



**DHIRAJ & DHEERAJ**  
CHARTERED ACCOUNTANTS

**Independent Auditor's Review Report on the Quarterly and Nine Months Unaudited Financial Results of Reliance Home Finance Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

**Review Report to  
The Board of Directors  
Reliance Home Finance Limited**

1. We have reviewed the accompanying statement of unaudited Ind AS financial results of **Reliance Home Finance Limited** ("the company") for the quarter and nine months ended December 31, 2019 (the "Statement") being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulation') as amended, read with SEBI Circular No. CIR/CFD/CMD1/80/2019 dated July 19, 2019 ('the Circular').
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, read with the Circular is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the statement in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.
4. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
5. Basis for Qualified Conclusion

We draw attention to note 6 of the Statement with regards to the loan advanced under the 'General-Purpose Corporate Loan' product with significant deviations to certain bodies corporate including group companies and outstanding as at December 31, 2019 aggregating to Rs. 7962.53 Crs. and secured by charge on current assets of borrowers. As stated in the said note, majority of Company's borrowers have undertaken onward lending transaction and end use of the borrowings from the Company included borrowings by or for repayment of financial obligation to some of the group companies. There has been overdue of Rs. 5305.66 Crs. (including NPA of Rs 3,959.63 Crs.) of these loans as on December 31, 2019 and we are unable to substantiate the management assertion on the recoverability of principal and interest including time frame of recovery of aforesaid loans outstanding as on December 31, 2019. The Company's exposure to the borrowers are secured against charge on current assets and is dependent on the recovery of onward lending of the borrowers which depends on external factors not wholly within control of the Company/borrower. Further we draw attention to note 3 of the Statement on the material shift in primary business of the Company from Housing Finance to Non-Housing Finance which comprise more than 50% of total loan portfolio raising concern about Company continuing as a Housing Finance Company.



## 6. Qualified Conclusion

Based on our review conducted as above, with the exception of the matter described in Basis for Qualified Conclusion, nothing has come to our attention that causes us to believe that the accompanying special purpose Statement of Ind AS financial results prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

## 7. Emphasis of Matter

### Going concern

i) We draw attention to note 4 to the Statement which states that the Company has also engaged with its lenders to enter into an Inter Creditor Agreement (ICA) for the resolution of its debt in accordance with the circular dated June 7, 2019 issued by the Reserve Bank of India for prudential framework for resolution of stressed assets and ICA has been executed on July 6, 2019 with the majority of lenders and some of lenders/debenture holders have joined subsequently the ICA through deed of Accession. Bank of Baroda has been appointed as the lead lender for the resolution process and lead lender in consultation with the steering committee of lenders has made the appointment of professional viz resolution plan advisors, legal counsel, cash flow monitoring agency and valuation agencies for the resolution process. The timeline of 180 days as envisaged in the Circular were expired on January 3, 2020 and the lenders have agreed to extend the ICA till March 31, 2020 and have communicated with RBI for the same. The Company is expecting of implementing its resolution plan within the said extended period. The Company has defaulted in payment of borrowings obligations amounting to Rs 2046.26 Crs as on December 31, 2019. The Company's ability to meet its obligation dependent on material uncertain events including restructuring of loan portfolio and Inter Creditor Agreement for the resolution of its debt as stated above.

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

ii) The unaudited Ind AS financial results for the quarter and nine months ended December 31, 2018 included in the Statement, are based on the previously issued Ind AS financial results prepared in accordance with the Regulation and recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended, read with the Circular, reviewed by predecessor auditors whose report for the quarter and nine months ended December 31, 2018 dated February 11<sup>th</sup>, 2019 furnished to us which express an unmodified conclusion on Ind AS financial results.

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

  
**Piyush Patni**

Partner  
Membership Number: 143869

Place: Mumbai  
Date: February 14<sup>th</sup>, 2020

UDIN: 20143869AAAABX6900



**Reliance Home Finance Limited**
**Statement of Unaudited Financial Results for the quarter and nine months ended December 31, 2019**

(Rs. in crore except per share data)

| Sr. No. | Particulars  | Quarter Ended |              |            | Nine Months Ended |              | Year Ended   |
|---------|--|---------------|--------------|------------|-------------------|--------------|--------------|
|         |  | 31-Dec-19     | 30-Sep-19    | 31-Dec-18  | 31-Dec-19         | 31-Dec-18    | 31-Mar-19    |
|         |  | Unaudited     | Unaudited    | Unaudited  | Unaudited         | Unaudited    | Audited      |
|         | <b>Revenue from operations</b>   |               |              |            |                   |              |              |
| (i)     | Interest Income  | 424           | 334          | 507        | 1,283             | 1,346        | 1,932        |
| (ii)    | Fees and commission Income   | 5             | 6            | 5          | 18                | 20           | 28           |
| (iii)   | Others operating income  | 4             | 1            | 2          | 6                 | 11           | 28           |
| (I)     | <b>Total Revenue from operations</b>   | <b>433</b>    | <b>341</b>   | <b>514</b> | <b>1,307</b>      | <b>1,377</b> | <b>1,986</b> |
| (II)    | <b>Other Income</b>  | <b>9</b>      | <b>2</b>     | <b>2</b>   | <b>15</b>         | <b>14</b>    | <b>17</b>    |
| (III)   | <b>Total Income (I+II)</b>   | <b>442</b>    | <b>343</b>   | <b>516</b> | <b>1,322</b>      | <b>1,391</b> | <b>2,003</b> |
|         | <b>Expenses</b>  |               |              |            |                   |              |              |
| (i)     | Finance costs  | 331           | 313          | 351        | 1,028             | 931          | 1,322        |
| (ii)    | Impairment on financial instruments  | 169           | 154          | 10         | 359               | (10)         | 336          |
| (iii)   | Employee benefits expenses   | 19            | 19           | 39         | 61                | 98           | 125          |
| (iv)    | Depreciation, amortisation and impairment  | 1             | 1            | *          | 3                 | 2            | 3            |
| (v)     | Other expenses   | 29            | 26           | 28         | 78                | 108          | 115          |
| (IV)    | <b>Total Expenses (IV)</b>   | <b>549</b>    | <b>513</b>   | <b>428</b> | <b>1,629</b>      | <b>1,129</b> | <b>1,901</b> |
| (V)     | <b>Profit/(Loss) before tax (III-IV)</b>   | <b>(107)</b>  | <b>(170)</b> | <b>88</b>  | <b>(207)</b>      | <b>262</b>   | <b>101</b>   |
| (VI)    | <b>Tax expense</b>   |               |              |            |                   |              |              |
|         | - Current Tax  | (8)           | (12)         | 11         | (2)               | 15           | 2            |
|         | - Deferred Tax   | (25)          | (47)         | 22         | (68)              | 69           | 32           |
| (VII)   | <b>Net Profit/(Loss) for the period</b>  | <b>(74)</b>   | <b>(111)</b> | <b>65</b>  | <b>(137)</b>      | <b>178</b>   | <b>68</b>    |
| (VIII)  | <b>Other comprehensive Income</b>  |               |              |            |                   |              |              |
|         | (i) Items that will not be reclassified to profit or loss**                              | (0)           | 0            | 0          | (0)               | (0)          | (0)          |
|         | (ii) Income tax relating to items that will not be reclassified to profit or loss***     | 0             | (0)          | 0          | 0                 | 0            | 0            |
|         | <b>Total other comprehensive Income****</b>  | <b>(0)</b>    | <b>0</b>     | <b>0</b>   | <b>0</b>          | <b>(0)</b>   | <b>(0)</b>   |
| (IX)    | <b>Total comprehensive Income for the period (VII+VIII)</b>                              | <b>(74)</b>   | <b>(111)</b> | <b>65</b>  | <b>(137)</b>      | <b>178</b>   | <b>68</b>    |
| (X)     | <b>Earnings per equity share face value of Rs.10 each fully paid-up (not annualised)</b> |               |              |            |                   |              |              |
|         | (a) Basic (Rs.) #  | (1.50)        | (2.30)       | 1.16       | (2.79)            | 3.70         | 1.38         |
|         | (b) Diluted (Rs.) #  | (1.50)        | (2.30)       | 1.16       | (2.79)            | 3.70         | 1.38         |

# Based on weighted average no. of shares

\* For quarter ended December 2018 - Rs.84,01,694

\*\* For quarter ended December 2019 - (Rs. 8,43,933), September 2019 - Rs. 41,96,495 and December 2018 - (Rs. 96,10,985), nine months ended December 2019 - (Rs. 1,72,774) and December 2018 - (Rs. 74,81,315), year ended March 2019 - (Rs. 77,51,313).

\*\*\* For quarter ended December 2019 - Rs. 2,94,870, September 2019 - (Rs. 14,66,255) and December 2018 - Rs. 33,38,019, nine months ended December 2019 - Rs. 60,367 and December 2018 - Rs. 26,14,271, and year ended March 2019 - Rs. 27,08,619.

\*\*\*\* For quarter ended December 2019 - (Rs. 5,49,063), September 2019 - Rs. 27,30,240 and December 2018 - (Rs. 62,72,966), nine months ended December 2019 - (Rs. 1,12,407) and December 2018 - (Rs. 48,67,044), and year ended March 2019 - (Rs. 50,42,684).


**Reliance Home Finance Limited**
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**Notes:**

1. The financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (Ind AS) 34 – “Interim Financial Reporting”, notified under Section 133 of the Companies Act, 2013 (the “Act”) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, from time to time, and other accounting principles generally accepted in India. Any guidance / clarifications / directions issued by NHB or other regulators are adopted / implemented as and when issued / applicable.
2. The financial results of the Company for the quarter and nine months ended December 31, 2019 have been subjected to limited review by the Statutory Auditors of the Company.
3. The Company is mainly engaged in the housing finance business and all other activities revolve around the main business of the Company. Further, all activities are conducted within India and as such there is no separate reportable segment, as per the Ind AS 108 - “Operating Segments” specified under Section 133 of the Act. The proportion of non-housing loan is more than the proportion of housing loan. The Company is in the process of increasing the housing loan portfolio and is confident of the achieving the same in due course.
4. The Company has engaged with all its lenders for arriving at the debt resolution plan. In this regard, the lenders have entered into an Inter-Creditor Agreement (ICA) in accordance with the circular dated June 7, 2019 issued by the Reserve Bank of India (RBI) on Prudential Framework for Resolution of Stressed Assets. Majority of our lenders have already executed the ICA dated July 6, 2019 with Bank of Baroda acting as the lead lender. The lenders at the steering committee meeting have appointed the resolution advisors, cashflow monitoring agency, forensic auditor, valuers and legal counsel. The period of 180 days as envisaged in the Circular expired on January 3, 2020 and the lenders have agreed to extend the ICA till March 31, 2020 and have communicated with RBI for the same. The Company is confident of implementing its Resolution Plan and in view of the steps taken by the Company, the accounts of the Company have been prepared on Going Concern Basis.
5. The Listed Secured Redeemable Non-Convertible Debentures (“Secured NCDs”) of the Company aggregating to Rs. 5,967 crore as on December 31, 2019 are secured by way of first pari-passu legal mortgage and charge on the Company’s immovable property and additional pari-passu charge by way of hypothecation on present and future book debts / receivables, outstanding money (loan book), receivable claims of the Company with other secured lenders, except those book debts and receivables charged / to be charged in favour of National Housing Bank for



Reliance Home Finance Limited

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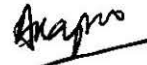


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refinance availed / to be availed from them. The asset cover has fallen below hundred percent of outstanding debentures and adequate steps are being taken by the Company as explained in point no.4 above.

6. The Company had advanced loans under the 'General Purpose Corporate Loan' product to certain bodies corporate including some of the group companies. All the lending transactions undertaken by the Company are in the ordinary course of business, the terms of which are at arms' length basis and the same do not constitute transactions with related parties. However, the Company's borrowers in some cases have undertaken onward lending transactions and it is noticed that the end use of the borrowings from the Company included borrowings by or repayment of financial obligations to some of the group companies.
7. Previous period figures have been regrouped / rearranged wherever necessary.
8. The above results were reviewed by the Audit Committee. The Board of Directors at its meeting held on February 14, 2020 approved the above results and its release.

**For Reliance Home Finance Limited**



**Amit Bapna  
Director**

Dated: February 14, 2020

