

Reliance Capital Limited
Reliance Centre, 6th Floor, North Wing
Off Western Express Highway
Santacruz (East), Mumbai - 400 055.

T +91 22 4303 1000
F +91 22 4303 6664

July 31, 2020

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001

BSE Scrip Code: 500111

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051

NSE Scrip Symbol: RELCAPITAL

Dear Sir(s),

**Sub.: Statement of Unaudited Standalone Financial Results for the quarter ended
June 30, 2020**

Further to our earlier letter dated July 31, 2020 we enclose herewith a statement of Unaudited Standalone Financial Results alongwith the Limited Review Report for the quarter ended June 30, 2020.

Thanking you.

Yours faithfully,
For **Reliance Capital Limited**



Atul Tandon
Company Secretary & Compliance Officer

Encl.: As Above.

Limited Review Report on Standalone Unaudited Statement of Reliance Capital Limited for the quarter ended June 30, 2020 pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**To the Board of Directors of
Reliance Capital Limited**

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of Reliance Capital Limited ('the Company') for the quarter ended June 30, 2020 ('the Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. Attention is drawn to the fact that the figures for the quarter ended March 31, 2020 as reported in the Statement are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.
2. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors in their meeting held on July 31, 2020, has been prepared 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 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. 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 is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of standalone unaudited Statement prepared in accordance with applicable Accounting Standards i.e. Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note no. 10 of the Statement wherein the Company has defaulted in repayment of the obligations to its lenders and debenture holders which is outstanding as on June 30, 2020 and also has incurred losses during the period as well as during the previous year, which indicate material uncertainty exists that may cast a significant doubt on the Company's ability to continue as a Going Concern. The Company is in the process of meeting its obligations by way of time bound



monetization of its assets, and accordingly the financial results of the Company have been prepared on a "Going Concern" basis. Our Conclusion on the Statement is not modified in respect of this matter.

6. We draw attention to Note no. 4 of the Statement wherein the Company has exposure by way of Loans, Investments (including interest accrued thereon) and Guarantees in its associate company and subsidiary company viz. Reliance Home Finance Limited and Reliance Commercial Finance Limited aggregating to Rs.4,954 Crore outstanding as on June 30, 2020. The lenders of these associate company and subsidiary company have entered into an Inter Creditor Agreement and their resolution plan is being finalized. Though the Company is confident of implementation of the resolution plan, pending finalisation of the same, the Company on a conservative basis made an impairment provision of Rs.745 Crore against the above exposure in the books of account.
7. We draw attention to Note no. 9 of the Statement referring, to filing under Section 143(12) of the Companies Act, 2013 to Ministry of Corporate Affairs by one of the previous auditors for the financial year 2018-19. Based on the facts fully described in the aforesaid note, views of the Company, in-depth examination carried out by the independent legal experts of the relevant records, there were no matters attracting the said Section.
8. We draw attention to Note no. 11 of the Statement, as regards to the management evaluation of impact of COVID – 19 on the future performance of the Company.

Our Conclusion on the Statement is not modified in respect of matters stated in paragraph 5 to 8.

For **Pathak H. D. & Associates LLP**

Chartered Accountants

Firm's Registration No:107783W/W100593



Vishal D. Shah

Partner

Membership No: 119303

UDIN: 20119303AAAAEL6307



Date: July 31, 2020

Place: Mumbai

Reliance Capital Limited

Statement of Standalone Financial Results for the quarter ended June 30, 2020

(Rs. in crore except per share data)

| Sr. No. | Particulars | Quarter Ended | | | Year Ended |
|---------|---|---------------|-----------------|---------------|-----------------|
| | | June 30, 2020 | March 31, 2020 | June 30, 2019 | March 31, 2020 |
| | | Unaudited | Unaudited | Unaudited | Audited |
| | Income | | | | |
| I | Revenue from operations | | | | |
| | Interest income | 268 | 347 | 270 | 1 258 |
| | Dividend income | - | 1 | 79 | 94 |
| | Rental income | 1 | 1 | 1 | 4 |
| | Fees and commission income | 8 | 7 | 9 | 33 |
| | Other operating income | | | | |
| | (* Rs 1 82 415, ** Rs 2 39 764, *** Rs 11 79 990) | * | ** | - | *** |
| | Total Revenue from operations | 277 | 356 | 359 | 1 389 |
| II | Other income (* Rs 1 50 000, ** Rs 2 07 400) | * | ** | 4 | 4 |
| III | Total Income (I+II) | 277 | 356 | 363 | 1 393 |
| IV | Expenses | | | | |
| | Finance costs | 509 | 410 | 475 | 1 764 |
| | Net loss / (gain) on fair value changes | 63 | 840 | (150) | 445 |
| | Impairment on financial instruments | 76 | 1 560 | 123 | 4 519 |
| | Employee benefits expense | 8 | 6 | 17 | 50 |
| | Depreciation and amortization expense | 2 | 28 | 3 | 35 |
| | Other expenses | 7 | 13 | 11 | 45 |
| | Total expenses (IV) | 665 | 2 857 | 479 | 6 858 |
| V | Profit/(loss) before tax (III-IV) | (387) | (2 501) | (116) | (5 465) |
| VI | Tax expense | | | | |
| | (1) Current tax | - | - | - | - |
| | (2) Deferred tax | - | - | - | - |
| | (3) Taxation for earlier years | - | - | - | - |
| | Total tax expense | - | - | - | - |
| VII | Profit/(loss) for the period / year (V-VI) | (387) | (2 501) | (116) | (5 465) |
| VIII | Other Comprehensive Income / (Loss) | | | | |
| A | (i) Items that will not be reclassified to profit or loss | (1) | (24) | (3) | (31) |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | - | - | - | - |
| B | (i) Items that will be reclassified to profit or loss | - | - | - | - |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | - | - | - | - |
| | Other comprehensive income / (Loss) for the period / year, net of tax | (1) | (24) | (3) | (31) |
| IX | Total Comprehensive Income / (Loss) for the period / year (VII+VIII) | (388) | (2 525) | (119) | (5 495) |
| X | Earnings per equity share face value of Rs. 10 each fully paidup (quarter not annualised): | | | | |
| | (1) Basic | (15.46) | (99.6) | (4.61) | (217.63) |
| | (2) Diluted | (15.46) | (99.6) | (4.61) | (217.63) |



Notes:

- 1 Reliance Capital Limited (the 'Company') is primarily engaged in the Finance and Investment activities and all other activities revolve around the main business of the Company. The Financial results of the Company have been prepared in accordance with the Companies (Indian Accounting Standards) Rules 2015, as amended and as prescribed under section 133 of the Companies Act, 2013, and all activities are conducted within India and as such there is no separate reportable segment, as per the Ind AS 108 "Operating Segments".
- 2 The Listed Secured Non-Convertible Debentures of the Company aggregating to Rs. 14 827 crore as on June 30, 2020 are secured by way of first pari-passu mortgage/charge on the Company's immovable property and on present and future book debts, business receivables of the Company. Business receivables includes current assets and investments as specifically mentioned in the respective Trust Deeds and the asset cover thereof exceeds hundred percent of the principal amount of the said Debentures.
- 3 The Company has entered in to binding agreement with the existing management team of Reliance Securities Limited and Reliance Financial Limited for buying out the business from Company, subject to regulatory and other customary approvals. Accordingly, the investment in Reliance Securities Limited and Reliance Financial Limited are not classified as assets held for sale in accordance with the Ind AS 105 "Non Current Assets held for Sale and Discontinued operations".
- 4 The Company has exposure by way of Loans, Investments (including interest accrued thereon) and Guarantees in Reliance Commercial Finance Limited and Reliance Home Finance Limited aggregating to Rs. 4,954 Crore outstanding as on June 30, 2020. The lenders of these companies have entered into Inter-Creditor Agreement (ICA) for the resolution of their exposure in accordance with the notification dated June 7, 2019 issued by Reserve Bank of India on Prudential Framework for Resolution of Stressed Assets. Both the entities are progressing on implementing their Resolution Plans under ICA, which is valid till September 30, 2020. Though the Company is confident of implementation of the resolution plans, pending finalisation of the same, the Company on a conservative basis has made an adequate impairment provision of Rs. 745 Crore against the above exposure in the books of account.
- 5 The Company had pledged its entire equity holding in Reliance General Insurance Company Limited (RGIC) in favour of IDBI Trusteeship Services Limited (Trustee) against dues guaranteed by the Company. The Trustee, on November 19, 2019, invoked the pledge and presently holds the shares of RGIC in their custody. Vide orders dated December 4, 2019 and December 27, 2019, Insurance Regulatory and Development Authority of India (IRDAI), has informed the Company that the shares are being held by the Trustee in the capacity as Trustee and the shares have not been transferred. The said order was challenged in Securities Appellate Tribunal, Mumbai (SAT) and SAT vide its Order dated February 27, 2020 also confirmed that the Trustee is also holding shares as Trustee / custodian and will not exercise any control over RGIC and cannot exercise any voting rights on shares of RGIC. Accordingly, RGIC continues to be a wholly owned subsidiary of the Company.
- 6 The Company had pledged 3.35% comprising of 2,04,97,423 equity shares of Nippon Life India Asset Management Limited (NLAML) in favour of IndusInd Bank Limited (IBL). IBL has illegally invoked the pledge, which has been challenged by the Company before the Hon'ble High Court of Bombay. The High Court has referred the matter to the arbitration who upon hearing the Interim Applications filed by the Company. Sole Arbitrator passed an interim order on April 23, 2020 wherein it stated that a status quo (as ordered by Bombay High Court vide Order dated December 11, 2019) will continue and the NLAML shares, whose pledge was invoked by IndusInd Bank, will remain in a separate demat account, where they are lying currently. Accordingly, the Company continues to consider its rights on the above referred shares.
- 7 The Trustee to the Debenture holders of the Company has initiated proceedings against the Company before the Debt Recovery Tribunal, Mumbai. The application of the trustee will now be listed after the Debt Recovery Tribunal starts functioning post lifting of lockdown on account of Covid 19. The Company is also considering to file an appeal before Debt Recovery Appellate Tribunal against such proceedings.
- 8 The Scheme of Amalgamation of Reliance Health Insurance Limited (RHIL), 100% subsidiary of the Company with Reliance General Insurance Company Limited (RGICL) has been approved by board of directors of RHIL & RGICL. The application for approval of amalgamation has been filed with IRDAI on January 13, 2020 and the application is under process with IRDAI. Considering the proposed Scheme of Amalgamation, no impairment has been considered necessary in the books of account on the investment held by the Company in RHIL.
- 9 One of previous auditor of the Company's, after resigning from the office in June 2019 submitted a report under Section 143(12) of the Companies Act, 2013 with the Ministry of Corporate Affairs for matters relating to Financial Year 2018-19. The Company has examined the matter and also appointed legal experts, who independently carried out an in-depth examination of the matters and issues raised therein and have concluded that there was no matter attracting the provisions of Section 143(12) of the Companies Act, 2013. The matter is under consideration with the Ministry of Corporate Affairs.



- 10 The Company has defaulted in repayment of obligation to the Lenders and Debenture holders and has incurred losses during the period, which indicate material uncertainty exists that may cast a significant doubt on the Company's ability to continue as a Going Concern. The Company is in the process of meeting its obligations by way of time bound monetization of its assets in cognizance with Debenture Trustee & Debenture holders and accordingly the financial results of the Company have been prepared on a "Going Concern" basis.
- 11 In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 22, 2020, the Company had adopted and is complying with the Board policy for granting moratorium on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 and also on the payment of all instalments and / or interest, as applicable, falling due between June 1, 2020 and August 31, 2020 to all eligible borrowers. For all such accounts where the moratorium is granted, the asset classification has been remaining 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).
- 12 The financial results for the quarter ended June 30, 2020 of the Company have been subjected to a "Limited Review" by the Statutory Auditors of the Company.
- 13 The above results were reviewed by the Audit Committee. The Board of Directors at its meeting held on July 31, 2020 approved the above results and its release.
- 14 The figures for the quarter ended March 31, 2020 are the balancing figures between the audited figures in respect of full financial year and published year to date figures up to the third quarter of that financial year. The figures for the previous periods and for the year ended March 31, 2020 have been regrouped and rearranged to make them comparable with those of current year.

for Reliance Capital Limited



Dhananjay Tiwari
Director & Chief Executive Officer

Dated: July 31, 2020

