and "Annual". Such grouped issues are taken up for assessment at the prescribed intervals.

**40.1.5 Risk Assessment methodology**

The risk is assessed based on self assessment by the owners of risk at the prescribed intervals. Each risk issue has to be assessed by the owners of the risk and provide a certification. The certificate is subject to verification by Risk Management Department and by Internal Auditors. Accordingly, each branch assesses the level of compliance in respect of each risk issue and provides a certificate. For this purpose, a software utility has been provided to each branch, departments in Corporate Office (CO), regional offices and Central depository (CDR). This exercise is done every quarter.

**40.1.6 Measurement of Risk**

Based on the Self-assessment certifications from various risk owners, the quantum of risk that are reported by the owners are calculated for various categories of risks such as credit risk, operational risk, compliance risk and competition risk. Risk is also measured in terms of high, medium and low. This would help us to arrive at the direction of risk.

**40.1.7 Credit risk**

The Company is primarily in the business of lending and hence is exposed to credit risk. Various credit risk mitigations are provided in the Credit Policy of the company such as profiling each customer based on various factors of the borrower and linking pricing to the same. The internal rating of each borrower is done as a part of appraisal to arrive at the risk. The Credit risk issues are identified by the Risk Management Department and provided to the branches and Credit Department for assessment. Mitigation steps are taken immediately to manage the risk. Immediate action is initiated by way of SARFAESI, OTS, etc to recover the impaired credit.

**40.1.7.1 The company's internal grading**

The company's independent Credit Risk Department operates its internal rating models. The company runs separate models for its key portfolios in which its customers are categorised as high , medium and low grade. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. Loan assets are graded based on repayment behaviour of the customer of last 12 months.

**40.1.7.2 Impairment - Expected credit loss (ECL)**

The application of Ind AS 109 has necessitated fundamental changes to the accounting for expected default risk (risk provisioning). Specifically, the incurred loss model has been replaced by the Expected Credit Loss model (ECL). Consequent to this change, the Expected Credit losses on financial instruments are classified under three stages.

**Stage 1:** Every financial asset is classified as stage 1, upon initial recognition. In addition, stage 1 contains all transactions with limited default risk.

**Stage 2:** Financial assets whose default risk has risen significantly since initial recognition and which are not classified as cases with limited default risk.

**Stage 3:** Financial assets that display objective evidence of impairment at the reporting date.

The accounting standard, Ind AS 109 does not specifically prescribe any methodology for computing ECL. However, entities are required to adopt sound and market acceptable methodologies which are in line with the size, complexity and risk-profile of the financial entity for computing the ECL. The Company uses three main components to measure ECL. These are, Exposure at default (EAD), Probability of Default (PD) and Loss Given Default (LGD).

Exposure at default (EAD) is defined as the sum of Principal outstanding and interest accrued at the reporting date.

PD is defined as the probability of borrowers defaulting on their obligations.

LGD represents the economic loss. Company uses historical loss data for identified homogenous pools for the purpose of calculating LGD. For individual cases where there as been a significant deterioration in recovery, the LGD is considered to be 100%.

Accordingly, loan assets are categorised under three different stages, as under:

(All amounts are Rupees in Crores, unless otherwise stated)

**Stage 1:** Where installments are Current and 1-30 days overdue

**Stage 2:** Where installments are 31 days – 90 days overdue and

**Stage 3:** Where installments are overdue beyond 90 days

The company is required to provide 12-month Expected Credit Loss (12-month ECL) for stage 1 assets and the Life Time Expected Credit Loss (LECL) for stage 2 & stage 3 assets

12-month ECL is the expected credit loss that results from default events that are possible within 12 months after the reporting date. LECL represents the expected credit loss from default events over the expected life of a financial asset.

As prescribed under para 5.5 in Ind AS 109, 12-months PD is required to be computed for financial instruments which are in stage 1, and life time PD for those in stage 2 & 3. 12-months PD is the likelihood of the borrower defaulting in the 12 months following the reporting date while life time PD is the likelihood of the borrower defaulting during the residual tenor.

The PD model has been developed for all the major asset classes using a statistical and iterative approach. The design and construction of the model involves identification of various credit parameters and variables that have a strong and direct correlation to propensity of default. The PD model reflects to the probability of default, taking into consideration the inherent credit quality of the borrower and the residual tenor of each contract. The PD for stage 3 contracts is considered at 100%. Where a customer has one contract in stage 3 and one or more contracts in stage 1 / stage 2, the PD for all the contracts is considered at 100%.

LGD represents the economic loss, adjusted for cure rate, as a percentage of exposure at the time of default. Economic loss is the estimated shortfall in realisation of dues, in the event of default. Contracts that have turned delinquent do not necessarily involve ultimate losses, since many of them are resolved through corrective actions. The cure rate is the probability of a 'non performing' (i.e. defaulted) contract reverting to a 'performing' (i.e. non-default) status in a year. For individual cases where there as been a significant deterioration in recovery, the LGD is considered to be 100% for those cases.

**40.1.8 Operational Risk**

Operational Risk is constantly monitored as it is prevalent in every branch and department. Systematic improvements are made wherever required.

**40.1.9 Compliance Risk**

Based on the guidelines received from regulatory and statutory authorities and also based on the policy requirements, the compliance risks issues are identified, assessed and monitored for compliance.

**40.1.10 Market Risk**

The Company does not accept deposits from public. The resources are mobilized from banks and market. The Company has a specific committee named Assets and Liabilities Committee (ALCO) which meets at frequent intervals to manage the liquidity, interest rates, spread etc. The Committee also prescribes Minimum Lending Rate (MLR).

**Sensitivity analysis on Net Interest**

| Particulars | 2019-20 | | 2018-19 | |
|---|---|---|---|---|
| | Increase by 25 bps | Decrease by 25 bps | Increase by 25 bps | Decrease by 25 bps |
| Impact on profit before tax- Gain / (Loss) | 19.96 | (19.96) | 15.55 | (15.55) |

(All amounts are Rupees in Crores, unless otherwise stated)

## Note 41:

### Analysis of risk concentration

The Company's concentrations of risk ( for financial assets other than loans and advances ) are managed by industry sector. The following table shows the risk concentration by industry for the financial assets of the Company:-

**Industry analysis**

| March 31, 2020 | Financial services | Government | Retail | Services | Total |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 324.31 | - | - | - | 324.31 |
| Bank balance other than cash and cash equivalents | 0.03 | - | - | - | 0.03 |
| Loans | - | - | 11,587.72 | - | 11,587.72 |
| Other financial assets | 0.02 | - | 4.14 | 5.93 | 10.09 |
| Investment in associate | 22.00 | - | - | - | 22.00 |
| **Total Financial asset** | **346.36** | **-** | **11,591.86** | **5.93** | **11,944.15** |
| **Financial liabilities** | | | | | |
| Debt securities | 680.24 | - | - | - | 680.24 |
| Borrowings (other than debt securities) | 9,428.80 | - | - | - | 9,428.80 |
| Other financial liabilities | 12.13 | 1.43 | 0.35 | 32.36 | 46.27 |
| **Total Financial liabilities** | **10,121.17** | **1.43** | **0.35** | **32.36** | **10,155.31** |

| March 31, 2019 | Financial services | Government | Retail | Services | Total |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 57.50 | - | - | - | 57.50 |
| Bank balance other than cash and cash equivalents | 0.10 | - | - | - | 0.10 |
| Loans | - | - | 10,837.93 | - | 10,837.93 |
| Other financial assets | - | - | 3.75 | 5.84 | 9.59 |
| Investment in associate | 22.00 | - | - | - | 22.00 |
| **Total Financial asset** | **79.60** | **-** | **10,841.68** | **5.84** | **10,927.12** |
| **Financial liabilities** | | | | | |
| Debt securities | 876.02 | - | - | - | 876.02 |
| Borrowings (other than debt securities) | 8,472.72 | - | - | - | 8,472.72 |
| Other financial liabilities | 7.35 | 2.19 | 0.32 | 7.02 | 16.88 |
| **Total Financial liabilities** | **9,356.09** | **2.19** | **0.32** | **7.02** | **9,365.62** |

(All amounts are Rupees in Crores, unless otherwise stated)

**41.1 Collateral and other credit enhancements**

Although collateral can be an important mitigation of credit risk, it is the Company's practice to lend on the basis of the customer's ability to meet the obligations out of cash flow resources other than placing primary reliance on collateral and other credit risk enhancements. The Company obtains first and exclusive charge on all collateral that it obtains for the loans given. Home loans/ home equity loans are secured by collateral at the time of origination. In case of Home loans/ home equity loans, the value of the property at the time of origination will be arrived by obtaining valuation reports from Company's empanelled valuer. Immovable Property is the collateral for Home loans/ Home Equity loans. Security Interest in favour of the Company is created by Mortgage through deposit of title deed which is registered wherever required by law. Any surplus remaining after settlement of outstanding debt by way of sale of collateral is returned to the customer / borrower.

## Note 42:

### Liquidity risk and funding management

Liquidity risk is defined as the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The company has developed internal control processes and contingency plans for managing liquidity risk.

The company maintains diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The company also has lines of credit that it can access to meet liquidity needs. In accordance with the company's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the company. Net liquid assets consist of cash and cash equivalents, balances other than cash and cash equivalents available for immediate use, less securities issued and borrowings due to mature within the next month.

(All amounts are Rupees in Crores, unless otherwise stated)

**42.1 Following are the contractual maturities of financial liability/financial assets at the reporting date. Loans, debt securities and borrowings include estimated interest receipts / payments.**

| As on March 31, 2020 | < 1 month | Over one month to 2 months | Over 2 months to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 to 5 years | Over 5 to 7 years | Over 7 to 10 years | Over 10 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | | | | | | |
| Cash and cash equivalents | 323.89 | – | – | – | 0.42 | – | – | – | – | – | **324.31** |
| Bank Balance other than Cash and cash equivalents | – | 0.01 | – | 0.01 | 0.01 | – | – | – | – | – | **0.03** |
| Loans | 174.99 | 31.34 | 162.59 | 486.89 | 970.10 | 3,800.65 | 3,611.03 | 3,276.29 | 3,883.50 | 5,924.31 | **22,321.69** |
| Other financial assets | 1.65 | 0.12 | 0.22 | 0.94 | 0.71 | 3.71 | 2.54 | 0.12 | 0.07 | 0.01 | **10.09** |
| Investments | – | – | – | – | – | – | – | – | – | 22.00 | **22.00** |
| | **500.53** | **31.47** | **162.81** | **487.84** | **971.24** | **3,804.36** | **3,613.57** | **3,276.41** | **3,883.57** | **5,946.32** | **22,678.12** |
| **Financial Liabilities** | | | | | | | | | | | |
| Debt Securities | – | 10.92 | 215.64 | 194.37 | 11.04 | 43.79 | 303.08 | – | – | – | **778.84** |
| Borrowings | 184.28 | 189.74 | 174.80 | 721.70 | 1,100.92 | 4,499.69 | 2,413.14 | 1,452.14 | 1,195.17 | 384.75 | **12,316.33** |
| Other financial liabilities | 46.27 | – | – | – | – | – | – | – | – | – | **46.27** |
| | **230.55** | **200.66** | **390.44** | **916.07** | **1,111.96** | **4,543.48** | **2,716.22** | **1,452.14** | **1,195.17** | **384.75** | **13,141.44** |

| As on March 31, 2019 | < 1 month | Over one month to 2 months | Over 2 months to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 to 5 years | Over 5 to 7 years | Over 7 to 10 years | Over 10 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | | | | | | |
| Cash and cash equivalents | 57.14 | – | – | – | 0.36 | – | – | – | – | – | **57.50** |
| Bank Balance other than Cash and cash equivalents | – | 0.02 | 0.01 | 0.03 | 0.04 | – | – | – | – | – | **0.10** |
| Loans | 257.40 | 156.35 | 156.09 | 467.29 | 930.64 | 3,643.28 | 3,438.88 | 3,099.21 | 3,518.52 | 4,151.96 | **19,819.62** |
| Other financial assets | 2.65 | 0.13 | 0.21 | 0.53 | 0.90 | 2.86 | 2.11 | 0.12 | 0.07 | 0.01 | **9.59** |
| Investments | – | – | – | – | – | – | – | – | – | 22.00 | **22.00** |
| | **317.19** | **156.50** | **156.31** | **467.85** | **931.94** | **3,646.14** | **3,440.99** | **3,099.33** | **3,518.59** | **4,173.97** | **19,908.81** |
| **Financial Liabilities** | | | | | | | | | | | |
| Debt Securities | 50.62 | 10.95 | 8.25 | 110.47 | 119.67 | 453.92 | 43.79 | 282.33 | – | – | **1,080.00** |
| Borrowings | 127.70 | 160.23 | 293.32 | 555.55 | 1,009.96 | 3,939.49 | 2,209.58 | 1,471.22 | 872.60 | 319.57 | **10,959.22** |
| Other financial liabilities | 16.88 | – | – | – | – | – | – | – | – | – | **16.88** |
| | **195.20** | **171.18** | **301.57** | **666.02** | **1,129.63** | **4,393.41** | **2,253.37** | **1,753.55** | **872.60** | **319.57** | **12,056.10** |

(All amounts are Rupees in Crores, unless otherwise stated)

**42.2 The table below shows the contractual expiry by maturity of the company's undrawn commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.**

| Particulars | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| March 31, 2020 | – | 291.37 | 156.89 | 12.69 | – | 460.95 |
| March 31, 2019 | – | 394.92 | 210.72 | 28.45 | – | 634.09 |

**42.3 Maturity analysis of assets and liabilities**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled, based on contractual maturities. With regard to loans and advances to customers, the company uses the same basis of expected repayment behaviour as used for estimating the EIR.

| Assets | March 31, 2020 | | | March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| **Financial Assets** | | | | | | |
| Cash and cash equivalents | 324.31 | - | 324.31 | 57.50 | - | 57.50 |
| Bank Balance other than above | 0.03 | - | 0.03 | 0.10 | - | 0.10 |
| Loans | 2,041.63 | 9,546.09 | 11,587.72 | 2,078.37 | 8,759.56 | 10,837.93 |
| Other financial assets | 3.64 | 6.45 | 10.09 | 4.42 | 5.17 | 9.59 |
| Investments | - | 22.00 | 22.00 | - | 22.00 | 22.00 |
| **Non-financial Assets** | | | | | | |
| Property, Plant and Equipment | - | 14.20 | 14.20 | - | 13.61 | 13.61 |
| Other Intangible assets | - | 2.31 | 2.31 | - | 1.91 | 1.91 |
| Right-of-Use (ROU) assets | - | 20.72 | 20.72 | - | - | - |
| Other non-financial assets | 3.64 | 8.91 | 12.55 | 5.64 | 8.69 | 14.33 |
| **Total Assets** | **2,373.25** | **9,620.68** | **11,993.93** | **2,146.03** | **8,810.94** | **10,956.97** |
| **Financial Liabilities** | | | | | | |
| Debt Securities | 409.97 | 270.27 | 680.24 | 225.46 | 650.56 | 876.02 |
| Borrowings (Other than debt securities) | 1,650.36 | 7,778.44 | 9,428.80 | 1,551.73 | 6,920.99 | 8,472.72 |
| Other financial liabilities | 46.27 | - | 46.27 | 16.88 | - | 16.88 |
| Non-Financial Liabilities | | | | | | |
| Current tax liabilities (Net) | - | - | - | - | - | - |
| Provisions | 7.82 | 8.10 | 15.92 | 6.99 | 4.99 | 11.98 |
| Deferred tax liabilities (Net) | - | 35.83 | 35.83 | - | 51.99 | 51.99 |
| **Total Liabilities** | **2,114.42** | **8,092.64** | **10,207.06** | **1,801.06** | **7,628.53** | **9,429.59** |

(All amounts are Rupees in Crores, unless otherwise stated)

## Note 43:

### Disclosure on Moratorium

Pursuant to Para 4 of DOR.NO.BP.BC.63/21.04.048/2019-20 circulars dated April 17, 2020 issued by the Reserve Bank of India ("RBI circular") allowing lending institutions to offer moratorium to borrowers on payment of installments, the Company has extended moratorium to its borrowers in accordance with its Board approved policy.

| Particulars | Amount |
|---|---|
| Amounts in overdue categories where the moratorium/deferment was extended* | 1,531.82 |
| Staging benefits provided to existing Stage I customers* | 1,138.35 |
| Staging benefits provided to existing Stage II customers* | 262.59 |
| Additional Provision made on account of COVID-19 as at March 31, 2020 | 39.30 |

*includes impact on EIR

## Note 44:

### Events after reporting date

There have been no events after the reporting date that require disclosure in these financial statements.

## Note 45:

### Previous year figures

Prior period figures have been regrouped/ reclassified wherever necessary.

## Note 46:

### Approval of financial statements

The financial statements were approved for issue by the Board of Directors on July 23, 2020.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

**per Aniruddh Sankaran**
Partner
Membership No. 211107
Place : Chennai
Date : July 23, 2020

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

**T Karunakaran**
Chief Financial Officer
Place : Chennai
Date : July 23, 2020

**K Prabhu**
Company Secretary
Place : Chennai
Date : July 23, 2020

**Yashpal Gupta**
Managing Director
Place : Chennai
Date : July 23, 2020

**T S KrishnaMurthy**
Chairman
Place : Chennai
Date : July 23, 2020

# CONSOLIDATED FINANCIAL STATEMENTS 2019 - 2020

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REPCO HOME FINANCE LIMITED

**Report on the Audit of the Consolidated Ind AS Financial Statements**

## Opinion

We have audited the accompanying consolidated Ind AS financial statements of Repco Home Finance Limited (the "Company" or the "Holding Company"), and its associate comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the associate, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company and its associate as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

## Basis for Opinion

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

## Emphasis of Matter

We draw attention to Note no 3 to the accompanying consolidated financial statements, which describes the economic and social disruption the Company is facing as a result of COVID-19 pandemic, and its possible consequential implications, on the Company's operations and financial metrics.

Our opinion is not modified in respect of this above matter.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly,

our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **Impairment of Financial Instruments based on expected credit loss models (Refer to note 5.3 and note 8.1 to the financial statements)** | |
| Financial instruments, which include advances to customers, represents a significant portion of the total assets of the Company. The Company has advances aggregating Rs 11,801.65 crores as at March 31, 2020.<br><br>As per the expected credit loss model prescribed under Ind AS 109, the Company is required to estimate the probability of loss / expected loss based on past experience and future considerations. This involves a significant degree of estimation and judgements, including determination of staging of financial instruments; estimation of probability of defaults, loss given defaults, exposure at defaults; and forward looking factors, micro- and macro-economic factors, in estimating the expected credit losses. Additionally, the economic and business consequences of the COVID-19 pandemic as described in Note 8 to the financial statements, significant social disruption and disturbance and slowdown of economic activity, moratoriums granted to borrowers, the related regulatory directives and also the applicable accounting directions, further affect loan loss provisioning under the ECL approach.<br><br>Due to the significance of the amounts involved, judgments involved in classification of loans, relative complexity of various assumptions and estimates used, and determination of related provisions, this audit area is considered a key audit matter. | Our audit procedures included the following:<br><br>• We read and assessed the Company 's impairment provisioning policy with reference to Ind AS 109 and the provisioning framework approved by the Board of Directors as well as relevant regulatory guidelines and pronouncements.<br><br>• For expected credit loss provision against outstanding exposures classified across various stages, we obtained an understanding of the Company's provisioning methodology (including factors that affect the probability of default, loss given defaults and exposure at default; various forward looking, micro- and macro-economic factors), the underlying assumptions and the sufficiency of the data used by management and tested the same on sample basis.<br><br>• We performed tests of controls and details on a sample tests basis in respect of the staging of outstanding exposures, implementation of Company policy in response to COVID-19 and other relevant data used in impairment computations prepared by management as compared to the Company's policy.<br><br>• We enquired with the management regarding significant judgments and estimates involved in the impairment computation and additional provision arising from the effects of the COVID-19 pandemic, and evaluated the reasonableness thereof.<br><br>• We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets<br><br>• Assessed disclosures included in the standalone financial statements in respect of expected credit losses including the specific disclosures made with regard to the impact of COVID-19 on ECL estimation. |

## Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

## Responsibilities of Board of Directors for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Company including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the Company and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

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

Those respective Board of Directors of the Company and of its associate are also responsible for overseeing the financial reporting process of the Company and its associate.

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matter

The consolidated Ind AS financial statements also include the Company's share of net profit of Rs. 17.79 crores and Company's share of total comprehensive income of Rs.17.79 crores for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of the associate whose financial statements, other financial information have been audited by another auditor and whose report has been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the report of such other auditor.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of the associate, as noted in the 'Other Matters' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts maintained for the purpose of preparation of the consolidated Ind AS financial statements;

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

(e) On the basis of the written representations received from the directors of the Company as on March 31, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its associate, none of the directors of the Company and its associate incorporated in India, are disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Company and its associate incorporated in India, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditor of the associate incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company and its associate incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

statements as also the other financial information of the associate, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Company, and its associate in its consolidated Ind AS financial statements – Refer Note 34 to the consolidated Ind AS financial statements;

ii. The Company, and its associate have made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 8.1 to the consolidated financial statements. '

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company, and its associate incorporated in India during the year ended March 31, 2020.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number:101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership Number: 211107
UDIN: 20211107AAAACS3499
Place of Signature: Chennai
Date: July 23, 2020

# ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF REPCO HOME FINANCE LIMTED

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

In conjunction with our audit of the consolidated Ind AS financial statements of Repco Home Finance Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Repco Home Finance Limited (hereinafter referred to as the "Company" or "Holding Company") and, its associate , which are companies incorporated in India, as of that date.

## Management's Responsibility for Internal Financial Controls

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

## Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

### Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

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

### Opinion

In our opinion, the Company, and its associate company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31,2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, insofar as it relates to the associate company, which is incorporated in India, is based on the corresponding report of the auditor of the associate incorporated in India.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number:101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership Number: 211107
UDIN: 20211107AAAACS3499
Place of Signature: Chennai

Date: July 23, 2020

# Consolidated Balance Sheet

## As at March 31, 2020

(All amounts are Rupees in Crores, unless otherwise stated)

| Particulars | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **I. Assets** | | | |
| **Financial Assets** | | | |
| Cash and cash equivalents | 6 | 324.31 | 57.50 |
| Bank balance other than cash and cash equivalents | 7 | 0.03 | 0.10 |
| Loans | 8 | 11,587.72 | 10,837.93 |
| Other financial assets | 9 | 10.09 | 9.59 |
| Investment in associate | 10 | 65.17 | 51.68 |
| **Non-financial assets** | | | |
| Property, plant and equipment | 11 | 14.20 | 13.61 |
| Other intangible assets | 11 | 2.31 | 1.91 |
| Right-of-use (ROU) assets | 38 | 20.72 | - |
| Other non-financial assets | 12 | 12.55 | 14.33 |
| **Total Assets** | | **12,037.10** | **10,986.65** |
| **II. Liabilities and Equity** | | | |
| **Financial Liabilities** | | | |
| Debt securities | 13 | 680.24 | 876.02 |
| Borrowings (other than debt securities) | 14 | 9,428.80 | 8,472.72 |
| Other financial liabilities | 15 | 46.27 | 16.88 |
| **Non-financial liabilities** | | | |
| Provisions | 16 | 15.92 | 11.98 |
| Deferred tax liabilities (net) | 27 | 35.83 | 51.99 |
| **Total liabilities** | | **10,207.06** | **9,429.59** |
| **III. Equity** | | | |
| Equity share capital | 17 | 62.56 | 62.56 |
| Other equity | | 1,767.48 | 1,494.50 |
| **Total equity** | | **1,830.04** | **1,557.06** |
| **Total liabilities and equity** | | **12,037.10** | **10,986.65** |

Significant Accounting policies & Notes to financials statements 2

The accompanying notes form an integral part of the consolidated financial statement

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

**per Aniruddh Sankaran**
Partner
Membership No. 211107
Place : Chennai
Date : July 23, 2020

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

**T Karunakaran**
Chief Financial Officer
Place : Chennai
Date : July 23, 2020

**K Prabhu**
Company Secretary
Place : Chennai
Date : July 23, 2020

**Yashpal Gupta**
Managing Director
Place : Chennai
Date : July 23, 2020

**T S KrishnaMurthy**
Chairman
Place : Chennai
Date : July 23, 2020

# Consolidated Statement of Profit and Loss

## For the year ended March 31, 2020

(All amounts are Rupees in Crores, unless otherwise stated)

| Particulars | Note No. | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| **I. Revenue from operations** | | | |
| Interest income | 18 | 1,317.36 | 1,163.37 |
| Other loan related income | 19 | 28.10 | 25.88 |
| **Total revenue from operations** | | **1,345.46** | **1,189.25** |
| Other income | 20 | 5.64 | 5.92 |
| **Total income** | | **1,351.10** | **1,195.17** |
| **II. Expenses** | | | |
| Finance costs | 21 | 824.97 | 719.95 |
| Employee benefits expenses | 22 | 66.43 | 58.52 |
| Depreciation, amortisation and impairment | 11 & 38 | 12.93 | 5.03 |
| Others expenses | 23 | 27.14 | 34.87 |
| Provisions and write - offs | 24 | 59.44 | 16.98 |
| **Total expenses** | | **990.91** | **835.35** |
| **III. Profit before tax** | | **360.19** | **359.82** |
| Tax expense: | 26 | | |
| (1) Current tax | | 95.21 | 101.69 |
| (2) Deferred tax | 27 | (15.37) | 23.49 |
| **IV. Profit for the year** | | **280.35** | **234.64** |
| **V. Share of Profit / (Loss) of Associate (Net)** | | **17.79** | **14.42** |
| **VI. Other comprehensive Income** | | | |
| **A. Items that will not be reclassified to profit or loss** | | | |
| Remeasurement gain / (loss) on defined benefit plan | | (0.91) | 1.29 |
| Income tax impact | | 0.31 | (0.45) |
| **VI. Total comprehensive income for the year (IV + V)** | | **297.54** | **249.90** |
| **Earnings per equity share** | | | |
| Basic (INR) | | 47.66 | 39.81 |
| Diluted (INR) | | 47.66 | 39.81 |

Significant Accounting policies & Notes to financials statement 2

The accompanying notes form an integral part of the consolidated financial statement

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

**per Aniruddh Sankaran**
Partner
Membership No. 211107
Place : Chennai
Date : July 23, 2020

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

**T Karunakaran**
Chief Financial Officer
Place : Chennai
Date : July 23, 2020

**K Prabhu**
Company Secretary
Place : Chennai
Date : July 23, 2020

**Yashpal Gupta**
Managing Director
Place : Chennai
Date : July 23, 2020

**T S KrishnaMurthy**
Chairman
Place : Chennai
Date : July 23, 2020

# Consolidated Statement of changes in equity

## For the year ended March 31, 2020

(All amounts are Rupees in Crores, unless otherwise stated)

### A. Equity Share Capital

| | Number of shares | Amount |
|---|---|---|
| As at April 01, 2018 | 6,25,61,362 | 62.56 |
| Add : Shares issued during the year | - | - |
| As at March 31, 2019 | 6,25,61,362 | 62.56 |
| Add : Shares issued during the year | - | - |
| As at March 31, 2020 | 6,25,61,362 | 62.56 |

### B. Other Equity

| Particulars | Reserve and Surplus | | | | | | Items of Other comprehensive Income | Total |
|---|---|---|---|---|---|---|---|---|
| | Special Reserve* | Statutory Reserve* | Capital Redemption Reserve | Securities Premium account* | General reserve* | Retained earnings | | |
| Balance at 01 April 2018 | 320.86 | 170.37 | 0.00 | 318.42 | 145.94 | 307.60 | 0.23 | 1,263.42 |
| Profit for the year | – | – | – | – | – | 249.06 | – | 249.06 |
| Less: Dividend received from associate credited to carrying value of investment (including DDT) | – | – | – | – | – | (2.27) | – | (2.27) |
| Appropriations to reserve | 55.27 | 46.93 | – | – | – | (102.20) | – | – |
| Other comprehensive income | – | – | – | – | – | – | 0.84 | 0.84 |
| **Total comprehensive income** | **376.13** | **217.30** | **0.00** | **318.42** | **145.94** | **452.19** | **1.07** | **1,511.05** |
| Dividend and dividend distribution tax | – | – | – | – | – | (16.55) | – | (16.55) |
| At 31 March 2019 | **376.13** | **217.30** | **0.00** | **318.42** | **145.94** | **435.64** | **1.07** | **1,494.50** |
| Profit for the year | – | – | – | – | – | 298.14 | – | 298.14 |
| Less: Dividend received from associate credited to carrying value of investment (including DDT) | – | – | – | – | – | (3.18) | – | (3.18) |
| Ind AS Impact | | | | | | (2.53) | | (2.53) |
| Appropriations to reserve | 63.36 | 56.07 | – | – | 25.00 | (144.43) | – | – |
| Other comprehensive income | – | – | – | – | – | – | (0.60) | (0.60) |
| **Total comprehensive income** | **439.49** | **273.37** | **0.00** | **318.42** | **170.94** | **583.64** | **0.47** | **1,786.33** |
| Dividend and dividend distribution tax | – | – | – | – | – | (18.86) | – | (18.86) |
| **At 31 March 2020** | **439.49** | **273.37** | **0.00** | **318.42** | **170.94** | **564.79** | **0.47** | **1,767.48** |

*Refer Note 17.2 for description of nature and purpose of each reserve.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

**per Aniruddh Sankaran**
Partner
Membership No. 211107
Place : Chennai
Date : July 23, 2020

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

**T Karunakaran**
Chief Financial Officer
Place : Chennai
Date : July 23, 2020

**K Prabhu**
Company Secretary
Place : Chennai
Date : July 23, 2020

**Yashpal Gupta**
Managing Director
Place : Chennai
Date : July 23, 2020

**T S KrishnaMurthy**
Chairman
Place : Chennai
Date : July 23, 2020

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

Repco Home Finance

(All amounts are Rupees in Crores, unless otherwise stated)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **A. Cash Flow From Operating Activities** | | |
| Profit before tax | 377.98 | 374.24 |
| **Adjustments to reconcile profit before tax to net cash flows:** | | |
| Depreciation | 12.93 | 5.03 |
| (Profit)/Loss on Sale of Fixed Assets | (0.02) | (0.09) |
| Provision based on expected credit loss (including Bad debts written off) | 59.44 | 16.98 |
| Interest Earned on Deposits | (0.03) | (0.03) |
| Share of Profit from Assosciate | (17.79) | (14.42) |
| Dividend received on Investments | (2.64) | (1.87) |
| Finance cost on amortization of NCD | (0.39) | 1.11 |
| Actuarial Gain/Loss | (0.91) | 1.29 |
| **Operating Profit Before Working Capital Changes** | **428.57** | **382.24** |
| **Changes in Working Capital** | | |
| (Increase)/Decrease in loans and advances | (0.55) | (1.54) |
| (Increase)/Decrease in other financial assets | (0.32) | 8.78 |
| Increase/(decrease) in provisions | 3.94 | (0.77) |
| Increase/(decrease) in financial liabilities | 9.32 | (91.88) |
| **Operating Profit after Working Capital Changes** | **440.96** | **296.83** |
| (Increase)/Decrease in Housing/other loans | (809.27) | (1,205.76) |
| **Net Cash From Operations** | **(368.31)** | **(908.93)** |
| **Direct Taxes Paid** | (93.10) | (106.09) |
| **Net Cash flow used in operating activities (A)** | **(461.41)** | **(1,015.02)** |
| **B. Cash Flow From Investing Activities** | | |
| Purchase of Fixed Assets | (7.35) | (7.26) |
| Proceeds from sale of fixed assets | 0.05 | 0.30 |
| (Increase)/Decrease in Capital advances | 0.07 | 0.05 |
| Subscription to Investments | - | (6.40) |
| Interest received on Deposits | 0.03 | 0.03 |
| Dividend received on Investments | 2.64 | 1.87 |
| Investments/redemption of Deposits Maturing after three months (net) | 0.07 | (0.04) |
| **Net Cash flow used in Investing Activities (B)** | **(4.49)** | **(11.45)** |
| **C. Cash Flow From Financing Activities** | | |
| Term loans received from Banks and financial institutions | 3,405.00 | 3,658.00 |
| Repayment of Term loan from banks and financial Institutions | (2,312.09) | (1,363.46) |
| Proceeds from Issue of Non convertible Debentures | - | - |
| Redemption of Non convertible Debentures | (195.38) | (573.71) |
| Proceeds from issue of Commercial paper | 425.00 | 1,225.00 |
| Redemption of Commercial Paper | (425.00) | (2,025.00) |
| Proceeds of refinance availed from NHB | 200.00 | 300.00 |
| Repayment of Refinance availed from National Housing Bank | (335.35) | (343.81) |
| Increase in Short term Borrowings | (1.48) | 197.66 |
| Payment of lease liabilities | (7.13) | - |
| Payment of interest portion of lease liabilities | (2.00) | - |
| Dividends Paid(Including Dividend distribution tax) | (18.86) | (16.55) |
| **Net Cash flow from financing activities (C)** | **732.71** | **1,058.13** |
| **Net Increase/(Decrease) in cash and cash equivalent D = (A+B+C)** | 266.81 | 31.66 |
| Cash and Cash Equivalents - Opening Balance (E) | 57.50 | 25.84 |
| **Cash and Cash Equivalents - Closing Balance (D) + (E)** | **324.31** | **57.50** |
| Components of Cash and Cash Equivalents at the end of the year (Also refer note 6) | | |
| Current account with Banks | 143.29 | 54.61 |
| Unpaid dividend accounts* | 0.03 | 0.03 |
| Short term deposits | 180.42 | 0.36 |
| Cash on Hand | 0.57 | 2.50 |
| **Total Cash and Cash Equivalents** | **324.31** | **57.50** |

* The company can utilise this balance only towards settlement of the unpaid dividend

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

**per Aniruddh Sankaran**
Partner
Membership No. 211107
Place : Chennai
Date : July 23, 2020

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

**T Karunakaran**
Chief Financial Officer
Place : Chennai
Date : July 23, 2020

**K Prabhu**
Company Secretary
Place : Chennai
Date : July 23, 2020

**Yashpal Gupta**
Managing Director
Place : Chennai
Date : July 23, 2020

**T S KrishnaMurthy**
Chairman
Place : Chennai
Date : July 23, 2020

# Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

## 1. Corporate information

Repco Home Finance Limited ("the Company" or "RHFL") is a housing finance company head quartered in Chennai, Tamil Nadu. Incorporated in April 2000, the Company is registered as a housing finance company with the National Housing Bank (NHB).

## 2. Basis of preparation

The Consolidated financial statements comprise the financial statements of Repco Home Finance Limited and its associate Repco Micro Finance Limited (the company and its associate is referred to as the "Group")

The consolidated financial statements ("financial statements") have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for fair value through other comprehensive income (FVOCI) instruments, all of which have been measured at fair value as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the National Housing Bank ("NHB") to the extent applicable.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Amounts in the financial statements are presented in Indian Rupees in crores rounded off to two decimal places as permitted by Schedule III to the Act. except when otherwise indicated.

### 2.1 Presentation of financial statements

The Group presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note No.42.3.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in the normal course of business, event of default or insolvency or bankruptcy of the group and/or its counterparties.

### 2.2 Principles of consolidation

Associates are entities over which the company has significant influence but not control or joint control. Investment in associates is accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profit and loss of the investee in the Consolidated Statement of Profit and Loss and the Group's share of Other Comprehensive Income of the investee in other Comprehensive Income.

Dividend received or receivable from associate is recognised as a reduction in the carrying amount of the investment.

The carrying amount of equity accounted investments is tested for impairment.

## 3. Impact on COVID-19 Pandemic

The COVID-19 pandemic (declared as such by the World Health Organisation on March 11, 2020), has contributed to a significant decline and volatility, and a significant decrease in economic activity, in global and Indian markets. The Indian government announced a strict 40-day lockdown in India to contain the spread of the virus till May 3, 2020,

which was further extended across different periods in various states with some relaxations in specific areas. This has led to significant disruptions and dislocations for individuals and businesses, impacting Company's regular operations including lending and collection activities. However, the full extent of impact of the COVID-19 pandemic on the Company's operations, and financial metrics (including impact on provisioning on advances) will depend on future developments and the governmental, regulatory and the Company's responses thereto, which are highly uncertain and incapable of estimation at this time. The Company's Impairment loss allowance in respect of its loan portfolio as at March 31, 2020, includes amounts estimated by management as the potential impact of COVID-19 based on the information available at this point in time.

## 4. Significant accounting policies

### 4.1 Financial instruments – initial recognition

#### 4.1.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities and borrowings are initially recognised on the transaction date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans are recognised on the date when funds are disbursed to the customer. The Group recognises debt securities and borrowings when funds are received by the Group.

#### 4.1.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

#### 4.1.3 Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either Amortised Cost, FVOCI or FVTPL.

Financial liabilities and other than loan commitments are measured at amortised cost or FVTPL when fair value designation is applied.

### 4.2 Financial assets and liabilities

#### 4.2.1 Bank balances, Loans, Trade receivables and financial investments at amortised cost

The Group measures Bank balances, Loans, Trade receivables and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

##### 4.2.1.1 Business model assessment

The Group determines its business model at the level that best reflects how it manages group of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported

to the entity's key management personnel

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

**4.2.1.2 The SPPI (Sole payment of Principal and Interest) test**

As a second step of its classification process the Group assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

**4.2.2 Financial assets or financial liabilities held for trading**

The Group classifies financial assets and liability as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities, and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

**4.2.3 Debt securities and other borrowed funds**

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the Effective Interest Rate ('EIR').

**4.2.4 Financial assets and financial liabilities at fair value through profit or loss**

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by

management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109.

Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

**4.2.5 Undrawn loan commitments**

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the Expected Credit Loss ('ECL') requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet.

**4.3 Reclassification of financial assets and liabilities**

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

**4.4 Derecognition of financial assets and liabilities**

**4.4.1 Derecognition of financial assets due to substantial modification of terms and conditions**

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes

When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion
- If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

**4.4.2 Derecognition of financial assets other than due to substantial modification**

**4.4.2.1 Financial assets**

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

A transfer only qualifies for derecognition if either the Group has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset,but has transferred control of the asset.

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing

additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

#### 4.4.3 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of Profit or Loss.

### 4.5 Impairment of financial assets

#### 4.5.1 Overview of the ECL principles

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

**Stage 1:** When loans are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

**Stage 3:** Loans considered credit-impaired. The Group records an allowance for the LTECLs.

### 4.5.2 The calculation of ECL

The Group calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

**PD** The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

**EAD** The Exposure at Default is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred,.

**LGD** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

The mechanics of the ECL method are summarised below:

**Stage 1:** The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

**Stage 3:** For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

**Loan commitment:**

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

For an undrawn commitment, ECLs are calculated and presented together with

the loan. For loan commitments, the ECL is recognised along with advances

#### 4.5.3 Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs such as: GDP growth, House price indices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

### 4.6 Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in the form of Immovable properties. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a specific event. The value of the property at the time of origination will be arrived by obtaining valuation reports from Company's empanelled valuer.

### 4.7 Collateral repossessed

The Company generally does not use the assets repossessed for the internal operations. These repossessed assets which are intended to be realised by way of sale are considered for staging based on performance of the assets and the ECL allowance is determined based on the estimated net realisable value of the repossessed asset. The Company resorts to regular repossession of collateral provided against loans. Further, in its normal course of business, the Company from time to time, also exercises its right over property through legal procedures which include seizure of the property. As per the Company's accounting policy, collateral repossessed are not recorded on the balance sheet.

### 4.8 Write-offs

Financial assets are written off either partially or in their entirety only when there are no reasonable certainties in recovery from the financial asset. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to Statement of Profit or Loss.

### 4.9 Forborne and modified loans

The Company sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Company's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Company also reassesses whether there has been a significant increase in credit risk. The Company also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 12-month probation period. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities has to be considered performing
- The probation period of 12 months has passed from the date the forborne contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period

The customer does not have any contract that is more than 30 days past due. If modifications are substantial, the loan is derecognised.

**4.10 Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments** – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments** – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.
- **Level 3 financial instruments** – Those that include one or more unobservable input that is significant to the measurement as whole.

**4.11 Recognition of interest income**

**4.11.1 The effective interest rate method**

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or,

when appropriate, a shorter period, to the net carrying amount of the financial asset.

**4.11.2 Interest income**

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

**4.12 Recognition of income and expenses**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

**Step 1: Identify contract(s) with a customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2: Identify performance obligations in the contract:** A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3: Determine the transaction price:** The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4: Allocate the transaction price to the performance obligations in the contract:** For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

**Step 5:** Recognise revenue when (or as) the Group satisfies a performance obligation

**4.12.1 Dividend Income**

Dividend income is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

**4.12.2 Fee and commission income**

Fee and commission income include fees other than those that are an integral part of EIR. The Group recognises the fee and commission income in accordance with the terms of the relevant contracts / agreement and when it is probable that the Group will collect the consideration.

**4.12.3 Rental Income**

Income from leases is recognised in the statement of profit and loss as per the contractual rentals unless another systematic basis is more representative of the time pattern in which benefits derived from the leased assets.

**4.12.4 Other Income**

Other Income represents income earned from the activities incidental to the business and

is recognised when the right to receive the income is established as per the terms of the contract.

**4.13 Leases**

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17, Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. Lessor accounting under Ind AS 116 remains unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Group is the lessor.

The Group adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group has lease contracts for various items of Land and Building. Before the adoption of Ind AS 116, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The comparative information for each of the primary financial statements are not restated and have been presented based on the requirements of previous standard (i.e., Ind AS 17 Leases, Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The Group is not needed to present a balance sheet as at April 1, 2018 (i.e., no third balance sheet).

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

**4.14 Cash and cash equivalents**

Cash and cash equivalents comprises of Cash in Hand, demand deposits with other banks and Balances with Banks.

Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**4.15 Property, plant and equipment**

Property, plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. Land is not depreciated.

The estimated useful lives are, as follows:

| Asset Description | Estimated Useful Life by the management | Estimated Useful Life as per Schedule II |
|---|---|---|
| Buildings | 60 years | 60 years |
| Computer Equipment | 3-6 years | 3-6 years |
| Office Equipment | 3-5 years | 5 years |
| Furniture and fittings | 5-10 years | 10 years |

| | | |
|---|---|---|
| Motor vehicles | 8 years | 8 years |
| Electrical installations and equipment | 5-10 years | 10 years |

The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of building over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

### Intangible assets / Amortisation

Intangible assets that are acquired by the Group, which have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the intangible asset and are amortised over the lower of the estimated useful life/licensed period on the straight-line basis or five years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

### 4.16 Impairment of non–financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which

the asset is used.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**4.17 Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to Statement of Profit and Loss in subsequent periods.

Past service costs are recognised in Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

**4.18 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

**4.19 Taxes**

**4.19.1 Current tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**4.19.2 Deferred tax**

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is

reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**4.19.3 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**4.20 Segment reporting**

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Group's performance based on an analysis of various performance indicators by business segments and geographic segments.

As per the requirements of Ind AS 108 "Operating Segments", based on evaluation of financial information for allocation of resources and assessing performance, the Group has identified a single segment, viz. "providing long term housing finance, loans against property and refinance loans". Accordingly, there are no separate reportable segments as per Ind AS 108.

**4.21 Dividends on ordinary shares**

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

**4.22 Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted

average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 5. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements are as below:

a. Measurement of Expected Credit Loss

b. Measurement of useful life of Property, Plant & Equipment

c. Estimation of Taxes on Income

d. Estimation of Employee Benefit Expense

e. Effective Interest Rate

f. Provisions and other contingent liabilities

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### 5.1 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but

where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

**5.2 Effective Interest Rate (EIR) method**

The Group's EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/ expense that are integral parts of the instrument.

**5.3 Impairment of financial asset**

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

**5.4 Provisions and other contingent liabilities**

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

# Notes to Consolidated Financial Statements

## For the Year Ended March 31, 2020

(All amounts are Rupees in Crores, unless otherwise stated)

| Note 6: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash on hand | 0.57 | 2.50 |
| **Balances with bank** | | |
| a. Current accounts | 143.29 | 54.61 |
| b. Deposit accounts* | 180.42 | 0.36 |
| c. Unpaid dividend accounts | 0.03 | 0.03 |
| **Total** | **324.31** | **57.50** |

*Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

| Note 7: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Bank Balance other than cash and cash equivalents** | | |
| Bank deposit with maturity of less than 12 months | 0.03 | 0.10 |
| **Total** | **0.03** | **0.10** |

Deposits amounting to Rs. 0.03 crores (March 2019- Rs. 0.10) held jointly by the company and employee towards security deposit.

| Note 8: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Loans** | | |
| Financial assets measured at Amortised cost | | |
| Term loans | 11,774.31 | 10,977.96 |
| Impairment loss allowance | (213.86) | (164.43) |
| **Total – Net** | **11,560.45** | **10,813.53** |
| Term loans to employees | 27.34 | 24.46 |
| Impairment loss allowance | (0.07) | (0.06) |
| **Total** | **27.27** | **24.40** |
| **Grand total** | **11,587.72** | **10,837.93** |
| (a) Secured by tangible assets (equitable mortgage of property) | 11,801.65 | 11,002.42 |
| (b) Unsecured, considered good | - | - |
| **Total – Gross** | **11,801.65** | **11,002.42** |
| Less: Impairment loss allowance | (213.93) | (164.49) |
| **Total – Net** | **11,587.72** | **10,837.93** |
| In India | 11,587.72 | 10,837.93 |
| Outside India | – | – |

(All amounts are Rupees in Crores, unless otherwise stated)

**8 (a) Impact on COVID-19 Pandemic**

Further to the impact on COVID-19 as detailed in Note 3 and pursuant to the Reserve Bank of India circulars dated March 27, 2020, April 17, 2020 and May 23, 2020 ("RBI circular") allowing lending institutions to offer moratorium to borrowers on payment of instalments, the Company has extended moratorium to its borrowers in accordance with its Board approved policy. The company applied estimates and associated assumptions in preparing the financial results, especially for the expected credit loss on advances, are based on historical experience and other emerging/forward looking factors including those arising on account of the COVID-19 pandemic. The Company has used early indicators of moratorium and delayed payment metrics observed along with an estimation of potential stress on probability of defaults and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit loss on loans and has recognised an expected credit loss of Rs. 213.93 crores, including an additional impairment loss allowance of Rs.39.3 crores.

**8 (b)** There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is NIL (Previous year - NIL).

**Note 8.1: Term loans**

**8.1.1 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loans is, as follows:**

| Particulars | FY 2019-20 | | | | | FY 2018-19 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 Collective | Stage 2 Collective | Stage 3 Individual | Stage 3 Collective | Total | Stage 1 Collective | Stage 2 Collective | Stage 3 Individual | Stage 3 Collective | Total |
| Gross Carrying amount opening balance | 9,303.51 | 1,343.39 | 83.82 | 271.70 | 11,002.42 | 7,997.02 | 1,526.21 | 105.60 | 200.54 | 9,829.37 |
| Assets de-recognised or repaid | (1,478.88) | (227.63) | (21.11) | (44.22) | (1,771.84) | (1,417.08) | (293.91) | (36.58) | (47.20) | (1,794.77) |
| New assets originated or purchased | 2,539.91 | 6.80 | 0.19 | 24.17 | 2,571.07 | 2,908.65 | 42.61 | 0.07 | 16.49 | 2,967.82 |
| Transfers to Stage 1 | 740.75 | (731.03) | - | (9.72) | - | 376.71 | (365.84) | (0.07) | (10.80) | - |
| Transfers to Stage 2 | (79.36) | 82.15 | - | (2.79) | - | (533.45) | 552.04 | (1.76) | (16.83) | - |
| Transfers to Stage 3 | (61.10) | (197.37) | - | 258.47 | - | (28.34) | (117.72) | 16.56 | 129.50 | - |
| Transfers to Stage 3 - Individual | - | (0.10) | 13.90 | (13.80) | - | - | - | - | - | |
| **Gross carrying amount closing balance** | **10,964.83** | **276.21** | **76.80** | **483.81** | **11,801.65** | **9,303.51** | **1,343.39** | **83.82** | **271.70** | **11,002.42** |

(All amounts are Rupees in Crores, unless otherwise stated)

### 8.1.2 Reconciliation of ECL balance is given below:

| Particulars | FY 2019-20 | | | | | FY 2018-19 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 Collective | Stage 2 Collective | Stage 3 Individual | Stage 3 Collective | Total | Stage 1 Collective | Stage 2 Collective | Stage 3 Individual | Stage 3 Collective | Total |
| ECL allowance - opening balance | 14.79 | 31.89 | 84.48 | 33.33 | 164.49 | 13.25 | 35.46 | 106.18 | 25.31 | 180.20 |
| New assets originated or purchased | 4.98 | 0.15 | - | 0.52 | 5.65 | 4.36 | 0.75 | - | 0.12 | 5.23 |
| Assets derecognised or repaid | (3.63) | (20.40) | (21.22) | (6.18) | (51.43) | (2.80) | (14.50) | (41.87) | (8.10) | (67.27) |
| Transfers to Stage 1 | 1.71 | (1.69) | - | (0.02) | - | 0.55 | (0.54) | - | (0.01) | - |
| Transfers to Stage 2 | (0.11) | 0.20 | - | (0.09) | - | (0.85) | 1.28 | (0.06) | (0.37) | - |
| Transfers to Stage 3 | (0.09) | (5.06) | - | 5.15 | - | (0.04) | (2.85) | 2.20 | 0.69 | - |
| Transfers to Stage 3 - Individual | - | - | 1.85 | (1.85) | - | - | - | - | - | - |
| Changes to models and inputs used for ECL calculations | 4.69 | 3.54 | 12.14 | 74.85 | 95.22 | 0.32 | 12.29 | 18.03 | 15.69 | 46.33 |
| **ECL allowance - closing balance** | **22.34** | **8.63** | **77.25** | **105.71** | **213.93** | **14.79** | **31.89** | **84.48** | **33.33** | **164.49** |

## Note 8.2: Loan commitment

### 8.2.1 An analysis of changes in the gross carrying amount is as follows:

| Particulars | FY 2019-20 | | | | | FY 2018-19 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 Collective | Stage 2 Collective | Stage 3 Individual | Stage 3 Collective | Total | Stage 1 Collective | Stage 2 Collective | Stage 3 Individual | Stage 3 Collective | Total |
| **Opening balance of outstanding exposure** | 625.42 | 7.19 | - | 1.47 | 634.08 | 475.72 | 10.38 | - | 0.81 | 486.91 |
| New exposure | 390.55 | 0.21 | - | - | 390.76 | 572.71 | 1.23 | - | - | 573.94 |
| Exposure derecognised or matured/lapsed (excluding write off) | (557.91) | (4.52) | - | (1.46) | (563.89) | (421.85) | (4.74) | - | (0.18) | (426.77) |
| Transfers to Stage 1 | 2.45 | (2.44) | - | (0.01) | - | 2.94 | (2.89) | - | (0.05) | - |
| Transfers to Stage 2 | (1.84) | 1.84 | - | - | - | (3.91) | 4.02 | - | (0.11) | - |
| Transfers to Stage 3 | - | - | - | - | - | (0.19) | (0.81) | - | 1.00 | - |
| Transfers to Stage 3 - Individual | - | - | - | - | - | - | - | - | - | - |
| **Gross carrying amount closing balance** | **458.67** | **2.28** | **-** | **-** | **460.95** | **625.42** | **7.19** | **-** | **1.47** | **634.08** |

(All amounts are Rupees in Crores, unless otherwise stated)

| Note 9: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Others financial assets** | | |
| **Financial assets measured at Amortised cost** | | |
| Other loans to employees | 4.14 | 3.75 |
| Advances | 1.83 | 1.61 |
| Security deposits | 4.10 | 4.23 |
| Others | 0.02 | - |
| **Total** | **10.09** | **9.59** |

| Note 10: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Investment in associate (at amortized cost)** | | |
| **Equity instruments, unquoted and trade** | | |
| 2,20,00,000 equity shares of Rs. 10/- each (March 2019 and March 2020) fully paid up in Repco Micro Finance Ltd. | 22.00 | 22.00 |
| Share of profit | 43.17 | 29.68 |
| **Total – Gross** | **65.17** | **51.68** |
| Less: Impairment loss allowance | – | – |
| **Total – Net** | **65.17** | **51.68** |
| In India | 65.17 | 51.68 |
| Outside India | - | - |

**Note 10.1: Internal rating grade**

| | March '20 | | |
|---|---|---|---|
| **Grade** | **Stage 1** | **Stage 2** | **Stage 3** |
| High grade | 65.17 | – | – |
| Medium grade | - | – | – |
| Low grade | - | – | – |
| **Total** | **65.17** | **–** | **–** |

| | March '19 | | |
|---|---|---|---|
| **Grade** | **Stage 1** | **Stage 2** | **Stage 3** |
| High grade | 51.68 | – | – |
| Medium grade | – | – | – |
| Low grade | – | – | – |
| **Total** | **51.68** | **–** | **–** |

(All amounts are Rupees in Crores, unless otherwise stated)

**Note 10.2: Movement in investments**

| | March '20 | | |
|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 |
| Opening balance | 51.69 | - | - |
| New assets purchased | - | - | - |
| Share of profit | 13.48 | - | - |
| Assets derecognized or written off | - | - | - |
| Transfer to stages | - | - | - |
| **Closing balance** | **65.17** | - | - |
| | **March '19** | | |
| | Stage 1 | Stage 2 | Stage 3 |
| Opening balance | 33.13 | - | - |
| New assets purchased | 6.40 | - | - |
| Share of profit | 12.15 | - | - |
| Assets derecognized or written off | - | - | - |
| Transfer to stages | - | - | - |
| **Closing balance** | **51.68** | - | - |

**Note 11:**

**Property, Plant & Equipment (PPE) and Intangible Assets**

| Particulars | Land & Building* | Furniture & Fixtures | Motor Vehicles | Computers | Office Equipment | Electricals & installation equipment | Total PPE | Software | Total Intangible Assets |
|---|---|---|---|---|---|---|---|---|---|
| Gross block | | | | | | | | | |
| As at April 1, 2018 | 6.50 | 1.74 | 0.98 | 2.64 | 1.78 | 0.16 | 13.80 | 2.04 | 2.04 |
| Add: Additions | - | 1.93 | 0.81 | 1.29 | 0.66 | 0.07 | 4.76 | 2.49 | 2.49 |
| Less: Disposals | - | 0.01 | 0.25 | - | 0.04 | - | 0.30 | - | - |
| **As at March 31, 2019** | **6.50** | **3.66** | **1.54** | **3.93** | **2.40** | **0.23** | **18.26** | **4.53** | **4.53** |
| Add: Additions | - | 1.37 | 0.27 | 1.43 | 0.99 | 0.05 | 4.11 | 1.95 | 1.95 |
| Less: Disposals | - | 0.03 | 0.01 | 0.25 | 0.05 | 0.01 | 0.35 | - | - |
| **As at March 31, 2020** | **6.50** | **5.00** | **1.80** | **5.11** | **3.34** | **0.27** | **22.02** | **6.48** | **6.48** |
| **Depreciations / Amortisation** | | | | | | | | | |
| As at April 1, 2018 | 0.07 | 0.43 | 0.11 | 0.72 | 0.17 | 0.01 | 1.51 | 0.84 | 0.84 |
| Add: Charge for the year | 0.11 | 1.46 | 0.20 | 1.06 | 0.38 | 0.03 | 3.24 | 1.78 | 1.78 |
| Less: Disposals | - | - | 0.09 | - | 0.01 | - | 0.10 | - | - |
| **As at March 31, 2019** | **0.18** | **1.89** | **0.22** | **1.78** | **0.54** | **0.04** | **4.65** | **2.62** | **2.62** |
| **Add: Charge for the year** | 0.11 | 1.43 | 0.21 | 1.27 | 0.43 | 0.04 | 3.49 | 1.55 | 1.55 |
| **Less: Disposals** | - | 0.02 | 0.01 | 0.25 | 0.04 | 0.00 | 0.32 | - | - |
| **As at March 31, 2020** | **0.29** | **3.30** | **0.42** | **2.80** | **0.93** | **0.08** | **7.82** | **4.17** | **4.17** |
| **Net block** | | | | | | | | | |
| **As at March 31, 2020** | **6.21** | **1.70** | **1.38** | **2.31** | **2.41** | **0.19** | **14.20** | **2.31** | **2.31** |
| **As at March 31, 2019** | **6.32** | **1.77** | **1.32** | **2.15** | **1.86** | **0.19** | **13.61** | **1.91** | **1.91** |

* Land and building with a carrying amount of Rs. 11.46 lakhs (March 31, 2019 - Rs. 11.74 lakhs) are subject to additional charge to secure the Company's redeemable non-convertible debentures.

(All amounts are Rupees in Crores, unless otherwise stated)

| Note 12: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Other non-financial assets** | | |
| Prepaid expenses | 9.98 | 9.66 |
| Advance tax (net of provision) | 2.57 | 4.67 |
| **Total** | **12.55** | **14.33** |

| Note 13: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Debt securities** | | |
| **Secured** | | |
| Redeemable non-convertible debentures (Refer notes below) | 680.24 | 876.02 |
| **Total** | **680.24** | **876.02** |

A. Redeemable Non-convertible debentures are secured by first and exclusive charge on the specific assets by way of hypothecation of book debts and receivables and also by way of mortgage of specific immovable property in favour of debenture trustees.

B. The details regarding repayment and interest is given in Note 14 (a).

| Note 14: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Borrowing other than debt securities** | | |
| **Term loans including Cash Credit and WCDL** | | |
| From related parties (Repco Bank Limited) | 1,060.35 | 798.72 |
| From banks and Financial institutions | 7,587.46 | 6,757.66 |
| From National Housing Bank (Refer Note A below) | 780.99 | 916.34 |
| **Total** | **9,428.80** | **8,472.72** |
| Borrowings in India | 9,428.80 | 8,472.72 |
| Borrowings outside India | – | – |

A. Refinance from National Housing Bank (NHB) and other Term Loans from banks and financial institutions are secured by first and exclusive charge on the specific book debts/receivables of the company and an irrevocable Power of Attorney (POA) given by the company in favour of the Banks/NHB for recovery of dues and for creation of mortgage on the properties of the loan borrowers of the company.

B. The Company is a large Corporate as per the applicability criteria given under the SEBI Circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018.

## Note 14(a)

## Maturity Profile of term Loans from National Housing Bank

| As at March 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|
| Rate of Interest (%) | Maturities | | | | | |
| | upto 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years to 10 years | Over 10 years | Total |
| 4.00 to 6.00 | 22.65 | 60.40 | 60.40 | 23.45 | - | 166.90 |
| 6.01 to 8.00 | 56.39 | 146.12 | 137.28 | 88.49 | 12.05 | 440.33 |
| 8.01 to 9.00 | 24.63 | 51.39 | 28.79 | 41.00 | 27.95 | 173.76 |
| **Total** | **103.67** | **257.91** | **226.47** | **152.94** | **40.00** | **780.99** |

(All amounts are Rupees in Crores, unless otherwise stated)

## Maturity Profile of Term Loans from banks & financial institutions

| As at March 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|
| Rate of Interest (%) | Maturities | | | | | |
| | upto 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years to 10 years | Over 10 years | Total |
| 7.50 to 8.00 | 151.67 | 136.15 | 124.56 | 14.04 | - | 426.42 |
| 8.01 to 8.14 | 28.39 | 56.56 | 32.38 | 2.74 | - | 120.07 |
| 8.15 to 8.30 | 208.35 | 1,212.18 | 147.43 | 337.70 | - | 1,905.66 |
| 8.31 to 8.60 | 478.01 | 693.03 | 388.90 | 483.23 | 147.65 | 2,190.82 |
| 8.61 to 9.00 | 680.27 | 1,147.48 | 920.29 | 1,117.34 | 139.46 | 4,004.84 |
| **Total** | **1,546.69** | **3,245.40** | **1,613.56** | **1,955.05** | **287.11** | **8,647.81** |

## Maturity Profile of Non Convertible debentures

| As at March 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|
| Rate of Interest (%) | Maturities | | | | | |
| | upto 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years to 10 years | Over 10 years | Total |
| 8.05 | 197.45 | - | 270.27 | | - | 467.72 |
| 8.20 | 106.48 | - | - | - | - | 106.48 |
| 8.25 | 106.04 | - | - | - | - | 106.04 |
| **Total** | **409.97** | **-** | **270.27** | **-** | **-** | **680.24** |

## Maturity Profile of term Loans from National Housing Bank

| As at March 31, 2019 | | | | | | |
|---|---|---|---|---|---|---|
| Rate of Interest (%) | Maturities | | | | | |
| | upto 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years to 10 years | Over 10 years | Total |
| 4.00 to 6.00 | 13.84 | 36.40 | 36.40 | 33.55 | - | 120.19 |
| 6.01 to 8.00 | 55.66 | 80.87 | 72.63 | 76.64 | - | 285.80 |
| 8.01 to 9.00 | 33.50 | 45.15 | 37.28 | 67.70 | 2.20 | 185.83 |
| 9.01 to 9.55 | 39.88 | 79.31 | 66.36 | 108.39 | 30.58 | 324.52 |
| **Total** | **142.88** | **241.73** | **212.67** | **286.28** | **32.78** | **916.34** |

## Maturity Profile of Term Loans from banks & financial institutions

| As at March 31, 2019 | | | | | | |
|---|---|---|---|---|---|---|
| Rate of Interest (%) | Maturities | | | | | |
| | upto 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years to 10 years | Over 10 years | Total |
| 7.50 to 8.00 | 24.10 | 46.15 | 46.15 | 34.62 | - | 151.02 |
| 8.01 to 8.14 | 5.00 | 10.00 | 7.85 | 2.14 | - | 24.99 |
| 8.15 to 8.30 | 15.97 | 829.49 | 30.77 | 7.69 | - | 883.92 |
| 8.31 to 8.60 | 402.38 | 416.05 | 330.81 | 73.59 | 1.50 | 1,224.33 |
| 8.61 to 9.00 | 705.69 | 1,045.81 | 717.95 | 1,037.56 | 126.83 | 3,633.84 |
| 9.01 to 9.30 | 209.29 | 368.57 | 268.57 | 362.37 | 99.89 | 1,308.69 |
| 9.31 to 9.50 | 21.42 | 42.11 | 42.11 | 84.14 | - | 189.78 |
| 9.51 to 9.75 | 5.00 | 20.00 | 20.00 | 40.00 | - | 85.00 |
| 9.76 to 9.95 | 20.00 | 34.81 | - | - | - | 54.81 |
| **Total** | **1,408.85** | **2,812.99** | **1,464.21** | **1,642.11** | **228.22** | **7,556.38** |

(All amounts are Rupees in Crores, unless otherwise stated)

## Maturity Profile of Non Convertible debentures

| As at March 31, 2019 | | | | | | |
|---|---|---|---|---|---|---|
| Rate of Interest (%) | Maturities | | | | | |
| | upto 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years to 10 years | Over 10 years | Total |
| 8.05 | 17.51 | 179.18 | - | 271.38 | - | 468.07 |
| 8.20 | 6.11 | 100.03 | - | - | - | 106.14 |
| 8.25 | 6.55 | 100.00 | - | - | - | 106.55 |
| 8.50 | 104.03 | - | - | - | - | 104.03 |
| 8.78 | 31.40 | - | - | - | - | 31.40 |
| 8.95 | 59.83 | - | - | - | - | 59.83 |
| **Total** | **225.43** | **379.21** | **-** | **271.38** | **-** | **876.02** |

| Note 15: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Other financial liabilities at amortised cost** | | |
| Unpaid dividend | 0.03 | 0.03 |
| Statutory dues | 1.43 | 2.19 |
| Book overdraft | 3.34 | 4.06 |
| Others | 41.47 | 10.60 |
| **Total** | **46.27** | **16.88** |

| Note 16: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Provisions** | | |
| Provision for employee benefits | | |
| Provision for Gratuity (Refer Note no. 30) | 1.63 | 0.15 |
| Provision for compensated absences (Refer Note no. 30.3) | 7.91 | 5.09 |
| Others | 5.98 | 6.33 |
| Total | **15.52** | **11.57** |
| Others | 0.40 | 0.41 |
| **Total** | **15.92** | **11.98** |

### Movement of provisions other than employee benefit

The movement in provisions during 2019-20 and 2018-19 is, as follows:

| | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Opening balance | 0.41 | 2.62 |
| Arising during the year | - | 0.40 |
| Utilised | (0.01) | (2.61) |
| **Closing balance** | **0.40** | **0.41** |

(All amounts are Rupees in Crores, unless otherwise stated)

| Note 17: | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Issued Capital and Reserves** | | |
| **Authorised** | | |
| 10,00,00,000 (March 31, 2020 and March 2019 - 10,00,00,000) Equity shares of Rs.10/-each | 100.00 | 100.00 |
| **Issued, Subscribed & paid up capital** | | |
| 6,25,61,362 (March 31, 2020 and March 2019 -6,25,61,362) Ordinary shares of Rs. 10/- each | 62.56 | 62.56 |
| **Total** | **62.56** | **62.56** |

**a) Reconciliation of shares outstanding at the beginning and at the end of the year**

| | No. of shares |
|---|---|
| At 1 April 2018 | 6,25,61,362 |
| Issued during the year | – |
| At 1 April 2019 | 6,25,61,362 |
| Issued during the year | – |
| At 31 March 2020 | 6,25,61,362 |

**b) Shareholding holding more than 5% shares**

| | 31st March 2020 | | 31st March 2019 | |
|---|---|---|---|---|
| | No's | % of holding | No's | % of holding |
| Repco Bank Limited | 2,32,30,606 | 37.13 | 2,32,30,606 | 37.13 |
| Franklin Templeton Mutual Fund | 34,64,616 | 5.54 | 38,64,616 | 6.18 |
| HDFC Trustee Company Ltd. | 36,47,210 | 5.83 | 45,30,653 | 7.24 |
| India Capital Fund Limited | 46,01,750 | 7.36 | 34,44,750 | 5.51 |
| Aditya Birla Sunlife Trustee Private Limited | - | - | 41,36,059 | 6.61 |

**c) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(All amounts are Rupees in Crores, unless otherwise stated)

**Note 17.1 : Other Equity**

| | Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| i) | **Securities Premium account (Refer Note 17.2.1)** | | |
| | Opening balance | 318.42 | 318.42 |
| | Add : Additions during the year | – | – |
| | Less : Utilized during the year | – | – |
| | **Closing balance** | **318.42** | **318.42** |
| ii) | **Special Reserve (Refer Note 17.2.2)** | | |
| | Opening balance | 376.13 | 320.86 |
| | Add : Additions during the year | 63.36 | 55.27 |
| | Less : Utilized during the year | – | – |
| | **Closing balance** | **439.49** | **376.13** |
| iii) | **Statutory Reserve (Refer Note 17.2.3)** | | |
| | Opening balance | 217.30 | 170.37 |
| | Add : Additions during the year | 56.07 | 46.93 |
| | Less : Utilized during the year | - | - |
| | **Closing balance** | **273.37** | **217.30** |
| iv) | **General reserve** | | |
| | Opening balance | 145.94 | 145.94 |
| | Add : Additions during the year | 25.00 | – |
| | Less : Utilized during the year | – | – |
| | **Closing balance** | **170.94** | **145.94** |
| v) | **Retained earnings** | | |
| | Opening balance | 435.64 | 307.60 |
| | Add : Profit for the year | 298.14 | 249.06 |
| | Less : Ind AS Impact | (2.53) | - |
| | Less : Appropriation | | |
| | i) General Reserve | (25.00) | - |
| | ii) Statutory Reserve | (56.07) | (46.93) |
| | iii) Special Reserve | (63.36) | (55.27) |
| | iv) Dividend for previous years (including dividend distribution tax) | (18.86) | (16.55) |
| | v) Dividend received from associate credited to carrying value of investment (including DDT) | (3.18) | (2.27) |
| | **Closing balance** | **564.79** | **435.64** |
| vi) | **Other comprehensive Income** | | |
| | Opening balance | 1.07 | 0.23 |
| | Add : Additions during the year | (0.60) | 0.84 |
| | Less: Utilized during the year | – | – |
| | **Closing balance** | **0.47** | **1.07** |
| | **Grand Total** | **1,767.48** | **1,494.50** |

(All amounts are Rupees in Crores, unless otherwise stated)

## 17.2 Nature and purpose of reserves

### 17.2.1 Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act,2013.

### 17.2.2 Special Reserve

As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1) (viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount of Rs.63.36 Crores (Previous year Rs.55.27 Crores) to Special Reserve in terms of Section 36(1) (viii) of the Income Tax Act, 1961.

### 17.2.3 Statutory reserve

The Company has transferred an amount of Rs. 56.07 Crore during the year (Previous year Rs.46.93 Crore) to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987.

### 17.2.4 General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013. During the year, the company has transferred an amount of Rs. 25 crores to General Reserve.

(All amounts are Rupees in Crores, unless otherwise stated)

| Note 18: | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Interest income** | | |
| **Financial assets measured at Amortised cost** | | |
| **Interest on Loans** | | |
| Loans and advances to customers | 1,317.36 | 1,163.37 |
| **Total** | **1,317.36** | **1,163.37** |

| Note 19: | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Other loan related income** | | |
| Insurance Income | 2.88 | 0.25 |
| Other operating income | 25.22 | 25.63 |
| **Total** | **28.10** | **25.88** |

| Note 20: | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Other income** | | |
| Dividend income | 2.64 | 1.87 |
| Profit on sale of assets | 0.02 | 0.09 |
| Other income | 2.98 | 3.96 |
| **Total** | **5.64** | **5.92** |

| Note 21: | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Finance Cost** | | |
| **On Financial liabilities measured at Amortised Cost** | | |
| Interest on Debt securities | 59.54 | 92.01 |
| Interest on Borrowings other than debt securities | 686.66 | 544.43 |
| Interest on refinance from National Housing Bank | 69.82 | 55.77 |
| Interest on commercial papers | 5.06 | 25.61 |
| Borrowing and other finance cost | 3.89 | 2.13 |
| **Total** | **824.97** | **719.95** |

| Note 22: | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Employee benefit expenses** | | |
| Salaries and wages | 54.10 | 46.80 |
| Contribution to provident and other funds | 3.73 | 3.26 |
| Gratuity expense (Refer note 30) | 1.81 | 1.26 |
| Staff welfare expenses | 6.79 | 7.20 |
| **Total** | **66.43** | **58.52** |

(All amounts are Rupees in Crores, unless otherwise stated)

| Note 23: | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Other expenses** | | |
| Advertisement & business promotion | 5.27 | 5.17 |
| Assignment Service Charge | 0.07 | - |
| Legal fees | 4.82 | 5.07 |
| Communication expenses | 2.06 | 1.31 |
| Professional & consultancy fee | 2.77 | 3.81 |
| Remuneration to auditors (Refer note 23.1 below) | 0.33 | 0.32 |
| Electricity expenses | 1.30 | 1.22 |
| Directors' sitting fee (Refer 31.14) | 0.43 | 0.38 |
| Miscellaneous expenses | 1.33 | 1.71 |
| Insurance expenses | 0.12 | 0.20 |
| Printing and stationery | 0.85 | 0.76 |
| Rates & taxes | 2.56 | 2.17 |
| Rent | – | 8.44 |
| Repairs & maintenance - others | 0.75 | 0.78 |
| Travelling & conveyance | 2.51 | 2.40 |
| Training expenses | 0.16 | 0.26 |
| Vehicle maintenance | 0.33 | 0.30 |
| Contributions towards CSR activities (Refer 25) | 1.48 | 0.55 |
| Donations* | - | 0.02 |
| **Total** | **27.14** | **34.87** |

* The amount is less than or equal to Rs. 10,000 for Financial Year 2019-20.

| Note 23.1: | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Audit fees** | | |
| Statutory Audit | 0.18 | 0.18 |
| Limited review | 0.08 | 0.08 |
| Certifications | 0.07 | 0.06 |
| Out of pocket expenses* | - | - |
| **Total** | **0.33** | **0.32** |

* The amount is less than Rs. 25,000 for both the years.

| Note 24: | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **Provisions And Write-Offs** | | |
| Impairment loss allowance on term loans | 58.77 | 16.49 |
| Bad debts written off | 0.67 | 0.49 |
| **Total** | **59.44** | **16.98** |

(All amounts are Rupees in Crores, unless otherwise stated)

| Note 25: | 2019-20 | 2018-19 |
|---|---|---|
| **Details of CSR expenditure:** | | |
| **a) Gross amount required to be spent by the Company during the year** | 6.36 | 5.39 |
| **b) Amount spent during the year** | | |
| i) Construction/acquisition of any asset | - | - |
| ii) On purposes other than (i) above | 1.48 | 0.55 |

| Note 26: | 2019-20 | 2018-19 |
|---|---|---|
| **Income Tax** | | |
| The components of income tax expense for the years ended 31 March 2020 and 2019 are: | | |
| Current tax in repect of current year | 85.05 | 101.69 |
| Adjustments in respect of current tax of prior years | 10.16 | - |
| Deferred tax relating to origination and reversal of temporary differences* | (15.37) | 23.49 |
| **Total tax charge** | **79.84** | **125.18** |

* Includes adjustment on account of tax rate change on opening deferred tax balances. (Refer Note 27 & 27.1)

**Note 26.1:**

**Reconciliation of the total tax charge**

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2020 and 2019 is, as follows:

| | 2019-20 | 2018-19 |
|---|---|---|
| **Accounting profit before tax** | 360.19 | 359.82 |
| At income tax rate of 25.168% (2019: 34.608%) | 90.65 | 124.53 |
| **Adjustment in respect of income tax are as below** | | |
| CSR expenses | 0.37 | (0.20) |
| Dividend exempt under Sec 10(34) | (0.66) | 0.65 |
| Others | (6.14) | - |
| Adjustments in respect of income tax of prior year | 10.16 | - |
| Due to rate change (Also Refer Note 27.1) | (14.54) | 0.20 |
| **Income tax expense reported in the statement of profit and loss** | **79.84** | **125.18** |

The effective income tax rate for 31 March 2020 is 22.167% (31 March 2018: 34.789%).

(All amounts are Rupees in Crores, unless otherwise stated)

**Note 27:**

**Deferred tax**

| Particulars | March 31, 2020 | | 2019-20 | |
|---|---|---|---|---|
| | Deferred Tax Assets | Deferred Tax Liabilities | Income Statement | OCI |
| Amortization of processing fees | 24.37 | - | 6.05 | - |
| Impact due to fair valuation of Employee staff loans | 2.32 | 2.36 | (0.03) | - |
| Impact due to fair valuation of Secuirty deposits | 0.25 | 0.23 | - | - |
| NCD - Amortisation of Transaction cost | 0.42 | 0.50 | 0.30 | - |
| Provision | 1.87 | - | 0.94 | - |
| ECL impact on advances (net) | 48.41 | - | 20.77 | - |
| Depreciation and amortisation | 5.55 | 5.05 | (0.19) | - |
| Remeasurement of actuarial gain or loss | - | 0.27 | - | (0.47) |
| Special Reserve U/s 36(1) (viii) of the Income Tax Act, 1961 | - | 110.61 | (57.59) | - |
| Due to rate change (Also refer Note 27.1) | - | - | 14.38 | 0.16 |
| **Total** | **83.19** | **119.02** | **(15.37)** | **(0.31)** |

| Particulars | March 31, 2019 | | 2018-19 | |
|---|---|---|---|---|
| | Deferred Tax Assets | Deferred Tax Liabilities | Income Statement | OCI |
| Amortization of processing fees | 23.77 | - | (4.95) | - |
| Impact due to fair valuation of Employee staff loans | 2.97 | 3.03 | (0.03) | - |
| Impact due to fair valuation of Secuirty deposits | 0.26 | 0.24 | - | - |
| NCD - Amortisation of Transaction cost | 0.72 | 0.56 | 0.39 | - |
| Provision | 2.20 | - | (0.49) | - |
| ECL impact on advances (net) | 54.06 | - | 1.64 | - |
| Depreciation and amortisation | - | 0.12 | 0.34 | - |
| Remeasurement of actuarial gain or loss | - | 0.58 | - | (0.45) |
| Special Reserve U/s 36(1) (viii) of the Income Tax Act, 1961 | - | 131.44 | (20.39) | - |
| **Total** | **83.98** | **135.97** | **(23.49)** | **(0.45)** |

**Note 27.1:**

Pursuant to The Taxation Laws (Amendment) Ordinance, 2019 (the "Ordinance") issued on September 20, 2019, the Income tax rates have been changed with effect from April 1, 2019. The Company has exercised the option permitted u/s 115BAA of the Income Tax Act, 1961 to compute Income tax at revised rate (i.e 25.17%). Accordingly, the Company has recognised provision for income taxes for the year ended March 31, 2020, and remeasured the balance of net deferred tax liability, at new rates indicated above; and the tax expense for the year is net of Rs. 14.54 crores, resulting from write back of deferred tax liability as at March 31, 2020, pertaining to earlier years.

(All amounts are Rupees in Crores, unless otherwise stated)

## Note 28:

### Earnings per share

The following table shows the income and share data used in the basic and diluted EPS calculations:

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| Net profit attributable to equity holders of the parent company | 298.14 | 249.06 |
| Weighted average number of ordinary shares outstanding during the year for basic earnings per share | 6.26 | 6.26 |
| Weighted average number of ordinary shares outstanding during the year for diluted earning per share | 6.26 | 6.26 |
| **Earnings per share:** | | |
| Basic earnings per share | 47.66 | 39.81 |
| Diluted earnings per share | 47.66 | 39.81 |
| Nominal Value per equity share | 10 | 10 |

## Note 29:

### Segment information

The Company operates under the principal business segment viz."Providing loans for construction or purchase of residential property". Further, the Company is operating in a single geographical segment. The Chief Operating Decision Maker (CODM) views and monitors the operating results of its single business segment for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements. Accordingly, as such, there are no separate reportable segments for standalone financial results, as per Ind AS 108 "Operating Segments" specified under section 133 of the Companies Act, 2013. Consolidated segment information as a group is as follows.

| Particulars | Year Ended | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| **Segment revenue** | | |
| a. Housing related finance | 1,351.10 | 1,195.17 |
| **Segment results** | | |
| a. Housing related finance | 280.35 | 234.64 |
| b. Others* | 17.79 | 14.42 |
| **Segment assets** | | |
| a. Housing related finance | 11,971.93 | 10,934.97 |
| b. Others* | 65.17 | 51.68 |
| **Segment liabilities** | | |
| a. Housing related finance | 10,207.06 | 9,429.59 |

* Others represent segment asset and segment result of the Repco Micro Finance Limited (an associate entity of the Company), engaged in the business of Micro Finance which is accounted for based on equity method of accounting.

(All amounts are Rupees in Crores, unless otherwise stated)

## Note 30:

### Retirement benefit plan

**30.1 Defined contribution plan**

A Contribution towards PF is determined under the Employees' Provident Funds & Miscellaneous Provisions Act,1952 and charged to the Statement of Profit and Loss during the period of incurrence when the services are rendered by the employees.

The expense charged in statement of profit and loss amounting to Rs. 3.73 crores (2019: Rs.3.26 crores) represents contributions payable to these plans by the Company at rates specified in the rules of the plan.

**30.2 Defined benefit plan**

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees.

The following tables summaries the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

| | Particulars | 2019-20 | 2018-19 |
|---|---|---|---|
| **A.** | **Reconciliation of opening and closing balance of present value of defined benefit obligation** | | |
| | Liability as at the beginning of the period | 5.64 | 5.46 |
| | Add Interest Cost: | 0.44 | 0.44 |
| | Add Current Service Cost: | 1.80 | 1.19 |
| | Less Benefits Paid directly from the Assets: | (0.24) | (0.28) |
| | Actuarial (gain) / loss (Experience) | 0.08 | (1.17) |
| | **Liability as at the end of the period** | **7.72** | **5.64** |
| **B.** | **Reconciliation of opening and closing balances of fair value of plan assets** | | |
| | Value of Assets as at the beginning of the Period: | 5.50 | 4.65 |
| | Add Adjustments to the Opening Balance: | - | - |
| | Add Expected Return on Assets: | 0.42 | 0.37 |
| | Add Contributions made: | 0.38 | 0.74 |
| | Less Benefits Paid out of the Assets: | (0.24) | (0.28) |
| | Return on Plan Assets excluding Expected income: | 0.03 | 0.02 |
| | **Value of Assets as at the end of the period:** | **6.09** | **5.50** |
| **C.** | **Expenses recognized in Other comprehensive Income** | | |
| | Actuarial gain/(loss) in inter-valuation. Period (Experience): - Obligation: | 0.08 | (1.17) |
| | Actuarial gain/(loss) in inter-valuation. Period (Change in parameters): - Obligation: | - | - |
| | Actuarial (gain)/loss in inter-valuation Period: - (Demographic) Obligation: | - | - |
| | Less Excess Return on Plan Assets over expected returns: | (0.03) | (0.02) |
| | **Actuarial gain/loss in inter-valuation Period recognized in OCI:** | **0.05** | **(1.19)** |

(All amounts are Rupees in Crores, unless otherwise stated)

| | Particulars | 2019-20 | 2018-19 |
|---|---|---|---|
| D. | **Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liability** | | |
| | Present value of obligation on the accounting date: | (7.72) | (5.65) |
| | Fair Value of Plan Assets on the accounting date: | 6.09 | 5.50 |
| | Effect of Asset Ceiling | - | - |
| | **Net Asset / (liability) recognised in Balance Sheet** | **(1.63)** | **(0.15)** |
| E. | **Expenses Recognised in statement of profit and loss** | | |
| | Net Interest Cost | 0.02 | 0.07 |
| | Current Service Cost | 1.79 | 1.19 |
| | Past Service Cost | - | - |
| | Curtailment Cost (Credit) | - | - |
| | Settlement Cost (Credit) | - | - |
| | **Expense to be recognized in statement of profit or loss** | **1.81** | **1.26** |
| F. | **Reconciliation** | | |
| | Net Liability as at the beginning of the accounting period: | 0.15 | 0.82 |
| | Expenses recognized in P/L a/c | 1.81 | 1.26 |
| | Transferred to Other Comprehensive Income | 0.04 | (1.19) |
| | Less Adjustments to last valuation Closing Balance: | - | - |
| | Less Benefits paid directly by the Company | - | - |
| | Less Contributions made to the fund | (0.37) | (0.74) |
| | **Liability recognized in the Balance Sheet as on the accounting date:** | **1.63** | **0.15** |
| G. | **Actual return on plan assets** | | |
| | Expected return on Plan Assets | 0.42 | 0.37 |
| | Actuarial gain (loss) on Plan Assets | 0.03 | 0.02 |
| | **Actual return on Plan Assets** | **0.45** | **0.39** |
| H. | **Actuarial assumption** | | |
| | Discount Rate | 6.56% | 7.46% |
| | Interest Rate (Rate of Return on Assets) | 7.77% | 8.09% |
| | Salary escalation Rate (per annum) | 5.00% | 5.00% |
| | Resignations Rate (per annum) | 8.50% | 8.50% |
| | Mortality | IALM (2012-14) | IALM (2012-14) |
| I. | **Expected payment for future years from Gratuity trust fund** | | |
| | Within the next 12 months (next annual reporting period) | 0.03 | 0.03 |
| | Between 1 and 2 years | - | - |
| | Between 2 and 3 years | 0.03 | 0.01 |
| | Between 3 and 4 years | 0.08 | 0.03 |
| | Between 4 and 5 years | 0.11 | 0.07 |
| | Between 5 and 10 years | 8.68 | 6.38 |
| | **Total expected payments** | **8.93** | **6.52** |

(All amounts are Rupees in Crores, unless otherwise stated)

The Company expects to contribute Rs. 1.81 crores (March 2019: 1.26 crores) to the fund in the next financial year.

| J. | Sensitivity analysis | 2019-20 | | 2018-19 | |
|---|---|---|---|---|---|
| | Sensitivity Level | 0.5% increase | 0.5% decrease | 0.5% increase | 0.5% decrease |
| | Impact on defined benefit obligation (increase/(decrease) by) due to changes in | | | | |
| | - Discount rate | (0.30) | 0.31 | (0.22) | 0.23 |
| | - Salary escalation | 0.31 | (0.30) | 0.23 | (0.22) |
| | - Resignation rate | 0.06 | (0.06) | 0.04 | (0.04) |

**30.3 Leave encashment / Compensated Absences:**

Salary and wages includes Rs. 1.91 crore (PY Rs. 1.95 crore) towards provision made as per actuarial valuation in respect of accumulated leave salary encashable on retirement / resignation

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and amounts recognised in the balance sheet:

| | Particulars | 2019-20 | 2018-19 |
|---|---|---|---|
| A. | **Reconciliation of opening and closing balance of present value of defined benefit obligation** | | |
| | Liability as at the beginning of the period | 5.10 | 4.27 |
| | Add Interest Cost: | 0.33 | 0.29 |
| | Add Current Service Cost: | 1.58 | 1.66 |
| | Less Benefits Paid directly from the Assets: | (1.28) | (1.02) |
| | Actuarial (gain) / loss (Experience) | 0.86 | (0.10) |
| | **Liability as at the end of the period** | **6.59** | **5.10** |
| B. | **Expenses recognized in Other comprehensive Income** | | |
| | Actuarial gain/(loss) in inter-valuation. Period (Experience): - Obligation: | 0.86 | (0.10) |
| | Actuarial gain/(loss) in inter-valuation. Period (Change in parameters): - Obligation: | - | - |
| | **Actuarial gain/loss in inter-valuation Period recognized in OCI:** | **0.86** | **(0.10)** |
| C. | **The Amounts to be Recognized in the Balance Sheet** | | |
| | Present value of obligation on the accounting date: | (6.59) | 5.09 |
| | Fair Value of Plan Assets on the accounting date: | - | - |
| | **Net Asset / (liability) recognised in Balance Sheet** | **(6.59)** | **5.09** |
| D. | **Expenses Recognised in statement of profit and loss** | | |
| | Net Interest Cost | 0.33 | 0.29 |
| | Current Service Cost | 1.58 | 1.66 |
| | **Expense to be recognized in statement of profit or loss** | **1.91** | **1.95** |
| E. | **Reconciliation** | | |
| | Net Liability as at the beginning of the accounting period: | 5.09 | 4.27 |
| | Expenses recognized in P/L a/c | 1.91 | 1.95 |
| | Transferred to Other Comprehensive Income | 0.86 | (0.10) |
| | less Adjustments to last valuation Closing Balance: | - | - |
| | less Benefits paid directly by the Company | (1.28) | (1.03) |
| | **Liability recognized in the Balance Sheet as on the accounting date:** | **6.58** | **5.09** |

(All amounts are Rupees in Crores, unless otherwise stated)

| | Particulars | 2019-20 | 2018-19 |
|---|---|---|---|
| F. | **Actuarial assumption** | | |
| | Discount Rate | 6.56% | 7.46% |
| | Interest Rate (Rate of Return on Assets) | 0.00% | 0.00% |
| | Salary escalation Rate (per annum) | 5.00% | 5.00% |
| | Resignations Rate (per annum) | 8.50% | 8.50% |
| | Mortality | IALM(2012-14) | IALM(2012-14) |

**Note 31:**

The following disclosures have been given in terms of National Housing Bank's notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 and in terms of the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010. Further, the disclosures which are for regulatory and supervisory purpose, have been made so as to comply with NHB's Policy Circular No. NHB(ND)/DRS/Policy Circular No. 89/2017-18 dated June 14, 2018 which requires Housing Finance Companies to continue to follow the extent provisions of National Housing Bank Act, 1987 and Housing Finance Companies (NHB) Directions 2010 including framework on prudential norms and other related circulars issued in this regards by NHB from time to time and the same have been prepared in accordance with Accounting Standards prescribed under section 133 of the Companies Act, read with the Companies (Accounting Standards) Rules, 2006, as amended (Indian GAAP) and relied upon by the auditors.

| | Particulars | 2019-20 | 2018-19 |
|---|---|---|---|
| 31.1 | **Reserve Fund U/s 29C of NHB Act, 1987** | | |
| | **Balance at the beginning of the year** | | |
| a) | Statutory Reserve u/s 29c of the National Housing Bank Act, 1987 | 217.30 | 170.37 |
| b) | Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987 | 376.13 | 320.86 |
| | **Total** | **593.43** | **491.23** |
| | **Addition / Appropriation / Withdrawal during the year** | | |
| | Add: | | |
| a) | Amount transferred u/s 29C of the NHB Act, 1987* | 56.07 | 46.93 |
| b) | Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987 | 63.36 | 55.27 |
| | Less: | | |
| a) | Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987 | - | - |
| b) | Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29 C of the NHB Act, 1987 | - | - |
| | **Balance at the end of the year** | | |
| a) | Statutory Reserve u/s 29C of the National Housing Bank Act, 1987 | 273.37 | 217.30 |
| b) | Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987 | 439.49 | 376.13 |
| | **Total** | **712.86** | **593.43** |

* Company has transferred Rs. 56.07 crores (March 2019- Rs. 46.93 Crores) to statutory reserve as per 29C of the NHB Act, 1987 for the year ended March 2020 and March 2019 on profit computed based on Ind AS financials.

(All amounts are Rupees in Crores, unless otherwise stated)

| | Particulars | 2019-20 | 2018-19 |
|---|---|---|---|
| 31.2 | **Investments** | | |
| | Value of Investments | | |
| | **(i) Gross value of Investments** | | |
| | (a) In India | 22.00 | 22.00 |
| | (b) Outside India | - | - |
| | **(ii) Provisions for Depreciation** | | |
| | (a) In India | - | - |
| | (b) Outside India | - | - |
| | **(iii) Net value of Investments** | | |
| | (a) In India | 22.00 | 22.00 |
| | (b) Outside India | - | - |
| | **Movement of provisions held towards depreciation on investments** | | |
| | (i) Opening balance | - | - |
| | (ii) Add: Provisions made during the year | - | - |
| | (iii) Less: Write off/Written back of excess provisions during the year | - | - |
| | (iv) Closing balance | - | - |

| | Particulars | 2019-20 | 2018-19 |
|---|---|---|---|
| 31.3 | **Derivatives** | | |
| | Forward rate agreement (FRA) / Interest rate swaps (IRS) | NIL | NIL |
| | Exchange traded interest rate (IR) Derivative | NIL | NIL |
| | Disclosure on Risk exposure in Derivatives | NA | NA |

| | Particulars | 2019-20 | 2018-19 |
|---|---|---|---|
| 31.4 | **Securitisation** | | |
| | Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction | NA | NA |
| | Details of non-performing financial assets purchased / sold | NA | NA |
| | **Details of Assignment transactions undertaken by HFCs is given below:** | | |
| | i) No. of accounts | 885 | 1,013 |
| | ii) Aggregate value (net of provision) of accounts assigned | 29.55 | 36.42 |
| | iii) Aggregate consideration | 36.54 | 36.54 |
| | iv) Additional consideration realized in respect of accounts transferred in earlier years | NA | NA |
| | v) Aggregate gain / loss over net book value | - | - |

(All amounts are Rupees in Crores, unless otherwise stated)

**31.5 Maturity pattern of certain items of Assets and Liabilities (as per contracted cash flows)**

| As on March 31, 2020 | < 1 month | Over one month to 2 months | Over 2 months to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 to 5 years | Over 5 to 7 years | Over 7 to 10 years | Over 10 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | | | | |
| Deposits | - | - | - | - | - | - | - | - | - | - | - |
| Borrowings from bank (including NHB) | 123.00 | 128.92 | 115.14 | 532.80 | 750.50 | 3,503.32 | 1,840.03 | 1,133.10 | 974.89 | 327.10 | **9,428.80** |
| Market borrowings | - | 8.04 | 212.67 | 189.52 | - | - | 272.00 | - | - | - | **682.23** |
| Foreign Currency Liabilities | - | - | - | - | - | - | - | - | - | - | - |
| | **123.00** | **136.96** | **327.81** | **722.32** | **750.50** | **3,503.32** | **2,112.03** | **1,133.10** | **974.89** | **327.10** | **10,111.03** |
| **Assets** | | | | | | | | | | | |
| Advances | 103.32 | 11.18 | 53.76 | 163.66 | 338.55 | 1,490.74 | 1,684.59 | 1,750.43 | 2,297.01 | 3,962.09 | **11,855.33** |
| Investments | - | - | - | - | - | - | - | - | - | 22.00 | **22.00** |
| Foreign Currency Assets | - | - | - | - | - | - | - | - | - | - | - |
| | **103.32** | **11.18** | **53.76** | **163.66** | **338.55** | **1,490.74** | **1,684.59** | **1,750.43** | **2,297.01** | **3,984.09** | **11,877.33** |

| As on March 31, 2019 | < 1 month | Over one month to 2 months | Over 2 months to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 to 5 years | Over 5 to 7 years | Over 7 to 10 years | Over 10 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | | | | |
| Deposits | - | - | - | - | - | - | - | - | - | - | - |
| Borrowings from bank (including NHB) | 68.52 | 112.40 | 245.41 | 401.76 | 723.64 | 3,054.72 | 1,676.88 | 1,194.79 | 733.60 | 261.00 | **8,472.72** |
| Market borrowings | - | 7.98 | 6.55 | 106.95 | 104.14 | 380.00 | - | 272.00 | - | - | **877.62** |
| Foreign Currency Liabilities | - | - | - | - | - | - | - | - | - | - | - |
| | **68.52** | **120.38** | **251.96** | **508.71** | **827.78** | **3,434.72** | **1,676.88** | **1,466.79** | **733.60** | **261.00** | **9,350.34** |
| **Assets** | | | | | | | | | | | |
| Advances | 137.73 | 55.37 | 55.65 | 169.31 | 349.93 | 1,540.24 | 1,724.40 | 1,798.97 | 2,270.83 | 2,970.49 | **11,072.92** |
| Investments | - | - | - | - | - | - | - | - | - | 22.00 | **22.00** |
| Foreign Currency Assets | - | - | - | - | - | - | - | - | - | - | - |
| | **137.73** | **55.37** | **55.65** | **169.31** | **349.93** | **1,540.24** | **1,724.40** | **1,798.97** | **2,270.83** | **2,992.49** | **11,094.92** |

(All amounts are Rupees in Crores, unless otherwise stated)

| | Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| 31.6 | **Exposure to Real Estate Sector** | | |
| | **Category** | | |
| a) | **Direct Exposure** | | |
| | **(i) Residential Mortgages** | | |
| | Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; | 10,998.58 | 10,337.54 |
| | (i) Out of the above Individual Housing Loans up to Rs.15.00 lakh | 5,045.80 | 5,187.76 |
| | **(ii) Commercial Real Estate-** | | |
| | Lending Secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels land acquisition, development and construction, etc,). Exposure would also include non-fund based (NFB) limits; | 827.55 | 699.27 |
| | **(iii) Investments in Mortgage Backed Securities (MBS) and other securities exposures -** | | |
| | a) Residential | – | – |
| | b) Commercial Real Estate | – | – |
| b) | **Indirect Exposure** | | |
| | Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | – | – |
| 31.7 | **Exposure to Capital Market** | | |
| (i) | direct investment in equity shares, convertible bonds, convertible debentures and units of equity- oriented mutual funds the corpus of which is not exclusively invested in corporate debt; | 22.00 | 22.00 |
| (ii) | advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs /ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds; | - | - |
| (iii) | advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security; | - | - |
| (iv) | advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances; | - | - |
| (v) | secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; | - | - |
| (vi) | loans sanctioned to corporates against the security of shares/ bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources; | - | - |
| (vii) | bridge loans to companies against expected equity flows / issues; | - | - |
| (viii) | All exposures to Venture Capital Funds (both registered and unregistered) | - | - |
| | **Total Exposure to Capital Market** | **22.00** | **22.00** |

**31.8 Details of financing of parent company products :** NIL

**31.9 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL):**

The company has not exceeded limit prescribed by National Housing Bank for Single Borrower Limit (SGL) and Group Borrower Limit (GBL).

**31.10 Unsecured Advances:**

The Company has not financed against intangible securities such as rights, licenses, authority etc as collateral security.

**31.11 Registration obtained from other financial sector regulators:**

Registration of Company as Composite Corporate Agent with Insurance Regulatory & Development Authority has been obtained.

(All amounts are Rupees in Crores, unless otherwise stated)

**31.12 Regulatory capital**

| | March 31, 2020 | March 31, 2019 |
|---|---|---|
| (i) CRAR (%) | 25.85% | 24.08% |
| (ii) CRAR - Tier I Capital | 25.85% | 24.08% |
| (iii) CRAR - Tier II Capital | – | – |
| (iv) Amount of subordinated debt raised as Tier- II Capital | – | – |
| (v) Amount raised by issue of perpetual Debt instruments | – | – |

**31.13 Rating assigned by credit Rating Agencies and migration of rating during the year:**

**a. Rating assigned by credit rating agencies as follows:**

| Instrument | March 31, 2020 | | March 31, 2019 | |
|---|---|---|---|---|
| | ICRA | CARE | ICRA | CARE |
| | | | | |
| NCD | - | AA | - | AA |
| Term Loans | AA- | AA | AA- | AA |
| Commercial Papers | A1+ | A1+ | A1+ | A1+ |

**b. Migration of rating during the year :** NIL

**31.14 Remuneration of Directors:**

**The transactions of the non-executive directors vis-à-vis the Company is as below.**

| Name of the director | Nature of transaction | 2019-20 | 2018-19 |
|---|---|---|---|
| Mr. T.S. Krishnamurthy | Payment of sitting fees | 0.06 | 0.05 |
| Mr. Dinesh Ponraj Oliver, I.A.S | Payment of sitting fees | - | - |
| Mr. K. Sridhar | Payment of sitting fees | 0.08 | 0.10 |
| Mr. L. Munishwar Ganesan | Payment of sitting fees | 0.02 | 0.02 |
| Mr. V. Nadanasabapathy | Payment of sitting fees | 0.14 | 0.11 |
| Mr. G.R. Sundaravadivel | Payment of sitting fees | 0.10 | 0.10 |
| Ms. R.S. Isabella | Payment of sitting fees | - | - |
| Ms. Sumithra Ravichandran | Payment of sitting fees | 0.04 | - |

**31.15 Net Profit or Loss for the period, prior period items and changes in accounting policies:**

During the year,

(a) no prior period items occurred which has impact on Statement of Profit and loss,

(b) no change in Accounting policy,

(c) there were no circumstances (other than income recognition on Non performing advances ) in which revenue recognition has been postponed pending resolution of significant uncertainty except implementation of Ind AS required by Ministry of company affairs and

(d) there is no withdrawal from reserve fund.

**31.16 Revenue Recognition**

There are no circumstances in which revenue recognition has been postponed by the Company pending the resolution of significant uncertainties.

**31.17 Consolidated Financial Statements (CFS)**

RHFL has no subsidiary Company, hence requirement of CFS involving subsidiary Company is not applicable. However financial statement of associate is consolidated and reported.

**31.18 Disclosure of Penalties imposed by NHB and other regulators**

NHB or any other regulators has not imposed any penalties/punishments/compounding of offences during the FY 2019-20. In the FY 2018-19, the Company has paid penalty of Rs. 35,400, including GST.

**31.19** As per the Accounting Standard on 'Related Party Disclosures', details of the related parties, nature of the relationship with whom Company has entered transactions, remuneration of directors and balances in related party account at the year end, are given in Note no. 32. There were no material transaction with related parties and all these transactions with related parties were carried out in ordinary course of business at arm's length price.

(All amounts are Rupees in Crores, unless otherwise stated)

**31.20 Break up of Provisions and Contingencies shown under the head expenditure in Statement of Profit and Loss**

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| 1. Provisions for depreciation on Investment | - | - |
| 2. Provision made towards Income tax | 81.81 | 106.36 |
| 3. Provision towards NPA | 122.54 | 50.09 |
| 4. Provision for Standard Assets | | |
| Housing loans to individuals | (2.39) | (3.51) |
| Mortgage / other loans | 4.41 | 0.18 |
| Commercial loan | (0.03) | 4.94 |
| Commercial Real Estate - Residential Housing | - | - |
| 5. Other Provision and Contingencies (relating Sundry debtors and staff advances) | 0.40 | 0.41 |

**Break up of Loan & Advances and Provisions thereon (Excluding personal loans / advances extended to employees)**

| Particulars | Housing | | Non-Housing | |
|---|---|---|---|---|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| **Standard Assets** | | | | |
| a) Total Outstanding Amount | 9,278.46 | 8,805.14 | 2,065.23 | 1,942.03 |
| b) Provisions made | 33.03 | 32.31 | 12.90 | 11.63 |
| **Sub-Standard Assets** | | | | |
| a) Total Outstanding Amount | 181.55 | 105.71 | 66.39 | 52.97 |
| b) Provisions made | 36.31 | 21.14 | 13.28 | 10.59 |
| c) Provision required | 27.23 | 15.86 | 9.96 | 7.95 |
| **Doubtful Assets – Category-I** | | | | |
| a) Total Outstanding Amount | 71.36 | 65.99 | 28.75 | 29.00 |
| b) Provisions made | 53.52 | 49.49 | 21.56 | 21.75 |
| c) Provision required | 17.84 | 16.50 | 7.19 | 7.25 |
| **Doubtful Assets – Category-II** | | | | |
| a) Total Outstanding Amount | 102.49 | 47.24 | 46.43 | 17.62 |
| b) Provisions made | 102.49 | 47.24 | 46.43 | 17.62 |
| c) Provision required | 41.00 | 18.90 | 18.57 | 7.05 |
| **Doubtful Assets – Category-III** | | | | |
| a) Total Outstanding Amount | 8.94 | 5.93 | 4.71 | 1.29 |
| b) Provisions made | 8.94 | 5.93 | 4.71 | 1.29 |
| c) Provision required | 8.94 | 5.93 | 4.71 | 1.29 |
| **Loss Assets** | | | | |
| a) Total Outstanding Amount | 1.02 | - | - | - |
| b) Provisions made | 1.02 | - | - | - |
| c) Provision required | 1.02 | | | |
| Total | | | | |
| a) Total Outstanding Amount | 9,643.82 | 9,030.01 | 2,211.51 | 2,042.91 |
| b) Provisions made | 235.31 | 156.11 | 98.88 | 62.88 |

**Note:**

1. The Company's policy is to provide provisions towards NPA as per NHB guidelines based on erstwhile accounting policies followed by the company.
2. The total outstanding amount mean principal + accrued interest + other charges pertaining to loans.
3. The Category of Doubtful Assets will be as under:

| Period for which the assets has been considered as doubtful | Category |
|---|---|
| Up to one year | Category - I |
| One to three years | Category - II |
| More than three years | Category - III |

(All amounts are Rupees in Crores, unless otherwise stated)

**31.21 Draw Down from Reserves**

Not applicable since the company has not drawn down any amount from reserves in the current year as well as previous year.

**31.22 Concentration of Public Deposits ( for Public Deposit taking/holding HFCs):**

Not applicable, since the company has not accepted any deposits from the public.

| | Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| **31.23** | **Concentration of Loan & Advances** | | |
| | Total Loans & Advances to twenty largest borrowers | 81.67 | 102.65 |
| | Percentage of Loans & Advances to twenty largest borrowers to total advances of the HFC | 0.69 | 0.93 |
| **31.24** | **Concentration of all exposure (including off-balance sheet exposure)** | | |
| | Total exposure to twenty largest borrowers/customers | 84.00 | 103.93 |
| | Percentage of Loans & Advances to twenty largest borrowers /customers to total exposure of the HFC on borrowers/customers | 0.68 | 0.89 |
| **31.25** | **Concentration of NPAs** | | |
| | Total Exposure to top ten NPA accounts | 27.36 | 22.21 |
| **31.26** | **Sector-wise NPA ( Percentage of NPA to total advances in that sector)** | | |
| | **A. Housing Loans:** | | |
| | 1. Individuals | 3.79 | 2.50 |
| | 2. Builders / Project Loans | - | - |
| | 3. Corporates | - | - |
| | 4. Others (specify) | - | - |
| | **B. Non-Housing Loans:** | | |
| | 1. Individuals | 6.68 | 4.96 |
| | 2. Builders / Project Loans | - | - |
| | 3. Corporates | - | - |
| | 4. Others (specify) | - | - |
| **31.27** | **Movement of NPAs** | | |
| | (I) Net NPAs to Net Advances (%) | 1.93% | 1.38% |
| | (II) Movement of NPAs (Gross) | | |
| | a) Opening Balance | 325.75 | 282.64 |
| | b) Additions during the year | 254.36 | 143.23 |
| | c) Reductions during the year | 68.46 | 100.12 |
| | **d) Closing Balances** | **511.65** | **325.75** |
| | (III) Movement of Net NPAs | | |
| | a) Opening Balance | 150.69 | 125.47 |
| | b) Additions during the year | 188.34 | 124.61 |
| | c) Reductions during the year | 115.64 | 99.39 |
| | d) **Closing Balances** | **223.39** | **150.69** |
| | (IV) Movement of provisions for NPAs (excluding provision on standard assets) | | |
| | a) Opening Balance | 175.05 | 157.17 |
| | b) Additions during the year | 148.91 | 85.42 |
| | c) Reductions during the year | 35.70 | 67.54 |
| | d) **Closing Balances** | **288.26** | **175.05** |

(All amounts are Rupees in Crores, unless otherwise stated)

**31.28 Overseas Assets:** The company does not have any overseas assets.

**31.29 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms):**

The company does not have any off balance sheet Special Purpose Vehicle (SPV) which requires to be consolidated as per accounting norms.

**31.30 Customers Complaints**

| | March 31, 2020 | March 31, 2019 |
|---|---|---|
| a) No. of complaints pending at the beginning of the year | 4 | 2 |
| b) No. of complaints received during the year | 72 | 42 |
| c) No. of complaints redressed during the year | 73 | 40 |
| d) No. of complaints pending at the end of the year | 3 | 4 |

**31.31** There are no Micro, Small and Medium Enterprises (MSME) to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2020. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

**31.32** Expenditure incurred in foreign currency: Towards Travelling Expenses - Rs. Nil (March 31, 2019 -Nil) and towards other borrowing costs - Rs.0.04 crores (March 31, 2019 - Rs. 0.03 crore). There are no Earnings in foreign currency during the current year as well as in the previous year.

**31.33** There are no amounts to be reflected under payable to Investor Protection Fund.

**31.34** Pursuant to NHB Circular on Guidelines on Reporting and Monitoring of Frauds in Housing Finance Companies dated February 05 2019, the company has reported 6 fraudulent cases (PY - 9 fraudulent cases) to NHB. The Amount related to fraud is Rs. 1.57 Crores (PY - 2.09 Crores).

**31.35 Moratorium**

Pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 ("RBI circular") allowing lending institutions to offer moratorium to borrowers on payment of installments, the Company has extended moratorium to its borrowers in accordance with its Board approved policy.

| Particulars | Amount |
|---|---|
| Amounts in SMA/overdue categories where the moratorium/deferment was extended | 1,512.99 |
| Asset classification benefits vide above mentioned RBI circular | 256.90 |
| Total provisions required as at March 31, 2020 as per circular | 12.85 |
| Provision made on account of COVID-19 as at March 31, 2020 | 25.69 |

(All amounts are Rupees in Crores, unless otherwise stated)

## Note 32:

## Related party disclosures

(a) **Disclosures in terms of Indian Accounting Standard 24 "Related Party Disclosure" ( Ind AS 24) are given below:-**

**32.1 List of related parties:**

| | |
|---|---|
| Repco Bank Ltd., | Promoter |
| Repco Micro Finance Ltd., | Associates |

**32.2 Key Management Personnel**

| | |
|---|---|
| Shri R. Varadarajan | Managing Director (upto 31st December 2018) |
| Shri Yashpal Gupta | Managing Director (from 3rd January 2019) |
| Shri T.S. Krishnamurthy | Non-executive Director |
| Shri K. Sridhar | Non-executive Director |
| Shri L. Munishwar Ganesan | Non-executive Director |
| Shri V. Nadanasabapathy | Non-executive Director |
| Shri G.R. Sundaravadivel | Non-executive Director |
| Shri. Dinesh Ponraj Oliver, IAS | Non-executive Director |
| Smt.R.S.Isabella | Non-executive Director |
| Smt.Sumithra Ravichandran | Non-executive Director (from 01.04.2019) |
| Shri T. Karunakaran | Chief Financial Officer |
| Shri K. Prabhu | Company Secretary and Compliance Officer |

**32.3 The Company's related party balances and transactions are summarized as follows:**

**Remuneration paid to Key Management Personnel:**

| Name of Key Management Personnel | Remuneration Paid Salary including performance incentive and other perquisites # | |
|---|---|---|
| | **2019-20** | 2018-19 |
| Shri R. Varadarajan | - | 0.75 |
| Shri Yashpal Gupta | 0.51 | 0.13 |
| Shri T.Karunakaran | 0.29 | 0.23 |
| Shri K.Prabhu | 0.24 | 0.19 |

# The above remuneration excludes contribution to Gratuity fund and provision for leave liability as they are determined on an actuarial basis for the company as a whole.

**Compensation of Key management personnel of the company**

| | **2019-20** | **2018-19** |
|---|---|---|
| Short-term employee benefits | 0.98 | 1.23 |
| Post-employment benefits (defined contribution) | 0.06 | 0.07 |
| Termination benefits | - | - |

(All amounts are Rupees in Crores, unless otherwise stated)

**Related party transactions**

| Nature of Transaction | Nature of Relationship | 2019-20 | 2018-19 |
|---|---|---|---|
| Dividend Received on Investments | Key Management Personnel | - | - |
| | Repco Bank Ltd., | - | - |
| | Repco Micro Finance Ltd., | 2.64 | 1.87 |
| Dividend paid to shareholders | Key Management Personnel* | - | - |
| | Repco Bank Ltd., | 5.81 | 5.11 |
| | Repco Micro Finance Ltd., | - | - |
| Loans advanced during the year | Key Management Personnel | 0.90 | 0.11 |
| | Repco Bank Ltd., | - | - |
| | Repco Micro Finance Ltd., | - | - |
| Loan repayments received during the year | Key Management Personnel | 0.65 | 0.12 |
| | Repco Bank Ltd., | - | - |
| | Repco Micro Finance Ltd., | - | - |
| Interest received on Loans advanced | Key Management Personnel | 0.06 | 0.04 |
| | Repco Bank Ltd., | - | - |
| | Repco Micro Finance Ltd., | - | - |
| Borrowings availed during the year (Term Loan and Working capital demand loan) | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 300.06 | 430.98 |
| | Repco Micro Finance Ltd., | - | - |
| Borrowings repaid during the year (Term Loan and Working Capital demand Loan) | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 104.13 | 254.94 |
| | Repco Micro Finance Ltd., | - | - |
| Interest paid on Borrowings (Term Loan and Working Capital demand Loan) | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 65.70 | 51.80 |
| | Repco Micro Finance Ltd., | - | - |
| Interest earned on deposits | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 0.01 | 0.03 |
| | Repco Micro Finance Ltd., | - | - |
| Investments made during the year | Key Management Personnel | - | - |
| | Repco Bank Ltd., | - | - |
| | Repco Micro Finance Ltd., | - | 6.40 |
| Reimbursement – administrative expenses | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 0.05 | 0.12 |
| | Repco Micro Finance Ltd., | - | - |
| Rent paid | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 0.23 | 0.17 |
| | Repco Micro Finance Ltd., | - | - |
| Rent received | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 0.04 | 0.04 |
| | Repco Micro Finance Ltd., | - | - |
| Sitting fees received during the year | Key Management Personnel | - | - |
| | Repco Bank Ltd., | - | - |
| | Repco Micro Finance Ltd.,* | - | 0.01 |

*The amount less than or equal to Rs. 30,000 for the Financial Year 2019-20.

(All amounts are Rupees in Crores, unless otherwise stated)

**Related party outstanding balance**

| Nature of Transaction | Nature of Relationship | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| Equity Share Capital (Paid-up outstanding) | Key Management Personnel | 0.01 | 0.01 |
| | Repco Bank Ltd., | 23.23 | 23.23 |
| | Repco Micro Finance Ltd., | - | - |
| Borrowings Outstanding at the end of the year | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 1,060.35 | 798.72 |
| | Repco Micro Finance Ltd., | - | - |
| Loans Outstanding at the end of the year | Key Management Personnel | 1.09 | 0.42 |
| | Repco Bank Ltd., | - | - |
| | Repco Micro Finance Ltd., | - | - |
| Investments outstanding at the end of the year | Key Management Personnel | - | - |
| | Repco Bank Ltd., | - | - |
| | Repco Micro Finance Ltd., | 22.00 | 22.00 |
| Balances in Deposits Account | Key Management Personnel | - | - |
| | Repco Bank Ltd., | 0.42 | 0.36 |
| | Repco Micro Finance Ltd., | - | - |

## Note 33:
## Change in liabilities arising from financing activities

| | 01-Apr-19 | Cash flows | Others | 31-Mar-20 |
|---|---|---|---|---|
| Debt securities | 876.02 | (225.62) | 29.84 | 680.24 |
| Borrowings other than debt securities | 8,472.72 | 935.88 | 20.20 | 9,428.80 |
| **Total liabilities from financing activities** | **9,348.74** | **710.26** | **50.04** | **10,109.04** |
| | **01-Apr-18** | **Cash flows** | **Others** | **31-Mar-19** |
| Debt securities | 2,248.62 | (1,424.32) | 51.72 | 876.02 |
| Borrowings other than debt securities | 6,024.33 | 2,380.84 | 67.55 | 8,472.72 |
| **Total liabilities from financing activities** | **8,272.95** | **956.52** | **119.27** | **9,348.74** |

The "others" above includes interest accrued, amortization of transaction cost incurred in connection with Non- convertible debentures and other bank charges incurred towards various services rendered by bank.

| | | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| **34** | **Contingent liabilities and commitments** | | |
| | i) Claims against the company not acknowledged as debts | 1.90 | 0.21 |
| | ii) Disputed Income tax Liability | 9.65 | 9.04 |
| | iii) Commitment towards sanction pending disbursement including part disbursement | 460.95 | 634.08 |
| | iv) Pending capital commitment | 0.26 | 0.12 |

(All amounts are Rupees in Crores, unless otherwise stated)

| | | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| 35 | **Particulars of dividend paid to Non-resident shareholders:** | | |
| | No of Shareholders | 2,501 | 2,598 |
| | No of Shares held | 1,69,63,202 | 1,94,18,976 |
| | Year for Which Dividend is Paid | 2018-2019 | 2017-2018 |
| | Gross amount of Dividend (Rupees in Crores) | 4.24 | 4.27 |
| 36 | **Amount of Dividend proposed to be distributed to the Equity Shares holders for the year ended** | | |
| | Dividend % | 25.00% | 25.00% |
| | Dividend per share | 2.50 | 2.50 |
| | Total Amount of dividend Proposed to be distributed | 15.64 | 15.64 |
| 37 | **Revenue from contracts with customers** | | |
| | Total Revenue from contracts with customers | 28.10 | 25.88 |
| | **Timing of revenue recognition** | | |
| | Services transferred at a point in time | 28.10 | 25.88 |
| | Services transferred over time | - | - |
| | **Geographical markets** | | |
| | In India | 28.10 | 25.88 |
| | Outside India | - | - |

**Note 38:**

**Lease disclosure under Ind AS 116 for the current year ended 31 March 2020**

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17, Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. Lessor accounting under Ind AS 116 remains unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Company is the lessor.

"The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 1 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company has lease contracts for various items of Land and Building. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The comparative information for each of the primary financial statements are not restated and have been presented based on the requirements of previous standard (i.e., Ind AS 17 Leases, Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The Company is not needed to present a balance sheet as at April 1 2018 (i.e., no third balance sheet). The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of Rs. 17.83 crores, and a lease liability of Rs. 19.73 crores. The cumulative effect of applying the standard resulted in Rs. 1.90 crores being debited to retained earnings.

(All amounts are Rupees in Crores, unless otherwise stated)

**i) Movement in Lease Liability**

| Particulars | March 31, 2020 |
|---|---|
| As on transition date | 19.73 |
| Add: Additions during the year | 9.47 |
| Add / (Less): Accretion of Interest | 2.00 |
| Less: Payments during the year | (9.13) |
| **Closing Balance** | **22.07** |

The Company has lease contracts for Land and Building used for the branches. Leases of such assets generally have lease terms between 3 and 6 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

**ii) Maturity Analysis of Lease Liabilities**

Given below are the undiscounted potential future rental contractual payments for the lease contracts existing as at March 31, 2020

| Particulars | Less than 1 Year | 1 - 5 Years | More than 5 Years |
|---|---|---|---|
| Lease Liabilities as at March 31, 2020 | 8.37 | 17.84 | 0.73 |

**iii) Movement in Right-of-use (ROU) Asset***

| Particulars | March 31, 2020 |
|---|---|
| As on transition date | 18.53 |
| Add: Additions during the year | 10.08 |
| Less: Amortisation for the year | (7.89) |
| **Closing Balance** | **20.72** |

* includes fair valuation of security deposit

**iv) Amount recognised in Balance Sheet**

| Particulars | March 31, 2020 |
|---|---|
| a) Right-of-use assets | 20.72 |
| b) Lease liabilities | |
| - Current | 5.96 |
| - Non-Current | 16.11 |
| **c) Additions to the Right-of-use assets** | **28.61** |

**v) Amount recognised in the Statement of Profit and Loss**

| Particulars | March 31, 2020 |
|---|---|
| a) Depreciation charge for Right-of-use assets | 7.89 |
| b) Interest expense on lease liabilities (included in finance cost) | 2.00 |

**vi) Cash outflows during the year**

| Particulars | March 31, 2020 |
|---|---|
| Payment of lease liabilities | 7.13 |
| Payment of interest portion of lease liabilities | 2.00 |

(All amounts are Rupees in Crores, unless otherwise stated)

## Note 39:

### Fair value measurement

This note describes the fair value measurement of both financial and non-financial instruments and is structured as follows:

| | |
|---|---|
| Valuation principles | 39.1 |
| Valuation governance | 39.2 |
| Valuation methodologies of financial instruments not measured at fair value | 39.3 |
| Fair value of financial instruments not measured at fair value | 39.3.1 |

### 39.1 Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

### 39.2 Valuation governance

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Company including the risk and finance functions. The responsibility of ongoing measurement resides with the business units.

Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions.

### 39.3 Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the below tables.

**Loans and advances to customers**

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. Where such information is not available, the company uses historical experience and other information used in its collective impairment models.

Fair values of lending portfolios are calculated using a portfolio-based approach. The company then calculates and extrapolates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. The credit risk is applied as a top-side adjustment based on the collective impairment model incorporating probability of defaults and loss given defaults.

(All amounts are Rupees in Crores, unless otherwise stated)

### 39.3.1 Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non–financial liabilities.

| March 31, 2020 | Carrying value | Fair Value measurement using | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 324.31 | 324.31 | - | - | 324.31 |
| Bank balance other than cash and cash equivalents | 0.03 | 0.03 | - | - | 0.03 |
| Loans | 11,587.72 | - | - | 11,874.02 | 11,874.02 |
| Other financial assets | 10.09 | - | - | 10.09 | 10.09 |
| Investment in associate | 65.17 | - | - | 64.67 | 64.67 |
| **Total Financial asset** | **11,987.32** | **324.34** | **-** | **11,948.78** | **12,273.12** |
| **Financial liabilities** | | | | | |
| Debt securities | 680.24 | 680.24 | - | - | 680.24 |
| Borrowings (other than debt securities) | 9,428.80 | - | - | 9,428.80 | 9,428.80 |
| Other financial liabilities | 46.27 | - | - | 46.27 | 46.27 |
| **Total Financial liabilities** | **10,155.31** | **680.24** | **-** | **9,475.07** | **10,155.31** |

| March 31, 2019 | Carrying value | Fair Value measurement using | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 57.50 | 57.50 | - | - | 57.50 |
| Bank balance other than cash and cash equivalents | 0.10 | 0.10 | - | - | 0.10 |
| Loans | 10,837.93 | - | - | 11,082.45 | 11,082.45 |
| Other financial assets | 14.26 | - | - | 14.26 | 14.26 |
| Investment in associate | 51.68 | - | - | 51.16 | 51.16 |
| **Total Financial asset** | **10,961.47** | **57.60** | **-** | **11,147.87** | **11,205.47** |
| **Financial liabilities** | | | | | |
| Debt securities | 825.40 | 825.40 | - | - | 825.40 |
| Borrowings (other than debt securities) | 8,452.01 | - | - | 8,452.01 | 8,452.01 |
| Other financial Liabilities | 88.21 | - | - | 88.21 | 88.21 |
| **Total Financial Liabilities** | **9,365.62** | **825.40** | **-** | **8,540.22** | **9,365.62** |

## Note 40:

## Risk management

### 40.1 Introduction and risk profile

Company has operations in India. As the company is in financial sector, the risks associated with this type of business is integral part of the management. The company deals with large number of customers and is involved in long term lending. Hence, the risks to this type of business is unique and requires focused attention. Further, the management of risk is continuous and on going process and needs to be dynamic. The company is aware that risk is proportionate to the expected returns but should have limitations in exposing itself to the risks. This process of risk management is critical to the company's continuing profitability and reputation in the market. The company is generally exposed to credit risk, market risk, operational risk, compliance risk and competition risk.

### 40.1.1 Risk management structure

The Company has in place a Risk Management Policy duly approved by the Board covering various aspects of the risk management. Board of Directors are responsible for effective risk management. It oversees and reviews the overall functioning of the risk management and provide necessary directions in this regard.

The Management and Risk Management Committee of the Board (MRMC) is Board level committee entrusted with overseeing implementation of the Risk Management Policy / strategy approved by the Board. The committee reviews the functioning of the risk management framework at periodical intervals. It reviews the reports and directs for taking mitigating steps. The committee reports the status of the risk management of the company to the Board at periodical intervals through minutes of the meeting of the committee. The minutes of the committee are placed before the Board.

Credit and Operational Risk Management Committee (CORMC) is an executive committee consisting of Managing Director (MD) as Chairman of the Committee, Chief Development Officer (CDO), all the General Managers and Chief Technology Officer (CTO) which is responsible for laying down the operational guidelines and monitor and mitigate the risks the company is facing. The committee shall prescribe Risk Appetite for the company taking into account the inherent strengths and weakness. The Committee reviews and recommends the Management & Risk Management Committee or the Board of Directors the amendments to Risk Management Policy, as and when considered necessary. The minutes of the committee is placed before Management & Risk Management Committee of the Board. Besides this, Assets and Liabilities Management Committee (ALCO) addresses the market and liquidity risks.

The 'Risk Management Department' in Corporate Office of the company is responsible for Identification, measurement, monitoring and taking steps for mitigation of operational, credit and compliance risk and reporting to top management and the committees concerned.

The Chief Risk Officer (CRO) is designated as 'Risk Manager' of the company who is responsible for coordination, overseeing and implementation of the requirements identified in the Risk Management Policy.

### 40.1.2 Risk Identification

The Company has identified risk issues in various functions such as branches, departments in Corporate Office, Regional Offices, Central Depository, etc. and prepared a Risk Register. The register contains more than one thousand risk issues relating to various types of risks. This register is dynamic as it gets updated by additions and deletions as and when new guidelines are issued. Further, each risk is categorised as "Operational Risk", "Credit Risk", "Market Risk", "Compliance Risk" or "Competition Risk".

### 40.1.3 Risk measurement

The risk issues identified and recorded in the Risk Register are measured based on the impact it may have on the business if the company is exposed to such risks. Based on the velocity of impact, each risk is categorised as 'High', 'Medium' and 'Low' risk. This is done to decide the quantum of focus required in respect of each risk issue. Weightage is given for each risk issue to enable the company to measure

the risk. The company gives focus on 'High' risk issues for better management.

**40.1.4 Risk Monitoring**

The frequency for monitoring each risk issue is prescribed. Accordingly, the risk issues are grouped as "Quarterly", "Half-yearly" and "Annual". Such grouped issues are taken up for assessment at the prescribed intervals.

**40.1.5 Risk Assessment methodology**

The risk is assessed based on self assessment by the owners of risk at the prescribed intervals. Each risk issue has to be assessed by the owners of the risk and provide a certification. The certificate is subject to verification by Risk Management Department and by Internal Auditors. Accordingly, each branch assesses the level of compliance in respect of each risk issue and provides a certificate. For this purpose, a software utility has been provided to each branch, departments in Corporate Office (CO), regional offices and Central depository (CDR). This exercise is done every quarter.

**40.1.6 Measurement of Risk**

Based on the Self -assessment certifications from various risk owners, the quantum of risk that are reported by the owners are calculated for various categories of risks such as credit risk, operational risk, compliance risk and competition risk. Risk is also measured in terms of high, medium and low. This would help us to arrive at the direction of risk.

**40.1.7 Credit risk**

The Company is primarily in the business of lending and hence is exposed to credit risk. Various credit risk mitigations are provided in the Credit Policy of the company such as profiling each customer based on various factors of the borrower and linking pricing to the same. The internal rating of each borrower is done as a part of appraisal to arrive at the risk. The Credit risk issues are identified by the Risk Management Department and provided to the branches and Credit Department for assessment. Mitigation steps are taken immediately to manage the risk. Immediate action is initiated by way of SARFAESI, OTS, etc to recover the impaired credit.

**40.1.7.1 The company's internal grading**

The company's independent Credit Risk Department operates its internal rating models. The company runs separate models for its key portfolios in which its customers are categorised as high , medium and low grade. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. Loan assets are graded based on repayment behaviour of the customer of last 12 months.

**40.1.7.2 Impairment - Expected credit loss (ECL)**

The application of Ind AS 109 has necessitated fundamental changes to the accounting for expected default risk (risk provisioning). Specifically, the incurred loss model has been replaced by the Expected Credit Loss model (ECL). Consequent to this change, the Expected Credit losses on financial instruments are classified under three stages.

**Stage 1:** Every financial asset is classified as stage 1, upon initial recognition. In addition, stage 1 contains all transactions with limited default risk.

**Stage 2:** Financial assets whose default risk has risen significantly since initial recognition and which are not classified as cases with limited default risk.

**Stage 3:** Financial assets that display objective evidence of impairment at the reporting date.

The accounting standard, Ind AS 109 does not specifically prescribe any methodology for computing ECL. However, entities are required to adopt sound and market acceptable methodologies which are in line with the size, complexity and risk-profile of the financial entity for computing the ECL. The Company uses three main components to measure ECL. These are, Exposure at default (EAD), Probability of Default (PD) and Loss Given Default (LGD).

Exposure at default (EAD) is defined as the sum of Principal outstanding and interest accrued at the reporting date.

PD is defined as the probability of borrowers defaulting on their obligations.

LGD represents the economic loss. Company uses historical loss data for identified homogenous pools for the purpose of calculating LGD. For individual cases where there as been a significant deterioration in recovery, the LGD is considered to be 100%.

Accordingly, loan assets are categorised under three different stages, as under:

**Stage 1:** Where installments are Current and 1-30 days overdue

**Stage 2:** Where installments are 31 days – 90 days overdue and

**Stage 3:** Where installments are overdue beyond 90 days

The company is required to provide 12-month Expected Credit Loss (12-month ECL) for stage 1 assets and the Life Time Expected Credit Loss (LECL) for stage 2 & stage 3 assets.

12-month ECL is the expected credit loss that results from default events that are possible within 12 months after the reporting date. LECL represents the expected credit loss from default events over the expected life of a financial asset.

As prescribed under para 5.5 in Ind AS 109, 12-months PD is required to be computed for financial instruments which are in stage 1, and life time PD for those in stage 2 & 3. 12-months PD is the likelihood of the borrower defaulting in the 12 months following the reporting date while life time PD is the likelihood of the borrower defaulting during the residual tenor.

The PD model has been developed for all the major asset classes using a statistical and iterative approach. The design and construction of the model involves identification of various credit parameters and variables that have a strong and direct correlation to propensity of default. The PD model reflects to the probability of default, taking into consideration the inherent credit quality of the borrower and the residual tenor of each contract. The PD for stage 3 contracts is considered at 100%. Where a customer has one contract in stage 3 and one or more contracts in stage 1 / stage 2, the PD for all the contracts is considered at 100%.

LGD represents the economic loss, adjusted for cure rate, as a percentage of exposure at the time of default. Economic loss is the estimated shortfall in realisation of dues, in the event of default. Contracts that have turned delinquent do not necessarily involve ultimate losses, since many of them are resolved through corrective actions. The cure rate is the probability of a 'non performing' (i.e. defaulted) contract reverting to a 'performing' (i.e. non-default) status in a year. For individual cases where there as been a significant deterioration in recovery, the LGD is considered to be 100% for those cases.

### 40.1.8 Operational Risk

Operational Risk is constantly monitored as it is prevalent in every branch and department. Systematic improvements are made wherever required.

### 40.1.9 Compliance Risk

Based on the guidelines received from regulatory and statutory authorities and also based on the policy requirements, the compliance risks issues are identified, assessed and monitored for compliance.

### 40.1.10 Market Risk

The Company does not accept deposits from public. The resources are mobilized from banks and market. The Company has a specific committee named Assets and Liabilities Committee (ALCO) which meets at frequent intervals to manage the liquidity, interest rates, spread etc. The Committee also prescribes Minimum Lending Rate (MLR).

**Sensitivity analysis on Net Interest**

| Particulars | 2019-20 | | 2018-19 | |
|---|---|---|---|---|
| | Increase by 25 bps | Decrease by 25 bps | Increase by 25 bps | Decrease by 25 bps |
| Impact on profit before tax- Gain / (Loss) | 19.96 | (19.96) | 15.55 | (15.55) |

(All amounts are Rupees in Crores, unless otherwise stated)

## Note 41:

### Analysis of risk concentration

The Company's concentrations of risk ( for financial assets other than loans and advances ) are managed by industry sector. The following table shows the risk concentration by industry for the financial assets of the Company:-

**Industry analysis**

| March 31, 2020 | Financial services | Government | Retail | Services | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and cash equivalents | 324.31 | - | - | - | 324.31 |
| Bank balance other than cash and cash equivalents | 0.03 | - | - | - | 0.03 |
| Loans | - | - | 11,587.72 | - | 11,587.72 |
| Other financial assets | 0.02 | - | 4.14 | 5.93 | 10.09 |
| Investment in associate | 65.17 | - | - | - | 65.17 |
| **Total Financial asset** | **389.53** | **-** | **11,591.86** | **5.93** | **11,987.32** |
| **Financial liabilities** | | | | | |
| Debt securities | 680.24 | - | - | - | 680.24 |
| Borrowings (other than debt securities) | 9,428.80 | - | - | - | 9,428.80 |
| Other financial liabilities | 12.13 | 1.43 | 0.35 | 32.36 | 46.27 |
| **Total Financial liabilities** | **10,121.17** | **1.43** | **0.35** | **32.36** | **10,155.31** |

| March 31, 2019 | Financial services | Government | Retail | Services | Total |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 57.50 | - | - | - | 57.50 |
| Bank balance other than cash and cash equivalents | 0.10 | - | - | - | 0.10 |
| Loans | - | - | 10,837.93 | - | 10,837.93 |
| Other financial assets | - | - | 3.75 | 5.84 | 9.59 |
| Investment in associate | 51.68 | - | - | - | 51.68 |
| **Total Financial asset** | **109.28** | **-** | **10,841.68** | **5.84** | **10,956.80** |
| **Financial liabilities** | | | | | |
| Debt securities | 876.02 | - | - | - | 876.02 |
| Borrowings (other than debt securities) | 8,472.72 | - | - | - | 8,472.72 |
| Other financial liabilities | 7.35 | 2.19 | 0.32 | 7.02 | 16.88 |
| **Total Financial liabilities** | **9,356.09** | **2.19** | **0.32** | **7.02** | **9,365.62** |

(All amounts are Rupees in Crores, unless otherwise stated)

**41.1 Collateral and other credit enhancements**

Although collateral can be an important mitigation of credit risk, it is the Company's practice to lend on the basis of the customer's ability to meet the obligations out of cash flow resources other than placing primary reliance on collateral and other credit risk enhancements. The Company obtains first and exclusive charge on all collateral that it obtains for the loans given. Home loans/ home equity loans are secured by collateral at the time of origination. In case of Home loans/ home equity loans, the value of the property at the time of origination will be arrived by obtaining valuation reports from Company's empanelled valuer. Immovable Property is the collateral for Home loans/ Home Equity loans. Security Interest in favour of the Company is created by Mortgage through deposit of title deed which is registered wherever required by law. Any surplus remaining after settlement of outstanding debt by way of sale of collateral is returned to the customer / borrower.

## Note 42:

### Liquidity risk and funding management

Liquidity risk is defined as the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The company has developed internal control processes and contingency plans for managing liquidity risk.

The company maintains diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The company also has lines of credit that it can access to meet liquidity needs. In accordance with the company's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the company. Net liquid assets consist of cash and cash equivalents, balances other than cash and cash equivalents available for immediate use, less securities issued and borrowings due to mature within the next month.

(All amounts are Rupees in Crores, unless otherwise stated)

**42.1 Following are the contractual maturities of financial liability / financial assets at the reporting date. Loans, debt securities and borrowings include estimated interest receipts / payments.**

| As on March 31, 2020 | < 1 month | Over one month to 2 months | Over 2 months to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 to 5 years | Over 5 to 7 years | Over 7 to 10 years | Over 10 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | | | | | | |
| Cash and cash equivalents | 323.89 | – | – | – | 0.42 | – | – | – | – | – | **324.31** |
| Bank Balance other than Cash and cash equivalents | – | 0.01 | – | 0.01 | 0.01 | – | – | – | – | – | **0.03** |
| Loans | 174.99 | 31.34 | 162.59 | 486.89 | 970.10 | 3,800.65 | 3,611.03 | 3,276.29 | 3,883.50 | 5,924.31 | **22,321.69** |
| Other financial assets | 1.65 | 0.12 | 0.22 | 0.94 | 0.71 | 3.71 | 2.54 | 0.12 | 0.07 | 0.01 | **10.09** |
| Investments | – | – | – | – | – | – | – | – | – | 65.17 | **65.17** |
| | **500.53** | **31.47** | **162.81** | **487.84** | **971.24** | **3,804.36** | **3,613.57** | **3,276.41** | **3,883.57** | **5,989.49** | **22,721.29** |
| **Financial Liabilities** | | | | | | | | | | | |
| Debt Securities | – | 10.92 | 215.64 | 194.37 | 11.04 | 43.79 | 303.08 | – | – | – | **778.84** |
| Borrowings | 184.28 | 189.74 | 174.80 | 721.70 | 1,100.92 | 4,499.69 | 2,413.14 | 1,452.14 | 1,195.17 | 384.75 | **12,316.33** |
| Other financial liabilities | 46.27 | – | – | – | – | – | – | – | – | – | **46.27** |
| | **230.55** | **200.66** | **390.44** | **916.07** | **1,111.96** | **4,543.48** | **2,716.22** | **1,452.14** | **1,195.17** | **384.75** | **13,141.44** |

| As on March 31, 2019 | < 1 month | Over one month to 2 months | Over 2 months to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 to 5 years | Over 5 to 7 years | Over 7 to 10 years | Over 10 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | | | | | | |
| Cash and cash equivalents | 57.14 | - | - | - | 0.36 | - | - | - | - | - | **57.50** |
| Bank Balance other than Cash and cash equivalents | - | 0.02 | 0.01 | 0.03 | 0.04 | - | - | - | - | - | **0.10** |
| Loans | 257.40 | 156.35 | 156.09 | 467.29 | 930.64 | 3,643.28 | 3,438.88 | 3,099.21 | 3,518.52 | 4,151.96 | **19,819.62** |
| Other financial assets | 2.65 | 0.13 | 0.21 | 0.53 | 0.90 | 2.86 | 2.11 | 0.12 | 0.07 | 0.01 | **9.59** |
| Investments | - | - | - | - | - | - | - | - | - | 51.68 | **51.68** |
| | **317.19** | **156.50** | **156.31** | **467.85** | **931.94** | **3,646.14** | **3,440.99** | **3,099.33** | **3,518.59** | **4,203.65** | **19,938.49** |
| **Financial Liabilities** | | | | | | | | | | | |
| Debt Securities | 50.62 | 10.95 | 8.25 | 110.47 | 119.67 | 453.92 | 43.79 | 282.33 | - | - | **1,080.00** |
| Borrowings | 127.70 | 160.23 | 293.32 | 555.55 | 1,009.96 | 3,939.49 | 2,209.58 | 1,471.22 | 872.60 | 319.57 | **10,959.22** |
| Other financial liabilities | 16.88 | - | - | - | - | - | - | - | - | - | **16.88** |
| | **195.20** | **171.18** | **301.57** | **666.02** | **1,129.63** | **4,393.41** | **2,253.37** | **1,753.55** | **872.60** | **319.57** | **12,056.10** |

(All amounts are Rupees in Crores, unless otherwise stated)

**42.2 The table below shows the contractual expiry by maturity of the company's undrawn commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.**

| Particulars | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| March 31, 2020 | – | 291.37 | 156.89 | 12.69 | – | 460.95 |
| March 31, 2019 | – | 394.92 | 210.72 | 28.45 | – | 634.09 |

**42.3 Maturity analysis of assets and liabilities**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled, based on contractual maturities. With regard to loans and advances to customers, the company uses the same basis of expected repayment behaviour as used for estimating the EIR.

| Assets | March 31, 2020 | | | March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| **Financial Assets** | | | | | | |
| Cash and cash equivalents | 324.31 | - | 324.31 | 57.50 | - | 57.50 |
| Bank Balance other than above | 0.03 | - | 0.03 | 0.10 | - | 0.10 |
| Loans | 2,041.63 | 9,546.09 | 11,587.72 | 2,078.37 | 8,759.56 | 10,837.93 |
| Other financial assets | 3.64 | 6.45 | 10.09 | 4.42 | 5.17 | 9.59 |
| Investments | - | 65.17 | 65.17 | - | 51.68 | 51.68 |
| **Non-financial Assets** | | | | | | |
| Property, Plant and Equipment | - | 14.20 | 14.20 | - | 13.61 | 13.61 |
| Other Intangible assets | - | 2.31 | 2.31 | - | 1.91 | 1.91 |
| Right-of-Use (ROU) assets | | 20.72 | 20.72 | - | - | - |
| Other non-financial assets | 3.64 | 8.91 | 12.55 | 5.64 | 8.69 | 14.33 |
| **Total Assets** | **2,373.25** | **9,663.85** | **12,037.10** | **2,146.03** | **8,840.62** | **10,986.65** |
| **Financial Liabilities** | | | | | | |
| Debt Securities | 409.97 | 270.27 | 680.24 | 225.46 | 650.56 | 876.02 |
| Borrowings (Other than debt securities) | 1,650.36 | 7,778.44 | 9,428.80 | 1,551.73 | 6,920.99 | 8,472.72 |
| Other financial liabilities | 46.27 | - | 46.27 | 16.88 | - | 16.88 |
| **Non-Financial Liabilities** | | | | | | |
| Current tax liabilities (Net) | - | - | - | - | - | - |
| Provisions | 7.82 | 8.10 | 15.92 | 6.99 | 4.99 | 11.98 |
| Deferred tax liabilities (Net) | - | 35.83 | 35.83 | - | 51.99 | 51.99 |
| **Total Liabilities** | **2,114.42** | **8,092.64** | **10,207.06** | **1,801.06** | **7,628.53** | **9,429.59** |

(All amounts are Rupees in Crores, unless otherwise stated)

## Note 43:

### Disclosure on Moratorium

Pursuant to Para 4 of DOR.NO.BP.BC.63/21.04.048/2019-20 circulars dated April 17, 2020 issued by the Reserve Bank of India ("RBI circular") allowing lending institutions to offer moratorium to borrowers on payment of installments, the Company has extended moratorium to its borrowers in accordance with its Board approved policy.

| Particulars | Amount |
|---|---|
| Amounts in overdue categories where the moratorium/deferment was extended* | 1,531.82 |
| Staging benefits provided to existing Stage I customers* | 1,138.35 |
| Staging benefits provided to existing Stage II customers* | 262.59 |
| Additional Provision made on account of COVID-19 as at March 31, 2020 | 39.30 |

*includes impact on EIR

## Note 44:

### Events after reporting date

There have been no events after the reporting date that require disclosure in these financial statements.

## Note 45:

### Previous year figures

Prior period figures have been regrouped/ reclassified wherever necessary.

## Note 46:

### Approval of financial statements

The financial statements were approved for issue by the Board of Directors on July 23, 2020.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

**per Aniruddh Sankaran**
Partner
Membership No. 211107
Place : Chennai
Date : July 23, 2020

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

**T Karunakaran**
Chief Financial Officer
Place : Chennai
Date : July 23, 2020

**K Prabhu**
Company Secretary
Place : Chennai
Date : July 23, 2020

**Yashpal Gupta**
Managing Director
Place : Chennai
Date : July 23, 2020

**T S KrishnaMurthy**
Chairman
Place : Chennai
Date : July 23, 2020

# REPCO HOME FINANCE LIMITED

CIN- L65922TN2000PLC044655
Registered Office: Repco Tower, No. 33, North Usman Road, T. Nagar, Chennai 600 017
Corporate office: Third Floor, Alexander Square, Old No.34 & 35, New No.2,
Sardar Patel Road, Guindy, Chennai – 600032
Ph: (044) - 42106650 Fax: (044) – 42106651; E-mail: cs@repcohome.com
Website: www.repcohome.com

## NOTICE OF THE 20th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 20th Annual General Meeting of the members of Repco Home Finance Limited will be held on September 30, 2020 at 11:30 A.M, through Video Conferencing/ Other Audio Visual Means, to transact the following business:

### ORDINARY BUSINESS

**1. Adoption of accounts**

To receive, consider and adopt:

(a) The Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2020 and the Reports of the Board of Directors and Statutory Auditors thereon.

(b) The Audited Consolidated Financial Statements for the Financial Year ended March 31, 2020, together with the Report of Statutory Auditors thereon.

**2. Declaration of dividend**

To declare a dividend of Rs. 2.50 per equity share for the financial year ended March 31, 2020.

**3. Re-appointment of Shri. L. Munishwar Ganesan**

To appoint a Director in place of Shri. L. Munishwar Ganesan, (DIN 07082752), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS

4. Offer or invite subscription for Non-Convertible Debentures (NCD) and Commercial Paper (CP) aggregating to Rs. 4000 Crore and Rs.1000 Crore respectively on private placement.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special resolution:

"RESOLVED that subject to the provisions of Section 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, SEBI (Issue and Listing of Debt Securities) Rules, 2008, Directions/ Guidelines issued by the National Housing Bank/Regulators or any other statutory authorities from time to time, including any amendment, modification, variation or re-enactment thereof, the approval of the Members of the Company is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) and the Board is authorized to create / offer / issue / invite subscriptions for secured / unsecured Redeemable Non-Convertible Debentures (NCDs) upto an amount of Rs.4000 crore and Commercial Paper upto an amount of Rs.1000 crore only, on private placement basis, in one or more tranches, during the period of one year commencing from the date of this meeting until the conclusion of the next Annual General Meeting."

"RESOLVED FURTHER that the Board of Directors of the Company are hereby authorised to take decision(s) about the timing of the issue(s) of such securities including the above said Non-Convertible Debentures, number of tranche(s), number of securities to be issued under each such tranche, tenure, coupon rate(s), pricing of the issue, date(s) of opening and closing of the offers/ invitations for subscription of such securities, securities for the issue, if any, deemed date(s) of allotment, exercise 'PUT' and 'CALL' option, redemption and all

other terms and conditions relating to the issue of the said securities on private placement basis or delegate the above powers to committee(s) of the Board or such other Committee(s) duly constituted for the purpose."

"RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its sole and absolute discretion deem necessary in relation thereto."

"RESOLVED FURTHER that these borrowings will be within the overall borrowing limit of Rs 15000 Crores as approved by the members vide postal ballot dated December 26, 2015 and also subject to the NHB prescribed ceiling of borrowings as prescribed in the Directions /Guidelines of National Housing Bank."

"RESOLVED FURTHER that the Board is hereby authorised to delegate all or any of the powers herein conferred to any director(s)/Committees and/ or officers(s) of the Company, to give effect to the resolution(s).

By the order of the Board

Place: Chennai **K. Prabhu**

Date: September 04, 2020 Company Secretary

**NOTE:**

1. In view of the Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Corporate Office of the Company.

2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

3. Institutional / Corporate shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (pdf format) of its board or governing body's resolution/authorisation, etc., authorising their representative to attend the AGM on its behalf and to vote through remote e-voting. The said resolution/authorisation shall be sent to the scrutinizer by email through its registered email address to gr@gramcsfirm.com with a copy marked to cs@repcohome.com and einward.ris@kfintech.com

4. The facility of joining the AGM through VC/OAVM will be opened 15 minutes before and will be open upto 15 minutes after the scheduled start time of the AGM, i.e., from 11:15 AM to 11:45 AM and will be available for 1,000 members on a first come first-served basis.

5. Members are requested to e-mail at emeetings@kfintech.com or call at 1800 345 4001 in case of any technical assistance required at the time of log in/ assessing/ voting at the Meeting through VC.

6. The attendance of the Members participating in the AGM through VC/OAVM facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

7. Since the AGM will be held through VC/OAVM facility, the route map and landmark details as

required under 1.2.4 of Secretarial Standard on General Meetings is not annexed in this notice.

8. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the special business set out in the notice wherever applicable, is attached herewith.

9. Brief details of the director, who is being re-appointed, is annexed hereto as per requirements of regulation 36(3) of the SEBI Listing Regulations and as per provisions of the Act.

10. Pursuant to the provisions of Section 91 of the Companies Act, 2013, and Regulations 42, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed from September 24, 2020 to September 30, 2020 (both days inclusive) for determining the entitlement of the shareholders to the payment of dividend.

11. Subject to provisions of Section 126 of the Companies Act, 2013, dividend as recommended by the Board, if declared at the meeting, will be dispatched/remitted on or before October 30, 2020 (30 days of AGM Date). As per the SEBI Listing Regulations and pursuant to SEBI circular dated 20 April 2018, a listed entity shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members.

12. Members holding shares in physical form are requested to notify in writing any changes in their address/bank account details to the Secretarial Department of the Company at Repco Home Finance Ltd, Third Floor, Alexander Square, Old No.34 & 35, New No.2, Sardar Patel Road, Guindy, Chennai – 600032 or to the Registrar & Transfer Agent of the Company-KFin Technologies Pvt. Ltd. Members holding shares in electronic form are requested to notify the changes in the above particulars directly to their Depository Participants (DP).

13. In terms of section 124(5) of the Act, dividend amount for FY2013 remaining unclaimed for a period of 7 years shall become due for transfer in October 2020 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Further, in terms of section 124(6) of the Act, in case of such shareholders whose dividends are unpaid for a continuous period of 7 years, the corresponding shares shall be transferred to the IEPF demat account. Members who have not claimed dividends from FY2013 onwards are requested to approach the Company/KFin for claiming the same as early as possible, to avoid transfer of the relevant shares to the IEPF demat account. Once unclaimed dividends are transferred to this fund, members will not be entitled to claim these dividends from the company.

14. SEBI has mandated the submission of Permanent Account Number (PAN) by every person dealing in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or KFin.

15. In compliance with the said requirements of the MCA Circulars, electronic copy of the Notice along with the Annual Report for the financial year ended 31st March, 2020 consisting of financial statements including Board's Report, Auditors' Report and other documents required to be attached therewith (Collectively referred to as Notice) have been sent only to those members whose e-mail id's are registered with the Company or the Registrar and Share Transfer Agent or the Depository Participants(s) through electronic means and no physical copy of the Notice has been sent by the Company to any member. The Notice has also been hosted on the website of the Company https://www.repcohome.com/annual_reports.php, website of the stock exchanges i.e., BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com and on the website of KFin at www.kfintech.com

    The members who have not registered their email address are requested to register the same with their DP in case shares are held in electric form and to the Company in case shares are held in physical form. The Company shall send the Notice to such members whose e-mail ids get registered within the

aforesaid time enabling them to participate in the meeting and cast their votes.

16. Members desirous of getting any information about the accounts of the Company are requested to write to the Company at least seven days before the date of the Meeting to enable the Company to keep the information ready at the Meeting.

17. All the documents referred to in the Notice and Explanatory Statement will be available for inspection by the Members at the Registered/ Corporate Office of the Company between 10.30 a.m. and 12.30 p.m. on all working days from the date hereof upto the date of the Meeting.

18. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 shall be made available only in electronic form for inspection during the Meeting through VC.

19. In case a person becomes a member of the Company after dispatch of e-AGM Notice, and is a member as on the cut-off date for e-voting such person may obtain the user id and password from KFin by email request on evoting@kfintech.com

20. Instructions for remote e-voting and joining the e-AGM are as follows:

**A. Voting through electronic means:**

In terms of the provisions of section 108 of the Act, read with rule 20 of the Companies (Management and Administration) Rules, 2014, as amended (hereinafter called 'the Rules' for the purpose of this section of the Notice) and regulation 44 of the SEBI Listing Regulations, the Company is providing facility of remote e-voting to exercise votes on the items of business given in the Notice through electronic voting system, to members holding shares as on September 23, 2020 (end of day), being the cut-off date fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through the e-voting platform provided by KFin or to vote at the e-AGM. Person who is not a member as on the cut-off date should treat this Notice for information purposes only.

The details of the process and manner for remote e-voting are given below:

i. Initial password is provided in the body of the email.

ii. Launch internet browser and type the URL: https://evoting.kfintech.com in the address bar.

iii. Enter the login credentials i.e. User ID and password mentioned in your email. Your Folio No./DP ID Client ID will be your User ID. However, if you are already registered with KFin for e-voting, use your existing User ID and password for casting your votes.

iv. After entering the details appropriately, click on LOGIN.

v. You will reach the password change menu wherein you will be required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$,etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vi. You need to login again with the new credentials.

vii. On successful login, the system will prompt you to select the EVENT i.e. Repco Home Finance Limited

viii. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting / dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number

in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.

ix. Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account.

x. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.

xi. Corporate/ institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF format) of certified true copy of relevant board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutinizer through email at gr@gramcsfirm.com and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'RHFL_EVENT No.'

xii. Members can cast their vote online from September 27, 2020 (9.00 a.m.) till September 29, 2020 (5.00 p.m.). Voting beyond the said date shall not be allowed and the remote e-voting facility shall be disabled.

xiii. In case of any queries / grievances, you may refer the Frequently Asked Questions (FAQs) for members and e-voting User Manual available at the 'download' section of https://evoting.kfintech.com or call KFin on 1800 345 4001 (toll free).

**B. Voting at e-AGM:**

i. Only those members/shareholders, who will be present in the AGM through video conferencing facility and have not cast their vote through remote e-voting and are otherwise not barred from doing so are eligible to vote through e-voting at the AGM.

ii. However, members who have voted through remote e-voting will be eligible to attend the AGM.

iii. Members attending the AGM shall be counted for the purpose of reckoning the quorum under section 103 of the Act.

iv. Upon declaration by the Chairman about the commencement of e-voting at AGM, members shall click on the thumb sign on the left bottom corner of the video screen for voting at the AGM, which will take them to the 'Instapoll' page.

v. Members to click on 'Instapoll' icon to reach the resolution page and follow the instructions to vote on the resolutions.

**C. Instructions for attending/joining the e-AGM:**

i. Members will be able to attend the AGM through VC / OAVM or view the live webcast of e-AGM provided by KFin at https://emeetings.kfintech.com/ by clicking on the tab 'Video Conference' and using their remote e-voting login credentials. The link for AGM will be available in members login where the EVENT and the name of the Company can be selected. Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned under heading A above.

ii. Members are encouraged to join the meeting through Laptops with Google Chrome for better experience.

iii. Further, members will be required to allow camera, if any, and hence use internet with a good speed to avoid any disturbance during the meeting.

iv. While all efforts will be made to make the VC/OAVM meeting smooth, participants connecting through mobile devices, tablets, laptops, etc. may, at times, experience audio/video loss due to fluctuation in their respective networks. Use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.

v. Members, who would like to express their views or ask questions during the AGM will have to register themselves as a speaker by visiting the URL https://emeetings.kfintech.com/ and clicking on the tab 'Speaker Registration' during the period starting from September 27, 2020 (from 9:00 a.m.) to September 28, 2020 (upto 5:00 p.m). Only those members who have registered themselves as a speaker will be allowed to express their views/ask questions during the AGM.

The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. Please note that only questions of the members holding the shares as on cut-off date will be considered.

vi. A video guide assisting the members attending AGM either as a speaker or participant is available for quick reference at https://emeetings.kfintech.com/

vii. Members who need technical assistance before or during the AGM can contact KFin at emeetings@kfintech.com or helpline – 1800 345 4001.

**D. General Instructions:**

i. The Board of Directors have appointed Shri. G. Ramachandran of M/s. G Ramachandran & Associates, Company Secretaries as the Scrutiniser to the e-voting process, and voting at the AGM in a fair and transparent manner.

ii. The Chairman shall formally propose to the members participating through VC/OAVM facility to vote on the resolutions as set out in the Notice of the AGM and announce the start of the casting of vote through the e-voting system of KFin.

iii. The Scrutiniser shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes through e-voting and make a consolidated Scrutinisers' report of the total votes cast in favour or against, if any, to the Chairman of the Company, who shall countersign the same.

iv. The scrutiniser shall submit his report to the Chairman of the Company, as the case may be, who shall declare the result of the voting. The results declared along with the scrutiniser's report shall be placed on the Company's website https://www.repcohome.com/ and on the website of KFin Technologies and shall also be communicated to the stock exchanges. The resolutions shall be deemed to be passed at the AGM of the Company.

## INFORMATION AS REQUIRED UNDER REGULATION 36(3) of SEBI (LODR) REGUATIONS, 2015 IN RESPECT OF DIRECTOR BEING APPOINTED/RE-APPOINTED:

**1. Shri. L. Munishwar Ganesan, I.A.S (DIN 07082752)**

Shri. L. Munishwar Ganesan, is a non-executive and non-independent director of our Company. He is a Business Professional. He is on the Board of our Promoter - Repco Bank since 2014. He is also an Advisor of Repco Delegates Union. He has been on the Board of Repco Home Finance Limited since 02 February 2015.

Disclosure of relationships between Directors inter-se: NIL

Directorship in Listing Company - Nil

**Other Directorships:**

- **Repco Bank**

  During the year 2019-20 Shri.L.Munishwar Ganesan attended all the 4 Board meetings of the Company. He was paid Rs.2,00,000 as sitting fees during FY 2019-20.

  Shareholding in the Company: 525

Shri. L. Munishwar Ganesan is not disqualified from being appointed as a director in terms of Section 164(2) of the Act. The requisite Form

DIR-8 is received from him, in terms of the Companies (Appointment and Qualification of Directors) Rules, 2014, confirming his eligibility.

None of the Directors other than Shri. L. Munishwar Ganesan or any key managerial personnel or the relatives of the directors or key managerial personnel are in any way concerned or interested, financially or otherwise, in the said resolution

The Board commends item no. 3 for consideration and approval of the shareholders.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(2) OF THE COMPANIES ACT, 2013:

**Item No. 4**

In terms of Section 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013, a Company may, subject to the provisions of that section, make an offer or invitation for subscription of securities including non-convertible debentures, commercial papers or any other debt securities by way of private placement.

Further, in terms of Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and all other applicable provisions, if any, of the said Act, Directions/Guidelines by the Regulators or any other statutory authorities issued from time to time, a Company shall not make a private placement of its securities unless the proposed offer of securities or invitation to subscribe to securities has been previously approved by the shareholders of the Company by a Special Resolution, for each of the offers or invitations. In case of an offer or invitation for subscription to the Non-Convertible Debentures (NCD), it shall be sufficient if the Company passes a previous Special Resolution only once in a year for all the offers or invitation for such debentures during the year.

Keeping in view the increasing volume of business of the Company, the need to diversify the sources of funding and the cost of each of the sources and subject to the provisions of Section 42 of Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and all other applicable provisions, if any, of the said Act, Directions/Guidelines by the Regulators or any other statutory authorities issued from time to time, your Company intends to offer or invite subscription to Non-convertible Debentures upto an amount of Rs 4000 Crore (Rupees Four thousand Crore only) and Commercial paper upto an amount of Rs 1000 Crore (Rupees Thousand Crore only) on private placement basis for a period of one year from the conclusion of this Meeting until the conclusion of the next Annual General Meeting in one or more tranches, subject to the condition that the amount accepted in the form of the said Non-Convertible Debentures and Commercial paper together with the existing borrowings and future borrowings would be within the limits specified by the members under section 180(1) (c) of "the Act".

The terms of issue of the above Non-Convertible Debentures would depend upon the requirement of the funds, time of issue, market conditions and alternative sources of funds available to the Company and would be decided by the company in consultation with the merchant bankers / arrangers, if any appointed by the Company for the purpose. All the required details/ disclosures relating to the issue would be made available in the respective information memorandum.

In order to issue Non-Convertible Debentures by way of an offer or invitation for subscription on private placement and in terms of the above mentioned provisions of "the Act" and rules, subject to Directions/ Guidelines by the Regulators or any other statutory authorities issued from time to time, the prior consent of the members is sought by way of a Special Resolution.

Your Directors recommend the passing of the resolution proposed at Item No. 4 of the Notice.

None of the Directors or any key managerial personnel or the relatives of the directors or key managerial personnel are in any way concerned or interested, financially or otherwise, in the said resolution.

By the order of the Board

Place: Chennai
Date: September 04, 2020

**K. Prabhu**
Company Secretary

# LIST OF BRANCHES

| Sl. No | Branch | State |
|---|---|---|
| 1 | Anantapur | Andhra Pradesh |
| 2 | Guntur | Andhra Pradesh |
| 3 | Kadapa | Andhra Pradesh |
| 4 | Kakinada | Andhra Pradesh |
| 5 | Kurnool | Andhra Pradesh |
| 6 | Nellore | Andhra Pradesh |
| 7 | Ongole | Andhra Pradesh |
| 8 | Rajhamundry | Andhra Pradesh |
| 9 | Tenali | Andhra Pradesh |
| 10 | Thirupathi | Andhra Pradesh |
| 11 | Vijayawada | Andhra Pradesh |
| 12 | Vizag | Andhra Pradesh |
| 13 | Vizianagaram | Andhra Pradesh |
| 14 | Ahmedabad | Gujarat |
| 15 | Bhavnagar | Gujarat |
| 16 | Jamnagar | Gujarat |
| 17 | Rajkot | Gujarat |
| 18 | Surat | Gujarat |
| 19 | Vadodara | Gujarat |
| 20 | Ranchi | Jharkhand |
| 21 | Banashankari | Karnatakka |
| 22 | Bangalore | Karnatakka |
| 23 | Bannerghatta | Karnatakka |
| 24 | Basaveshwaranagar | Karnatakka |
| 25 | Belgaum | Karnatakka |
| 26 | Bellary | Karnatakka |
| 27 | Davangere | Karnatakka |
| 28 | Electronic City | Karnatakka |
| 29 | Gulbarga | Karnatakka |
| 30 | Hassan | Karnatakka |
| 31 | Hoodi | Karnatakka |
| 32 | Hubli | Karnatakka |
| 33 | Kengeri | Karnatakka |
| 34 | Mangalore | Karnatakka |
| 35 | Mysore | Karnatakka |
| 36 | Peenya | Karnatakka |
| 37 | Shimoga | Karnatakka |
| 38 | Tumkur | Karnatakka |
| 39 | Yelahanka | Karnatakka |
| 40 | Ernakulam | Kerala |
| 41 | Kollam | Kerala |
| 42 | Kottayam | Kerala |
| 43 | Palakkad | Kerala |
| 44 | Punalur | Kerala |
| 45 | Thrissur | Kerala |

| Sl. No | Branch | State |
|---|---|---|
| 46 | Trivandrum | Kerala |
| 47 | Bhopal | Madhya Pradesh |
| 48 | Indore | Madhya Pradesh |
| 49 | Jabalpur | Madhya Pradesh |
| 50 | Ujjain | Madhya Pradesh |
| 51 | Ahmednagar | Maharastra |
| 52 | Amravati | Maharastra |
| 53 | Aurangabad | Maharastra |
| 54 | Borivali | Maharastra |
| 55 | Chakan | Maharastra |
| 56 | Chandrapur | Maharastra |
| 57 | Dombivli | Maharastra |
| 58 | Jalgaon | Maharastra |
| 59 | Kolhapur | Maharastra |
| 60 | Nagpur | Maharastra |
| 61 | Nanded | Maharastra |
| 62 | Nasik | Maharastra |
| 63 | Panvel | Maharastra |
| 64 | Pimpri | Maharastra |
| 65 | Pune | Maharastra |
| 66 | Sangli | Maharastra |
| 67 | Satara | Maharastra |
| 68 | Wagholi | Maharastra |
| 69 | Bhubaneswar | Orissa |
| 70 | Cuttack | Orissa |
| 71 | Pondicherry | Pondicherry |
| 72 | Jaipur | Rajasthan |
| 73 | Kota | Rajasthan |
| 74 | Udaipur | Rajasthan |
| 75 | Adayar | Tamil Nadu |
| 76 | Anna Nagar | Tamil Nadu |
| 77 | Ariyalur | Tamil Nadu |
| 78 | Ashok Nagar | Tamil Nadu |
| 79 | Chengalpattu | Tamil Nadu |
| 80 | Chidambaram | Tamil Nadu |
| 81 | Cuddalore | Tamil Nadu |
| 82 | Hosur | Tamil Nadu |
| 83 | Kancheepuram | Tamil Nadu |
| 84 | Kelambakkam | Tamil Nadu |
| 85 | Krishnagiri | Tamil Nadu |
| 86 | Porur | Tamil Nadu |
| 87 | Purasaiwakkam | Tamil Nadu |
| 88 | Ranipet | Tamil Nadu |
| 89 | Tambaram | Tamil Nadu |
| 90 | Thirukoilur | Tamil Nadu |

| Sl. No | Branch | State |
|---|---|---|
| 91 | Thiruvallur | Tamil Nadu |
| 92 | Thiruvannamalai | Tamil Nadu |
| 93 | Vellore | Tamil Nadu |
| 94 | Villupuram | Tamil Nadu |
| 95 | Vyasarpadi | Tamil Nadu |
| 96 | Avinashi | Tamil Nadu |
| 97 | Coimbatore | Tamil Nadu |
| 98 | Coonoor | Tamil Nadu |
| 99 | Dharapuram | Tamil Nadu |
| 100 | Dharmapuri | Tamil Nadu |
| 101 | Erode | Tamil Nadu |
| 102 | Gobichettipalayam | Tamil Nadu |
| 103 | Karur | Tamil Nadu |
| 104 | Mettupalayam | Tamil Nadu |
| 105 | Namakkal | Tamil Nadu |
| 106 | Paramathi Velur | Tamil Nadu |
| 107 | Perundurai | Tamil Nadu |
| 108 | Pollachi | Tamil Nadu |
| 109 | Rasipuram | Tamil Nadu |
| 110 | Sai Baba Colony | Tamil Nadu |
| 111 | Salem | Tamil Nadu |
| 112 | Saravanampatti | Tamil Nadu |
| 113 | Sulur | Tamil Nadu |
| 114 | Tiruchengode | Tamil Nadu |
| 115 | Tiruppur | Tamil Nadu |
| 116 | Udumalpet | Tamil Nadu |
| 117 | Vellakoil | Tamil Nadu |
| 118 | Aranthangi | Tamil Nadu |
| 119 | Dindigul | Tamil Nadu |
| 120 | Kumbakonam | Tamil Nadu |
| 121 | Madurai | Tamil Nadu |

| Sl. No | Branch | State |
|---|---|---|
| 122 | Madurai North Veli | Tamil Nadu |
| 123 | Mannargudi | Tamil Nadu |
| 124 | Marthandam | Tamil Nadu |
| 125 | Mayiladuthurai | Tamil Nadu |
| 126 | Musiri | Tamil Nadu |
| 127 | Nagapattinam | Tamil Nadu |
| 128 | Nagercoil | Tamil Nadu |
| 129 | Palani | Tamil Nadu |
| 130 | Pattukottai | Tamil Nadu |
| 131 | Perambalur | Tamil Nadu |
| 132 | Pudukottai | Tamil Nadu |
| 133 | Rajapalayam | Tamil Nadu |
| 134 | Ramanathapuram | Tamil Nadu |
| 135 | Sivagangai | Tamil Nadu |
| 136 | Tenkasi | Tamil Nadu |
| 137 | Thanjavur | Tamil Nadu |
| 138 | Theni | Tamil Nadu |
| 139 | Thiruvarur | Tamil Nadu |
| 140 | Thiruverumbur | Tamil Nadu |
| 141 | Tirunelveli | Tamil Nadu |
| 142 | Trichy | Tamil Nadu |
| 143 | Tuticorin | Tamil Nadu |
| 144 | Virudhunagar | Tamil Nadu |
| 145 | Habsiguda | Telangana |
| 146 | Hyderabad | Telangana |
| 147 | Karimnagar | Telangana |
| 148 | Khammam | Telangana |
| 149 | Nizamabad | Telangana |
| 150 | Patancheru | Telangana |
| 151 | Warangal | Telangana |
| 152 | Durgapur | West Bengal |
| 153 | Kolkata | West Bengal |

## LIST OF SAT CENTRES

| S. No | Sat Centres | Branch |
|---|---|---|
| 1 | Alapuzzha | Kottayam |
| 2 | Anand | Ahmedabad |
| 3 | Arani | Ranipet |
| 4 | Attingal | Trivandrum |
| 5 | Batlagundu | Dindigul |
| 6 | Chitradurga | Davangere |
| 7 | Cumbum | Theni |
| 8 | Eluru | Vijayawada |
| 9 | Hospet | Bellary |
| 10 | Jamkhambalia | Jamnagar |
| 11 | Karaikudi | Pudukottai |
| 12 | Kovilpatti | Tuticorin |

| S. No | Sat Centres | Branch |
|---|---|---|
| 13 | Morbi | Rajkot |
| 14 | Nandyal | Kurnool |
| 15 | Nanjangud | Mysore |
| 16 | Palladam | Sulur |
| 17 | Sankarankoil | Tenkasi |
| 18 | Satyamangalam | Gobichettipalayam |
| 19 | Sricity | Nellore |
| 20 | Sriperumbudur | Kancheepuram |
| 21 | Thirumangalam | Madurai |
| 22 | Thirupattur | Vellore |
| 23 | Valliyoor | Tirunelveli |
| 24 | Virudhachalam | Chidambaram |

*Inauguration of Tiruchengode Branch New Premises by Smt. Poonam Sen, General Manager*

*Our Company Secretary Shri K. Prabhu inaugurates Aarni SAT Centre*

*Inauguration of Satara Branch by Shri A Palpandi, General Manager*