

STRICTLY PRIVATE & CONFIDENTIAL

Bank of Baroda
Corporate Financial Services, 3rd Floor,
10/12, Mumbai Samachar Marg,
Fort, Mumbai - 400001

Date: ²⁹20 August 2019

For the Kind Attention of Mr. Kapil Bhardwaj

Grant Thornton India LLP

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Indiabulls Finance Centre,
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Dear Sir,

Forensic Review of Reliance Home Finance Limited

This letter (the "Engagement Letter") sets out the scope of services and the terms of the engagement for the above that we, Grant Thornton India LLP (the "Firm") shall be providing to **Bank of Baroda** (the "Client")

1. Introduction/Background

Reliance Home Finance Limited (hereinafter referred to as "Target" or "Company") was incorporated on 5 June 2008. The Target is based out of Mumbai and operates in the housing finance industry.

The Company provides a wide range of solutions like Home Loans including Affordable Housing Loans, Loan against Property ("LAP") and Construction Finance.

The Target had availed various kinds of fund and non-fund based facilities from various bankers (hereinafter referred to as "consortium of bankers" or "joint lenders forum" or "JLF" or "lenders") with the lead bank being Bank of Baroda ("Bank"). The Bank is now seeking to appoint the forensic auditor for review of books of accounts of the Target.

2. Scope of work

The scope of work is set out in Appendix 1 attached and forms an integral part of the Engagement Letter.

3. Timetable

The timelines for completion of this engagement will be 7 to 8 weeks from the date of commencement of the work or receipt of all data/ information. Further, please note that the above timelines are indicative and based on the assumption that all the data/ information will be available and provided to us in a timely manner.



4. Fees and Billing Schedule

The fees and the billing schedule are set out in Appendix 2 attached and form an integral part of the Engagement Letter.

5. Terms of business

This letter should be read in conjunction with the enclosed Terms of business as Appendix 3 and form an integral part of this Engagement Letter.

6. Acceptance of Terms

We shall be grateful if you would confirm our understanding of your instructions and your agreement to the terms of this Engagement Letter, including those contained in Appendices 1 to 3 attached, by signing and returning one copy of this letter.

Yours faithfully
For and on behalf of **Grant Thornton India LLP**



Samir Paranjpe
Partner

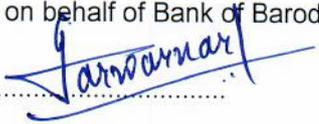
Confirmation of the Contract



I have read the Contract terms set out in Engagement Letter dated ²⁹~~20~~ August 2019 including the Terms of business. I accept the Contract terms and represent that I am authorised to do so.

Acknowledged and agreed

For and on behalf of Bank of Baroda

Signed.....


Designation Chief Manager

Date 29-08-2019

APPENDIX 1

SCOPE OF WORK

Basis our understanding and discussions, the scope of work for the period 1 April 2016 to 30 June 2019 ("Review Period") has been outlined as follows:

1. End Use of Funds:

- Identifying/ ascertaining the actual end use of funds disbursed by the Term Lenders and other working funds including CPs and any other short term funds received from various sources.
- To ascertain whether there has been any misrepresentation to the bank while carrying the necessary due diligence. Investigation of transactions involving income and expenditure, which exceeded the normal levels. Analysis of possibilities and involvement of similar / related parties in series of transactions.
- Tracing the source of contribution by promoters by analyzing equity/debt/ unsecured loans infused by promoters /partners and verifying that they were not subsequently withdrawn.
- Commenting on adherence to Escrow/ Trust and Retention Account (TRA) arrangements (if any) made with various banks. Details of all transactions with banks outside the consortium / other than nominated account.
- To examine the diversion/ siphoning of lenders' funds, if any, conducted by the promoter's /employees /associates and to gather necessary evidence, modus operandi, motive etc. To ascertain the money trail of all major transactions of investments made, unsecured loans given and major collections from loans and receivables. Establish whether any diversion of funds/embezzlement/siphoning of funds has taken place looking into the trail of money borrowed out of banks' fund.
- Identification of instances where utilization is different from stated purpose as per the facility agreements / noncompliant with the sanction terms / inconsistent with declaration and certifications provided.
- To pin point the real weakness or mala fide operations that the borrower may be engaging in without knowledge of the bank

Conclusion:

Scrutiny and analysis, of the information gathered from all the sources to map, reconstruct and understand:

- The nature of business
- Sector wise exposures and risk associated with funds invested
- Various business segments
- End Use of fund and in particular with respect to diversion, if any.
- Transaction with Related Party Companies, their shareholders
- Observations with respect to Corporate Governance and Process issues if any
- Analysis and compilation of observation

2. Disbursals:

- Review of the credit sanctions provided by the company assessing the genuineness and eligibility of the borrower, identification of deviations from approved credit policy, processes and regulatory guidelines issued by the Reserve Bank of India, National Housing Bank or any other statutory regulator, including internal policies and guidelines approved by the board;



- To try and identify fraudulent disbursement(s), deliberate omission of transaction(s) or disclosure(s), if any.
- Analysis of loan book confirming regularity in repayments from the receivables in compliance of the terms of understanding / sanction.
- Identification of transactions involving window dressing (sanction of new loans to repay an existing doubtful loan), if any.
- Verifying the quality of assets / loan book of the company and studying the underwriting / credit appraisal procedures, internal control systems and collection mechanism.
- Review of receivables including age-wise analysis of debtors, identifications of major debtors, recoverability of the debtors and commenting on the genuineness of the same.

3. Revenue & Receivables:

- Verification of Revenue from Operations including the diversification into another account.
- Compliance with regulatory guidelines on aspects of income recognition and classification of receivables.
- Review of receivables including age-wise analysis, identifications of major receivables, and recoverability of the same and commenting on the genuineness.

4. Borrowings:

- Movement of all debt / borrowing and usage of funds including onward lending.
- Classification of perpetual or working capital debt and term debt- trend with incremental source and usage including assigned portfolios for enhance liquidity.

5. Investments:

- Analysis of various investments made and their approvals, the documentation of investments is to be verified and commented upon.
- The commercial expediency and prudence of investments needs to be verified and commented upon
- Movement of Loans & Advances disbursed other than in the normal course of business and their documentations, approvals under Companies act, 2013, confirmations and commenting on genuineness of these loans the end use of loans and age/outstanding should be verified and commented upon.

6. Related Party Transactions:

- Verifying all related Party transactions documented year wise and commented upon as a separate section in the report
- Examination of Group Transactions/ inter-company transactions/ related party transactions with respect to commercial prudence, genuineness, documentation and various approvals under the Laws. Highlighting the cases of Non-compliances, Diversion of Funds, if any.
- Analysis of concentration of major transactions with related parties/group companies. Analysis of relationship in two way deals, if any, between same party – or indirect payments made.
- Related Party Transactions will cover all transactions including but not limited to expenses, loans given and taken, investments made in subsidiary, joint ventures and associates etc.



7. Accounting and Falsification of accounts:

- To examine whether accounting standards have been observed and whether there has been falsification of accounts where there are fraudulent transactions which are mere book entry and not backed by any genuine documents.
 - To view/judge wherever frauds, if any are observed, the modus operandi, the motive of the suspect and opportunity to commit fraud. Whether there is any collusion and physical and documentary evidences to substantiate it, whether there was any attempt to destroy the evidence etc.
8. Movement of Loans & Advances and their documentations, approvals under Companies act, 2013 confirmations and commenting on genuineness of these loans the end use of loans should be verified and commented upon.
9. Analyzing the minutes of Board Meetings, Audit Committee, Investment Committee, Risk Management Committee.
10. Reviewing all the statutory register required to maintained as per the Companies, Act, 2013.
11. Verification of MCA/ROC records about relevant details of the Company.





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APPENDIX 2

FEES

We endeavour to provide quality service in a timely manner and at a realistic cost. Our fees are based on the nature of the engagement and the quality of people assigned to the engagement.

The fees and the billing schedule are set out as under:

1. Our professional fees for the forensic review will be INR 36.60 Lakhs (Indian Rupees Thirty-Six Lakhs and Sixty Thousand only)
2. Invoice for our professional fees will be raised in the name of 'Reliance Home Finance Limited' and will be processed by the bank
3. Please note that in addition to the above mentioned professional fees, out of pocket expenses and statutory taxes will be charged at actuals.
4. While we would be flexible about minor variations in effort and time frame (about 5% to 10%), we would need to discuss the requirement for an increase in the above fee quote for any significant changes in effort, scope or time frame.
5. 50% of our fees is payable upon signing of the Engagement Letter / commencing the engagement and 50% of our fees is payable upon the delivery of our draft report.
6. The fees for the engagement does not include any other services such as providing corrective measures, process improvement recommendations, discussion with legal authorities, etc. and other support services for the engagement. Such services can be taken up separately based on mutually agreeable terms.



[Handwritten signature]

APPENDIX 3

TERMS OF BUSINESS

You (the "Client") have engaged us, Grant Thornton India LLP (the "Firm") to provide certain professional services (the "Engagement") as specified in the attached Engagement Letter.

These Terms of Business (the "Terms") apply to the engagement. If we have commenced work in response to a proposal to you, to which these Terms are attached, then these Terms shall continue to apply to our services. If anything in the Terms is inconsistent with the Engagement Letter, the Terms take precedence unless the Engagement Letter specifically amends or deletes a specific term or terms.

1. Applicability

- i. The Firm will perform the services in accordance with the applicable standards of professional conduct.
- ii. The Firm shall provide the services to the Client as an independent entity and not as the Client's employee, agent, partner or joint venture. Neither the Client nor the Firm has any right, power or authority to bind the other except as stated otherwise in the Engagement Letter.
- iii. The Firm may subcontract portions of the services to any other service provider, who may deal directly with the Client. Nevertheless, the Firm shall be wholly responsible to the Client for the performance of the services.
- iv. This forms the entire agreement between the parties in relation to the Engagement. It replaces any earlier terms and conditions, agreements, representations or discussions.

2. Scope of Work/Services.

It is understood and agreed that the Firm shall provide the services to the Client as set out in the Engagement Letter. Any variation/modification/amendments shall be in writing and duly executed by the authorised signatory of each Party.

3. Fees and Expenses

The Firm's fees are based on the degree of skill involved, the seniority of the staff engaged, the time necessarily spent on the engagement and the nature of the engagement.

- i. The Firm's fees are due for payment within seven (7) days on the submission of the relevant invoice.
- ii. Invoices upon which payment is not received within seven (7) days of the submission date shall accrue a late payment charge of 2% per month.
- iii. The Firm will charge the Client separately for travel expenses, photocopying charges, courier and delivery charges and all other out-of-pocket expenses reasonably incurred in connection with the engagement. International facsimile and telephone calls may be separately charged in accordance with the Firm's current charging policy.
- iv. The Firm's fees are exclusive of taxes or similar charges and the Client shall be responsible for all taxes imposed on the services.
- v. The Client undertakes to submit all the necessary information and documents, including GSTIN, site of work execution, billing location, certificate of Goods and Service Tax (GST) registration and such other documents that may be required by the Firm to adhere to statutory compliances as applicable under GST.





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law. The Firm shall not be responsible for verification of GST registration number of the Client. Any tax liability arising consequent to non-compliance of law or due to furnishing of incorrect registration number shall be borne by the Client. In the event, if the Client fails to furnish GST registration number, the Client will be treated as "unregistered". The Client acknowledges and agrees that in the event any enquiry, scrutiny, audit, assessment or any other tax proceedings are initiated against us in respect to this assignment, the Client shall fully support and co-operate with the Firm by furnishing the relevant information and documents, related to the service provided by us under this agreement.

- vi. The Firm may charge additional professional fees if events beyond the Firm's control (including the Client's acts or omissions) affect the Firm's ability to perform the services as originally planned or if the Client asks the Firm to perform additional tasks or services. If the Firm is required by applicable law, legal process or government action to produce information or personnel as witnesses with respect to the engagement, the Client shall reimburse the Firm for any professional time and expenses (including reasonable external legal costs) incurred.

4. Term

The agreement will come into effect at the moment the Client confirms the Engagement Letter (either orally or in writing or electronically) or at the moment when the work is commenced.

Unless terminated sooner in accordance with the terms of the Engagement Letter, the engagement shall terminate on the completion of the services.

The engagement may be terminated by either party at any time, with or without cause, by giving written notice to the other party of not less than thirty (30) days before the effective date of termination; provided that, in the event of a termination for cause, the party in breach shall have the right to cure the breach within the notice period. Upon termination of the engagement, the Client will compensate the Firm under the terms of the Engagement Letter for the services performed and expenses incurred for the period to the effective date of termination.

The Firm has the right, at its option, to suspend or terminate the provisions of services in the event that the Firm's invoices are not paid within the contractually agreed period.

5. Client's Responsibility

- i. The Client shall promptly provide (or cause others to provide) to the Firm, the information, resources and assistance (including access to records, systems, premises and people) that the Firm reasonably requires to perform the services and the Client has full authority to do so.
- ii. All information provided by the Client or on the Client's behalf ("Client Information") shall to the extent possible be accurate and complete and the Client shall be responsible for any infringement of copyright or other third-party rights.
- iii. The Firm may rely on the Client Information made available to the Firm and, unless the Firm expressly agrees otherwise, will have no responsibility to evaluate or verify it.

6. Use of name

In connection with any literature of an advertising or similar nature, the Firm's name shall not be used or quoted without the prior written permission of the Firm.

The Firm may use the fact of its involvement with the Client in this engagement in its credentials, proposals and publicity material subject to applicable law and professional regulations. The Client agrees to such use, as long as we do not disclose the Client's confidential information and the Firm shall, on the Client's specific request, share samples of such use.





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7. Independence

The Firm undertakes to comply with the relevant independence guidelines dictated by applicable national and international regulators at all times. In order to allow the Firm to comply with the relevant independence guidelines, the Client undertakes to inform the Firm timely, correctly and completely of the legal and control structure of the Client's business or the group to which the Client belongs, all its financial and other interests and participations, as well as all its other alliances, financial or otherwise, during the tenure of the Engagement.

8. Limitation of Liability

- i. The aggregate liability of the Firm, its partners, directors, consultants, employees, agents, affiliates and other personnel for damage shall be limited to the amount of the fees that the Firm has received in connection with the engagement. If the engagement is of a recurring nature, then the aggregate liability shall not exceed the amount received by the Firm in the immediately preceding year.
- ii. For the purposes of this engagement "damage" shall mean the aggregate of all losses or damages and costs suffered or incurred, directly or indirectly, by the Client under or in connection with the engagement or its subject matter (as the same may be amended or varied) and any report prepared pursuant to it, including as a result of breach of contract, breach of statutory duty, tort (including negligence), or other act or omission by the Firm.
- iii. The above liability will not apply to any losses, damages or costs arising from the fraud, dishonesty or gross negligence of the Firm or in respect of liabilities which cannot lawfully be limited or excluded.
- iv. It is agreed that, having regard to the Firm's interest in limiting the personal liability and exposure to litigation of its personnel, the Client will not bring any claim in respect of any damage against any of the Firm's personnel personally.
- v. Subject always to the aggregate limit of liability specified in paragraph 8(i) above, the liability of the Firm to the addressee of this letter in connection with any report or communication relating to this engagement and/or prepared pursuant to it shall be limited to the proportion of the total damage, which may justly and equitably be attributed to the Firm, after taking into account contributory negligence (if any) of the addressee.

9. Confidentiality

- i. The Firm shall not disclose any confidential information which it obtains as a result of acting for the Client to any third party other than its affiliates, directors, partners, officers, employees, personnel, agents, experts, consultants or advisors on a "need to know" basis and who are bound by appropriate confidentiality and non-disclosure obligations.
- ii. In the event that the Firm or its representatives are requested pursuant to, or required by, applicable law or regulation or by legal or administrative process to disclose any Confidential Information, or where the Firm wishes to disclose to its professional indemnity insurers or to its advisers, the Firm agrees that it will, as far as is legally and practically possible, provide the Client with prompt notice of such request or requirement in order to enable the Client to seek an appropriate protective order or other remedy. In the event that such protective order or other remedy is not obtained, the Firm or its representatives, as the case may be, shall disclose only the portion of the Confidential Information which is legally or professionally required to be disclosed.





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- iii. The Firm shall be permitted to retain copies of such Confidential Information as it is required to retain for legal or professional regulatory purposes.
- iv. Unless specifically governed by statute or regulation, the report and deliverables issued by the Firm in accordance with the Engagement Letter are strictly confidential and for use by the Client for the purpose specified in the Engagement Letter. Further the Firm shall not be responsible for the use or implementation of the output of the services. The reports and other deliverables may not be used, reproduced or circulated for any other purpose, whether in whole or in part, without the Firm's prior written consent, which consent shall only be given after full consideration of the circumstances at the time and on the understanding that the Firm owes no duty of care to any party other than the Client.

10. Electronic transmittals

During the course of our engagement, the Firm or the Client may need to electronically transmit confidential information to each other and to other entities engaged by either party. E-mail is a fast and convenient way to communicate. However, email is not a secure means of communication and, thus, confidentiality could be compromised. The Client agrees to the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between the Firm and the Client and between the Firm and outside specialists or other entities engaged by either the Firm or the Client.

11. Indemnification

The Client shall indemnify and hold harmless the Firm against all claims by third parties (contractual or in tort), threatened claims, suits, taxes, penalties, liabilities, damages, costs and expenses, suffered, incurred, arising or expended ("Claims"), directly or indirectly by reason of Firm's performance under this engagement or from having performed any services to the Client, except in the event of fraud, gross negligence, or wilful misconduct on the part of the Firm.

The indemnity obligations as set out above shall survive the termination or rescission for any reason of the contractual relationship between the Firm and the Client until the expiry of the relevant statute of limitation applicable to any claims.

12. Ownership of Books and Papers

All documents in whatever form, paper, electronic or otherwise such as (for example, but without being an exhaustive list) working papers, letters (including without limitation e-mails), memoranda, file notes of meetings and telephone calls, draft computations and returns etc. and copies of other original documents which the Firm creates or which the Firm receives either as principal or in the Firm's right or as agent for the Client belong to the Firm. For the avoidance of doubt, the Firm does not assert such ownership rights to documents such as, for example, title documents, original invoices and other original primary accounting records, tax deduction certificates etc. belonging to the Client.

13. Intellectual Property Rights

The Firm may use data, software, designs, utilities, tools, models, systems and other methodologies and know-how ("Materials") that the Firm owns or has the right to use in performing the services. Notwithstanding the delivery of any reports, the Firm retains all intellectual property rights in the Materials (including any improvements or knowledge developed while performing the services), and in any working papers compiled in connection with the services (but not Client Information reflected in them).



14. Anti-Corruption and Anti-Bribery

The Firm and the Client shall each maintain in place throughout the term of this Engagement Letter its own policies and procedures, including, but not limited to, adequate procedures to ensure compliance with applicable Anti-Corruption and Anti-Bribery Laws, and will enforce them as appropriate.

15. Money Laundering

The Firm and the Client shall each comply with applicable Money Laundering Regulations.

16. Data Protection

To enable the Firm to discharge the services agreed in this Engagement letter, comply with related legal and regulatory obligations and for other related purposes including updating and enhancing client records and analysis for management purposes, as a data controller and processor, the Firm may obtain, use, process and disclose personal data about the Client's business, its shareholders, / members / officers and personnel as described in our privacy notice. The Firm confirms when processing/controlling data on the Client's behalf that the Firm will comply with applicable data protection legislation and regulation.

The Client is also an independent controller/processor responsible for complying with data protection legislation and regulation in respect of the personal data the Client process and, accordingly where the Client discloses personal data to the Firm, the Client confirms that such disclosure is fair and lawful and otherwise does not contravene relevant requirements. Nothing within this engagement letter relieves the Client as a data controller/processor of the Client's direct responsibilities and liabilities under data protection legislation and regulation.

Data protection legislation and regulation places obligations on the Client as a data controller where the Firm acts as a data processor/controller to undertake the processing of personal data on the client's behalf. In particular, the Firm confirms that the Firm have adequate data protection and security measures in place and that the Firm will comply with any obligations equivalent to those placed on the Client as a data controller/processors.

Our privacy notice as set out in our website which explains how the Firm's process personal data in respect of the various services that the Firm's provide

17. Non- exclusivity

The parties acknowledge that the Firm shall have the right to provide consulting or other professional services of any kind or nature whatsoever to any person or entity as the Firm in its sole discretion deems appropriate.

18. Non-solicitation

Each party undertakes during the effective term of this engagement and for a period of 1 (one) year thereafter, not to solicit, hire or employ directly or indirectly any partner, director, personnel or employee of the other party who has had any involvement in the engagement except with the prior written consent of the other party. If such consent is given a fee of 15% of the individual's annual total compensation (cost to company) shall be payable to the other party.



19. Force Majeure

Neither the Client nor the Firm shall be liable for breach of any terms and conditions set out in the Engagement Letter (other than payment obligations) caused by circumstances beyond the reasonable control of the Client or the Firm.

20. Notice

Any notices, demands or consents required or permitted in accordance with the Engagement Letter and these Terms of business shall be in writing and signed by an authorised officer of the relevant party and shall be delivered either personally or sent by registered post or receipted courier addressed to the respective Party's address as stated in the Engagement Letter.

21. Variation

Variations to any of the provisions of the Engagement Letter and the Terms of business shall be void unless they are in writing and duly executed by the authorised representatives of each party.

22. Severability

If any term of the Engagement Letter or Terms of business is held to be invalid or unenforceable by any judicial, applicable law, professional regulations or other competent authority but would be valid or enforceable if some parts of the term were modified or deleted, the term in question will apply with the minimum modification or deletion necessary to make it valid and enforceable, and the other provisions in the Engagement Letter and Terms of business will be unimpaired and remain in full force and effect.

If any term of the Engagement Letter or Terms of business is not relevant or applicable for the particular engagement such terms shall be modified or deleted as necessary to make it valid and the other provisions in the Engagement Letter or Terms of business will be unimpaired and remain in full force and effect.

23. Governing Law

This Engagement Letter and Terms of business will be governed by and construed in accordance with the laws of India and be subject to the exclusive jurisdiction of the courts of New Delhi.

