

September 14, 2020

The National Stock Exchange of India Ltd.

Corporate Communications Department
"Exchange Plaza", 5th Floor,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400051

BSE Limited

Corporate Services Department
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai – 400 001

Scrip Symbol: RELIGARE

Scrip Code: 532915

Subject: Outcome of Board Meeting of Religare Enterprises Limited ("the Company")

Dear Sir(s),

We would like to inform you that the Board of Directors at their meeting held today i.e. September 14, 2020 (started at 03.00 P.M. and concluded at 6.15 P.M.) has inter-alia approved the Un-Audited Financial Results (Standalone & Consolidated) of the Company (which have been subjected to Limited Review by the Statutory Auditors) for the quarter ended June 30, 2020 in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/140 dated July 29, 2020.

Copy of Un-Audited Financial Results (Standalone & Consolidated) along with the Limited Review Reports of M/s S.S. Kothari Mehta & Co., Statutory Auditors of the Company, is enclosed herewith.

This is for your kind information and record.

Thanking you,

Yours truly,

For Religare Enterprises Limited


Reena Jayara
Company Secretary



Encl: as above

RELIGARE ENTERPRISES LIMITED
Regd. Office : 1st Floor, P-14, 45/90, P-Block, Connaught Place, New Delhi -110001

Statement of Standalone and Consolidated unaudited Financial Results for the Quarter Ended June 30, 2020

A.

(Rs. in Lakhs, unless otherwise stated)

Sr No	Particulars	Standalone Results				Consolidated Results			
		Quarter Ended		Year Ended		Quarter Ended		Year Ended	
		June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020	June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
		(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Revenue								
	(a) Revenue from Operations								
	Interest Income	53.73	111.56	-	251.18	13,371.86	14,052.30	18,410.23	63,432.29
	Dividend Income	-	-	-	-	-	-	-	5.22
	Fee and Commission Income	-	-	-	-	323.43	321.89	1,763.23	3,404.82
	Net Gain on Fair Value Changes	-	-	-	-	37.04	105.02	-	-
	Sale of Services	-	-	-	-	4,566.51	4,242.09	4,267.73	16,807.03
	Other Revenue From Operations	-	2.57	-	21.34	32,322.77	44,997.19	28,788.14	151,886.62
	Total Revenue from Operations	53.73	114.13	-	272.52	50,621.61	63,718.49	53,229.33	235,535.98
	(b) Other Income	9,599.10	4,649.26	499.16	5,786.42	925.09	1,041.16	377.75	4,211.87
	Total Revenue (a+b)	9,652.83	4,763.39	499.16	6,058.94	51,546.70	64,759.65	53,607.08	239,747.85
2	Expenses								
	(a) Finance Costs	100.25	90.52	203.26	603.06	17,364.14	29,724.73	22,318.14	84,926.11
	(b) Fee and Commission Expenses	-	-	-	-	1,314.35	1,292.25	1,160.20	4,598.73
	(c) Net Loss on Fair Value Changes	-	74.11	-	147.60	-	-	61.23	137.50
	(d) Impairment and Loss Allowances on Financial Instruments	329.02	3,511.15	212.67	12,036.73	9,076.16	19,629.63	2,666.01	37,423.69
	(e) Expense toward Capital Commitment	-	244.85	-	894.85	-	244.85	-	894.85
	(f) Employee Benefits Expense	523.40	553.14	381.65	1,485.10	14,238.49	14,051.33	12,903.42	54,554.94
	(g) Depreciation and Amortisation Expense	16.94	15.15	17.24	63.47	1,562.73	1,345.84	1,436.09	6,084.35
	(h) Other Expenses	886.21	2,882.71	397.71	4,844.46	26,377.90	40,120.87	27,422.26	137,126.11
	Total Expenses (a to h)	1,855.82	7,371.63	1,212.53	20,075.27	69,933.77	106,409.50	67,967.35	325,746.28
3	Profit/ (Loss) Before Exceptional Items and Tax (1-2)	7,797.01	(2,608.24)	(713.37)	(14,016.33)	(18,387.07)	(41,649.85)	(14,360.27)	(85,998.43)
4	Exceptional Items								
	Liability toward Capital Commitment	-	-	-	17,000.00	-	-	-	17,000.00
	Share in Profit / (Loss) of Joint Ventures	-	-	-	-	(1.39)	(7.85)	(2.00)	(13.14)
5	Profit / (Loss) Before Tax and Extraordinary Items (3-4)	7,797.01	(2,608.24)	(713.37)	(31,016.33)	(18,388.46)	(41,657.70)	(14,362.27)	(103,011.57)
6	Tax Expense								
	Current Tax	-	-	-	-	115.71	(38.04)	115.70	299.91
	Deferred Tax (Net)	-	-	-	-	(228.85)	(35.45)	221.29	486.08
7	Net Profit / (Loss) After Tax before extraordinary items (5-6)	7,797.01	(2,608.24)	(713.37)	(31,016.33)	(18,275.32)	(41,584.21)	(14,699.26)	(103,797.56)
8	Extraordinary Items (Net of Tax)	-	-	-	-	-	-	-	-
9	Net Profit/ (Loss) for the period (7 - 8)	7,797.01	(2,608.24)	(713.37)	(31,016.33)	(18,275.32)	(41,584.21)	(14,699.26)	(103,797.56)
10	Other Comprehensive Income								
	A) (i) Items that will not be reclassified to profit or loss								
	Remeasurement Gain/(Loss) on Defined Benefit Plans	(1.81)	(4.36)	4.05	(51.50)	(31.20)	(594.16)	(24.44)	(861.94)
	Fair Value Gain / (Loss) on Equity Instruments Designated as FVTOCI	-	-	-	-	33.94	113.14	(18.01)	101.35
	B) (i) Items that will be reclassified to profit or loss								
	Net Gain / (Loss) on Debt Securities FVTOCI	-	-	-	-	3,472.20	802.89	276.71	2,152.57
	Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(0.18)	(8.23)	-	(8.23)
11	Total Comprehensive Income for the Period, Net of Tax (9+10)	7,795.20	(2,612.60)	(709.32)	(31,067.83)	(14,800.56)	(41,270.57)	(14,465.00)	(102,413.81)



11(a)	Profit/(Loss) for the Period attributable to:								
	Non Controlling Interest	-	-	-	-	494.01	(556.63)	(6,122.49)	(10,550.61)
	Owners of the Company	-	-	-	-	(18,769.33)	(41,027.58)	(8,576.77)	(93,246.95)
		-	-	-	-	(18,275.32)	(41,584.21)	(14,699.26)	(103,797.56)
11(b)	Other Comprehensive Income attributable to:								
	Non Controlling Interest	-	-	-	-	987.25	92.40	13.26	193.17
	Owners of the Company	-	-	-	-	2,487.51	221.24	221.00	1,190.58
		-	-	-	-	3,474.76	313.64	234.26	1,383.75
11(c)	Total Comprehensive Income attributable to:								
	Non Controlling Interest	-	-	-	-	1,481.26	(464.24)	(6,109.23)	(10,357.44)
	Owners of the Company	-	-	-	-	(16,281.82)	(40,806.33)	(8,355.77)	(92,056.37)
		-	-	-	-	(14,800.56)	(41,270.57)	(14,465.00)	(102,413.81)
12	Paid-up Equity Share Capital (Face Value of equity share Rs. 10 each)	25,812.82	25,812.82	21,694.27	25,812.82	25,812.82	25,812.82	21,694.27	25,812.82
13	Other Equity (Excluding Revaluation Reserve) as shown in the Audited Balance Sheet	N.A.	N.A.	N.A.	125,246.09	N.A.	N.A.	N.A.	(15,711.23)
14	Earnings Per Share ("EPS") before and after extraordinary items of Rs. 10 each fully paid up (not annualised)								
	(a) Basic EPS (Rs.)	3.02	(1.01)	(0.33)	(13.16)	(7.27)	(15.89)	(3.95)	(39.55)
	(b) Diluted EPS (Rs.)	3.02	(1.01)	(0.33)	(13.16)	(7.28)	(15.95)	(3.95)	(39.62)

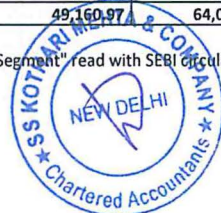


B Unaudited Segment-wise Revenue, Results, Assets & Liabilities for Standalone and Consolidated Results for Quarter Ended June 30, 2020

(Rs. in Lakhs, unless otherwise stated)

S. No.	Particulars	Standalone Results				Consolidated Results			
		Quarter Ended		Year Ended		Quarter Ended		Year Ended	
		June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020	June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
		(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	SEGMENT REVENUE								
	(a) Investment and Financing Activities	8,825.11	4,074.88	8.01	4,248.97	10,019.65	11,267.78	15,204.64	51,424.03
	(b) Support Services	378.51	687.78	345.28	1,663.19	-	-	-	-
	(c) Broking Related Activities	-	-	-	-	4,987.63	5,047.84	5,250.67	19,567.27
	(d) Financial Advisory Services	-	-	-	-	4.59	47.56	11.09	62.07
	(e) E-Governance	-	-	-	-	316.23	453.19	551.84	2,015.50
	(f) Insurance	-	-	-	-	36,071.91	48,106.39	32,817.51	1,65,430.69
	(g) Unallocated	449.21	0.73	145.87	146.78	239.08	213.06	185.51	2,427.71
	Total	9,652.83	4,763.39	499.16	6,058.94	51,639.09	65,135.82	54,021.26	2,40,927.27
	Less : Inter- Segment Revenue	-	-	-	-	(92.39)	(376.17)	(414.18)	(1,179.42)
	Income from Operations	9,652.83	4,763.39	499.16	6,058.94	51,546.70	64,759.65	53,607.08	2,39,747.85
2	SEGMENT RESULTS								
	Profit/ (Loss) Before Tax from Segment								
	(a) Investment and Financing Activities	7,020.97	(4,962.45)	(234.33)	(31,498.26)	(20,800.06)	(46,518.32)	(14,010.12)	(1,08,802.89)
	(b) Support Services	326.83	2,353.48	(624.92)	335.15	-	-	-	-
	(c) Broking Related Activities	-	-	-	-	219.28	2.63	(965.10)	(2,906.02)
	(d) Financial Advisory Services	-	-	-	-	3.25	3.02	(2.79)	(4.94)
	(e) E-Governance	-	-	-	-	37.82	67.34	154.91	406.67
	(f) Insurance	-	-	-	-	1,983.51	3,686.02	757.01	6,815.65
	(g) Unallocated	449.21	0.73	145.88	146.78	167.74	1,102.10	(296.18)	1,480.45
	Total	7,797.01	(2,608.24)	(713.37)	(31,016.33)	(18,388.46)	(41,657.21)	(14,362.27)	(1,03,011.08)
	Less : Interest Expense	-	-	-	-	-	0.49	-	0.49
	Tax Expense	-	-	-	-	(113.14)	(73.49)	336.99	785.99
	Other Comprehensive Income	(1.81)	(4.36)	4.05	(51.50)	3,474.76	313.64	234.26	1,383.75
	Total Profit / (Loss) After Tax	7,795.20	(2,612.60)	(709.32)	(31,067.83)	(14,800.56)	(41,270.57)	(14,465.00)	(1,02,413.81)
3	SEGMENT ASSETS								
	(a) Investment and Financing Activities	2,02,586.18	2,09,276.50	2,10,982.97	2,09,276.50	4,13,800.70	4,41,466.53	6,98,785.53	4,41,466.53
	(b) Support Services	52.30	454.94	3,225.99	454.94	-	-	-	-
	(c) Broking Related Activities	-	-	-	-	65,984.39	52,341.37	64,862.81	52,341.37
	(d) Financial Advisory Services	-	-	-	-	100.80	144.25	176.32	144.25
	(e) E-Governance	-	-	-	-	923.32	1,527.50	1,420.46	1,527.50
	(f) Insurance	-	-	-	-	2,57,113.77	2,05,360.04	1,68,756.05	2,05,360.04
	(g) Unallocated	5,382.22	5,374.99	6,185.53	5,374.99	1,35,729.22	1,12,178.17	11,832.45	1,12,178.17
	Total Segment Assets	2,08,020.70	2,15,106.43	2,20,394.49	2,15,106.43	8,73,652.20	8,13,017.86	9,45,833.62	8,13,017.86
4	SEGMENT LIABILITIES								
	(a) Investment and Financing Activities	47,085.18	46,072.42	51,238.37	46,072.42	5,99,258.89	6,03,126.85	6,71,468.89	6,03,126.85
	(b) Support Services	1,926.15	17,811.85	3,888.84	17,811.85	-	-	-	-
	(c) Broking Related Activities	-	-	-	-	54,940.78	41,314.80	55,693.96	41,314.80
	(d) Financial Advisory Services	-	-	-	-	9.71	56.42	86.02	56.42
	(e) E-Governance	-	-	-	-	933.70	1,517.39	1,419.16	1,517.39
	(f) Insurance	-	-	-	-	1,57,762.01	1,43,920.06	1,19,799.67	1,43,920.06
	(g) Unallocated	149.64	163.25	45.44	163.25	3,658.93	3,652.72	3,390.21	3,652.72
	Total Segment Liabilities	49,160.97	64,047.52	55,172.65	64,047.52	8,16,564.02	7,93,588.24	8,51,857.91	7,93,588.24

The Company has reported segment information as per IND AS 108 "Operating Segment" read with SEBI Circular July 05, 2016. The identification of segment is consistent with performance assessment and resource allocation by management.



Notes:

- 1 In terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the statement of unaudited financial results of standalone and consolidated results for the quarter ended June 30, 2020 of the Company have been reviewed by the Audit Committee and approved by the Board of Directors (the "Board") of the Company at its meeting held on September 14, 2020. Figures of standalone and consolidated financial results for the quarter ended March 31, 2020 are balancing figures between the audited financials of Year ended March 31, 2020 and year to date figures upto the third quarter of that financial year.
- 2 The Company although has investment in the equity shares in Religare Capital Markets Limited ("RCML"), however the right to exercise control through voting rights is not available with the Company. Besides this, in terms of the tripartite agreement between the Company, RCML and RHC Holding Private Limited ("RHCPL"), severe long term restrictions and significant restrictive covenants on major decision making at RCML have been imposed by the holders of preference shares. Accordingly, in view of the above, the financial statements of RCML and its subsidiaries have been excluded from the consolidated financial statements of the Company w.e.f. October 01, 2011, in accordance with applicable accounting standards. The Company has already provided fully for the entire investments made by it in RCML in previous years. The net worth of RCML as per last audited financial statement as on March 31, 2017 was Rs. (61,971.95) lakhs. Audited financials for subsequent periods are not available. There is a contingent liability amounting to Rs. 4,078 lakhs in the books of the REL towards uncalled capital on equity shares of RCML.
- 3 The Company, being a Core Investment Company (CIC), has invested its funds primarily in money market instruments and debt instruments (inter corporate loan) of its subsidiary. Hence, temporary market shocks (such as those due to pandemics/epidemics like COVID-19) are not considered to have a material impact on the carrying value of these Investments of the Company on standalone basis.

The COVID-19 pandemic has affected several countries across the world, including India. The pandemic and consequent lockdown imposed by the governmental authorities has significantly impacted the Group's business operations for the quarter ended June 30, 2020, in respect of subsidiaries engaged in the business of lending (i.e. Religare Finvest Limited (RFL), together with its subsidiary, Religare Housing Development Corporation Finance Limited (RHDFCL)). Apart from other adverse effects, the pandemic has put constraints on recovery of overdues from customers during the quarter ended June 30, 2020. In accordance with the Board approved moratorium policy and the Reserve Bank of India guidelines relating to COVID-19 Regulatory Package dated March 27 2020, April 17 2020 and May 23 2020, the RFL and RHDFCL offered moratorium on payment of installments and / or interest, as applicable, falling due between March 01, 2020 and June 30, 2020 and further extended moratorium by another 3 months i.e from June 01, 2020 to August 31, 2020, to all eligible borrowers as per the Company's policy. For all loans where moratorium is availed by the customers, the Company has kept ageing of such loans and their asset classification at standstill during the moratorium period.

Estimates and associated assumptions applied in preparing these consolidated financial results for the quarter ended June 30, 2020, especially for determining the impairment allowance of Rs. 3,923.97 Lakhs for RFL and of Rs. 1,038.40 Lakhs for RHDFCL on a consolidated basis, are based on historical experience and other emerging/ forward looking factors on account of the pandemic. Religare Health Insurance Company Limited (now known as Care Health Insurance Limited) ("RHICL"), considering that the COVID-19 is rapidly spreading in the country, and can substantially impact the claim level in future, and the 'Reserve for unexpired risk' held at the quarter end may not be adequate to meet the increased level of claims in future, the company has created an additional provision of Rs. 2,019.27 Lakhs towards premium deficiency, based on the review conducted and as advised by its Appointed Actuary, which is also in terms of RHICL accounting policy on Premium Deficiency Reserve.

- 4 The Company has not raised any funds through the public issue, rights issue or preferential issue during the quarter ended June 30, 2020, therefore the statement prescribed in terms of SEBI Circular CIR/CFD/CMD1/162/2019 dated December 24, 2019 is not applicable for the quarter.
- 5 During the quarter ended June 30, 2020 the Company has not made investments (including Equity Share Capital/ Preference Share Capital) in subsidiaries, joint ventures and associates.
- 6 The Company continues to be barred from declaring dividends as per said RBI letter issued in Dec'19.
- 7 i) On December 18, 2019, the Board of Directors of the Company approved, subject to requisite approvals, the draft Scheme of Amalgamation ("Scheme") that is designed to simplify the Group corporate structure. In terms of the Scheme, four (4) direct/indirect wholly owned subsidiaries of the Company namely, Religare Comtrade Limited, Religare Insurance Limited, Religare Advisors Limited and Religare Business Solutions Limited will merge with/into the Company subject to terms and conditions as provided in the Scheme. The Scheme shall be submitted with the Hon'ble NCLT in due course of time. Further, the earlier Scheme approved by the Board on May 23, 2019 was withdrawn accordingly.

(ii) The Company has given letter of comfort to the Religare Comtrade Limited ("RCTL"), a wholly owned sub-subsidiary of the Company, in FY 2018 which was cancelled and new letter of comfort dated May 15, 2020 was issued after approval in the Board meeting Feb 12, 2020 of the Company to provide financial support to RCTL for repayment of all its outstanding dues including interest component thereon relating to these ICDs and NCDs issued by RCTL. The Company has booked a financial liability of Rs. 8,869 Lakhs in FY 2017-18 and Rs 1,569.66 lakhs in FY 19-20 and in current quarter additional financial liability of Rs 136.79 lakhs has been booked equivalent to negative net worth of RCTL, against letter of comfort issued in favour of RCTL.
- 8 The Company has divested part of its investment in Religare Health Insurance Company Limited (now known as Care Health Insurance Limited) ("RHICL"), a subsidiary company on June 02, 2020 to M/s. Trishikhar Ventures LLP, subsidiary of M/s. Kedaara Capital Fund II LLP (jointly referred as 'Kedaara'). The total investment made by Kedaara to acquire shares of RHICL is Rs. 56,731 lakhs which comprises of primary capital infusion of Rs. 30,000 lakhs. in RHICL and Rs. 26,731 lakhs for the purchase of RHICL shares from existing shareholders of RHICL, including purchase of 6.39% stake from the Company against a consideration of Rs. 20,000 lakhs. The Company has recorded a profit of Rs 8,765 lakhs as Other Income in standalone financial statement. In the consolidated financial statement same is recorded in Other Equity, as per IND AS. Pursuant to these transactions, the shareholding of the Company in RHICL stands at 72.02% on a paid up capital basis
- 9 The Company granted 5,000,000 stock options at a grant price of Rs. 24.10 per share on June 01, 2020 and 6,500,000 stock options at a grant price of Rs. 39.55 per share on July 27, 2020 under "Religare Enterprises Limited Employees Stock Option Plan 2019" (REL ESOP Scheme 2019). On July 17, 2020, the Company allotted 715,750 Equity Shares of face value of Rs. 10/- each at exercise price of Rs. 29.43 each pursuant to exercise of stock options granted under the REL ESOP Scheme 2019. Pursuant to the said allotment, the issued, subscribed and paid up equity capital of the Company stands increased from Rs. 2,581,281,520/- divided into 258,128,152 equity shares of Rs. 10/- each to Rs. 2,588,439,020/- divided into 258,843,902 equity shares of Rs. 10/- each.



- 10 RFL has an exposure of Rs. 203,670 Lakhs as per financials as at June 30, 2020 towards the Corporate Loan Book. RBI has raised concerns in the past about the credit worthiness of the borrowers, credit appraisal and loan sanctioning mechanism followed by RFL in respect of this book. Based on the maturity dates of the loans, recovery steps instituted and the financial reports of the borrowers, RFL had, on a prudent basis, made full provision of Rs. 203,670 Lakhs during the previous years against this portfolio. Insolvency proceedings have been initiated before the Hon'ble NCLT Delhi and Kolkata against the Borrowers forming a part of the Corporate Loan Book. The Company, RFL and RCTL have filed petitions in Hon'ble NCLT for recovery of corporate loans. Hon'ble SC has stayed these proceedings in a hearing of the matter of Daiichi Sankyo Company Limited vs. Oscar Investments limited . The Company , RFL and RCTL have filed application for vacating the stay and the order is reserved in the case.
- 11 RFL had filed a criminal complaint on December 19, 2018 before the Economic Offence Wing (EOW), for various criminal actions committed by the erstwhile promoters and other associated persons/entities. The EOW filed its charge sheet on January 05, 2020 against various accused persons and entities. The Enforcement Directorate has also lodged an enforcement case under the Prevention of Money Laundering Act (PMLA). The ED has filed its charge sheet on January 10, 2020 and cognizance has also been taken by the Court. The EOW has recently issued notice to additional parties to conduct further investigation in the matter. The Company and RFL have also filed a complaint with CBI against various accused under multiple sections of Indian Penal Code, 1860 and PMLA.
- 12 The application for re-classification of promoters / promoters group into public shareholders category was submitted to the stock exchanges on July 31, 2020 post receipt of approval of shareholders on the matter through Postal Ballot on July 23, 2020, the results of which were submitted on July 24, 2020. Same is pending for approval as on date.
- 13 In the matter of Daiichi Sankyo Company Limited vs. Malvinder Mohan Singh & Others (Petition O.M.P. (EFA) (COMM) NO. 6 OF 2016), an interim application has been filed by the Company disputing its liability as a garnishee. The Company has not redeemed 1,500,000 preference shares due for redemption on October 31, 2018 (Redemption value of Rs. 4,190.28 lakhs appearing as liability portion of redeemable preference shares and disputed the liability stating the transaction to be an illegal one. The Hon'ble High Court of Delhi remarked that it expected REL to file a complaint with the concerned Police Station. Accordingly, in compliance thereof, REL has filed an affidavit disclosing names of persons who were on Board of Directors at relevant times and has also filed a criminal complaint on March 22, 2019 with the Economic Offences Wing, Delhi Police for various offences under the Indian Penal Code, 1860 w.r.t transactions relating to issuance and redemption of Preference Shares. The Company has been served with warrants of attachment, which is being contested / challenged.
The Company has also filed a petition in NCLT, Delhi under Section 55 & 59 of the Companies Act, 2013 seeking rectification of register of members of the Company w.r.t. 250 Lakhs preference shares issued by the company to RHC Finance Pvt Limited in August 2016. The matter is sub-judice.
In Supreme Court there are the contempt proceedings against the Singh Brothers for allegedly violating Delhi High Court orders and selling their stake in Fortis Healthcare Limited. Hon'ble Supreme Court of India has injunctioned NCLT from admitting the IBC cases. Now, RFL, REL and RCTL are impleaded as a party in the said proceedings.
- 14 In the matter of Malvinder Mohan Singh vs. Religare Enterprises Limited & Ors., in Hon'ble Delhi High Court, Malvinder Mohan Singh has filed Suit for declaration that termination of Indemnity and Release Agreement dated 14.11.2017 by the Company is unlawful. No notice is issued on the said Petition. REL has raised objections regarding maintainability of suit. The matter is sub-judice.
- 15 Loancore Servicing Solutions Private Limited ("Loancore") has also filed a petition under Sec. 9 of the Insolvency and Bankruptcy Code, 2016 claiming damages under a "Penalty Fee Agreement" allegedly signed with the Company. The petition is yet to be admitted. The matter is sub-judice.
Loancore has also filed a petition before Hon'ble NCLT, Delhi under Sections 58 and 59 of the Companies Act, 2013 seeking rectification of Register of Members of the Company. The matter is sub-judice.
In the matter of Religare Enterprises Limited vs. Loancore servicing solutions Ltd., the Company has filed anti injunction suit against the Loancore , Emqore OU and Foundation Exorior Limited. Hon'ble High Court of Delhi has granted anti-suit injunction against the Defendants till the next date of hearing. On March 3, 2020 the suit was decreed in favour of REL and anti injunction suit against the Loancore, Emqore OU and Foundation Exorior Limited is made absolute.
- 16 The Capital to risk weighted assets ratio (CRAR) of Religare Finvest Limited ("RFL") as on March 31, 2020 is below the prescribed limit. Reserve Bank of India ("RBI") vide its letter dated January 18, 2018 has advised RFL to adhere to corrective action plan ("CAP") given by it. The said CAP, inter alia, prohibits RFL from expansion of credit/investment portfolios other than investment in Government Securities and advises RFL not to pay dividend. In this regard, RFL is taking the necessary corrective measures as advised by RBI and will seek removal of cap in the due course.
During the year ended March 31, 2020, the Company proposed its Debt Restructuring Plan (DRP) to the lenders with the cut-off date of April 1, 2019 in terms of RBI circular on Prudential Framework for Resolution of Stressed Assets dated June 7, 2019 to realign its debt with cash flows. The payments to lenders were being made in accordance with the proposed DRP. During current quarter, RFL has submitted its updated DRP to the lenders and along with its Parent Company is working towards its revival including discussions with potential investors. Accordingly, the financial statements of RFL have been prepared on Going Concern basis.
- 17 In relation to order dated March 21, 2018 passed by Hon'ble Debt Recovery Tribunal –II, New Delhi (DRT – II) in the Original Application filed by Axis Bank Ltd. ("OA") in which apart from other parties, the Company, Religare Capital Markets Ltd ("RCML"), and Religare Capital Markets International (Mauritius) Limited ("RCMIML"), have been made parties for recovery of Rs. 31,293.93 Lakhs in relation to a loan facility obtained by RCMIML from Axis Bank which was, inter alia, secured by personal guarantees executed by Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh and certain other securities provided to Axis Bank. The Company has not provided any guarantee/securities in relation to the facility obtained by RCMIML from Axis Bank. In the matter, in view of the full and final payment made by the Company to Axis Bank in terms of the Consent Agreement dated 01.10.2019 entered into between the Company, RCML, RCMIML and Axis Bank, the Hon'ble Tribunal has vide its order dated July 13, 2020 has deleted REL, RCML and RCMIML from the array of parties in view of full and final settlement and Interim orders passed on 21.03.2018 and 26.08.2019 against REL, RCML and RCMIML stand vacated.



- 18 Strategic Credit Capital Private Ltd. (SCCPL) & Participation Finance & Holdings (India) Pvt. Ltd. (PFH) have filed a commercial civil suit before Hon'ble Delhi High Court against Lakshmi Vilas Bank (LVB), wherein they have arrayed the Company and other entities as party. SCCPL and PFH are seeking various reliefs in the petition against LVB and amongst other relief, a direction against the RFL's fixed deposits placed with LVB. An interim order dated February 22, 2018 passed to maintain status quo regarding the trademark as described in the Schedule of the Deed of Assignment. The Company has also filed application for rejection of plaint under order-VII Rule-11 and application u/s 340 Cr.pc against SCCPL for filing fabricated indemnification cum release agreement. Further, Loancore has filed substitution on behalf of SCCPL by way of assignment deed. Thereafter, SCCPL also moved an application u/o39 R-1/2 of CPC seeking injunction against REL & RFL, restraining them from selling RFL and RHDFC business. The said application is disposed-off on August 9, 2019 in terms of order dated 22.02.2018. Now the case is listed for disposal of interim applications. The matter is sub-judice.
- 19 During the year ended March 31, 2018 RFL entered into a settlement agreement with SCCPL and its associate companies for withdrawing various litigations against each other in respect of assignment of loans by RFL to SCCPL. RFL is pursuing recovery of Rs 79,367.20 Lakhs (fully provided for) from SCCPL. Despite the settlement SCCPL and its associates have filed a suit before the Hon'ble District Court Saket seeking various reliefs and also seeking discharge of their obligations under the Settlement Agreement. The matter is sub-judice.
- 20 In the matter of Nakul Goel vs. RHC Holding & Ors. a FIR is lodged by Nakul Goel against Others and KMP's (past and present) of the Company i.e. Mr. Milind Patel, Mr. Gurvinder Juneja, Ms. Reena Jayara U/S. 406,409,411,420 R.W 120 IPC. The Company has filed a quashing petition on Oct 1, 2019 which is yet to be listed.
- 21 The management of Religare Advisors Limited ("RAL") subsidiary of the Company, had taken a decision to not to carry on any commercial operations from March 31, 2017 in RAL. Accordingly the financial statements of RAL have not been prepared under the going concern assumption and all assets and liabilities have been stated at their net realizable values. Adjustments relating to the recoverability and classification of recorded asset amount or to classification of liabilities that may be necessary have been made based on Management's assessment of the same.
- 22 (i) RFL had filed a suit for recovery of Fixed Deposits amounting to Rs 79,145 Lakhs misappropriated by Lakshmi Vilas Bank ("LVB") on May 31, 2018 before the Hon'ble Delhi High Court that passed interim Orders directing that status quo be maintained in respect of RFL's current account maintained with LVB.

Further, State Bank of India and SCCPL along with its associates have filed application for impleadment in the said suit.

(ii) RFL had also filed a complaint against LVB and others on May 15, 2019 with EOW. The EOW, Delhi has registered a FIR bearing no. 189 of 2019 dated September 23, 2019 against LVB & Ors. for committing offence of criminal breach of trust and criminal conspiracy.

The EOW has filed its charge sheet on March 23, 2020, cognizance on which is yet to be taken by the Court. The matter is sub-judice. Also, the ED has lodged an ECIR on the basis of the FIR.

(iii) RFL has not created any additional Deferred Tax Assets during the current year and continuing same from March 31, 2018.

- 23 SEBI has passed an ad-interim ex-parte order on October 17, 2018 ("order") in relation to Fortis Healthcare Limited (FHL) which inter-alia includes directions to RFL and other entities covered in the order to repay Rs. 40,300 Lakhs to FHL and not to dispose of or alienate any of the assets or divert any funds except for payment of Rs. 40,300 Lakhs and for meeting business operations without the prior permission of SEBI. RFL has represented to SEBI and denied all the preliminary findings recorded against RFL and further requested SEBI to vacate the directions in the said order till conclusion of the investigation. Furtherance to above, SEBI further issued a confirmatory order dated March 19, 2019. The said order inter-alia continued the debilitating restraints against the RFL which were originally contained in the Ex-parte Order dated October 17, 2018. However, RFL has been allowed to function in compliance with the terms of the CAP as stipulated by the Reserve Bank of India (RBI). SEBI vide order dated June 28, 2019 gave certain relaxations to RFL to take all measures as it deems fit for revival of RFL (including restructuring of its debts/loans, assignment of its financial assets to ARCs, raising of capital, borrowing etc.). RFL has filed an appeal in Securities Appellate Tribunal (SAT) on April 23, 2019 against the said order seeking relief from SAT in the matter.

On January 29, 2020, SAT has passed an order wherein SAT has quashed the SEBI's impugned order specific to RFL. Further, in order to balance the equities, SAT has directed the RFL to maintain its assets worth Rs. 20,000 lakhs for a period of three months. If the Whole Time Member (WTM) is unable to pass the order within three months, the limited restraint order of SAT will also come to an end. However, due to Covid-19 outbreak, the Hon'ble Supreme Court has taken suo-moto cognizance and excluded the lockdown period from the limitation till further orders.

- 24 During the financial year 2018-19, RHDFCL had entered into a transaction with RARC 059 (RHDFC HL) Trust (special purpose vehicle) wherein it has sold GNPA of Rs. 3,038.13 lakhs for a value of Rs. 2,278.60 lakhs. The transaction has been carried out in compliance with the applicable RBI norms for securitization and the Trust has issued security receipts (SR) in the ratio of 85:15 i.e. of Rs. 1936.81 lakhs to RHDFCL and Rs. 341.79 lakhs to Reliance ARC Limited. The transaction is concluded within the RBI purview and RHDFCL has obtained true sale opinion for concluding the transaction. Accordingly, RHDFCL has derecognized the NPA loan receivables and has recognized security receipts as investments in the books of accounts. It shall recognize profit/loss on the Security Receipts based on the evaluation by independent rating agency as stipulated under RBI Regulation. Under INDAS, the security receipts issued by the trust would full-fill the criteria for a financial asset and has been recognized in its books. The value of the aforesaid investments as on June 30, 2020 is Rs. 1,795.15 Lakhs.



Management response on Audit Qualifications for FY 2019-20 Audited Consolidated Financial Results and previous quarters.

25 Religare Finvest Limited (RFL)

i). **Qualification:** adjustment of fixed deposits of Rs. 79,145 lakhs (excluding Rs. 2,703.39 lakhs interest accrued & due till the date of original maturity i.e. July 20, 2018) with and by the Lakshmi Vilas Bank (LVB) against the loans given to promoter group companies in the previous years continued to be under litigation at Hon'ble High Court of Delhi for declaration and recovery. However, during the year ended March 31, 2020, RFL has filed an amendment to its original application stating that appropriations of FDs by LVB was illegal as LVB had colluded and conspired with the old promoters and Ex Directors and two other entities. RFL has also filed a criminal complaint before the Economic Offences wing (EOW), Delhi. As explained, the EOW has also filed its Charge Sheet against senior LVB officials in this matter and Enforcement Directorate has lodged an ECIR on the basis of FIR. Pending disposal of the case, we are unable to comment on the status of recoverability and classification of the reported balance.

Status: Please refer the note no. 22 regarding the status of the case. Pending disposal of the case, the likely implication on the financial statements is not ascertainable.

ii). **Qualification:** loans given to certain companies appearing in Corporate Loan Book (CLB portfolio) aggregating to Rs 203,670 lakhs as on March 31, 2020 (Rs 203,670 lakhs as on March 31, 2019) [substantially these loans were given upto the period March 31, 2017, when we were not the auditors. Loans, so provided including given in financial year ending March 31, 2018 have been reported by us under section 143(12) of the Companies Act, 2013 as referred in point 2 (a) (i) (b) above] {Expected Credit Loss (ECL) fully provided for; no further loans have been given during the financial year ended on March 31, 2020} and proceedings launched by RFL against these companies continued to be under Insolvency and Bankruptcy Code (IBC) before the Hon'ble NCLT Delhi. Most of these proceedings are stayed by the Hon'ble Supreme Court in its order dated April 5, 2019 in case of M/s Daiichi Sankyo Company Limited Versus Oscar Investments Limited & Ors..

Based on the due diligence report and the replies filed by the borrowers before the Hon'ble NCLT Delhi, the RFL had also filed a criminal complaint before the EOW, Delhi, on which a F.I.R. has been registered and is explained to be under investigation. We were also informed that the Zonal Office of Enforcement Directorate has lodged an enforcement case under the Prevention of Money Laundering Act on the basis of said FIR.

Further, RFL has subscribed to Non-Convertible Debentures of a corporate entity of Rs. 20,000 lakhs in December 2016 [Impairment of Rs. 17,797.55 lakhs considered till March 31, 2020] (Rs 13,004.70 lakhs till March 31, 2019)]. Due to default in making repayment of NCD to RFL, it has filed the case against the party under Insolvency and Bankruptcy Code (IBC) before the Hon'ble NCLT Kolkata, who had issued liquidation order dated October 22, 2019. RFL has also filed a criminal complaint before the EOW, Delhi and an FIR has been registered on the said complaint.

Considering the pending decision of Hon'ble Supreme Court of India, Hon'ble NCLT Delhi and Hon'ble NCLT, Kolkata, we are unable to comment on adequacy of provision, any additional financial and legal implications on the financial statements of the company.

Status: Please refer note no.10 & 16 regarding CLB matter. Full provision has already been made in the books of RFL against the CLB portfolio.

The management is pursuing various legal recourse to recover the CLB outstanding.

RFL has subscribed to Non-Convertible Debentures of a corporate entity of Rs. 20,000 lakhs in December 2016 [Impairment of Rs. 20,000 lakhs considered till June 30, 2020] . Due to default in making repayment of NCD to RFL, it has filed the case against the party under Insolvency and Bankruptcy Code (IBC) before the Hon'ble NCLT Kolkata, who has issued liquidation order dated October 22, 2019. RFL has also filed a criminal complaint before the EOW, Delhi and an FIR has been registered on the said complaint.

26 Religare Housing Development Finance Corporation Limited (RHDFCL)

Qualification: In relation to transaction with RARC 059 (RHDFC HL) Trust (Special Purpose Vehicle) wherein GNPA of Rs. 3,038.13 lakhs were sold for a value of Rs. 2,278.60 lakhs & Trust has issued security receipts (SR) in the ratio of 85:15. As informed by company (RHDFC), based on the legal opinion obtained it was a true sale. Considering that Company has derecognised NPA loan receivables and has recognized security receipts as investments in the books of accounts. As per Ind AS-109, derecognition of financial assets shall take place only if substantial risk and reward has been transferred. However, in the referred transaction of security receipts, the company (RHDFC) may remain exposed to substantial risk of return. Had these NPA loan receivables not been derecognized classification of loans into investments would not have changed and profit for the year would have decreased by Rs. 96.78 lakhs.

Had these NPA loan receivables not been derecognized as on March 31, 2020, classification of loans into investments would not have changed and profit for the year ended March 31, 2020 would have decreased by Rs. 128.02 lakhs.

Status: The sale of GNPA to Reliance ARC was concluded within the RBI purview and the Company has obtained true sale opinion for concluding the transaction. Accordingly, the Company has derecognized the NPA loan receivables and has recognized security receipts as investments in the books of accounts. The Company shall recognize profit/loss on the Security Receipts based on the evaluation by independent rating agency as stipulated under RBI Regulation. Under INDAS, the security receipts issued by the trust would full-fill the criteria for a financial asset and has been recognized it in its books.

Further, the Company had obtained third party opinion, which is also supporting the accounting treatment for derecognition of the loan portfolio and recognition of SRs as Investments as per the applicable provisions of Ind AS particularly Ind AS 109, Financial Statements. Please refer note No 24.

Place: Delhi

Date : September 14, 2020



For and on behalf of the Board of Directors

Rashmi Saluja

Rashmi Saluja
Executive Chairperson

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Limited Review Report on Unaudited Standalone Quarterly Financial Results of Religare Enterprises Limited

To
The Board of Directors,
Religare Enterprises Limited,
New Delhi

1. We have reviewed the accompanying Statement of unaudited standalone financial results of **Religare Enterprises Limited** ("the Company") for the quarter ended June 30, 2020 which are included in the accompanying "Statement of Standalone and Consolidated Audited Financial Results for the Quarter Ended June 30, 2020" (the "Statement"). This Statement has been prepared by the Company pursuant to regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has been initialed by us for identification purposes
2. The Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 – "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013 ("the Act"), 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 Statements are free of material misstatement. A review is limited primarily to inquiries of 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 has not been prepared in all material aspects in accordance with the recognition and measurement principles laid down in applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and 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.



S S KOTHARI MEHTA
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5. We draw your attention to Note 3 to the Statement, which describe the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) pandemic on the business of operations of the Company.

Our conclusion is not modified in respect of this matter.

For S S Kothari Mehta & Company

Firm Registration No. 000756N

Chartered Accountants

Yogesh K. Gupta

Partner

Membership No. 093214

UDIN: 20093214AAAACZ9748



Place: New Delhi

Dated: September 14, 2020

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& COMPANY
CHARTERED ACCOUNTANTS

Limited Review Report on Unaudited Consolidated Quarterly Financial Results of Religare Enterprises Limited

To
The Board of Directors,
Religare Enterprises Limited
New Delhi

1. We have reviewed the unaudited consolidated financial results of Religare Enterprises Limited (the 'Holding Company'), its subsidiaries/Step down subsidiaries (the Holding and its Subsidiaries hereinafter referred to as the "Group") and joint ventures for the quarter ended June 30, 2020 which are included in the accompanying "Statement of Standalone and Consolidated Audited Financial Results for the Quarter Ended June 30, 2020" (the "Statement"). The Statement is being submitted by the Holding pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"), which has been initialed by us for identification purposes.
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards 34, "Interim Financial Reporting" ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 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 Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of Holding Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. 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. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the financial results of the following entities:
 - i. Holding Company: Religare Enterprises Limited
 - ii. Subsidiaries:
 - a. Religare Finvest Limited (RFL)
 - b. Religare Broking Limited (RBL)
 - c. Religare Comtrade Limited (RCTL)
 - d. Religare Credit Advisor Private Limited (RCAL)
 - e. Religare Insurance Limited (RIL)
 - f. Religare Health Insurance Company Limited (RHICL) (Name changed to "Care Health Insurance Limited" w.e.f. August 19, 2020)
 - g. Religare Global Asset Management Inc (RGAM Inc)



- iii. Step Down Subsidiaries:
 - a. Religare Commodities Limited (RCL)
 - b. Religare Business Solutions Limited (RBSL)
 - c. Religare Advisors Limited (RAL) (Formerly known as Religare Wealth Management Limited)
 - d. Religare Housing Development Finance Corporation Limited (RHDFCL)
- iv. Joint Venture:
 - a. IBOF Investment Management Private Limited

5. Qualified Conclusion

Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 9 below, except for the effects/ possible effects of the matters described in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, has not been prepared in all material aspects in accordance with the recognition and measurement principles laid down in applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India, and 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.

6. Basis of Qualified Conclusion:

In case of RFL (a Subsidiary Company):

- i. Our Modified Audit Report dated July 24, 2020, May 20, 2019 and May 30, 2018 (first audit carried out by us) on financial statements for the year ended March 31, 2020, March 31, 2019 and March 31, 2018 respectively and;
- ii. Our report to Ministry of Company Affairs (MCA) under section 143(12) in the financial year ended March 31, 2019 (wherein we also stated that we do not have access to the intermediate borrowing companies) and;
- iii. The subsequent forensic report summarized in SEBI order dated March 14, 2019 and September 11, 2019 and in the above context, attention is invited to:
 - a) Note no. 22 (i) and (ii) of the Statement, in relation to adjustment of fixed deposits of Rs. 79,145 lakhs (excluding Rs. 2,703.39 lakhs interest accrued & due till the date of original maturity i.e. July 20, 2018) with and by the Lakshmi Vilas Bank (LVB) against the loans given to promoter group companies in the previous years continued to be under litigation at Hon'ble High Court of Delhi for declaration and recovery. However, during the year ended March 31, 2020, RFL has filed an amendment to its original application stating that appropriations of FDs by LVB was illegal as LVB had colluded and conspired with the old promoters and Ex Directors and two other entities. RFL has also filed a criminal complaint before the Economic Offences wing (EOW), Delhi. As explained, the EOW has also filed its

SS KOTHARI MEHTA
& COMPANY
CHARTERED ACCOUNTANTS

Charge Sheet against senior LVB officials in this matter and Enforcement Directorate has lodged an ECIR on the basis of FIR. Pending disposal of the case, we are unable to comment on the status of recoverability and classification of the reported balance.

- b) Note 10 and 11 of the Statement, in relation to loans given to certain companies appearing in Corporate Loan Book (CLB portfolio) aggregating to Rs 203,670 lakhs as on June 30, 2020 (Rs 203,670 lakhs as on March 31, 2020) [substantially these loans were given upto the period March 31, 2017, when we were not the auditors. Loans, so provided including given in financial year ending March 31, 2018 have been reported by us under section 143(12) of the Companies Act, 2013 as referred in point 2 (a) (i) (b) above] {Expected Credit Loss (ECL) fully provided for; no further loans have been given during the quarter ended June 30, 2020} and proceedings launched by RFL against these companies continued to be under Insolvency and Bankruptcy Code (IBC) before the Hon'ble NCLT Delhi. Most of these proceedings are stayed by the Hon'ble Supreme Court in its order dated April 5, 2019 in case of M/s Daiichi Sankyo Company Limited Versus Oscar Investments Limited & Ors.

Based on the due diligence report and the replies filed by the borrowers before the Hon'ble NCLT Delhi, the RFL had also filed a criminal complaint before the EOW, Delhi, on which a F.I.R. has been registered and is explained to be under investigation. We were also informed that the Zonal Office of Enforcement Directorate has lodged an enforcement case under the Prevention of Money Laundering Act on the basis of said FIR.

- c) Note 25 (ii) of Statements, RFL has subscribed to Non-Convertible Debentures of a corporate entity of Rs. 20,000 lakhs in December 2016 [Impairment of Rs 20,000 lakhs considered till June 30, 2020]. Due to default in making repayment of NCD to RFL, it has filed the case against the party under Insolvency and Bankruptcy Code (IBC) before the Hon'ble NCLT Kolkata, who had issued liquidation order dated October 22, 2019. RFL has also filed a criminal complaint before the EOW, Delhi and a FIR has been registered on the said complaint.

Considering the pending decision of Hon'ble High Court of Delhi in para 6 (3) (a), Hon'ble Supreme Court of India and Hon'ble NCLT Delhi in para 6 (3) (b) above and Hon'ble NCLT, Kolkata in para 6 (3) (c) above, we are unable to comment on adequacy of provision, any additional financial and legal implications on the accompanying Statement.

In case of RHDFCL (a step-down Subsidiary):

- iv. Attention is invited to Note 24 and 26 of the Statement, in relation to transaction with a trust namely "RARC 059 (RHDFCL HL) "(special purpose vehicle) wherein during the financial year 2018-19, Gross NPA of Rs. 3,038.13 lakhs were sold for a value of Rs. 2,278.60 lakhs & Trust has issued security receipts (SR) in the ratio of 85:15. As informed by RHDFCL, based on the legal opinion obtained it was a true sale. Considering that RHDFCL had derecognized NPA loan receivables and had recognized security receipts as investments in the books of



accounts. As per Ind AS-109, de-recognition of financial assets shall take place only if substantial risk and reward has been transferred. However, in the referred transaction of security receipts, RHDFCL may remain exposed to substantial risk of return. The value of the aforesaid investments as on June 30, 2020 is Rs. 1,795.15 Lakhs.

7. Material Uncertainty Related to Going Concern:

- a) We draw attention to Note No. 16 in the statements which indicates that the RFL has continued to incur losses in the current period, which has resulted in substantial erosion of its Net Worth, Negative Net Owned Fund and Capital Risk Adjusted Adequacy Ratio (CRAR).[CRAR as on March 31, 2020 is (40.82)]. Besides this, RFL has default in repayment of its obligation towards its lenders and an amount of Rs. 2,12,973.59 lakhs (Rs. 1,77,121.48 lakhs as of March 31, 2020) are overdue as on June 30, 2020 along with continuing restrictions imposed by the RBI on the RFL to carry out business indicate the existence of the material uncertainty that may cast significant doubt on the RFL's ability to continue as a going concern. However, for the reasons more fully described in the aforesaid note the accounts of the RFL have been prepared as a Going Concern. Our opinion is not modified in respect of this matter.
- b) We draw attention to Note No. 7 of the Statement, in respect of RCTL, which indicates that the RCTL's liabilities exceed the underlying assets due to continued losses and thus erosion of its Net Worth as on June 30, 2020. Besides this, RCTL has no business plans as on the reporting date indicate the existence of the material uncertainty that may cast significant doubt on the RCTL's ability to continue as a going concern. However, for the reasons more fully described in the aforesaid note including board approval of scheme of amalgamation with Holding Company, Religare Enterprises Limited (REL) & letter of comfort of excess liabilities, the accounts of RCTL have been prepared as a Going Concern.

8. Emphasis of Matter: We draw your attention to:

In case of Holding Company:

- (i) Note 3 of the Statement, which describe the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) pandemic on the business of operations of the Company.
- (ii) Note no. 2 of the Statement, in relation to non-consolidation of financials of Religare Capital Markets Limited (RCML) having the negative net-worth of Rs. 61971.95 lakhs based on last available audited accounts for the financial year ending March 31, 2017, based on management assessment of non-existence of control through voting rights and existence of significant restrictive covenants on major decision making at RCML have been imposed by the holder of the preference shares. Further, there is a contingent liability amounting to Rs. 4077.50 lakhs in the books of the REL towards uncalled capital on equity shares of RCML. We have relied on the management representation.

In case of RFL (a Subsidiary Company):

- (iii) Note 19 of the Statement, we refer to our modified audit report dated July 24, 2020, May 20, 2019 and May 30, 2018, on audited annual accounts for the financial year ended March 31, 2020, March 31, 2019 and March 31, 2018 respectively. RFL is still pursuing appropriate

**SS KOTHARI MEHTA
& COMPANY**
CHARTERED ACCOUNTANTS

legal remedies to recover the amounts due from Strategic Credit Capital Private Limited ('SCCPL') and Perpetual Credit Services Private Limited ('Perpetual') aggregating to Rs. 79,367.20 Lakhs (fully provided for from the financial year ended March 31, 2017 onwards) and expect that there will not be any obligation on RFL out of these cases.

- (iv) Note 22 (iii) of the Statement, RFL continued to carry Deferred Tax Assets amounting to Rs. 49,315.69 Lakhs as at June 30, 2020 (Rs. 49,315.69 lakhs as of March 31, 2020) considering the availability of future taxable profit against which the deductible temporary differences and unused tax losses can be utilized. We have relied on the management's assessment.

In case of RCTL (a Subsidiary Company):

- (v) The nature of operations of the RCTL may qualify under the definition of Non-Banking Finance Company (i.e NBFC) in accordance with requirements of Reserve Bank of India Act, 1934 and related regulations. However, RCTL is not required to be registered as NBFC based on legal opinion obtained by it.

In case of RAL (a Step-down Subsidiary Company):

- (vi) Note 21 of the Statement, with respect to the accounts of RAL, a step down subsidiary of the Holding Company continued to be prepared on realizable value basis for the quarter ended June 30, 2020 in view of no commercial operations for the last three previous financial years.

Our conclusion is not modified for the matters stated in paragraph 8 above.

Other Matters

9. We did not review the interim financial information of one subsidiary included in the Consolidated Unaudited financial results, whose interim financial information reflects total revenues of Rs. 36034.40 lakhs, total net profit after tax of Rs. 1933.11 lakhs and total comprehensive income of Rs. 5466.24 lakhs for the quarter ended June 30, 2020, as considered in the Consolidated Unaudited financial results. These interim financial information have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matter.



SS KOTHARI MEHTA
& COMPANY
CHARTERED ACCOUNTANTS

10. The Consolidated Unaudited financial results include the interim financial information of three subsidiaries (including step down subsidiaries) which have not been reviewed by their auditors, whose interim financial information reflects total revenues of Rs. Nil, total net loss after tax of Rs. 0.07 lakhs and total comprehensive loss of Rs. 0.25 for the quarter ended June 30, 2020 as considered in the Consolidated Unaudited financial results. The interim financial information has been furnished to us by the Holding Company's Management. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on such unreviewed/unaudited interim financial information.

Our conclusion on the Statement is not modified in respect of the above matter.

For **SS Kothari Mehta & Company**

Firm Registration No. 000756N

Chartered Accountants

Yogesh K. Gupta

Partner

Membership No. 093214

UDIN: 20093214AAAADA3803



Place: New Delhi

Date: September 14, 2020