RELIANCE ASSET RECONSTRUCTION

DRIVING VALUE THROUGH EXCELLENCE

Reliance Asset Reconstruction Company Limited

Annual Report 2019-20

Padma Vibhushan

Shri Dhirubhai H. Ambani

(28th December, 1932 – 6th July, 2002)

Reliance Group – Founder and Visionary

READING THROUGH...

CORPORATE OVERVIEW 3–18

STATUTORY REPORTS 19-35

FINANCIAL STATEMENTS 37-152

Disclaimer

This document contains statements about expected future events and financials of Reliance Asset Reconstruction Company Limited, which are forward looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

KEY PERFORMANCE INDICATORS

₹2,020 crore
AUM*

₹21.70 crore
PAT*

5.70%
ROA*

10.74%
ROE*

All figures as on March 31, 2020
*AUM: Assets under Management
*PAT: Profit after Tax
*ROA: Return on Assets
*ROE: Return on Equity

VISION

To be the leading player in a healthy and robust financial market-place targeted at economically beneficial resolution of NPAs, thereby contributing to the growth and development of the economy.

At Reliance Asset Reconstruction Company Limited (RARC), we are ensuring business growth and unblocking the real value of assets by leveraging intelligent and smart infrastructure capabilities, and strong digital support. Over the years, the Company has built excellence and gained strong expertise in ensuring maximum value creation by unlocking the real value of assets.

RELIANCE ASSET RECONSTRUCTION COMPANY LIMITED: AT A GLANCE

RARC is a fast-growing Securitisation and Reconstruction company, registered with the Reserve Bank of India (RBI), under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002.

Our principal business is to acquire non-performing financial assets from banks/financial institutions, manage them through restructuring, and resolve them in a timebound manner through active interventions.

As on March 31, 2020, we manage a portfolio of ₹ 2,020 crore and 3,39,108 customers across retail and SME segment. However, the portfolio concentration is high in retail segment (both secured and unsecured asset classes). We are present in all major towns and cities across the country, with a dominant retail presence in South and West.

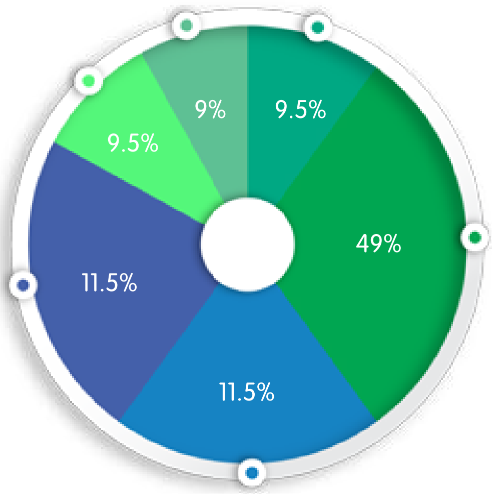
Reliance Capital Limited is our principal sponsor with 49% shareholding and has managing control through the Shareholders Agreement.

66
SPVs

31+
Number of States & Union Territories

SHAREHOLDING PATTERN

- 49% Reliance Capital Limited
- 9.5% Dacecroft Limited
- 9% GIC of India
- 9.5% Blue Ridge Group
- 11.5% Indian Bank
- 11.5% Corporation Bank*



*Pursuant to the amalgamation of Corporation Bank into Union Bank of India, it is known as "Union Bank of India", w.e.f. April 1, 2020

GEOGRAPHICAL PRESENCE

RARC has operating hubs in 7 locations and multiple SPOCs across the country to assist the Resolutions and Recovery Process

Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.

BUSINESS SEGMENTS

We follow the segment and product approach while purchasing portfolios. Our infrastructure and risk segmentation approach resonates this strategy. Our focus is to drive efficiency and customer excellence across all products within the segment.

RETAIL AND MSME BUSINESS

This is our niche segment and refers to individual consumer loan accounts with receivables up to ₹ 5 crore. Typically, these are loan accounts in the mass market segment and includes asset classes such as student loans, retail mortgages, commercial mortgages, vehicle loans, business loans, personal loans, secured term loans credit cards and other credit facilities (backed by security or otherwise).

SME BUSINESS

These are typically loans taken by borrowers for working capital limits (either term loan or overdraft) which are backed either partially or fully by collateral. We have classified this segment having receivables up to ₹ 25 crore. There is a significant credit uptick in this segment, which we have noticed historically and remain deeply interested in acquiring, managing and turning around non-performing loans to this customer segment. Loans to SMEs for business operations include asset classes such as mortgage loans, secured term loan, and loan to self-employed professionals.

CORPORATE BUSINESS

These are loan receivables above ₹ 25 crore lent to corporate and industrial houses with significantly large turnovers across manufacturing segment, power, road infrastructure, EPC, hospitals and real estate.

PRODUCT CATEGORIES

Student Loan
- Retail/MSME

Mortgage Loan
- Retail/MSME
- SME
- Corporate

Secured Term Loan
- Retail/MSME
- SME
- Corporate

Credit Cards
- Retail/MSME

Unsecured Term Loan
- Retail/MSME

Working Capital Collateralised Loan
- Corporate

Vehicle Loan
- Retail/MSME

Business Loan
- Retail/MSME

Loan to Self employed Professionals
- Retail/MSME
- SME

STRATEGIC FOCUS

Our strategic goals and objectives are based on the aspiration to enhance our efficiencies for building quality portfolios by endorsing effective acquisition strategy and smooth resolution process.

This distinction is expressed in our entrepreneurial culture, which is balanced by a strong risk management discipline, resolution-centric approach and an ability to be agile, flexible and innovative. We aim to build well-defined, value-added business focused on serving the needs of select market niches where we can compete effectively.

Our long-term strategy is to introduce unique and innovative approaches of raising fresh capital for investments at competitive rates for sustaining future acquisitions and also ensuring smooth resolutions. We will continue to explore strategic growth avenues and acquisition opportunities to further strengthen our portfolio.

HOW ARE WE DISTINCT?

CENTRE OF EXCELLENCE

- Retail resolutions are the core of our business
- Domain experts help us resolve accounts within acceptable timelines
- High level of service by being agile, flexible and innovative

SPECIALISED STRATEGY

- Serving select market niches as a focused provider of solutions
- Enhancing existing position of our business and geographies through constant growth and strategic acquisitions of portfolios

SUSTAINABLE BUSINESS

- Well-established brand
- Managing and positioning the Company for the long term
- Cost and risk conscious

SMART INFRASTRUCTURE

- Invested in robust in-house infrastructure for retail resolution
- Developed propensity models and scorecards to help prioritisation of calls by the voice agents
- Development of digital network/online modes for resolution

STRONG CULTURE

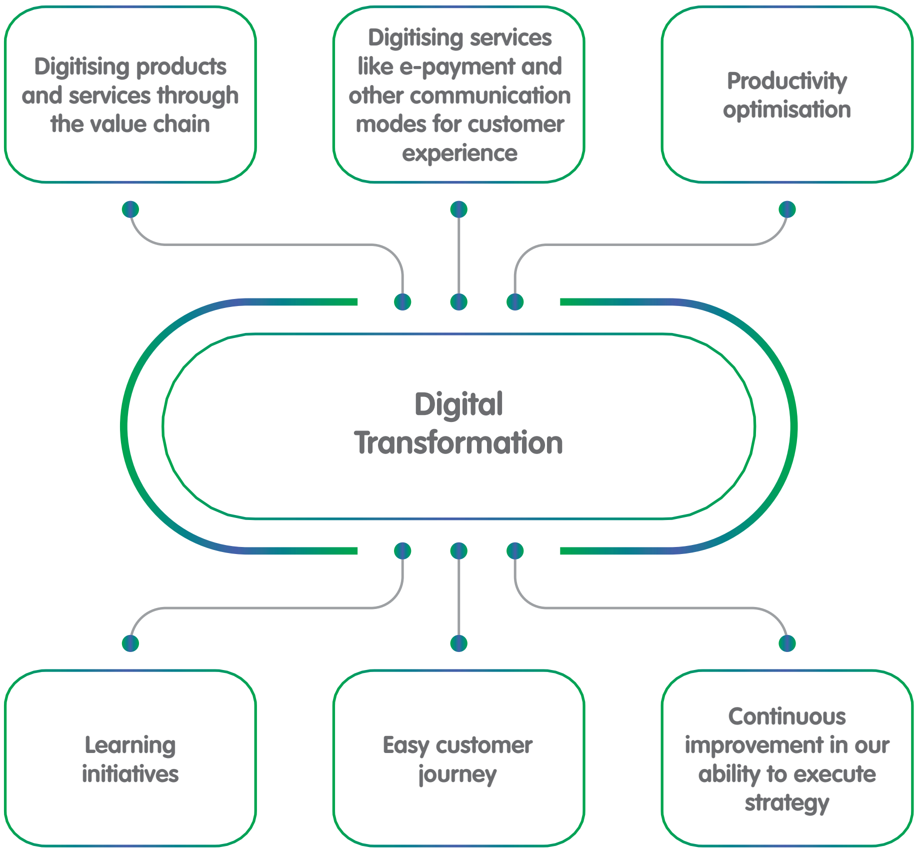
- Strong entrepreneurial culture that stimulates extraordinary performance
- Passionate and talented people who are empowered and committed
- Depth leadership
- Strong risk awareness

DIGITAL STRATEGY

Technology is both, a business enabler and a catalyst for continuous improvement in executing our strategies in a digital era.

Retail resolutions are the core of our business and our domain experts aid to deliver high level of service and resolve the acquired accounts within reasonable timelines by being agile, flexible and innovative. Our digitalisation strategy is centred on optimisation of our existing portfolios, whilst ensuring we maintain a strong resolution centric focus.

We aim to achieve this through a robust strategy, focusing on improved digital capability, end-to-end internal digitalisation, and strong connectivity into the external business ecosystem.



OPERATIONAL HIGHLIGHTS

Data enhancement and management for smooth customer communication

System advancement for quick and accurate results/output

Ease of communication process for enriched employee productivity

EXECUTIVE DIRECTOR AND CEO's MESSAGE

Our key long-term priority is to build a profitable and sustainable business with the governing principles around ethics and transparency. We regularly engage in dialogue with our shareholders and the Board and have always been taking a collective forward-looking position.

Dear Shareholders,

We have had a good financial year. We saw a lot of opportunities during the year for investing in stressed assets and diversifying into counter-parties and different asset classes. We have continued our revenue focus and speared ahead in our profit-centric approaches. This allowed us to acquire at fair values and consequently lead to higher rate of resolutions.

The ARC business is the one for the investors who are in it for the long-haul. Our business involves acquisition of the portfolios at the right price, which typically involves long drawn out negotiations with the assignor, followed by legal proceedings and implementation of various other resolution strategies. We continue to articulate that profitability and post-tax returns remain our key primacies while meeting our financial plan.

We concluded the financial year with Profit after Tax of ₹ 21.69 crore (up from ₹ 15.39 crore in 2018-19) and Return on Equity of 10.74% (up from last year's 7.99%). The Assets under Management stood at ₹ 2,020 crore backed by higher resolutions. We want to focus on strengthening our retail presence while delivering value to all our counter-parties and helping them unlock their value.

BUILDING OUR TOMORROW

We are a part of a financial conglomerate which owns 49% of the share capital and has management control over the asset reconstruction business. Our key long-term priority is to build a profitable and sustainable business with the governing principles around ethics and transparency. We regularly engage in dialogue with our shareholders and the Board and have always been taking a collective forward-looking position.

We are increasingly using analytics to help determine portfolio valuations at the time of making purchase decisions. Despite there being enough portfolios for sale in the market, we have decided to stick to our guns and invested only in portfolios which have shown profitability for the Company and met return expectations. We have a Centre of Excellence for retail resolutions wherein the strategies are brainstormed, strategised and implemented appropriate to our various heterogeneous portfolios. Our Centre of Excellence increasingly uses scientific methods and analytical tools to help implement the newly drawn-up strategies and increase cost-effectiveness and revenue generations by way of data of our 300K+ customer base. More importantly, we continue to believe in investing in our biggest assets, our Human capital and have invested in domain experts who help us resolve accounts within acceptable timelines. With the above building blocks, we continue to build towards our future.

STRESSED ASSET OUTLOOK IN INDIA

India continues to be a growing market in the field of Stressed Assets. The small number of serious players in the ARC space is a huge opportunity. Taking into account the present Black Swan Event of the pandemic of Covid-19, strategies will have to be redrawn, the projections will have to be revisited and the future will have to be reassured to all the stakeholders. Covid-19 pandemic has thrown a spanner in the works of many industries, which is bound to have a domino effect for others in the future.

In this scenario, cash is due to get dearer and industries more stressed. It is bound to steer the markets towards the Security Receipts route wherein the cash investment of the ARCs is minimal compared to the all-cash deals.

There is bound to be a larger inflow of stressed accounts in the SME/MSME space considering the effect of curb in international trades. This is bound to affect the export oriented industries who are dependent on sale of products to international customers. The global economic slow-down is bound to have far reaching effects on Indian Industry and we have to factor in the same to ride through these probable crises. The only way out of the pandemic crisis is to turn disruption to a prospect and ride the wave.

WHAT DOES THE FUTURE ENTAIL

ARC business consists of two main activities: acquisition and resolutions of acquisitions. With respect to acquisitions, in order to ride into the new world order of New Normal and the entirely novel economic scenario, we would continue to endorse our acquisition strategy, of last few years, of investing in Security Receipts based deals at value driven prices. For resolutions, we would maintain our scientific and analytical approach.

A major factor that affects our two core functions is the cost of capital. We need to introduce out of the box approaches of raising fresh capital for investments at competitive rates which would not only sustain future acquisitions but also ensure smooth resolutions. Being the only active Retail player in the market, we stand to gain if we can secure our goal post with respect to the capital availability.

CLOSING THOUGHTS

Our growth in 2019-20 reflects our business strategy that was articulated a year ago and, on the backdrop of a strong performance culture and values that have been inculcated in this decade-old organisation. We have stood true to our resolve of value-driven approach and did not hesitate to walk away from high and unrealistic valuations and price expectations of our counter-parties. We have proved our in-house resolutions infrastructure has unlocked value and been instrumental in cost-effectiveness. We are always looking out for fresh talent to strengthen our ranks and at the same time, have provided opportunities to people within the Company to grow professionally. We have completed succession planning for CEO and key one-down positions. We have proved time and again that we value our Human capital above all else and would continue to do so carrying the rich culture of RARC forward.

I would like to express my gratitude to my entire team who has worked relentlessly alongside me while creating shareholders' value. As for me, I would not lose sight of the fact that it is the continued support of our shareholders that gives me the privilege to serve in my present capacity.

Best Wishes,

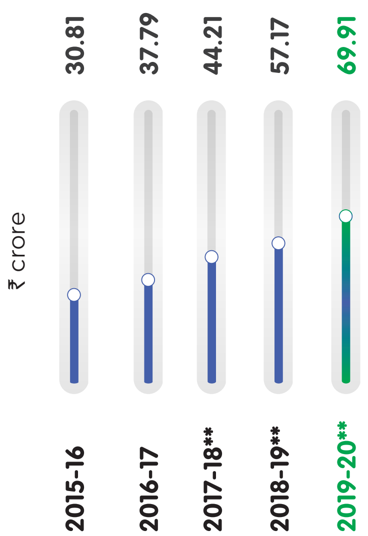
Mehul Gandhi

Executive Director & CEO

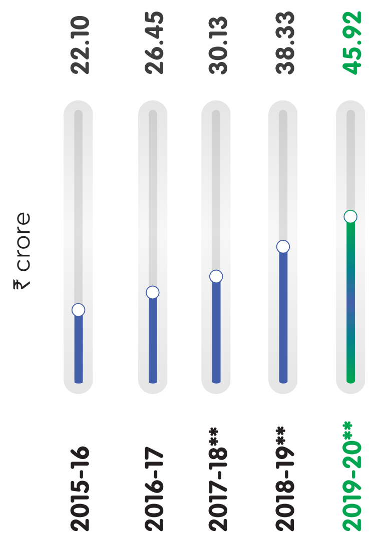
FINANCIAL HIGHLIGHTS

PROFIT & LOSS METRICS

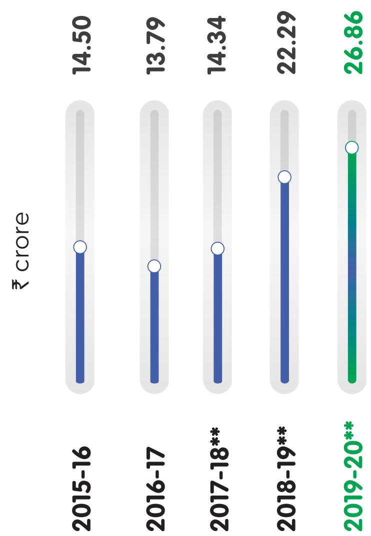
Total Revenue



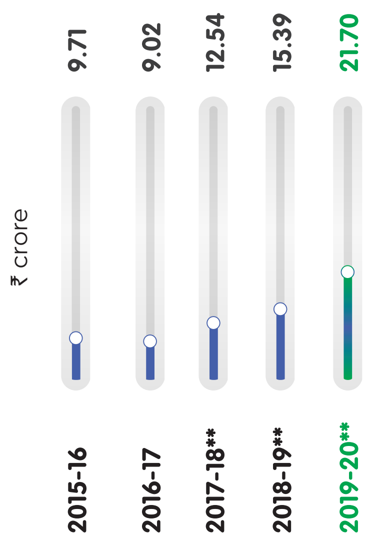
EBITDA*



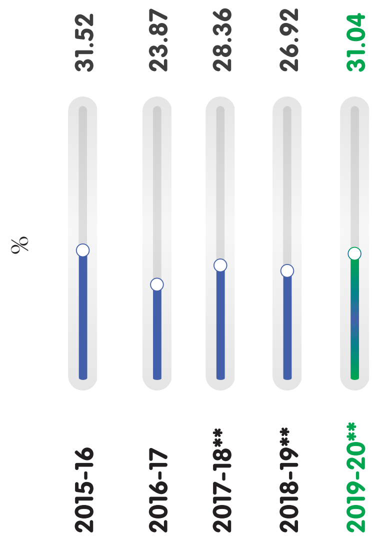
PBT*



PAT*

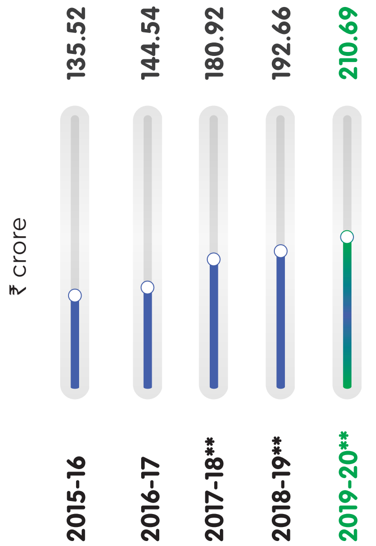


PAT* Margin

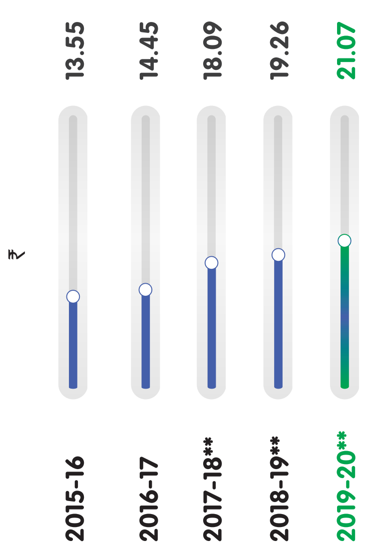


BALANCE SHEET METRICS

Net Worth

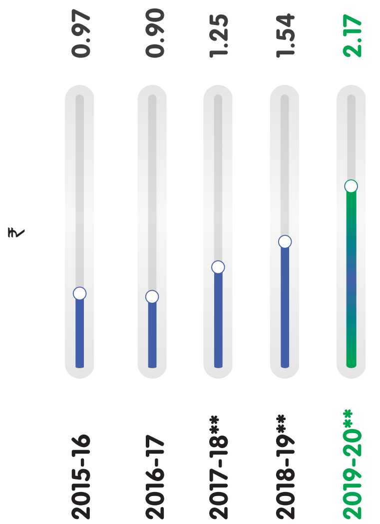


Book Value Per Share

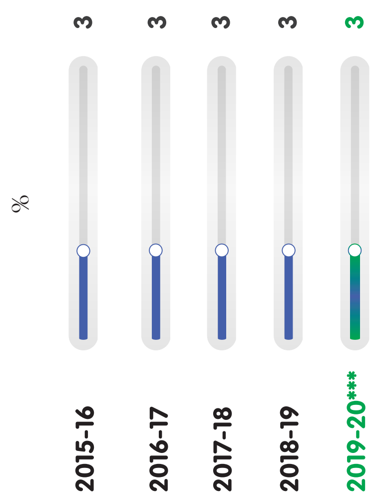


SHAREHOLDER METRICS

EPS*



Dividend Rate



*EBITDA: Earnings Before Interest Tax Depreciation and Amortisation *PBT: Profit Before Tax *PAT: Profit After Tax *EPS: Earning Per Share
From 2017-18 numbers are as per Indian Accounting Standards (Ind AS)* Proposed Dividend for FY 2019-20

BOARD OF DIRECTORS

MEHUL GANDHI

Mehul Gandhi is a Chartered Accountant and has over 17 years of rich and diverse experience in ARC industry handling Financial and Management Reporting, Business Strategy, Formulation of Policies, Operations, Compliance, Internal Controls and System Implementation. He has been working with RARC since April 2017 and was responsible for overseeing Finance, Accounts, Taxation, Budgeting, Operations and MIS for both, RARC and its Trusts, in his previous role as COO/CFO. Prior to RARC, he has worked with organisations like Edelweiss Asset Reconstruction Company India Limited as Chief Financial Officer, International Asset Reconstruction Company India (P) Ltd. and ARCIL in different roles for over 10 years.

LAV CHATURVEDI

Lav Chaturvedi is a Nominee Director (Nominee of Reliance Capital Limited) of the Company. He leads the broking & distribution business for Reliance Capital Limited (Reliance Securities Group). He has been with the Group for over a decade and has made several valuable contributions to the franchise, including obtaining the CIC approvals for Reliance Capital Limited, stake sale in our existing businesses such as Asset Management, incubating and monitoring new initiatives of the Reliance Capital group, both onshore and offshore, strategic mandates for acquisitions, working closely with regulators and Board members for robust policy, risk management framework and governance processes across businesses. He plays a key role in guiding the commodities exchange business, ICEX, which is focused on converting to a universal exchange. Prior to joining the Reliance Group, Lav Chaturvedi has worked overseas for more than a decade, managing clients, building relationship, implementing technology and financial solutions to enable business growth. He is an MBA from Syracuse University, New York. He is also a Chartered Financial Analyst from the CFA Institute, USA.

SUDARSHANA BHAT

Sudarshana Bhat is a Nominee of Union Bank of India (erstwhile Corporation Bank) on the Board of the Company. He is a seasoned banker with more than 3 decades of rich experience in Treasury, Credit, Corporate banking, various administrative and functional capacities. He is currently heading the Treasury & Investment Operations of Union Bank of India (erstwhile Corporation Bank). He started his banking career in 1986 and rose to become General Manager. Sudarshana Bhat is a post-graduate, a Certified Associate of Indian Institute of Bankers (CAIIB), an ACS (inter) and holds a Diploma in Financial Services. He has attended training programmes conducted by various reputed institutes in India and abroad.

Audit Committee

Corporate Social Responsibility Committee

Risk Management Committee

Nomination and Remuneration Committee

Investment Committee

Review Committee on Wilful Defaulters

INDEPENDENT DIRECTORS

ARUN KUMAR BANSAL

Arun Kumar Bansal commenced his career at Indian Bank in the year 1991 as an Award staff.
His qualifications include post-graduate in Commerce, Post Graduate Diploma in Banking and Finance, CAIIB and MBA in Marketing. He is also associated with FPSB as a Certified Financial Planner.
He has 29 years of experience in Corporate Banking, Retail Banking, Rural Banking and Integrated Treasury Management and is currently working with Indian Bank as a Deputy General Manager, Department Head, Treasury & International Division in Mumbai.

DR. R. B. BARMAN

Dr. R. B. Barman is the former Chairman of National Statistical Commission, and also Chairman of Technology Committee of Insolvency and Bankruptcy Board of India, Government of India. He is a Member of State Innovation and Transformation Aayog, Government of Assam. He is associated with the National Payment Corporation of India, Companies and Academic Institutions as Adviser, Director and Adjunct Faculty. Barman is former President of The Indian Econometric Society and former Vice Chairman of the Irving Fisher Committee on Central Bank Statistics, BIS, Basel. As an Executive Director of Reserve Bank of India, he left his mark on modernisation of payment system of India. Barman is a leading expert in the area of Business Intelligence.

DEENA MEHTA

Deena Mehta is a Chartered Accountant, Master's in Management Studies (Finance) and Fellow Member of Securities and Investment Institute London. She is the promoter of Asit C Mehta group of companies. She is on the Board of Reliance Asset Reconstruction Company Limited, Magma Housing Finance Limited, Fino Payments Bank Limited and Gandhar Oil Refinery (India) Limited as Independent Director. She has been former President of Stock Exchange Mumbai and has the honour of being the first woman Director on Board of BSE as well as first woman President. She is the promoter director of Central Depository Services Ltd. as well as South Asian Federation of exchanges, the association of stock exchanges of SAARC countries. She has been an invitee to International Securities Regulators Organisation, and member of Index Committee and Advisory Committee on Mutual Funds of Stock Exchange, Mumbai and a member of SEBI Committees such as Review of Eligibility (CORE) norms of SEBI, Derivative Committee, Delisting Committee, Ethics Committee and Investor Education.

TOP MANAGEMENT TEAM

MEHUL GANDHI

Executive Director & CEO

Mehul Gandhi is a Chartered Accountant and has over 17 years of rich and diverse experience in ARC industry handling Financial and Management Reporting, Business Strategy, Formulation of Policies, Operations, Compliance, Internal Controls and System Implementation. He has been working with RARC since April 2017 and was responsible for overseeing Finance, Accounts, Taxation, Budgeting, Operations and MIS for both, RARC and its Trusts, in his previous role as COO/CFO. Prior to RARC, he has worked with organisations like Edelweiss Asset Reconstruction Company India Limited as Chief Financial Officer, International Asset Reconstruction Company India (P) Ltd. and ARCIL in different roles for over 10 years.

RAKESH PANJWANI

Chief Financial Officer

Rakesh Panjwani is a Chartered Accountant with over 12 years of rich and diverse experience in ARC & other financial service industry. His expertise lies in handling Financial and Management Reporting, Direct & Indirect Tax, Formulation of Policies, Compliance, Internal Controls and System Implementation. Prior to joining RARC, Rakesh has worked with organisations like Aditya Birla ARC, International Asset Reconstruction Company, Kotak Life Insurance, Dhanlaxmi Bank and ICICI Bank at different roles.

PREETI K. CHHAPRU

Company Secretary

Preeti K. Chhapru has over 12 years of experience in the areas of corporate secretarial functions and has been associated with the RARC since 2016. She is Company Secretary and member of Institute of the Company Secretaries of India. She is a law graduate and commerce post-graduate from the University of Mumbai.

VINOD S. PAWASKAR

Head - Legal

Vinod Pawaskar is an experienced legal professional with over 30 years of experience. His expertise lies in handling legal cases, especially the Recovery Laws like SARFAESI Act, RDDB & FI Act, Negotiable Instrument Act etc. and is well acquainted with the Commercial Laws, Property Laws and Land Acquisition Laws, among others. Being Head - Legal at RARC, he is responsible for all the legal actions required in recovery of Corporate and SME accounts. Vinod holds a Bachelor's degree in Commerce as well as Law, from the University of Mumbai. Prior to joining RARC, he has worked in various expanses of law with Government of India, Department of Atomic Energy in Land Acquisition and Legal Department, on deputation with Ministry of Finance in Debt Recovery Tribunal, Mumbai and with ARC viz. ASREC (India) Ltd.

RAVIKANT ANCHAN

Head - Resolutions (Retail)

Ravikant boasts experience of over 19 years in Collections & Debt Management. He holds a certification in General Management Programme from IIM, Lucknow. Prior to RARC, he has served organisations like Yes Bank, Capital First, Serco BPO, Cholamandalam DBS, ICICI Bank and Kotak Mahindra Bank.

AWARDS AND ACCOLADES

ABP NEWS PRESENTS BFSI AWARDS

BEST ASSET RECONSTRUCTION COMPANY OF THE YEAR

DIRECTORS' REPORT

Dear Shareowners,

Your Directors have pleasure in presenting the 14th Annual Report and the audited financial statement for the financial year ended March 31, 2020.

Financial Performance and State of Company's Affairs

The standalone performance of the Company for the financial year ended March 31, 2020 is summarised below:

(₹ in crore)

Particulars	Financial Year ended March 31, 2020	*Financial Year ended March 31, 2019
Total revenue	69.91	57.17
Profit before tax	26.86	22.29
Less: tax expense	(5.17)	(6.90)
Profit after tax	21.69	15.39
Other Comprehensive Income/ (Loss)	(0.03)	(0.04)
Total Comprehensive Income	21.66	15.35

*Figures of previous year have been regrouped and reclassified, wherever necessary.

Financial Performance

The Company's Asset Under Management (AUM) as on March 31, 2020 decreased to ₹ 2020 crore from ₹ 2114 crore in the previous year. The gross income of the Company for the financial year ended March 31, 2020 increased by 22% to ₹ 69.91 crore from ₹ 57.17 crore in the previous year.

The net profit for the year has increased by 41% to ₹ 21.69 crore from ₹ 15.39 crore in the previous year.

Dividend

Your Directors have recommended a dividend of ₹ 0.30 (3%) per equity share of ₹ 10 each aggregating to ₹ 3 crore for the financial year ended March 31, 2020, which if approved at the ensuing 14th Annual General Meeting (AGM) will be paid to all those equity shareholders whose name appear in register of members as on the date of AGM.

Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of this Annual Report.

Capital Adequacy Ratio

Your Company's Capital to Risk Assets Ratio (CRAR) stood at 54% (previous year 53%) calculated as per the Reserve Bank of guidelines. Your Company has adequate assets to leverage the existing capital for higher levels of borrowings.

However, since the cash flows of the business are unpredictable, the Company has adopted conservative approach with regards to external borrowings.

Deposits

The Company has neither accepted nor renewed any deposits during the year.

Particulars of Loans, Guarantees or Investments

During the year under review, the Company has not advanced any loans / given guarantees / made investments.

Subsidiary, Joint Venture and Associate Companies

The Company does not have any subsidiary, joint venture and associate companies.

Standalone and Consolidated Financial Statement

The Audited Financial Statement of the Company drawn up, both on the Standalone and Consolidated basis, for the financial year ended March 31, 2020, are in accordance with the requirements of the Companies (Indian Accounting Standards) Rules, 2015 "Ind AS Rules" prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with the relevant rules and other accounting principles.

Directors

The Company has received declaration from all the Independent Directors of the Company confirming that they meet the criteria of Independence as prescribed in the Act.

Mr. Mehul Gandhi was appointed as an Executive Director & CEO of the Company and his appointment was approved by the Reserve Bank of India on December 18, 2019. Mr. Sudarshana Bhat was appointed as Nominee of Corporation Bank in place of Mr. V. Muthukrishnan and his appointment

Directors' Report (Contd.)

was approved by the Reserve Bank of India on August 20, 2019. Mr. Ravindra S. Rao, ceased as an Executive Director & CEO of the Company w.e.f. October 22, 2019. Mr. Sujal Shah, Independent Director of the Company had tendered his resignation w.e.f. July 25, 2019. The Board places on record appreciation for the assistance and guidance provided by Mr. Sujal Shah, Mr. Ravindra S. Rao and Mr. V. Muthukrishnan, during their tenure as Directors of the Company.

In terms of the provisions of the Companies Act, 2013, Mr. Lav Chaturvedi, Director of the Company, retires by rotation and being eligible, offers himself for re- appointment at the ensuing AGM.

The Company has received notices under Section 160 of the Act from a member proposing their candidature for the office of Director of the Company, liable to retire by rotation.

Key Managerial Personnel

Mr. Mehul Gandhi former Chief Financial Officer of the Company was elevated to the position of Executive Director & CEO with effect from December 18, 2019 and Mr. Rakesh Panjwani was appointed as Chief Financial Officer of the Company with effect from February 5, 2020.

Evaluation of Directors, Board and Committees

The Nomination and Remuneration Committee of the Company has devised a policy for performance evaluation of the individual directors, Board and its Committees, which includes criteria for performance evaluation.

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, its committees and individual directors. The Board performance was evaluated based on inputs received from all the Directors after considering criteria such as Board composition and structure, effectiveness of Board and information provided to the Board, etc. the performance of the committees was evaluated by the Board of Directors based on inputs received from all committee members after considering criteria such as composition and structure of the committees, effectiveness of the Committee meetings, etc. A separate meeting of the Independent Directors was also held for the evaluation of the performance of non-independent Directors, performance of the Board as a whole.

Directors are chosen by applying fit and proper criteria based on the Reserve Bank of India guidelines and Directors' appointment has received the Reserve Bank of India Permission.

Policy on Appointment and Remuneration for Directors, Key Managerial Personnel and Senior Management Employees

The Nomination and Remuneration Committee of the Board has devised a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Employees and their Remuneration. The Committee has formulated the criteria for determining qualifications, positive attributes and independence of a Director, which has been put up on Company's website at https:// www.rarcl.com. The policy on the above is attached as Annexure - A.

Directors' Responsibility Statement

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirm that:

i. In the preparation of the annual financial statement for the financial year ended March 31, 2020, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;

ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;

iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The Directors had prepared the annual financial statements for the financial year ended March 31, 2020 on a 'going concern' basis;

v. The Directors had laid down proper internal financial controls to be followed by the Company and such financial controls are adequate and are operating effectively; and

vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Directors' Report (Contd.)

Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered into/ by the Company during the financial year under review with related parties were on an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions which could have a potential conflict with the interest of the Company at large.

All related party transactions were placed before the Audit Committee and also the Board for its approval. Prior omnibus approval of the Audit Committee was obtained for the transactions which were repetitive in nature. The transactions entered into pursuant to the omnibus approval so granted were reviewed and statement giving details of the all related party transactions were placed before the Audit Committee and the Board of Directors on a quarterly basis.

Your Directors draw attention of the members to Note No. 2.38 to the Financial Statement which sets out related party disclosures.

Material Changes and Commitments, if Any, Affecting the Financial Position of the Company

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report.

Meetings of the Board

A calendar of Meetings is prepared and circulated in advance to the Directors. During the financial year, five Board Meetings were held on April 22, 2019, June 20, 2019, July 22, 2019, October 22, 2019 and January 20, 2020.

Audit Committee

The Audit Committee of the Board consists of Independent Directors namely Ms. Deena Mehta, Dr. R. B. Barman, Non-Independent and non-executive Director namely Mr. Lav Chaturvedi as members. During the year, four Audit Committee Meetings were held on April 22, 2019, July 22, 2019, October 22, 2019 and January 20, 2020. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

Nomination and Remuneration Committee

The terms of reference of Nomination and Remuneration Committee are in accordance with the provisions of the Act, as amended from time to time. The Nomination and Remuneration Committee consist of Dr. R. B. Barman, Ms. Deena Mehta, Independent Directors and Non-Independent and non-executive Director namely Mr. Lav Chaturvedi as members.

Corporate Governance

The Company had adopted Corporate Governance as practiced by your Company translates into being fair, transparent, following sound and straightforward business principles, fulfilling its duties to the various stakeholders, and most importantly, making integrity an article of faith across all its operations.

Your Company's corporate governance framework is based on an effective independent Board, the separation of the Board's supervisory role from the Management and the constitution of Board committees comprising a majority of Independent Directors to overview critical areas and functions.

The Company has constituted various committees of the Board namely Audit Committee, Investment Committee, Risk Management Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee and Review Committee for declaration of Wilful Defaulters (RCWD).

Auditors and Auditors' Report

M/s. Pathak H.D. & Associates LLP, Chartered Accountants were appointed as Auditors of the Company, for a term of 5 (five) consecutive years, at the Annual General Meeting of the Company held on May 29, 2017. They have confirmed that they are not disqualified under Section 141 of the Companies Act, 2013 from continuing as Auditors of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed Aashish K. Bhatt & Associates, Practicing Company Secretaries, to undertake the Secretarial Audit of the Company. The Audit Report of the Secretarial Auditor is attached as Annexure - B.

Directors' Report (Contd.)

Secretarial Standards

During the year under review, the Company has complied with the applicable Secretarial Standards issued by the Institute of the Company Secretaries of India.

Annual Return

As required under Section 134(3) (a) of the Act, the Annual Return for the financial year 2018-2019 and 2019-2020 is put up on the Company's website and can be accessed at https://www.rarcl.com/investors.aspx.

Particulars of Employees and Related Disclosures

In terms of the provisions of Section 197(12) of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report, which forms part of this Report.

Disclosures relating to remuneration and other details as required under Section 197 (12) of the Act, read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, are also provided in the Annual Report, which forms part of this report.

However, having regard to the provisions of the first proviso to Section 136 (1) of the Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and other entities thereto. The said information is available for inspection upto the date of the Meeting. Any member interested in obtaining the same may write to the Company Secretary and the same will be furnished on request.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The Company is an Asset Reconstruction Company and does not involve in any manufacturing activity, most of the information of the Company as required under Section 134(3) (m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 are not applicable. However, the information as applicable has been given in Annexure – C forming part of this Report.

Ombudspersons & Whistle Blower (Vigil mechanism)

The Company has formulated an Ombudspersons & Whistle Blower (Vigil mechanism) Policy, to address the genuine concerns, if any, of the Directors and employees. The policy has been overseen by the Audit Committee. No person has been denied of direct access to the chairperson of the Audit Committee. The policy can also be accessed on the Company's website.

Risk Management

The Company has laid down a Risk Management Policy, defining Risk profiles involving Strategic Technological, Operational, Financial, Organisational, Legal and Regulatory risks within a well-defined framework. The Risk Management Policy acts as an enabler of growth for the Company by helping its businesses to identify the inherent risks, asses, evaluate and monitor these risks continuously and undertake effective steps to manage these risks.

The Risk Management Committee consisting of Ms. Deena Mehta, Mr. Mehul Gandhi and Mr. Lav Chaturvedi as member, periodically reviews the robustness of the Risk Management Policy. The periodical update on the risk management practices and mitigation plan of the Company are presented to the Audit Committee and Board of Directors. The Audit Committee and Board periodically review such updates and findings and suggest areas where internal controls and risk management practices can be improved.

Compliance with Provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to uphold and maintain the dignity of woman employees and it has in place a policy which provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. During the year no such complaints were received.

The Company has also constituted an Internal Complaints Committee, under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

Maintenance of Cost Records

The Central Government has not specified maintenance of cost records, for any of the products of the Company under Section 148(1) of the Act.

Corporate Social Responsibility

The Company has constituted Corporate Social Responsibility Committee in compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Corporate Social Responsibility Committee

Directors' Report (Contd.)

has formulated a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company. The CSR policy may be accessed on the Company's website at https://www.rarcl.com/PDF/Group_CSR_Policy_Document.pdf

The CSR Committee consists of Ms. Deena Mehta, Dr. R. B. Barman and Mr. Lav Chaturvedi as members. The disclosures with respect to CSR activities is given in Annexure - D.

Order, if Any, Passed by Regulator or Courts or Tribunals

No order have been passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations.

Internal Financial Controls and their Adequacy

The Company has in place adequate internal financial controls across the organisation. The same is subject to review periodically by the internal audit cell for its effectiveness. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

Acknowledgements

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from shareholders, debenture holders, debenture trustees, bankers, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all the executives, officers and staff, resulting in the successful performance of the Company during the year.

For and on behalf of the Board of Directors

Mr. Mehul Gandhi	**Mr. Lav Chaturvedi**
Executive Director & CEO	**Director**
DIN – 08584229	**DIN - 02859336**

Mumbai
July 22, 2020

Policy on appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Employees

1. Introduction

1.1 Reliance Asset Reconstruction Company Limited considers human resources as its invaluable assets of the Company. The policy aims to harmonise the aspirations of the directors / employees with the goals of the Company.

1.2 Human capital is a strategic source of value creation.

As part of progressive HR Philosophy, it is necessary to have in place a comprehensive Compensation Policy, which is in line with the industry trend and is employee friendly.

2. Objectives

2.1 Ensuring that the quantum and composition of remuneration is reasonable and sufficient to attract, retain and motivate employees, to run the Company successfully.

2.2 Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.

2.3 Ensure that annual compensation review considers industry / business outlook and strategies adopted by industry peers, differentiates employees based on their performance/ skill sets and also protects employees, particularly those in junior cadre, against inflationary pressures.

2.4 Retention of high performers at all levels and those playing critical roles.

3. Scope

The Board has constituted the "Nomination and Remuneration Committee" in line with the requirements under the provisions of the Companies Act, 2013. This Policy sets out the broad guiding principles for the Committee for recommending to the Board for the appointment and remuneration of the directors, key managerial personnel, Senior managerial personnel of the Company.

4. Definitions

4.1 "Director" means a director appointed to the Board of the Company.

4.2 "Key Managerial Personnel" means

(i) the Chief Executive Officer or the Managing Director or the Manager;

(ii) the Company Secretary;

(iii) the Whole-time Director;

(iv) the Chief Financial Officer; and

(v) such other officer as may be prescribed under the Companies Act, 2013.

4.3 "Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, if any.

5. Policy

5.1. Appointment of directors / key managerial / senior management personnel.

The Nomination and Remuneration Committee, inter alia, considers qualifications, positive attributes, areas of expertise and number of Directorships and Memberships held in various committees of other companies by such persons for selection. The Board considers the recommendation of the Committee and takes appropriate decision. The Company also considers the requirement of skills and effectiveness of persons contributing to the Company's business and policy decisions.

5.2 Remuneration to directors/ key managerial personnel

5.2.1 The remuneration of the Directors/ Managing Directors/ Whole-time Directors and Managers etc. will be governed as per provisions contained in the Companies Act, 2013 and rules made therein from time to time.

5.2.2 Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof as

Directors' Report (Contd.)

approved by the Board of Directors from time to time. The Non-Executive Directors shall also be entitled to profit related Commission, if approved by the Board, in addition to the sitting fees.

5.2.3 The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Directors, Key Managerial Personnel, Senior Management Personnel of the Company within the overall limits, if any, approved by the shareholders.

5.2.4 The remuneration structure shall include the following components:

(i) Basic Pay

(ii) Perquisites and Allowances

(iii) Stock Options, if any.

(iv) Commission (Applicable in case of Executive Directors / Directors)

(v) Retiral Benefits

(vi) Performance Linked Incentives

5.2.5 The Annual Plan, Objectives, financial results of the Company shall be reviewed by the Nomination and Remuneration Committee and performance incentives, increment, revision in remuneration etc. will be proposed based on the achievements.

5.3 Remuneration to other employees

Employees shall be assigned grades/ bands according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organisation. Individual remuneration shall be determined within the appropriate grades/ bands and shall be based on various factors such as job profile, skill sets, seniority, experience, performance and prevailing remuneration levels for equivalent jobs.

6. Retention Features as part of Compensation Package

Based on the organisational need for retaining performing employees and those in critical roles, certain retention features may be rolled out as part of the overall compensation package. These may take form of Retention Bonuses (RBs); Special Monetary Programs (SMPs), Long- term Incentives (LTIs), Employee Stock Options, Phantom Stock Options, etc.

7. Modification and Amendment

The policy is subject to modification, amendment and alterations by the management at any time without assigning any reasons.

Form No. MR-3
Secretarial Audit Report
For the financial year ended March 31, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Reliance Asset Reconstruction Company Limited,

Reliance Centre, North Wing, 6th Floor,

Off Western Express Highway,

Santacruz, Mumbai – 400055.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by **Reliance Asset Reconstruction Company Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the financial year ended March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, for the financial year ended on March 31, 2020, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder for compliance in respect of Foreign Direct Investment. No Overseas Direct Investment and External Commercial Borrowings are pursued;

v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act,1992 ('SEBI Act'):-

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 – Not Applicable;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 except for regulation 8(2) as only Debt Securities of the Company are listed in the stock market;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – Not Applicable;

   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 – Not Applicable;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client – Not Applicable;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Not Applicable;

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – Not Applicable;

I have also examined compliances with applicable clauses of the following:

i. Secretarial Standards issued by the Institute of the Company Secretaries of India pertaining to the general Meetings, Board of Directors and Committee Meetings viz. Audit Committee, Nomination and Remuneration

Directors' Report (Contd.)

Committee (NRC) and Corporate Social Responsibility (CSR) Committee.

ii. The Listing Agreements entered into by the Company with BSE Limited for listing its Non – Convertible Debentures. However, the Equity shares are not listed.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. and the Company is in the process of filing form BEN-2, with the Registrar of Companies (ROC).

I further report that, based on the compliance mechanism established by the Company which has been verified on test-check basis and compliance report submitted to and taken on record by the Board of Directors of the Company, we are of the opinion that the Company has complied with the following laws applicable specifically to the Company:

a) Reserve Bank of India Act, 1934 and its circulars, Master circulars, notifications etc. pertaining to Securitization Companies.

b) The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

c) The Securitization Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003.

d) The Security Interest (Enforcement) Rules, 2002

On account of pandemic "COVID 2019" and nationwide lockdown imposed by governments, the audit process has been modified, wherein certain documents /records etc. were verified in electronic mode, and have relied on the representations received from the Company for its accuracy and authenticity.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice, agenda and detailed notes have been given to all Directors to schedule the Board Meetings at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions at Board and Committee meetings are carried out and recorded in the minutes of the Board of Directors and Committee(s) of the Board accordingly.

I have relied on the representation made by the Company and further report that there are adequate systems and processes in the Company commensurate with its size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the Company has undertaken event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

(i) Appointment and Cessation of Nominee Directors;

(ii) Appointment and Resignation of Chief Executive Officers

(iii) Appointment and Resignation of Whole Time Directors;

(iv) Declaration and payment of dividend;

(v) Resignation of Independent Director;

(vi) Appointment and Resignation of Chief Financial Officer;

(vii) Reconstitution of Board and its various committees;

(viii) Approval for Private Placement of Non-Convertible Debentures and / or other Debt Securities by member of the Company;

For **Aashish K. Bhatt & Associates**
Company Secretaries
(ICSI Unique Code S2008MH100200)

Aashish Bhatt
Proprietor
UDIN: A019639B000183651
ACS No.: 19639
COP No.: 7023

Date: April 28, 2020
Place: Mumbai

Annexure – C

Disclosure under Section 134 (3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014

(a) Conservation of Energy:

the steps taken or impact on conservation of energy the steps taken by the Company for utilising alternate sources of energy the capital investment on energy conservation equipments	The Company requires energy for its operations and the Company is making all efforts to conserve energy by monitoring energy costs and periodically reviews of the consumption of energy. It also takes appropriate steps to reduce the consumption through efficiency in usage and timely maintenance / installation / upgradation of energy saving devices.

(b) Technology Absorption, Adoption and Innovation:

(i) The efforts made towards technology absorption (ii) The benefits derived like product improvement, cost reduction, product development or import substitution (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) (a) The details of technology imported (b) The year of import (c) Whether technology been fully absorbed? (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	The Company uses latest technology and equipments into the business. Further, the Company is not engaged in any manufacturing activities.
(iv) The expenditure incurred on Research and Development	The Company has not spent any amount towards research and developmental activities and has been active in harnessing and tapping the latest and the best technology in the industry.

(c) Total Foreign Exchange Earnings and Used:

a.	Total Foreign Exchange earned	:	Nil
b.	Total Foreign Exchange outgo	:	₹ 0.08 crore

Directors' Report (Contd.)

Annexure – D

Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2019-2020

1. **A Brief Outline of the Company's CSR Policy, Including Overview of Projects or Programmes Proposed to be Undertaken and a Reference to the Web-Link to the CSR Policy and Projects or Programmes:**

   The Company has a robust CSR Policy at group level. As per the said policy, all our efforts are focused towards two goals: building a great enterprise for the stakeholders and a great future for our country.

   Our approach is to interweave social responsibility into the Company's mainstream business functions through translating commitments into policies, which not only drive all employees but influence and mobilise stakeholders, especially partners and suppliers, to embrace responsible business practices in their respective spheres of action. The policy affirms business objectives and strategy along with our commitment to preserve natural resources and augment the growth and development of employees and families, the communities we operate in, suppliers/vendors, and our investors. Through the social policy manual, the Company seeks to engage with all the stakeholders, using it as a reference or guideline for all stakeholders and practitioners. Our CSR policy is placed on our website at the link http://www.rarcl.com

2. **The Composition of the CSR Committee:**

   Ms. Deena Mehta (Independent Director)

   Dr. R. B. Barman (Independent Director)

   Mr. Lav Chaturvedi (Non-Independent Director)

3. **Average Net Profit of the Company for Last Three Financial Years:**

   Average net profit of ₹ 16.76 crore.

4. **Prescribed CSR Expenditure (Two Percent of the Amount as in Item 3 Above):**

   The Company is required to spend ₹ 0.34 crore towards CSR.

5. **Details of CSR Spent During the Financial Year:**

   a. Total amount spent for the financial year :- ₹ 0.34 crore

   b. Amount unspent, if any :- NA

   c. Manner in which the amount spent during the financial year is detailed below:

(₹ in crore)

1.	2.	3.	4.	5.	6.	7.	8.
Sr. No.	**CSR Projects or activity identified**	**Sector in which the project is covered**	**Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken**	**Amount Outlay (budget) Project or Programs wise**	**Amount Spent on the project or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads.**	**Cumulative Expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
1.	Oncology Centres	Health Care	Maharashtra	0.34	0.34	1.61	Through a non-profit centre via Mandke Foundation specialised in the provisions of health care.
Total				**0.34**	**0.34**	**1.61**	

Directors' Report (Contd.)

6. **In Case the Company has Failed to Spend the Two Percent of the Average Net Profit of the Last Three Financial Years or Any Part Thereof, the Company Shall Provide the Reasons for Not Spending the Amount in its Board Report.**

   Not applicable.

7. **A Responsibility Statement of the CSR Committee that the Implementation and Monitoring of CSR Policy, is in Compliance with CSR Objectives and Policy of the Company.**

   The implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR objectives and policy of the Company.

	Mr. Mehul Gandhi	**Ms. Deena Mehta**
April 27, 2020	**Executive Director & CEO**	**Member, CSR Committee**
Mumbai	**DIN - 08584229**	**DIN – 00168992**

MANAGEMENT DISCUSSION AND ANALYSIS

Forward Looking Statements

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, based on any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operation include determination of tariff and such other charges and levies by the regulatory authority changes in government regulations, tax laws, economic developments within the country and such other factors globally.

The financial statement are prepared under historical cost convention on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act and comply with the Accounting Standards notified under Section 133 of the Act. The management of Reliance Asset Reconstruction Company Limited ("Reliance ARC" or "RARC" or "the Company") has used estimates and judgements relating to the financial statement on a prudent and reasonable basis, in order that the financial statement reflect in a true and fair manner, the state of affairs and profit of the year.

Unless otherwise specified on the context otherwise requires, all references herein to "we", "us", "our", "the Company", "RARC" or "Reliance ARC" are to Reliance Asset Reconstruction Company Limited.

Macroeconomic Environment

The Covid-19 pandemic has uniquely created a demand-supply and market shock. The market was well in a precarious position in the year 2019, the pandemic crisis has forced the countries of the world to further slow-down their manufacturing and trading activity hence further pushing the 2020 economy in slow gear.

The slowdown in Chinese economy has indicated lower PMI Index (Purchasing Managers' Index) below 50 showing recessionary conditions.

The Covid-19 is also to have a substantial impact on the Indian economy.

As per various statistical reports, India's real GDP for Q3 FY20 is expected to be its lowest in the last 6 years, the Covid-19 crisis is further expected to slow down the economy.

Oil Pricing: Price wars between large players coupled with slowdown in world economy have led to sharp drop in Oil prices auguring well for Indian Economy which is majorly dependent on imports for domestic consumption. Though the effect has been positive for the Indian Fiscal balance, the same is not enough in the face of global economic standstill put in place due to the pandemic.

Steps taken by the Government to contain its spread such as recent lock-down have brought the economy to a standstill impacting both investment and consumption. Lower dependence on the import goods for most sectors may help insulate them from supply scarcity however, the exports to Covid-19 hit countries is expected to take a hit. In a nutshell, three major contributors of GDP, i.e. Consumption, Investment and External Trade are expected to take a hit.

Bad loans put up for sale had few takers in March, a traditionally busy month for such deals, with just about a third of the assets drawing bids in a market virtually shut down by the Covid-19 pandemic. NPA auctions for sale to ARCs marked a sharp deceleration due to increased preference for 100% cash deals as provisioning requirement continued even after the account was transferred to ARCs on SR basis.

The Reserve Bank of India has advised Banks and NBFCs to offer moratorium for borrowers upto three months, upto June 20 in the face of pandemic though the decision has been left to them. All these factors would have an impact on the ARC business in the near future. The liquidity concerns and global economic standstill would mark a paradigm shift in ARC strategy for business.

The non-cash mediums of investments, i.e. Security Receipts route are expected to gain interest.

2020 Outlook

The Indian economy is expected to have a far-reaching effect of the Covid-19 pandemic coupled with the already present slow-down in the economy. The Q4 FY20 is expected to fall in the event of the pandemic.

High provision coverage ratio and treasury income may cushion the banks for the last quarter of FY20. Banks are expected to show good volumes and lower provisions (in the effect of higher provision ratios) compared to last year.

The ARC business is also expected to be affected by the slowdown in the economy. Security Receipts (SRs) should help revive the bad loan business versus all Cash Deals. The momentum on the distressed assets resolution should continue once the lockdowns and moratorium end. While bad loan transactions would continue, the velocity of all cash financial assets purchase transactions by ARCs may reduce considerably due to liquidity and valuation issues. Gross NPA

Management Discussion and Analysis (Contd.)

for the year is expected to rise from 9.3% in December FY19 to 9.6%-9.9% on the back of the Covid-19 pandemic.

Regulatory changes in the last decade, starting with limiting banks' investments in junior Security Receipts and increasing ARC investments in SRs to 15% from 5% were meant to address the alignment of interest with primary SR investors, who were typically banks holding debt in their books. Cash deals will reduce the need for ARCs that are backed by large groups with strong capital commitment, capable to evaluate transactions using group synergies and ability to find equity investors would be able to evolve their models in the near to medium term. IBC and regulatory norms will continue to be key drivers for an evolving ARC business model.

Activities of the Company

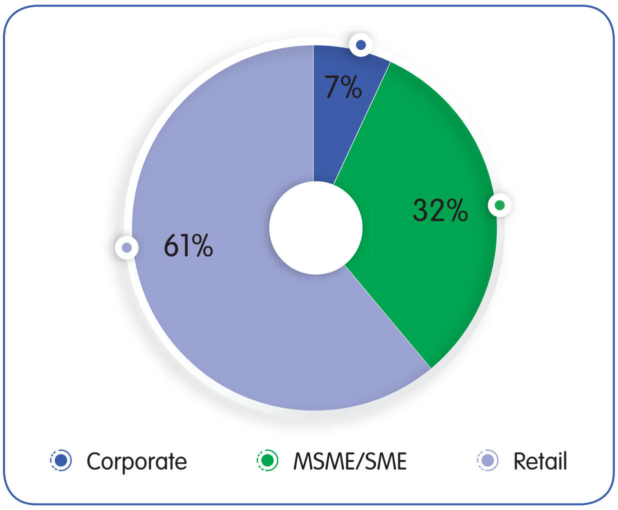
The main activities of your Company are buying of Stressed Assets from Banks and Non-Banking Financial Companies, managing them and resolving them in a manner that would maximise returns to the investors and shareholders. The company does not undertake any restructuring activities and does not give any bridge loans to stressed companies for turn around their financials.

The Assets Under Management (AUM) at ₹ 2,020 crore as on March 31, 2020. The total receivables from these portfolios was ₹ 4,694 crore. Your Company deployed ₹ 18 crore for these investments in the financial year ended March 31, 2020.

One deal was acquired under 20:80 structure and another was done 100% by your Company. There have been some deals where there were valuation mismatches as far as the acquisition price set by the banks during the auction process were higher as compared to the underlined collateral.

The weighted average trusteeship fee was 1.87% (as compared to the previous year of 1.6%). The weighted average rate has been increased due to lower redemptions of SRs in current financial year.

The Segment Wise Break-Up of the AUM is Provided as Under:



Overview of Financial Performance

The following chart is the comparison between the performance of key indicators between the financial year ended on March 31, 2020 and financial year ended on March 31, 2019:

Particulars	Financial Year ended on March 31, 2020	Financial Year ended on March 31, 2019	% change
Total Income (₹ In crore)	69.91	57.17	22
Total Expenses (₹ In crore)	43.04	34.88	23
EBITDA (₹ In crore)	45.92	38.33	20
PBT (₹ In crore)	26.86	22.29	21
PAT (₹ In crore)	21.69	15.39	41
Shareholder's Funds (₹ In crore)	211	193	9
Return on Assets (in %)	5.70	3.92	45
Return on Equity (in %)	10.74	7.99	34
Customer count (in Number)	3,39,108	2,96,765	14
Acquisitions (₹ In crore)	70.06	428	(84)
Resolutions (₹ In crore)	257	271	(5)
Assets Under Management (₹ In crore)	2020	2,114	(4)
Own Investments (₹ In crore)	305	313	(3)
Borrowing (₹ In crore)	135	169	(20)

Management Discussion and Analysis (Contd.)

Revenue per employee gone up from ₹ 1.63 crore to ₹ 2.06 crore, expense per employee has increased to ₹ 1.17 crore from ₹ 1.01 crore. The PAT per employee increased to ₹ 0.64 crore from ₹ 0.44 crore.

The Company's funding profile is largely an overdraft line from Andhra Bank along with Inter Corporate Deposits (ICDs) from the Group (that may be considered as quasi-capital). The Company during the year has successfully raised market-linked debentures to augment the existing borrowing lines, thereby accessing long- term credit.

Acquisition

The Company stuck to its stated strategy of deepening its presence in Retail and SME book and within the overall product and segment framework. The Company believed that it would play a significant role in resolution of mid-size assets that would commensurate to capital and bandwidth. Most of the loans acquired by the Company were within the less than ₹ 5 crore average ticket size across secured and unsecured space. The Company acquired two Retail pools, namely a Credit Card Pool from a private sector Bank on full Cash basis at 3% of principal outstanding and another Education loan at 35% of principal outstanding from a Public Sector Bank on Cash+SR Basis.

The Company has AUM of ₹ 2020 crore.

Our primary focus has been around the two key areas:

a. Deeping the exisiting counter-party relationships and builiding new relationships across the industry

b. Increased use of analytics that helped not just in identifying the right target segment but also helped in keeping risks associated with higher pricing under control

The acquisition happened after the Company expressed interest and won bids of portfolios sold through public auction and bilateral basis. Secured loans at a portfolio level accounted for over 70% while during the year, we acquired more than 40% of unsecured loans considering the lower pricing that these portfolios were available and our belief in optimising returns due to better recoveries over time.

Resolutions

SRs backed by retail loans in the industry over the last decade achieved the highest average cumulative recovery of 150% of the SRs issued while SME loans showed a cumulative recovery of 95% of SRs issued. To optimise returns, our core focus has been around account resolutions consequently leading to faster redemption of SRs. This function has remained to be the bed-rock of the Company's success.

The overall resolution during the year has been ₹ 257 crore which is lower as compared to previous year due to spread of Covid-19 pandemic.

Most of the collection strategies centre around the portfolio composition within the trusts, recency of NPAs and what the legal status of the individual accounts are. The usual accepted resolution practice resorted to by the Company is to draw one- time settlement plans with the borrowers or to repossess the collateral and sell them in an open auction and realise the sale proceeds. Usually, the recourse to resolutions is to agree to the settlement plans.

Some of the governing principles fundamentally adopted by the Company is around the following lines (that also includes some fresh initiatives):

1. Approach borrowers directly using the collections centre of excellence which has been the product of the in- housing design
2. Delivers a unified customer experience (evidenced by negligible levels of problem incidence)
3. Leverage technology in the form of diallers and CRM
4. Reduces dependency on external agencies
5. Advocate financial literacy that would help the borrowers improve their individual scores on the credit bureaus
6. Specialised team to pursue legal cases and continuously follow up with the borrowers
7. Manage IRR expectations in the backdrop of a tardy legal process
8. Restructure filed collections based on quality of portfolio and demographics
9. Monitor unit cost of collections
10. Voice-over of key messages to the borrowers communicating urgency of making payment
11. Data enhancement and enrichment of customer information that would be useful in updating customer's records on the bureaus
12. Use the bank branch channel to establish contact with the borrowers and help skip tracing

The Company has in housed the call centre operations with an objective of driving efficiencies while delivering a unified customer experience. We have looked at lot of technology initiatives and have adopted propensity models that navigate through our collectable base to help us know who would pay, how much to pay and when to pay. The propensity models evaluate customer leverages (by an in-depth study across off-us exposures on the bureaus) and then calibrate the scoring which in turn helps us to reach out to the borrowers faster.

Management Discussion and Analysis (Contd.)

The resolution of retail assets continues to fall under the ambit of SARFAESI and Debt Recovery Tribunals. The Company also proceeds to recover dues using the IBC process and the landscape it has created for the resolution of the distressed assets which includes resolution professional and other agencies such as registered valuer, evaluator of resolution plans and a monitoring agency.

Your Company, while dealing with the borrowers, also respects the fact that the borrowers belong to the Bank and therefore need to be handled with utmost care. This is embedded in the training of our call centre agents and field collection agents. Therefore, the amount of collection complaints is negligible.

Risk Management

An independent risk management function ensures that the risk is managed through a risk management architecture as well as through policies and processes approved by the Board of Directors encompassing independent identification, measurement and management of risks across the various businesses of the Company. The risk management function strives to proactively anticipate vulnerabilities at the transaction as well as at the portfolio level, through quantitative or qualitative examination of the embedded risks. The Company focuses on refining and improving its risk measurement systems including automation of processes wherever feasible not only to ensure compliance with regulatory requirements, but also to ensure better risk- adjusted return and optimal capital utilisation, keeping in view its business objectives.

The Risk Management Committee (RMC), a committee constituted by the Board of Directors, approves policies related to risk and reviews various aspects of risk arising from the businesses undertaken by the Company. The Board along with its Audit Committee supervises certain functions and operations of the Company, which ultimately enhances the risk and control governance framework within the Company.

Credit Risk: During the year, the Company has brought greater alignment in company-level appetite and the operational limits. The key risk metrics are monitored regularly, and deviations are discussed with business to decide on the course of remedial action. The governance around deviation from internal limits has also been considerably strengthened. Provisioning in the diminution in the investments is also closely monitored and any write-down of investments has been taken. Counter-party concentration limits also get debated and new limits gets assigned and considered in all portfolio acquisitions.

Market Risk: This risk may pertain to interest rate related instruments and emanates from capital market investment activities. Market risk management is guided by well laid down policies, guidelines, processes and systems for the identification, measurement, monitoring and reporting of exposures against various risk limits set in accordance with the risk appetite of the Company.

Liquidity Risk: Liquidity is the Company's capacity to fund increase in assets and meet both expected and unexpected cash and collateral obligations at reasonable cost and without incurring unacceptable losses. The liquidity profile is monitored on a static as well as on a dynamic basis.

Operational Risk: This may emanate from inadequate and/ or missing controls in internal processes, people and systems or from external events or a combination of all the four. The RMC at the apex level is the policy making body and is supported by the Operational Risk Management Committee (ORMC), responsible for the implementation of the Operational Risk framework of the Company and the management of operational risks across the Company. Over the year, the Company has focused on strengthening the operational and information security risk frameworks by implementing several initiatives.

Rating

Your Company had been rated A by Brickwork Ratings India Private Limited for MLD borrowings of ₹ 100 crore, Overdraft ₹ 75 crore, ₹ 25 crore Long Term loan.

The retail class is perceived to be less risky as compared to large credits.

Net Asset Value (NAV)

The Net Asset Value of investments per SR (face value ₹ 1,000) is ₹ 1,133 for the year ended March 31, 2020, which is flat as compared to previous year.

Operations and Technology

The Company has its centralised operations which is based in the registered office which essentially does customer account management and retention of important documents (including collateral documents) immediately after the acquisition of portfolio is done. The customer loan account management happens on a robust system platform which can track for account settlement, issuance of no-dues certificate, creation of the base file that is provided to the credit bureaus.

Management Discussion and Analysis (Contd.)

The Company has undertaken various technology enabled business initiatives to ease access of customers and respond to the customer demand in real time. Reliable business processes and improved customer service continued to be the key business capabilities that IT delivered for the Company. We have revamped the website that provides the visitors, the Banks and investors view about the Company along with its credentials. The revamped website also enables borrowers make their overdue payment online and receive payment confirmations. The Company has also upgraded its core systems and moved to next versions of accounting software.

Compliance

The Compliance function is one of the key elements in the Company's corporate governance structure. It ensures strict observance of all statutory provisions in various legislations and guidelines issued by the Reserve Bank of India and Securities and Exchange Board of India. The Compliance function assists the Board and Top Management in managing the compliance risk that is the risk of legal or regulatory sanctions, financial loss or reputational loss that the Company may suffer because of its failure to comply with the applicable laws, regulations or code of conduct applicable to banking activities.

Internal Audit

The Company's Internal Auditor provides an independent view to its Board of Directors and management team members, the quality and efficacy of the internal controls, risk management systems, governance systems and processes in place on an on-going basis. This is provided to primarily ensure that the business and support functions follow both, internal and regulatory guidelines. The audit frequencies are in sync with the risk profile of each unit to be audited. The Internal Audit functions independently under the supervision of Audit Committee of the Board, thereby ensuring its independence. The Board reviews the efficacy of the internal audit function, effectiveness of the internal controls laid down by the Company and compliance with internal as also regulatory guidelines.

Human Resources

The Company has ended the year with 34 full time employees on board. We work on capability build and talent development across levels. To understand what is disrupting the business and to reshape strategies, the Company has sent its high potential staff to various programmes conducted by the Indian Institute of Management in the areas of Finance, Strategy and Risk Management. The best-in-class technology is deployed to automate HR processes and internal employee portal, e-connect that provides employees with a seamless and digitally enhanced HR experience.

Financial Statements

INDEPENDENT AUDITOR'S REPORT

To

The Members

Reliance Asset Reconstruction Company Limited

REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of **Reliance Asset Reconstruction Company Limited** ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and its profit, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report (Contd.)

Key Audit Matter	How Our Audit addressed the Key Audit Matter
Valuation of Investments in Security Receipts(SR) (as described in note 2.03 of the financial statement)	
The Company has investment in SR amounts to ₹ 346,46,91,409 and the fair valuation loss on such investments during the year amounts to ₹ 2,79,32,603 as disclosed in the financial statement. The fair value of SR is determined through discounted cash flow method which involves management judgment using level 3 inputs such as projection of future cash flows and expenses. The management has involved credit rating agencies for valuation of SR. Considering the fair valuation of investments is significant to overall financial statement and the degree of management's judgment involved in the estimate, any error in the estimate could lead to material misstatement in the financial statement. Therefore, it is considered as a key audit matter.	• Our audit procedures included an assessment of internal controls over measurement of fair value and evaluating the methodologies, inputs, judgements made and assumptions used by the management in determining fair values. • We evaluated rationale of the models and accounting treatment applied. We compared observable inputs against independent sources and externally available market data for sample cases. • We compared the rating provided by the independent rating agencies with fair valuation determined by the company. • We assessed the disclosures related to investments in SR and fair valuation included in these financial statement
Revenue Recognition: Trusteeship Fee (as described in note 1.02 (h) & 2.18 of the financial statement)	
Trusteeship Fee is the most significant account balance in the Statement of Profit and Loss. Key aspects relating to timing and recognition of revenue in respect of Trusteeship Fee are set out below: • The calculation of investment management fees, is based on a percentage of the Assets Under Management ('AUM') of the funds managed by the Company, in accordance with guidelines prescribed under RBI regulations RBI/2015-16/94,DNBR.(PD).CC.No.03/SCRC/26.03.001/2015-16' as amended from time to time. • Trusteeship Fee is accrued based on a five step model as set out in Ind AS 115 "Revenue from Contract with Customers" • The contracts include a single performance obligation that is satisfied over time.	Our audit procedures included: Design / controls • Understood and evaluated the design and implementation of key controls in place around recognition of Trusteeship Fee; • Test checked management review controls over recognition of Trusteeship Fee. Substantive tests • Evaluated the appropriateness of recognition of revenue in respect of Trusteeship Fee income based on the requirements of Ind AS 115; • Obtained AUM and Trusteeship Fee from the Company and then reconciled Trusteeship Fee to amounts included in financial statements; • Test checked that Trusteeship Fee rates were approved by authorised personnel; • Test checked Trusteeship Fee invoices and reconciled with the accounting records; • Evaluated the adequacy of disclosures relating to the Trusteeship Fee earned by the Company.
Valuation of Market Linked Debentures (as described in note 2.10 of the financial statement)	
The Company has issued Market Linked Debentures (MLD) during current and previous years. The outstanding balance of MLD as on March 31, 2020 is ₹ 12,12,01,211. These MLDs are economically hedged with Exchange instruments like Nifty, Bank Nifty & Stock Options. The Company has done an internal valuation of the outstanding MLD using internal valuation techniques. Considering that internal valuation of MLD is significant to overall financial statements and the degree of management's judgement involved in the estimate, any error in the estimate could lead to material misstatement in the financial statement.	• Audit procedures included an assessment of internal controls over valuation methodologies, inputs, judgments made and assumptions used by management in determining fair valuation of MLD. • Assessed and reviewed the fair valuation of MLD by the Company for compliance with Ind AS. • Compared resulted valuations against independent sources and externally available market valuation data for sample cases.

Independent Auditor's Report (Contd.)

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. That Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements where applicable as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability

Independent Auditor's Report (Contd.)

to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. Further to our comments in the Annexure A, and as required by Section 143(3) of the Act, we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian accounting standards) Rules, 2015 as amended.
   e. On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
   f. With Respect to the adequacy of the internal financial controls over financial reporting of the company and the operative effectiveness of such controls, refer to our separate report in "Annexure B"
   g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the act, as amended.

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors

Independent Auditor's Report (Contd.)

during the year is in accordance with the provisions of section 197 of the act.

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   In our opinion and to the best of our information

   i. Refer note 2.31 for pending litigations on its financial position of the company.

   ii. The Company did not have any long – term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Pathak H. D. & Associates LLP**
Chartered Accountants
Firm's Registration No:107783W/W100593

Parimal Kumar Jha
Partner
Membership No: 124262
UDIN: 20124262AAAABB3608

Date: April 27, 2020
Place: Mumbai

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in our report of even date)

i. In respect to its fixed assets

   a. the company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b. As explained to us, the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

   c. As represented and as per the records of the company, the title deeds of immovable properties are held in the name of the Company.

ii. The company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provision of Clause 3(ii) of the order is not applicable to the company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly paragraphs 3(a), (b) and (c) of the Order are not applicable to the Company.

iv. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 & 186 of the Act. Therefore, the provision of Clause 3(iv) of the order is not applicable to the company.

v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the provision of Clause 3(v) of the order is not applicable to the company.

vi. As informed to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act. Accordingly, the provision of Clause 3(vi) of the order is not applicable to the company.

vii. (a) According to the records of the company, the company is generally regular in depositing with appropriate authorities and undisputed statutory dues including Provident Fund, Income Tax, Goods and Service Tax, Cess and any other statutory dues applicable to it. Employee State Insurance is not applicable to the company. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax and Goods and Service Tax, Cess and any other statutory dues with appropriate authorities were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

   (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of Income Tax, and Goods and Service Tax which have not been deposited on account of any dispute.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks as at balance sheet date.

ix. In our opinion, and information and explanations given to us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. However, the company has issued Market Linked Debentures during the year, which has been utilized for the purpose it has been raised.

x. According to the information and explanations given to us, no significant fraud on or by the company by its officer or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.

xi. According to the information and explanations given to us and based on our examination of records the company paid/provided for managerial remuneration in accordance with provisions of section 197 read with Schedule V to the act.

xii. As the Company is not a Nidhi Company, the provision of clause 3(xii) of the order is not applicable to the company.

xiii. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of the Act, and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards. (Refer Note No. 2.38 to the Financial Statements)

Annexure A to the Independent Auditor's Report (Contd.)

xiv. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Act. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.

xv. According to the information and explanations given to us, the company has not entered into any non-cash transactions with the directors or persons connected with them as per section 192 of the Act. Accordingly the provision of Clause 3(xv) of the order is not applicable to the company.

xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provision of Clause 3(xvi) of the order is not applicable to the company.

For **Pathak H. D. & Associates LLP**
Chartered Accountants
Firm's Registration No:107783W/W100593

Parimal Kumar Jha
Partner
Membership No: 124262
UDIN: 20124262AAAABB3608

Date: April 27, 2020
Place: Mumbai

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

referred to in paragraph 2 Clause (f) of 'Report on other Legal and Regulatory Requirements' – March 31, 2020

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Reliance Asset Reconstruction Company Limited ('the Company')** as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on 'the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control

Annexure B to the Independent Auditor's Report (Contd.)

over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Pathak H. D. & Associates LLP**
Chartered Accountants
Firm's Registration No:107783W/W100593

Parimal Kumar Jha
Partner
Membership No: 124262
UDIN: 20124262AAAABB3608

Date: April 27, 2020
Place: Mumbai

BALANCE SHEET
as at March 31, 2020

(Amount in ₹)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
I) ASSETS			
A) Financial Assets			
(a) Cash & cash equivalents	**2.01**	29,69,48,403	30,21,82,407
(b) Trade receivables	**2.02**	79,16,356	92,31,850
(c) Investments	**2.03**	3,46,46,91,409	3,56,74,94,313
(d) Other financial asset	**2.04**	45,08,407	1,57,82,769
Total Financial Assets (A)		**3,77,40,64,575**	**3,89,46,91,339**
B) Non-Financial Assets			
(a) Current tax assets (Net)	**2.05**	88,20,192	1,47,89,226
(b) Property, Plant and Equipment	**2.06**	80,80,680	43,71,035
(c) Other Intangible assets	**2.07**	91,971	17,88,531
(d) Other non-financial asset	**2.08**	1,74,02,702	69,59,271
Total Non Financial Assets (B)		**3,43,95,545**	**2,79,08,063**
Total Assets (A + B)		**3,80,84,60,120**	**3,92,25,99,402**
I) LIABILITIES AND EQUITY:			
A) Liabilities			
a) Financial liabilities			
(i) Trade Payables			
total outstanding dues of micro enterprise and small enterprises		-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	**2.09**	1,97,52,684	3,73,498
(ii) Debt securities	**2.10**	12,12,01,211	18,75,14,138
(iii) Borrowings (Other than Debt Securities)	**2.11**	1,22,63,55,117	1,49,87,99,968
(iv) Other financial liabilities	**2.12**	4,09,72,514	3,90,02,526
Total Financial Liability (C)		**1,40,82,81,526**	**1,72,56,90,130**
b) Non-financial liabilities			
(i) Provisions	**2.13**	38,58,571	1,57,55,647
(ii) Deferred tax (Net)	**2.14**	9,07,02,912	11,54,73,741
(iii) Other non-financial liabilities	**2.15**	19,86,81,616	13,90,69,578
Total non financial Liability (D)		**29,32,43,099**	**27,02,98,966**
B) Equity			
a) Equity Share capital	**2.16**	1,00,00,00,000	1,00,00,00,000
b) Other Equity	**2.17**	1,10,69,35,496	92,66,10,306
Total Equity (E)		**2,10,69,35,496**	**1,92,66,10,306**
Total Liabilities and Equity (C + D + E)		**3,80,84,60,120**	**3,92,25,99,402**
Significant Accounting Policies	**1**		
Notes on Accounts	**2**		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For **Pathak H.D. & Associates LLP**
Chartered Accountants
Firm Registration No. : 107783W/W100593

Parimal Kumar Jha
Partner
Membership No.124262

Place : Mumbai
Date: April 27, 2020

For and on behalf of the Board of Directors

Mehul Gandhi
(Executive Director & CEO)
(DIN : 08584229)

Deena Mehta
(Director)
(DIN : 00168992)

Dr. R. B. Barman
(Director)
(DIN : 02612871)

Lav Chaturvedi
(Director)
(DIN : 02859336)

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

STATEMENT OF PROFIT AND LOSS
for the year ended March 31, 2020

(Amount in ₹)

Particulars		Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
I	REVENUE FROM OPERATION			
	(a) Fees and Commission Income	2.18	67,42,63,962	56,31,18,538
	(b) Net gain on fair value changes	2.19	-	30,48,835
Total Revenue from operation			**67,42,63,962**	**56,61,67,373**
II	OTHER INCOME	2.20	2,48,22,338	55,28,205
III	TOTAL REVENUE (I+II)		**69,90,86,300**	**57,16,95,578**
IV	EXPENSES			
	(a) Finance costs	2.21	18,48,39,058	15,69,95,479
	(b) Net loss on fair value changes	2.22	2 79 32 603	-
	(c) Employee benefits expense	2.23	8,21,65,321	9,74,08,734
	(d) Depreciation and amortisation	2.06 & 2.07	57,10,295	34,13,773
	(e) Other expenses	2.24	12,97,93,202	9,09,75,402
Total Expenses			**43,04,40,479**	**34,87,93,388**
V	**Profit / (Loss) before tax (III - IV)**		**26,86,45,821**	**22,29,02,190**
VI	TAX EXPENSE	2.25		
	Current tax		(7,62,72,521)	(7,77,35,445)
	Deferred tax		2,45,96,019	87,52,375
VII	**Profit / (Loss) after tax (V - VI)**		**21,69,69,319**	**15,39,19,121**
VIII	OTHER COMPREHENSIVE INCOME			
	Items that will not be reclassified to Profit or Loss			
	Remeasurement Gain / (Loss) of defined benefit plans		(3,83,479)	(5,08,770)
	Deferred Tax Expense on above		96,514	1,48,154
	Other Comprehensive Income / (Loss) for the year		**(2,86,965)**	**(3,60,616)**
	Total Comprehensive Income / (Loss) for the year (VII + VIII)		**21,66,82,354**	**15,35,58,505**
	Earning per equity share: {Nominal value per share: ₹ 10 (March 31, 2019: ₹ 10)}			
	Basic & Diluted (₹)	2.40	**2.17**	**1.54**
	Significant Accounting Policies	1		
	Notes on Accounts	2		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For **Pathak H.D. & Associates LLP**
Chartered Accountants
Firm Registration No. : 107783W/W100593

Parimal Kumar Jha
Partner
Membership No.124262

Place : Mumbai
Date: April 27, 2020

For and on behalf of the Board of Directors

Mehul Gandhi
(Executive Director & CEO)
(DIN : 08584229)

Deena Mehta
(Director)
(DIN : 00168992)

Dr. R. B. Barman
(Director)
(DIN : 02612871)

Lav Chaturvedi
(Director)
(DIN : 02859336)

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

CASH FLOW STATEMENT

for the year ended March 31, 2020

(Amount in ₹)

Particulars		March 31, 2020	March 31, 2019
A.	**Cash Flow from Operating Activities**		
	Profit before Tax	**26,86,45,821**	**22,29,02,190**
	Adjustments for:		
	Net (gain)/loss on fair value changes	2,79,32,603	(30,48,835)
	Provision of doubtful debts	1,44,56,031	1,63,27,438
	Provision for advances (Reversal as per RBI guidelines)	55,53,377	96,70,081
	Investment Written off	-	40,45,000
	Depreciation and amortisation	28,68,698	34,13,773
	Provision for SARs	5,67,218	2,90,200
	Finance Costs	18,46,92,627	15,69,32,228
	Interest income on fixed deposits	(1,95,81,725)	(17,47,312)
	Operating Profit before working capital changes	**48,51,34,650**	**40,87,84,763**
	Adjustments for working capital changes:		
	Increase/(Decrease) in Receivables and Other financial assets	(3,35,46,747)	(1,77,67,906)
	Increase/(Decrease) in Trade payables and Other financial liabilities	6,50,93,260	2,39,20,911
	Cash generated from Operations	**51,66,81,163**	**41,49,37,768**
	Tax paid (net of refund)	(7,03,03,486)	(6,70,19,207)
	Net Cash generated from Operating Activities (A)	**44,63,77,677**	**34,79,18,561**
B.	**Cash Flow from Investing Activities**		
	Investment in Security Receipts	(17,74,00,000)	(64,17,23,000)
	Realisation from Security Receipts	25,46,87,000	31,68,72,300
	Purchase of Fixed Assets	(3,82,588)	(15,96,572)
	Interest received on fixed deposits	1,85,02,248	17,47,312
	Net Cash generated from / (used in) Investing Activities (B)	**9,54,06,660**	**(32,46,99,960)**
C.	**Cash Flow from Financing Activities**		
	Proceeds from borrowings	1,00,00,000	48,75,14,138
	Repayment of borrowings	(27,80,00,000)	(30,00,00,000)
	Dividend paid	(3,00,00,000)	(3,00,00,000)
	Dividend distribution tax	(61,66,588)	(61,66,588)
	Lease liability paid	(24,84,242)	-
	Finance costs	(16,79,22,660)	(14,79,78,203)
	Net Cash (used in) / generated from Financing Activities (C)	**(47,45,73,490)**	**33,69,347**
	Net (decrease) / increase in Cash and Cash Equivalents (A+B+C)	6,72,10,847	2,65,87,948
	Cash and Cash Equivalents at the beginning of the year	(34,66,17,561)	(37,32,05,509)
	Cash and Cash Equivalents at the end of the year	**(27,94,06,714)**	**(34,66,17,561)**

Cash and cash equivalents considered for cash flows

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash & cash equivalents (Refer Note 2.01)	29,69,48,403	30,21,82,407
Less : Secured Bank Over Draft (Refer Note 2.11)	(57,63,55,117)	(64,87,99,968)
Cash and cash equivalents for cash flows purpose	**(27,94,06,714)**	**(34,66,17,561)**

Note: The above Statement of Cash Flow has been prepared under the "Indirect Method" set out in Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flows".

Significant Accounting Policies 1
Notes on Accounts 2

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For **Pathak H.D. & Associates LLP**
Chartered Accountants
Firm Registration No. : 107783W/W100593

Parimal Kumar Jha
Partner
Membership No.124262

Place : Mumbai
Date: April 27, 2020

For and on behalf of the Board of Directors

Mehul Gandhi
(Executive Director & CEO)
(DIN : 08584229)

Deena Mehta
(Director)
(DIN : 00168992)

Dr. R. B. Barman
(Director)
(DIN : 02612871)

Lav Chaturvedi
(Director)
(DIN : 02859336)

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2020

A. EQUITY SHARE CAPITAL (REFER NOTE NO. 2.16)

(Amount in ₹)

Particulars	Number	Amount
As at March 31, 2018	**10,00,00,000**	**1,00,00,00,000**
Shares issued during the year	-	-
As at March 31, 2019	**10,00,00,000**	**1,00,00,00,000**
Shares issued during the year	-	-
Other movement	-	-
As at March 31, 2020	**10,00,00,000**	**1,00,00,00,000**

B. OTHER EQUITY (REFER NOTE 2.17)

(Amount in ₹)

Particulars	Reserves and surplus		Other comprehensive income	Total other equity
	Debenture redemption reserve	Surplus/(deficit) in the statement of profit and loss	Remeasurement of defined benefit plan	
Balance as at March 31, 2018	**-**	**80,94,87,197**	**(2,68,808)**	**80,92,18,389**
Surplus / (Deficit) of Statement of Profit & Loss	-	15,39,19,121	-	15,39,19,121
Dividend (including tax on dividend)	-	(3,61,66,588)	-	(3,61,66,588)
Transfer to Debenture Redemption Reserve	1,11,35,069	(1,11,35,069)	-	-
Other comprehensive income	-	-	(3,60,616)	(3,60,616)
Balance as at March 31, 2019	**1,11,35,069**	**91,61,04,661**	**(6,29,424)**	**92,66,10,306**
Surplus / (Deficit) of Statement of Profit & Loss	-	21,69,69,319	-	21,69,69,319
Dividend (including tax on dividend)	-	(3,61,66,588)	-	(3,61,66,588)
Effect of Ind AS 116		(1,90,576)		(1,90,576)
Transfer to Debenture Redemption Reserve (Net)	90,08,159	(90,08,159)	-	-
Other comprehensive income	-	-	(2,86,965)	(2,86,965)
Balance as at March 31, 2020	**2,01,43,228**	**1,08,77,08,657**	**(9,16,389)**	**1,10,69,35,495**

Significant Accounting Policies	**1**
Notes on Accounts	**2**

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For **Pathak H.D. & Associates LLP**
Chartered Accountants
Firm Registration No. : 107783W/W100593

Parimal Kumar Jha
Partner
Membership No.124262

Place : Mumbai
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(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2020

Significant Accounting Policies

1.01 CORPORATE INFORMATION

Reliance Asset Reconstruction Company Limited ('the Company') is a public company domiciled in India, and incorporated under the provisions of the Companies Act, 1956. The company has obtained Certificate of Registration from Reserve Bank of India (RBI) on February 14, 2008, to act as a Securitisation Company/ Reconstruction Company. The Company is in the business of asset reconstruction and securitisation in all forms and to acquire, hold, manage, assign NPA loan assets (of Banks or Financial Institutions) with or without underlying securities, and recover from the Borrower/ underlying securities or dispose off the loan assets to other body corporate, co-operative societies, firms or individuals.

1.02 SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Preparation of Financial Statements

(i) Compliance with Ind AS

These financial statements have been prepared under historical cost convention/ fair valuation, in accordance with the Indian Accounting standards (Ind AS) notified under section 133 of the Companies Act, 2013 ('the Act') [Companies (Indian Accounting Standards) Rules, 2015, as amended] and other relevant provisions of the Act to the extent applicable and the guidelines prescribed by the RBI, to the extent applicable.

For all periods upto and including year ended March 31, 2018 were prepared in accordance with the accounting standards notified under Companies (Accounts) Rules, 2014 (as amended) and other relevant provisions of the Act to the extent applicable and the guidelines prescribed by the RBI, to the extent applicable (hereinafter referred to as 'the Previous GAAP') used for its statutory reporting requirements in India immediately before adopting Ind AS.

(ii) Order of Liquidity

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Ind AS 1 and amendment to Division III of Schedule III to the Companies Act, 2013 on October 11, 2013, the Company presents its balance sheet in the order of liquidity. This is since the Company does not supply goods or services within a clearly identifiable operating cycle, therefore making such presentation more relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in note 2.33.

b) Functional Currency and Presentation Currency

These financial statements are presented in India Rupees which is functional currency of the Company.

c) Use of Estimates and Judgements

The preparation of financial statements requires estimates and assumptions to be made that effect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known / materialised. Estimates and underlying assets are reviewed on periodical basis. Revisions to accounting estimates are recognised prospectively.

This notes provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation of each affected line item in the financial statements.

Estimation Uncertainty Relating to the Global Health Pandemic on Covid-19:

COVID-2019 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic

Notes to Financial Statements for the year ended March 31, 2020
Significant Accounting Policies (Contd.)

activities. The extent to which the COVID-19 pandemic will impact the Company's result will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact.

Critical Estimates and Judgements

The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The areas involving critical estimates or judgements pertaining to useful life of property, plant and equipment including intangible asset (Note 2.06 and Note 2.07), current tax expense and tax payable, recognition of deferred tax assets for carried forward tax losses (Note 2.14), fair value of unlisted securities (Note 2.03), impairment of trade receivables (Note 2.02) and other financial assets (Note 2.04), fair value of market linked debenture (Note 2.10) and measurement of defined benefit obligation (Note 2.13). Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

(i) Useful life of Property, Plant and Equipment including intangible asset: Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(ii) Taxes: The Company provides for tax considering the applicable tax regulations and based on probable estimates.

Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any.

The recognition of deferred tax assets is based on availability of sufficient taxable profits in the Company against which such assets can be utilised.

(iii) Fair value measurement and valuation process: The Company measured financial assets and liabilities, if any, at fair value for financial reporting purposes.

(iv) Trade receivables and Other Financial Assets: The Company follows Expected Credit Loss ("ECL") for recognition of impairment loss allowance on Trade receivables. For the purpose of measuring lifetime ECL allowance for trade receivables, the Company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectable.

(v) Defined benefit plans (gratuity benefits): The Company's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter subject to frequent changes is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables in India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

(vi) Non-financial assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication

Notes to Financial Statements for the year ended March 31, 2020
Significant Accounting Policies (Contd.)

exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

(vii) Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

d) Property, Plant and Equipment

(i) Property, plant and equipment (PPE) are stated at cost less accumulated depreciation, amortisation and impairment loss, if any. Cost of an item of PPE comprises of its the purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(ii) The company has adopted estimate useful life of Property, Plant and Equipment as stipulated under Schedule II to the companies Act, 2013 and accordingly the depreciation is calculated on Straight Line Basis over the useful life prescribed under schedule II to the Act.

The estimated useful lives for the different types of assets are:

Assets	Useful Life
Computers	3 Years
Computer Software	3 Years
Furniture and Fixtures	10 years
Office Equipment	5 Years
Building	60 years

(iii) Assets costing up to ₹ 5,000 are fully depreciated at the time of acquisition.

(iv) Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

(v) Depreciation methods, useful lives and residual values are reviewed periodically at each reporting date and adjusted prospectively if appropriate.

(vi) Depreciation on additions is calculated pro rata from the following month of addition.

e) Intangible Assets

(i) Intangible assets acquired are measured on initial recognition at cost. Cost includes all direct costs relating to acquisition of Intangible assets and borrowing cost relating to qualifying assets.

(ii) Intangible assets are amortised over their useful life of 3 Years.

(iii) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with expenditure will flow to the Company.

(iv) Amortisation methods, useful lives and residual values are reviewed periodically at each reporting period.

(v) Any gain or loss on disposal of an item of Intangible Assets is recognised in statement of profit and loss.

f) Impairment of Non Financial Assets

Intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is increased/ reversed where there has been change in the estimate of recoverable value. The recoverable value is the higher of the assets' net selling price and value in use.

g) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in liabilities in the balance sheet.

Notes to Financial Statements for the year ended March 31, 2020
Significant Accounting Policies (Contd.)

h) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

When (or as) a performance obligation is satisfied, the Company recognises as revenue the amount of the transaction price (excluding estimates of variable consideration) that is allocated to that performance obligation.

The company applies the five-step approach for recognition of revenue:

- Identification of contract(s) with customers;
- Identification of the separate performance obligations in the contract;
- Determination of transaction price;
- Allocation of transaction price to the separate performance obligations; and
- Recognition of revenue when (or as) each performance obligation is satisfied.

(i) Trusteeship fees, incentive fees and recovery agent fees:

Trusteeship Fees are recognised in terms of the provisions of the relevant trust deed / offer document. As per RBI guidelines, trusteeship fees recognised during the planning period and not realised within 180 days from the date of expiry of the planning period is reversed, and trusteeship fees recognised after the planning period and not realised within 180 days from the date of recognition or NAV of SRs falls below 50% of face value, whichever is earlier is reversed and no further management fees is recognised unless it is realised.

Incentive Fees are accounted in terms of the provisions of the relevant trust deed / offer document.

Recovery Agent Fees are accounted in terms of the provisions of the relevant trust deed / offer document.

(ii) Coupon on security receipts:

The Coupon on Security Receipts are accounted in terms of provisions of the relevant trust deed / offer document and is recognised after redemption of security receipts.

(iii) Profit on Redemption of Security Receipts:

As per the RBI circular, profit on redemption of security receipts is accounted only after the full redemption of security receipts.

Amount realised in surplus/ deficit of the acquisition cost of security receipts in accordance with the terms of the trust deed/ offer document is recorded as profit/ loss on sale/ redemption of security receipts.

(iv) Profit/Loss on Assignment of Contractual Rights in Loan Assets:

Profit on Assignment of Contractual Rights in Loan Assets is amortised over the tenure of the agreement while loss is recognised on the date of transaction.

(v) Income on Settlement of Contractual Rights in Loan Assets:

Income on Settlement of Contractual Rights in Loan Assets is recognised as profit when the realised amount is over and above the acquisition price of the financial asset.

(vi) Interest Income:

Interest is recognised on a time proportion basis.

i) Employee Benefits

(i) Short-term employee benefits:

Liabilities for salaries, including other monetary and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Notes to Financial Statements for the year ended March 31, 2020
Significant Accounting Policies (Contd.)

(ii) Long-term employee benefits:

The company operates the following post-employment schemes:

(a) Gratuity; and

(b) Provident fund.

Defined benefits plans

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other equity in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

Provident fund

The company pays provident fund contributions to publicly administered provident funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Other long term employee benefit obligation:

Phantom shares

As a long-term incentive plan to employees, the Company has initiated Phantom Stock Option Plan which are cash settlement rights where the employees are entitled to get cash compensation based on agreed formulae linked to market value of group company shares upon exercise of phantom stock options over notional or hypothetical shares, whereby instead of becoming entitled to buy the actual shares on vesting, they become entitled to cash payment equivalent to appreciation in the value over the defined base price of the shares.

j) Taxes on Income and Deferred Tax

Income Tax comprises of current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or OCI.

Provision for income tax is made on the basis of taxable income for the year at the current rates. Tax expense comprises of current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents amount of Income Tax payable/ recoverable in respect of taxable income/ loss for the reporting period. Deferred tax represents the effect of temporary difference between carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in the computation of taxable income. Deferred tax liabilities are generally accounted for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences can be utilised.

Notes to Financial Statements for the year ended March 31, 2020
Significant Accounting Policies (Contd.)

k) Earnings Per Share

(a) Basic earnings per share

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial Year, adjusted for bonus element in equity shares issued during the Year

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

l) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resource is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the assets and related income are recognised in the period in which the change occurs.

m) Expenses Incurred on behalf of Trust and Advances paid by the Company to the Trusts

Advances paid by the Company to the trusts are shown as recoverable from trusts and are grouped under " Advance recoverable in cash or kind". These advances are reimbursed to the Company by the trusts in terms of the provision of the trust deed/offer document/ commitment agreement. In accordance with the Guidelines, expenses not realised within the time frame prescribed under the Guidelines or NAV of Security Receipts (SRs) fall below 50% of face value, whichever is earlier, is fully provided for in the statement of profit and loss. Outstanding expenses are assessed at each reporting date for recovery based on management estimates in accordance with the resolution plan already implemented/being implemented and recovery rating assigned by the rating agency to SRs issued by the trusts. Necessary provision, for amount not expected to be recovered alongwith outstanding recoverable expenses, is made, if such receivables are treated as "doubtful".

n) Measurement of Fair value of Financial Instruments

The Company's accounting policies and disclosures require measurement of fair values for the financial instruments. The Company has an established control framework with respect to measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses evidence obtained from third parties to support the conclusion that such valuations meet the requirements of Ind AS, including level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Notes to Financial Statements for the year ended March 31, 2020
Significant Accounting Policies (Contd.)

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If inputs used to measure fair value of an asset or a liability fall into different levels of fair value hierarchy, then fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of fair value hierarchy at the end of the reporting period during which the change has occurred. (Refer to note 2.34.1) for information on detailed disclosures pertaining to the measurement of fair values."

o) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign exchange forward contracts.

Financial assets

(i) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

(ii) Subsequent measurement

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Financial assets measured at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) Asset is held within a business model whose objective is to hold assets for collecting contractual cash flows.

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. EIR amortisation is included in finance income in the Statement of Profit and Loss. Losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Financial assets measured at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets.

b) The contractual cash flows of the assets represent SPPI: Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial assets measured at fair value through profit or loss (FVTPL)

Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so

Notes to Financial Statements for the year ended March 31, 2020
Significant Accounting Policies (Contd.)

reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch')

Security receipt investments

All security receipt investments in scope of Ind-AS 109, "Financial Instruments" are measured at fair value. Security Receipts are classified as at FVTPL. Gains and losses on security investments are included in the statement of profit or loss.

Derecognition of financial assets

A financial asset is primarily derecognised when: a) Rights to receive cash flows from the asset have expired, or b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either(a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in the credit risk. In case of significant increase in credit risk, life time ECL is used; otherwise twelve month ECL is used. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables, as permitted by Ind AS 109. Provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Financial liabilities

(i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank bank overdrafts.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described herein:

Financial liabilities at fair value through profit or loss: Financial liabilities at fair value through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities measured at amortised cost: After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Market linked debentures (MLDs)

The company has issued certain non-convertible debentures, the rate of interest on which is linked to performance of specified indices over the period of the debentures. The company has opted to designate the entire hybrid contract at FVTPL as the embedded derivative significantly modifies the cash flows that otherwise would be required by the contract. Further, the embedded derivative is not closely related to the financial liability host contract.

Notes to Financial Statements for the year ended March 31, 2020
Significant Accounting Policies (Contd.)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

p) Leases

The determination of whether an arrangement is, or contains, a lease if, fulfilment of the arrangement is dependent on the use of a specific asset or the assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases of Property, plant & equipment, where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at cost, which includes amount of initial measurement of lease liability, lease payments made before the commencement date, initial direct cost and estimated future indirect payment.

q) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

r) Rounding of Amounts

The financial statements are presented in Indian Rupees and all amounts disclosed in the financial statements.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

2.01 CASH & CASH EQUIVALENTS

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Bank Balances in		
In Current Account	5,94,662	5,94,341
In Fixed Deposit (with original maturity of 3 months or less)	29,51,19,418	30,14,33,220
Interest Accrued on Fixed Deposit	12,34,323	1,54,846
	29,69,48,403	**30,21,82,407**

2.02 TRADE RECEIVABLES (Refer Note 2.38)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured	79,16,356	92,31,850
Receivables which have significant increase in credit risk	5,37,95,725	2,68,34,665
	6,17,12,081	**3,60,66,515**
Less: Expected credit losses	(5,37,95,725)	(2,68,34,665)
	79,16,356	**92,31,850**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade Receivables are Non-Interest Bearing and are generally on terms of 30 to 90 Days.

(Amount in ₹)

Particulars	Trade receivables days past due	0-180 days	181-360 days	More than 360 days	Total
March 31, 2020	Estimated total gross carrying amount at default	79,16,356	3,41,49,894	1,96,45,831	**6,17,12,081**
	ECL - Simplified approach	-	(3,41,49,894)	(1,96,45,831)	**(5,37,95,725)**
	Net carrying amount	**79,16,356**	**-**	**-**	**79,16,356**
March 31, 2019	Estimated total gross carrying amount at default	92,31,850	1,67,07,890	1,01,26,775	**3,60,66,515**
	ECL - Simplified approach	-	(1,67,07,890)	(1,01,26,775)	**(2,68,34,665)**
	Net carrying amount	**92,31,850**	**-**	**-**	**92,31,850**

Reconciliation of Provision of Doubtful Debts:

Particulars	(Amount in ₹)
ECL measured as per simplified approach	
ECL as on March 31, 2018	**1,05,07,226**
Add/ (less): asset originated or acquired net of recoveries	1,63,27,439
ECL as on March 31, 2019	**2,68,34,665**
Add/ (less): asset originated or acquired net of recoveries	2,69,61,060
ECL as on March 31, 2020	**5,37,95,725**

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

2.03 INVESTMENTS (Refer Note 2.38)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
At Fair Value through Profit and Loss		
Investments in security receipts (Unquoted)		
Reliance ARC – VB PILVE Trust ##		
1,628 (March 31, 2019 : 1,628) Security Receipts of ₹ 1,000 each	-	16,28,000
Less: Written off	-	(16,28,000)
	-	-
Reliance ARC – LVB Trust		
9,159 (March 31, 2019 : 9,159) Security Receipts of ₹ 1,000 each	45,79,500	65,85,321
Reliance ARC – CB SOCL Trust ##		
NIL (March 31, 2019 : 2,417) Security Receipts of ₹ 1,000 each	-	24,17,000
Less: Written off	-	(24,17,000)
	-	-
Reliance ARC – INB Retail Portfolio Trust (2013)		
2,67,787 (March 31, 2019 : 2,69,064) Security Receipts of ₹ 1,000 each	20,07,54,250	26,90,64,000
Reliance ARC - CUB (2014) Trust #		
90,363 (March 31, 2019 : 95,771) Security Receipts of ₹ 1,000 each	13,82,32,000	14,36,56,500
Reliance ARC - AUCB 2014 (1) Trust *		
12,433 (March 31, 2019 : 14,442) Security Receipts of ₹ 1,000 each	1,03,60,105	1,46,44,188
Reliance ARC – CUB Sarvana Trust (2014)		
24,992 (March 31, 2019 : 37,442) Security Receipts of ₹ 1,000 each	1,22,12,044	2,51,81,235
Reliance ARC - SBI Maan Sarovar Trust *		
8,838 (March 31, 2019 : 8,838) Security Receipts of ₹ 1,000 each	88,38,000	96,95,286
Reliance ARC – CUB (HL & SME)(2014) Trust *		
15,653 (March 31, 2019 : 16,037) Security Receipts of ₹ 1,000 each	2,34,79,500	2,35,74,390
Reliance ARC – CUB (CTRPL) (2014) Trust		
13,469 (March 31, 2019 : 13,469) Security Receipts of ₹ 1,000 each	1,01,01,750	1,34,69,000
Reliance ARC – CUB SDPL Trust (2014)		
21,994 (March 31, 2019 : 26,145) Security Receipts of ₹ 1,000 each	1,33,06,370	1,80,40,050
Reliance ARC 001 Trust		
206,676 (March 31, 2019 : 206,676) Security Receipts of ₹ 1,000 each	13,22,72,640	16,12,07,280
Reliance ARC 002 Trust *		
5,538 (March 31, 2019 : 5,934) Security Receipts of ₹ 1,000 each	69,32,577	64,56,192
Reliance ARC 004 Trust #		
1,39,131 (March 31, 2019 : 1,85,807) Security Receipts of ₹ 1,000 each	17,43,31,142	21,70,22,342
Reliance ARC 006 Trust *		
40,020 (March 31, 2019 : 40,020) Security Receipts of ₹ 1,000 each	4,00,20,000	4,00,20,000
Reliance ARC 007 Trust #		
1,76,977 (March 31, 2019 : 1,76,977) Security Receipts of ₹ 1,000 each	17,69,77,000	17,69,77,000
Reliance ARC 008 Trust #		
29,700 (March 31, 2019 : 29,700) Security Receipts of ₹ 1,000 each	2,97,00,000	3,19,27,500
Reliance ARC 010 Trust *		
31,501 (March 31, 2019 : 31,501) Security Receipts of ₹ 1,000 each	3,18,79,012	3,18,47,511

Notes to Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Reliance ARC 011 Trust *		
61,618 (March 31, 2019 : 61,886) Security Receipts of ₹ 1,000 each	6,16,18,000	6,69,89,155
Reliance ARC 012 Trust *		
20,507 (March 31, 2019 : 20,507) Security Receipts of ₹ 1,000 each	2,77,86,985	3,01,45,290
Reliance ARC 015 Trust *		
1,01,851 (March 31, 2019 : 1,11,466) Security Receipts of ₹ 1,000 each	12,01,07,080	13,00,80,822
Reliance ARC 016 Trust *		
21,606 (March 31, 2019 : 21,606) Security Receipts of ₹ 1,000 each	2,96,00,220	2,61,21,654
Reliance ARC 013 Trust *		
2,649 (March 31, 2019 : 3,064) Security Receipts of ₹ 1,000 each	39,71,100	45,96,000
RELIANCE ARC SBI (HYD) 021 Trust *		
1,920 (March 31, 2019 : 2,337) Security Receipts of ₹ 1,000 each	27,20,640	34,35,390
RELIANCE ARC SBI (CHN) 018 Trust *		
99,784 (March 31, 2019 : 1,06,548) Security Receipts of ₹ 1,000 each	11,57,49,440	11,74,69,800
RELIANCE ARC SBI (MUM) 020 Trust *		
5,369 (March 31, 2019 : 6,205) Security Receipts of ₹ 1,000 each	62,40,528	86,74,590
RELIANCE ARC SBI (BHO) 019 Trust *		
10,929 (March 31, 2019 : 10,929) Security Receipts of ₹ 1,000 each	1,30,71,084	1,56,17,541
RELIANCE ARC SBI (CHN) 022 Trust *		
1,94,403 (March 31, 2019 : 2,16,958) Security Receipts of ₹ 1,000 each	21,60,97,310	23,87,92,000
RARC SVC 023 Trust *		
4,982 (March 31, 2019 : 9,001) Security Receipts of ₹ 1,000 each	78,86,500	1,23,42,120
RARC Dena Bank 024 Trust *		
21,275 (March 31, 2019 : 21,275) Security Receipts of ₹ 1,000 each	2,22,96,200	2,44,97,207
RARC 026 Trust #		
87,736 (March 31, 2019 : 99,061) Security Receipts of ₹ 1,000 each	12,35,81,924	13,91,67,682
RARC Dena Bank 025 Trust *		
13,050 (March 31, 2019 : 13,050) Security Receipts of ₹ 1,000 each	1,40,94,000	1,43,02,800
INB RARC 030 Trust #		
86,232 (March 31, 2019 : 88,076) Security Receipts of ₹ 1,000 each	10,37,37,096	10,51,61,518
RARC 027 Trust #		
42,860 (March 31, 2019 : 49,336) Security Receipts of ₹ 1,000 each	5,10,61,088	5,83,38,576
Magma RARC 031 Trust *		
14,680 (March 31, 2019 : 15,330) Security Receipts of ₹ 1,000 each	1,59,13,120	1,75,17,636
INB RARC 036 Trust *		
55,254 (March 31, 2019 : 55,515) Security Receipts of ₹ 1,000 each	6,16,08,210	6,13,99,590
LVB RARC 029 Trust *		
19,905 (March 31, 2019 : 23,105) Security Receipts of ₹ 1,000 each	2,77,50,066	3,20,69,740
SVC Bank RARC 033 Trust *		
35,527 (March 31, 2019 : 37,978) Security Receipts of ₹ 1,000 each	3,76,23,093	4,06,36,460
SBI RARC 035 Trust #		
69,871 (March 31, 2019 : 69,939) Security Receipts of ₹ 1,000 each	7,08,49,194	7,30,87,816

Notes to Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
LVB RARC 038 Trust #		
1,34,594 (March 31, 2018 : 1,53,653) Security Receipts of ₹ 1,000 each	14,20,35,775	16,85,37,320
Andhra Bank RARC 039 Trust *		
6,600 (March 31, 2019 : 6,600) Security Receipts of ₹ 1,000 each	79,13,400	79,39,800
RARC 040 IB SME TRUST #		
32,376 (March 31, 2019 : 33,006) Security Receipts of ₹ 1,000 each	4,00,49,112	3,77,75,043
RARC 045 IB SME *		
31,636 (March 31, 2019 : 33,674) Security Receipts of ₹ 1,000 each	3,76,52,570	3,95,13,840
RARC 048 RCFL TRUST *		
79,427 (March 31, 2019 : 93,864) Security Receipts of ₹ 1,000 each	11,97,36,000	13,78,30,044
RARC 049 (Kalyan Janata SME) Trust *		
11,471 (March 31, 2019 : 16,539) Security Receipts of ₹ 1,000 each	1,27,53,176	1,80,44,049
RARC (IOB EL) 050 TRUST *		
1,65,680 (March 31, 2019 : 1,84,983) Security Receipts of ₹ 1,000 each	25,21,17,500	27,91,44,000
RARC 051 (KJSB SME) TRUST *		
40,944 (March 31, 2019 : 40,944) Security Receipts of ₹ 1,000 each	5,24,08,320	4,72,80,000
RARC 052 (IB Retail) Trust		
1,97,578 (March 31, 2019 : 2,29,345) Security Receipts of ₹ 1,000 each	29,93,66,500	28,35,31,035
RARC 053 (IB SME) Trust		
45,000 (March 31, 2019 : 45,000) Security Receipts of ₹ 1,000 each	5,40,00,000	5,64,30,000
RARC 057 (SHDFCL HL) Trust		
13,170 (March 31, 2019 : 20,838) Security Receipts of ₹ 1,000 each	1,80,86,808	2,08,38,000
RARC 058 (KJSB SME) TRUST		
26,640 (March 31, 2019 : 26,640) Security Receipts of ₹ 1,000 each	2,81,85,120	2,66,40,000
RARC 059 (RHDFC HL) TRUST		
31,681 (March 31, 2019 : 34,180) Security Receipts of ₹ 1,000 each	3,66,06,400	3,41,80,000
RARC 061 (Indusind Retail) Trust		
44,581 (March 31, 2019 : NIL) Security Receipts of ₹ 1,000 each	8,95,10,960	-
RARC (IOB EL) 062 Trust		
1,26,931 (March 31, 2019 : NIL) Security Receipts of ₹ 1,000 each	12,69,31,000	-
Total (A)	**3,46,46,91,409**	**3,56,74,94,313**
Investment outside India	**-**	**-**
Investment in India	**3,46,46,91,409**	**3,56,74,94,313**

* Security Receipts which are pledge with Andhra Bank against CC facility.

Security Receipts which are hypothecated against secured non convertible debentures and is under first exclusive charges.

During the pervious year, the Company has written off investments in security receipts amounting to ₹ NIL (Previous year: ₹ 40,45,000)

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

2.04 OTHER FINANCIAL ASSETS CONSIDERED GOOD OTHERWISE STATED

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Advances to Trust (Refer Note 2.38)	2,40,85,250	2,77,21,524
Less: Provision for advances	(2,07,30,368)	(1,21,98,255)
	33,54,882	**1,55,23,269**
Security deposit	17,000	2,04,500
Collection on behalf of Trust (Refer Note 2.12)	10,79,524	-
Trust Fund	57,000	55,000
	45,08,407	**1,57,82,769**

(Amount in ₹)

Particulars	Advance to Trust	0-180 days	181-360 days	More than 360 days	Total
March 31, 2020	Advance to Trust	33,54,882	1,28,48,566	78,81,802	**2,40,85,250**
	Provision	-	(1,28,48,566)	(78,81,802)	**(2,07,30,368)**
	Net carrying amount	**33,54,882**	**-**	**-**	**33,54,882**
March 31, 2019	Advance to Trust	1,55,23,269	58,16,850	63,81,405	**2,77,21,524**
	Provision	-	(58,16,850)	(63,81,405)	**(1,21,98,255)**
	Net carrying amount	**1,55,23,269**	**-**	**-**	**1,55,23,269**

2.05 CURRENT TAX ASSETS (NET)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance Tax / Tax deducted at source (net of provision for tax March 31, 2020 ₹ 36,82,40,002 and March 31, 2019 ₹ 29,19,67,481)	88,20,191	1,47,89,226
	88,20,191	**1,47,89,226**

2.06 PROPERTY, PLANT AND EQUIPMENT (PPE)

(Amount in ₹)

Particulars	Own assets				Lease Assets	Total
	Buildings	Computers	Furniture and fixtures	Office Equipments		
Year ended March 31, 2019						
Gross Carrying Amount						
Opening gross carrying amount	24,75,150	17,22,784	14,05,661	1,53,748	-	**57,57,343**
Additions	-	14,14,068	-	49,754	-	**14,63,822**
Disposals and transfers	-	-	-	-	-	**-**
Closing gross carrying amount	**24,75,150**	**31,36,852**	**14,05,661**	**2,03,502**	**-**	**72,21,165**
Accumulated Depreciation						
Opening accumulated depreciation	3,617	7,96,846	4,56,046	18,189	-	**12,74,698**
Depreciation charge during the year	41,252	8,15,704	6,59,548	58,928	-	**15,75,432**
Closing accumulated depreciation	**44,869**	**16,12,550**	**11,15,594**	**77,117**	**-**	**28,50,130**

Notes to Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Particulars	Own assets				Lease Assets	Total
	Buildings	Computers	Furniture and fixtures	Office Equipments		
Net carrying amount as at March 31, 2019	**24,30,281**	**15,24,302**	**2,90,067**	**1,26,385**	**-**	**43,71,035**
Year ended March 31, 2020						
Gross Carrying Amount						
Opening gross carrying amount	24,75,150	31,36,852	14,05,661	2,03,502	-	**72,21,165**
Additions	-	3,82,588	-	-	73,40,792	**77,23,380**
Disposals and transfers	-	-	-	-	-	**-**
Closing gross carrying amount	**24,75,150**	**35,19,440**	**14,05,661**	**2,03,502**	**73,40,792**	**1,49,44,545**
Accumulated Depreciation						
Opening accumulated depreciation	44,869	16,12,550	11,15,594	77,117	-	**28,50,130**
Depreciation charge during the year	41,253	8,31,752	2,59,510	39,623	28,41,597	**40,13,735**
Disposals and transfers	-	-	-	-	-	**-**
Closing accumulated depreciation	**86,122**	**24,44,302**	**13,75,104**	**1,16,740**	**28,41,597**	**68,63,865**
Net carrying amount as at March 31, 2020	**23,89,028**	**10,75,138**	**30,557**	**86,762**	**44,99,195**	**80,80,680**

1. Building having gross carrying amount of ₹ 24,75,150 (₹ 24,75,150) is given as security for Non - Convertible Debentures.

2.07 OTHER INTANGIBLE ASSETS

(Amount in ₹)

Particulars	Software	Total
Year ended March 31, 2019		
Gross Carrying Amount		
Opening gross carrying amount	56,98,963	**56,98,963**
Additions	2,65,500	**2,65,500**
Disposals and transfers	-	**-**
Closing gross carrying amount	**59,64,463**	**59,64,463**
Accumulated Amortisation		
Opening accumulated amortisation	23,37,592	**23,37,592**
Amortisation during the year	18,38,340	**18,38,340**
Closing accumulated depreciation	**41,75,932**	**41,75,932**
Net carrying amount as at March 31, 2019	**17,88,531**	**17,88,531**
Year ended March 31, 2020		
Gross carrying amount		
Opening gross carrying amount	59,64,463	**59,64,463**
Additions	-	**-**
Disposals and transfers	-	**-**
Closing gross carrying amount	**59,64,463**	**59,64,463**
Accumulated Amortisation		
Opening accumulated amortisation	41,75,932	**41,75,932**
Amortisation during the year	16,96,560	**16,96,560**
Disposals and transfers	-	**-**
Closing accumulated depreciation	**58,72,492**	**58,72,492**
Net carrying amount as at March 31, 2020	**91,971**	**91,971**

1. Intangible assets are other than internally generated and average remaining useful life is 1 - 3 years.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

2.08 OTHER NON FINANCIAL ASSETS

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
GST cenvat credit / Service Tax Receivable	1,09,47,893	33,12,430
Advances recoverable in cash or in kind or for value to be received (non-financial assets)	66,54,809	36,46,841
Less: Provision for Advances	(2,00,000)	-
	64,54,809	**36,46,841**
	1,74,02,702	**69,59,271**

2.09 TRADE PAYABLES (Refer Note 2.38)

(Amount in ₹)

Particulars		As at March 31, 2020	As at March 31, 2019
(a)	Total outstanding dues of micro enterprises and small enterprises*	-	-
(b)	Total outstanding dues of creditors other than micro enterprises and small enterprises*	1,97,52,684	3,73,498
		1,97,52,684	**3,73,498**

* The company has not received any information from supplier regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. To the extent of information available with the Company, the Company does not owe any sum including interest to such parties.

2.10 DEBT SECURITIES

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
At Fair Value through Profit and Loss - (Secured) [Refer Note No. 2.39]		
Non Convertible Debentures	12,12,01,211	18,75,14,138
Total (A)	**12,12,01,211**	**18,75,14,138**
Debt securities in India	12,12,01,211	18,75,14,138
Debt securities outside India	-	-
Total (B)	**12,12,01,211**	**18,75,14,138**

Secured by pari pasu charge on immovable property and hypothecation of Security Receipts

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

2.11 BORROWINGS (OTHER THAN DEBT SECURITIES)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
At Amortised Cost		
Loans from banks		
Secured Bank Over Draft *	57,63,55,117	64,87,99,968
* During the current year Company has renewed overdraft facility from Andhra Bank. This facility is secured by exclusive charge on security receipts in Demat form. Except SRs of assets purchased from Andhra Bank, first charge on the cash flows coming to RARC on its investment in SRs and exclusive first charge on all other current assets including financial assets and investments in SRs (excluding specifically charges SRs).		
Unsecured		
Inter Corporate Loans from related parties [Refer Note No. 2.38]	65,00,00,000	85,00,00,000
Total (A)	**1,22,63,55,117**	**1,49,87,99,968**
Borrowings in India	1,22,63,55,117	1,49,87,99,968
Borrowings outside India	-	-
Total (B)	**1,22,63,55,117**	**1,49,87,99,968**

2.12 OTHER FINANCIAL LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due	1,67,69,967	89,54,025
Employee Benefits Payable	1,79,97,601	3,00,48,501
Recovery received on behalf of trust *	10,79,524	-
Lease Liability	51,25,422	-
	4,09,72,514	**3,90,02,526**

* The company has maintained bank account with HDFC in which online collection of recovery is done on behalf of trust. The amounts so collected are subsequently transferred to respective trust, as per report generated from payment gateway site. The above amount represents amounts pending to be transferred to the trust as on balance sheet date.

2.13 PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision Employee Benefit		
Gratuity (Refer note 2.26)	18,64,131	22,09,101
Stock Appreciation Rights (Refer note 2.29)	-	4,94,640
Provision for Expenses	**19,94,440**	**1,30,51,906**
	38,58,571	**1,57,55,647**

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

2.14 DEFERRED TAX (NET)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Liabilities		
Property, plant and equipment and intangibles	5,19,963	60,304
Fair valuation of security receipts	10,94,87,136	12,75,67,153
	11,00,07,099	**12,76,27,457**
Deferred Tax Assets		
Gratuity	(4,69,164)	(6,43,290)
Provision for SARs	-	(1,44,040)
Leased Liability	(78,295)	-
Provision for advance and investment written off	(1,87,56,728)	(1,13,66,386)
	(1,93,04,187)	**(1,21,53,716)**
	9,07,02,912	**11,54,73,741**

Movements in Deferred Tax

(Amount in ₹)

	Property, plant and equipment and intangibles	Fair valuation of security receipts	Gratuity	Compensated absences	Provision for SARs	Leased Liability	Provision for advance and investment written off	Total
As at March 31, 2018	**5,59,532**	**12,54,61,260**	**(2,95,001)**	**(3,56,005)**	**(2,59,041)**	**-**	**(7,36,476)**	**12,43,74,270**
Charged/(Credited) to								
Profit and Loss	(4,99,228)	21,05,893	(2,00,135)	3,56,005	1,15,001	-	(1,06,29,910)	**(87,52,375)**
Other Comprehensive Income	-	-	(1,48,154)	-	-	-	-	**(1,48,154)**
As at March 31, 2019	**60,304**	**12,75,67,153**	**(6,43,290)**	**-**	**(1,44,040)**	**-**	**(1,13,66,386)**	**11,54,73,741**
Charged/(Credited) to								
Opening Profit and Loss	-	-	-	-	-	(78,295)	-	(78,295)
Profit and Loss	4,59,659	(1,80,80,017)	2,70,640	-	1,44,040	-	(73,90,341)	(2,45,96,020)
Other Comprehensive Income	-	-	(96,514)		-		-	(96,514)
As at March 31, 2020	**5,19,963**	**10,94,87,136**	**(4,69,164)**		**-**	**(78,295)**	**(1,87,56,727)**	**9,07,02,912**

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

2.15 OTHER NON FINANCIAL LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Income Received in Advance	16,22,08,756	11,55,68,824
Statutory due including Goods and services tax, Tax Deducted at Source Payable and other taxes payables	3,64,72,860	2,35,00,754
	19,86,81,616	**13,90,69,578**

2.16 SHARE CAPITAL

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
15,00,00,000 (March 31, 2019) Equity Shares of ₹ 10 each	1,50,00,00,000	1,50,00,00,000
1,00,00,000 (March 31, 2019) Preference Shares of ₹ 10 each	10,00,00,000	10,00,00,000
Total	**1,60,00,00,000**	**1,60,00,00,000**
Issued, Subscribed and Fully Paid Up		
10,00,00,000 (March 31, 2019) Equity Shares of ₹ 10 each	1,00,00,00,000	1,00,00,00,000
Total	**1,00,00,00,000**	**1,00,00,00,000**

a. Reconciliation of Number of Shares

Equity Shares

(Amount in ₹)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	10,00,00,000	1,00,00,00,000	10,00,00,000	1,00,00,00,000
Add: changed during the year	-	-	-	-
Balance as at the end of the year	**10,00,00,000**	**1,00,00,00,000**	**10,00,00,000**	**1,00,00,00,000**

b. Terms / Rights Attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 10 per share. Each Equity Share holder is entitled to one vote per share.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distributions will be in proportion to the number of Equity Shares held by the shareholders.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

c. Shares Held by Sponsor Companies

(Amount in ₹)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Equity Shares of ₹ 10 each fully paid held by				
Reliance Capital Limited	4,90,00,000	49,00,00,000	4,90,00,000	49,00,00,000
Corporation Bank*	1,15,00,000	11,50,00,000	1,15,00,000	11,50,00,000
Indian Bank	1,15,00,000	11,50,00,000	1,15,00,000	11,50,00,000

d. Details of Share Holders, Holding More than 5% of the Aggregate Shares in the Company

(Amount in ₹)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	% Holding	Number of shares	% Holding
Reliance Capital Limited	4,90,00,000	49.00%	4,90,00,000	49.00%
Corporation Bank*	1,15,00,000	11.50%	1,15,00,000	11.50%
Indian Bank	1,15,00,000	11.50%	1,15,00,000	11.50%
Dacecroft Limited	95,00,000	9.50%	95,00,000	9.50%
General Insurance Corporation of India	90,00,000	9.00%	90,00,000	9.00%
Blue Ridge Limited Partnership	58,90,000	5.89%	58,90,000	5.89%
	9,63,90,000	**96.39%**	**9,63,90,000**	**96.39%**

* Pursuant to the amalgamation of Corporation Bank into Union Bank of India, it is known as "Union Bank of India", w.e.f. April 1, 2020

2.17 OTHER EQUITY

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Retained earnings	1,08,77,08,657	91,61,04,661
Other Comprehensive Income	(9,16,389)	(6,29,424)
Debenture redemption reserve	2,01,43,228	1,11,35,069
Total Other Equity	**1,10,69,35,496**	**92,66,10,306**
Retained earnings		
Opening balance	91,61,04,661	80,94,87,197
Profit for the year	21,69,69,319	15,39,19,121
Less: Dividend paid	(3,00,00,000)	(3,00,00,000)
Less: Tax on Dividend paid	(61,66,588)	(61,66,588)
Effect of Ind AS 116	(1,90,576)	-
Less: Transfer to Debenture Redemption Reserve	(2,85,08,159)	(1,11,35,069)

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Add: Transfer from Retained Earnings	1,95,00,000	-
Closing balance	**1,08,77,08,657**	**91,61,04,661**
Other Comprehensive Income		
Opening balance	**(6,29,424)**	**(2,68,808)**
Additions during the year (net)	**(2,86,965)**	**(3,60,616)**
Closing balance	**(9,16,389)**	**(6,29,424)**
Debenture Redemption Reserve		
Opening balance	**1,11,35,069**	**-**
Additions during the year	2,85,08,159	1,11,35,069
Less: Transferred To Retained Earnings	(1,95,00,000)	-
Closing balance	**2,01,43,228**	**1,11,35,069**

Nature and Purpose of Reserve

a) Debenture redemption reserve :

As per recent notification of Ministry of corporate affairs dated August 16, 2019 the provisions of Companies (Share Capital and Debentures) Rules, 2014 has been ammended Companies (Share Capital and Debentures) Rules, 2019. As per amended provisions the Company is not required to create and maintain a debenture redemption reserve from annual profits, however on conservative basis the Company has suo-moto decided to maintain debenture redemption reserve. The Company has voluntarily transferred a specified percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to debenture redemption reserve. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from debenture redemption reserve to retained earnings.

b) Retained Earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

2.18 FEES AND COMMISSION INCOME

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Trusteeship/Management Fees	38,78,05,085	33,87,85,062
Incentive Fees	5,37,79,296	7,70,40,330
Recovery Agent Fees (Refer No. 2.43)	22,63,07,748	14,60,34,979
Profit on Redemption of Security Receipts	63,71,833	12,58,167
	67,42,63,962	**56,31,18,538**

Notes to Financial Statements for the year ended March 31, 2020 (Contd.)

2.19 NET GAIN ON FAIR VALUE CHANGES

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Gain on Financial Instruments at Fair Value through Profit or Loss		
Fair value gain on Investment	-	30,48,835
	-	**30,48,835**
Fair Value Changes:		
- Realised	-	-
- Unrealised	-	30,48,835
	-	**30,48,835**

2.20 OTHER INCOME

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial Assets Measured at Amortised Cost		
Interest on Fixed Deposits	1,95,81,725	17,47,312
Interest on Advance given to trusts	52,40,613	37,80,893
	2,48,22,338	**55,28,205**

2.21 FINANCE COSTS

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on Financial Instruments Measured at Fair Value through Profit or Loss		
Interest on Debt Securities	2,39,94,494	37,92,944
Interest on Financial Instruments Measured at Amortised Cost		
Interest on Other Borrowings	15,57,35,989	15,27,75,585
Processing Charges	43,12,636	3,63,699
Bank Charges	1,46,431	63,251
Interest on Leased Liability	6,49,508	-
	18,48,39,058	**15,69,95,479**

2.22 NET LOSS ON FAIR VALUE CHANGES

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Loss on Financial Instruments at Fair Value through Profit or Loss		
Fair value loss on Investment	2,79,32,603	-
	2,79,32,603	**-**
Fair Value Changes:		
- Realised	-	-
- Unrealised	2,79,32,603	-
	2,79,32,603	**-**

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

2.23 EMPLOYEE BENEFIT EXPENSE

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salary, Bonus and Allowances	7,52,07,129	8,88,11,223
Contribution to Provident Fund and other funds	32,56,073	31,27,857
Employee Compensation Expenses - (refer note 2.29)	5,67,218	2,90,200
Gratuity expense	8,71,551	6,77,443
Compensated Absences	-	4,642
Staff welfare expenses	22,63,350	44,97,369
	8,21,65,321	**9,74,08,734**

2.24 OTHER EXPENSES

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Professional and Legal Charges	2,23,90,138	2,46,56,911
Premises Rent & Electricity Expenses	2,20,37,458	1,71,76,188
Payment to Auditors		
- Statutory Audit Fees	7,63,000	7,00,000
- Tax Audit Fees	38,600	45,000
- Limited Review Fees	3,37,900	3,32,450
- Out of Pocket Expenses	3,815	4,971
Provision for advances	55,53,377	96,70,081
Investment Written off	-	40,45,000
Recovery Commission (Refer No. 2.43)	5,72,69,697	1,45,84,496
Business Development Expenses	12,32,173	6,23,300
Director's Sitting Fees	15,26,000	13,51,600
Travelling Expenses	17,74,732	16,75,459
Telephone Expenses	9,25,169	10,19,094
Stamp Duty & Processing Fees	5,41,400	26,00,254
Repair & Maintenance	3,79,301	1,80,957
Courier and Postage	3,23,806	2,22,153
Software maintenance Charges	67,27,271	62,30,124
Office Printing and Stationery	5,84,222	5,12,381
Expenditure towards Corporate Social Responsibility (refer note 2.30)	33,53,000	26,88,850
Miscellaneous Expenses	40,32,143	26,56,134
	12,97,93,202	**9,09,75,402**

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

2.25 INCOME TAX EXPENSE

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Tax Expense Recognised in the Statement of Profit and Loss		
(a) Income tax expense		
Current tax on profits for the year	7,62,72,521	7,77,35,445
Adjustments for current tax of prior periods	-	-
Total current tax expense	**7,62,72,521**	**7,77,35,445**
Deferred Tax		
(Decrease) / increase in deferred tax	(2,45,96,019)	(87,52,375)
Total Deferred tax expense / (benefit)	**(2,45,96,019)**	**(87,52,375)**
Income Tax Expense	**5,16,76,502**	**6,89,83,070**
(b) Reconciliation of Tax Expense and the Accounting Profit Multiplied by India's Tax Rate:		
Tax Rates	**25.17%**	**29.12%**
Profit before tax	**26,86,45,821**	**22,29,02,190**
Tax Calculated at tax rates applicable	**6,76,12,780**	**6,49,09,118**
Difference due to:		
Corporate Social Responsibility	4,21,942	3,91,496
Depreciation and Amortisation	14,51,568	(1,55,613)
Provision disallowed and others	(1,06,16,925)	17,32,177
Interest	9,19,781	-
Ind As Adjustment (Fair Value of Investment)	61,42,256	21,05,892
Effect of changes in income taxes rate on deferred tax balances	(1,42,54,900)	-
Total income tax expense / (credit)	**5,16,76,502**	**6,89,83,070**

Pursuant to introduction of Section 115BAA of Income-Tax Act, 1961 inserted by the Taxation Laws (Amendment) Ordinance, 2019, the Company has elected to exercise the option to adopt the new tax rates, accordingly provided tax at Base tax rate of 22% and total effective tax rate at 25.168%.

2.26 EMPLOYEE BENEFITS:

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Defined Contribution Plan		
Amount recognised in the Statement of Profit and Loss		
(i) Employer's contribution to provident fund	29,03,444	28,57,849
(ii) Employer's contribution to pension fund	3,51,945	2,68,928
	32,55,389	**31,26,777**

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

(b) Gratuity:

Disclosures required as per the Ind AS 19 , Employee Benefits

(Amount in ₹)

Particulars		As at March 31, 2020	As at March 31, 2019
I.	**Reconciliation of Opening and Closing Balances of the Present Value of the Defined Benefit Obligation**		
	Obligation at the beginning of the year	37,39,292	41,78,050
	Interest Cost	2,91,291	3,38,422
	Service Cost	6,99,462	5,94,589
	Benefit Paid	(28,15,635)	(17,06,243)
	Actuarial (Gains) / Losses recognised in other comprehensive income		
	- Due to change in Demographic Assumptions	8,780	-
	- Due to change in financial assumptions	1,64,228	45,034
	- Due to Experience adjustments	1,06,580	2,89,440
	Obligation at the end of the year	21,93,998	37,39,292
II.	**Change in Plan Assets**		
	Fair value of plan assets at the beginning of the period	15,30,191	31,55,162
	Expected return on plan assets	(1,03,891)	2,55,568
	Contribution	16,00,000	-
	Benefit Paid from the Fund	(28,15,635)	(17,06,243)
	Actuarial Gains / (Losses) on Plan Assets - Due to Experience	-	(1,74,296)
	Interest Income	1,19,202	-
	Fair Value of plan assets at the end of the period	3,29,867	15,30,191
III.	**Reconciliation of Present Value of Obligation and Fair Value of the Plan Assets**		
	Fair value of plan assets at the end of the year	3,29,867	15,30,191
	Present value of the defined benefit obligation at the end of year	21,93,998	37,39,292
	Liability recognised in the Balance Sheet	18,64,131	22,09,101
IV.	**Expense Recognised in Profit or Loss**		
	Service Cost	6,99,462	5,94,589
	Interest cost	1,72,089	82,854
	Expense recognised in Profit or Loss	8,71,551	6,77,443
V.	**Amount Recognised in the Other Comprehensive Income**		
	Actuarial (gain)/loss recognised in other comprehensive income	2,79,588	3,34,474
	Expected return on plan assets	1,03,891	1,74,296
	Amount recognised in the Other Comprehensive Income	3,83,479	5,08,770
VI.	**Investment Details on Plan Assets**		
	100% of the plan assets are invested in Insurance Fund	3,29,867	15,30,191
VII.	**Actual Return on Plan Assets**	**(1,03,891)**	**81,272**

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
VIII. Assumptions		
Interest rate	6.56%	7.79%
Salary growth rate	6.00%	6.00%
Estimated return on plan assets	6.56%	7.79%
Employee turnover rate	10.00%	2.00%

IX. Particulars of the amounts for the Year and Previous Year

(Amount in ₹)

Particulars	2020	2019	2018	2017
Present value of benefit obligation	(21,93,998)	(37,39,292)	(41,78,050)	52,79,220
Fair Value of Plan Assets	3,29,867	15,30,191	31,55,162	52,36,082
Excess of obligation over plan assets	(18,64,131)	(22,09,101)	(10,22,888)	(43,138)

X. Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holdings other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate (+1% movement)	(1,35,310)	(1,37,668)
Discount rate (-1% movement)	1,52,858	1,61,711
Future salary growth (+1% movement)	1,52,189	1,63,007
Future salary growth (-1% movement)	(1,37,202)	(1,41,038)
Employee turnover (+1% movement)	(18,643)	(9,948)
Employee turnover (-1% movement)	18,421	7,457

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

XI. Maturity Analysis of the Defined Benefit Plan (Fund)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Projected benefits payable in future from the date of reporting		
1st following year	1,36,566	23,74,460
2nd following year	1,44,649	23,748
3rd following year	1,96,538	27,119
4th following year	5,99,882	37,334
5th following year	1,71,844	4,67,347
Sum of 6 to 10 years	7,75,521	5,08,058
Sum of 11 years and above	16,75,534	28,01,169

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

2.27

(A) CAPITAL MANAGEMENT

The primary objective of the Company for its capital management is to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Regulatory Capital

(Amount in ₹)

Capital to risk assets ratio (CRAR):	As at March 31, 2020	As at March 31, 2019
(a) Common Equity Tier 1 capital	1,69,67,02,115	1,92,48,21,775
(b) Other Tier 2 capital instruments	-	-
(c) Total capital	1,69,67,02,115	1,92,48,21,775
(d) Risk weighted assets	3,10,84,59,866	3,62,58,09,995
(e) CRAR (%)	54.58%	53.09%

Regulatory capital Tier I capital, which comprises share capital, special reserves, retained earnings including current year profit. Certain adjustments are made to Ind AS based results and reserves, as prescribed by the Reserve Bank of India.

(B) DIVIDENDS

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Equity Shares		
Final dividend for the year ended March 31, 2019 of Re. 0.30 (March 31, 2018 - Re. 0.30) per share fully paid share.	3,00,00,000	3,00,00,000
Dividend distribution tax (DDT)	61,66,588	61,07,296
Interest on above	61,666	-
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of Re. 0.30 per fully paid equity share (March 31, 2019 - Re. 0.30). This proposed dividend is subject to the approval of shareholders in ensuing annual general meeting.	3,00,00,000	3,00,00,000
Dividend distribution tax (DDT) on proposed dividend	-	63,59,299

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

2.28 MOVEMENT OF PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits		
Balance at the beginning of the period	27,03,741	31,55,501
Additional provision /(reduction)	(8,39,610)	(4,51,760)
Balance at the close of the period	**18,64,131**	**27,03,741**
Provision for Expenses		
Balance at the beginning of the period	1,30,51,906	84,73,428
Additional provision /(reduction)	(1,10,57,466)	45,78,478
Balance at the close of the period	**19,94,440**	**1,30,51,906**

2.29 STOCK APPRECIATION RIGHTS (SAR):

Statement of Employees Phantom Stock Option Scheme as on March 31, 2020:

Particulars	No of Option
Granted as on 15.10.2015	10,83,200
Vested	1,64,880
Exercise	1,45,460
Forfeited	60,640
Exercise Period	3 years from the date of last vesting
Vesting Conditions	Continuous service

(Amount in ₹)

Particulars	March 31, 2020	March 31, 2019
Outstanding at the beginning of the year	2,06,100	7,48,500
Granted during the year	1,64,880	4,49,100
Forfeited / Expired during the year	60,640	3,25,440
Exercised during the year	1,45,460	2,16,960
Outstanding at the end of the year	0	2,06,100
Exercisable at the end of the year	0	1,23,660

2.30 CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE:

(Amount in ₹)

Gross amount required to be spent by the Company during the year	33,53,000

Amount spent during the year on:

Particulars	In cash	Yet to be paid in cash	Total
1) Construction/acquisition of any asset	-	-	-
2) On purposes other than (1) above	33,53,000	-	33,53,000

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

2.31 CONTINGENT LIABILITY:

(a) During the earlier year Company had received an order from the Board of Revenue, Madhya Pradesh office with a demand of ₹ 1.44 crore which was earlier received from the local corporation in the year 2014 to pay additional duty of 1% on the loan amount. The Company has contested the matter with the Hon'ble High Court of Madhya Pradesh requesting for quashing and setting aside the order passed by Collector of Stamps, Raisen on August 12, 2014 and by Board of Revenue on May 26, 2016 respectively stating various grounds i.e. the property is beyond the jurisdiction of the Municipal limits and falls with the limits of the Village Panchayat etc. Based on the evaluation and assessment by the management, the Company believes that we have merits in the Writ Petition filed by the Company which is presently sub judice.

(b) The company has paid ₹ 20,44,740/- under protest for the demand raised by CIT (Appeal) for the FY 2013 – 14. The case is still pending with ITAT.

2.32 FOREIGN CURRENCY

The Company has incurred ₹ 7,81,888/- in foreign currency during the year towards Professional Fees.

2.33 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(Amount in ₹)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	29,69,48,403	-	29,69,48,403	30,21,82,407	-	30,21,82,407
Trade Receivables	79,16,356	-	79,16,356	92,31,850	-	92,31,850
Investments	-	3,46,46,91,409	3,46,46,91,409	-	3,56,74,94,313	3,56,74,94,313
Other financial asset	44,34,407	74,000	45,08,407	1,55,23,269	2,59,500	1,57,82,769
Non-financial assets						
Current tax assets (Net)	-	88,20,192	88,20,192	-	1,47,89,226	1,47,89,226
Property, Plant and Equipment	-	80,80,680	80,80,680	-	43,71,035	43,71,035
Other Intangible assets	-	91,971	91,971	-	17,88,531	17,88,531
Other non-financial asset	1,74,02,702	-	1,74,02,702	69,59,271	-	69,59,271
Total assets (a)	**32,67,01,868**	**3,48,17,58,252**	**3,80,84,60,120**	**33,38,96,797**	**3,58,87,02,605**	**3,92,25,99,402**

Notes to Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Liabilities						
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,97,52,684	-	1,97,52,684	3,73,498	-	3,73,498
Debt securities	70,00,000	11,42,01,211	12,12,01,211	-	18,75,14,138	18,75,14,138
Borrowings (Other than debt securities)	1,22,63,55,117	-	1,22,63,55,117	1,49,87,99,968	-	1,49,87,99,968
Other financial liabilities	2,51,67,703	1,58,04,811	4,09,72,514	3,53,56,720	36,45,806	3,90,02,526
Non-financial Liabilities						
Provisions	35,21,558	3,37,013	38,58,571	1,38,10,815	19,44,832	1,57,55,647
Deferred tax (Net)	-	9,07,02,912	9,07,02,912	-	11,54,73,741	11,54,73,741
Other non-financial liabilities	19,86,81,616	-	19,86,81,616	13,90,69,578	-	13,90,69,578
Total liabilities (b)	**1,48,04,78,678**	**22,10,45,947**	**1,70,15,24,625**	**1,68,74,10,579**	**30,85,78,517**	**1,99,59,89,096**
Net (a - b)	**(1,15,37,76,810)**	**3,26,07,12,305**	**2,10,69,35,495**	**(1,35,35,13,782)**	**3,28,01,24,088**	**1,92,66,10,307**

2.34 FAIR VALUE MEASUREMENTS

a) Financial Instruments by Category

(Amount in ₹)

Particulars	March 31, 2020		March 31, 2019	
	Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
Financial Assets				
Cash & cash equivalents	-	29,69,48,403	-	30,21,82,407
Trade Receivables	-	79,16,356	-	92,31,850
Investments	3,46,46,91,409	-	3,56,74,94,313	-
Other financial asset	-	45,08,407	-	1,57,82,769
Total Financial Assets	**3,46,46,91,409**	**30,93,73,166**	**3,56,74,94,313**	**32,71,97,026**
Financial Liabilities				
Payables	-	1,97,52,684	-	3,73,498
Debt securities	12,12,01,211	-	18,75,14,138	-
Borrowings	-	1,22,63,55,117	-	1,49,87,99,968
Other financial liabilities	-	4,09,72,514	-	3,90,02,526
Total Financial Liabilities	**12,12,01,211**	**1,28,70,80,315**	**18,75,14,138**	**1,53,81,75,992**

Notes to Financial Statements for the year ended March 31, 2020 (Contd.)

Fair value hierarchy

The following section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value through profit or loss. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial investments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

b) Fair Value Hierarchy for Assets

Financial assets measured at fair value at March 31, 2020

(Amount in ₹)

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments	-	-	3,46,46,91,409	3,46,46,91,409
Total	**-**	**-**	**3,46,46,91,409**	**3,46,46,91,409**
Financial Liabilities				
Debt securities	-	-	12,12,01,211	12,12,01,211
Total	**-**	**-**	**12,12,01,211**	**12,12,01,211**

Financial assets measured at fair value at March 31, 2019

(Amount in ₹)

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments			3,56,74,94,313	3,56,74,94,313
Total	**-**	**-**	**3,56,74,94,313**	**3,56,74,94,313**
Financial Liabilities				
Debt securities	-	-	18,75,14,138	18,75,14,138
Total	**-**	**-**	**18,75,14,138**	**18,75,14,138**

Notes:

Level 1 hierarchy includes financial instruments measured using quoted prices (unadjusted) in active market for identical assets that the entity can access at the measurement date.

Level 2 hierarchy includes the fair value of financial instruments measured using quoted prices for identical or similar assets in markets that are not active.

Level 3 If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted compound instruments.

There are no transfers between any of these levels during the year. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

c) Valuation Techniques used to determine Fair Value

Specific valuation techniques used to value investment in security receipt include:

- the fair value of investment in security receipt is based on Net Asset Value (NAV) calculated using discounted cash flow method and valuation range provided by the rating agencies. This is included in Level 3.

Specific valuation techniques used to value market linked debentures:

Fair valuation of Market linked debentures is determined based on cash flows discounted using a current lending rate, however the change in current rate does not have any significant impact on fair values as at the current year end. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

d) Fair Value Measurements using Significant Unobservable Inputs (Level 3)

The following table presents the changes in level 3 items for the periods ended March 31, 2020 and March 31, 2019:

(Amount in ₹)

Particulars	Investment	Debt securities
As at March 31, 2018	**3,24,36,39,476**	**-**
Additions	64,17,23,000	18,76,61,276
Disposals	31,68,72,000	-
Investment written off	40,45,000	-
Gains/(losses) recognised in statement of profit and loss	30,48,837	(1,47,138)
As at March 31, 2019	**3,56,74,94,313**	**18,75,14,138**
Additions	17,74,00,000	1,00,00,000
Disposals	25,22,70,000	7,80,00,000
Gains/(losses) recognised in statement of profit and loss	(2,79,32,904)	16,87,073
As at March 31, 2020	**3,46,46,91,409**	**12,12,01,211**

e) Fair Value of Financial Assets and Liabilities Measured at Amortised Cost

The carrying amount of remaining financial assets and liabilities is considered as fair value.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

f) Unobservable Inputs used in Measuring Fair Value Categorised within Level 3

(Amount in ₹)

Type of Financial Instruments	Fair value of asset as on March 31, 2020	Fair value of liability as on March 31, 2020	Valuation Techniques	Significant Unobservable input	Range of estimates (weighted-average) for unobservable input	Increase in the unobservable input (% or as the case may be)	Change in fair value	Decrease in the unobservable input (% or as the case may be)	Change in fair value
Investments in security receipts	3,46,46,91,409	-	Discounted projected cash flow	Cash Flow	25,84,14,59,120	2,58,41,45,912	19,87,61,855	(2,58,41,45,912)	(31,71,80,146)
				Discount rates	7.35%	0.50%	(2,30,42,353)	0.50%	1,67,44,080
Non - Convertible Debentures	-	12,12,01,211	Discounted projected cash flow	Discount rates	12.15%	1.00%	8,75,854	1.00%	(8,89,709)

(Amount in ₹)

Type of Financial Instruments	Fair value of asset as on March 31, 2019	Fair value of liability as on March 31, 2019	Valuation Techniques	Significant Unobservable input	Range of estimates (weighted-average) for unobservable input	Increase in the unobservable input (% or as the case may be)	Change in fair value	Decrease in the unobservable input (% or as the case may be)	Change in fair value
Investments in security receipts	3,56,74,94,313	-	Discounted projected cash flow	Cash Flow	24,10,87,22,050	2,41,08,72,205	26,39,18,033	(2,41,08,72,205)	(27,56,36,921)
				Discount rates	2.69%	0.50%	(2,33,12,855)	0.50%	2,44,59,908
Non - Convertible Debentures	-	18,75,14,138	Discounted projected cash flow	Discount rates	12.18%	1.00%	21,67,510	1.00%	(22,15,775)

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

g) Quantitative Analysis of Significant Unobservable Inputs

Discount margin/spreads

Discount margin/spreads represent the discount rates used when calculating the present value of future cash flows. In discounted cash flow models such spreads are added to the benchmark rate when discounting the future expected cash flows. Hence, these spreads reduce the net present value of an asset or increase the value of a liability. They generally reflect the premium an investor expects to achieve over the benchmark interest rate to compensate for the higher risk driven by the uncertainty of the cash flows caused by the credit quality of the asset. They can be implied from market prices and are usually unobservable for illiquid or complex instruments.

Recovery rates

Recovery rates reflect the estimated loss that the Company will suffer given expected defaults. The recovery rate is given as a percentage and reflects the opposite of loss severity (i.e. 100% recovery reflects 0% loss severity). In line with general market convention, loss severity is applied to asset-backed securities while recovery rate is more often used as pricing input for corporate or government instruments. Higher loss severity levels / lower recovery rates indicate lower expected cash flows upon the default of the instruments. Recovery rates for complex, less liquid instruments are usually unobservable and are estimated based on historical data.

2.35

A) LIQUIDITY RISK AND FUNDING MANAGEMENT

Liquidity risk emanates from the mismatches existing on the balance sheet due to differences in maturity and repayment profile of assets and liabilities. These mismatches could either be forced in nature due to market conditions or created with an interest rate view. Such risk can lead to a possibility of unavailability of funds to meet upcoming obligations arising from liability maturities. To avoid such a scenario, the Company has ensured maintenance of a Liquidity Cushion in the form of Fixed Deposits, Cash, Credit Lines etc. These assets carry minimal credit risk and can be liquidated in a very short period of time. These would be to take care of immediate obligations while continuing to honour our commitments as a going concern.

B) ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY REMAINING CONTRACTUAL MATURITIES

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31. However, the Company expects that the counterparties will not request repayment on the earliest date it could be required to pay.

As at March 31, 2020

(Amount in ₹)

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalents	5,94,662	29,63,53,741	-	-	-	29,69,48,403
Trade Receivables *	-	-	79,16,356	-	-	79,16,356
Investments *	-	-	20,00,00,000	3,26,46,91,409	-	3,46,46,91,409
Other financial assets *	-	10,79,524	33,54,883	-	74,000	45,08,407
Total financial assets (a)	**5,94,662**	**29,74,33,265**	**21,12,71,239**	**3,26,46,91,409**	**74,000**	**3,77,40,64,575**
Financial liabilities						
Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	1,97,52,684	-	-	-	1,97,52,684
Debt securities	-	70,00,000	-	11,42,01,211	-	12,12,01,211
Borrowings (Other than debt securities)	-	-	1,22,63,55,117	-	-	1,22,63,55,117
Other financial liabilities	-	9,65,156	2,42,02,547	1,58,04,811	-	4,09,72,514
Total financial liabilities (b)	**-**	**2,77,17,840**	**1,25,05,57,664**	**13,00,06,022**	**-**	**1,40,82,81,526**
Net (a - b)	**5,94,662**	**26,97,15,425**	**(1,03,92,86,425)**	**3,13,46,85,388**	**74,000**	**2,36,57,83,050**

As at March 31, 2019

(Amount in ₹)

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalents	5,94,341	30,15,88,066	-	-	-	30,21,82,407
Trade Receivables	-	-	92,31,850	-	-	92,31,850
Investments*	-	10,74,36,000	29,25,64,000	3,16,74,94,313	-	3,56,74,94,313
Other financial assets	-	-	1,55,23,269	-	2,59,500	1,57,82,769
Total financial assets (a)	**5,94,341**	**40,90,24,066**	**31,73,19,120**	**3,16,74,94,313**	**2,59,500**	**3,89,46,91,339**
Financial liabilities						
Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	3,73,498	-	-	-	3,73,498
Debt securities	-	-	-	18,75,14,138	-	18,75,14,138
Borrowings (Other than debt securities)	-	-	1,49,87,99,968	-	-	1,49,87,99,968
Other financial liabilities	-	-	3,90,02,526	-	-	3,90,02,526
Total financial liabilities (b)	**-**	**3,73,498**	**1,53,78,02,494**	**18,75,14,138**	**-**	**1,72,56,90,130**
Net (a - b)	**5,94,341**	**40,86,50,568**	**(1,22,04,83,374)**	**2,97,99,80,175**	**2,59,500**	**2,16,90,01,210**

* As expected by management of the Company

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

2.36 INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss. The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year.

(Amount in ₹)

Currency of borrowing / advances	2019-20			
	Increase in basis points	Effect on profit before tax (Amount ₹)	Decrease in basis points	Effect on profit before tax (Amount ₹)
INR	50	(69,33,737)	50	69,33,737

(Amount in ₹)

Currency of borrowing / advances	2018-19			
	Increase in basis points	Effect on profit before tax (Amount ₹)	Decrease in basis points	Effect on profit before tax (Amount ₹)
INR	50	(68,91,013)	50	68,91,013

2.37 ADDITIONAL DISCLOSURES

Additional disclosure pursuant to The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003 issued vide Circular n. RBI/ 2007-2008/9 DNBS (PD) CC. No. 7 / SCRC / 10.30.000/ 2007-2008 dated July 02, 2007 and vide notification no. DNBS.PD (SC/RC).8/CGM (ASR) - 2010 dated April 21, 2010.

Disclosures made in paragraphs (i) to (xi) below represent total value of the assets in the respective trusts subscribed by the Company and the co-investors as also assets directly acquired by the Company.

(i) The names and addresses of the Banks/ Financial Institutions from whom Financial Assets were acquired as at March 31, 2020 (since inception) and the value at which such assets were acquired from each such Bank/ Financial Institutions:

(Amount in ₹)

Sr. No.	Name of the Bank / Financial Institution	Address	Acquisition price (₹)	
			March 31, 2020	March 31, 2019
1	Asset Reconstruction Company (India) Limited	The Ruby, 10th Floor, 29, Senapati Bapat Marg, Dadar (West), Mumbai - 400 028	68,18,000	68,18,000
2	Corporation Bank*	Managala Devi Temple Road, Mangalore 575001	2,49,00,000	2,49,00,000
3	Bank of Baroda (erstwhile Dena Bank)	Dena Corporate Centre, C-10, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051	30,76,62,000	30,76,62,000
4	Indian Bank	66,Rajaji Salai, Chennai – 600 001	12,61,24,82,000	12,61,24,82,000
5	Central Bank of India	Chandramukhi, Nariman Point, Mumbai – 400 021	2,43,00,000	2,43,00,000
6	Vijaya Bank	41/2, M G Road, Bengaluru, Karnataka – 560 001	9,90,00,000	9,90,00,000

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Sr. No.	Name of the Bank / Financial Institution	Address	Acquisition price (₹)	
			March 31, 2020	March 31, 2019
7	IFCI	IFCI Tower, 61, Nehru Place, New Delhi – 110 192	20,00,00,000	20,00,00,000
8	IDBI	IDBI Tower, Cuffe Parade, Mumbai – 400005	12,26,00,000	12,26,00,000
9	Union Bank of India	Union Bank Bhavan, 239, Vidhan Bhavan Marg, Mumbai 400 021	6,25,00,000	6,25,00,000
10	Industrial Investment Bank of India Limited	19, Netaji Subhash Road, Kolkatta - 700 001	5,50,00,000	5,50,00,000
11	City Union Bank Limited	24-80, Raja Bahadur Compound, Ambalala Doshi Marg, Fort, Mumbai - 400 023	2,83,97,64,000	2,83,97,64,000
12	Laxmi Vilas Bank	Salem Road, Kathaprai, Karur - 639 006. Tamil Nadu	2,14,09,20,000	2,14,09,20,000
13	UCO Bank	10, B T M Sarani, Kolkata - 700 001, West Bengal	1,51,00,000	1,51,00,000
14	Yes Bank	Indiabulls Finance Centre, Tower II, Senapati Marg, Elphinstone (W), Mumbai - 400 013	10,30,00,000	10,30,00,000
15	The Saraswat Co-operative Bank Ltd.	953, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025	3,75,00,000	3,75,00,000
16	Abhyudaya Co-operative Bank Limited	Shram Safalya, 63, G D Ambekar Marg, Parel Village, Mumbai - 400 012	3,25,00,000	3,25,00,000
17	Bank of Baroda	Suraj Plaza-1, Sayaji Ganj, Baroda - 390005	1,13,00,000	1,13,00,000
18	The Akola Urban Co-operative Bank Limited	"Jankalyan", 58/59,Toshniwal Layout, Murtizapur Road, Behind Govt. Milk Scheme, Akola-444001	42,00,00,000	42,00,00,000
19	State Bank of India	State Bank Bhavan, Madam Cama Road, Mumbai – 400021	4,84,46,57,000	4,84,46,57,000
20	Kotak Mahindra Bank (erstwhile ING Vysya Bank)	22,MG Road, Bangalore,Karnataka-560001	1,68,70,00,000	1,68,70,00,000
21	State Bank of India (erstwhile State Bank of Travancore)	Poojappura, Thiruvananthapuram-695012	61,94,00,000	61,94,00,000
22	State Bank of India (erstwhile State Bank of Hyderabad)	Gunfoundry,Hyderabad-500001	16,60,07,000	16,60,07,000
23	Karur Vysya Bank	Erode Road,Karur-639002,Tamilnadu	3,81,58,000	3,81,58,000
24	Reliance Capital Limited	Reliance Centre, 6th Floor, Off Western Express Highway, Santacruz (E), Mumbai - 400 055	95,99,11,000	95,99,11,000
25	Magma Fincorp Limited	Magma House, No.24 Park Street, Kolkata-700 016	59,48,32,000	59,48,32,000

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Sr. No.	Name of the Bank / Financial Institution	Address	Acquisition price (₹)	
			March 31, 2020	March 31, 2019
26	Magma Housing Finance	Magma House, No.24 Park Street, Kolkata-700 016	14,41,71,000	14,41,71,000
27	SVC Co-operative Bank Limited	SVC Tower, Nehru Road, Vakola, Santacruz (E), Mumbai - 400 055	47,79,01,000	47,79,01,000
28	Andhra Bank	Mama Paramanand Marg, Opera House, Girgaon, Mumbai, Maharashtra 400004	4,40,00,000	4,40,00,000
29	Reliance Commercial Finance Limited	Reliance Centre, 6th Floor, Off Western Express Highway, Santacruz (E), Mumbai - 400 055	1,15,01,00,000	1,15,01,00,000
30	The Kalyan Janata Sahakari Bank Limited	Kalyanam_astu, Om Vijaykrishna Apartment, Adharwadi, Kalyan (W), Dist. Thane - 421301	62,06,00,000	62,06,00,000
31	Indian Overseas Bank	4/B,Ground Floor, Sangam CHSL,S.V Road,Santacruz (W), Mumbai 400054	1,96,32,81,000	1,30,92,81,000
32	Shubham Housing Development Finance Corporation Limited	Plot No. 425, Udyog Vihar, Phase IV, Gurgaon-122015	14,79,00,000	14,79,00,000
33	Religare Housing Development Finance Corporation Ltd	1st Floor, Tower "A" PRIUS Global, Sector-125, NOIDA, U.P- 201301	22,78,61,000	22,78,61,000
34	IndusInd Bank Ltd.	Indusind Bank Ltd., 11th floor, Tower 1, One Indiabulls Centre, 841, Senapati Bapat Marg, Elphinstone Road, Mumbai-400013, India	4,66,00,000	-
	Total		**32,84,77,25,000**	**32,14,71,25,000**

* Pursuant to the amalgamation of Corporation Bank into Union Bank of India, it is known as "Union Bank of India", w.e.f. April 1, 2020

(ii) Dispersion of various Financial Assets Industry-wise

(Amount in ₹)

Industry	Acquisition Cost Outstanding (₹)	Percentage to total assets	Acquisition Cost Outstanding (₹)	Percentage to total assets
	March 31, 2020		March 31, 2019	
Agriculture	3,15,16,32,935	9.6%	3,15,16,32,935	9.8%
Education	10,47,47,16,361	31.9%	9,82,07,16,361	30.5%
Housing	93,59,43,567	2.8%	93,59,43,567	2.9%
Micro	2,45,63,14,101	7.5%	2,45,63,14,101	7.6%
Small	4,35,80,12,819	13.3%	4,35,80,12,819	13.6%
Medium	5,15,48,68,789	15.7%	5,15,48,68,789	16.0%
Seeds / Biotech	57,30,00,000	1.7%	57,30,00,000	1.8%
Food processing	97,34,95,328	3.0%	97,34,95,328	3.0%
Power	2,70,00,000	0.1%	2,70,00,000	0.1%
Plastics	2,30,00,000	0.1%	2,30,00,000	0.1%
Casting & Forging	33,43,20,311	1.0%	33,43,20,311	1.0%

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Industry	Acquisition Cost Outstanding (₹)	Percentage to total assets	Acquisition Cost Outstanding (₹)	Percentage to total assets
	March 31, 2020		March 31, 2019	
Construction	24,39,65,999	0.7%	24,39,65,999	0.8%
Waste Processing	4,40,00,000	0.1%	4,40,00,000	0.1%
Vehicle	1,97,09,048	0.1%	1,97,09,048	0.1%
Personal	33,70,50,923	1.0%	29,04,50,923	0.9%
Infrastructure	39,04,69,845	1.2%	39,04,69,845	1.2%
Information Technology	2,93,83,000	0.1%	2,93,83,000	0.1%
Advertisement	2,80,000	0.0%	2,80,000	0.0%
Textile	47,34,55,511	1.4%	47,34,55,511	1.5%
Electricals	5,91,70,000	0.2%	5,91,70,000	0.2%
Gems & Jewellery	7,09,88,776	0.2%	7,09,88,776	0.2%
Others	2,71,69,47,687	8.3%	2,71,69,47,687	8.5%
Total	**32,84,77,25,000**	**100%**	**32,14,71,25,000**	**100%**

(iii) Dispersion of various Financial Assets Sponsor-wise

(Amount in ₹)

Industry	Acquisition Cost Outstanding (₹)	Percentage to total assets	Acquisition Cost Outstanding (₹)	Percentage to total assets
	March 31, 2020		March 31, 2019	
A. Sponsor				
- Indian Bank	12,61,24,82,000	38%	12,61,24,82,000	39%
- Reliance Capital Limited	95,99,11,000	3%	95,99,11,000	3%
- Corporation Bank	2,49,00,000	0%	2,49,00,000	0%
Total Sponsor (A)	**13,59,72,93,000**	**41%**	**13,59,72,93,000**	**42%**
B. Non-Sponsors	19,25,04,32,000	59%	18,54,98,32,000	58%
Total Non Sponsor (B)	**19,25,04,32,000**	**59%**	**18,54,98,32,000**	**58%**
Total (A+B)	**32,84,77,25,000**	**100%**	**32,14,71,25,000**	**100%**

(Amount in ₹)

	March 31, 2020	March 31, 2019
(iv) A statement charting the migration of Financial Assets from Standard to Non-Performing.		
Opening balance of Standard Assets	-	-
Opening balance of Non-Performing Assets	-	-
Assets acquired during the year (Standard)	-	-
Assets redeemed during the year (Standard and NPA)	-	-
Downgradation of Assets from Standard to Non-Performing (gross of provisions) during the year	-	-
Closing balance of Standard Assets	-	-
Closing balance of Non-Performing Assets (gross of provisions)	-	-

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

		March 31, 2020	March 31, 2019
(v)	Value of Financial Assets acquired during the financial year either on its own books or in the books of the Trust	70,06,00,000	4,27,81,42,000
(vi)	Value of Financial Assets realised during the financial year	1,60,86,66,000	1,78,00,48,000
(vii)	Value of Financial Assets outstanding for realisation as at the end of the financial year.	20,19,51,99,000	21,13,58,27,000
(viii)	Value of Security Receipts redeemed/Contractual Rights in Loan Assets realised partially and the Security Receipts redeemed /Contractual Rights in Loan Assets realised fully during the financial year.		
	- Value of Security Receipts redeemed fully during the financial year	1,61,11,000	-
	- Value of Security Receipts redeemed partially during financial year	1,59,25,55,000	1,78,00,48,000
(ix)	Value of Security Receipts/Contractual Rights in Loan Assets, pending for redemption as at the end of the financial year	20,19,51,99,000	21,13,58,27,000
(x)	Value of Security Receipts which could not be redeemed as a result of non-realisation of the Financial Asset as per the policy formulated by the Securitisation Company or Reconstruction Company under Paragraph 7(6)(ii) or 7(6)(iii) of The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003 as amended from time to time.		
	There were no Security Receipts that were not redeemed during the financial year as a result of non-realisation of the Financial Asset as per the policy formulated.		
(xi)	Value of land and / or building acquired in ordinary course of business of reconstruction of assets.		
	- Immovable Property at Navi Mumbai	24,75,150	-

Additional Disclosure as per RBI Notification no. DNBS (PD) CC. No. 41/SCRC/26.03.001/2014-15 Date August 5, 2014

(xii) The basis of valuation of assets if the acquisition value of the assets is more than the BV - Nil

(xiii) The details of the assets disposed of (either by write off or by realisation during the year at a discount of more than 20% of valuation as on the previous year end and the reasons therefore.

There were no asset disposed off (either by write off or by realisation) during the year at a discount of more than 20% of valuation as on the previous year end and the reasons therefore.

(xiv) The details of the assets where the value of the SRs has declined more than 20% below the acquisition value

(Amount in ₹)

Sr. no.	Trust Name	Closing SR (₹)	NAV as at March 31, 2020
1	Reliance ARC - LVB Trust	91,59,000	50.00%
2	Reliance ARC - INB Retail Portfolio Trust (2013)	26,77,87,000	75.00%
3	Reliance ARC - CUB Saravana Trust (2014)	2,49,94,000	63.70%
4	Reliance ARC - CUB SDPL Trust(2014)	2,19,94,000	60.50%
5	Reliance ARC - CUB(CTRPL)(2014)Trust	1,34,69,000	75.00%
6	Reliance ARC 001 Trust	20,66,76,000	64.00%

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

2.38 RELATED PARTY DISCLOSURES

(i) List of Related Parties and their relationship

Nature of relationship	Related Party
A) Investor Company (Significant Influence exists)	Reliance Capital Limited
Associate/Subsidiary of Investor Company	1. Reliance Nippon Life Asset Management Limited 2. Reliance Commercial Finance Limited 3. Reliance General Insurance Company Limited 4. Reliance Nippon Life Insurance Company Limited 5. Reliance Corporate Advisory Services Limited 6. Reliance Home Finance Limited
Asset Reconstruction trusts - controlled by the Company	1. Reliance ARC CUB 2014 (1) Trust 2. Reliance ARC - CUB (HL&SME) (2014) (1) Trust 3. Reliance ARC 004 Trust 4. Reliance ARC 007 Trust 5. Reliance ARC ALPLUS Trust 6. RARC 061 (INDUSIND RETAIL) Trust
B) Key Management Personnel	a) Mr. Ravindra S. Rao Executive Director & CEO (upto October 22, 2019) b) Mr. Mehul Gandhi Executive Director & CEO (w.e.f. December 18, 2019) c) Mr. Rakesh Panjwani Chief Financial Officer (w.e.f. from February 5, 2020) d) Ms. Preeti Chhapru Company Secretary

(Amount in ₹)

Nature of Transactions	Name of Related Party	Enterprises having significant influence over the Company		Associate of Investor Company		Asset Reconstruction trusts - controlled by the Company		Key Management Personnel	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Advance to Trust	Asset Reconstruction trusts - controlled by the Company	-	-	-	-	6,20,064	6,15,890	-	-
Trade Receivable	Asset Reconstruction trusts - controlled by the Company	-	-	-	-	61,06,909	81,816	-	-
Income Received in Advance	Asset Reconstruction trusts - controlled by the Company	-	-	-	-	21,61,043	18,99,230	-	-
Investment balance	Asset Reconstruction trusts - controlled by the Company	-	-	-	-	46,67,05,000	47,45,92,000	-	-
Trust Fund	Asset Reconstruction trusts - controlled by the Company	-	-	-	-	6,000	5,000	-	-
Profit/Loss on sale of Investment (transaction)	Asset Reconstruction trusts - controlled by the Company	-	-	-	-	30,18,297	-	-	-
Unsecured Loans	Reliance Nippon Life Asset Management Limited	-	-	55,00,00,000 (upto 26.09.2019)	55,00,00,000	-	-	-	-

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Nature of Transactions	Name of Related Party	Enterprises having significant influence over the Company		Associate of Investor Company		Asset Reconstruction trusts - controlled by the Company		Key Management Personnel	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Unsecured Loans	Reliance Corporate Advisory Services Limited	45,00,00,000 (w.e.f 27.09.2019)	-	-	-	-	-	-	-
Unsecured Loans	Reliance Capital Limited	20,00,00,000	30,00,00,000	-	-	-	-	-	-
Trade Payables	Reliance Capital Limited	91,810	54,653	-	-	-	-	-	-
Trade Payables	Reliance General Insurance Company Limited	-	34,869	-	-	-	-	-	-
Advances	Reliance General Insurance Company Limited	7,59,808	-	-	-	-	-	-	-
Management Fees	Asset Reconstruction trusts - controlled by the Company	-	-	-	-	1,43,24,586	1,56,56,998	-	-
Interest on Advance	Asset Reconstruction trusts - controlled by the Company	-	-	-	-	2,13,810	10,140	-	-
Administrative and Other Expenses	Reliance Capital Limited	6,13,828	15,22,953	-	-	-	-	-	-
Administrative and Other Expenses	Reliance Commercial Finance Limited	18,98,072	2,46,185	-	-	-	-	-	-
Administrative and Other Expenses	Reliance General Insurance Company Limited	12,18,419	8,12,432	-	-	-	-	-	-
Administrative and Other Expenses	Reliance Nippon Life Insurance Company Limited	48,15,480	24,98,467	-	-	-	-	-	-
Administrative and Other Expenses	Reliance Home Finance Limited	5,35,987	-	-	-	-	-	-	-
Interest on Unsecured Loan	Reliance Nippon Life Asset Management Limited	-	-	1,93,60,657	9,68,71,236	-	-	-	-
Interest on Unsecured Loan	Reliance Corporate Advisory Services Limited	4,21,96,721	-	-	-	-	-	-	-
Interest on Unsecured Loan	Reliance Capital Limited	3,56,16,439	53,08,219	-	-	-	-	-	-
Remuneration									
	Mr. Ravindra S. Rao	-	-	-	-	-	-	2,19,82,686	1,27,37,539
	Mr. Mehul Gandhi	-	-	-	-	-	-	65,87,261	72,12,788
	Mr. Rakesh Panjwani							6,04,123	-
	Ms. Preeti Chhapru	-	-	-	-	-	-	18,81,060	14,52,091

Notes to Financial Statements for the year ended March 31, 2020 (Contd.)

2.39 SECURITY CLAUSE / MATURITY PROFILES IN RESPECT TO NON CONVERTIBLE DEBENTURES

(i) Non convertible debentures (NCDs) are redeemable at par, in one or more instalments on various dates:

(a) NCDs amounting to ₹ 12,20,00,000 (Previous Year ₹ 19,00,00,000) are secured by way of first pari passu legal mortgage and charge over the premises situated at office No.101 on the first floor, "HAWARE'S FANTASIA BUSINESS PARK", on plot No.47, Sector 30 A, Vashi, Dist. Thane Maharashtra Immovable Property and charge on present and future investments in Security Receipts by way of hypothecation (Refer Note 2.03) as specifically mentioned in the Debenture Trust Deed.

(b) Maturity profile Market Linked Non Convertible Debentures are as set out below:

(Amount in ₹)

Rate of Interest	2020-21	2021-22	Total
Various (Market Linked)	70,00,000	11,50,00,000	12,20,00,000
Total	**70,00,000**	**11,50,00,000**	**12,20,00,000**

2.40 EARNING PER EQUITY SHARE

(Amount in ₹)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Basic/ Diluted		
Profit after tax attributable to Equity Shareholders	21,69,69,319	15,39,19,121
Weighted average number of Equity Shares	10,00,00,000	10,00,00,000
Basic / Diluted Earning Per Share	2.17	1.54

2.41 DIVIDEND REMITTED IN FOREIGN CURRENCY

(Amount in ₹)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Dividend paid during the year	28,50,000	28,50,000
Number of non-resident shareholder	1	1
Number of equity shares held by non-resident shareholder	95,00,000	95,00,000
Year to which the dividends relates to	2018 - 2019	2017 - 2018

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

2.42 EFFECT OF IND AS 116

The company has adopted Ind AS 116 from the current financial year, the Company has adopted modified retrospective approach and accordingly ₹ 1,90,576 has been adjusted from the opening reserves.

(Amount in ₹)

Depreciation	Interest Expenses on Lease liability	Cash outflow for leases	Addition during the year	Carrying amount at the end of the year	Short term lease payments during the year
28,41,597	6,49,508	31,33,750	-	44,99,195	1,32,27,139

2.43 COMMISSION

The Company has revised the Recovery Commission income of 10 trust since inception, as per the revision, Company recovers the Commission on Gross recovery made by the Company and bears the recovery expenses of the respective trust. The revision of the commission is as per the offer documents/ letters which is also agreed with banks.

2.44 ESTIMATION UNCERTAINTY RELATING TO THE GLOBAL HEALTH PANDEMIC ON COVID-19

COVID-2019 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of virus. The extent to which the COVID-19 pandemic will impact the Company's result will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact.

2.45 SEGMENT REPORTING

The Company is in the Business of Acquisition and Resolution of Non Performing Assets. As the Company is engaged only in one business segment and no geographical segments, the Balance Sheet as at March 31, 2020 and the Statement of Profit and Loss for the year ended March 31, 2020 pertain to one Business Segment.

2.46 EVENTS AFTER REPORTING DATE

There have been no events after the reporting date that require disclosure in this financial statement.

Notes to Financial Statements
for the year ended March 31, 2020 (Contd.)

2.47 PREVIOUS YEAR FIGURES

Previous year figures have been reclassified to conform to the Current Year classifications.

Previous Year Grouping		Current Year Grouping		Amount in ₹
Description	**Note No.**	**Description**	**Note No.**	
Interest Accrued on Fixed Deposit	2.04	Interest Accrued on Fixed Deposit	2.01	1,54,846

As per our report of even date

For **Pathak H.D. & Associates LLP**
Chartered Accountants
Firm Registration No. : 107783W/W100593

Parimal Kumar Jha
Partner
Membership No.124262

Place : Mumbai
Date: April 27, 2020

For and on behalf of the Board of Directors

Mehul Gandhi
(Executive Director & CEO)
(DIN : 08584229)

Deena Mehta
(Director)
(DIN : 00168992)

Dr. R. B. Barman
(Director)
(DIN : 02612871)

Lav Chaturvedi
(Director)
(DIN : 02859336)

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

INDEPENDENT AUDITOR'S REPORT

To

The Members

Reliance Asset Reconstruction Company Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Reliance Asset Reconstruction Company Limited ("the Parent") and Trusts formed by the Company (the Company and its trusts together referred to as the 'Group'), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, the consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the Financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report (Contd.)

<table>
<tr><th>Key Audit Matter</th><th>How Our Audit addressed the Key Audit Matter</th></tr>
<tr><td colspan="2">Valuation of Investments in Security Receipts(SR) (as described in Note no. 2.03 of consolidated financial statements)</td></tr>
<tr><td>The Group has investment in SR amounts to ₹ 286,21,60,807 and the fair valuation loss on such investments during the year amounts to ₹ 7,71,19,774 as disclosed in Note no. 2.03 of the consolidated financial statements.

The fair value of SR is determined through discounted cash flow method which involves management judgement using level 3 inputs such as projection of future cash flows and expenses.

The management has involved credit rating agencies for valuation of SR.</td><td>• Our audit procedures included an assessment of internal controls over measurement of fair value and evaluating the methodologies, inputs, judgements made and assumptions used by the management in determining fair values.
• We evaluated rationale of the models and accounting treatment applied. We compared observable inputs against independent sources and externally available market data for sample cases.</td></tr>
<tr><td>Considering the fair valuation of investments is significant to overall consolidated financial statements and the degree of management's judgment involved in the estimate, any error in the estimate could lead to material misstatement in the consolidated financial statements.

Therefore, it is considered as a key audit matter.</td><td>• We compared the rating provided by the independent rating agencies with fair valuation determined by the company.
• We assessed the disclosures related to investments in SR and fair valuation included in these consolidated financial statements.</td></tr>
<tr><td colspan="2">Revenue Recognition: Trusteeship Fee (as described in Note no. 1.03 (h) & 2.18 of consolidated financial statements)</td></tr>
<tr><td>Trusteeship Fee is the most significant account balance in the Statement of Profit and Loss.

Key aspects relating to timing and recognition of revenue in respect of Trusteeship Fee are set out below:
• The calculation of investment management fees, is based on a percentage of the Assets Under Management ('AUM') of the funds managed by the Company, in accordance with guidelines prescribed under RBI regulations RBI/2015-16/94 DNBR.(PD).CC.No. 03/SCRC/26.03.001/2015-16' as amended from time to time.
• Trusteeship Fee is accrued based on a five step model as set out in Ind AS 115 "Revenue from Contract with Customers"
• The contracts include a single performance obligation that is satisfied over time.</td><td>Our audit procedures included:

Design/controls
• Understood and evaluated the design and implementation of key controls in place around recognition of Trusteeship Fee;
• Test checked management review controls over recognition of Trusteeship Fee.

Substantive tests
• Evaluated the appropriateness of recognition of revenue in respect of Trusteeship Fee income based on the requirements of Ind AS 115;
• Obtained AUM and Trusteeship Fee from the Company and then reconciled Trusteeship Fee to amounts included in financial statements;
• Test checked that Trusteeship Fee rates were approved by authorised personnel;
• Test checked Trusteeship Fee invoices and reconciled with the accounting records;
• Evaluated the adequacy of disclosures relating to the Trusteeship Fee earned by the Group.</td></tr>
<tr><td colspan="2">Valuation of Market Linked Debentures (as described in Note no. 2.10 of consolidated financial statements)</td></tr>
<tr><td>The Group has issued Market Linked Debentures (MLD) during current and previous years. The outstanding balance of MLD as on March 31, 2020 is ₹ 12,12,01,211. These MLDs are economically hedged with Exchange instruments like Nifty, Bank Nifty & Stock Options. The Group has done an internal valuation of the outstanding MLD using internal valuation techniques.

Considering that internal valuation of MLD is significant to overall financial statements and the degree of management's judgement involved in the estimate, any error in the

estimate could lead to material misstatement in the consolidated financial statements.</td><td>• Audit procedures included an assessment of internal controls over valuation methodologies, inputs, judgments made and assumptions used by management in determining fair valuation of MLD.
• Assessed and reviewed the fair valuation of MLD by the Group for compliance with Ind AS.
• Compared resulted valuations against independent sources and externally available market valuation data for sample cases.</td></tr>
</table>

Independent Auditor's Report (Contd.)

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Parent's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in Board's Report including Annexures to Board's Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India . This responsibility also includes maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent, has adequate internal financial controls system in place and the operating effectiveness of such controls.

Independent Auditor's Report (Contd.)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the trusts or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such Trusts included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The consolidated financial statement includes the financial statement of the following Trusts :

List of Trusts:

1. Reliance ARC 004 Trust
2. Reliance ARC 007 Trust
3. Reliance ARC CUB 2014 (1) Trust
4. Reliance ARC CUB (HL&SME) (2014) (1) Trust
5. Reliance ARC ALPLUS Trust
6. Reliance ARC 061 Trust

Other Matters

a) We did not audit the financial statements of Six Trusts, whose financial statements reflect total assets of ₹ 39,33,58,732 as at March 31, 2020 and total revenues of ₹ 33,16,332 and loss of ₹ 1,44,60,399 for the year ended on that date, as considered in the consolidated financial statements. These financial results as approved by the trustee of these trusts have been furnished to us by the Management, and our report on the Statement in so far as it relates to the amounts included in respect of these trusts is based solely on such unaudited financial results approved by the respective trustees.

   Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

Independent Auditor's Report (Contd.)

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors of the Parent as on March 31, 2020 taken on record by the Board of Directors of the Parent Company, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Parent. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of the Parent company, for reasons stated therein.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

a. The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group – Refer Note no. 2.31 to the consolidated financial statements;

b. The Group has no long term contracts including derivative contracts outstanding as on March 31, 2020;

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent Company.

For **Pathak H. D. & Associates LLP**
Chartered Accountants
Firm's Registration No:107783W/W100593

Parimal Kumar Jha
Partner
Membership No: 124262
UDIN: 20124262AAAABD5898

Date: April 27, 2020
Place: Mumbai

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of Reliance Asset Reconstruction Company Limited our report to the Members of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **RELIANCE ASSET RECONSTRUCTION COMPANY LIMITED** (hereinafter referred to as "Parent') as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Parent are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Parent's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Parent's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Parent's internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Annexure A to the Independent Auditor's Report (Contd.)

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Parent has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note.

For **Pathak H. D. & Associates LLP**
Chartered Accountants
Firm's Registration No:107783W/W100593

Parimal Kumar Jha
Partner
Membership No: 124262
UDIN: 20124262AAAABD5898

Date: April 27, 2020
Place: Mumbai

CONSOLIDATED BALANCE SHEET
as at March 31, 2020

(Amount in ₹)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
I) ASSETS			
A) Financial Assets			
(a) Cash & cash equivalents	2.01	29,78,21,393	30,70,01,043
(b) Trade receivables	2.02	18,09,447	91,50,034
(c) Loans		38,84,25,713	40,32,60,171
(d) Investments	2.03	2,86,21,60,807	3,00,62,64,081
(e) Other financial asset	2.04	38,82,343	1,51,61,879
Total Financial Assets (A)		**3,55,40,99,703**	**3,74,08,37,208**
B) Non-Financial Assets			
(a) Current tax assets (Net)	2.05	88,20,194	1,47,89,226
(b) Property, plant and equipment	2.06	80,80,680	43,71,035
(c) Other intangible assets	2.07	91,971	17,88,531
(d) Other non-financial assets	2.08	1,93,01,689	79,19,000
Total Non Financial Assets (B)		**3,62,94,534**	**2,88,67,792**
Total Assets (A + B)		**3,59,03,94,237**	**3,76,97,05,000**
I) LIABILITIES AND EQUITY:			
A) Liabilities			
a) Financial liabilities			
(i) Trade Payables	2.09		
total outstanding dues of micro enterprises and small enterprises		-	-
total outstanding dues of creditors other than micro enterprises and small enterprises		2,12,62,464	37,21,360
(ii) Debt securities	2.10	12,12,01,211	18,75,14,138
(iii) Borrowings (Other than debt securities)	2.11	1,22,63,55,117	1,49,87,99,968
(iv) Other financial liabilities	2.12	4,09,72,514	3,90,02,526
Total Financial Liabilities (C)		**1,40,97,91,306**	**1,72,90,37,992**
b) Non-financial liabilities			
(i) Provisions	2.13	44,41,161	1,57,55,647
(ii) Deferred tax (Net)	2.14	5,65,18,325	9,02,44,630
(iii) Other non-financial liabilities	2.15	19,65,36,290	13,71,92,474
Total non financial Liability (D)		**25,74,95,776**	**24,31,92,751**
B) Equity			
a) Equity Share capital	2.16	1,00,00,00,000	1,00,00,00,000
b) Other Equity	2.17	88,27,32,418	75,59,15,848
c) Non Controlling Interest (Security Receipt issued by Trust)		4,03,74,737	4,15,58,409
Total Equity (E)		**1,92,31,07,155**	**1,79,74,74,257**
Total Liabilities and Equity (C + D + E)		**3,59,03,94,237**	**3,76,97,05,000**
Significant Accounting Policies	1		
Notes on Accounts	2		

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

For **Pathak H.D. & Associates LLP**
Chartered Accountants
Firm Registration No. : 107783W/W100593

Parimal Kumar Jha
Partner
Membership No.124262

Place : Mumbai
Date: April 27, 2020

For and on behalf of the Board of Directors

Mehul Gandhi
(Executive Director & CEO)
(DIN : 08584229)

Deena Mehta
(Director)
(DIN : 00168992)

Dr. R. B. Barman
(Director)
(DIN : 02612871)

Lav Chaturvedi
(Director)
(DIN : 02859336)

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
for the year ended March 31, 2020

(Amount in ₹)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
I REVENUE FROM OPERATION			
(a) Fees and commission income	**2.18**	66,42,31,670	54,87,93,951
(b) Net gain on fair value changes	**2.19**	-	10,49,40,987
Total Revenue from operation		**66,42,31,670**	**65,37,34,938**
II OTHER INCOME	**2.20**	2,46,27,745	53,14,395
III Total Revenue (I+II)		**68,88,59,415**	**65,90,49,333**
IV EXPENSES			
(a) Finance costs	**2.21**	18,48,43,610	15,70,05,016
(b) Net loss on fair value changes	**2.22**	7 71 19 774	-
(c) Employee benefits expense	**2.23**	8,21,65,321	9,74,08,734
(d) Depreciation and amortisation	**2.06 & 2.07**	57,10,295	34,13,773
(e) Other expenses	**2.24**	13,40,22,164	9,75,64,109
Total Expenses		**48,38,61,164**	**35,53,91,632**
V Profit / (Loss) before tax (III - IV)		**20,49,98,249**	**30,36,57,701**
VI TAX EXPENSE	**2.25**		
Current Tax		(7,62,72,521)	(7,77,35,445)
Deferred Tax		3,35,51,496	(2,03,90,733)
VII Profit / (Loss) after tax (V - VI)		**16,22,77,226**	**20,55,31,523**
VIII OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Remeasurement Gain / (Loss) of defined benefit plans		(3,83,479)	(5,08,770)
Deferred Tax Expense on above		96,514	1,48,154
Other Comprehensive Income / (Loss) for the year		**(2,86,965)**	**(3,60,616)**
Total Comprehensive Income / (Loss) for the year (VII + VIII)		**16,19,90,259**	**20,51,70,907**
Net profit for the period attributable to:			
Owners of the Company		16,34,60,700	20,76,09,102
Non Controlling Interest		(11,83,474)	(20,77,578)
Total Comprehensive Income attributable to:			
Owners of the Company		16,31,73,735	20,72,48,486
Non Controlling Interest		(11,83,474)	(20,77,578)
Earning per equity share: {Nominal value per share: ₹ 10 (March 31,2018: ₹ 10)}			
Basic & Diluted	**2.40**	**1.63**	**2.08**
Significant Accounting Policies	**1**		
Notes on Accounts	**2**		

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

For **Pathak H.D. & Associates LLP**
Chartered Accountants
Firm Registration No. : 107783W/W100593

Parimal Kumar Jha
Partner
Membership No.124262

Place : Mumbai
Date: April 27, 2020

For and on behalf of the Board of Directors

Mehul Gandhi
(Executive Director & CEO)
(DIN : 08584229)

Deena Mehta
(Director)
(DIN : 00168992)

Dr. R. B. Barman
(Director)
(DIN : 02612871)

Lav Chaturvedi
(Director)
(DIN : 02859336)

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

CONSOLIDATED STATEMENT OF CASH FLOW
for the year ended March 31, 2020

(Amount in ₹)

Particulars		March 31, 2020	March 31, 2019
A.	**Cash Flow from Operating Activities**		
	Profit before Tax	**20,49,98,251**	**30,36,57,701**
	Adjustments or:		
	Net profit on fair value changes	7,71,19,774	(10,49,40,987)
	Provision of doubtful debts	1,44,56,031	1,63,27,438
	Provision for advance (Reversal as per RBI guidelines)	55,53,377	96,70,081
	Investment Written off	-	40,45,000
	Depreciation and amortisation	28,68,698	34,13,773
	Provision for SARs	5,67,218	2,90,200
	Finance Costs	18,48,43,610	15,70,05,016
	Interest income on fixed deposits	(1,95,81,725)	(17,47,312)
	Operating Profit before working capital changes	**47,08,25,233**	**38,77,20,910**
	Adjustments for working capital changes:		
	Increase/(Decrease) in Receivables and Other financial assets	(1,61,35,157)	(1,95,71,688)
	Increase/(Decrease) in Trade payables and Other financial liabilities	5,35,19,534	2,89,87,815
	Cash generated from Operations	**50,82,09,610**	**39,71,37,037**
	Tax paid (net of refund)	(7,03,03,486)	(6,70,19,207)
	Net Cash generated from Operating Activities (A)	**43,79,06,124**	**33,01,17,830**
B.	**Cash Flow from Investing Activities**		
	Investment in Security Receipts	(13,08,00,000)	(64,17,23,000)
	Realisation from Security Receipts	19,77,83,000	24,23,27,000
	Recovery from financial asset of trust	1,48,34,458	9,73,35,000
	Purchase of Fixed Assets	(3,82,588)	(15,96,572)
	Interest Received	1,85,02,248	14,56,963
	Net Cash generated from / (used in) Investing Activities (B)	**9,99,37,118**	**(30,22,00,609)**
C.	**Cash Flow from Financing Activities**		
	Proceeds from borrowings	1,00,00,000	48,75,14,138
	Repayment of borrowings	(27,80,00,000)	(30,00,00,000)
	Dividend paid	(3,00,00,000)	(3,00,00,000)
	Dividend distribution tax	(61,66,588)	(61,66,588)
	Lease liability paid	(24,84,242)	-
	Finance Costs	(16,79,27,211)	(14,79,87,741)
	Net Cash (used in) / generated from Financing Activities (C)	**(47,45,78,041)**	**33,59,809**
	Net (decrease)/increase in Cash and Cash Equivalents (A+B+C)	6,32,65,201	3,12,77,030
	Cash and Cash Equivalents at the beginning of the year	(34,17,98,925)	(37,30,75,955)
	Cash and Cash Equivalents at the end of the year	**(27,85,33,724)**	**(34,17,98,925)**

Cash and cash equivalents considered for cash flows

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash & cash equivalents (Refer Note 2.01)	29,78,21,393	30,70,01,043
Less : Secured Bank Over Draft (Refer Note 2.11)	(57,63,55,117)	(64,87,99,968)
Cash and cash equivalents for cash flows purpose	**(27,85,33,724)**	**(34,17,98,925)**

Note: The above Statement of Cash Flow has been prepared under the "Indirect Method" set out in Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flows".

Significant Accounting Policies	**1**
Notes on Accounts	**2**

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

For and on behalf of the Board of Directors

For **Pathak H.D. & Associates LLP**
Chartered Accountants
Firm Registration No. : 107783W/W100593

Mehul Gandhi
(Executive Director & CEO)
(DIN : 08584229)

Deena Mehta
(Director)
(DIN : 00168992)

Parimal Kumar Jha
Partner
Membership No.124262

Dr. R. B. Barman
(Director)
(DIN : 02612871)

Lav Chaturvedi
(Director)
(DIN : 02859336)

Place : Mumbai
Date: April 27, 2020

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2020

A. EQUITY SHARE CAPITAL (REFER NOTE NO. 2.16)

(Amount in ₹)

Particulars	Number	Amount
As at March 31, 2018	**1,00,00,00,000**	**1,00,00,00,000**
Shares issued during the year	-	-
As at March 31, 2019	**1,00,00,00,000**	**1,00,00,00,000**
Shares issued during the year	-	-
Other movement	-	-
As at March 31, 2020	**1,00,00,00,000**	**1,00,00,00,000**

B. OTHER EQUITY (REFER NOTE 2.17)

(Amount in ₹)

Particulars	Reserves and surplus		Other comprehensive income	Total other equity
	Debenture redemption reserve	Surplus/(deficit) in the statement of profit and loss	Remeasurement of defined benefit plan	
Balance as at March 31, 2018	**-**	**58,51,02,758**	**(2,68,808)**	**58,48,33,950**
Surplus / (Deficit) of Statement of Profit & Loss	-	20,76,09,102	-	20,76,09,102
Dividend (including tax on dividend)	-	(3,61,66,588)	-	(3,61,66,588)
Transfer to Debenture Redemption Reserve	1,11,35,069	(1,11,35,069)	-	-
Other comprehensive income	-	-	(3,60,616)	(3,60,616)
Balance as at March 31, 2019	**1,11,35,069**	**74,54,10,203**	**(6,29,424)**	**75,59,15,848**
Surplus / (Deficit) of Statement of Profit & Loss	-	16,34,60,700	-	16,34,60,700
Dividend (including tax on dividend)	-	(3,61,66,588)	-	(3,61,66,588)
Effect of Ind AS 116	-	(1,90,576)	-	(1,90,576)
Transfer to Debenture Redemption Reserve (Net)	90,08,159	(90,08,159)	-	-
Other comprehensive income	-	-	(2,86,965)	(2,86,965)
Balance as at March 31, 2020	**2,01,43,228**	**86,35,05,580**	**(9,16,389)**	**88,27,32,419**

Significant Accounting Policies **1**
Notes on Accounts **2**

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For **Pathak H.D. & Associates LLP**
Chartered Accountants
Firm Registration No. : 107783W/W100593

Parimal Kumar Jha
Partner
Membership No.124262

Place : Mumbai
Date: April 27, 2020

For and on behalf of the Board of Directors

Mehul Gandhi
(Executive Director & CEO)
(DIN : 08584229)

Deena Mehta
(Director)
(DIN : 00168992)

Dr. R. B. Barman
(Director)
(DIN : 02612871)

Lav Chaturvedi
(Director)
(DIN : 02859336)

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

NOTES ON ACCOUNTS TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2020

Significant Accounting Policies

1.01 CORPORATE INFORMATION

Reliance Asset Reconstruction Company Limited ('the Company') is a public company domiciled in India, and incorporated under the provisions of the Companies Act, 1956. The company has obtained Certificate of Registration from Reserve Bank of India (RBI) on February 14, 2008, to act as a Securitisation Company/ Reconstruction Company. The Company is in the business of asset reconstruction and securitisation in all forms and to acquire, hold, manage, assign NPA loan assets (of Banks or Financial Institutions) with or without underlying securities, and recover from the Borrower/ underlying securities or dispose off the loan assets to other body corporate, co-operative societies, firms or individuals.

1.02 PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements relate to the Company and trusts (structured entities) controlled by the Company (hereinafter collectively referred to as "the Group"). The Company consolidates a trust when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those return through its power over the investee. Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

(a) The financial statements of the Company and entities controlled by the Company are consolidated by combining like items of assets, liabilities, incomes and expenses and cash flows after fully eliminating intra group balances and intra group transactions resulting in unrealised profit or loss in accordance with the Indian Accounting Standard ("Ind AS") 110 "Consolidated Financial Statements" as referred to in the Indian Accounting Standards Rules, 2015 and as amended from time to time.

(b) Investments in trust controlled by the Company are eliminated and there is no differences between the costs of investment over the net assets, as the trusts is formed by the Company resulting in no Goodwill or Capital Reserve. Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of profit or loss, until the Group loses the control over trust . The difference in fair value of investments in trust and company's share of security receipts in the trusts are adjusted in other equity / profit and loss.

(c) Changes in ownership interests for transactions with non controlling interests that do not result in loss of control are treated as the transactions with the equity owners of the Group. For purchases from non controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to consolidate an investment because of loss of control, any retained interest in the trust is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes initial carrying amount for the purpose of subsequent accounting for the retained interest as an associate or financial asset.

(d) Share of Non Controlling Interest in net profit or loss of consolidated trust for the year is identified and adjusted against income of the Group in order to arrive at the net income attributable to the Equity Shareholders of the Company.

(e) Share of Non Controlling Interest in net assets of consolidated trust is identified and presented in the consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated balance sheet respectively as a separate item from liabilities and the Shareholders' Equity.

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020
Significant Accounting Policies (Contd.)

(f) The Consolidated Financial Statements are prepared using uniform Accounting Policies for like transactions and other events in similar circumstances and are presented in the same manner as far as possible, as the standalone financial statements of the Company.

1.03 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

(i) Compliance with Ind AS

The consolidated financial statements have been prepared under historical cost convention/ fair valuation, in accordance with the Indian Accounting standards (Ind AS) notified under section 133 of the Companies Act, 2013 ('the Act') [Companies (Indian Accounting Standards) Rules, 2015, as amended] and other relevant provisions of the Act to the extent applicable and the guidelines prescribed by the RBI, to the extent applicable.

For all periods upto and including year ended March 31, 2018 were prepared in accordance with the accounting standards notified under Companies (Accounts) Rules, 2014 (as amended) and other relevant provisions of the Act to the extent applicable and the guidelines prescribed by the RBI, to the extent applicable (hereinafter referred to as 'the Previous GAAP') used for its statutory reporting requirements in India immediately before adopting Ind AS.

(ii) Order of liquidity

The Group is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Ind AS 1 and amendment to Division III of Schedule III to the Companies Act, 2013 on October 11, 2013, the Group presents its balance sheet in the order of liquidity. This is since the Group does not supply goods or services within a clearly identifiable operating cycle, therefore making such presentation more relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in note 2.33.

b) Functional Currency and Presentation Currency

These consolidated financial statements are presented in India Rupees which is functional currency of the Group.

c) Use of Estimates and Judgements

The preparation and presentation of consolidated financial statements requires estimates and assumptions to be made that effect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the periods in which the results are known / materialised. Estimates and underlying assets are reviewed on periodical basis. Revisions to accounting estimates are recognised prospectively.

The preparation of consolidated financial statements require the use of accounting estimates which, by definition, will seldom equal the results. The management also needs to exercise judgement in applying the accounting policies.

This notes provides an overview of the areas that involved a higher degree of judgements or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation of each affected line item in the consolidated financial statements.

Estimation uncertainty relating to the global health pandemic on COVID-19:

COVID-2019 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The extent to which the COVID-19 pandemic will impact the Group's result will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact.

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020
Significant Accounting Policies (Contd.)

Critical estimates and judgements

The Group has based assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The areas involving critical estimates or judgements pertaining to useful life of property, plant and equipment including intangible asset (Note 2.06 and Note 2.07), current tax expense and tax payable, recognition of deferred tax assets for carried forward tax losses (Note 2.14), fair value of unlisted securities (Note 2.03), impairment of trade receivables and other financial assets (Note 2.02), fair value of market linked debenture (Note 2.10) and measurement of defined benefit obligation (Note 2.13). Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

(i) Useful life of Property, Plant and Equipment including intangible asset: Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(ii) Taxes: The group provides for tax considering the applicable tax regulations and based on probable estimates.

Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any.

The recognition of deferred tax assets is based on availability of sufficient taxable profits in the group against which such assets can be utilised.

(iii) Fair value measurement and valuation process: The group measured financial assets and liabilities, if any, at fair value for financial reporting purposes.

(iv) Trade receivables and Other Financial Assets: The group follows Expected Credit Loss ("ECL") for recognition of impairment loss allowance on Trade receivables. For the purpose of measuring lifetime ECL allowance for trade receivables, the group estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectable.

(v) Defined benefit plans (gratuity benefits): The group's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter subject to frequent changes is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables in India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

(vi) Non-financial assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

(vii) Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020
Significant Accounting Policies (Contd.)

d) Property, Plant and Equipment

(i) Property, plant and equipment (PPE) are stated at cost less accumulated depreciation, amortisation and impairment loss, if any. Cost of an item of PPE comprises of its the purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(ii) The group has adopted estimate useful life of Property, Plant and Equipment as stipulated under Schedule II to the companies Act, 2013 and accordingly the depreciation is calculated on Straight Line Basis over the useful life prescribed under schedule II to the Act.

The estimated useful lives for the different types of assets are:

Assets	Useful Life
Computers	3 Years
Computer Software	3 Years
Furniture and Fixtures	10 years
Office Equipment	5 Years
Building	60 years

(iii) Assets costing up to ₹ 5,000 are fully depreciated at the time of acquisition.

(iv) Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

(v) Depreciation methods, useful lives and residual values are reviewed periodically at each reporting date and adjusted prospectively if appropriate.

(vi) Depreciation on additions is calculated pro rata from the following month of addition.

e) Intangible Assets

(i) Intangible assets acquired are measured on initial recognition at cost. Cost includes all direct costs relating to acquisition of Intangible assets and borrowing cost relating to qualifying assets.

(ii) Intangible assets are amortised over their useful life of 3 Years.

(iii) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with expenditure will flow to the group.

(iv) Amortisation methods, useful lives and residual values are reviewed periodically at each reporting period.

(v) Any gain or loss on disposal of an item of Intangible Assets is recognised in statement of profit and loss.

f) Impairment of Non Financial Assets

Goodwill and Intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is increased/ reversed (for the assets other than Goodwill) where there has been change in the estimate of recoverable value. The recoverable value is the higher of the assets' net selling price and value in use.

g) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in liabilities in the balance sheet.

h) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognised when (or as) the group satisfies a performance obligation by

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020
Significant Accounting Policies (Contd.)

transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

When (or as) a performance obligation is satisfied, the group recognises as revenue the amount of the transaction price (excluding estimates of variable consideration) that is allocated to that performance obligation.

The group applies the five-step approach for recognition of revenue:

- Identification of contract(s) with customers;
- Identification of the separate performance obligations in the contract;
- Determination of transaction price;
- Allocation of transaction price to the separate performance obligations; and
- Recognition of revenue when (or as) each performance obligation is satisfied.

(i) Trusteeship fees, incentive fees and recovery agent fees:

Trusteeship Fees are recognised in terms of the provisions of the relevant trust deed / offer document. As per RBI guidelines, trusteeship fees recognised during the planning period and not realised within 180 days from the date of expiry of the planning period is reversed, and trusteeship fees recognised after the planning period and not realised within 180 days from the date of recognition or NAV of SRs falls below 50% of face value, whichever is earlier is reversed and no further management fees is recognised unless it is realised.

Incentive Fees are accounted in terms of the provisions of the relevant trust deed / offer document.

Recovery Agent Fees are accounted in terms of the provisions of the relevant trust deed / offer document.

(ii) Coupon on security receipts:

The Coupon on Security Receipts are accounted in terms of provisions of the relevant trust deed / offer document and is recognised after redemption of security receipts.

(iii) Profit on redemption of security receipts:

As per the RBI circular, profit on redemption of security receipts is accounted only after the full redemption of security receipts.

Amount realised in surplus/ deficit of the acquisition cost of security receipts in accordance with the terms of the trust deed/ offer document is recorded as profit/ loss on sale/ redemption of security receipts.

(iv) Profit/loss on assignment of contractual rights in loan assets:

Profit on Assignment of Contractual Rights in Loan Assets is amortised over the tenure of the agreement while loss is recognised on the date of transaction.

(v) Income on settlement of contractual rights in loan assets:

Income on Settlement of Contractual Rights in Loan Assets is recognised as profit when the realised amount is over and above the acquisition price of the financial asset.

(vi) Interest income:

Interest is recognised on a time proportion basis.

i) Employee Benefits

(i) Short-term employee benefits:

Liabilities for salaries, including other monetary and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long-term employee benefits:

The group operates the following post-employment schemes:

(a) Gratuity; and

(b) Provident fund.

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020
Significant Accounting Policies (Contd.)

Defined benefits plans

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other equity in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

Provident fund

The group pays provident fund contributions to publicly administered provident funds as per local regulations. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Other long term employee benefit obligation:

Phantom shares

As a long-term incentive plan to employees, the group has initiated Phantom Stock Option Plan which are cash settlement rights where the employees are entitled to get cash compensation based on agreed formulae linked to market value of group company shares upon exercise of phantom stock options over notional or hypothetical shares, whereby instead of becoming entitled to buy the actual shares on vesting, they become entitled to cash payment equivalent to appreciation in the value over the defined base price of the shares.

j) Taxes on Income and Deferred Tax

Income Tax comprises of current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or OCI.

Provision for income tax is made on the basis of taxable income for the year at the current rates. Tax expense comprises of current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents amount of Income Tax payable/ recoverable in respect of taxable income/ loss for the reporting period. Deferred tax represents the effect of temporary difference between carrying amount of assets and liabilities in the consolidated financial statement and the corresponding tax base used in the computation of taxable income. Deferred tax liabilities are generally accounted for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when deferred income tax assets and liabilities relate to the income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net or simultaneous basis. Deferred tax assets/ liabilities are not recognised for

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020
Significant Accounting Policies (Contd.)

initial recognition of Goodwill or on an asset or liability in a transaction that is not a business combination and at the time of transaction affects neither the accounting profit nor taxable profit or loss.

k) Earnings Per Share

(a) Basic earnings per share

Earnings per share is calculated by dividing the profit attributable to owners of the group by the weighted average number of equity shares outstanding during the financial Year, adjusted for bonus element in equity shares issued during the Year

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

l) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resource is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the assets and related income are recognised in the period in which the change occurs.

m) Expenses Incurred on Behalf of Trust and Advances Paid by the Group to the Trusts

Advances paid by the group to the trusts are shown as recoverable from trusts and are grouped under " Advance recoverable in cash or kind". These advances are reimbursed to the group by the trusts in terms of the provision of the trust deed/offer document/ commitment agreement. In accordance with the Guidelines, expenses not realised within the time frame prescribed under the Guidelines or NAV of Security Receipts (SRs) fall below 50% of face value, whichever is earlier, is fully provided for in the statement of profit and loss. Outstanding expenses are assessed at each reporting date for recovery based on management estimates in accordance with the resolution plan already implemented/being implemented and recovery rating assigned by the rating agency to SRs issued by the trusts. Necessary provision, for amount not expected to be recovered alongwith outstanding recoverable expenses, is made, if such receivables are treated as "doubtful".

n) Measurement of Fair Value of Financial Instruments

The group's accounting policies and disclosures require measurement of fair values for the financial instruments. The group has an established control framework with respect to measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses evidence obtained from third parties to support the conclusion that such valuations meet the requirements of Ind AS, including level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020
Significant Accounting Policies (Contd.)

inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If inputs used to measure fair value of an asset or a liability fall into different levels of fair value hierarchy, then fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of fair value hierarchy at the end of the reporting period during which the change has occurred. (Refer to note 2.34.1) for information on detailed disclosures pertaining to the measurement of fair values."

o) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign exchange forward contracts.

Financial assets

(i) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

(ii) Subsequent measurement

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

Financial assets measured at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) Asset is held within a business model whose objective is to hold assets for collecting contractual cash flows.

b) Contractual terms of the asset give rise to cash flows, on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. EIR amortisation is included in finance income in the Statement of Profit and Loss. Losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Financial assets measured at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) Objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) Contractual cash flows of the assets represent SPPI: Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Group recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020
Significant Accounting Policies (Contd.)

Financial assets measured at fair value through profit or loss (FVTPL)

Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch')

Security receipt investments

All security receipt investments in scope of Ind-AS 109, "Financial Instruments" are measured at fair value. Security Receipts are classified as at FVTPL. Gains and losses on security investments are included in the statement of profit or loss.

Derecognition of financial assets

A financial asset is primarily derecognised when: a) Rights to receive cash flows from the asset have expired, or II) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. Impairment methodology applied depends on whether there has been a significant increase in the credit risk. As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables, as permitted by Ind AS 109. Provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

Financial liabilities

(i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank bank overdrafts.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described herein:

Financial liabilities at fair value through profit or loss: Financial liabilities at fair value through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities measured at amortised cost: After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Market linked debentures (MLDs)

The group has issued certain non-convertible debentures, the rate of interest on which is linked to performance of specified indices over the period of the debentures. The group has opted to designate the entire hybrid contract at FVTPL as

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020
Significant Accounting Policies (Contd.)

the embedded derivative significantly modifies the cash flows that otherwise would be required by the contract. Further, the embedded derivative is not closely related to the financial liability host contract.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

p) Leases

The determination of whether an arrangement is, or contains, a lease if, fulfilment of the arrangement is dependent on the use of a specific asset or the assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases of Property, plant & equipment, where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at cost, which includes amount of initial measurement of lease liability, lease payments made before the commencement date, initial direct cost and estimated future indirect payment.

q) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

r) Rounding of Amounts

The financial statements are presented in Indian Rupees (as per the requirement of Schedule III).

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.01 CASH & CASH EQUIVALENTS

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Bank Balances in		
In Current Account	14,67,652	54,12,978
In Fixed Deposit (with original maturity of 3 months or less)	29,51,19,418	30,14,33,219
Interest Accrued on Fixed Deposit	12,34,323	1,54,846
	29,78,21,393	**30,70,01,043**

2.02 TRADE RECEIVABLES (Refer Note 2.38)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured	18,09,447	91,50,034
Receivables which have significant increase in credit risk	5,37,95,725	2,68,34,665
	5,56,05,172	**3,59,84,699**
Less: Allowance for expected credit losses	(5,37,95,725)	(2,68,34,665)
	18,09,447	**91,50,034**

No trade or other receivable are due from directors or other officers of the group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade Receivables are Non-Interest Bearing and are generally on terms of 30 to 90 Days.

(Amount in ₹)

Particulars	Trade receivables days past due	0-180 days	181-360 days	More than 360 days	Total
March 31, 2020	Estimated total gross carrying amount at default	18,09,447	3,41,49,894	1,96,45,831	**5,56,05,172**
	ECL - Simplified approach	-	(3,41,49,894)	(1,96,45,831)	**(5,37,95,725)**
	Net carrying amount	**18,09,447**	**-**	**-**	**18,09,447**
March 31, 2019	Estimated total gross carrying amount at default	91,50,034	1,67,07,890	1,01,26,775	**3,59,84,699**
	ECL - Simplified approach	-	(1,67,07,890)	(1,01,26,775)	**(2,68,34,665)**
	Net carrying amount	**91,50,034**	**-**	**-**	**91,50,034**

Reconciliation of Provision of Doubtful Debts:

Particulars	(Amount in ₹)
ECL measured as per simplified approach	
ECL as on March 31, 2018	**1,05,07,226**
Add/ (less): asset originated or acquired net of recoveries	1,63,27,439
ECL as on March 31, 2019	**2,68,34,665**
Add/ (less): asset originated or acquired net of recoveries	2,69,61,060
ECL as on March 31, 2020	**5,37,95,725**

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.03 INVESTMENTS (Refer Note 2.38)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
At Fair Value through Profit and Loss		
Investments in security receipts (Unquoted)		
Reliance ARC – VB PILVE Trust ##		
1,628 (March 31, 2019 : 1,628) Security Receipts of ₹ 1,000 each	-	16,28,000
Less: Written off	-	(16,28,000)
	-	-
Reliance ARC – LVB Trust		
9,159 (March 31, 2019 : 9,159) Security Receipts of ₹ 1,000 each	45,79,500	65,85,321
Reliance ARC – CB SOCL Trust ##		
NIL (March 31, 2019 : 2,417) Security Receipts of ₹ 1,000 each	-	24,17,000
Less: Written off	-	(24,17,000)
	-	-
Reliance ARC – INB Retail Portfolio Trust (2013)		
2,67,787 (March 31, 2019 : 2,69,064) Security Receipts of ₹ 1,000 each	20,07,54,250	26,90,64,000
Reliance ARC - AUCB 2014 (1) Trust *		
12,433 (March 31, 2019 : 14,442) Security Receipts of ₹ 1,000 each	1,03,60,105	1,46,44,188
Reliance ARC – CUB Sarvana Trust (2014)		
24,992 (March 31, 2019 : 37,442) Security Receipts of ₹ 1,000 each	1,22,12,044	2,51,81,235
Reliance ARC - SBI Maan Sarovar Trust *		
8,838 (March 31, 2019 : 8,838) Security Receipts of ₹ 1,000 each	88,38,000	96,95,286
Reliance ARC – CUB (CTRPL) (2014) Trust		
13,469 (March 31, 2019 : 13,469) Security Receipts of ₹ 1,000 each	1,01,01,750	1,34,69,000
Reliance ARC – CUB SDPL Trust (2014)		
21,994 (March 31, 2019 : 26,145) Security Receipts of ₹ 1,000 each	1,33,06,370	1,80,40,050
Reliance ARC 001 Trust		
206,676 (March 31, 2019 : 206,676) Security Receipts of ₹ 1,000 each	13,22,72,640	16,12,07,280
Reliance ARC 002 Trust *		
5,538 (March 31, 2019 : 5,934) Security Receipts of ₹ 1,000 each	69,32,577	64,56,192
Reliance ARC 006 Trust *		
40,020 (March 31, 2019 : 40,020) Security Receipts of ₹ 1,000 each	4,00,20,000	4,00,20,000
Reliance ARC 008 Trust #		
29,700 (March 31, 2019 : 29,700) Security Receipts of ₹ 1,000 each	2,97,00,000	3,19,27,500
Reliance ARC 010 Trust *		
31,501 (March 31, 2019 : 31,501) Security Receipts of ₹ 1,000 each	3,18,79,012	3,18,47,511
Reliance ARC 011 Trust *		
61,618 (March 31, 2019 : 61,886) Security Receipts of ₹ 1,000 each	6,16,18,000	6,69,89,155
Reliance ARC 012 Trust *		
20,507 (March 31, 2019 : 20,507) Security Receipts of ₹ 1,000 each	2,77,86,985	3,01,45,290
Reliance ARC 015 Trust *		
1,01,851 (March 31, 2019 : 1,11,466) Security Receipts of ₹ 1,000 each	12,01,07,080	13,00,80,822

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Reliance ARC 016 Trust *		
21,606 (March 31, 2019 : 21,606) Security Receipts of ₹ 1,000 each	2,96,00,220	2,61,21,654
Reliance ARC 013 Trust *		
2,649 (March 31, 2019 : 3,064) Security Receipts of ₹ 1,000 each	39,71,100	45,96,000
RELIANCE ARC SBI (HYD) 021 Trust *		
1,920 (March 31, 2019 : 2,337) Security Receipts of ₹ 1,000 each	27,20,640	34,35,390
RELIANCE ARC SBI (CHN) 018 Trust*		
99,784 (March 31, 2019 : 1,06,548) Security Receipts of ₹ 1,000 each	11,57,49,440	11,74,69,800
RELIANCE ARC SBI (MUM) 020 Trust *		
5,369 (March 31, 2019 : 6,205) Security Receipts of ₹ 1,000 each	62,40,528	86,74,590
RELIANCE ARC SBI (BHO) 019 Trust *		
10,929 (March 31, 2019 : 10,929) Security Receipts of ₹ 1,000 each	1,30,71,084	1,56,17,541
RELIANCE ARC SBI (CHN) 022 Trust *		
1,94,403 (March 31, 2019 : 2,16,958) Security Receipts of ₹ 1,000 each	21,60,97,310	23,87,92,000
RARC SVC 023 Trust *		
4,982 (March 31, 2019 : 9,001) Security Receipts of ₹ 1,000 each	78,86,500	1,23,42,120
RARC Dena Bank 024 Trust *		
21,275 (March 31, 2019 : 21,275) Security Receipts of ₹ 1,000 each	2,22,96,200	2,44,97,207
RARC 026 Trust #		
87,736 (March 31, 2019 : 99,061) Security Receipts of ₹ 1,000 each	12,35,81,924	13,91,67,682
RARC Dena Bank 025 Trust *		
13,050 (March 31, 2019 : 13,050) Security Receipts of ₹ 1,000 each	1,40,94,000	1,43,02,800
INB RARC 030 Trust #		
86,232 (March 31, 2019 : 88,076) Security Receipts of ₹ 1,000 each	10,37,37,096	10,51,61,518
RARC 027 Trust #		
42,860 (March 31, 2019 : 49,336) Security Receipts of ₹ 1,000 each	5,10,61,088	5,83,38,576
Magma RARC 031 Trust *		
14,680 (March 31, 2019 : 15,330) Security Receipts of ₹ 1,000 each	1,59,13,120	1,75,17,636
INB RARC 036 Trust *		
55,254 (March 31, 2019 : 55,515) Security Receipts of ₹ 1,000 each	6,16,08,210	6,13,99,590
LVB RARC 029 Trust *		
19,905 (March 31, 2019 : 23,105) Security Receipts of ₹ 1,000 each	2,77,50,066	3,20,69,740
SVC Bank RARC 033 Trust *		
35,527 (March 31, 2019 : 37,978) Security Receipts of ₹ 1,000 each	3,76,23,093	4,06,36,460
SBI RARC 035 Trust #		
69,871 (March 31, 2019 : 69,939) Security Receipts of ₹ 1,000 each	7,08,49,194	7,30,87,816
LVB RARC 038 Trust #		
1,34,594 (March 31, 2018 : 1,53,653) Security Receipts of ₹ 1,000 each	14,20,35,775	16,85,37,320

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Andhra Bank RARC 039 Trust *		
6,600 (March 31, 2019 : 6,600) Security Receipts of ₹ 1,000 each	79,13,400	79,39,800
RARC 040 IB SME TRUST #		
32,376 (March 31, 2019 : 33,006) Security Receipts of ₹ 1,000 each	4,00,49,112	3,77,75,043
RARC 045 IB SME *		
31,636 (March 31, 2019 : 33,674) Security Receipts of ₹ 1,000 each	3,76,52,570	3,95,13,840
RARC 048 RCFL TRUST *		
79,427 (March 31, 2019 : 93,864) Security Receipts of ₹ 1,000 each	11,97,36,000	13,78,30,044
RARC 049 (Kalyan Janata SME) Trust *		
11,471 (March 31, 2019 : 16,539) Security Receipts of ₹ 1,000 each	1,27,53,176	1,80,44,049
RARC (IOB EL) 050 TRUST *		
1,65,680 (March 31, 2019 : 1,84,983) Security Receipts of ₹ 1,000 each	25,21,17,500	27,91,44,000
RARC 051 (KJSB SME) TRUST *		
40,944 (March 31, 2019 : 40,944) Security Receipts of ₹ 1,000 each	5,24,08,320	4,72,80,000
RARC 052 (IB Retail) Trust		
1,97,578 (March 31, 2019 : 2,29,345) Security Receipts of ₹ 1,000 each	29,93,66,500	28,35,31,035
RARC 053 (IB SME) Trust		
45,000 (March 31, 2019 : 45,000) Security Receipts of ₹ 1,000 each	5,40,00,000	5,64,30,000
RARC 057 (SHDFCL HL) Trust		
13,170 (March 31, 2019 : 20,838) Security Receipts of ₹ 1,000 each	1,80,86,808	2,08,38,000
RARC 058 (KJSB SME) TRUST		
26,640 (March 31, 2019 : 26,640) Security Receipts of ₹ 1,000 each	2,81,85,120	2,66,40,000
RARC 059 (RHDFC HL) TRUST		
31,681 (March 31, 2019 : 34,180) Security Receipts of ₹ 1,000 each	3,66,06,400	3,41,80,000
RARC (IOB EL) 062 Trust		
1,26,931 (March 31, 2019 : NIL) Security Receipts of ₹ 1,000 each	12,69,31,000	-
Total (A)	**2,86,21,60,807**	**3,00,62,64,081**
Investment outside India	**-**	**-**
Investment in India	**2,86,21,60,807**	**3,00,62,64,081**

* Security Receipts which are pledge with Andhra Bank against CC facility.

\# Security Receipts which are hypothecated against secured non convertible debentures and is under first exclusive charges.

\## During the pervious year, the Group has written off investments in security receipts amounting to ₹ NIL (Previous year: ₹ 40,45,000)

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.04 OTHER FINANCIAL ASSETS CONSIDERED GOOD OTHERWISE STATED

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Advances to Trust (Refer Note 2.38)	2,34,65,187	2,71,05,634
Less: Provision for advances	(2,07,30,368)	(1,21,98,255)
	27,34,819	**1,49,07,379**
Security deposit	17,000	2,04,500
Collection on behalf of trust (Refer Note 2.12)	10,79,524	-
Trust Fund	51,000	50,000
	38,82,343	**1,51,61,879**

(Amount in ₹)

Particulars	Advance to Trust	0-180 days	181-360 days	More than 360 days	Total
March 31, 2020	Advance to Trust	27,34,819	1,28,48,566	78,81,802	**2,34,65,187**
	Provision	-	(1,28,48,566)	(78,81,802)	**(2,07,30,368)**
	Net carrying amount	**27,34,819**	**-**	**-**	**27,34,819**
March 31, 2019	Advance to Trust	1,49,07,379	58,16,850	63,81,405	**2,71,05,634**
	Provision	-	(58,16,850)	(63,81,405)	**(1,21,98,255)**
	Net carrying amount	**1,49,07,379**	**-**	**-**	**1,49,07,379**

2.05 CURRENT TAX ASSETS (NET)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance Tax / Tax deducted at source (net of provision for tax March 31, 2020 ₹ 36,82,40,002 and March 31, 2019 ₹ 29,19,67,481)	88,20,194	1,47,89,226
	88,20,194	**1,47,89,226**

2.06 PROPERTY, PLANT AND EQUIPMENT (PPE)

(Amount in ₹)

Particulars	Own assets				Lease Assets	Total
	Buildings	Computers	Furniture and fixtures	Office Equipments		
Year ended March 31, 2019						
Gross Carrying Amount						
Opening gross carrying amount	24,75,150	17,22,784	14,05,661	1,53,748	-	**57,57,343**
Additions	-	14,14,068	-	49,754	-	**14,63,822**
Disposals and transfers	-	-	-	-	-	**-**
Closing gross carrying amount	**24,75,150**	**31,36,852**	**14,05,661**	**2,03,502**	**-**	**72,21,165**
Accumulated Depreciation						
Opening accumulated depreciation	3,617	7,96,846	4,56,046	18,189	-	**12,74,698**
Depreciation charge during the year	41,252	8,15,704	6,59,548	58,928	-	**15,75,432**
Closing accumulated depreciation	**44,869**	**16,12,550**	**11,15,594**	**77,117**	**-**	**28,50,130**
Net carrying amount as at March 31, 2019	**24,30,281**	**15,24,302**	**2,90,067**	**1,26,385**	**-**	**43,71,035**

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Particulars	Own assets				Lease Assets	Total
	Buildings	Computers	Furniture and fixtures	Office Equipments		
Year ended March 31, 2020						
Gross Carrying Amount						
Opening gross carrying amount	24,75,150	31,36,852	14,05,661	2,03,502	-	**72,21,165**
Additions	-	3,82,588	-	-	73,40,792	**77,23,380**
Disposals and transfers	-	-	-	-	-	**-**
Closing gross carrying amount	**24,75,150**	**35,19,440**	**14,05,661**	**2,03,502**	**73,40,792**	**1,49,44,545**
Accumulated Depreciation						
Opening accumulated depreciation	44,869	16,12,550	11,15,594	77,117	-	**28,50,130**
Depreciation charge during the year	41,253	8,31,752	2,59,510	39,623	28,41,597	**40,13,735**
Disposals and transfers	-	-	-	-	-	**-**
Closing accumulated depreciation	**86,122**	**24,44,302**	**13,75,104**	**1,16,740**	**28,41,597**	**68,63,865**
Net carrying amount as at March 31, 2020	**23,89,028**	**10,75,138**	**30,557**	**86,762**	**44,99,195**	**80,80,680**

1. Building having gross carrying amount of ₹ 24,75,150 (₹ 24,75,150) is given as security for Non - Convertible Debentures.

2.07 OTHER INTANGIBLE ASSETS

(Amount in ₹)

Particulars	Software	Total
Year ended March 31, 2019		
Gross Carrying Amount		
Opening gross carrying amount	56,98,963	**56,98,963**
Additions	2,65,500	**2,65,500**
Disposals and transfers	-	**-**
Closing gross carrying amount	**59,64,463**	**59,64,463**
Accumulated Amortisation		
Opening accumulated amortisation	23,37,592	**23,37,592**
Amortisation during the year	18,38,340	**18,38,340**
Closing accumulated depreciation	**41,75,932**	**41,75,932**
Net carrying amount as at March 31, 2019	**17,88,531**	**17,88,531**
Year ended March 31, 2020		
Gross Carrying Amount		
Opening gross carrying amount	59,64,463	**59,64,463**
Additions	-	**-**
Disposals and transfers	-	**-**
Closing gross carrying amount	**59,64,463**	**59,64,463**
Accumulated Amortisation		
Opening accumulated amortisation	41,75,932	**41,75,932**
Amortisation during the year	16,96,560	**16,96,560**
Disposals and transfers	-	**-**
Closing accumulated depreciation	**58,72,492**	**58,72,492**
Net carrying amount as at March 31, 2020	**91,971**	**91,971**

1. Intangible assets are other than internally generated and average remaining useful life is 1 - 3 years.

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.08 OTHER NON FINANCIAL ASSETS

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
GST cenvat credit / Service Tax Receivable	1,09,47,893	33,12,432
Advances recoverable in cash or in kind or for value to be received (non-financial assets)	85,53,796	46,06,568
Less: Provision for Advances	(2,00,000)	-
	83,53,796	**46,06,568**
	1,93,01,689	**79,19,000**

2.09 TRADE PAYABLES (Refer Note 2.38)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Total outstanding dues of micro enterprises and small enterprises*	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises*	2,12,62,464	37,21,360
	2,12,62,464	**37,21,360**

* The group has not received any information from supplier regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. To the extent of information available with the group, the group does not owe any sum including interest to such parties.

2.10 DEBT SECURITIES

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
At Fair Value Through Profit and Loss - (Secured) [Refer Note No. 2.39]		
Non Convertible Debentures	12,12,01,211	18,75,14,138
Total (A)	**12,12,01,211**	**18,75,14,138**
Debt securities in India	12,12,01,211	18,75,14,138
Debt securities outside India	-	-
Total (B)	**12,12,01,211**	**18,75,14,138**

Secured by pari pasu charge on immovable property and hypothecation of Security Receipts

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.11 BORROWINGS (OTHER THAN DEBT SECURITIES)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
At Amortised Cost		
Loans from banks		
Secured Bank Over Draft *	57,63,55,117	64,87,99,968
* During the current year group has renewed overdraft facility from Andhra Bank. This facility is secured by exclusive charge on security receipts in Demat form. Except SRs of assets purchased from Andhra Bank, first charge on the cash flows coming to RARC on its investment in SRs and exclusive first charge on all other current assets including financial assets and investments in SRs (excluding specifically charged SRs).		
Unsecured		
Inter Corporate Loans from related parties [Refer Note No. 2.38]	65,00,00,000	85,00,00,000
Total (A)	**1,22,63,55,117**	**1,49,87,99,968**
Borrowings in India	1,22,63,55,117	1,49,87,99,968
Borrowings outside India	-	-
Total (B)	**1,22,63,55,117**	**1,49,87,99,968**

2.12 OTHER FINANCIAL LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due	1,67,69,967	89,54,025
Lease Liability	51,25,422	-
Recovery received on behalf of trust *	10,79,524	-
Employee Benefits Payable	1,79,97,601	3,00,48,501
	4,09,72,514	**3,90,02,526**

* The company has maintained bank account with HDFC in which online collection of recovery is done on behalf of trust. The amounts so collected are subsequently transferred to respective trust, as per report generated from payment gateway site. The above amount represents amounts pending to be transferred to the trust as on balance sheet date.

2.13 PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision Employee Benefit		
Gratuity (Refer note 2.26)	18,64,131	22,09,101
Stock Appreciation Rights (Refer note 2.29)	-	4,94,640
Provision for Expenses	**25,77,030**	**1,30,51,906**
	44,41,161	**1,57,55,647**

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.14 DEFERRED TAX (NET)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Liabilities		
Property, plant and equipment and intangibles	5,19,963	60,304
Fair valuation of security receipts	7,53,02,549	10,23,38,041
	7,58,22,512	**10,23,98,345**
Deferred Tax Assets		
Gratuity	(4,69,164)	(6,43,290)
Provision for SARs	-	(1,44,039)
Leased Liability	(78,295)	-
Provision for Advance and Investment Written off	(1,87,56,728)	(1,13,66,386)
	1,93,04,187	**(1,21,53,715)**
	5,65,18,327	**9,02,44,630**

Movements in Deferred Tax

(Amount in ₹)

	Property, plant and equipment and intangibles	Fair valuation of security receipts	Gratuity	Compensated absences	Provision for SARs	Leased Liability	Provision for advance and investment written off	Total
As at March 31, 2018	**5,59,532**	**7,10,89,041**	**(2,95,001)**	**(3,56,005)**	**(2,59,040)**	**-**	**(7,36,476)**	**7,00,02,051**
Charged/(Credited) to								-
Profit and Loss	(4,99,228)	3,12,49,000	(2,00,135)	3,56,005	1,15,001	-	(1,06,29,910)	2,03,90,733
Other Comprehensive Income	-	-	(1,48,154)	-	-	-	-	(1,48,154)
As at March 31, 2019	**60,304**	**10,23,38,041**	**(6,43,290)**	**-**	**(1,44,039)**	**-**	**(1,13,66,386)**	**9,02,44,630**
Charged/(Credited) to								
Opening Profit and Loss	-	-	-	-	-	(78,295)	-	(78,295)
Profit and Loss	4,59,659	(2,70,35,493)	2,70,640	-	1,44,039	-	(73,90,342)	(3,35,51,496)
Other Comprehensive Income	-	-	(96,514)	-	-	-	-	(96,514)
As at September 30, 2019	**5,19,963**	**7,53,02,549**	**(4,69,164)**	**-**	**-**	**(78,295)**	**(1,87,56,728)**	**5,65,18,325**

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.15 OTHER NON FINANCIAL LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Income Received in Advance	16,00,47,714	11,36,69,594
Statutory due including Goods and services tax, Tax Deducted at Source Payable and other taxes payables	3,64,88,576	2,35,22,880
	19,65,36,290	**13,71,92,474**

2.16 SHARE CAPITAL

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
15,00,00,000 (March 31, 2019) Equity Shares of ₹ 10 each	1,50,00,00,000	1,50,00,00,000
1,00,00,000 (March 31, 2019) Preference Shares of ₹ 10 each	10,00,00,000	10,00,00,000
Total	**1,60,00,00,000**	**1,60,00,00,000**
Issued, Subscribed and Fully Paid Up		
10,00,00,000 (March 31, 2019) Equity Shares of ₹ 10 each	1,00,00,00,000	1,00,00,00,000
Total	**1,00,00,00,000**	**1,00,00,00,000**

a. Reconciliation of Number of Shares

Equity Shares

(Amount in ₹)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	10,00,00,000	1,00,00,00,000	10,00,00,000	1,00,00,00,000
Add: changed during the year	-	-	-	-
Balance as at the end of the year	**10,00,00,000**	**1,00,00,00,000**	**10,00,00,000**	**1,00,00,00,000**

b. Terms / Rights Attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 10 per share. Each Equity Share holder is entitled to one vote per share.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distributions will be in proportion to the number of Equity Shares held by the shareholders.

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

c. Shares Held by Sponsor Companies

(Amount in ₹)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Equity Shares of ₹ 10 each fully paid held by				
Reliance Capital Limited	4,90,00,000	49,00,00,000	4,90,00,000	49,00,00,000
Corporation Bank*	1,15,00,000	11,50,00,000	1,15,00,000	11,50,00,000
Indian Bank	1,15,00,000	11,50,00,000	1,15,00,000	11,50,00,000

d. Details of Share Holders, holding more than 5% of the Aggregate Shares in the Company

(Amount in ₹)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	% Holding	Number of shares	% Holding
Reliance Capital Limited	4,90,00,000	49.00%	4,90,00,000	49.00%
Corporation Bank*	1,15,00,000	11.50%	1,15,00,000	11.50%
Indian Bank	1,15,00,000	11.50%	1,15,00,000	11.50%
Dacecroft Limited	95,00,000	9.50%	95,00,000	9.50%
General Insurance Corporation of India	90,00,000	9.00%	90,00,000	9.00%
Blue Ridge Limited Partnership	58,90,000	5.89%	58,90,000	5.89%
	9,63,90,000	**96.39%**	**9,63,90,000**	**96.39%**

* Pursuant to the amalgamation of Corporation Bank into Union Bank of India, it is known as "Union Bank of India", w.e.f. April 1, 2020

2.17 OTHER EQUITY

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Retained earnings	86,35,05,579	74,54,10,203
Other Comprehensive Income	(9,16,389)	(6,29,424)
Debenture redemption reserve	2,01,43,228	1,11,35,069
Total Other Equity	**88,27,32,418**	**75,59,15,848**
Retained Earnings		
Opening balance	74,54,10,202	58,51,02,758
Profit for the year	16,34,60,700	20,76,09,102
Less: Dividend paid	(3,00,00,000)	(3,00,00,000)
Less: Tax on Dividend paid	(61,66,588)	(61,66,588)
Effect of Ind AS 116	(1,90,576)	-
Add: Transfer from Debenture Redemption Reserve	(2,85,08,159)	-
Less Transfer to Debenture Redemption Reserve	1,95,00,000	(1,11,35,069)
Closing balance	**86,35,05,579**	**74,54,10,203**

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Other Comprehensive Income		
Opening balance	(6,29,424)	(2,68,808)
Additions during the year (net)	(2,86,965)	(3,60,616)
Closing balance	**(9,16,389)**	**(6,29,424)**
Debenture Redemption Reserve		
Opening balance	1,11,35,069	-
Additions during the year	2,85,08,159	-
Less: Transferred To Retained Earnings	(1,95,00,000)	1,11,35,069
Closing balance	**2,01,43,228**	**1,11,35,069**

Nature and purpose of Reserve

a) Debenture Redemption Reserve :

As per recent notification of Ministry of corporate affairs dated August 16, 2019 the provisions of Companies (Share Capital and Debentures) Rules, 2014 has been amended Companies (Share Capital and Debentures) Rules, 2019. As per amended provisions the group is not required to create and maintain a debenture redemption reserve from annual profits, however on conservative basis the Company has suo-moto decided to maintain debenture redemption reserve. The Group has voluntarily transferred a specified percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to debenture redemption reserve. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from debenture redemption reserve to retained earnings.

b) Retained Earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

2.18 FEES AND COMMISSION INCOME

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Trusteeship/Management Fees	37,74,74,759	32,44,60,476
Incentive Fees	5,37,79,296	7,70,40,330
Recovery Agent Fees (Refer No. 2.45)	22,63,07,747	14,60,34,978
Profit on Redemption of Security Receipts	66,69,868	12,58,167
	66,42,31,670	**54,87,93,951**

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.19 NET GAIN ON FAIR VALUE CHANGES

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Gain on Financial Instruments at Fair Value through Profit or Loss		
Fair value gain on Investment	-	10,49,40,987
	-	**10,49,40,987**
Fair Value Changes:		
- Realised	-	-
- Unrealised	-	10,49,40,987
	-	**10,49,40,987**

2.20 OTHER INCOME

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial Assets Measured at Amortised Cost		
Interest on Fixed Deposits	1,95,81,725	17,47,312
Interest on Advance given to trusts	50,46,020	35,67,083
	2,46,27,745	**53,14,395**

2.21 FINANCE COSTS

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on Financial Instruments Measured at Fair Value through Profit or Loss		
Interest on Debt Securities	2,39,94,494	37,92,944
Interest on Financial Instruments measured at Amortised Cost		
Interest on Borrowings	15,57,35,989	15,27,75,585
Processing Charges	43,12,636	3,63,699
Bank Charges	1,50,983	72,788
Interest on Leased Liability	6,49,508	-
	18,48,43,610	**15,70,05,016**

2.22 NET LOSS ON FAIR VALUE CHANGES

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Loss on Financial Instruments at Fair Value through Profit or Loss		
Fair value loss on Investment	7,71,19,774	-
	7,71,19,774	**-**
Fair value changes:		
- Realised	-	-
- Unrealised	7,71,19,774	-
	7,71,19,774	**-**

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.23 EMPLOYEE BENEFIT EXPENSE

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salary, Bonus and Allowances	7,52,07,129	8,88,11,223
Contribution to Provident Fund and other funds	32,56,073	31,27,857
Employee Compensation Expenses - (refer note 2.29)	5,67,218	2,90,200
Gratuity expense	8,71,551	6,77,443
Compensated Absences	-	4,642
Staff welfare expenses	22,63,350	44,97,369
	8,21,65,321	**9,74,08,734**

2.24 OTHER EXPENSES

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Professional and Legal Charges	2,26,62,208	2,51,78,242
Premises Rent & Electricity Expenses	2,20,37,458	1,71,76,188
Payment to Auditors		
- Statutory Audit Fees	9,40,000	8,47,500
- Tax Audit Fees	38,600	45,000
- Limited Review Fees	3,37,900	3,32,450
- Out of Pocket Expenses	3,815	4,971
Provision for advances	55,53,377	96,70,081
Investment Written off	-	40,45,000
Recovery Commission (Refer No. 2.45)	5,73,45,125	1,56,96,596
Business Development Expenses	12,32,173	6,23,300
Director's Sitting Fees	15,26,000	13,51,600
Travelling Expenses	17,74,732	16,75,459
Telephone Expenses	9,25,169	10,19,094
Stamp Duty & Processing Fees	9,61,520	26,00,254
Repair & Maintenance	3,79,301	1,80,957
Courier and Postage	14,58,534	2,22,153
Software maintenance Charges	67,27,271	62,30,124
Office Printing and Stationery	6,86,500	5,12,381
Expenditure towards Corporate Social Responsibility (refer note 30)	33,53,000	26,88,850
Trusteeship Fees	9,72,671	38,45,113
Rating Fees	8,14,041	4,82,659
Miscellaneous Expenses	42,92,769	31,36,137
	13,40,22,164	**9,75,64,109**

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.25 INCOME TAX EXPENSE

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Tax Expense Recognised in the Statement of Profit and Loss		
(a) Income tax expense		
Current tax on profits for the year	7,62,72,521	7,77,35,445
Adjustments for current tax of prior periods	-	-
Total current tax expense	**7,62,72,521**	**7,77,35,445**
Deferred Tax		
(Decrease) / increase in deferred tax	(3,35,51,496)	2,03,90,733
Total Deferred tax expense / (benefit)	**(3,35,51,496)**	**2,03,90,733**
Income Tax Expense	**4,27,21,025**	**9,81,26,178**
(b) Reconciliation of Tax Expense and the Accounting Profit Multiplied by India's Tax Rate:		
Tax Rates	**25.17%**	**29.12%**
Profit before tax	**20,49,98,251**	**30,36,57,701**
Tax Calculated at tax rates applicable	**5,15,93,960**	**8,84,25,122**
Difference due to:		
Corporate Social Responsibility	4,21,942	3,91,497
Depreciation and Amortisation	14,51,568	(1,55,613)
Provision disallowed and others	(82,34,820)	17,32,176
Losses of Trust	36,39,393	61,54,989
Others	1,09,17,104	(2,96,70,994)
Ind AS Adjustment (Fair Value Gain)	(81,81,048)	3,12,49,000
Effect of changes in income taxes rate on deferred tax balances	(88,87,074)	-
Total income tax expense / (credit)	**4,27,21,025**	**9,81,26,178**

Pursuant to introduction of Section 115BAA of Income-Tax Act, 1961 inserted by the Taxation Laws (Amendment) Ordinance, 2019, the Group has elected to exercise the option to adopt the new tax rates, accordingly provided tax at Base tax rate of 22% and total effective tax rate at 25.168%.

2.26 EMPLOYEE BENEFITS:

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Defined Contribution Plan		
Amount recognised in the Statement of Profit and Loss		
(i) Employer's contribution to provident fund	29,03,444	28,57,849
(ii) Employer's contribution to pension fund	3,51,945	2,68,928
	32,55,389	**31,26,777**

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(b) Gratuity:

Disclosures required as per the Ind AS 19 , Employee Benefits

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
I. Reconciliation of Opening and Closing Balances of the Present Value of the Defined Benefit Obligation		
Obligation at the beginning of the year	37,39,292	41,78,050
Interest Cost	2,91,291	3,38,422
Service Cost	6,99,462	5,94,589
Benefit Paid	(28,15,635)	(17,06,243)
Actuarial (Gains) / Losses recognised in other comprehensive income		
- Due to change in Demographic Assumptions	8,780	-
- Due to change in financial assumptions	1,64,228	45,034
- Due to Experience adjustments	1,06,580	2,89,440
Obligation at the end of the year	21,93,998	37,39,292
II. Change in Plan Assets		
Fair value of plan assets at the beginning of the period	15,30,191	31,55,162
Expected return on plan assets	(1,03,891)	2,55,568
Contribution	16,00,000	-
Benefit Paid from the Fund	(28,15,635)	(17,06,243)
Actuarial Gains / (Losses) on Plan Assets - Due to Experience	-	(1,74,296)
Interest Income	1,19,202	-
Fair Value of plan assets at the end of the period	3,29,867	15,30,191
III. Reconciliation of Present Value of Obligation and Fair Value of the Plan Assets		
Fair value of plan assets at the end of the year	3,29,867	15,30,191
Present value of the defined benefit obligation at the end of year	21,93,998	37,39,292
Liability recognised in the Balance Sheet	18,64,131	22,09,101
IV. Expense Recognised in Profit or Loss		
Service Cost	6,99,462	5,94,589
Interest cost	1,72,089	82,854
Expense recognised in Profit or Loss	8,71,551	6,77,443
V. Amount Recognised in the Other Comprehensive Income		
Actuarial (gain)/loss recognised in other comprehensive income	2,79,588	3,34,474
Expected return on plan assets	1,03,891	1,74,296
Amount recognised in the Other Comprehensive Income	3,83,479	5,08,770
VI. Investment Details on Plan Assets		
100% of the plan assets are invested in Insurance Fund	3,29,867	15,30,191
VII. Actual Return on Plan Assets	**(1,03,891)**	**81,272**

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
VIII. Assumptions		
Interest rate	6.56%	7.79%
Salary growth rate	6.00%	6.00%
Estimated return on plan assets	6.56%	7.79%
Employee turnover rate	10.00%	2.00%

IX. Particulars of the amounts for the year and previous year

(Amount in ₹)

Particulars	2020	2019	2018	2017
Present value of benefit obligation	(21,93,998)	(37,39,292)	(41,78,050)	52,79,220
Fair Value of Plan Assets	3,29,867	15,30,191	31,55,162	52,36,082
Excess of obligation over plan assets	(18,64,131)	(22,09,101)	(10,22,888)	(43,138)

X. Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holdings other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate (+1% movement)	(1,35,310)	(1,37,668)
Discount rate (-1% movement)	1,52,858	1,61,711
Future salary growth (+1% movement)	1,52,189	1,63,007
Future salary growth (-1% movement)	(1,37,202)	(1,41,038)
Employee turnover (+1% movement)	(18,643)	(9,948)
Employee turnover (-1% movement)	18,421	7,457

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

XI. Maturity Analysis of the Defined Benefit Plan (Fund)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Projected benefits payable in future from the date of reporting		
1st following year	1,36,566	23,74,460
2nd following year	1,44,649	23,748
3rd following year	1,96,538	27,119
4th following year	5,99,882	37,334
5th following year	1,71,844	4,67,347
Sum of 6 to 10 years	7,75,521	5,08,058
Sum of 11 years and above	16,75,534	28,01,169

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.27

(A) CAPITAL MANAGEMENT

The primary objective of the Group for its capital management is to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Regulatory Capital

(Amount in ₹)

Capital to risk assets ratio (CRAR):		As at March 31, 2020	As at March 31, 2019
(a)	Common Equity Tier 1 capital	1,60,83,24,443	1,75,41,27,317
(b)	Other Tier 2 capital instruments	-	-
(c)	Total capital	1,60,83,24,443	1,75,41,27,317
(d)	Risk weighted assets	3,02,53,46,596	3,46,80,96,956
(e)	CRAR (%)	53.16%	50.58%

Regulatory capital : Tier I capital, which comprises share capital, special reserves, retained earnings including current year profit. Certain adjustments are made to Ind AS based results and reserves, as prescribed by the Reserve Bank of India.

(B) DIVIDENDS

(Amount in ₹)

Particulars		As at March 31, 2020	As at March 31, 2019
(i)	Equity Shares		
	Final dividend for the year ended March 31, 2019 of Re. 0.30 (March 31, 2018 - Re. 0.30) per share fully paid share.	3,00,00,000	3,00,00,000
	Dividend distribution tax (DDT)	61,66,588	61,07,296
	Interest	61,666	-
(ii)	Dividends not recognised at the end of the reporting period		
	In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of Re. 0.30 per fully paid equity share (March 31, 2019 - Re. 0.30). This proposed dividend is subject to the approval of shareholders in ensuing annual general meeting.	3,00,00,000	3,00,00,000
	Dividend distribution tax (DDT) on proposed dividend	-	63,59,299

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.28 MOVEMENT OF PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits		
Balance at the beginning of the period	27,03,741	31,55,501
Additional provision /(reduction)	(8,39,610)	(4,51,760)
Balance at the close of the period	**18,64,131**	**27,03,741**
Provision for Expenses		
Balance at the beginning of the period	1,30,51,906	84,73,429
Additional provision /(reduction)	(1,04,74,876)	45,78,477
Balance at the close of the period	**25,77,030**	**1,30,51,906**

2.29 STOCK APPRECIATION RIGHTS (SAR):

Statement of Employees Phantom Stock Option Scheme as on March 31, 2020:

Particulars	No of Option
Granted as on 15.10.2015	10,83,200
Vested	1,64,880
Exercise	1,45,460
Forfeited	60,640
Exercise Period	3 years from the date of last vesting
Vesting Conditions	Continuous service

(Amount in ₹)

Particulars	March 31, 2020	March 31, 2019
Outstanding at the beginning of the year	2,06,100	7,48,500
Granted during the year	1,64,880	4,49,100
Forfeited / Expired during the year	60,640	3,25,440
Exercised during the year	1,45,460	2,16,960
Outstanding at the end of the year	0	2,06,100
Exercisable at the end of the year	0	1,23,660

2.30 CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE:

(Amount in ₹)

Gross amount required to be spent by the group during the year	33,53,000

Amount spent during the year on:

Particulars	In cash	Yet to be paid in cash	Total
1) Construction/acquisition of any asset	-	-	-
2) On purposes other than (1) above	33,53,000	-	33,53,000

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.31 CONTINGENT LIABILITY:

(a) During the earlier year Company had received an order from the Board of Revenue, Madhya Pradesh office with a demand of ₹ 1.44 crore which was earlier received from the local corporation in the year 2014 to pay additional duty of 1% on the loan amount. The Company has contested the matter with the Hon'ble High Court of Madhya Pradesh requesting for quashing and setting aside the order passed by Collector of Stamps, Raisen on August 12, 2014 and by Board of Revenue on May 26, 2016 respectively stating various grounds i.e. the property is beyond the jurisdiction of the Municipal limits and falls with the limits of the Village Panchayat etc. Based on the evaluation and assessment by the management, the Company believes that we have merits in the Writ Petition filed by the Company which is presently sub judice.

(b) The company has paid ₹ 20,44,740/- under protest for the demand raised by CIT (Appeal) for the FY 2013 – 14. The case is still pending with ITAT.

2.32 FOREIGN CURRENCY

The group has incurred ₹ 7,81,888/- in foreign currency during the year towards Professional Fees.

2.33 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(Amount in ₹)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	29,78,21,393	-	29,78,21,393	30,70,01,043	-	30,70,01,043
Trade Receivables	18,09,447	-	18,09,447	91,50,034	-	91,50,034
Loans	-	38,84,25,713	38,84,25,713	-	40,32,60,171	40,32,60,171
Investments	-	2,86,21,60,807	2,86,21,60,807	-	3,00,62,64,081	3,00,62,64,081
Other financial asset	38,14,343	68,000	38,82,343	1,49,07,379	2,54,500	1,51,61,879
Non-financial assets						
Current tax assets (Net)	-	88,20,194	88,20,194	-	1,47,89,226	1,47,89,226
Property, Plant and Equipment	-	80,80,680	80,80,680	-	43,71,035	43,71,035
Other Intangible assets	-	91,971	91,971	-	17,88,531	17,88,531
Other non-financial asset	1,93,01,689	-	1,93,01,689	79,19,000	-	79,19,000
Total assets (a)	**32,27,46,872**	**3,26,76,47,365**	**3,59,03,94,237**	**33,89,77,456**	**3,43,07,27,544**	**3,76,97,05,000**

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Liabilities						
Financial liabilities						
Payables						
Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2,12,62,464	-	2,12,62,464	37,21,360	-	37,21,360
Debt securities	70,00,000	11,42,01,211	12,12,01,211	-	18,75,14,138	18,75,14,138
Borrowings (Other than debt securities)	1,22,63,55,117		1,22,63,55,117	1,49,87,99,968	-	1,49,87,99,968
Other financial liabilities	2,51,67,703	1,58,04,811	4,09,72,514	3,53,56,720	36,45,806	3,90,02,526
Non-financial liabilities						
Provisions	41,04,148	3,37,013	44,41,161	1,38,10,815	19,44,832	1,57,55,647
Deferred tax (Net)	-	5,65,18,325	5,65,18,325	-	9,02,44,630	9,02,44,630
Other non-financial liabilities	19,65,36,290	-	19,65,36,290	13,71,92,474	-	13,71,92,474
Total liabilities (b)	**1,48,04,25,722**	**18,68,61,360**	**1,66,72,87,082**	**1,68,88,81,337**	**28,33,49,406**	**1,97,22,30,743**
Net (a - b)	**(1,15,76,78,851)**	**3,08,07,86,006**	**1,92,31,07,156**	**(1,34,99,03,881)**	**3,14,73,78,138**	**1,79,74,74,257**

2.34 FAIR VALUE MEASUREMENTS

a) Financial Instruments by Category

(Amount in ₹)

Particulars	March 31, 2020		March 31, 2019	
	Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
Financial assets				
Cash & cash equivalents	-	29,78,21,393	-	30,70,01,043
Trade Receivables	-	18,09,447	-	91,50,034
Loans	-	38,84,25,713	-	40,32,60,171
Investments	2,86,21,60,807	-	3,00,62,64,081	-
Other financial asset	-	38,82,343	-	1,51,61,879
Total Financial Assets	**2,86,21,60,807**	**69,19,38,896**	**3,00,62,64,081**	**73,45,73,127**
Financial liabilities				
Payables	-	2,12,62,465	-	37,21,360
Debt securities	12,12,01,211	-	18,75,14,138	-
Borrowings	-	1,22,63,55,117	-	1,49,87,99,968
Other financial liabilities	-	4,09,72,514	-	3,90,02,526
Total Financial Liabilities	**12,12,01,211**	**1,28,85,90,096**	**18,75,14,138**	**1,54,15,23,854**

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

Fair value hierarchy

The following section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value through profit or loss. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial investments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

b) Fair Value Hierarchy for Assets

Financial assets measured at fair value at March 31, 2020

(Amount in ₹)

	Level 1	Level 2	Level 3	Total
Financial assets				
Investments	-	-	2,86,21,60,807	2,86,21,60,807
Total	**-**	**-**	**2,86,21,60,807**	**2,86,21,60,807**
Financial liabilities				
Debt securities	-	-	12,12,01,211	12,12,01,211
Total	**-**	**-**	**12,12,01,211**	**12,12,01,211**

Financial assets measured at fair value at March 31, 2018

(Amount in ₹)

	Level 1	Level 2	Level 3	Total
Financial assets				
Investments			3,00,62,64,081	3,00,62,64,081
Total	**-**	**-**	**3,00,62,64,081**	**3,00,62,64,081**
Financial liabilities				
Debt securities	-	-	18,75,14,138	18,75,14,138
Total	**-**	**-**	**18,75,14,138**	**18,75,14,138**

Notes:

Level 1 hierarchy includes financial instruments measured using quoted prices (unadjusted) in active market for identical assets that the entity can access at the measurement date.

Level 2 hierarchy includes the fair value of financial instruments measured using quoted prices for identical or similar assets in markets that are not active.

Level 3 If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted compound instruments.

There are no transfers between any of these levels during the year. The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

c) Valuation Techniques used to Determine Fair Value

Specific valuation techniques used to value investment in security receipt include:

- the fair value of investment in security receipt is based on Net Asset Value (NAV) calculated using discounted cash flow method and valuation range provided by the rating agencies. This is included in Level 3.

Specific valuation techniques used to value market linked debentures:

Fair valuation of Market linked debentures is determined based on cash flows discounted using a current lending rate, however the change in current rate does not have any significant impact on fair values as at the current year end. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs.

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

d) Fair Value Measurements using Significant Unobservable Inputs (Level 3)

The following table presents the changes in level 3 items for the periods ended March 31, 2020 and March 31, 2019:

(Amount in ₹)

Particulars	Investment	Debt securities
As at March 31, 2018	**2,50,59,72,094**	**-**
Additions	64,17,23,000	18,76,61,276
Disposals	24,23,27,000	-
Investment written off	40,45,000	-
Gains/(losses) recognised in statement of profit and loss	10,49,40,987	(1,47,138)
As at March 31, 2019	**3,00,62,64,081**	**18,75,14,138**
Additions	13,08,00,000	1,00,00,000
Disposals	19,77,83,000	7,80,00,000
Gains/(losses) recognised in statement of profit and loss	(7,71,20,274)	16,87,073
As at March 31, 2020	**2,86,21,60,807**	**12,12,01,211**

e) Fair Value of Financial Assets and Liabilities Measured at Amortised Cost

The carrying amount of remaining financial assets and liabilities is considered as fair value.

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

f) Unobservable Inputs used in Measuring Fair Value Categorised Within Level 3

(Amount in ₹)

Type of Financial Instruments	Fair value of asset as on March 31, 2020	Fair value of liability as on March 31, 2020	Valuation Techniques	Significant Unobservable input	Range of estimates (weighted-average) for unobservable input	Increase in the unobservable input (% or as the case may be)	Change in fair value	Decrease in the unobservable input (% or as the case may be)	Change in fair value
Investments in security receipts	2,86,21,60,807	-	Discounted projected cash flow	Cash Flow	25,12,38,76,402	2,51,23,87,640	15,71,94,740	(2,51,23,87,640)	(25,95,25,346)
				Discount rates	7.35%	0.50%	(2,07,83,410)	0.50%	1,44,92,311
Non - Convertible Debentures	-	12,12,01,211	Discounted projected cash flow	Discount rates	12.15%	1.00%	8,75,854	1.00%	(8,89,709)

(Amount in ₹)

Type of Financial Instruments	Fair value of asset as on March 31, 2019	Fair value of liability as on March 31, 2019	Valuation Techniques	Significant Unobservable input	Range of estimates (weighted-average) for unobservable input	Increase in the unobservable input (% or as the case may be)	Change in fair value	Decrease in the unobservable input (% or as the case may be)	Change in fair value
Investments in security receipts	3,00,62,64,081	-	Discounted projected cash flow	Cash Flow	23,47,55,51,009	2,34,75,55,101	22,38,22,850	(2,34,75,55,101)	(24,29,20,696)
				Discount rates	2.69%	0.50%	(2,17,14,142)	0.50%	2,19,60,273
Non - Convertible Debentures	-	18,75,14,138	Discounted projected cash flow	Discount rates	12.18%	1.00%	21,67,510	1.00%	(22,15,775)

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

g) Quantitative Analysis of Significant Unobservable Inputs

Discount margin/spreads

Discount margin/spreads represent the discount rates used when calculating the present value of future cash flows. In discounted cash flow models such spreads are added to the benchmark rate when discounting the future expected cash flows. Hence, these spreads reduce the net present value of an asset or increase the value of a liability. They generally reflect the premium an investor expects to achieve over the benchmark interest rate to compensate for the higher risk driven by the uncertainty of the cash flows caused by the credit quality of the asset. They can be implied from market prices and are usually unobservable for illiquid or complex instruments.

Recovery rates

Recovery rates reflect the estimated loss that the group will suffer given expected defaults. The recovery rate is given as a percentage and reflects the opposite of loss severity (i.e. 100% recovery reflects 0% loss severity). In line with general market convention, loss severity is applied to asset-backed securities while recovery rate is more often used as pricing input for corporate or government instruments. Higher loss severity levels / lower recovery rates indicate lower expected cash flows upon the default of the instruments. Recovery rates for complex, less liquid instruments are usually unobservable and are estimated based on historical data.

2.35

A) LIQUIDITY RISK AND FUNDING MANAGEMENT

Liquidity risk emanates from the mismatches existing on the balance sheet due to differences in maturity and repayment profile of assets and liabilities. These mismatches could either be forced in nature due to market conditions or created with an interest rate view. Such risk can lead to a possibility of unavailability of funds to meet upcoming obligations arising from liability maturities. To avoid such a scenario, the group has ensured maintenance of a Liquidity Cushion in the form of Fixed Deposits, Cash, Credit Lines etc. These assets carry minimal credit risk and can be liquidated in a very short period of time. These would be to take care of immediate obligations while continuing to honour our commitments as a going concern.

B) ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY REMAINING CONTRACTUAL MATURITIES

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31. However, the group expects that the counterparties will not request repayment on the earliest date it could be required to pay.

As at March 31, 2020

(Amount in ₹)

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalents	14,67,652	29,63,53,741	-	-	-	29,78,21,393
Trade Receivables *	-	-	18,09,447	-	-	18,09,447
Loans	-	-	-	38,84,25,713	-	38,84,25,713
Investments *	-	-	20,00,00,000	2,66,21,60,807	-	2,86,21,60,807
Other financial assets *	-	10,79,524	27,34,819	-	68,000	38,82,343
	14,67,652	**29,74,33,265**	**20,45,44,266**	**3,05,05,86,520**	**68,000**	**3,55,40,99,703**
Financial liabilities						
Trade payables						

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	2,12,62,465	-	-	-	2,12,62,465
Debt securities	-	70,00,000	-	11,42,01,211	-	12,12,01,211
Borrowings (Other than debt securities)	-	-	1,22,63,55,117	-	-	1,22,63,55,117
Other financial liabilities	-	9,65,156	2,42,02,547	1,58,04,811	-	4,09,72,514
Total financial liabilities (b)	-	**2,92,27,621**	**1,25,05,57,664**	**13,00,06,022**	**-**	**1,40,97,91,307**
Net (a - b)	**14,67,652**	**26,82,05,644**	**(1,04,60,13,398)**	**2,92,05,80,498**	**68,000**	**2,14,43,08,396**

As at March 31, 2019

(Amount in ₹)

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalents	54,12,978	30,15,88,065	-	-	-	30,70,01,043
Trade Receivables	-	-	91,50,034	-	-	91,50,034
Loans	-	-	-	40,32,60,171	-	40,32,60,171
Investments*	-	9,05,34,409	24,65,38,485	2,66,91,91,187	-	3,00,62,64,081
Other financial assets	-	-	1,49,07,379	-	2,54,500	1,51,61,879
Total financial assets (a)	**54,12,978**	**39,21,22,474**	**27,05,95,899**	**3,07,24,51,358**	**2,54,500**	**3,74,08,37,208**
Financial liabilities						
Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	37,21,360	-	-	-	37,21,360
Debt securities	-	-	-	18,75,14,138	-	18,75,14,138
Borrowings (Other than debt securities)	-	-	1,49,87,99,968	-	-	1,49,87,99,968
Other financial liabilities	-	-	3,53,56,720	36,45,806	-	3,90,02,526
Total financial liabilities (b)	**-**	**37,21,360**	**1,53,41,56,688**	**19,11,59,944**	**-**	**1,72,90,37,992**
Net (a - b)	**54,12,978**	**38,84,01,114**	**(1,26,35,60,789)**	**2,88,12,91,414**	**2,54,500**	**2,01,17,99,216**

* As expected by management of the Company

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.36 INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the group's statement of profit and loss. The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year.

(Amount in ₹)

Currency of borrowing / advances	2019-20			
	Increase in basis points	Effect on profit before tax (Amount ₹)	Decrease in basis points	Effect on profit before tax (Amount ₹)
INR	50	(69,33,737)	50	69,33,737

(Amount in ₹)

Currency of borrowing / advances	2018-19			
	Increase in basis points	Effect on profit before tax (Amount ₹)	Decrease in basis points	Effect on profit before tax (Amount ₹)
INR	50	(68,91,013)	50	68,91,013

2.37 ADDITIONAL DISCLOSURES

Additional disclosure pursuant to The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003 issued vide Circular n. RBI/ 2007-2008/9 DNBS (PD) CC. No. 7 / SCRC / 10.30.000/ 2007-2008 dated July 02, 2007 and vide notification no. DNBS.PD (SC/RC).8/CGM (ASR) - 2010 dated April 21, 2010.

Disclosures made in paragraphs (i) to (xi) below represent total value of the assets in the respective trusts subscribed by the Company and the co-investors as also assets directly acquired by the Group.

(i) The names and addresses of the Banks/ Financial Institutions from whom Financial Assets were acquired as at March 31, 2020 (since inception) and the value at which such assets were acquired from each such Bank/ Financial Institutions:

(Amount in ₹)

Sr. No.	Name of the Bank / Financial Institution	Address	Acquisition price (₹)	
			March 31, 2020	March 31, 2019
1	Asset Reconstruction Company (India) Limited	The Ruby, 10th Floor, 29, Senapati Bapat Marg, Dadar (West), Mumbai - 400 028	68,18,000	68,18,000
2	Corporation Bank*	Managala Devi Temple Road, Mangalore 575001	2,49,00,000	2,49,00,000
3	Bank of Baroda (erstwhile Dena Bank)	Dena Corporate Centre, C-10, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051	30,76,62,000	30,76,62,000
4	Indian Bank	66,Rajaji Salai, Chennai – 600 001	12,61,24,82,000	12,61,24,82,000
5	Central Bank of India	Chandramukhi, Nariman Point, Mumbai – 400 021	2,43,00,000	2,43,00,000
6	Vijaya Bank	41/2, M G Road, Bengaluru, Karnataka – 560 001	9,90,00,000	9,90,00,000

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Sr. No.	Name of the Bank / Financial Institution	Address	Acquisition price (₹)	
			March 31, 2020	March 31, 2019
7	IFCI	IFCI Tower, 61, Nehru Place, New Delhi – 110 192	20,00,00,000	20,00,00,000
8	IDBI	IDBI Tower, Cuffe Parade, Mumbai – 400005	12,26,00,000	12,26,00,000
9	Union Bank of India	Union Bank Bhavan, 239, Vidhan Bhavan Marg, Mumbai 400 021	6,25,00,000	6,25,00,000
10	Industrial Investment Bank of India Limited	19, Netaji Subhash Road, Kolkatta - 700 001	5,50,00,000	5,50,00,000
11	City Union Bank Limited	24-80, Raja Bahadur Compound, Ambalala Doshi Marg, Fort, Mumbai - 400 023	2,83,97,64,000	2,83,97,64,000
12	Laxmi Vilas Bank	Salem Road, Kathaprai, Karur - 639 006. Tamil Nadu	2,14,09,20,000	2,14,09,20,000
13	UCO Bank	10, B T M Sarani, Kolkata - 700 001, West Bengal	1,51,00,000	1,51,00,000
14	Yes Bank	Indiabulls Finance Centre, Tower II, Senapati Marg, Elphinstone (W), Mumbai - 400 013	10,30,00,000	10,30,00,000
15	The Saraswat Co-operative Bank Ltd.	953, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025	3,75,00,000	3,75,00,000
16	Abhyudaya Co-operative Bank Limited	Shram Safalya, 63, G D Ambekar Marg, Parel Village, Mumbai - 400 012	3,25,00,000	3,25,00,000
17	Bank of Baroda	Suraj Plaza-1, Sayaji Ganj, Baroda - 390005	1,13,00,000	1,13,00,000
18	The Akola Urban Co-operative Bank Limited	"Jankalyan", 58/59,Toshniwal Layout, Murtizapur Road, Behind Govt. Milk Scheme, Akola-444001	42,00,00,000	42,00,00,000
19	State Bank of India	State Bank Bhavan, Madam Cama Road, Mumbai – 400021	4,84,46,57,000	4,84,46,57,000
20	Kotak Mahindra Bank (erstwhile ING Vysya Bank)	22,MG Road, Bangalore,Karnataka-560001	1,68,70,00,000	1,68,70,00,000
21	State Bank of India (erstwhile State Bank of Travancore)	Poojappura, Thiruvananthapuram-695012	61,94,00,000	61,94,00,000
22	State Bank of India (erstwhile State Bank of Hyderabad)	Gunfoundry,Hyderabad-500001	16,60,07,000	16,60,07,000
23	Karur Vysya Bank	Erode Road,Karur-639002,Tamilnadu	3,81,58,000	3,81,58,000
24	Reliance Capital Limited	Reliance Centre, 6th Floor, Off Western Express Highway, Santacruz (E), Mumbai - 400 055	95,99,11,000	95,99,11,000
25	Magma Fincorp Limited	Magma House, No.24 Park Street, Kolkata-700 016	59,48,32,000	59,48,32,000
26	Magma Housing Finance	Magma House, No.24 Park Street, Kolkata-700 016	14,41,71,000	14,41,71,000

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Sr. No.	Name of the Bank / Financial Institution	Address	Acquisition price (₹)	
			March 31, 2020	March 31, 2019
27	SVC Co-operative Bank Limited	SVC Tower, Nehru Road, Vakola, Santacruz (E), Mumbai - 400 055	47,79,01,000	47,79,01,000
28	Andhra Bank	Mama Paramanand Marg, Opera House, Girgaon, Mumbai, Maharashtra 400004	4,40,00,000	4,40,00,000
29	Reliance Commercial Finance Limited	Reliance Centre, 6th Floor, Off Western Express Highway, Santacruz (E), Mumbai - 400 055	1,15,01,00,000	1,15,01,00,000
30	The Kalyan Janata Sahakari Bank Limited	Kalyanam_astu, Om Vijaykrishna Apartment, Adharwadi, Kalyan (W), Dist. Thane - 421301	62,06,00,000	62,06,00,000
31	Indian Overseas Bank	4/B,Ground Floor, Sangam CHSL,S.V Road,Santacruz (W), Mumbai 400054	1,96,32,81,000	1,30,92,81,000
32	Shubham Housing Development Finance Corporation Limited	Plot No. 425, Udyog Vihar, Phase IV, Gurgaon-122015	14,79,00,000	14,79,00,000
33	Religare Housing Development Finance Corporation Ltd	1st Floor, Tower "A" PRIUS Global, Sector-125, NOIDA, U.P- 201301	22,78,61,000	22,78,61,000
34	IndusInd Bank Ltd.	Indusind Bank Ltd., 11th floor, Tower 1, One Indiabulls Centre, 841, Senapati Bapat Marg, Elphinstone Road, Mumbai-400013, India	4,66,00,000	-
	Total		**32,84,77,25,000**	**32,14,71,25,000**

* Pursuant to the amalgamation of Corporation Bank into Union Bank of India, it is known as "Union Bank of India", w.e.f. April 1, 2020

(ii) Dispersion of various Financial Assets Industry-wise

(Amount in ₹)

Industry	Acquisition Cost Outstanding (Rupees)	Percentage to total assets	Acquisition Cost Outstanding (Rupees)	Percentage to total assets
	March 31, 2020		March 31, 2019	
Agriculture	3,15,16,32,935	9.6%	3,15,16,32,935	9.8%
Education	10,47,47,16,361	31.9%	9,82,07,16,361	30.5%
Housing	93,59,43,567	2.8%	93,59,43,567	2.9%
Micro	2,45,63,14,101	7.5%	2,45,63,14,101	7.6%
Small	4,35,80,12,819	13.3%	4,35,80,12,819	13.6%
Medium	5,15,48,68,789	15.7%	5,15,48,68,789	16.0%
Seeds / Biotech	57,30,00,000	1.7%	57,30,00,000	1.8%
Food processing	97,34,95,328	3.0%	97,34,95,328	3.0%
Power	2,70,00,000	0.1%	2,70,00,000	0.1%
Plastics	2,30,00,000	0.1%	2,30,00,000	0.1%
Casting & Forging	33,43,20,311	1.0%	33,43,20,311	1.0%
Construction	24,39,65,999	0.7%	24,39,65,999	0.8%

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Industry	Acquisition Cost Outstanding (Rupees)	Percentage to total assets	Acquisition Cost Outstanding (Rupees)	Percentage to total assets
	March 31, 2020		March 31, 2019	
Waste Processing	4,40,00,000	0.1%	4,40,00,000	0.1%
Vehicle	1,97,09,048	0.1%	1,97,09,048	0.1%
Personal	33,70,50,923	1.0%	29,04,50,923	0.9%
Infrastructure	39,04,69,845	1.2%	39,04,69,845	1.2%
Information Technology	2,93,83,000	0.1%	2,93,83,000	0.1%
Advertisement	2,80,000	0.0%	2,80,000	0.0%
Textile	47,34,55,511	1.4%	47,34,55,511	1.5%
Electricals	5,91,70,000	0.2%	5,91,70,000	0.2%
Gems & Jewellery	7,09,88,776	0.2%	7,09,88,776	0.2%
Others	2,71,69,47,687	8.3%	2,71,69,47,687	8.5%
Total	**32,84,77,25,000**	**100%**	**32,14,71,25,000**	**100%**

(iii) Dispersion of various Financial Assets Sponsor-wise

(Amount in ₹)

Industry	Acquisition Cost Outstanding (Rupees)	Percentage to total assets	Acquisition Cost Outstanding (Rupees)	Percentage to total assets
	March 31, 2020		March 31, 2019	
A. Sponsor				
- Indian Bank	12,61,24,82,000	38%	12,61,24,82,000	39%
- Reliance Capital Limited	95,99,11,000	3%	95,99,11,000	3%
- Corporation Bank	2,49,00,000	0%	2,49,00,000	0%
Total Sponsor (A)	**13,59,72,93,000**	**41%**	**13,59,72,93,000**	**42%**
B. Non-Sponsors	19,25,04,32,000	59%	18,54,98,32,000	58%
Total Non Sponsor (B)	**19,25,04,32,000**	**59%**	**18,54,98,32,000**	**58%**
Total (A+B)	**32,84,77,25,000**	**100%**	**32,14,71,25,000**	**100%**

(Amount in ₹)

	March 31, 2020	March 31, 2019
(iv) A statement charting the migration of Financial Assets from Standard to Non-Performing.		
Opening balance of Standard Assets	-	-
Opening balance of Non-Performing Assets	-	-
Assets acquired during the year (Standard)	-	-
Assets redeemed during the year (Standard and NPA)	-	-
Downgradation of Assets from Standard to Non-Performing (gross of provisions) during the year	-	-
Closing balance of Standard Assets	-	-
Closing balance of Non-Performing Assets (gross of provisions)	-	-

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

		March 31, 2020	March 31, 2019
(v)	Value of Financial Assets acquired during the financial year either on its own books or in the books of the Trust	70,06,00,000	4,27,81,42,000
(vi)	Value of Financial Assets realised during the financial year	1,60,86,66,000	1,78,00,48,000
(vii)	Value of Financial Assets outstanding for realisation as at the end of the financial year.	20,19,51,99,000	21,13,58,27,000
(viii)	Value of Security Receipts redeemed/Contractual Rights in Loan Assets realised partially and the Security Receipts redeemed /Contractual Rights in Loan Assets realised fully during the financial year.		
	- Value of Security Receipts redeemed fully during the financial year	1,61,11,000	-
	- Value of Security Receipts redeemed partially during financial year	1,59,25,55,000	1,78,00,48,000
(ix)	Value of Security Receipts/Contractual Rights in Loan Assets, pending for redemption as at the end of the financial year	20,19,51,99,000	21,13,58,27,000
(x)	Value of Security Receipts which could not be redeemed as a result of non-realisation of the Financial Asset as per the policy formulated by the Securitisation Company or Reconstruction Company under Paragraph 7(6)(ii) or 7(6)(iii) of The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003 as amended from time to time.		
	There were no Security Receipts that were not redeemed during the financial year as a result of non-realisation of the Financial Asset as per the policy formulated.		
(xi)	Value of land and / or building acquired in ordinary course of business of reconstruction of assets.		
	- Immovable Property at Navi Mumbai	24,75,150	-

Additional Disclosure as per RBI Notification no. DNBS (PD) CC. No. 41/SCRC/26.03.001/2014-15 Date August 5, 2014

(xii) The basis of valuation of assets if the acquisition value of the assets is more than the BV - Nil

(xiii) The details of the assets disposed of (either by write off or by realisation during the year at a discount of more than 20% of valuation as on the previous year end and the reasons therefore.

There were no asset disposed off (either by write off or by realisation) during the year at a discount of more than 20% of valuation as on the previous year end and the reasons therefore.

(xiv) The details of the assets where the value of the SRs has declined more than 20% below the acquisition value

(Amount in ₹)

Sr. no.	Trust Name	Closing SR (₹)	NAV as at March 31, 2020
1	Reliance ARC - LVB Trust	91,59,000	50.00%
2	Reliance ARC - INB Retail Portfolio Trust (2013)	26,77,87,000	75.00%
3	Reliance ARC - CUB Saravana Trust (2014)	2,49,94,000	63.70%
4	Reliance ARC - CUB SDPL Trust(2014)	2,19,94,000	60.50%
5	Reliance ARC - CUB(CTRPL)(2014)Trust	1,34,69,000	75.00%
6	Reliance ARC 001 Trust	20,66,76,000	64.00%

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.38 RELATED PARTY DISCLOSURES

(i) List of Related Parties and their relationship

Nature of relationship	Related Party
A) Investor Company (Significant Influence exists)	Reliance Capital Limited
Associate/Subsidiary of Investor Company	1. Reliance Nippon Life Asset Management Limited 2. Reliance Commercial Finance Limited 3. Reliance General Insurance Company Limited 4. Reliance Nippon Life Insurance Company Limited 5. Reliance Corporate Advisory Services Limited 6. Reliance Home Finance Limited
B) Key Management Personnel	a) Mr. Ravindra S. Rao Executive Director & CEO (upto October 22, 2019) b) Mr. Mehul Gandhi Executive Director & CEO (w.e.f. December 18, 2019) c) Mr. Rakesh Panjwani Chief Financial Officer (w.e.f. from February 5, 2020) d) Ms. Preeti Chhapru Company Secretary

(Amount in ₹)

Nature of Transactions	Name of Related Party	Enterprises having significant influence over the Company		Associate of Investor Company		Key Management Personnel	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Unsecured Loans	Reliance Nippon Life Asset Management Limited	-	-	55,00,00,000 (upto 26.09.2019)	55,00,00,000	-	-
Unsecured Loans	Reliance Corporate Advisory Services Limited	45,00,00,000 (w.e.f 27.09.2019)	-	-	-	-	-
Unsecured Loans	Reliance Capital Limited	20,00,00,000	30,00,00,000	-	-	-	-
Trade Payables	Reliance Capital Limited	91,810	54,653	-	-	-	-
Trade Payables	Reliance General Insurance Company Limited	-	34,869	-	-	-	-
Advances	Reliance General Insurance Company Limited	7,59,808	-	-	-	-	-
Administrative and Other Expenses	Reliance Capital Limited	6,13,828	15,22,953	-	-	-	-
Administrative and Other Expenses	Reliance Commercial Finance Limited	18,98,072	2,46,185	-	-	-	-
Administrative and Other Expenses	Reliance General Insurance Company Limited	12,18,419	8,12,432	-	-	-	-
Administrative and Other Expenses	Reliance Nippon Life Insurance Company Limited	48,15,480	24,98,467	-	-	-	-

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Nature of Transactions	Name of Related Party	Enterprises having significant influence over the Company		Associate of Investor Company		Key Management Personnel	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Administrative and Other Expenses	Reliance Home Finance Limited	5,35,987	-	-	-	-	-
Interest on Unsecured Loan	Reliance Nippon Life Asset Management Limited	-	-	1,93,60,657	9,68,71,236	-	-
Interest on Unsecured Loan	Reliance Corporate Advisory Services Limited	4,21,96,721	-	-	-	-	-
Interest on Unsecured Loan	Reliance Capital Limited	3,56,16,439	53,08,219	-	-	-	-
Remuneration							
	Mr. Ravindra S. Rao	-	-	-	-	2,19,82,686	1,27,37,539
	Mr. Mehul Gandhi	-	-	-	-	65,87,261	72,12,788
	Mr. Rakesh Panjwani					6,04,123	-
	Ms. Preeti Chhapru	-	-	-	-	18,81,060	14,52,091

2.39 SECURITY CLAUSE / MATURITY PROFILES IN RESPECT TO NON CONVERTIBLE DEBENTURES

(i) Non convertible debentures (NCDs) are redeemable at par, in one or more instalments on various dates:

(a) NCDs amounting to ₹ 12,20,00,000 (Previous Year ₹ 19,00,00,000) are secured by way of first pari passu legal mortgage and charge over the premises situated at office No.101 on the first floor, "HAWARE'S FANTASIA BUSINESS PARK", on plot No.47, Sector 30 A, Vashi, Dist. Thane Maharashtra Immovable Property and charge on present and future investments in Security Receipts by way of hypothecation (Refer Note 2.03) as specifically mentioned in the Debenture Trust Deed.

(b) Maturity profile Market Linked Non Convertible Debentures are as set out below:

(Amount in ₹)

Rate of Interest	2020-21	2021-22	Total
MLD	70,00,000	11,50,00,000	12,20,00,000
Total	**70,00,000**	**11,50,00,000**	**12,20,00,000**

2.40 EARNING PER EQUITY SHARE

(Amount in ₹)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Basic/ Diluted		
Profit after tax attributable to Equity Shareholders	16,34,60,700	20,76,09,102
Weighted average number of Equity Shares	10,00,00,000	10,00,00,000
Basic / Diluted Earning Per Share	1.63	2.08

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.41 DIVIDEND REMITTED IN FOREIGN CURRENCY

(Amount in ₹)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Dividend paid during the year	28,50,000	28,50,000
Number of non-resident shareholder	1	1
Number of equity shares held by non-resident shareholder	95,00,000	95,00,000
Year to which the dividends relates to	2018 - 2019	2017 - 2018

2.42 ENTITIES CONSIDERED FOR CONSOLIDATION

a) Composition of the Group

Information about the composition of the Group at the end of each reporting period is as follows :

(Amount in ₹)

Name of the Entity	Country of Incorporation	Proportion of ownership interest and voting power held by the group	
		As at March 31, 2020	As at March 31, 2019
Reliance ARC CUB 2014 (I) Trust	India	100%	100%
Reliance ARC - CUB (HL&SME) (2014) (I) Trust	India	100%	100%
Reliance ARC 004 Trust	India	100%	100%
Reliance ARC 007 Trust	India	78%	78%
Reliance ARC ALPLUS Trust	India	100%	100%
RARC 061 (INDUSIND RETAIL) Trust	India	100%	100%

Note : All the entities considered for consolidation above are Trust formed under SARFAESI Act in India for conducting principal activities of acquisition of accounts under distressed credit business.

b) Additional Information, as Required Under Schedule III to the Companies Act, 2013, of Trust Consolidated as Subsidiaries

As at and for the year ended March 31, 2020

(Amount in ₹)

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Total comprehensive income	
	Amount in ₹	As % of consolidated net assets	Amount in ₹	As % of consolidated profit or loss	Amount in ₹	As % of consolidated profit or loss
Parent						
Reliance Asset Reconstruction Company Limited	1,53,85,89,482	80.01%	17,67,37,624	108.91%	17,64,50,659	108.93%
Subsidiary Trust in India						
Reliance ARC CUB 2014 (I) Trust	6,18,73,985	3.22%	(31,45,329)	-1.94%	(31,45,329)	-1.94%
Reliance ARC - CUB (HL&SME) (2014) (I) Trust	94,59,321	0.49%	(2,64,933)	-0.16%	(2,64,933)	-0.16%

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount in ₹)

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Total comprehensive income	
	Amount in ₹	As % of consolidated net assets	Amount in ₹	As % of consolidated profit or loss	Amount in ₹	As % of consolidated profit or loss
Reliance ARC 004 Trust	9,00,90,928	4.68%	(41,09,959)	-2.53%	(41,09,959)	-2.54%
Reliance ARC ALPLUS Trust	(1,14,097)	-0.01%	2,05,078	0.13%	2,05,078	0.13%
RARC 061 (INDUSIND RETAIL) Trust	4,27,26,037	2.22%	(18,54,963)	-1.14%	(18,54,963)	-1.15%
Reliance ARC 007 Trust	14,01,06,762	7.29%	(41,06,818)	-2.53%	(41,06,818)	-2.54%
Total	**1,88,27,32,418**	**97.90%**	**16,34,60,700**	**100.73%**	**16,31,73,735**	**100.73%**
Non Controlling Interest in all trusts	4,03,74,737	2.10%	(11,83,474)	-0.73%	(11,83,474)	-0.73%
Reliance ARC 007 Trust	4,03,74,737	2.10%	(11,83,474)	-0.73%	(11,83,474)	-0.73%
Total	**1,92,31,07,155**	**100.00%**	**16,22,77,226**	**100.00%**	**16,19,90,261**	**100.00%**

Note : Trusts share in OCI is NIL for the year ended March 31, 2020.

As at and for the year ended March 31, 2019

(Amount in ₹)

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Total comprehensive income	
	Amount in ₹	As % of consolidated net assets	Amount in ₹	As % of consolidated profit or loss	Amount in ₹	As % of consolidated profit or loss
Parent						
Reliance Asset Reconstruction Company Limited	1,39,06,09,185	77.36%	22,66,68,162	110.28%	22,50,38,080	109.68%
Subsidiary Trust in India						
Reliance ARC CUB 2014 (I) Trust	7,04,27,314	3.92%	(28,56,907)	-1.39%	(27,56,914)	-1.34%
Reliance ARC - CUB (HL&SME) (2014) (I) Trust	1,01,08,254	0.56%	(4,43,142)	-0.22%	(2,98,432)	-0.15%
Reliance ARC 004 Trust	14,08,76,886	7.84%	(83,74,316)	-4.07%	(77,57,421)	-3.78%
Reliance ARC ALPLUS Trust	(3,19,175)	-0.02%	(1,75,214)	-0.09%	(67,081)	-0.03%
Reliance ARC 007 Trust	14,42,13,384	8.02%	(72,09,483)	-3.51%	(69,09,747)	-3.37%
Total	**1,75,59,15,848**	**97.69%**	**20,76,09,101**	**101.01%**	**20,72,48,485**	**101.01%**
Non Controlling Interest in all trusts	4,15,58,409	2.31%	(20,77,578)	-1.01%	(20,77,578)	-1.01%
Reliance ARC 007 Trust	4,15,58,409	2.31%	(20,77,578)	-1.01%	(20,77,578)	-1.01%
Total	**1,79,74,74,257**	**100.00%**	**20,55,31,522**	**100.00%**	**20,51,70,907**	**100.00%**

Note : Trusts share in OCI is NIL for the year ended March 31, 2019.

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.43 DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTEREST

a) The Table below shows Details of Non-Wholly Owned Trusts of the Company that have Material Non-Controlling Interests:

(Amount in ₹)

Name of the subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Reliance ARC 007 Trust	India	77.63%	77.63%	(11,83,474)	(20,77,578)	4,03,74,935	4,15,58,409
Total				**(11,83,474)**	**(20,77,578)**	**4,03,74,935**	**4,15,58,409**

b) Summarised financial information in respect of each of the Company's subsidiary trust that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-Company eliminations:

(Amount in ₹)

Name of the Entity	Reliance ARC 007 Trust	
	As at March 31, 2020	As at March 31, 2019
Financial Assets	18,36,40,477	18,81,86,983
Non Financial Assets	18,91,140	3,89,782
Financial liabilities	48,79,654	27,96,900
Non Financial liabilities	1,70,463	8,073
Equity attributable to owners of the Company	14,01,06,565	14,42,13,384
Non-controlling interests	4,03,74,935	4,15,58,409

	March 31, 2020	March 31, 2019
Revenue	-	-
Expense	52,90,293	92,87,061
Profit for the year	**(52,90,293)**	**(92,87,061)**
Profit attributable to owners of the Company	(41,06,819)	(72,09,483)
Profit attributable to non-controlling interests	(11,83,474)	(20,77,578)
Profit for the year	**(52,90,293)**	**(92,87,061)**
Other comprehensive income attributable to owners of the Company	-	-
Other comprehensive income attributable to non-controlling interests	-	-
Other comprehensive income for the year	**-**	**-**
Total comprehensive income attributable to owners of the Company	(41,06,819)	(72,09,483)
Total comprehensive income attributable to non-controlling interests	(11,83,474)	(20,77,578)
Total comprehensive income for the year	**(52,90,293)**	**(92,87,061)**
Dividend paid to non-controlling interests	-	-
Net cash inflow / (outflow) from operating activities	-	-
Net cash inflow / (outflow) from investing activities	-	-
Net cash inflow / (outflow) from financing activities	-	-
Net cash inflow / (outflow)	**-**	**-**

Notes on accounts to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

2.44 EFFECT OF IND AS 116

The group has adopted Ind AS 116 from the current financial year, the group has adopted modified retrospective approach and accordingly ₹ 1,90,576 has been adjusted from the opening reserves.

(Amount in ₹)

Depreciation	Interest Expenses on Lease liability	Cash outflow for leases	Addition during the year	Carrying amount at the end of the year	Short term lease payments during the year
28,41,597	6,49,508	31,33,750	-	44,99,195	1,32,27,139

2.45 COMMISSION

The Group has revised the Recovery Commission income of 10 trust since inception, as per the revision, Group recovers the Commission on Gross recovery made by the Group and bears the recovery expenses of the respective trust. The revision of the commission is as per the offer documents/ letters which is also agreed with banks.

2.46 ESTIMATION UNCERTAINTY RELATING TO THE GLOBAL HEALTH PANDEMIC ON COVID-19

COVID-2019 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of virus. The extent to which the COVID-19 pandemic will impact the Group's result will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact.

2.47 SEGMENT REPORTING

The group is in the Business of Acquisition and Resolution of Non Performing Assets. As the group is engaged only in one business segment and no geographical segments, the Balance Sheet as at March 31, 2020 and the Statement of Profit and Loss for the year ended March 31, 2020 pertain to one Business Segment.

2.48 EVENTS AFTER REPORTING DATE

There have been no events after the reporting date that require disclosure in this financial statement.

2.49 PREVIOUS YEAR FIGURES

Previous year figures have been reclassified to conform to the Current Year classifications.

Previous Year Grouping		Current Year Grouping		Amount in ₹
Description	Note No.	Description	Note No.	
Interest Accrued on Fixed Deposit	2.04	Interest Accrued on Fixed Deposit	2.01	1,54,846

As per our report of even date

For **Pathak H.D. & Associates LLP**
Chartered Accountants
Firm Registration No. : 107783W/W100593

Parimal Kumar Jha
Partner
Membership No.124262

Place : Mumbai
Date: April 27, 2020

For and on behalf of the Board of Directors

Mehul Gandhi
(Executive Director & CEO)
(DIN : 08584229)

Deena Mehta
(Director)
(DIN : 00168992)

Dr. R. B. Barman
(Director)
(DIN : 02612871)

Lav Chaturvedi
(Director)
(DIN : 02859336)

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

Registrar and Transfer Agent
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Selenium Tower - B,
Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25,
Financial District, Nanakramguda,
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Website: www.kfintech.com

Debenture Trustee
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(Formerly IL & FS Trust Company Limited),
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Bandra Kurla Complex, Bandra (East),
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RELIANCE ASSET RECONSTRUCTION

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