



DHIRAJ & DHEERAJ
CHARTERED ACCOUNTANTS

Independent Auditor's Limited 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.

**Limited 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, 2020 (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 7 of the Statement with regards to the loans advanced under the 'General-Purpose Corporate Loan' product with significant deviations to certain bodies corporate including group companies and outstanding as at December 31, 2020 aggregating Rs.7,965.22 Crores and secured by charge on current assets of borrowers. As stated in the said note, majority of Company's borrowers have undertaken onward lending transaction and end use of the borrowings from the Company included borrowings by or for repayment of financial obligation to some of the group companies. There has been overdue of Rs.7,772.91 Crores (including NPA of Rs.4,778.11 Crores considering the moratorium period) of these loans as on December 31, 2020 and we are unable to substantiate the recoverability of principal and interest including time frame of recovery of aforesaid loans outstanding as on December 31, 2020. The Company's exposure to the borrowers are secured against charge on current assets and is dependent on the recovery of onward lending of the borrowers which depends on external factors not wholly within control of the Company/borrower. Further we draw attention to note 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. Also, as per the RBI circular dated October 22, 2020 the Company has time till March 31, 2024 to meet the regulatory requirements with regards to Housing Finance portfolio.

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

(i) Going concern

We draw attention to note 5 to the Statement which states that certain lenders of the Company have entered into an Inter Creditor Agreement (ICA) dated July 6, 2019 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 with Bank of Baroda acting as the lead lender. The lenders have 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 initially extended the ICA till March 31, 2020, subsequently till June 30, 2020 then September 30, 2020 then December 31, 2020 and presently till March 31, 2021. The Company is confident of achieving resolution within the said extended period. There is substantial reduction in the lending business during the period. The Company has defaulted in payment of borrowings obligations amounting to Rs.6,951.22 Crores as on December 31, 2020 and the asset cover has also fallen below hundred percent of outstanding debentures amounting to Rs.5,966.67 Crores. The Company's ability to meet its obligation dependent on material uncertain events including restructuring of loan portfolio and the resolution of its debt under the ICA as stated above and revival of housing finance business.

In view of steps taken by the company and the expected implementation of its resolution plan in extended period, the statement of 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) Impact of COVID-19 pandemic

We draw attention to Notes 8 and 9 to the Statement which describes that the extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain. Which further states that in accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020, the Company has granted a moratorium of upto six months on the payment of all instalments comprising of principal and / or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted, the asset classification has remained stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms). The Company has provided Stage3 provisioning on all such cases mentioned above in the Statement of Profit & Loss for the quarter and nine months ended December 31, 2020. Our conclusion is not modified in respect of this matter.



8. The unaudited Ind AS financial results for the quarter and nine months ended December 31, 2019 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.

For **Dhiraj & Dheeraj**

Chartered Accountants

Firm's Registration Number: 102454W



Pritesh Shah

Partner

Membership Number: 109573

Place: Mumbai

Date: January 22nd, 2021

UDIN: 21109573AAAABZ3220

Reliance Home Finance Limited
Statement of Unaudited Financial Results for the quarter and nine months ended December 31, 2020

(Rs. in crore except per share data)

Sr. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		Dec-20	Sep-20	Dec-19	Dec-20	Dec-19	Mar-20
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Revenue from operations						
(i)	Interest income	170.94	239.54	424.22	653.46	1,283.22	1,554.37
(ii)	Fees and commission income	2.34	2.20	5.13	4.88	18.18	23.48
(iii)	Other operating income	0.68	3.90	4.11	5.10	6.36	9.54
(I)	Total Revenue from operations	173.96	245.64	433.46	663.44	1,307.76	1,587.39
(II)	Other Income	0.70	13.47	8.57	14.91	14.57	15.52
(III)	Total Income (I+II)	174.66	259.11	442.03	678.35	1,322.33	1,602.91
	Expenses						
(i)	Finance costs	300.58	307.63	331.17	917.47	1,028.17	1,335.86
(ii)	Employee benefits expenses	6.88	7.44	18.91	22.15	60.90	72.66
(iii)	Depreciation and amortisation	0.56	0.73	1.00	2.10	2.80	3.62
(iv)	Other expenses	13.91	23.86	29.00	48.11	77.88	101.05
(v)	Impairment on financial instruments	367.04	789.76	168.95	1,317.59	358.57	657.00
(IV)	Total Expenses	688.97	1,129.42	549.03	2,307.42	1,528.33	2,170.19
(V)	Profit before tax (III-IV)	(514.31)	(870.31)	(107.00)	(1,629.07)	(206.00)	(567.28)
(VI)	Tax expense						
	- Current Tax	-	-	(8.35)	-	(2.35)	(2.35)
	- Deferred Tax	(174.76)	(295.90)	(25.13)	(553.78)	(68.13)	(189.61)
(VII)	Net Profit/ (loss) for the period (V-VI)	(339.55)	(574.41)	(73.52)	(1,075.29)	(135.52)	(375.32)
(VIII)	Other comprehensive income						
	(i) Items that will not be reclassified to profit or loss *	0.09	0.48	(0.08)	0.24	(0.02)	0.11
	(ii) Income tax relating to items that will not be reclassified to profit or loss **	(0.03)	(0.16)	0.03	(0.08)	0.01	(0.04)
	Other comprehensive income ((i)+(ii)) ***	0.06	0.32	(0.05)	0.16	(0.01)	0.07
(IX)	Total comprehensive income for the period (VII+VIII)	(339.49)	(574.09)	(73.57)	(1,075.13)	(135.53)	(375.25)
(X)	Earnings per equity share face value of Rs.10 each fully paid up (not annualised)						
	(a) Basic (Rs.) #	(7.00)	(11.84)	(1.50)	(22.16)	(2.79)	(7.74)
	(b) Diluted (Rs.) #	(7.00)	(11.84)	(1.50)	(22.16)	(2.79)	(7.74)

Based on weighted average No. of shares

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, 2020 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 presently undergoing a debt resolution process and certain 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.
4. The Company has cash on hand of approx. Rs. 1,493 crore in the form of investment in unencumbered liquid mutual funds, fixed deposits and bank balances as on December 31, 2020. However, the delay in debt servicing is due to prohibition on the Company to dispose off, alienate, encumber either directly or indirectly or otherwise part with the possession of any assets, pursuant to Order dated November 20, 2019 passed by the Hon’ble Delhi High Court in the matter of OMP(I) COMM. 420/2019.
5. The Company has engaged with its lenders for arriving at the debt resolution plan. In this regard, certain lenders of the Company have entered into an Inter-Creditor Agreement (ICA) dated July 6, 2019 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, with Bank of Baroda acting as the lead lender. The lenders had 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 extended the ICA initially till March 31, 2020 and subsequently till June 30, 2020 then September 30, 2020 then December 31, 2020 and presently till March 31, 2021. The Company is confident of achieving resolution and in view of the steps taken by the Company, the accounts of the Company have been prepared on Going Concern Basis.
6. The Listed Secured Redeemable Non-Convertible Debentures of the Company aggregating to Rs. 5,967 crore as on December 31, 2020 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),

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receivable claims of the Company with other secured lenders, except those book debts and receivables charged / to be charged in favour of National Housing Bank for refinance availed / to be availed from them. The asset cover has fallen below hundred percent of outstanding debentures and adequate steps are being taken by the Company as explained in point no. 5 above.

7. The Company had till April 30, 2019 advanced loans under the 'General Purpose Corporate Loan' product to certain bodies corporate including some of the group companies. All the lending transactions undertaken by the Company are in the ordinary course of business, the terms of which are at arms' length basis and the same do not constitute transactions with related parties. However, the Company's borrowers in some cases have undertaken onward lending transactions and it is noticed that the end use of the borrowings from the Company included borrowings by or repayment of financial obligations to some of the group companies. The Company had discontinued this product and since May 1, 2019 i.e. beginning of last financial year and there have been no fresh disbursements against this product.
8. The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Company had granted moratorium of three months on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. Further in accordance to RBI notification dated May 23, 2020, on COVID-19 Regulatory Package, the Company had granted extended moratorium of additional 3 months till August 31, 2020 to eligible borrowers. For all such accounts where the moratorium was granted, the asset classification is on standstill. Taking into account the disruption due to Covid-19 pandemic, the Company has provided additional ECL provision over and above that was required as per IND AS 109.
9. In view of the Supreme Court interim order dated September 3, 2020 in the public interest litigation (PIL) by Gajendra Sharma vs. Union of India & ANR, no customer who had been granted moratorium have been classified as Non Performing Asset (NPA) which were not declared as NPA till August 31, 2020. However, the Company has provided Stage 3 provisioning on all such cases mentioned above in the Statement of Profit & Loss for the quarter and nine months ended December 31, 2020.
10. The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (Scheme), as per

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the eligibility criteria and other aspects specified therein and irrespective of whether the moratorium was availed or not. The Company has successfully implemented the scheme within the specified timelines.

11. Previous period figures have been regrouped / rearranged wherever necessary.
12. The above results were reviewed by the Audit Committee. The Board of Directors at its meeting held on January 22, 2021 approved the above results and its release.

For **Reliance Home Finance Limited**



Sunil Wadikar
Director

Dated: January 22, 2021

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