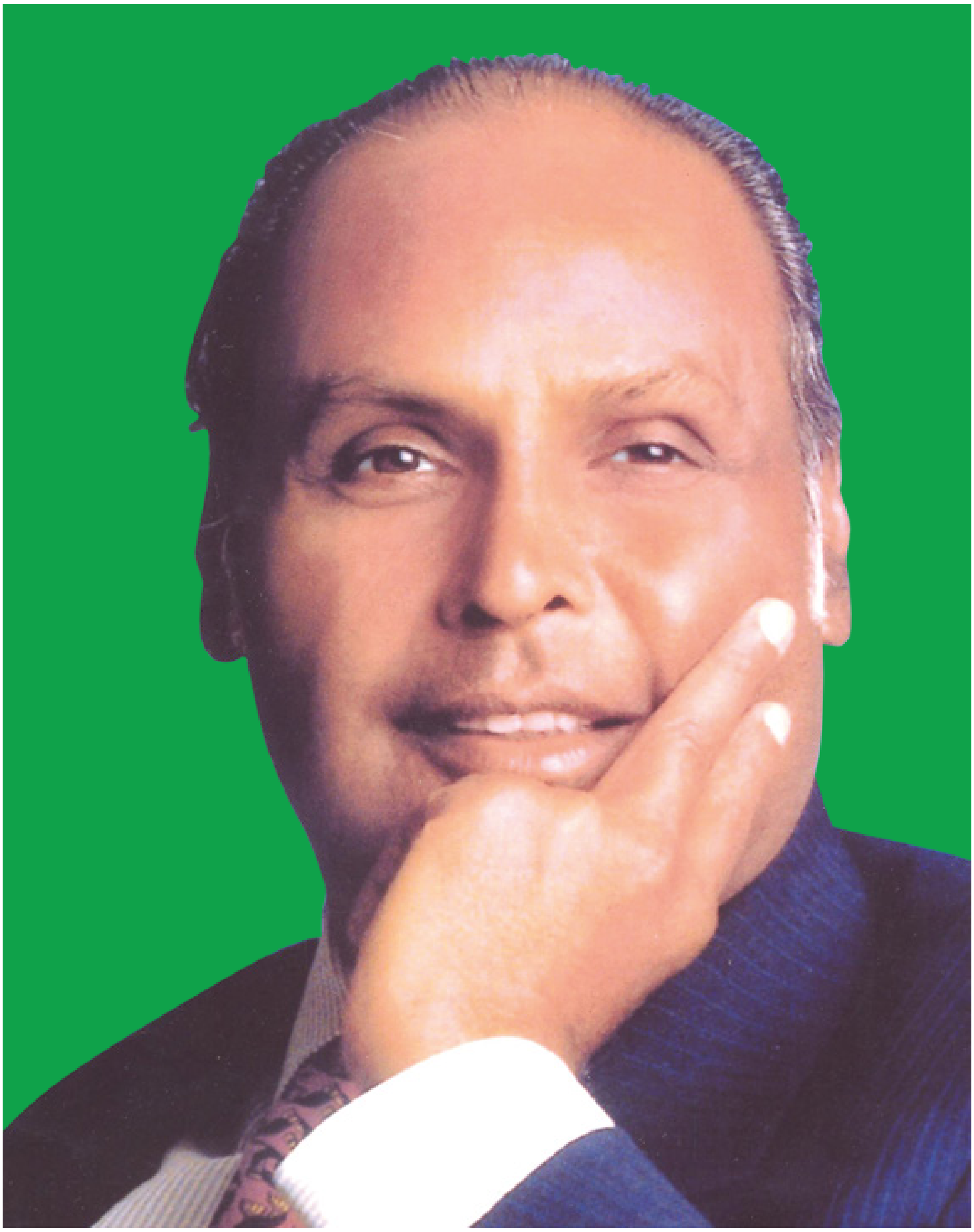
ASSET RECONSTRUCTION

ANNUAL REPORT 2020-21

BLOCKING NON-PERFORMANCE. UNBLOCKING VALUES.

Reliance Asset Reconstruction Company Limited



Padma Vibhushan

Shri Dhirubhai H. Ambani

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

Reliance Group - Founder and Visionary

RELIANCE ASSET RECONSTRUCTION

ACROSS THE PAGES...

OUR VISION

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

₹2,213 crore, 9.55%
AUMs

₹21.71 crore, 0.05%
PAT in 2020-21

9.87%, 87bps
ROE

All figures as on March 31, 2021
PAT: Profit After Tax
ROE: Return on Equity
AUM: Assets Under Management

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.

WE WORK AS THEIR TURNAROUND SPECIALISTS BY UNBLOCKING THE REAL VALUE.

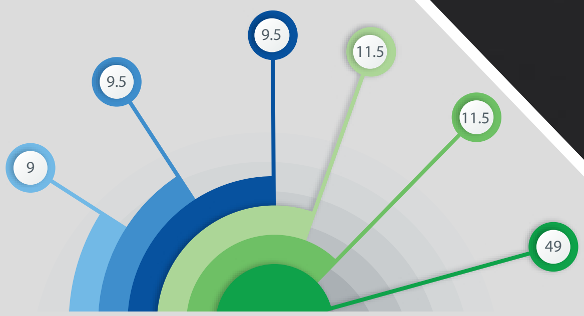
RELIANCE ASSET RECONSTRUCTION COMPANY LIMITED: AT A GLANCE

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 time-bound manner through active interventions.

As on March 31, 2021, we manage a portfolio of ₹ 2,213 crore and 3,66,794 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.

69
SPVs

31+
Number of States & Union Territories

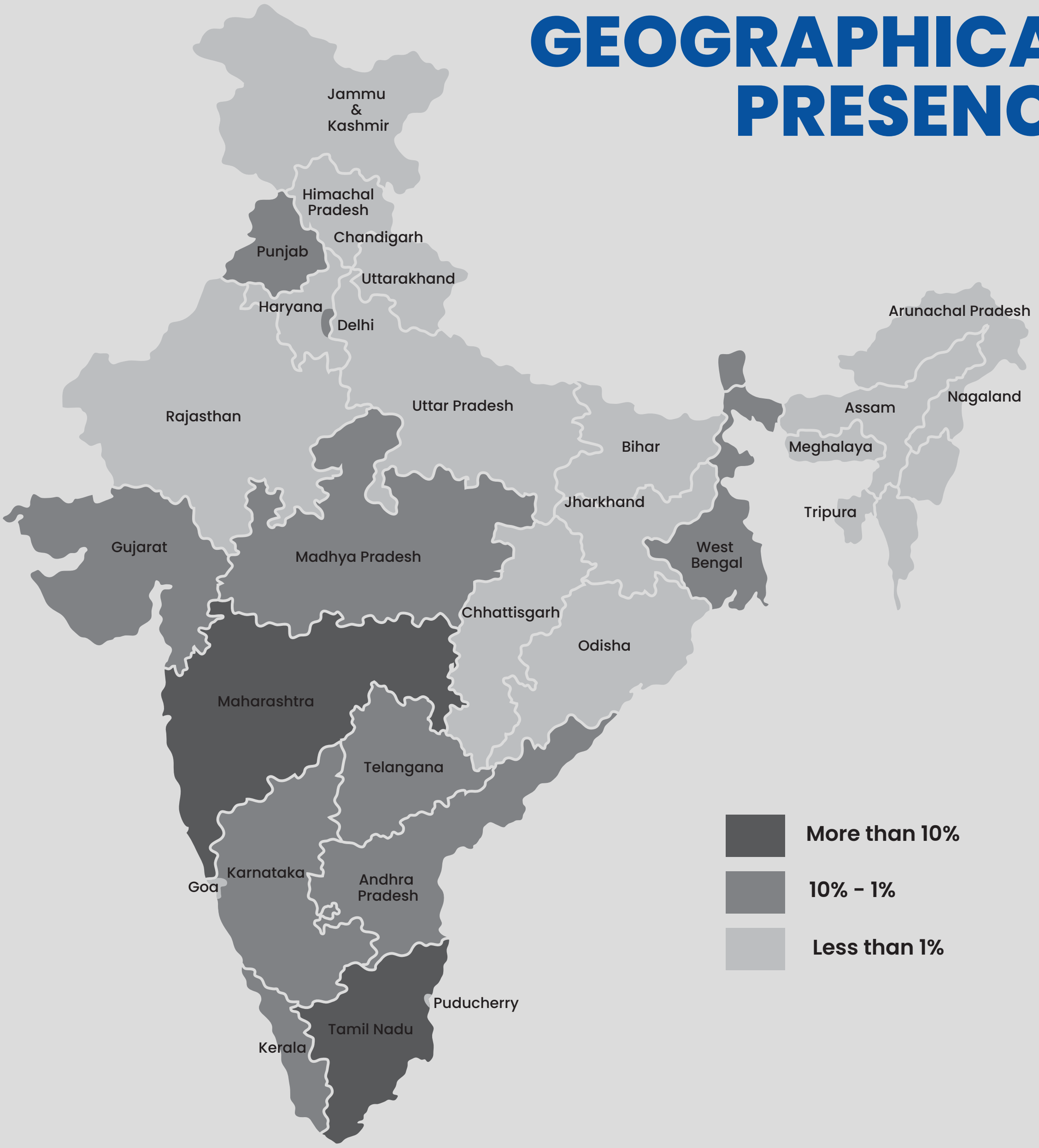


SHAREHOLDING PATTERN

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

* Pursuant to the amalgamation of Corporation Bank into "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

Vehicle Loan
- Retail/MSME

Credit Cards
- Retail/MSME

Business Loan
- Retail/MSME

Working Capital Collateralised Loan
- Corporate

Unsecured Term Loan
- Retail/MSME

Secured Term Loan
- Retail/MSME
- SME
- Corporate

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.

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

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.

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

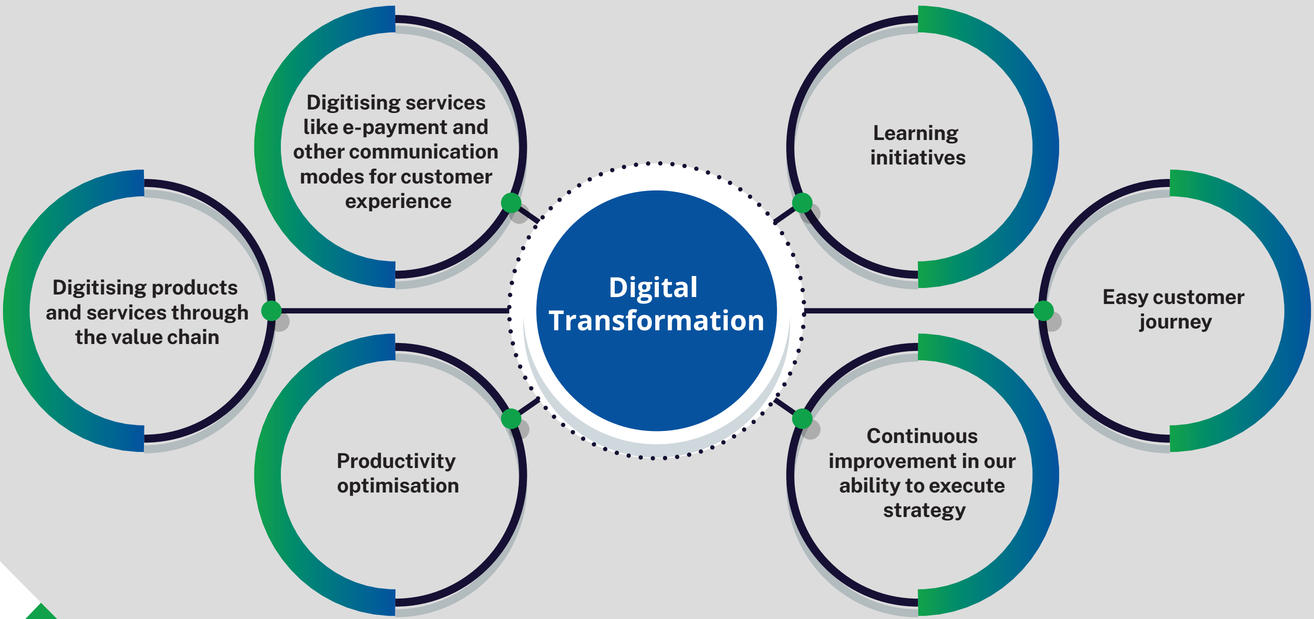
- Strong entrepreneurial culture that stimulates extraordinary performance
- Passionate and talented people who are empowered and committed
- Depth leadership
- Strong risk awareness

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 & 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,

The year gone by was one of the toughest years in human history due to the COVID 19 pandemic. Globally we witnessed stringent lockdowns, job loss and slowdown in GDPs. Indian economy too faced slowdown. This extraordinary scenario compelled us to alter the way we approach business and prompted us to adapt to new ways of working to navigate the challenges.

We saw a lot of opportunities in retail space during the year for investing in stressed assets and capitalized on few leading to diversifying our counter-parties and asset classes. Public Sector Banks continued to put out stressed assets for sale, predominantly on 'all cash' basis and accordingly, response from ARCs remained muted. NBFCs and Private sector banks were more open to sell assets under Cash cum SR structure and some traction was seen in this segment.

Due to COVID 19 pandemic our resolutions were hit during first half of the financial year but gathered pace during second half of the financial year. With Judiciary taking up only urgent matters, some of the resolution efforts have got delayed. Suspension of fresh filing of NCLT applications had similar impact on resolution under CIRP. Many assets could not be sold and monetised as many states had put embargo on sale of assets for varying periods. Resolution from retail pools also was impacted as states had put embargo on collection activity.

Despite challenges, we have maintained our profitability at levels of previous financial year. We continue to articulate that Profitability and post-tax returns remain our key primaries while meeting our financial plan.

We concluded the financial year with Profit After Tax of Rs 21.71 crore (up from Rs 21.70 crore in 2019-20) and Return on Equity of 9.46 % (last year's 10.30%). The Assets Under Management stood at Rs 2,213 crore backed by fresh acquisition to the tune of Rs 325 Crore.

During the year we have adopted technology driven initiative to strengthen retail resolution process enabling us to deliver value to our counter-parties.

Together towards tomorrow... Our New Mantra..

In these challenging times we adopted new ways of working. Apart from adopting new technology to work remotely, we developed few tools inhouse to enable business continuity. Notwithstanding personal challenges, our employees worked towards achieving our new mantra, "Together towards tomorrow".

"Together Towards Tomorrow" is the mantra that binds people at RARC to work towards achieving a common organizational goal. The goal to build a long-term 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 leveraging our skills to develop new tech driven platform that will enhance our productivity and prepare us to scale our retail business in future. We continue to give emphasis on technology based analytical tool to scale up our collection process in cost effective manner. Similarly, we continue to invest in domain experts who help us resolve accounts within acceptable timelines.

With our new mantra and technological leverage, we are preparing for a Big Leap Forward!!

Emerging ARC Landscape – A strategic fit for RARC

With the onslaught of COVID 19 pandemic, Gross Non-Performing Assets (GNPA) of Scheduled Commercial Banks (SCBs) as on Mar-21 was ~7.5% of total loan book and is expected to raise to 9.8% by Mar-22, opening huge opportunity for ARCs. Retail GNPA is said to raise given severity of second wave.

RARC being pioneer in retail ARC space, is best placed to capitalise on the opportunity arising in retail segment. Even during current financial year, many public and private sector banks auctioned their retail book, out of which RARC acquired principle outstanding of around Rs. 700 Crore given the capital constrain. We are augmenting our operational and resolution capabilities to handle future opportunities arising in this space.

However, ARC is a high capital-intensive business and our growth is dependent upon raising fresh capital with low cost of capital. For sustainable growth we need to introduce out of the box approaches of raising fresh capital for investments at competitive rates. We are working with multiple investors to raise a long-term capital.

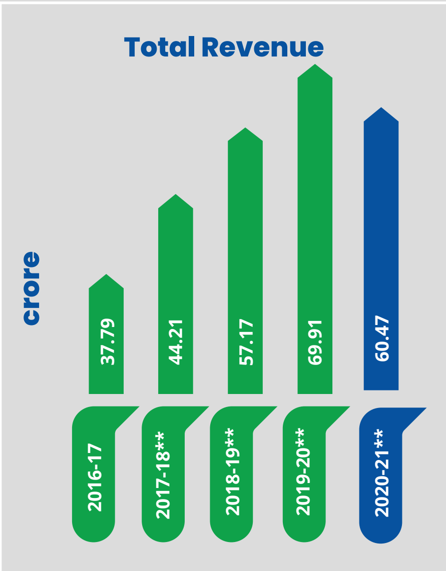
Closing thoughts

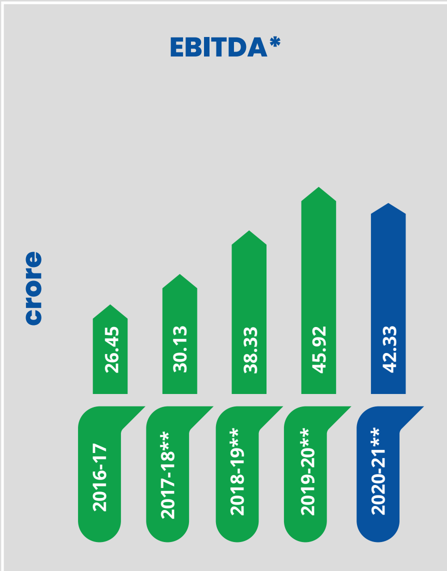
In conclusion, I thank all our stakeholders for their support and trust in our abilities. I also extend my appreciation to all our employees and fellow management leaders who have worked relentlessly alongside me while creating and contributing to the growth of the shareholders' value. Without their dedication and overwhelming effort, we could not have accomplished what we did this year. We shall continue to build on the lessons learnt, while pursuing our journey towards growth and innovation.

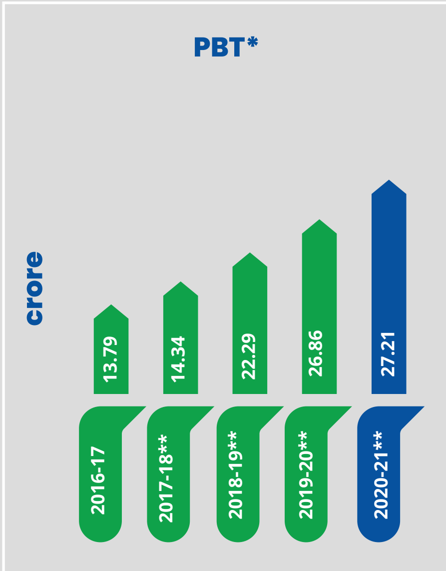
Best Wishes,
Mehul Gandhi
Executive Director & CEO

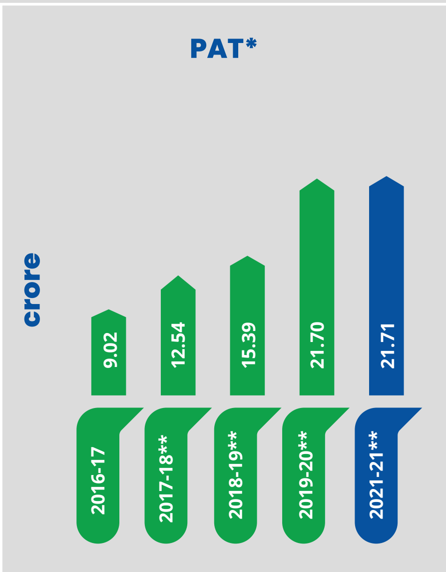
FINANCIAL HIGHLIGHTS

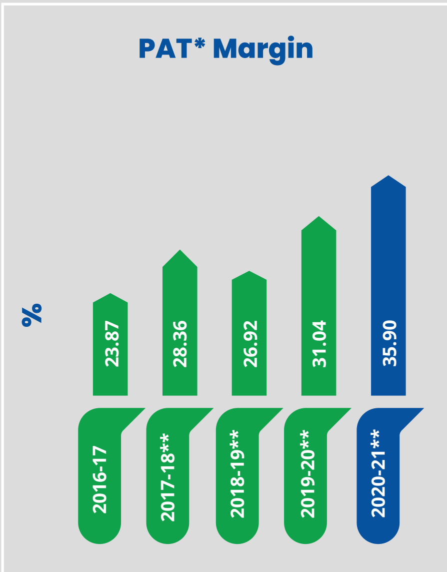
PROFIT & LOSS METRICS



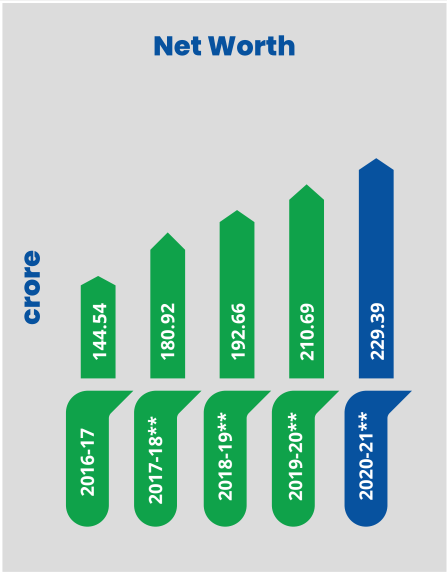




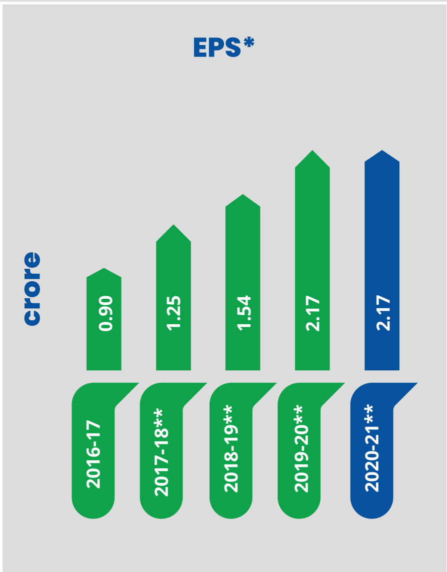


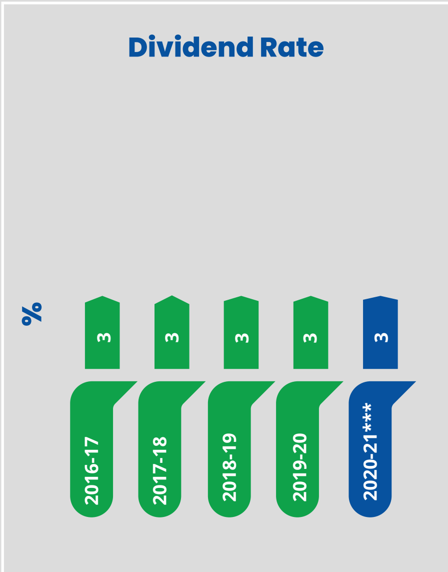


BALANCE SHEET METRICS



SHAREHOLDER METRICS





*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 2020-21

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 to oversee 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 Limited as Chief Financial Officer, International Asset Reconstruction Company India (P) Ltd. and ARCIL at different roles for over 10 years.

SUDARSHANA BHAT

Sudarshana Bhat is a Nominee of Union Bank of India 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. 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.

Prakash Chandra Sharma

Prakash Chandra Sharma is Nominee of Indian Bank on the Board of the Company. He started his career in Allahabad Bank in the year 1984 as Probationary Officer. His qualifications include M.Sc. (Chemistry), CAIIB and MBA (Banking & Finance)). He has vast experience of more than 36 years in Corporate Banking, Retail Banking, Rural Banking and Integrated Treasury Management. He is also having experience in International Banking and Forex. He has worked in Forex Branches for more than 15 years and 3 years as Forex Dealers. He also served in Allahabad Bank's only overseas branch at Hong Kong as CEO from 2012 to 2015.

After amalgamation of Allahabad Bank into Indian Bank, he is presently working as General Manager - Treasury & International Banking at Mumbai.

Aman Gudral

Aman Gudral is nominee of Reliance Capital Limited on the Board of the Company. Mr. Aman Gudral, holds a master's degree in management from JBIMS, Mumbai and bachelor's degree in engineering from PEC, Chandigarh. He is a CFA charterholder and has over 10 years of work experience. He has been with Reliance Capital group for the last 5 years and headed Treasury and Finance functions. He has worked with KPMG and Indiabulls Housing Finance Limited in the past.

INDEPENDENT DIRECTORS

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. Barman 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 modernization of payment system of India. Barman is a leading expert in the area of Business Intelligence.

Deena Mehta

Deena Mehta is a Chartered Accountant, Masters 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, Fino Payments Bank 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 (India) 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 Organization, 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.

- Audit Committee
- Corporate Social Responsibility Committee
- Risk Management Committee
- Nomination and Remuneration Committee
- Investment Committee
- Review Committee on Wilful Defaulters

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 to oversee 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 Limited as Chief Financial Officer, International Asset Reconstruction Company India (P) Ltd. and ARCIL at 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 services 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.

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 etc. 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 with organisations like Yes Bank, Capital First, Serco BPO, Cholamandalam DBS, ICICI Bank and Kotak Mahindra Bank.

Board's Report

Dear Shareowners,

The Board of Directors ("the Board") of Reliance Asset Reconstruction Company Limited ("your Company" or "the Company") is pleased to present the 15th Annual Report and the Audited Financial Statements (Consolidated and Standalone) of your Company for the financial year ended March 31, 2021 ("year under review").

Financial Performance and State of Company's Affairs

The financial performance of the Company for the financial year ended March 31, 2021 is summarised below:

(₹ in Cr.)

Particulars	Consolidated		Standalone	
	2020-21	2019-20	2020-21	2019-20
Total revenue	58.37	68.89	60.47	69.91
Total expenditure	34.88	48.39	33.26	43.04
Profit before Tax	**23.49**	**20.50**	**27.21**	**26.87**
Less: Tax expenses	5.20	4.27	5.50	5.17
Profit after Tax	**18.29**	**16.23**	**21.71**	**21.70**
Other Comprehensive Income / (Loss)	0.01	0.03	0.01	0.03
Total Comprehensive Income / (Loss)	**18.28**	**16.20**	**21.70**	**21.67**
Earning per Share (in Rs.) (Face value of ₹ 10/- each)				
Basic	1.87	1.63	2.17	2.17
Diluted	1.87	1.63	2.17	2.17

(*) Figures of previous year have been rounded off, regrouped and reclassified, wherever necessary.

FINANCIAL STATEMENTS

The Audited Financial Statements of the Company, both Standalone and Consolidated, have been prepared in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Accounts) Rules, 2014, the Companies (Indian Accounting Standards) Rules, 2015, other relevant provisions of the Act and the Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003 (as amended from time to time) and other guidelines, directions and notifications issued by the Reserve Bank of India.

FINANCIAL PERFORMANCE

The Company's Asset Under Management as on March 31, 2021 increased to Rs 2,213 Cr. from Rs. 2,020 Cr. in the previous year. The gross income of the Company for the year under review decreased by 13.50 % to ₹ 60.47 Cr. from ₹ 69.91 Cr. in the previous year.

The net profit for the year has increased by 0.05% to ₹ 21.71 Cr. from ₹ 21.70 Cr. in the previous year.

TRANSFER TO RESERVES

An amount of Rs. 0.83 Cr. was transferred to Debenture Redemption Reserve during the year under review.

DIVIDEND

Your Directors have recommended a dividend of Re. 0.30 (3%) per equity share of Rs. 10/- each aggregating to Rs. 3 Cr. for the year under review, which if approved at the ensuing 15th Annual General Meeting ("AGM") will be paid to those Equity shareholders whose name appear in the 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.

SHARE CAPITAL

The Company's paid-up Equity Share Capital was ₹ 100 Cr. as on March 31, 2021. Your company has not issued any shares during the year under review.

CAPITAL ADEQUACY RATIO

Your Company's Capital to Risk Assets Ratio stood at 54.81% (previous year 56.61%, post considering fair value gain net of tax) as calculated as per the Reserve Bank of India guidelines. Your Company has adequate assets to leverage the existing capital for higher levels of borrowings. However, since the cashflows of the business are unpredictable, the Company has adopted conservative approach with regards to external borrowings.

DEPOSITS

Your Company has not accepted any deposits from the public during the year under review in accordance with Section 73 of the Act read with the rules framed thereunder.

Boards' Report (Contd.)

PARTICULARS OF LOANS, GUARANTEES, SECURITIES OR INVESTMENTS

Your Company has not granted any loans, given any guarantees, provided any securities or made investments under the provisions of the Act during the year under review.

HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

Your Company does not have any holding, subsidiary, joint venture or associate companies.

DIRECTORS

As on March 31, 2021, the Board of your Company comprised of 6 (Six) Directors including 1 (One) Executive Director, 3 (Three) Non-Executive Nominee Directors and 2 (Two) Independent Directors. Your Directors on the Board possess experience and competency and are renowned in their respective fields. All the Directors are liable to retire by rotation except Executive Director and Independent Directors.

CHANGE IN DIRECTORS

During the year under review:

a. Indian Bank has nominated Shri Prakash Chandra Sharma [DIN 02775423] as its nominee on the Board of the Company in place of Shri Arun Kumar Bansal. Accordingly, Shri Arun Kumar Bansal vacated his position as a Director w.e.f. December 28, 2020 and in his place, the Board appointed, with the approval of the Reserve Bank of India, Shri Prakash Chandra Sharma as an additional director (as a nominee of Indian Bank) w.e.f. December 28, 2020.

b. Reliance Capital Limited has nominated Shri Aman Gudral [DIN: 08822974] as its nominee on the Board of the Company in place of Shri Lav Chaturvedi. Accordingly, Shri Lav Chaturvedi vacated his position as a Director w.e.f. January 14, 2021 and in his place, the Board had appointed, with the approval of the Reserve Bank of India, Shri Aman Gudral as an additional director (as nominee of Reliance Capital Limited) w.e.f. April 7, 2021.

Pursuant to the provisions of Section 152 of the Act, Shri Prakash Chandra Sharma and Shri Aman Gudral shall hold office only upto the date of the AGM and, being eligible, they have offered themselves for their appointment as non-executive director at the said AGM. The details of Shri Prakash Chandra Sharma and Shri Aman Gudral have been provided in the notice convening the AGM.

The Board recommends their appointment at the AGM.

RETIREMENT BY ROTATION

In terms of the provisions of the Act and the Articles of Association of the Company, Shri Sudarshana Bhat [DIN 08476726], Director of the Company, retires by rotation and being eligible, offers himself for re-appointment at the ensuing AGM. The information pertaining to Shri Sudarshana Bhat, as required to be disclosed under the Act, has been provided in the notice convening the AGM of the Company.

Your Company has received notice under Section 160 of the Act from a member proposing the candidature of Shri Sudarshana Bhat as Director of the Company. The Board recommends the re-appointment of Shri Sudarshana Bhat as Director of the Company.

DECLARATION BY INDEPENDENT DIRECTORS

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

KEY MANAGERIAL PERSONNEL

As on March 31, 2021, Shri Mehul Gandhi, Executive Director & CEO, Shri Rakesh Panjwani, Chief Financial Officer and Ms. Preeti K. Chhapru, Company Secretary & Compliance Officer were Key Managerial Personnel of the Company pursuant to the provisions of the Act. Further, Ms. Preeti K. Chhapru has resigned as Company Secretary & Compliance Officer of the Company and shall vacate the office from the close of business hours on May 19, 2021.

EVALUATION OF DIRECTORS, BOARD AND COMMITTEES

Directors are chosen by applying fit and proper criteria based on the Reserve Bank of India guidelines and after receiving approval from the Reserve Bank of India. The Nomination and Remuneration Committee of the Company has devised a policy and framework for performance evaluation of individual directors, the Board and its Committees.

Pursuant to the said policy and provisions of the Act, the Board has carried out an annual performance evaluation of its own performance, its committees and individual directors.

For the aforesaid purpose, a formal evaluation mechanism has been adopted for evaluating the performance of the Board, the Committee(s) thereof and individual Directors. The evaluation is based on criteria which include, among others, providing strategic perspective, Chairmanship of Board Meetings and Committee(s) Meetings, attendance, time devoted and preparedness for the Meetings, quality, quantity and timeliness of the flow of information between the Board Members and the Management, contribution at the Meetings, effective decision making ability, role and effectiveness of the Committee(s).

A separate meeting of the Independent Directors was also held for the evaluation of the performance of non-independent Directors and performance of the Board as a whole.

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/PDF/Policy-on-appointment-of-Director-KMPS-and-Senior-Management.pdf. The said policy is also attached as Annexure - A.

Boards' Report (Contd.)

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Act, 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, 2021, 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, 2021 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, 2021 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 were adequate and operating effectively.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered into/ by the Company during the 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 made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which may 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 on a quarterly basis.

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

MATERIAL CHANGES AND COMMITMENTS AFFECTING 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.

CHANGE IN NATURE OF BUSINESS

During the year under review, there has been no change in the nature of business of the Company.

MEETINGS OF THE BOARD

The Board meets at regular intervals to discuss and decide on the Company's performance and strategies. During the year under review, six Board Meetings were held on April 27, 2020, June 05, 2020, July 22, 2020, October 22, 2020, January 20, 2021 and March 17, 2021.

COMMITTEES

Audit Committee

Your Company has a qualified and independent Audit Committee, which acts as a link between the Management, the Statutory and Internal Auditors and the Board. Its composition, powers, role and scope are in accordance with the applicable provisions of Section 177 of the Act. All the Members of the Audit Committee are financially literate. The Audit Committee has been re-constituted by the Board at its meeting held on March 17, 2021. The present constitution of the Audit Committee is as under:

Ms. Deena Mehta	- Independent Director
Dr. R B Barman	- Independent Director
Shri Aman Gudral	- Non-executive Non-independent Director

During the year under review, four Audit Committee Meetings were held on April 27, 2020, July 22, 2020, October 22, 2020 and January 20, 2021. During the year under review, all the recommendations made by the Audit Committee were accepted by the Board.

Nomination and Remuneration Committee

The composition and terms of reference of the Committee is in line with the applicable provisions of Section 178 of the Act. The Committee is mainly entrusted with the responsibility of formulating criteria for determining the qualifications, positive attributes and independence of the present and proposed Directors as well as recommending a policy to the Board relating to the remuneration of Directors, Key Managerial Personnel and Senior Management Personnel. The Nomination and Remuneration Committee has been re-constituted by the Board at its meeting held on March 17, 2021. The present constitution of the committee is as under:

Ms. Deena Mehta	- Independent Director
Dr. R B Barman	- Independent Director
Shri Aman Gudral	- Non-executive Non-independent Director

During the year under review, three Nomination and Remuneration Committee Meetings were held on April 27, 2020, October 22, 2020 and January 20, 2021.

Corporate Social Responsibility ("CSR")

The Company has constituted a CSR Committee in compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility) Rules, 2014. The CSR Committee has been re-constituted by the Board at its meeting held on March 17, 2021. The present constitution of the committee is as under:

Ms. Deena Mehta	- Independent Director
Dr. R B Barman	- Independent Director
Shri Aman Gudral	- Non-executive Non-independent Director

Boards' Report (Contd.)

During the year under review, the CSR Committee met on January 20, 2021.

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

Further, the CSR report as per Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as Annexure - B to this Report.

Investment Committee

The Board of your Company has constituted an Investment Committee to evaluate and approve acquisition and / or resolution of financial assets. The Investment Committee of the Company consists of the following:

Ms. Deena Mehta	- Independent Director
Dr. R B Barman	- Independent Director
Shri Mehul Gandhi	- Executive Director & CEO

During the year under review, the Investment Committee met on April 27, 2020, July 22, 2020, October 22, 2020 and January 20, 2021

Review Committee for Declaration of Wilful Defaulters

The Board has constituted a committee to consider and declare wilful defaulter in accordance with the guidelines and directions issued by the Reserve Bank of India. The committee consists of:

Ms. Deena Mehta	- Independent Director
Dr. R B Barman	- Independent Director
Shri Mehul Gandhi	- Executive Director & CEO

During the year under view, there were no meeting of the Review Committee for Declaration of Wilful Defaulters.

CORPORATE GOVERNANCE

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.

Your Company has constituted various committees of the Board, the details whereof has been provided herein above in this Report.

AUDITORS

Statutory Auditors, their report and notes to Financial Statements

M/s. Pathak H. D. & Associates LLP, Chartered Accountants have been appointed as Statutory Auditors of the Company, at the Annual General Meeting held on May 29, 2017, for a term of 5 (five) consecutive years i.e. from the conclusion of the 11th Annual General Meeting till the conclusion of the 16th Annual General Meeting of the Company. Further, the Statutory Auditors have confirmed that they are not disqualified under Section 141 of the Act from continuing as Auditors of the Company.

Pursuant to the amendments to Section 139 of the Act vide the Companies (Amendment) Act, 2017 effective from May 7, 2018, the requirement of seeking ratification by the members for appointment of the Statutory Auditors have been done away with. In view of the same, ratification by the members of the Company for continuing appointment of M/s. Pathak H. D. & Associates LLP as Statutory Auditors of the Company is not being sought at the AGM. Accordingly, M/s. Pathak H. D. & Associates LLP shall continue to be the Statutory Auditors of the Company for Financial Year 2021-22.

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

Secretarial Auditors

Pursuant to the requirements of Section 204(1) of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Aashish K. Bhatt & Associates, Practicing Company Secretaries to conduct the Secretarial Audit for the year under review. The Secretarial Audit Report in Form MR-3 for the year under review as received from the Secretarial Auditors is attached as Annexure - C to this report.

The aforesaid Secretarial Audit Report contains certain qualifications, the clarifications thereof are provided herein below.

With respect to delay in submission of statement of debt for half year ended March 31, 2020 as per SEBI circular dated June 30, 2017, the same was caused owing to innocuous oversight and required corrective measures were taken without any delay.

With respect to constitution of the Board, it may be noted that as per the Shareholders' agreement dated May 13, 2008, there should be appointed atleast one nominee director of Reliance Capital Limited on the Board of the Company. Shri Lav Chaturvedi, director nominated by Reliance Capital Limited, had resigned from the Board and in his place the Board had appointed Shri Aman Gudral, nominated by Reliance Capital Limited, before March 31, 2021. However, as per the RBI guidelines, the said appointment became effective from April 7, 2021 i.e. post obtaining approval from the RBI.

None of the above observations has any material adverse effect on the financial statement or on the functioning of the Company.

Boards' Report (Contd.)

Cost Auditors

The provisions of cost audit as prescribed under Section 148 of the Act are not applicable to the Company.

SECRETARIAL STANDARDS

During the year under review, your 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 of the Company for the year under review is placed on the Company's website and the same can be accessed at https://www.rarcl.com/PDF/Annual%20Return_FY%2020-21.pdf

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 and the Company's activities involve very low energy consumption. The information, as applicable, has been provided in **Annexure - D** forming part of this Report.

OMBUDSPERSONS & WHISTLE BLOWER (VIGIL MECHINISM)

Your Company has formulated and implemented an Ombudspersons & Whistle Blower (Vigil mechanism) framework to address the genuine concerns, if any, of the Directors and employees. The policy is available on the website of the Company at the link https://www.rarcl.com/PDF/Ombudsperson_and_Whistleblower_Policy.pdf.

The vigil mechanism is overseen by the Audit Committee.

RISK MANAGEMENT

The Company has laid down a robust 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 of the Company consists of the following:

Ms. Deena Mehta	- Independent Director
Shri Aman Gudral	- Non-executive Non-Independent Director
Shri Mehul Gandhi	- Executive Director & CEO

During the year under review, the Risk Management Committee met on April 27, 2020, July 22, 2020, October 22, 2020 and January 20, 2021.

POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your 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 work place and for prevention and redressal of such complaints. As per the requirement of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act") and rules made thereunder, the Company has formed Internal Complaints Committee to address complaints pertaining to sexual harassment in accordance with the POSH Act.

During the year under review, there were no complaints received / cases filed under the POSH Act.

OTHER DISCLOSURES

In terms of the applicable provisions of the Act, your Company discloses that during the year under review:

i. There was no issue of any shares (including sweat equity shares) or debentures of the Company;

ii. There was no scheme for provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees; and

iii. There were no significant or material orders passed by any regulators or any Hon'ble courts or tribunals which impact the going concern status and Company's operations in future.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Company has in place adequate internal financial controls across the organisation commensurate with the size of its operations. The same is subject to periodic review by the Internal Auditors for its effectiveness. During the year under review, 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, bankers, regulatory authorities 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 executives, officers and staff, resulting in the successful performance of the Company during the year under review.

For and on behalf of the Board of
Reliance Asset Reconstruction Company Limited

Mehul Gandhi	**Aman Gudral**
Executive Director & CEO	**Non-Executive Director**
[DIN: 08584229]	**[DIN: 08822974]**

Date: April 28, 2021

Annexure – A

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 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 organization. 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 organizational 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.

Boards' Report (Contd.)

Annexure – B

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2020-2021

[Pursuant to Clause (o) of Sub-section (3) of Section 134 of the Act and the Companies (Corporate Social Responsibility) Rules, 2014]

1. Brief outline on the CSR Policy of the Company:

The Company has a robust CSR Policy. 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.

2. Composition of CSR Committee (as reconstituted by the Board on March 17, 2021):

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Deena Mehta	Independent Director	1	1
2	Dr. R. B. Barman	Independent Director	1	1
3	Shri Aman Gudral*	Non-Executive Director	0	0

(*) Shri Aman Gudral was appointed on the Board of the Company w.e.f. April 7, 2021 as nominee director of Reliance Capital Limited in place of Shri Lav Chaturvedi who was part of the CSR Committee and had attended the CSR Committee meeting held during the year under review.

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company:

https://www.rarcl.com

4. Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014, if applicable (attach the report):

Not Applicable.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility) Rules, 2014 and amount required for set off for the financial year, if any

Nil

6. Average net profit of the company as per section 135(5):

₹. 22.02 Cr.

7. (a) Two percent of average net profit of the company as per section 135(5): ₹. 0.44 Cr.
   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.: NIL
   (c) Amount required to be set off for the financial year, if any: Nil
   Total CSR obligation for the financial year (7a+7b-7c): ₹. 0.44 Cr.

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year 2020-2021 (₹. in crore)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second provision to section 135(5)		
	Amount.	Date of transfer.	Name of the Fund	Amount	Date of transfer.
0.44	Nil	Not Applicable	Not Applicable	Nil	Not Applicable

(b) Details of CSR amount spent against ongoing projects for the financial year: Nil

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/-No)	Location of the Project		Project Duration	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in ₹.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹.)	Mode of Implementa tion - Direct (Yes/No)	Mode of Implementation- Through Implementing Agency	
				State	District						Name	CSR Registration Number
N.A												

(C) Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/-No)	Location of the Project		Amount spent for the project (in ₹).	Mode of Implementa tion - Direct (Yes/No)	Mode of Implementation- Through Implementing Agency	
				State	District			Name	CSR Registration Number
1	Housing project for differently abled, widow, terminally sick etc, by Omkar Andh-Apang Samajik Sanstha	Promoting gender equality, setting up homes (iii)	Yes	Maharashtra	Mumbai	0.44	Yes	N.A.	N.A.

(d) Amount spent in Administrative Overheads - Nil

(e) Amount spent on Impact Assessment, if applicable – Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹ 0.44 Cr.

Boards' Report (Contd.)

(g) Excess amount for set off, if any - Nil

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	NIL
(ii)	Total amount spent for the Financial Year	NIL
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
N.A.							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was com-menced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
N.A.								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

Not Applicable

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). – Not Applicable

Sd/- **Mehul Gandhi** **(Executive Director &CEO)**	**Sd/-** **Deena Mehta** **(Independent Director)**

Annexure – C

Form No. MR-3
Secretarial Audit Report
For the financial year ended March 31, 2021

[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,
11th Floor, North Side R-Tech Park,
Western Express Highway,
Goregaon East, Mumbai - 400063.

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, 2021, 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, 2021, 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.
   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 except for delay in submission of Statement of Debt for half year ended March 31, 2020 as per SEBI Circular dated 30.06.2017;
   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 Committee (NRC) and Corporate Social Responsibility (CSR) Committee.
ii. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 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. except for constitution of Board and re-constitution of it's committees.

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 Directions, 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 restrictions imposed by the state government, 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. Further except as stated above, 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. Declaration and payment of dividend;

iii. Change in Registered office of the Company within local limits;

iv. 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 K. Bhatt
ACS No.: 19639; COP No.: 7023
UDIN: A019639C000167270

Date: 28/04/2021
Place: Mumbai

This report is to be read with our letter annexed as Appendix A, which forms integral part of our report.

Boards' Report (Contd.)

APPENDIX A OF FORM MR-3

To,
The Members,
Reliance Asset Reconstruction Company Limited,
11th Floor, North Side R-Tech Park,
Western Express Highway,
Goregaon East, Mumbai - 400063.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

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

Aashish K. Bhatt
ACS No.: 19639; COP No.: 7023
UDIN: A019639C000167270

Date: 28/04/2021
Place: Mumbai

Annexure - D

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:	
(i) The steps taken or impact on conservation of energy	The operations of your Company are not energy intensive. However, adequate measures have been initiated for conservation of energy wherever possible.
(ii) The steps taken by the Company for utilizing alternate sources of energy	Though the operations of your Company are not energy-intensive, the Company explores alternative source of energy, as and when the necessity arises
(iii) The capital investment on energy conservation equipments	Nil
(b) Technology Absorption:	
(i) The efforts made towards technology absorption (ii) The benefits derived like product improvement, cost reduction, product development or import substitution	The Company uses latest technology and equipment for the business and operations
(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 the technology been fully absorbed; (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	N.A.
(iv) The expenditure incurred on Research and Development	Nil
(c) Foreign exchange earnings and outgo	
(i) Total Foreign Exchange earned	Nil
(ii) Total Foreign Exchange outgo	0.01 Cr.

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 engendered a once-in-a-century global crisis in 2020 – a unique recession where 90 per cent of countries are expected to experience a contraction in Gross Domestic Product (GDP). Faced with unprecedented uncertainty at the onset of the pandemic, India focused on saving lives and livelihoods by its willingness to take short-term pain for long term gain.

Indian economic was already experiencing headwinds before the pandemic, with GDP registering 4% growth in FY20. With the onset of the pandemic and lockdown restrictions on economic activity, GDP growth for FY21 was estimated to decline by 8% as per Second Advance Estimates, MOSPI. Private consumption was estimated to contract by 9.0% in FY21 owing to demand shrinkage based on income loss, mobility restrictions and supply constraints. Government consumption was estimated to rise by 2.9% due to increased expenditure as part of pandemic relief packages. Investment was estimated to decline by 12.4% due to economic uncertainty and delays in the implementation of capital projects.

The agriculture sector was estimated to grow at 3.0% in FY21, mainly due to early relaxation of lockdown restrictions for farming activities, a good monsoon, efficient procurement of foodgrains and an increase in kharif and rabi acreage. The manufacturing sector, however, was expected to decline by 8.2% during FY21 owing to weakness in domestic and global demand, temporary closure of production units during the lockdown and supply constraints. The service sector was also estimated to decline by 2.4% in FY21, primarily due to mobility restrictions, low demand for contact services, and deferment of discretionary expenditure by consumers.

As per recent Financial Stability Report of Reserve Bank of India (RBI), the gross and net non-performing asset (GNPA and NNPA) ratios of all Schedule Commercial Banks (SCBs) were at levels of 7.5% and 2.1% in September 2020. As per aforesaid report, given the fact that impact of moratorium is still uncertain and evolving, the exact nature of how the same will play out on the quality of banking assets is difficult to ascertain accurately. The stress tests indicate that the GNPA ratio of all SCBs may increase from 7.5% in September 2020 to 13.5% by September 2021 under the baseline scenario. If the macroeconomic environment worsens further, the ratio may escalate to 14.8% under the very severely stressed scenario.

The Government of India (GoI) and RBI have announced various schemes and measures to reduce stress and NPAs which may not allow NPAs rising to such high levels. Still on account of large number of earlier NPAs, failure or non-fructification of earlier restructuring schemes, contraction in economy, fresh slippages etc., pool of NPAs and stressed assets is expected to increase significantly.

With banks currently sitting on large NPAs and stressed assets against which significant provisions have been made, banks would be able to undertake sale of these assets comfortably. While opportunities are large from banks and NBFCs, ARCs face challenges in raising capital, by way of increased regulatory oversight, transparency and increased participation of SR holders in decision making.

The GoI in Union Budget 2021 proposed to set up a National Asset Reconstruction Company (National ARC). The objective of National ARC is to aggregate large ticket size bad loans from banks and then manage and dispose of the assets to Alternate Investment Funds and other potential investors for eventual value realization. Contours of structure and functioning of National ARC is not clear as of now but is expected to change the ARC landscape in India

FY 22 Outlook

Indian economy is expected to grow by 11% in FY22 as per the Economic Survey 2020–21 after contraction of estimated 8% in FY21. However, there are several risks that require attention. The key downside risks emanate from inflation with upward pressure on prices due to rising input cost, oil prices, unemployment, increasing non-performing assets of banks, rising yields and a likely recurrence of taper tantrums when the tightening of global monetary policy begins.

India is again facing second wave of COVID-19 pandemic. Second Covid-19 wave continues to spread fast, crossing the grim benchmark of 2.5 lakh daily infections. Further, more states are beginning to impose localised restrictions on people movement and commerce to control the spread, falling just short of a complete lockdown. Flatting of COVID-19 infection curve, pace of vaccination and opening-up of economy will remain key to Economic growth.

The ARC business is expected to be affected by the slowdown in the economy. Security Receipts (SRs) Deals should help revive the bad loan business versus all Cash Deals. The momentum on the distressed assets resolution should continue once the lockdowns 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.

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 resolv ing 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.

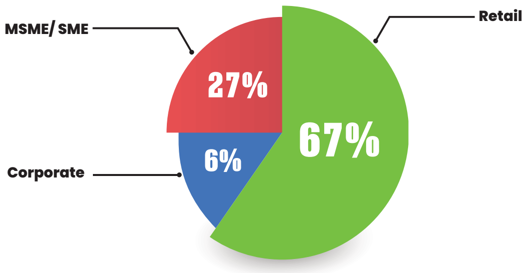
The Assets Under Management (AUM) at Rs. 2,213 crore as on March 31, 2021 increased from 2020 crore as on March 31, 2020.

The total recievables from these portfolios is Rs. 5,900 crore. Your Company deployed Rs. 53.82 crore for the investments done in the financial year ended March 31, 2021.

Company has done acquisition of Rs 325 core in the current financial year one deal was acquired under 20:80 structure and other were done under 15:85 structure. 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 1.78% (as compared to the previous year of 1.88%). The weighted average rate has been decreased due to redemptions of SRs in current nancial year and acquisition were done in second half of the 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, 2021 and financial year ended on March 31, 2020:

Particular	Financial Year ended on March 31, 2021	Financial Year ended on March 31, 2020	% change
Total Income (₹ In crore)	60.47	69.91	-13%
Total Expenses (₹ In crore)	33.26	43.04	-23%
EBITDA (₹ In crore)	42.34	45.92	-8%
PBT (₹ In crore)	27.21	26.87	1%
PAT (₹ In crore)	21.71	21.70	0.05%
Shareholder's Funds (₹ In crore)	229	211	9%
Return on Assets (in %)	5.51	5.70	-3%
Return on Equity (in %)	9.87	10.74	-8%
Customer count (in Number)	3,66,794	3,39,108	8%
Acquisitions (₹ In crore)	325.38	70.06	364%
Resolutions (₹ In crore)	222	257	-14%
Assets Under Management (₹ In crore)	2213	2020	10%
Own Investments (₹ In crore)	340	305	11%
Borrowing (₹ In crore)	123	135	-9%

Management Discussion and Analysis (Contd.)

Revenue per employee has been decreased from ₹ 2.06 crore to ₹ 1.89 crore, expense per employee has been decreased from 1.17 crore to 1.04 crore. The PAT per employee increased to ₹ 0.68 crore from ₹ 0.64 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 re within the less than ₹ 5 crore average ticket size across secured and unsecuredspace. Company has done acquisition of ₹ 325 core in the current financial year one deal was acquired under 20:80 structure and other were done under 15:85 structure. Company deployed ₹ 53.82 crore for the above acquisition as its share of investment.
The Company has AUM of ₹ 2213 crore.

Our primary focus has been around the two key areas:

The acquisition happened after the Company expressed interest and won bids of portfolios sold through public auction and bilateral basis.

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

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 optimize 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 ₹ 222 crore which is lower as compared to previous year due to spread of Covid-19 pandemic and the countrywide lockdown and emergency situations

Most of the collection strategies center 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 realize 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 center 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 dialer 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. Specialized team to pursue legal cases and continuously follow up with the borrowers
7. Manage IRR expectations in the backdrop of a strong legal process
8. Restructure field 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 center 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.
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 Rs. 1,000) is ₹ 987 for the year ended March 31, 2021, which is 5% lower 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.

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 32 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 of Reliance Asset Reconstruction Company Limited

Report on the audit of the Standalone financial statements

Opinion

We have audited the standalone financial statements of Reliance Asset Reconstruction Company Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2021, the Standalone Statement of Profit and Loss (including other comprehensive income), Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year then ended, and summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit and other comprehensive income / (loss), its changes in equity and its cash flows 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 Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone 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 standalone financial statements under the provisions of the Act 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 standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the 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 standalone 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 standalone 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 standalone financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Valuation of Investments in Security Receipts (SR) (as described in Note No. 2.03 of the standalone financial statements)	
The Company has investment in SR amounts to Rs 38,107 lakh and the fair valuation gain on such investments during the year amounts to Rs 13 lakh as disclosed in the standalone financial statements. 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 standalone 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 standalone financial statements. 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 disclosure related to investments in SR and fair valuation included in these financial statements.

Independent Auditor's Report (Contd.)

2. **Revenue Recognition: Trusteeship Fee** (as described in Note No. 1.02 (i) & 2.18 of the standalone financial statements)	
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. Therefore, it is considered as a key audit matter.	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 standalone 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.
3. **Valuation of Market Linked Debentures** (as described in Note No. 2.10 of the standalone financial statements)	
The Company has issued Market Linked Debentures (MLD) during current and previous years. The outstanding balance of MLD as on March 31, 2021 is Rs 1,135 lakh. 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 standalone 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 standalone financial statements. Therefore, it is considered as a key audit matter.	• 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.

Other Information

The Company's Board of Directors is responsible for 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 standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 Responsibilities for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 implementation and maintenance of 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 standalone 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

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 Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flow dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"

Independent Auditor's Report (Contd.)

g) With respect to matter to be included in the Auditors' Report under section 197(16) of the Act as amended:

In our opinion and according to the information and explanation given to us, the Company has paid managerial remuneration in accordance with the provision 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:

a. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note no. 2.30 to the standalone financial statements;

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

c. 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

Vishal D. Shah
Partner
Membership No: 119303
UDIN: 21119303AAAAIK1531

Place: Mumbai
Date: April 28, 2021

Annexure A to Independent Auditors' Report

Referred to in the Independent Auditors' Report of even date to the members of Reliance Asset Reconstruction Company Limited ("the Company') on the standalone financial statements as of and for the year ended March 31, 2021.

i. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation, of property, plant and equipment.

b. According to the information and explanation given to us, the property plant and equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

c. According to the information and explanation given to us and records examined by us, the title deeds of immovable properties, as disclosed in Note No. 2.06 on Property Plant and Equipment respectively to the standalone financial statements, 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 provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. In our opinion and according to the information and explanation given to us, 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. Therefore, the provisions of Clause 3(iii) of the said Order are not applicable to the Company.

iv. In our opinion and according to the information and explanation given to us, the Company has not granted any loans or provided any guarantees or securities to the parties covered under Section 185 and Section 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India and sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, the provisions of Clause 3(v) of the said Order are not applicable to the Company.

vi. In our opinion and according to the information and explanation given to us, the Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Therefore, the provisions of Clause 3(vi) of the said Order are not applicable to the Company.

vii. a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, 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, 2021 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 ,service tax, value added tax, 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 according to the 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. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management

xi. In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the provisions of Section 197 of the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, accordingly, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, in our opinion, transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act. The details of related party transactions as required under Ind AS 24, "Related Party Disclosures" specified under Section 133 of the Act, have been disclosed in the standalone financial statements. (Refer Note 2.38 of the standalone financial statements)

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company

xvi. According to the information and explanations given to us 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

Vishal D. Shah
Partner
Membership No: 119303
UDIN: 21119303AAAAIK1531

Place: Mumbai
Date: April 28, 2021

Annexure B to Independent Auditors' Report

[Annexure to the Independent Auditor's Report referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date on the financial statements of Reliance Asset Reconstruction Company Limited for year ended March 31, 2021.]

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the internal financial controls with reference to standalone financial statements of Reliance Asset Reconstruction Company Limited ('the Company') as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements 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 (ICAI). 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 Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements 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 Act, 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 ICAI. 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.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to financial reporting, assessing the risk that 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. 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 with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

6. A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the standalone 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 the standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

7. Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Annexure B to Independent Auditors' Report (Contd.)

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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 issued by the ICAI.

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

Vishal D. Shah
Partner
Membership No: 119303
UDIN: 21119303AAAAIK1531

Place: Mumbai
Date: April 28, 2021

Standalone Balance Sheet as at March 31, 2021

(₹ in lakh)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
I) ASSETS			
A) Financial Assets			
(a) Cash and cash equivalents	2.01	17	2,969
(b) Trade receivables	2.02	630	79
(c) Investments	2.03	38,107	34,647
(d) Other financial asset	2.04	260	141
Total Financial Assets (A)		**39,014**	**37,836**
B) Non-financial Assets			
(a) Current tax assets (Net)	2.05	136	88
(b) Property, plant and equipment	2.06 & 2.41	103	81
(c) Other Intangible assets	2.07	6	1
(d) Other non-financial asset	2.08	149	174
Total Non Financial Assets (B)		**394**	**344**
TOTAL ASSETS (A + B)		**39,408**	**38,180**
II) LIABILITIES AND EQUITY:			
LIABILITIES			
a) Financial Liabilities			
(i) Trade Payables	2.09		
(a) total outstanding dues of micro enterprises and small enterprises		-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		80	196
(ii) Debt securities	2.10	1,135	1,212
(iii) Borrowings (Other than Debt Securities)	2.11	11,143	12,264
(iv) Other financial liabilities	2.12	458	410
Total Financial Liability (C)		**12,816**	**14,082**
b) Non-Financial Liabilities			
(i) Provisions	2.13	60	39
(ii) Deferred tax liability (Net)	2.14	973	907
(iii) Other non-financial liabilities	2.15	2,620	2,083
Total non financial Liability (D)		**3,653**	**3,029**
EQUITY			
a) Equity Share capital	2.16	10,000	10,000
b) Other Equity	2.17	12,939	11,069
Total Equity (E)		**22,939**	**21,069**
TOTAL LIABILITIES AND EQUITY (C + D + E)		**39,408**	**38,180**
Significant Accounting Policies	1		
Notes on Accounts	2		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

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

Vishal D. Shah
Partner
Membership No.119303

Place : Mumbai
Date: April 28, 2021

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)

Aman Gudral
(Director)
(DIN : 08822974)

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

Standalone Statement of Profit and Loss for the year ended March 31, 2021

(₹ in lakh)

Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
I Revenue from Operation			
(a) Fees and commission income	2.18	5,926	6,743
(b) Net gain on fair value changes	2.19	13	-
Total Revenue from operation (I)		**5,939**	**6,743**
II Other income (II)	2.20	108	248
III Total Revenue (I+II)		**6,047**	**6,991**
IV Expenses			
(a) Finance costs	2.21	1,459	1,848
(b) Net loss on fair value changes	2.22	-	279
(c) Employee benefits expense	2.23	687	822
(d) Depreciation and amortisation	2.06, 2.07 & 2.41	53	56
(e) Other expenses	2.24	1,127	1,298
Total Expenses (IV)		**3,326**	**4,304**
V Profit / (Loss) before tax (III - IV)		**2,721**	**2,687**
VI Tax Expense	2.25		
Current Tax		(484)	(763)
Deferred Tax		(66)	246
VII Profit / (Loss) after tax (V - VI)		**2,171**	**2,170**
VIII Other Comprehensive Income			
Items that will not be reclassified to statement of profit and loss			
Remeasurement Gain / (Loss) of defined benefit plans		(2)	(4)
Deferred Tax Expense on above		1	1
Other Comprehensive Income / (Loss) for the year (VIII)		**(1)**	**(3)**
Total Comprehensive Income / (Loss) for the year (VII + VIII)		**2,170**	**2,167**
Earning per equity share: (Nominal value per share: ₹ 10)			
Basic & Diluted (Amount in ₹)	2.39	**2.17**	**2.17**
Significant Accounting Policies	1		
Notes on Accounts	2		

The accompanying notes are an integral part of the standalone 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)

Vishal D. Shah
Partner
Membership No.119303

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

Aman Gudral
(Director)
(DIN : 08822974)

Place : Mumbai
Date: April 28, 2021

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

Standalone Statement of Changes in Equity for the year ended March 31, 2021

A. Equity share capital (Refer Note No. 2.16)

Particulars	Number	(₹ in lakh)
As at March 31, 2019	10,00,00,000	10,000
Shares issued during the year	-	-
As at March 31, 2020	10,00,00,000	10,000
Shares issued during the year	-	-
As at March 31, 2021	**10,00,00,000**	**10,000**

B. Other equity (Refer Note No. 2.17)

(₹ in lakh)

Particulars	Note	Reserves and surplus		Other comprehensive income	Total other equity
		Debenture redemption reserve	Retained Earnings		
Balance as at March 31, 2019	2.17	111	9,161	(6)	9,266
Profit for the year		-	2,170	-	2,170
Dividend (including tax on dividend)		-	(362)	-	(362)
Effect of Ind AS 116		-	(2)	-	(2)
Transfer to Debenture Redemption Reserve (Net)		90	(90)	-	-
Other comprehensive income/(loss) for the year		-	-	(3)	(3)
Balance as at March 31, 2020		**201**	**10,877**	**(9)**	**11,069**
Profit for the year		-	2,170	-	2,170
Dividend (including tax on dividend)		-	(300)	-	(300)
Transfer to Debenture Redemption Reserve (Net)		83	(83)	-	-
Other comprehensive income/(loss) for the year		-	-	(1)	(1)
Balance as at March 31, 2021		**284**	**12,665**	**(11)**	**12,939**

Significant Accounting Policies 1

Notes on Accounts 2

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

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

Vishal D. Shah
Partner
Membership No.119303

Place : Mumbai
Date: April 28, 2021

For and on behalf of the Board of Directors

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

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Aman Gudral
(Director)
(DIN : 08822974)

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

Standalone Statement of Cash Flow for the year ended March 31, 2021

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
A. Cash flow from operating activities		
Profit before tax	**2,720**	**2,687**
Adjustments for:		
Net (gain)/loss on fair value changes (net)	(13)	279
Provision / (Reversal) of doubtful debts (net)	(103)	145
Provision / (Reversal) for advances (net)	50	56
Depreciation and amortisation	15	29
Provision for SARs	-	6
Interest expenses	1,452	1,839
Interest on lease libilities	7	6
Interest income on fixed deposits	(54)	(196)
Operating Profit before working capital changes	**4,074**	**4,851**
Adjustments for working capital changes:		
Increase/(Decrease) in trade receivables and other financial assets	(589)	(335)
Increase/(Decrease) in trade payable and other financial liabilities	551	651
Cash generated from operations	**4,036**	**5,167**
Income tax paid (net of refund)	(529)	(703)
Net cash generated from operating activities (A)	**3,507**	**4,464**
B. Cash flow from investing activities		
Purchase of investments	(5,381)	(1,774)
Realisation from investment	1,934	2,547
Purchase of property, plant and equipment	(27)	(4)
Interest received on fixed deposits	66	185
Net cash (used in) / generated from investing activities (B)	**(3,408)**	**954**
C. Cash flow from financing activities		
Proceeds from borrowings	2,250	100
Repayment of borrowings	(5,060)	(2,780)
Dividend paid	(300)	(300)
Dividend distribution tax	-	(62)
Lease liability paid	(45)	(25)
Interest expenses	(1500)	(1,680)
Net cash (used in) / generated from financing activities (C)	**(4,655)**	**(4,747)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(4,556)	671
Cash and cash equivalents at the beginning of the year	(2,795)	3,466
Cash and cash equivalents at the end of the year	**(7,351)**	**(2,795)**

Cash and cash equivalents considered for cash flows

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents (Refer Note No. 2.01)	17	2,969
Less : Secured Bank Over Draft (Refer Note No. 2.11)	(7,368)	(5,764)
Cash and cash equivalents for cash flows purpose	**(7,351)**	**(2,795)**

Note 1: Secured bank overdraft has been considered as a part of cash and cash equivalent as per Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flows".

Note 2: 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".

As per our report of even date

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

Vishal D. Shah
Partner
Membership No.119303

Place : Mumbai
Date: April 28, 2021

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)

Aman Gudral
(Director)
(DIN : 08822974)

Preeti K. Chhapru
(Company Secretary)

Rakesh Panjwani
(Chief Financial Officer)

Notes on accounts to standalone financial statements for the year ended March 31, 2021

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 Securitization Company/ Reconstruction Company.

The Company is in the business of asset reconstruction and securitization 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.

The Company is Public Limited Company and its debt is listed on recognised stock exchanges in India. The registered office of the Company is located at 11th Floor ,North Side, R-Tech Park, Western Express Highway, Goregaon (East), Mumbai 400 063.

These standalone financial statement of the Company for the year ended March 31, 2021 were authorised for issue by the board of directors on April 28, 2021. Pursuant to the provision of the section of the Companies Act, 2013 (the 'Act') the Central Government, Income tax authorities, Securities and Exchange Board of India, other statutory regulatory body and under section 131 of the Act, the board of directors of the Company have powers to amend / re-open the standalone financial statements approved by the board / adopted by the members of the Company.

1.02 Significant Accounting Policies

a) Basis of preparation of financial statements

(i) Compliance with Ind AS and regulation

The Standalone Ind AS financial statements have been 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.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:
- Certain financial assets and liabilities are measured at fair value; and
- Defined benefit plans – plan assets are measured at fair value.

b) Functional Currency and Presentation Currency

These standalone financial statements are presented in 'Indian Rupees', which is also the Company's functional currency and all amounts, are rounded to the nearest lakh, unless otherwise stated.

c) Use of Estimates and Judgements

The preparation of standalone 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 standalone 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 recognized 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 standalone 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 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 standalone financial statements.

Critical estimates and judgements

The Company has based its assumptions and estimates on parameters available when the standalone 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 Investment in security receipts (Note 2.03), 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 utilized.

(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 absencesis 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.

(viii) For Investments made into Security receipts (SRs) and purchased impaired financial assets, Company uses discounted cash flow model. Expected cash flow levels including timing of cash flows are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including default rates, nature & value of collaterals, manner of resolution and other economic drivers. For any valuation which are based on models, Judgements and estimates are applied, which include considerations of liquidity, credit risk (both own and counterparty), funding value adjustments, correlation and volatility. Further, the Management also involves credit rating agencies for valuation of SRs.

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 amortized over their useful life of 3 Years.

(iii) Subsequent expenditure is capitalised only if it is probable that the future econimic 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 standalone statement of profit and loss.

f) Leases

The Company assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

Significant Accounting Policies (Contd.)

(i) the contract involves the use of identified asset;
(ii) the Company has substantially all the economic benefits from the use of the asset through the period of lease; and
(iii)the Company has right to direct the use of the asset.

As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the useful life of the right-of-asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot e readily determined, the Company's incremental borrowing rate. The Company considers incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortised cost using the effective interest method.

Lease liability and the right of use asset have been separately presented in the balance sheet and lease payments have been classified as financing activities.

g) 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.

h) Cash and cash equivalents

For the purpose of presentation in the Standalone 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.

i) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognized 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 recognizes 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 recognized unless it is realized.
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 realized 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 amortized over the tenure of the agreement while loss is recognized 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.

j) 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 company operates the following post-employment schemes:
(a) Gratuity; and
(b) Provident fund.

Defined Benefits plans

Gratuity Obligations

The liability or asset recognized 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 Standalone statement of profit or loss.
Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized 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 recognized 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 recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

k) **Taxes on Income and Deffered 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 standalone 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.

l) **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.

m) **Provisions, Contingent Liabilities and Contingent Asset**

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 recognized 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 standalone 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 recognized in the period in which the change occurs.

Significant Accounting Policies (Contd.)

n) **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 in kind or for value to be received". 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".

o) **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 adjust-ments. 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 hierar-chy 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.

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 report-ing period during which the change has occurred. Refer Note No. 2.34 for information on detailed disclosures pertaining to the measurement of fair values.

p) **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 premi-um 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, and

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 recognized in the other comprehensive income (OCI). However, the Company recognizes 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 categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized 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 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 - "Financial Instruments". Gains or losses on liabilities held for trading are recognised in the Standalone Statement of Profit and Loss.

Financial Libilities 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.

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.

q) **Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorized 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**

All amounts disclosed in the standalone financial statements and notes have been rounded off to the nearest lakhs as per the requirements of Schedule III, unless otherwise stated.

Notes on accounts to standalone financial statements for the year ended March 31, 2021

2.01 Cash and cash equivalents (₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with bank:		
In current accounts	17	6
In fixed deposits (with original maturity of 3 months or less)	-	2,951
Interest accrued on fixed deposits	-	12
	17	**2,969**

2.02 Trade receivables (₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured (Refer Note No. 2.38)	630	79
Receivables which have significant increase in credit risk	434	538
	1,064	**617**
Less: Expected credit losses (ECL)	(434)	(538)
	630	**79**

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables 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. (₹ in lakh)

Particulars	Trade receivables days past due	0-180 days	181-365 days	More than 365 days	Total
March 31, 2021	Estimated total gross carrying amount	630	36	398	1,064
	ECL - Simplified approach	-	(36)	(398)	(434)
	Net carrying amount	**630**	**-**	**-**	**630**
March 31, 2020	Estimated total gross carrying amount	79	341	197	617
	ECL - Simplified approach	-	(341)	(197)	(538)
	Net carrying amount	**79**	**-**	**-**	**79**

Reconciliation of provision of doubtful debts:

Particulars	(₹ in lakh)
ECL measured as per simplified approach	
ECL as on March 31, 2019	**268**
Add/ (less): asset originated or acquired net of recoveries	270
ECL as on March 31, 2020	**538**
Add/ (less): asset originated or acquired net of recoveries	(104)
ECL as on March 31, 2021	**434**

2.03 Investments (₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
At fair value through profit and loss		
Investments in Security Receipts (Unquoted)		
A) Structured entities controlled by the Company (Refer Note 2.38)		
Reliance ARC - CUB (2014) Trust # 90,363 (March 31, 2020 : 90,363) Security Receipts of ₹ 1,000 each	1,355	1,382
Reliance ARC – CUB (HL & SME)(2014) Trust * 15,653 (March 31, 2020 : 15,653) Security Receipts of ₹ 1,000 each	235	235
Reliance ARC 004 Trust # 1,37,695 (March 31, 2020 : 1,39,131) Security Receipts of ₹ 1,000 each	1,768	1,743
Reliance ARC 007 Trust # 1,76,977 (March 31, 2020 : 1,76,977) Security Receipts of ₹ 1,000 each	1,770	1,770
RARC 061 (Indusind Retail) Trust 41,487 (March 31, 2020 : 44,581) Security Receipts of ₹ 1,000 each	969	896
TOTAL (A)	**6,097**	**6,026**
B) Other structured entities		
Reliance ARC – LVB Trust 9,159 (March 31, 2020 : 9,159) Security Receipts of ₹ 1,000 each	23	46
Reliance ARC – INB Retail Portfolio Trust (2013) 2,65,572 (March 31, 2020 : 2,67,787) Security Receipts of ₹ 1,000 each	1,049	2,008
Reliance ARC - AUCB 2014 (1) Trust * 8,874 (March 31, 2020 : 12,433) Security Receipts of ₹ 1,000 each	76	104
Reliance ARC – CUB Sarvana Trust (2014) 24,062 (March 31, 2020 : 24,994) Security Receipts of ₹ 1,000 each	130	122
Reliance ARC - SBI Maan Sarovar Trust 8,115 (March 31, 2020 : 8,838) Security Receipts of ₹ 1,000 each	59	88
Reliance ARC – CUB (CTRPL) (2014) Trust 13,469 (March 31, 2020 : 13,469) Security Receipts of ₹ 1,000 each	67	101
Reliance ARC – CUB SDPL Trust (2014) 17,501 (March 31, 2020 : 21,994) Security Receipts of ₹ 1,000 each	93	133
Reliance ARC 001 Trust 2,06,676 (March 31, 2020 : 2,06,676) Security Receipts of ₹ 1,000 each	672	1,323
Reliance ARC 002 Trust * 5,307 (March 31, 2020 : 5,538) Security Receipts of ₹ 1,000 each	71	69
Reliance ARC 006 Trust 40,020 (March 31, 2020 : 40,020) Security Receipts of ₹ 1,000 each	300	400
Reliance ARC 008 Trust # 29,700 (March 31, 2020 : 29,700) Security Receipts of ₹ 1,000 each	301	297
Reliance ARC 010 Trust * 30,680 (March 31, 2020 : 31,501) Security Receipts of ₹ 1,000 each	317	319
Reliance ARC 011 Trust * 61,618 (March 31, 2020 : 61,618) Security Receipts of ₹ 1,000 each	616	616
Reliance ARC 012 Trust * 20,507 (March 31, 2020 : 20,507) Security Receipts of ₹ 1,000 each	282	278
Reliance ARC 015 Trust * 94,745 (March 31, 2020 : 1,01,851) Security Receipts of ₹ 1,000 each	1,224	1,201
Reliance ARC 016 Trust * 21,606 (March 31, 2020 : 21,606) Security Receipts of ₹ 1,000 each	311	296

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Reliance ARC 013 Trust * 2,564 (March 31, 2020 : 2,649) Security Receipts of ₹ 1,000 each	39	40
RELIANCE ARC SBI (HYD) 021 Trust * 1,853 (March 31, 2020 : 1,920) Security Receipts of ₹ 1,000 each	28	27
RELIANCE ARC SBI (CHN) 018 Trust * 94,268 (March 31, 2020 : 99,784) Security Receipts of ₹ 1,000 each	1,169	1,157
RELIANCE ARC SBI (MUM) 020 Trust * 4,383 (March 31, 2020 : 5,369) Security Receipts of ₹ 1,000 each	61	62
RELIANCE ARC SBI (BHO) 019 Trust * 10,929 (March 31, 2020 : 10,929) Security Receipts of ₹ 1,000 each	138	131
RELIANCE ARC SBI (CHN) 022 Trust * 1,79,167 (March 31, 2020 : 1,94,403) Security Receipts of ₹ 1,000 each	2,115	2,161
RARC SVC 023 Trust * 3,671 (March 31, 2020 : 4,982) Security Receipts of ₹ 1,000 each	56	79
RARC Dena Bank 024 Trust * 21,275 (March 31, 2020 : 21,275) Security Receipts of ₹ 1,000 each	227	223
RARC 026 Trust # 83,658 (March 31, 2020 : 87,736) Security Receipts of ₹ 1,000 each	1,252	1,236
RARC Dena Bank 025 Trust * 13,050 (March 31, 2020 : 13,050) Security Receipts of ₹ 1,000 each	147	141
INB RARC 030 Trust # 84,839 (March 31, 2020 : 86,232) Security Receipts of ₹ 1,000 each	1,086	1,037
RARC 027 Trust # 39,576 (March 31, 2020 : 42,860) Security Receipts of ₹ 1,000 each	458	511
Magma RARC 031 Trust * 14,132 (March 31, 2020 : 14,680) Security Receipts of ₹ 1,000 each	150	159
INB RARC 036 Trust * 52,208 (March 31, 2020 : 55,254) Security Receipts of ₹ 1,000 each	595	616
LVB RARC 029 Trust * 18,680 (March 31, 2020 : 19,905) Security Receipts of ₹ 1,000 each	281	278
SVC Bank RARC 033 Trust * 35,177 (March 31, 2020 : 35,527) Security Receipts of ₹ 1,000 each	351	376
SBI RARC 035 Trust # 62,177 (March 31, 2020 : 69,871) Security Receipts of ₹ 1,000 each	702	708
LVB RARC 038 Trust # 97,879 (March 31, 2020 : 1,34,594) Security Receipts of ₹ 1,000 each	1,249	1.420
Andhra Bank RARC 039 Trust 6,600 (March 31, 2020 : 6,600) Security Receipts of ₹ 1,000 each	66	79
RARC 040 IB SME Trust # 30,801 (March 31, 2020 : 32,376) Security Receipts of ₹ 1,000 each	394	400
RARC 045 IB SME Trust * 22,010 (March 31, 2020 : 31,636) Security Receipts of ₹ 1,000 each	306	377
RARC 048 RCFL Trust * 79,427 (March 31, 2020 : 79,427) Security Receipts of ₹ 1,000 each	1,191	1,197
RARC 049 (Kalyan Janata SME) Trust * 11,471 (March 31, 2020 : 11,471) Security Receipts of ₹ 1,000 each	138	128
RARC (IOB EL) 050 Trust * 1,56,724 (March 31, 2020 : 1,65,680) Security Receipts of ₹ 1,000 each	2,363	2,521
RARC 051 (KJSB SME) Trust * 40,944 (March 31, 2020 : 40,944) Security Receipts of ₹ 1,000 each	534	524

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
RARC 052 (IB Retail) Trust 1,88,036 (March 31, 2020 : 1,97,578) Security Receipts of ₹ 1,000 each	2,844	2,994
RARC 053 (IB SME) Trust * 45,000 (March 31, 2020 : 45,000) Security Receipts of ₹ 1,000 each	563	540
RARC 057 (SHDFCL HL) Trust 8,604 (March 31, 2020 : 13,170) Security Receipts of ₹ 1,000 each	139	181
RARC 058 (KJSB SME) Trust * 26,640 (March 31, 2020 : 26,640) Security Receipts of ₹ 1,000 each	291	282
RARC 059 (RHDFC HL) Trust 31,643 (March 31, 2020 : 31,681) Security Receipts of ₹ 1,000 each	389	366
RARC (IOB EL) 062 Trust 1,19,769 (March 31, 2020 : 1,26,931) Security Receipts of ₹ 1,000 each	1,554	1,269
RARC 064 (HDFC Retail) Trust 2,68,868 (March 31, 2020 : NIL) Security Receipts of ₹ 1,000 each	3,308	-
RARC (IOB EL) 065 Trust 2,00,164 (March 31, 2020 : NIL) Security Receipts of ₹ 1,000 each	2,002	-
RARC (ORFIPL TWL) 066 Trust 23,295 (March 31, 2020 : NIL) Security Receipts of ₹ 1,000 each	233	-
Total (B)	**32,010**	**28,621**
Total (A + B)	**38,107**	**34,647**
Investments outside India	**-**	**-**
Investments in India	**38,107**	**34,647**

* Security Receipts which are pledge with Union Bank India against overdraft facility.

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

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

2.04 Other Financial Assets

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Considered good unless otherwise stated - Unsecured		
Advances to trust considered good (Refer Note No. 2.38)	244	129
Advances to trust which have siginificant increase in credit risk	245	207
Less: Provision for advances	(245)	(207)
	244	**129**
Security deposit (March 31, 2020 ₹ 17,000)	10	-
Collection on behalf of trust	5	11
Trust fund	1	1
	260	**141**

(₹ in lakh)

Particulars		0-180 days	181-365 days	More than 365 days	Total
March 31, 2021	Advance to trust	244	38	207	489
	Provision	-	(38)	(207)	(245)
	Net carrying amount	**244**	**-**	**-**	**244**
March 31, 2020	Advance to trust	129	128	79	336
	Provision	-	(128)	(79)	(207)
	Net carrying amount	**129**	**-**	**-**	**129**

2.05 Current tax assets (Net)

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance Tax (net of provision for tax March 31, 2021 ₹ 4,166 lakh and March 31, 2020 ₹ 3,682 lakh)	136	88
	136	**88**

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

2.06 Property, plant and equipment

(₹ in lakh)

Particulars	Own Assets				Right of use	Total
	Buildings	Furniture and fixtures	Office equipments	Computers		
Year ended March 31, 2020						
Gross carrying amount						
Opening gross carrying amount	25	14	2	31	-	72
Additions	-	-	-	4	73	77
Closing gross carrying amount	**25**	**14**	**2**	**35**	**73**	**149**
Accumulated depreciation						
Opening accumulated depreciation	-	11	1	16	-	28
Depreciation charge during the year	1	3	-	8	28	40
Closing accumulated depreciation	**1**	**14**	**1**	**24**	**28**	**68**
Net carrying amount as at March 31, 2020	**24**	**-**	**1**	**11**	**45**	**81**
Year ended March 31, 2021						
Gross carrying amount						
Opening gross carrying amount	25	14	2	35	73	149
Additions	-	-	3	18	53	74
Closing gross carrying amount	**25**	**14**	**5**	**53**	**126**	**223**
Accumulated depreciation						
Opening accumulated depreciation	1	14	1	24	28	68
Depreciation charge during the year	-	-	1	12	39	52
Closing accumulated depreciation	**1**	**14**	**2**	**36**	**67**	**120**
Net carrying amount as at March 31, 2021	**24**	**-**	**3**	**17**	**59**	**103**

1. Building having gross carrying amount of ₹ 25 lakh (March 31, 2020 ₹ 25 lakh) is given as security for Non - Convertible Debentures.

2.07 Other Intangible Assets

(₹ in lakh)

Particulars	Software
Year ended March 31, 2020	
Gross carrying amount	
Opening gross carrying amount	60
Additions	**60**
Closing gross carrying amount	**60**
Accumulated amortisation	
Opening accumulated amortisation	42
Amortisation during the year	17
Closing accumulated amortisation	**59**
Net carrying amount as at March 31, 2020	**1**

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

Particulars	Software
Year ended March 31, 2021	
Gross carrying amount	
Opening gross carrying amount	60
Additions	6
Closing gross carrying amount	**66**
Accumulated depreciation	
Opening accumulated amortisation	59
Amortisation during the year	1
Closing accumulated amortisation	**60**
Net carrying amount as at March 31, 2021	**6**

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

2.08 Other Non Financial Assets

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Considered good unless otherwise stated - Unsecured		
Balances with GST authorities	50	109
Prepaid expenses	79	33
Advances recoverable in cash and kind or for value to be received which are considered good (Refer Note No. 2.38)	20	32
Advances recoverable in cash or in kind or for value to be received which have siginificant increase in credit risk	12	2
	32	**34**
Less: Provision for advances	(12)	(2)
	20	**32**
	149	**174**

2.09 Trade Payables

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Total outstanding dues of micro enterprises and small enterprises*	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	80	196
	80	**196**

* The Company has not received any information from suppliers 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.

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

2.10 Debt Securities

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
At fair value through profit and loss		
Market Linked Debentures - Related Parties (Secured) (Refer Note No. 2.38)	1,135	1,212
Total (A)	**1,135**	**1,212**
Debt securities in India	1,135	1,212
Debt securities outside India	-	-
Total (B)	**1,135**	**1,212**

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

b) Maturity profile of Market Linked Non Convertible Debentures on the basis of original scheduled maturity payment date.

(₹ in lakh)

Particulars	2021-22	Total
Market linked non convertible debentures	1,135	1,135
Total	**1,135**	**1,135**

c) Details about the nature of security

The secured non-convertible debenture of the Company amounting to ₹ 1,135 lakh (Previous Year ₹ 1,220 lakh) 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 No. 2.03) as specifically mentioned in the debenture trust deed.

2.11 Borrowings (Other than Debt Securities)

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Loans from banks		
Secured bank over draft	7,368	5,764
Inter Corporate Deposit		
Unsecured from related parties (Refer Note No. 2.38)	3,775	6,500
Total (A)	**11,143**	**12,264**
Borrowings in India	11,143	12,264
Borrowings outside India	-	-
Total (B)	**11,143**	**12,264**

a) During the current year the Company has renewed overdraft facility from Union Bank of India (erstwhile known as Andhra Bank). This facility is secured by exclusive charge on security receipts in Demat form (Refer Note No. 2.03). Except security receipts of assets purchased from Union Bank of India, first charge on the cash flows coming to the Company on its investment in security receipts and exclusive first charge on all other current assets including financial assets and investments in security receipts (excluding specifically charges security receipts).

2.12 Other Financial Liabilities

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on borrowings	107	168
Employee benefits payable	179	180
Recovery received on behalf of trust*	105	11
Other payables	2	-
Lease liability	65	51
	458	**410**

* The Company has maintained bank account with HDFC Bank Limited 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.

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

2.13 Provisions

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Gratuity (Refer Note No. 2.26)	29	19
Provision others		
Disputed expenses	31	20
	60	**39**
Movement of Provisions		
Provision Others		
Balance at the beginning of the year	20	131
Provision / (reversal) of expenses	11	(111)
Balance at the close of the year	**31**	**20**

2.14 Deferred Tax liability (Net)

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities		
Related to Property, plant and equipment and intangible	3	5
Fair valuation of investments	1,035	1,095
	1,038	**1,100**
Deferred tax assets		
Gratuity	(7)	(5)
Leased liability	(1)	(1)
Provisions	(57)	(187)
	(65)	(193)
	973	**907**

Movements in deferred tax

(₹ in lakh)

Particular	Property, plant and equipment and intangible	Fair valuation of investments	Gratuity	Provisions for SARs	Leased liability	Provisions	Total
As at March 31, 2019	**1**	**1,275**	**(7)**	**(1)**	**-**	**(113)**	**1,155**
Charged/(Credited) to							
Opening statement of profit and loss	-	-	-	-	(1)	-	(1)
Statement of profit and loss	4	(180)	3	1	-	(74)	(246)
Other comprehensive income/(loss)	-	-	(1)	-	-	-	(1)
As at March 31, 2020	**5**	**1,095**	**(5)**	**-**	**-**	**(187)**	**907**
Charged/(Credited) to							
Statement of profit and loss	(2)	(60)	(1)	-	-	130	67
Other comprehensive income/(loss)	-	(-)	(1)	-	-	-	(1)
As at March 31, 2021	**3**	**1,035**	**(7)**	**-**	**(1)**	**(57)**	**974**

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

2.15 Other Non financial liabilites (₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Income received in advance	2,193	1,622
Advance received from trust	41	96
Statutory dues*	386	365
	2,620	**2,083**

*Including goods and services tax, tax deducted at source payable and other taxes payables.

2.16 Share Capital (₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised		
15,00,00,000 (March 31, 2020 - 15,00,00,000) equity shares of ₹10 each	15,000	15,000
1,00,00,000 (March 31, 2020 - 1,00,00,000) preference shares of ₹10 each	1,000	1,000
	16,000	**16,000**
Issued, Subscribed and Fully Paid Up		
10,00,00,000 (March 31, 2020 - 10,00,00,000) equity shares of ₹10 each	10,000	10,000
Total	**10,000**	**10,000**

a. Reconciliation of number of equity shares outstanding at the beginning and at the end of the year.

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	(₹ in lakh)	Number	(₹ in lakh)
Outstanding at the beginning of the year	10,00,00,000	10,000	10,00,00,000	10,000
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	10,00,00,000	10,000	10,00,00,000	10,000

b. Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible to one vote per share held. 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 shareholder.

c. Shares held by sponsor companies

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	(₹ in lakh)	Number	(₹ in lakh)
Equity shares of ₹ 10 each fully paid				
Reliance Capital Limited	4,90,00,000	4,900	4,90,00,000	4,900
Union Bank of India *	1,15,00,000	1,150	1,15,00,000	1,150
Indian Bank	1,15,00,000	1,150	1,15,00,000	1,150

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

d. Details of shareholders holding more than 5% of the Shares in the Company

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	% Holding	Number	% Holding
Reliance Capital Limited	4,90,00,000	49.00%	4,90,00,000	49.00%
Union Bank of India *	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

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Retained earnings	12,665	10,877
Other comprehensive income	(11)	(9)
Debenture redemption reserve	284	201
Total other equity	**12,939**	**11,069**
Retained earnings		
Opening balance	10,877	9,161
Add: Profit for the year	2,170	2,170
Less: Dividend paid	(300)	(300)
Less: Tax on dividend paid	-	(62)
Less: Tranfer to debenture redemption reserve	(481)	(285)
Add: Tranfer from debenture redemption reserve	398	195
Less: Effect of Ind AS 116	-	(2)
Closing balance	**12,665**	**10,877**
Other comprehensive income		
Opening balance	(9)	(6)
Additions during the year (net)	(2)	(3)
Closing balance	**(11)**	**(9)**
Debenture redemtion reserve		
Opening balance	201	111
Add: Transfer from retained earnings	481	285
Less: Transfer to retained earnings	(398)	(195)
Closing balance	**284**	**201**

Nature and purpose of reserve

a) **Retained Earnings**

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

b) **Other comprehensive income**

Other comprehensive income represents acturial gain/losses arising on recognition of defined benefit plans.

c) **Debenture Redemption Reserve :**

The Company has created and maintained a debenture redemption reserve from annual profits in pursuance of the provisions of the Companies Act, 2013. The Company has transferred the requisite percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to the debenture redemption reserve. The amounts credited to the debenture redemption reserve shall be utilized as per the provisions of the Companies Act, 2013. On redemption of debentures, the amount may be transferred from debenture redemption reserve to the retained earnings.

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

2.18 Fees and commission income (₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Trusteeship fees	3,762	3,878
Incentive fees	301	538
Recovery agent fees (Refer Note No. 2.38)	1,848	2,263
Profit on redemption of security receipts	15	64
	5,926	**6,743**

2.19 Net gain on fair value changes (₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain / (loss) on financial instruments at fair value through profit or loss		
Fair value gain/(loss) on investment	13	-
	13	**-**
Fair value changes:		
- Realised	-	-
- Unrealised	13	-
	13	**-**

2.20 Other income (₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
On finacial assets measured at amortised cost		
Interest on fixed deposits	54	196
Interest on advance given to trusts	54	52
	108	**248**

2.21 Finance costs (₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on financial liabilites measured at fair value through profit or loss		
Interest on debt securities	231	240
Interest on financial liabilites measured at amortised cost		
Interest on other borrowings	1,190	1,557
Processing charges	31	43
Bank charges	-	2
Interest on leased liability	7	6
	1,459	**1,848**

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

2.22 Net loss on fair value changes

(₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net loss on financial instruments at fair value through profit or loss		
Fair value gain/(loss) on investment	-	279
	-	**279**
Fair value changes:		
- Realised	-	-
- Unrealised	-	279
	-	**279**

2.23 Employee benefit expense

(₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salary, bonus and allowances	629	752
Contribution to provident fund and other funds	28	32
Employee compensation expenses - ((SAR), Refer Note No. 2.28))	-	6
Gratuity expense (Refer Note No. 2.26)	8	9
Staff welfare expenses	22	23
	687	**822**

2.24 Other expenses

(₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Professional and legal charges	314	224
Premises rent and electricity expenses	136	220
Payment to auditors		
- Statutory audit fees	9	8
- Limited review fees	3	3
Provision for advances	50	56
Recovery commission	415	573
Business development expenses	1	12
Director's sitting fees	19	15
Travelling expenses	22	18
Telephone expenses	7	9
Stamp duty and processing fees	2	5
Repair and maintenance	5	4
Courier and postage	1	3
Software maintanance Charges	53	67
Office printing and stationery	2	6
Due diligence expense	4	3
Expenditure towards corporate social responsibility (Refer Note No. 2.29)	44	34
Miscellaneous expenses	40	37
	1,127	**1,298**

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

2.25 Income tax expense **(₹ in lakh)**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Tax Expense recognized in the statement of profit and loss		
(a) **Income tax expense**		
Current tax on profits for the year	484	763
Adjustments for current tax of prior periods	-	-
Total current tax expense (I)	**484**	**763**
Deferred tax		
(Decrease) / increase in deferred tax	66	(246)
Total deferred tax expense provided / (reversal) (II)	**66**	**(246)**
Income tax expense (I + II)	**550**	**517**
(b) **Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:**		
Tax rates	**25.17%**	**25.17%**
Profit before tax	**2,720**	**2,687**
Tax calculated at tax rates applicable	**685**	**676**
Difference due to:		
Corporate social responsibility	11	4
Depreciation and amortization	7	15
Provision disallowed and others	110	(106)
Interest	-	9
Fair value loss on investment	(3)	61
Losses of trusts claimed as deduction under Income Tax Act,1961	(201)	-
Ind AS adjustment	(59)	(142)
Total income tax expense / (credit)	**550**	**517**

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 25.17%.

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

2.26 Employee Benefits:

(₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Defined contribution plan		
Amount recognised in the statement of profit and loss		
(i) Employer's contribution to provident fund	23	28
(ii) Employer's contribution to pension fund	4	4
	27	**32**

(b) Gratuity:

Disclosures required as per the Ind AS 19 , Employee Benefits

(₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
I. Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at the beginning of the year	22	37
Interest cost	1	3
Service cost	6	7
Liability transferred in / acquisition	2	-
Benefit paid	(4)	
Actuarial (gains) / losses recognised in other comprehensive income		(28)
- Due to change in demograpic assumptions		
- Due to change in financial assumptions	(1)	-
- Due to experience adjustments	1	2
Obligation at the end of the year	3	1
	30	22
II. Change in plan assets		
Fair value of plan assets at the beginning of the year		
Expected return on plan assets	3	15
Contribution	-	(1)
Benefit paid from the fund	-	16
Liability transferred in / acquisition	(4)	
Actuarial gains / (losses) on plan assets - due to experience		(28)
Interest income	2	-
Fair value of plan assets at the end of the year	-	-
	-	1
III. Reconciliation of present value of obligation and fair value of the plan assets	1	3
Fair value of plan assets at the end of the year		
Present value of the defined benefit obligation at the end of year	1	3
Liability recognised in the balance sheet	30	22
	29	19
IV. Expense recognized in statement of profit or loss		
Service cost		
Interest cost	7	7
Expense recognized in statement of profit or loss	1	2
	8	9
V. Amount recognized in the other comprehensive income		
Acturial (gain)/loss recognised in other comprehensive income		
Expected return on plan assets	2	3
Amount recognized in the other comprehensive income	-	1
	2	4
VI. Investment details on plan assets		
100% of the plan assets are invested in insurance fund		

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

(₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
VII. Actual return on plan assets	-	(1)
VIII. Assumptions		
Interest rate	6.06%	6.56%
Salary growth rate	6.00%	6.00%
Estimated return on plan assets	6.06%	6.56%
Employee turnover rate	16.00%	10.00%

IX. Particulars of the amounts for the year and previous years

(₹ in lakh)

Particulars	2021	2020	2019	2018
Present value of benefit obligation	(30)	(22)	(37)	(42)
Fair value of plan assets	1	3	15	32
Excess of obligation over plan assets	(29)	(19)	(22)	(10)

X. Sensitivity analysis

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

(₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Discount rate (+1% movement)	(1)	(1)
Discount rate (-1% movement)	1	2
Future salary growth (+1% movement)	1	2
Future salary growth (-1% movement)	(1)	(1)
Employee turnover (+1% movement)	-	-
Employee turnover (-1% movement)	-	-

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)

(₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Projected benefits payable in future from the date of reporting		
1st following year	3	1
2nd following year	4	1
3rd following year	8	2
4th following year	3	6
5th following year	3	2
Sum of 6 to 10 years	10	8
Sum of 11 years and above	10	17

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (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

(₹ in lakh)

Capital to risk assets ratio (CRAR):		As at March 31, 2021	As at March 31, 2020
(a)	Common Equity Tier 1 capital	19,370	17,598
(b)	Other Tier 2 capital instruments	-	-
(c)	Total capital	19,370	17,598
(d)	Risk weighted assets	35,343	31,085
(e)	CRAR (%)	54.81%	56.61%

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

(₹ in lakh)

Particular		As at March 31, 2021	As at March 31, 2020
(i)	Equity Shares Final dividend for the year ended March 31, 2020 of ₹ 0.30 (March 31, 2019 - ₹ 0.30) per share fully paid share.	300	300
(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 ₹ 0.30 per fully paid equity share (March 31, 2020 - ₹ 0.30). This proposed dividend is subject to the approval of shareholders in ensuing annual general meeting.	300	300

2.28 Stock Appreciation Rights (SAR):

Statement of employees phantom stock option scheme as on March 31, 2021:

Particulars	No of Option
Granted as on 15.10.2015	10,83,200
Vested	NIL
Exercise	NIL
Forfeited	NIL
Exercise period	3 years from the date of last vesting
Vesting Conditions	Continuous service

Particulars	March 31, 2021	March 31, 2020
Outstanding at the beginning of the year	NIL	2,06,100
Forfeited / expired during the year	NIL	(60,640)
Exercised during the year	NIL	(1,45,460)
Outstanding at the end of the year	NIL	NIL
Exercisable at the end of the year	NIL	NIL

2.29 Corporate Social Responsibility Expenditure:

(₹ in lakh)

Gross amount required to be spent by the company during the year 44

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	44	-	44

2.30 Contingent Liability and Capital Commitments:

(a) During the earlier year the Company had received an order from the Board of Revenue, Madhya Pradesh office with a demand of ₹ 144 lakh 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 had paid ₹ 20 lakh under protest for the demand raised by the Assessing officer (AO). The Company had also filed an appeal against the demand order in CIT (Appeals) for the AY 2014-15, however the CIT (Appeals) passed an unfavourable order against the Company. The Company later filed an appeal in 'The Income Tax Appellate Tribunal (ITAT)' against the order of CIT (Appeals). The ITAT later passed an order on March 8, 2019 wherein the order of CIT (Appeals) was set aside and directed the AO to re-examine the matter.

(c) Estimated amount of contracts remaining to be executed on capital account and not provided for Intangible assets - Software is ₹ 21 lacs (inclusive of GST) (March 31, 2020 ₹ NIL).

2.31 Foreign currency

The Company has incurred ₹ 1 lakh (March 31, 2020 ₹ 8 lakh) in foreign currency during the year towards professional fees.

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

2.32 Disclosure pursuant to para 44A to 44E of Ind AS 7 - Statement of cash flows

(₹ in lakh)

Particular	March 31, 2021	March 31, 2020
Debt securities		
Opening balance	2,772	1,875
Availed during the year	1,750	100
Impact of non-cash items	8	17
Repaid during the year	1,835	780
Closing balance	**6,365**	**2,772**
Borrowings (other than debt securities)		
Opening balance	6,500	8,500
Availed during the year	500	-
Repaid during the year	(3,225)	(2,000)
Closing balance	**3,775**	**6,500**
Interest		
Opening balance	168	90
Interest Expenses	1,439	1,757
Repaid during the year	(1,500)	(1,679)
Closing balance	**107**	**168**

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.

(₹ in lakh)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	17	-	17	2,969	-	2,969
Trade receivables	630	-	630	79	-	79
Investments	9,300	28,807	38,107	-	34,647	34,647
Other financial asset	249	11	260	140	1	141
Non-financial assets						
Current tax assets (Net)	-	136	136	-	88	88
Property, plant and equipment	-	103	103	-	81	81
Other intangible assets	-	6	6	-	1	1
Other non-financial asset	149	-	149	174	-	174
Total assets (a)	**10,345**	**29,064**	**39,408**	**3,362**	**34,818**	**38,180**

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

(₹ in lakh)

Particulars	As at March 31, 2021			As at March 31, 2020		
	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	80	-	80	196	-	196
Debt securities	1,135	-	1,135	70	1,142	1,212
Borrowings (Other than debt securities)	11,143	-	11,143	12,264	-	12,264
Other financial liabilities	458	-	458	252	158	410
Non-financial Liabilities						
Provisions	48	12	60	35	4	39
Deferred tax (Net)	-	973	973	-	907	907
Other non-financial liabilities	2,592	28	2,620	2,059	23	2,083
Total liabilities (b)	**15,456**	**1,014**	**16,470**	**14,876**	**2,234**	**17,111**
Net (a - b)	**(5,111)**	**28,050**	**22,939**	**(11,514)**	**32,584**	**21,069**

2.34 Fair value measurements

a) Financial instruments by category

(₹ in lakh)

Particulars	March 31, 2021		March 31, 2020	
	Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
Financial assets				
Cash and cash equivalents	-	17	-	2,969
Trade receivables	-	630	-	79
Investments - Unquoted	38,107	-	34,647	-
Other financial asset	-	260	-	141
Total financial assets	**38,107**	**907**	**34,647**	**3,189**
Financial liabilities				
Payables	-	80	-	196
Debt securities	1,135	-	1,212	-
Borrowings (Other than debt securities)	-	11,143	-	12,264
Other financial liabilities	-	458	-	410
Total financial liabilities	**1,135**	**11,681**	**1,212**	**12,870**

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. The Company has not disclosed the fair values of financial instruments such as trade receivables, trade payables, cash and cash equivalents, fixed deposits, security deposits, etc. as carrying value is reasonable approximation of the fair values. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian Accounting Standards. An explanation of each level follows underneath the table:

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

b) Fair value hierarchy for assets

(₹ in lakh)

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Investments - Unquoted	-	-	38,107	38,107
Total	**-**	**-**	**38,107**	**38,107**
Financial liabilities				
Debt securities	-	-	1,135	1,135
Total	**-**	**-**	**1,135**	**1,135**

(₹ in lakh)

Financial liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2021	Level 1	Level 2	Level 3	Total
Financial liabilities				
Borrowings (Other than debt securities) *			11,143	11,143
Total	**-**	**-**	**11,143**	**11,143**

(₹ in lakh)

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Investments - Unquoted	-	-	34,647	34,647
Total	**-**	**-**	**34,647**	**34,647**
Financial liabilities				
Debt securities	-	-	1,212	1,212
Total	**-**	**-**	**1,212**	**1,212**

(₹ in lakh)

Financial liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial liabilities				
Borrowings (Other than debt securities) *			12,264	12,264
Total	**-**	**-**	**12,264**	**12,264**

* These Debt Instruments are due for redemption within 12 months from the reporting date. Therefore, the management has estimated the fair value of these debt instruments shall be approximately same as the amortised cost.

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) calcualted 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.

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, 2021 and March 31, 2020:

(₹ in lakh)

Particular	Investment	Debt securities
As at March 31, 2019	**35,675**	**1,875**
Additions	1,774	100
Disposals / Repayment	(2,523)	(780)
Gains/(losses) recognised in statement of profit and loss	(279)	17
As at March 31, 2020	**34,647**	**1,212**
Additions	5,381	1,750
Disposals / Repayment	(1,934)	(1,835)
Gains/(losses) recognised in statement of profit and loss	13	8
As at March 31, 2021	**38,107**	**1,135**

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 standalone financial statements for the year ended March 31, 2021 (Contd.)

2.34 Fair value measurements (Contd.)

f) Unobservable inputs used in measuring fair value categorised within Level 3

(₹ in lakh)

Type of financial instruments	Fair value of asset as on March 31, 2021	Fair value of liability as on March 31, 2021	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	38,107	-	Discounted projected cash flow	Expected gross recoveries *	2,55,705	25,570	2,368	(25,570)	(2,677)
				Discount rates	4.59%	0.50%	(208)	0.50%	200
Non - Convertible Debentures	-	1,135	Discounted projected cash flow	Discount rates	12.00%	1.00%	(2)	1.00%	2

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	34,647	-	Discounted projected cash flow	Expected gross recoveries *	2,58,415	25,841	1,988	(25,841)	(3,172)
				Discount rates	7.35%	0.50%	(230)	0.50%	167
Non - Convertible Debentures	-	1,212	Discounted projected cash flow	Discount rates	12.15%	1.00%	9	1.00%	(9)

* Expected gross recoveries are pertaining to the overall asset under management of the Company. The cash attributable to the Company's share in expected gross recoveries will be dependent on the company's Investment share and terms of the securities receipts subscriber.

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, 2021 (₹ in lakh)

Contractual maturities of assets and liabilities	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	17	-	-	-	17
Trade Receivables *	-	630	-	-	630
Investments *	800	8,500	26,261	2,546	38,107
Other financial assets *	5	244	-	11	260
Total financial assets (a)	**822**	**9,374**	**26,261**	**2,557**	**39,015**
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	80	-	-	-	80
Debt securities	-	1,135	-	-	1,135
Borrowings (Other than debt securities)	-	11,143	-	-	11,143
Other financial liabilities	296	133	28	-	458
Total financial liabilities (b)	**376**	**12,412**	**28**	**-**	**12,816**
Net (a - b)	**446**	**(3,038)**	**26,233**	**2,557**	**26,198**

As at March 31, 2020 (₹ in lakh)

Contractual maturities of assets and liabilities	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	2,969	-	-	-	2,969
Trade Receivables*	-	79	-	-	79
Investments *	-	2,000	32,647	-	34,647
Other financial assets*	11	129	-	1	141
Total financial assets (a)	**2,980**	**2,208**	**32,647**	**1**	**37,836**
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	196	-	-	-	196
Debt securities	70	-	1,142	-	1,212
Borrowings (Other than debt securities)	-	12,264	-	-	12,264
Other financial liabilities	28	201	181	-	410
Total financial assets (b)	**294**	**12,464**	**1,323**	**-**	**14,082**
Net (a - b)	**2,686**	**(10,256)**	**31,323**	**1**	**23,754**

* As expected by management of the Company

Notes on accounts to standalone financial statements for the year ended March 31, 2021

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."

Currency of borrowing / advances	2020-21			
	Increase in basis points	Effect on profit before tax (₹ in lakh)	Decrease in basis points	Effect on profit before tax (₹ in lakh)
INR	50	(52)	50	52

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

Notes on accounts to standalone financial statements for the year ended March 31, 2021

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, 2021 (since inception) and the value at which such assets were acquired from each such Bank/ Financial Institutions:

Sr. No.	Name of the Bank / Financial Institution	Address	Acquisition price (₹ in lakh)	
			As at March 31, 2021	As at March 31, 2020
1	Asset Reconstruction Company (India) Limited	The Ruby, 10th Floor, 29, Senapati Bapat Marg, Dadar (West), Mumbai - 400 028	68	68
2	Union Bank of India (erstwhile Corporation Bank)	Managala Devi Temple Road, Mangalore 575001	249	249
3	Bank of Baroda (erstwhile Dena Bank)	Dena Corporate Centre, C-10, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051	3,077	3,077
4	Indian Bank	66,Rajaji Salai, Chennai – 600 001	1,26,125	1,26,125
5	Central Bank of India	Chandramukhi, Nariman Point, Mumbai – 400 021	243	243
6	Bank of Baroda (erstwhile Vijaya Bank)	41/2, M G Road, Bengaluru, Karnataka – 560 001	990	990
7	IFCI	IFCI Tower, 61, Nehru Place, New Delhi – 110 192	2000	2000
8	IDBI	IDBI Tower, Cuffe Parade, Mumbai – 400005	1,226	1,226
9	Union Bank of India	Union Bank Bhavan, 239, Vidhan Bhavan Marg, Mumbai 400 021	625	625
10	Industrial Investment Bank of India Limited	19, Netaji Subhash Road, Kolkatta - 700 001	550	550
11	City Union Bank Limited	24-80, Raja Bahadur Compound, Ambalala Doshi Marg, Fort, Mumbai - 400 023	28,398	28,398

Notes on accounts to standalone financial statements for the year ended March 31, 2021

Sr. No.	Name of the Bank / Financial Institution	Address	Acquisition price (₹ in lakh)	
			As at March 31, 2021	As at March 31, 2020
12	Laxmi Vilas Bank	Salem Road, Kathaprai, Karur - 639 006. Tamil Nadu	21,409	21,409
13	UCO Bank	10, B T M Sarani, Kolkata - 700 001, West Bengal	151	151
14	Yes Bank	Indiabulls Finance Centre, Tower II, Senapati Marg, Elphinstone (W), Mumbai - 400 013	1,030	1,030
15	The Saraswat Co-operative Bank Ltd.	953, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025	375	375
16	Abhyudaya Co-operative Bank Limited	Shram Safalya, 63, G D Ambekar Marg, Parel Village, Mumbai - 400 012	325	325
17	Bank of Baroda	Suraj Plaza-1, Sayaji Ganj, Baroda - 390005	113	113
18	The Akola Urban Co-operative Bank Limited	"Jankalyan",58/59,Toshniwal Layout, Murtizapur Road, Behind Govt. Milk Scheme, Akola-444001	4,200	4,200
19	State Bank of India	State Bank Bhavan, Madam Cama Road, Mumbai – 400021	48,447	48,447
20	Kotak Mahindra Bank (erstwhile ING Vysya Bank)	22,MG Road, Bangalore,Karnataka-560001	16,870	16,870
21	State Bank of India (erstwhile State Bank of Travancore)	Poojappura,Thiruvananthapuram-695012	6,194	6,194
22	State Bank of India (erstwhile State Bank of Hyderabad)	Gunfoundry,Hyderabad-500001	1,660	1,660
23	Karur Vysya Bank	Erode Road,Karur-639002,Tamilnadu	382	382
24	Reliance Capital Limited	Kamala Mills, Trade One Building 'D' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013	9,599	9,599
25	Magma Fincorp Limited	Magma House, No.24 Park Street, Kolkata-700 016	5,948	5,948
26	Magma Housing Finance	Magma House, No.24 Park Street, Kolkata-700 016	1,442	1,442
27	SVC Co-operative Bank Limited	SVC Tower, Nehru Road, Vakola, Santacruz (E), Mumbai - 400 055	4,779	4,779

Notes on accounts to standalone financial statements for the year ended March 31, 2021

Sr. No.	Name of the Bank / Financial Institution	Address	Acquisition price (₹ in lakh)	
			As at March 31, 2021	As at March 31, 2020
28	Union Bank of India (erstwhile Andhra Bank)	Mama Paramanand Marg, Opera House, Girgaon, Mumbai, Maharashtra 400004	440	440
29	Reliance Commercial Finance	"The Ruby, 11th Floor, North West Wing, Plot No. 29, JK Sawant marg, Dadar, Mumbai- 400 028	11,501	11,501
30	The Kalyan Janata Sahakari Bank Limited	Kalyanam_astu, Om Vijaykrishna Apartment, Adharwadi, Kalyan (W), Dist. Thane - 421301	6,206	6,206
31	Indian Overseas Bank	4/B,Ground Floor, Sangam CHSL,S.V Road,Santacruz (W), Mumbai 400054	29,641	19,633
32	Shubham Housing Development Finance Corporation Limited	Plot No. 425, Udyog Vihar, Phase IV, Gurgaon-122015	1,479	1,479
33	Religare Housing Development Finance Corporation Limited	1st Floor, Tower "A" PRIUS Global, Sector-125, NOIDA, U.P- 201301	2,279	2,279
34	IndusInd Bank Limited	Indusind Bank Ltd., 11th floor, Tower 1, One Indiabulls Centre, 841, Senapati Bapat Marg, Elphinstone Road, Mumbai-400013, India	466	466
35	HDFC Bank Limited	"16th Floor, Tower A, Peninsula Business Park, Lower Parel, Mumbai - 400013"	20,977	-
36	Orange Retail Finance India Private Limited	"No.4/363, Second Floor, Kandhanchavadi, Old Mahabalipuram Road, Chennai – 600 096"	1,553	-
		TOTAL	**3,61,015**	**3,28,477**

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

ii) Dispersion of various Financial Assets Industry-wise

Industry	Acquisition Cost Outstanding (₹ in lakh)	Percentage to total assets	Acquisition Cost Outstanding (₹ in lakh)	Percentage to total assets
	As at March 31, 2021		As at March 31, 2020	
Agriculture	31,516	8.7%	31,516	9.6%
Education	1,14,755	31.8%	1,04,747	31.9%
Housing	9,359	2.6%	9,359	2.8%
Micro	24,563	6.8%	24,563	7.5%
Small	43,580	12.1%	43,580	13.3%
Medium	51,549	14.3%	51,549	15.7%
Seeds / Biotech	5,730	1.6%	5,730	1.7%
Food processing	9,735	2.7%	9,735	3.0%
Power	270	0.1%	270	0.1%
Plastics	230	0.1%	230	0.1%
Casting & Forging	3,343	0.9%	3,343	1.0%
Construction	2,440	0.7%	2,440	0.7%
Waste Processing	440	0.1%	440	0.1%
Vehicle	12,512	3.5%	197	0.1%
Personal	13,586	3.8%	3,371	1.0%
Infrastructure	3,905	1.1%	3,905	1.2%
Information Technology	294	0.1%	294	0.1%
Advertisement	3	0.0%	3	0.0%
Textile	4,735	1.3%	4,735	1.4%
Electricals	592	0.2%	592	0.2%
Gems & Jewellery	710	0.2%	710	0.2%
Others	27,169	7.5%	27,169	8.3%
TOTAL	**3,61,015**	**100%**	**3,28,477**	**100%**

iii) Dispersion of various Financial Assets Sponsor-wise

(₹ in lakh)

Industry	Acquisition Cost Outstanding (₹ in lakh)	Percentage to total assets	Acquisition Cost Outstanding (₹ in lakh)	Percentage to total assets
	As at March 31, 2021		As at March 31, 2020	
A. Sponsor				
- Indian Bank	1,26,125	35%	1,26,125	38%
- Reliance Capital Limited	9,599	3%	9,599	3%
- Union Bank of India	1,314	0%	1,314	0%
Total Sponsor (A)	**1,37,038**	**38%**	**1,37,038**	**42%**
B. Non-Sponsors	2,23,977	62%	1,91,439	58%
Total Non Sponsor (B)	**2,23,977**	**62%**	**1,91,439**	**58%**
TOTAL (A+B)	**3,61,015**	**100%**	**3,28,477**	**100%**

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

(₹ in lakh)

	As at March 31, 2021	As at March 31, 2020
(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)	-	-
	-	-
(v) Value of Financial Assets acquired during the financial year either on its own books or in the books of the Trust	32,538	7,006
(vi) Value of Financial Assets realised during the financial year	13,167	16,087
(vii) Value of Financial Assets outstanding for realisation as at the end of the financial year.	2,21,324	2,01,952
(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"	-	161
- Value of Security Receipts redeemed partially during financial year"	-	15,926
(ix) Value of Security Receipts/Contractual Rights in Loan Assets, pending for redemption as at the end of the financial year	2,21,324	2,01,952

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 reedemed during the financial year as a result of non-realisation of the Financial Asset as per the policy formulated.

(₹ in lakh)

xi) Value of land and / or building acquired in ordinary course of business of reconstruction of assets.

- Immovable Property at Navi Mumbai (March 31, 2020 ₹25 lakh) 25

Additional disclosure as per RBI notification no. DNBS (PD) CC. No. 41/SCRC/26.03.001/2014-15 date August 5th, 2014

xii) The basis of valuation of assets if the acquisition value of the assets is more than the book value - 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

Notes on accounts to standalone financial statements for the year ended March 31, 2021

Sr. no.	Trust Name	Closing SR (₹ in lakh)	NAV as at March 31, 2021
1.	Reliance ARC - LVB Trust	1,832	25.00%
2.	Reliance ARC - INB Retail Portfolio Trust (2013)	37,935	40.00%
3.	Reliance ARC - CUB Saravana Trust (2014)	4,812	54.00%
4.	Reliance ARC - CUB SDPL Trust(2014)	3,500	53.40%
5.	Reliance ARC - CUB(CTRPL) (2014) Trust	2,694	50.00%
6.	Reliance ARC 001 Trust	13,778	32.50%
7.	Reliance ARC - SBI Maan Sarovar Trust	811	75.00%
8.	Reliance ARC 006 Trust	1,601	75.00%

2.38 Related party transactions

A. List of Related Parties and their relationship:

(i) Entity having significant influence on the Company

Reliance Capital Limited

(ii) Subsidiaries of Entity having significant influence refered in (i) above

1. Reliance Commercial Finance Limited
2. Reliance General Insurance Company Limited
3. Reliance Nippon Life Insurance Company Limited
4. Reliance Corporate Advisory Services Limited
5. Reliance Securities Limited
6. Reliance Financial Limited
7. Reliance ARC SBI Maan Sarovar Trust

(iii) 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

(iv) Trust - Employee Benefit Plan

Reliance Asset Reconstruction Company Limited Group Gratuity Cum Life Assurance Scheme

(v) Key management personnel

a) Mr. Ravindra S. Rao
   Executive Director & CEO (upto October 22, 2019)
b) Mr. Mehul Gandhi
   Executive Director & CEO
c) Mr. Rakesh Panjwani
   Chief Financial Officer
d) Ms. Preeti Chhapru
   Company Secretary

Notes on accounts to standalone financial statements for the year ended March 31, 2021

2.38 Related party transactions

B. Transactions during the year with related parties:

(₹ in lakh)

Particulars	Year	Entity having Significant Influence	Subsidiaries of Entity having significant influence	Asset Reconstruction trusts - controlled by the company	Key Management Personnel	Total
Fees and commission income (Net of Provision)						
Trust Controlled by the Company	2020-21	-	-	177	-	177
	2019-20	-	-	105	-	105
Interest on Borrowings other than debt securities	2020-21	-	329	-	-	329
Reliance Corporate Advisory Services Limited	2019-20	-	422	-	-	422
Reliance Capital Limited	2020-21	204	-	-	-	204
	2019-20	356	-	-	-	356
Reliance Financial Limited	2020-21	-	1	-	-	1
	2019-20	-	-	-	-	-
Interest on Debt Securities	2020-21	-	161	-	-	161
Reliance Securities Limited	2019-20	-	-	-	-	-
Other Expenses	2020-21	20	-	-	-	20
Reliance Capital Limited (Software Maintenance Charges & Other Expense)	2019-20	6	-	-	-	6
Reliance Commercial Finance Limited (Rent Expense & Other Expense)	2020-21	-	5	-	-	5
	2019-20	-	19	-	-	19
Reliance General Insurance Company Limited (Mediclaim Premium Expense & Other Expense)	2020-21	-	15	-	-	15
	2019-20	-	12	-	-	12
Reliance Nippon Life Insurance Company Limited (Gratuity Expense)	2020-21	-	8	-	-	8
	2019-20	-	48	-	-	48
Reliance Securities Ltd (Rent & Maintenance Expense & Other Expenses)	2020-21	-	34	-	-	34
	2019-20	-	-	-	-	
Trade Receivables						
Trust Controlled by the Company	2020-21	-	-	49	-	49
	2019-20			61		61
Investments	2020-21	-	-	6,096	-	6,096
Investments	2019-20	-	-	6,025	-	6,025
Other Financial Asset						
Advance To Trust						
Trust Controlled by the Company	2020-21	-	-	8	-	8
	2019-20	-	-	8	-	8
Trust Fund						
Trust Controlled by the Company (* ₹ 6000, ** ₹ 6000)	2020-21	-	-	*	-	*
	2019-20	-	-	**	-	**

Notes on accounts to standalone financial statements for the year ended March 31, 2021

(₹ in lakh)

Particulars	Year	Entity having Significant Influence	Subsidiaries of Entity having significant influence	Asset Reconstruction trusts - controlled by the company	Key Management Personnel	Total
Property Plant & Equipment						
Purchased during the year Reliance Securities Limited	2020-21	-	4	-	-	4
	2019-20	-	-	-	-	-
Other Non Financial Asset						
Reliance Nippon Life Insurance Company Limited	2020-21	-	3	-	-	3
	2019-20	-	-	-	-	-
Reliance General Insurance Company Limited	2020-21	-	6	-	-	6
	2019-20	-	8	-	-	8
Reliance Commercial Finance Limited(*₹ 29317)	2020-21	-	*	-	-	*
	2019-20	-	-	-	-	-
Trade Payables						
Reliance Capital Limited (* ₹ 39905)	2020-21	*	-	-	-	*
	2019-20	1	-	-	-	1
Reliance Securities Limited	2020-21	-	12	-	-	12
	2019-20	-	-	-	-	-
Debentures						
a) Issued during the year	2020-21	-	1,750	-	-	1,750
	2019-20	-	-	-	-	-
b) Redeemed during the year	2020-21	-	1,000	-	-	1,000
	2019-20	-	-	-	-	-
c) Closing Balances	2020-21	-	780	-	-	780
	2019-20	-	-	-	-	-
d) Accrued interest on debentures	2020-21	-	153	-	-	153
	2019-20	-	-	-	-	-
Borrowings other than debt securities						
a) Taken during the year Reliance Corporate Advisory Services Limited	2020-21	-	-	-	-	-
	2019-20	-	4,500	-	-	4,500
Reliance Capital Limited	2020-21	-	-	-	-	-
	2019-20	-	-	-	-	-
Reliance Financial Limited	2020-21	-	500	-	-	500
	2019-20	-	-	-	-	-
b) Returned during the year Reliance Corporate Advisory Services Limited	2020-21	-	(2,125)	-	-	(2,125)
	2019-20	-	-	-	-	-
Reliance Capital Limited	2020-21	(1,100)	-	-	-	(1,100)
	2019-20	(1,000)	-	-	-	(1,000)
Reliance Financial Limited	2020-21	-	-	-	-	-
	2019-20	-	-	-	-	-
c) Closing Balances Reliance Corporate Advisory Services Limited	2020-21	-	2,375	-	-	2,375
	2019-20	-	4,500	-	-	4,500
Reliance Capital Limited	2020-21	900	-	-	-	900
	2019-20	2000	-	-	-	2000
Reliance Financial Limited	2020-21	-	500	-	-	500
	2019-20	-	-	-	-	-
Other Non Financial Liabilities						
Income Received in Advance	2020-21	-	-	19	-	19
	2019-20	-	-	22	-	22
Advance Received from Trust	2020-21	-	-	3	-	3
	2019-20	-	-	2	-	2

Note 1: Recovery on behalf of Trust - has not been considered in Related Party Transaction

Notes on accounts to standalone financial statements for the year ended March 31, 2021

(₹ in lakh)

Particulars	Year	Entity having Significant Influence	Subsidiaries of Entity having significant influence	Asset Reconstruction trusts - controlled by the company	Key Management Personnel	Total
Key Managerial Personnel						
Ravindra Rao	2020-21	-	-	-	-	-
	2019-20	-	-	-	220	220
Mehul Gandhi	2020-21	-	-	-	129	129
	2019-20	-	-	-	66	66
Rakesh Panjwani	2020-21	-	-	-	45	45
	2019-20	-	-	-	6	6
Preeti K. Chhapru	2020-21	-	-	-	28	28
	2019-20	-	-	-	19	19

2.39 Earning per equity share

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Basic and diluted earning per equity share		
Net Profit after tax attributable to equity shareholders (₹ in lakh) (A)	2,170	2,170
Weighted average number of Equity Shares (Nos) (B)	10,00,00,000	10,00,00,000
Nominal value of equity shares (₹)	10	10
Basic and Diluted Earning Per Share (₹) (A/B)	2.17	2.17

2.40 Dividend remitted in foreign currency

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Dividend paid during the year (₹ in lakh)	29	29
Number of non-resident shareholder	1	1
Number of equity shares held by non-resident shareholder	95,00,000	95,00,000
Financial Year to which the dividends relates to	2019 - 2020	2018 - 2019

2.41 Leases

(a) **Impact on transition to Ind AS 116 for the year ended March 31, 2020**

On transition to Ind AS 116, The Company recognized right-of-use and lease liabilities, recognizing the difference in retained earnings. The impact on transaction is summarized below:

Particulars	(₹ in lakh)
Right of use asset - property plant and equipment	73
Deffered tax asset	1
Lease liabilities	76
Retained earnings	2

Notes on accounts to standalone financial statements for the year ended March 31, 2021

(b) The Company leases contracts for office premises facilities. The leases typically run for 1 - 3 years, with an option to renew the lease after that date. The Company also has certain leases of offices , store premises and warehouses with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Information about leases for which the Company is a leasee is presented below.

Right-of-use assets

Right-of-use assets related to leasehold properties.

(₹ in lakh)

	As at March 31, 2021	As at March 31, 2020
a. Opening Balance	45	-
b. Additions to right of use asset	53	73
c. Depreciation charge for the year	(39)	(28)
d. Closing Balance	59	45

Other disclosure w.r.t. leases:

- Finance cost amounts to ₹ 7 lakh (March 31, 2020 ₹ 6 lakh).
- The total cash outflow for the year ended March 31, 2021 amounts to ₹ 45 lakh (March 31, 2020 ₹ 31 lakh).
- The Company incurred ₹ 91 lakh (March 31, 2020 ₹ 31 lakh) for the year ended March 31, 2021 towards expenses relating to lease of low-value assets.

Lease liabilities

Maturity analysis – contractual discounted cash flows

(₹ in lakh)

Lease liabilites	Carrying amount	Contractual cash flows			
		Total	0-1 years	1-5 years	5 years and above
2020-21	65	72	42	30	-
2019-20	51	56	34	21	-

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

The nationwide lockdown in April - May 20 significantly impacted the economy of the country. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The extent to which the COVID19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the economy of the country, future will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

2.43 Segment reporting

The Company is primarily engaged in the Business of Acquisition and Resolution of Non Performing Assets and all other activities revolve around the main business of the Company. The Financial Statements of the Company have been prepared in accordance with the Companies (Indian Accounting Standards) Rules 2015 as amended and as prescribed under Section 133 of the Companies Act 2013 and all activities are conducted within India and as such there is no separate reportable segment as per the Ind AS 108 "Operating Segments".

Notes on accounts to standalone financial statements for the year ended March 31, 2021

2.44 Events after reporting date

The Board of Directors have recommended dividend of ₹ 0.30 per fully paid up equity share of ₹ 10/- each for the financial year 2020-21.

2.45 Previous year figures

Figures for the previous year has been regrouped / reclassified wherever necessary to make them comparable.

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

Vishal D. Shah
Partner
Membership No.119303

Place : Mumbai
Date: April 28, 2021

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)

Aman Gudral
(Director)
(DIN : 08822974)

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

Independent Auditor's Report

To
The Members of Reliance Asset Reconstruction Company Limited

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Reliance Asset Reconstruction Company Limited ("hereinafter referred to as the Parent Company") 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, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), 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, 2021, the consolidated profit consolidated total comprehensive profit, 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. 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 31,2021. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the 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 procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Investments in Security Receipts(SR) (as described in Note No 2.03 of consolidated financial statements)	
The Group has investment in SR amounts to Rs 32,010 lakh and the fair valuation loss on such investments during the year amounts to Rs 104 lakh as disclosed in 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. 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.	• 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 consolidated financial statements

Revenue Recognition: Trusteeship Fee (as described in Note No 1.03 (i) and 2.18 of consolidated financial statements)	
Trusteeship Fee is the most significant account balance in the Consolidated 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. Therefore, it is considered as a key audit matter.	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 consolidated 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.
Valuation of Market Linked Debentures (as described in Note No 2.10 of consolidated financial statements)	
The Group has issued Market Linked Debentures (MLD) during current and previous years. The outstanding balance of MLD as on March 31, 2021 is Rs.1,135 lakh. 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. Therefore, it is considered as a key audit matter.	• 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.

Other Information

The Parent Company's Board of Directors is responsible for the other information. The other information comprises the information included in Parent Company's Board's report including Annexures to Board 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 become 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 Responsibilities for the consolidated financial statements

The Parent Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the 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 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 Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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, the management 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 of the Companies 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 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 control 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.

- 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 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 financial information of such Trusts included in 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

Report on other legal and regulatory requirements

As required by Section 143(3) of the Act, based on our audit, 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 of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books;

c) The consolidated Balance Sheet, the consolidated statement of profit and loss (including other comprehensive income) the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this Report are in agreement with the 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 Company as on March 31, 2021 taken on record by the Board of Directors of the Parent Company, none of the directors is disqualified as on March 31, 2021 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 Company.

   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 matter to be included in the Auditor's report under 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 Company 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

   (i) The consolidated financial statements disclose the impact of pending litigations as at March 31, 2021 on its consolidated financial position of the Group in its consolidated financial statements – Refer Note no 2.29 to the consolidated financial statements;

   (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses during the year ended March 31, 2021;

   (iii) 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

Vishal D. Shah
Partner
Membership No: 119303
UDIN: 21119303AAAAIY4287

Place: Mumbai
Date: April 28, 2021

Annexure A to Independent Auditors' Report

[Annexure to the Independent Auditor's Report referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date on the consolidated financial statements of Reliance Asset Reconstruction Company Limited for year ended March 31, 2021.]

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

1. In conjunction with our engagement to audit the consolidated financial statements of the Reliance Asset Reconstruction Company Limited as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of Reliance Asset Reconstruction Company Limited (hereinafter referred to as "the Parent Company"), as of that date.

Management's Responsibility for Internal Financial Controls

2. The Board of Director of Parent Company is responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the Parent 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 (ICAI). 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 Parent 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 Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Parent Company's internal financial controls with reference to consolidated financial statements 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") issued by the ICAI and the Standards on Auditing 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 ICAI. 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 with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls with reference to consolidated financial statements included obtaining an understanding of such internal financial controls, 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

5. 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 Company internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls with reference to consolidated financial statements

6. A Company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated 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

(i)pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(ii)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

(iii)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 with reference to consolidated financial statements

7. Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the Parent Company has, in all material respects, has an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to consolidated financial statements criteria established by the Group 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

Vishal D. Shah
Partner
Membership No: 119303
UDIN: 21119303AAAAIY4287
Place: Mumbai
Date: April 28, 2021

Consolidated Balance Sheet as at March 31, 2021

(₹ in lakh)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
I) ASSETS			
A) Financial Assets			
(a) Cash and cash equivalents	2.01	21	2,978
(b) Trade receivables	2.02	561	18
(c) Loans		3,605	3,884
(d) Investments	2.03	32,010	28,621
(e) Other financial asset	2.04	245	135
Total Financial Assets (A)		**36,442**	**35,636**
B) Non-financial Assets			
(a) Current tax assets (Net)	2.05	137	88
(b) Property, plant and equipment	2.06 & 2.40	103	81
(c) Other intangible assets	2.07	6	1
(d) Other non-financial assets	2.08	152	193
Total Non Financial Assets (B)		**398**	**363**
TOTAL ASSETS (A + B)		**36,840**	**35,999**
II) LIABILITIES AND EQUITY:			
LIABILITIES			
a) Financial Liabilities			
(i) Trade Payables	2.09		
a) total outstanding dues of micro enterprises and small enterprises		-	-
b) total outstanding dues of creditors other than micro enterprises and small enterprises		85	213
(ii) Debt securities	2.10	1,135	1,212
(iii) Borrowings (Other than debt securities)	2.11	11,143	12,264
(iv) Other financial liabilities	2.12	458	410
Total Financial Liabilities (C)		**12,821**	**14,098**
b) Non-Financial Liabilities			
(i) Provisions	2.13	60	44
(ii) Deferred tax liability (Net)	2.14	600	565
(iii) Other non-financial liabilities	2.15	2,600	2,061
Total non financial Liabilities (D)		**3,260**	**2,671**
EQUITY			
a) Equity Share capital	2.16	10,000	10,000
b) Other Equity	2.17	10,391	8,827
c) Non Controlling Interest (Security Receipt issued by Trust)		368	403
Total Equity (E)		**20,759**	**19,230**
TOTAL LIABILITIES AND EQUITY (C + D+ E)		**36,840**	**35,999**
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

Vishal D. Shah
Partner
Membership No.119303

Place : Mumbai
Date: April 28, 2021

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)

Aman Gudral
(Director)
(DIN : 08822974)

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

Consolidated Statement of Profit and Loss for the year ended March 31, 2021

(₹ in lakh)

Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
I) Revenue from operation			
(a) Fees and commission income	2.18	5,730	6,643
Total Revenue from operation (I)		**5,730**	**6,643**
II) Other income (II)	2.19	107	246
III) Total Revenue (I+II)		**5,837**	**6,889**
IV) Expenses			
(a) Finance costs	2.20	1,460	1,848
(b) Net loss on fair value changes	2.21	104	771
(c) Employee benefits expense	2.22	687	822
(d) Depreciation and amortisation	2.06, 2.07 & 2.40	53	57
(e) Other expenses	2.23	1,185	1,340
Total Expenses (IV)		**3,489**	**4,839**
V) Profit / (Loss) before tax (III - IV)		**2,348**	**2,050**
VI) Tax expense	2.24		
Current Tax		(484)	(763)
Deferred Tax		(36)	336
VII) Profit / (Loss) after tax (V - VI)		1,829	1,623
VIII) Other Comprehensive Income			
Items that will not be reclassified to statement of profit and loss			
Remeasurement Gain / (Loss) of defined benefit plans		(2)	(4)
Deferred Tax Expense on above		1	1
Other Comprehensive Income / (Loss) for the year (VIII)		**(1)**	**(3)**
Total Comprehensive Income / (Loss) for the year (VII + VIII)		**1,828**	**1,620**
Net profit for the period attributable to:			
Owners of the Company		1,866	1,635
Non Controlling Interest		(37)	(12)
Total Comprehensive Income attributable to:			
Owners of the Company		1,865	1,632
Non Controlling Interest		(37)	(12)
Earning per equity share: (Nominal value per share: ₹ 10)			
Basic & Diluted (Amount in ₹)	2.38	**1.87**	**1.63**
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
Vishal D. Shah
Partner
Membership No.119303

Place : Mumbai
Date: April 28, 2021

For and on behalf of the Board of Directors

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

Deena Mehta
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(DIN : 08822974)

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

Consolidated Statement of Changes in Equity for the year ended March 31, 2021

A) Equity share capital (Refer Note No. 2.16)

Particulars	Number	(₹ in lakh)
As at March 31, 2019	10,00,00,000	10,000
Shares issued during the year	-	-
As at March 31, 2020	10,00,00,000	10,000
Shares issued during the year	-	-
As at March 31, 2021	**10,00,00,000**	10,000

A) Other equity (Refer Note No. 2.17)

(₹ in lakh)

Particulars	Note	Reserves and surplus		Other comprehensive income	Total other equity
		Debenture redemption reserve	Retained Earnings		
Balance as at March 31, 2019	2.17	111	7,454	(6)	7,559
Profit for the year		-	1,635	-	1,635
Dividend (including tax on dividend)		-	(362)	-	(362)
Effect of Ind AS 116		-	(2)	-	(2)
Transfer to Debenture Redemption Reserve (Net)		90	(90)	-	-
Other comprehensive income/(loss) for the year		-	-	(3)	(3)
Balance as at March 31, 2020		**201**	**8,635**	**(9)**	**8,827**
Profit for the year		-	1,866	-	1,866
Dividend (including tax on dividend)		-	(300)	-	(300)
Transfer to Debenture Redemption Reserve (Net)		83	(83)	-	-
Other comprehensive income/(loss) for the year		-	-	(2)	(2)
Balance as at March 31, 2021		**284**	**10,118**	**(11)**	**10,391**

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

Vishal D. Shah
Partner
Membership No.119303

Place : Mumbai
Date: April 28, 2021

For and on behalf of the Board of Directors

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(DIN : 08822974)

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

Consolidated Statement of Cash Flow for the year ended March 31, 2021

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
A. Cash flow from operating activities		
Profit before tax	**2,348**	**2,050**
Adjustments for:		
Net (gain)/loss on fair value changes (net)	104	771
Provision / (Reversal) of doubtful debts (net)	(83)	145
Provision / (Reversal) for advances (net)	56	56
Depreciation and amortisation	14	29
Provision for SARs	-	6
Interest expenses	1,453	1,842
Interest on lease liability	7	6
Interest income on fixed deposits	(54)	(196)
Operating Profit before working capital changes	**3,845**	**4,709**
Adjustments for working capital changes:		
Increase/(Decrease) in trade receivables and other financial assets	(582)	(162)
Increase/(Decrease) in trade payables and other financial liabilities	539	535
Cash generated from operations	**3,802**	**5,082**
Income tax paid (net of refund)	(530)	(703)
Net cash generated from operating activities (A)	**3,272**	**4,379**
B. Cash flow from investing activities		
Purchase of investments	(5,381)	(1,308)
Realisation from investment	1,889	1,978
Recovery from financial asset of trust	278	148
Purchase of property, plant and equipment	(27)	(4)
Interest received on fixed deposits	64	185
Net cash (used in) / generated from investing activities (B)	**(3,177)**	**999**
C. Cash flow from financing activities		
Proceeds from borrowings	2,250	100
Repayment of borrowings	(5,060)	(2,780)
Dividend paid	(300)	(300)
Dividend distribution tax	-	(62)
Lease liability paid	(45)	(25)
Interest expenses	(1,501)	(1,679)
Net cash (used in) / generated from financing activities (C)	**(4,656)**	**(4,746)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(4,561)**	**632**
Cash and cash equivalents at the beginning of the year	(2,786)	(3,418)
Cash and cash equivalents at the end of the year	**(7,347)**	**(2,786)**

Cash and cash equivalents considered for cash flows

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents (Refer Note No. 2.01)	21	2,978
Less : Secured Bank Overdraft (Refer Note No. 2.11)	(7,368)	(5,764)
Cash and cash equivalents for cash flows purpose	**(7,347)**	**(2,786)**

Note 1: Secured bank overdraft has been considered as a part of cash and cash equivalent as per Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flows".

Note 2: 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".

Consolidated Statement of Cash Flow for the year ended March 31, 2021

As per our report of even date

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

Vishal D. Shah
Partner
Membership No.119303

Place : Mumbai
Date: April 28, 2021

For and on behalf of the Board of Directors

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

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Aman Gudral
(Director)
(DIN : 08822974)

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

Notes on accounts to consolidated financial statements for the year ended March 31, 2021

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 Securitization Company/ Reconstruction Company.

The Company is in the business of asset reconstruction and securitization 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.

The Company is Public Limited Company and its debt is listed on recognised stock exchanges in India. The registered office of the Company is located at 11th Floor ,North Side, R-Tech Park, Western Express Highway, Goregaon (East), Mumbai 400 063.

These consolidated financial statement of the Company for the year ended March 31, 2021 were authorised for issue by the board of directors on April 28, 2021. Pursuant to the provision of the section of the Companies Act, 2013 (the 'Act') the Central Government, Income tax authorities, Securities and Exchange Board of India, other statutory regulatory body and under section 131 of the Act, the board of directors of the Company have powers to amend / re-open the consolidated financial statements approved by the board / adopted by the members of the Company.

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 unrealized 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 Consolidated Statement of 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.

(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.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:
- Certain financial assets and liabilities are measured at fair value; and
- Defined benefit plans – plan assets are measured at fair value.

Significant Accounting Policies (Contd.)

(b) Functional Currency and Presentation Currency

These consolidated financial statements are presented in 'Indian Rupees', which is also the Group's functional currency and all amounts, are rounded to the nearest lakh, unless otherwise stated.

(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. Actual results could differ from those estimates and difference between actual results and estimates are recognized 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.

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 Investment in security receipts (Note 2.03), 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 utilized.

(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.

(viii) For Investments made into Security receipts (SRs) and purchased impaired financial assets, Group uses discounted cash flow model. Expected cash flow levels including timing of cash flows are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including default rates, nature & value of collaterals, manner of resolution and other economic drivers. For any valuation which are based on models, Judgements and estimates are applied, which include considerations of liquidity, credit risk (both own and counterparty), funding value adjustments, correlation and volatility. Further, the Management also involves credit rating agencies for valuation of SRs.

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 Rs. 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 amortized 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 Consolidated Statement of profit and loss.

(f) Leases

The group assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:
(i) the contract involves the use of identified asset;
(ii) the group has substantially all the economic benefits from the use of the asset through the period of lease; and
(iii) the group has right to direct the use of the asset.

As a lessee

The group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the useful life of the right-of-asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot e readily determined, the group's incremental borrowing rate. The group considers incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortised cost using the effective interest method.
Lease liability and the right of use asset have been separately presented in the balance sheet and lease payments have been classified as financing activities.

(g) 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.

(h) Cash and cash equivalents

For the purpose of presentation in the Consolidated 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.

Significant Accounting Policies (Contd.)

(i) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognized when (or as) the group 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 group recognizes 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 obliga tion 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 recognized unless it is realized.

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 realized 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 amortized over the tenure of the agreement while loss is recognized 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.

(j) 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.

Defined Benefits plans

Gratuity Obligations

The liability or asset recognized 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 Consolidated statement of profit or loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized 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 recognized 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 recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(k) Taxes on Income and Deffered 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

Significant Accounting Policies (Contd.)

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 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.

(l) 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.

(m) Provisions, Contingent Liabilities and Contingent Asset

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 recognized 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 recognized in the period in which the change occurs.

(n) 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 in kind or value to be received". 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".

(o) 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 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 Note No. 2.33 for information on detailed disclosures pertaining to the measurement of fair values.

(p) 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.

Significant Accounting Policies (Contd.)

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) The objective of the business model is achieved both by collect ing 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 recognized in the other comprehensive income (OCI). However, the Group recognizes 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 categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized 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 overdrafts.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their clssification, 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 - "Financial Instruments". Gains or losses on liabilities held for trading are recognised in the Consolidated statement of Profit and Loss.

Financial Libilities 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 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.

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.

(q) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized 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

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest lakhs as per the requirements of Schedule III, unless otherwise stated.

2.01 Cash and cash equivalents (₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with bank:		
In current accounts	21	15
In fixed deposits (with original maturity of 3 months or less)	-	2,951
Interest accrued on fixed deposits	-	12
	21	**2,978**

2.02 Trade receivables (₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured (Refer Note No. 2.37)	561	18
Receivables which have significant increase in credit risk	455	538
	1,016	**556**
Less: Expected credit losses (ECL)	(455)	(538)
	561	**18**

No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade receivables 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. (₹ in lakh)

Particulars	Trade receivables days past due	0-180 days	181-365 days	More than 365 days	Total
March 31, 2021	Estimated total gross carrying amount	561	56	399	1,016
	ECL - Simplified approach	-	(56)	(399)	(455)
	Net carrying amount	**561**	**-**	**-**	**561**
March 31, 2020	Estimated total gross carrying amount	18	341	197	556
	ECL - Simplified approach	-	(341)	(197)	(538)
	Net carrying amount	**18**	**-**	**-**	**18**

Reconciliation of provision of doubtful debts:

Particulars	(₹ in lakh)
ECL measured as per simplified approach	
ECL as on March 31, 2019	**268**
Add/ (less): asset originated or acquired net of recoveries	270
ECL as on March 31, 2020	**538**
Add/ (less): asset originated or acquired net of recoveries	(83)
ECL as on March 31, 2021	**455**

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.03 Investments

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
At fair value through profit and loss		
Investments in Security Receipts (Unquoted)		
Other structured entities		
Reliance ARC – LVB Trust 9,159 (March 31, 2020 : 9,159) Security Receipts of ₹ 1,000 each	23	46
Reliance ARC – INB Retail Portfolio Trust (2013) 2,65,572 (March 31, 2020 : 2,67,787) Security Receipts of ₹ 1,000 each	1,049	2,008
Reliance ARC - AUCB 2014 (1) Trust * 8,874 (March 31, 2020 : 12,433) Security Receipts of ₹ 1,000 each	76	104
Reliance ARC – CUB Sarvana Trust (2014) 24,062 (March 31, 2020 : 24,994) Security Receipts of ₹ 1,000 each	130	122
Reliance ARC - SBI Maan Sarovar Trust 8,115 (March 31, 2020 : 8,838) Security Receipts of ₹ 1,000 each	59	88
Reliance ARC – CUB (CTRPL) (2014) Trust 13,469 (March 31, 2020 : 13,469) Security Receipts of ₹ 1,000 each	67	101
Reliance ARC – CUB SDPL Trust (2014) 17,501 (March 31, 2020 : 21,994) Security Receipts of ₹ 1,000 each	93	133
Reliance ARC 001 Trust 2,06,676 (March 31, 2020 : 2,06,676) Security Receipts of ₹ 1,000 each	672	1,323
Reliance ARC 002 Trust * 5,307 (March 31, 2020 : 5,538) Security Receipts of ₹ 1,000 each	71	69
Reliance ARC 006 Trust 40,020 (March 31, 2020 : 40,020) Security Receipts of ₹ 1,000 each	300	400
Reliance ARC 008 Trust # 29,700 (March 31, 2020 : 29,700) Security Receipts of ₹ 1,000 each	301	297
Reliance ARC 010 Trust * 30,680 (March 31, 2020 : 31,501) Security Receipts of ₹ 1,000 each	317	319
Reliance ARC 011 Trust * 61,618 (March 31, 2020 : 61,618) Security Receipts of ₹ 1,000 each	616	616
Reliance ARC 012 Trust * 20,507 (March 31, 2020 : 20,507) Security Receipts of ₹ 1,000 each	282	278
Reliance ARC 015 Trust * 94,745 (March 31, 2020 : 1,01,851) Security Receipts of ₹ 1,000 each	1,224	1,201
Reliance ARC 016 Trust * 21,606 (March 31, 2020 : 21,606) Security Receipts of ₹ 1,000 each	311	296
Reliance ARC 013 Trust * 2,564 (March 31, 2020 : 2,649) Security Receipts of ₹ 1,000 each	39	40
RELIANCE ARC SBI (HYD) 021 Trust * 1,853 (March 31, 2020 : 1,920) Security Receipts of ₹ 1,000 each	28	27
RELIANCE ARC SBI (CHN) 018 Trust * 94,268 (March 31, 2020 : 99,784) Security Receipts of ₹ 1,000 each	1,169	1,157

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
RELIANCE ARC SBI (MUM) 020 Trust * 4,383 (March 31, 2020 : 5,369) Security Receipts of ₹ 1,000 each	61	62
RELIANCE ARC SBI (BHO) 019 Trust * 10,929 (March 31, 2020 : 10,929) Security Receipts of ₹ 1,000 each	138	131
RELIANCE ARC SBI (CHN) 022 Trust * 1,79,167 (March 31, 2020 : 1,94,403) Security Receipts of ₹ 1,000 each	2,115	2,161
RARC SVC 023 Trust * 3,671 (March 31, 2020 : 4,982) Security Receipts of ₹ 1,000 each	56	79
RARC Dena Bank 024 Trust * 21,275 (March 31, 2020 : 21,275) Security Receipts of ₹ 1,000 each	227	223
RARC 026 Trust # 83,658 (March 31, 2020 : 87,736) Security Receipts of ₹ 1,000 each	1,252	1,236
RARC Dena Bank 025 Trust * 13,050 (March 31, 2020 : 13,050) Security Receipts of ₹ 1,000 each	147	141
INB RARC 030 Trust # 84,839 (March 31, 2020 : 86,232) Security Receipts of ₹ 1,000 each	1,086	1,037
RARC 027 Trust # 39,576 (March 31, 2020 : 42,860) Security Receipts of ₹ 1,000 each	458	511
Magma RARC 031 Trust * 14,132 (March 31, 2020 : 14,680) Security Receipts of ₹ 1,000 each	150	159
INB RARC 036 Trust * 52,208 (March 31, 2020 : 55,254) Security Receipts of ₹ 1,000 each	595	616
LVB RARC 029 Trust * 18,680 (March 31, 2020 : 19,905) Security Receipts of ₹ 1,000 each	281	278
SVC Bank RARC 033 Trust * 35,177 (March 31, 2020 : 35,527) Security Receipts of ₹ 1,000 each	351	376
SBI RARC 035 Trust # 62,177 (March 31, 2020 : 69,871) Security Receipts of ₹ 1,000 each	702	708
LVB RARC 038 Trust # 97,879 (March 31, 2020 : 1,34,594) Security Receipts of ₹ 1,000 each	1,249	1,420
Andhra Bank RARC 039 Trust 6,600 (March 31, 2020 : 6,600) Security Receipts of ₹ 1,000 each	66	79
RARC 040 IB SME Trust # 30,801 (March 31, 2020 : 32,376) Security Receipts of ₹ 1,000 each	394	400
RARC 045 IB SME Trust * 22,010 (March 31, 2020 : 31,636) Security Receipts of ₹ 1,000 each	306	377
RARC 048 RCFL Trust * 79,427 (March 31, 2020 : 79,427) Security Receipts of ₹ 1,000 each	1,191	1,197
RARC 049 (Kalyan Janata SME) Trust * 11,471 (March 31, 2020 : 11,471) Security Receipts of ₹ 1,000 each	138	128
RARC (IOB EL) 050 Trust * 1,56,724 (March 31, 2020 : 1,65,680) Security Receipts of ₹ 1,000 each	2,363	2,521
RARC 051 (KJSB SME) Trust * 40,944 (March 31, 2020 : 40,944) Security Receipts of ₹ 1,000 each	534	524
RARC 052 (IB Retail) Trust 1,88,036 (March 31, 2020 : 1,97,578) Security Receipts of ₹ 1,000 each	2,844	2,994

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
RARC 053 (IB SME) Trust * 45,000 (March 31, 2020 : 45,000) Security Receipts of ₹ 1,000 each	563	540
RARC 057 (SHDFCL HL) Trust 8,604 (March 31, 2020 : 13,170) Security Receipts of ₹ 1,000 each	139	181
RARC 058 (KJSB SME) Trust * 26,640 (March 31, 2020 : 26,640) Security Receipts of ₹ 1,000 each	291	282
RARC 059 (RHDFC HL) Trust 31,643 (March 31, 2020 : 31,681) Security Receipts of ₹ 1,000 each	389	366
RARC (IOB EL) 062 Trust 1,19,769 (March 31, 2020 : 1,26,931) Security Receipts of ₹ 1,000 each	1,554	1,270
RARC 064 (HDFC Retail) Trust 2,68,868 (March 31, 2020 : NIL) Security Receipts of ₹ 1,000 each	3,308	-
RARC (IOB EL) 065 Trust 2,00,164 (March 31, 2020 : NIL) Security Receipts of ₹ 1,000 each	2,002	-
RARC (ORFIPL TWL) 066 Trust 23,295 (March 31, 2020 : NIL) Security Receipts of ₹ 1,000 each	233	-
Total	**32,010**	**28,621**
Investments outside India	-	-
Investments in India	32,010	28,621

* Security Receipts which are pledge with Union Bank India against overdraft facility.

Security Receipts which are hypothecated against secured non convertible debentures are under first exclusive charge.

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.04 Other financial assets

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Considered good unless otherwise stated - Unsecured		
Advances to trust considered good (Refer Note No. 2.37)	229	123
Advances to trust which have siginificant increase in credit risk	251	207
Less: Provision for advances	(251)	(207)
	229	**123**
Security deposit (March 31, 2020 ₹ 17,000)	10	-
Collection on behalf of trust	5	11
Trust fund	1	1
	245	**135**

(₹ in lakh)

Particulars		0-180 days	181-365 days	More than 365 days	Total
March 31, 2021	Advance to trust	229	45	206	480
	Provision	-	(45)	(206)	(251)
	Net carrying amount	**229**	**-**	**-**	**229**
March 31, 2020	Advance to trust	123	128	79	330
	Provision	-	(128)	(79)	(207)
	Net carrying amount	**123**	**-**	**-**	**123**

2.05 Current tax assets (Net)

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance Tax (net of provision for tax March 31, 2021 ₹ 4,166 lakh and March 31, 2020 ₹ 3,682 lakh)	137	88
	137	**88**

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.06 Property, plant and equipment

(₹ in lakh)

Particulars	Own assets				Right of use	Total
	Buildings	Furniture and fixtures	Office equipments	Computers		
Year ended March 31, 2020						
Gross carrying amount						
Opening gross carrying amount	25	14	2	31	-	72
Additions	-	-	-	4	73	77
Closing gross carrying amount	**25**	**14**	**2**	**35**	**73**	**149**
Accumulated depreciation						
Opening accumulated depreciation	-	11	1	16	-	28
Depreciation charge during the year	1	3	-	8	28	40
Closing accumulated depreciation	**1**	**14**	**1**	**24**	**28**	**68**
Net carrying amount as at March 31, 2020	**24**	**-**	**1**	**11**	**45**	**81**
Year ended March 31, 2021						
Gross carrying amount						
Opening accumulated depreciation	25	14	2	35	73	149
Additions	-	-	3	18	53	74
Closing gross carrying amount	**25**	**14**	**5**	**53**	**126**	**223**
Accumulated depreciation						
Opening accumulated depreciation	1	14	1	24	28	68
Depreciation charge during the year	-	-	1	12	39	52
Closing accumulated depreciation	**1**	**14**	**2**	**36**	**67**	**120**
Net carrying amount as at March 31, 2021	**24**	**-**	**3**	**17**	**59**	**103**

1. Building having gross carrying amount of ₹ 25 lakh (March 31, 2020 ₹ 25 lakh) is given as security for Non - Convertible Debentures.

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.07 Other Intangible assets

(₹ in lakh)

Particulars	Software
Year ended March 31, 2020	
Gross carrying amount	
Opening gross carrying amount	60
Additions	-
Closing gross carrying amount	**60**
Accumulated amortisation	
Opening accumulated amortisation	42
Amortisation during the year	17
Closing accumulated amortisation	**59**
Net carrying amount as at March 31, 2020	**1**
Year ended March 31, 2021	
Gross carrying amount	
Opening gross carrying amount	60
Additions	6
Closing gross carrying amount	**66**
Accumulated amortisation	
Opening accumulated amortisation	59
Amortisation during the year	1
Closing accumulated amortisation	**60**
Net carrying amount as at March 31, 2021	**6**

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, 2021 (Contd.)

2.08 Other non financial assets

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Considered good unless otherwise stated - Unsecured		
Balances with Government authorities	50	109
Prepaid expenses	79	33
Advances recoverable in cash and kind or for value to be received which are considered good (Refer Note No. 2.37)	23	51
Advances recoverable in cash or in kind or for value to be received which have siginificant increase in credit risk	12	2
	35	**53**
Less: Provision for advances	(12)	(2)
	23	51
	152	**193**

2.09 Trade Payables

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Total outstanding dues of micro enterprises and small enterprises*	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	85	213
	85	**213**

* The Group has not received any information from suppliers 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

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
At fair value through profit and loss		
Market Linked Debentures - Related Parties (Secured) (Refer Note No. 2.37)	1,135	1,212
Total (A)	**1,135**	**1,212**
Debt securities in India	1,135	1,212
Debt securities outside India	-	-
Total (B)	**1,135**	**1,212**

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

(b) Maturity profile of Market Linked Non Convertible Debentures on the basis of original scheduled maturity payment date.

(₹ in lakh)

Particulars	2021-22	Total
Market linked non convertible debentures	1,135	1,135
Total	**1,135**	**1,135**

(c) **Details about the nature of security**

The secured non-convertible debenture of the Group amounting to ₹ 1,135 lakh (Previous Year ₹ 1,220 lakh) 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 No. 2.03) as specifically mentioned in the debenture trust deed.

2.11 Borrowings (Other than Debt Securities)

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Loans from banks		
Secured bank over draft	7,368	5764
Inter Corporate Deposit		
Unsecured from related parties (Refer Note No. 2.37)	3,775	6,500
Total (A)	**11,143**	**12,264**
Borrowings in India	11,143	12,264
Borrowings outside India	-	-
Total (B)	**11,143**	**12,264**

(a) During the current year the Parent Company has renewed overdraft facility from Union Bank of India (erstwhile known as Andhra Bank). This facility is secured by exclusive charge on security receipts in Demat form. Except security receipts of assets purchased from Union Bank of India, first charge on the cash flows coming to the parent Company on its investment in security receipts and exclusive first charge on all other current assets including financial assets and investments in security receipts (excluding specifically charges security receipts).

2.12 Other Financial Liabilities

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on borrowings	107	168
Employee benefits payable	179	180
Recovery received on behalf of trust*	105	11
Other payables	2	-
Lease liability	65	51
	458	**410**

* The Group has maintained bank account with HDFC Bank Limited 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.

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.13 Provisions

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Gratuity (Refer Note No. 2.25)	29	18
Provision others		
Disputed expenses	31	26
	60	**44**
Movement of Provisions		
Provision Others		
Balance at the beginning of the year	26	131
Provision / (reversal) of expenses	5	(105)
Balance at the close of the year	**31**	**26**

2.14 Deferred Tax liability (Net)

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities		
Related to Property, plant and equipment and intangible	3	5
Fair valuation of investments	664	753
	667	**758**
Deferred tax assets		
Gratuity	(7)	(5)
Leased liability	(1)	(1)
Provisions	(59)	(187)
	(67)	**(193)**
	600	**565**

Movements in deferred tax

(₹ in lakh)

Particular	Property, plant and equipment and intangible	Fair valuation of investments	Gratuity	Provisions for SARs	Leased liability	Provisions	Total
As at March 31, 2019	**1**	**1,023**	**(6)**	**(1)**	**-**	**(114)**	**903**
Charged/(Credited) to							
Opening statement of profit and loss	-	-	-	-	(1)	-	(1)
Statement of profit and loss	4	(270)	3	1	-	(73)	(336)
Other comprehensive income/(loss)	-	-	(1)	-		-	(1)
As at March 31, 2020	**5**	**753**	**(5)**	**-**	**(1)**	**(187)**	**565**
Charged/(Credited) to							
Statement of profit and loss	(2)	(89)	(2)	-	-	128	35
Other comprehensive income/(loss)	-	(-)	-	-	-	-	-
As at March 31, 2021	**3**	**664**	**(7)**	**-**	**(1)**	**(59)**	**600**

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.15 Other Non financial liabilites

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Income received in advance	2,174	1,600
Advance received from trust	38	96
Statutory dues*	388	365
	2,600	**2,061**

*Including goods and services tax, tax deducted at source payable and other taxes payables.

2.16 Share Capital

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised		
15,00,00,000 (March 31, 2020 - 15,00,00,000) equity shares of ₹10 each	15,000	15,000
1,00,00,000 (March 31, 2020 - 1,00,00,000) preference shares of ₹10 each	1,000	1,000
Total	**16,000**	**16,000**
Issued, Subscribed and Fully Paid Up		
10,00,00,000 (March 31, 2020 - 10,00,00,000) equity shares of ₹10 each	10,000	10,000
Total	**10,000**	**10,000**

a. Reconciliation of number of equity shares outstanding at the beginning and at the end of the year.

(₹ in lakh)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	(₹ in lakh)	Number	(₹ in lakh)
Outstanding at the beginning of the year	10,00,00,000	10,000	10,00,00,000	10,000
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	**10,00,00,000**	**10,000**	**10,00,00,000**	**10,000**

b. Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible to one vote per share held. 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 shareholder.

c. Shares held by sponsor companies

(₹ in lakh)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	(₹ in lakh)	Number of Shares	(₹ in lakh)
Equity shares of ₹ 10 each fully paid held by				
Reliance Capital Limited	4,90,00,000	4,900	4,90,00,000	4,900
Union Bank of India *	1,15,00,000	1,150	1,15,00,000	1,150
Indian Bank	1,15,00,000	1,150	1,15,00,000	1,150

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

d. Details of shareholders holding more than 5% of the aggregate Shares in the Company

(₹ in lakh)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	% Holding	Number of Shares	% Holding
Reliance Capital Limited	4,90,00,000	49.00%	4,90,00,000	49.00%
Union Bank of India *	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

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Retained earnings	10,118	8,635
Other comprehensive income	(11)	(9)
Debenture redemption reserve	284	201
Total other equity	**10,391**	**8,827**
Retained earnings		
Opening balance	8,635	7,454
Add: Profit for the year	1,866	1,635
Less: Dividend paid	(300)	(300)
Less: Tax on dividend paid	-	(62)
Less: Tranfer to debenture redemption reserve	(481)	(285)
Add: Tranfer from debenture redemption reserve	398	195
Less: Effect of Ind AS 116	-	(2)
Closing balance	**10,118**	**8,635**
Other comprehensive income		
Opening balance	(9)	(6)
Additions during the year (net)	(2)	(3)
Closing balance	**(11)**	**(9)**
Debenture redemtion reserve		
Opening balance	201	111
Add: Transfer from retained earnings	481	285
Less: Transfer to retained earnings	(398)	(195)
Closing balance	**284**	**201**

Nature and purpose of reserve

a) **Retained Earnings**

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

b) **Other comprehensive income**

Other comprehensive income represents acturial gain/losses arising on recognition of defined benefit plans.

c) **Debenture Redemption Reserve :**

The Parent Company has created and maintained a debenture redemption reserve from annual profits in pursuance of the provisions of the Companies Act, 2013. The Company has transferred the requisite percentage (as provided in the Companies Act, 2013) of the out standing redeemable debentures to the debenture redemption reserve. The amounts credited to the debenture redemption reserve shall be utilized as per the provisions of the Companies Act, 2013. On redemption of debentures, the amount may be transferred from debenture redemption reserve to the retained earnings.

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.18 Fees and commission income

(₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Trusteeship fees	3,566	3,775
Incentive fees	301	538
Recovery agent fees (Refer Note No. 2.37)	1,848	2,263
Profit on redemption of security receipts	15	67
	5,730	**6,643**

2.19 Other income

(₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
On finacial assets measured at amortised cost		
Interest on fixed deposits	54	196
Interest on advance given to trusts	53	50
	107	**246**

2.20 Finance costs

(₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on financial liabilites measured at fair value through profit or loss		
Interest on debt securities	231	240
Interest on financial liabilites measured at amortised cost		
Interest on other borrowings	1,190	1,557
Processing charges	31	43
Bank charges	1	2
Interest on leased liability	7	6
	1,460	**1,848**

2.21 Net loss on fair value changes

(₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net loss on financial instruments at fair value through profit or loss		
Fair value gain/(loss) on investment	104	771
	104	**771**
Fair value changes:		
- Realised	-	-
- Unrealised	104	771
	104	**771**

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.22 Employee benefit expense

(₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salary, bonus and allowances	629	752
Contribution to provident fund and other funds	28	32
Employee compensation expenses - ((SAR), Refer Note No. 2.27))	-	6
Gratuity expense (Refer Note No. 2.25)	8	9
Staff welfare expenses	22	23
	687	**822**

2.23 Other expenses

(₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Professional and legal charges	318	227
Premises rent and electricity expenses	136	220
Payment to auditors		
- Statutory audit fees	10	10
- Limited review fees	3	3
Provision for advances	56	56
Recovery commission	416	573
Business development expenses	-	12
Director's sitting fees	19	15
Travelling expenses	22	18
Telephone expenses	7	9
Stamp duty and processing fees	2	10
Repair and maintenance	5	4
Courier and postage	1	15
Software maintanance Charges	53	67
Office printing and stationery	2	7
Due diligence expense	4	3
Expenditure towards corporate social responsibility (Refer Note No. 2.28)	44	34
Trusteeship fees	40	10
Rating fees	2	8
Miscellaneous expenses	45	39
	1,185	**1,340**

Notes on accounts to consolidated financial statements for the year ended March 31, 2021(Contd.)

2.24 Income tax expense (₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Tax Expense recognized in the consolidated statement of profit and loss		
(a) Income tax expense		
Current tax on profits for the year	484	763
Adjustments for current tax of prior periods	-	-
Total current tax expense (I)	**484**	**763**
Deferred tax		
(Decrease) / increase in deferred tax	36	(336)
Total deferred tax expense provided / (reversal)(II)	**36**	**(336)**
Income tax expense (I + II)	**520**	**427**
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Tax rates	**25.17%**	**25.17%**
Profit before tax	**2,348**	**2,050**
Tax calculated at tax rates applicable	**591**	**516**
Difference due to:		
Corporate social responsibility	11	4
Depreciation and amortization	8	15
Provision disallowed and others	110	(82)
Losses of Trusts	(144)	36
Others	(53)	109
Ind AS adjustment (Fair Value Gain)	(3)	(82)
Effect of changes in income tax rate of deferred tax balances	-	(89)
Total income tax expense / (credit)	**520**	**427**

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 25.17%.

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

2.25 Employee Benefits:

(₹ in lakh)

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
(a) Defined contribution plan		
Amount recognised in the statement of profit and loss		
(i) Employer's contribution to provident fund	23	28
(ii) Employer's contribution to pension fund	4	4
	27	**32**

(b) Gratuity:

Disclosures required as per the Ind AS 19 , Employee Benefits

(₹ in lakh)

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
I. Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at the beginning of the year	22	37
Interest cost	1	3
Service cost	6	7
Liability transferred in / acquisition	2	-
Benefit paid	(4)	(28)
Actuarial (gains) / losses recognised in other comprehensive income		
	(1)	-
- Due to change in demograpic assumptions	1	2
- Due to change in financial assumptions	3	1
- Due to experience adjustments	30	22
Obligation at the end of the year		
II. Change in plan assets	3	15
Fair value of plan assets at the beginning of the year	-	(1)
Expected return on plan assets	-	16
Contribution	(4)	(28)
Benefit paid from the fund	2	-
Liability transferred in / acquisition	-	-
Actuarial gains / (losses) on plan assets - due to experience	-	1
Interest income	1	3
Fair value of plan assets at the end of the year		
III. Reconciliation of present value of obligation and fair value of the plan assets		
	1	3
Fair value of plan assets at the end of the year	30	22
Present value of the defined benefit obligation at the end of year	29	19
Liability recognised in the balance sheet		
IV. Expense recognized in statement of profit or loss	7	7
Service cost	1	2
Interest cost	8	9
Expense recognized in statement of profit or loss		
V. Amount recognized in the other comprehensive income	2	3
Acturial (gain)/loss recognised in other comprehensive income	-	1
Expected return on plan assets	2	4
Amount recognized in the other comprehensive income		
VI. Investment details on plan assets	1	3
100% of the plan assets are invested in insurance fund		

Notes on accounts to standalone financial statements for the year ended March 31, 2021 (Contd.)

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
VII. Actual return on plan assets	-	(1)
VIII. Assumptions		
Interest rate	6.06%	6.56%
Salary grow th rate	6.00%	6.00%
Estimated return on plan assets	6.06%	6.56%
Employee turnover rate	16.00%	10.00%

IX. Particulars of the amounts for the year and previous years

(₹ in lakh)

	2021	2020	2019	2018
Present value of benefit obligation	(30)	(22)	(37)	(42)
Fair value of plan assets	1	3	15	32
Excess of obligation over plan assets	(29)	(19)	(22)	(10)

X. Sensitivity analysis

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

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate (+1% movement)	(1)	(1)
Discount rate (-1% movement)	1	2
Future salary growth (+1% movement)	1	2
Future salary growth (-1% movement)	(1)	(1)
Employee turnover (+1% movement)	-	-
Employee turnover (-1% movement)	-	-

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)

(₹ in lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Projected benefits payable in future from the date of reporting		
1st following year	3	1
2nd following year	4	1
3rd following year	8	2
4th following year	3	6
5th following year	3	2
Sum of 6 to 10 years	10	8
Sum of 11 years and above	10	17

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.26 (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

(₹ in lakh)

Capital to risk assets ratio (CRAR):		As at March 31, 2021	As at March 31, 2020
(a)	Common Equity Tier 1 capital	17,483	16,004
(b)	Other Tier 2 capital instruments	-	-
(c)	Total capital	17,483	16,004
(d)	Risk weighted assets	36,886	33,093
(e)	CRAR (%)	47.40%	48.36%

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

(₹ in lakh)

Particular		As at March 31, 2021	As at March 31, 2020
(i)	Equity Shares Final dividend for the year ended March 31, 2020 of ₹ 0.30 (March 31, 2019 - ₹ 0.30) per share fully paid share.	300	300
(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 ₹ 0.30 per fully paid equity share (March 31, 2020 - ₹ 0.30). This proposed dividend is subject to the approval of shareholders in ensuing annual general meeting.	300	300

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.27 Stock Appreciation Rights (SAR):

Statement of employees phantom stock option scheme as on March 31, 2021:

Particulars	No of Option
Granted as on 15.10.2015	10,83,200
Vested	NIL
Exercise	NIL
Forfeited	NIL
Exercise period	3 years from the date of last vesting
Vesting Conditions	Continuous service

Particulars	March 31, 2021	March 31, 2020
Outstanding at the beginning of the year	NIL	2,06,100
Forfeited / expired during the year	NIL	(60,640)
Exercised during the year	NIL	(1,45,460)
Outstanding at the end of the year	NIL	NIL
Exercisable at the end of the year	NIL	NIL

2.28 Corporate Social Responsibility Expenditure:

(₹ in lakh)

Gross amount required to be spent by the group during the year 44

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	44	-	44

2.29 Contingent Liability and Capital Commitments:

(a) During the earlier year the Group had received an order from the Board of Revenue, Madhya Pradesh office with a demand of ₹ 144 lakh which was earlier received from the local corporation in the year 2014 to pay additional duty of 1% on the loan amount. The Group 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 Group believes that we have merits in the Writ Petition filed by the Parent Company which is presently sub judice.

(b) The Parent Company had paid ₹ 20 lakh under protest for the demand raised by the Assessing officer (AO). The Parent Company had also filed an appeal against the demand order in CIT (Appeals) for the AY 2014-15, however the CIT (Appeals) passed an unfavourable order against the Parent Company. The Parent Company later filed an appeal in 'The Income Tax Appellate Tribunal (ITAT)' against the order of CIT (Appeals). The ITAT later passed an order on March 8, 2019 wherein the order of CIT (Appeals) was set aside and directed the AO to re-examine the matter.

(c) Estimated amount of contracts remaining to be executed on capital account and not provided for Intangible assets - Software is ₹ 21 lacs (inclusive of GST) (March 31, 2020 ₹ NIL).

2.30 Foreign currency

The Group has incurred ₹ 1 lakh (March 31, 2020 ₹ 8 lakh) in foreign currency during the year towards professional fees.

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.31 Disclosure pursuant to para 44A to 44E of Ind AS 7 - Statement of cash flows

(₹ in lakh)

Particular	March 31, 2021	March 31, 2020
Debt securities		
Opening balance	1,212	1,875
Availed during the year	1,750	100
Impact of non-cash items	8	17
Repaid during the year	(1,835)	(780)
Closing balance	**1,135**	**1,212**
Borrowings (other than debt securities)		
Opening balance	6,500	8,500
Availed during the year	500	-
Repaid during the year	(3,225)	(2,000)
Closing balance	**3,775**	**6,500**
Interest		
Opening balance	168	90
Interest Expenses	1,400	1,757
Repaid during the year	(1,501)	(1,679)
Closing balance	**107**	**168**

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.32 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.

(₹ in lakh)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	21	-	21	2,978	-	2,978
Trade receivables	561	-	561	18	-	18
Loans	-	3,605	3,605	-	3,884	3,884
Investments	9,300	22,710	32,010	-	28,621	28,621
Other financial asset	234	11	245	134	1	135
Non-financial assets						
Current tax assets (Net)	-	137	137	-	88	88
Property, plant and equipment	-	103	103	-	81	81
Other intangible assets	-	6	6	-	1	1
Other non-financial assets	152	-	152	193	-	193
Total assets (a)	**10,268**	**26,572**	**36,840**	**3,323**	**32,676**	**35,999**

(₹ in lakh)

Particulars	As at March 31, 2021			As at March 31, 2020		
	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	85	-	85	213	-	213
Debt securities	1,135	-	1,135	70	1,142	1,212
Borrowings (Other than debt securities)	11,143	-	11,143	12,264	-	12,264
Other financial liabilities	458	-	458	252	158	410
Non-financial Liabilities						
Provisions	48	12	60	41	3	44
Deferred tax (Net)	-	600	600	-	565	565
Other non-financial liabilities	2,572	28	2,600	2,061	-	2,061
Total liabilities (b)	**15,441**	**640**	**16,082**	**14,901**	**1,869**	**16,769**
Net (a - b)	**(5,173)**	**25,932**	**20,758**	**(11,577)**	**30,807**	**19,230**

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.33 Fair value measurements

a) Financial instruments by category

(₹ in lakh)

Particulars	March 31, 2021		March 31, 2020	
	Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
Financial assets				
Cash and cash equivalents	-	21	-	2,978
Trade receivables	-	561	-	18
Loans	-	3,606	-	3,884
Investments - Unquoted	32,010	-	28,621	-
Other financial asset	-	245	-	135
Total financial assets	**32,010**	**4,433**	**28,621**	**7,015**
Financial liabilities				
Payables	-	84	-	213
Debt securities	1,135	-	1,212	-
Borrowings (Other than debt securities)	-	11,143	-	12,264
Other financial liabilities	-	458	-	410
Total financial liabilities	**1,135**	**11,686**	**1,212**	**12,886**

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. The Group has not disclosed the fair values of financial instruments such as trade receivables, trade payables, cash and cash equivalents, fixed deposits, security deposits, etc. as carrying value is reasonable approximation of the fair values. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the Indian Accounting Standards. An explanation of each level follows underneath the table:

b) Fair value hierarchy for assets

(₹ in lakh)

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2021	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments - Unquoted	-	-	32,010	32,010
Total	**-**	**-**	**32,010**	**32,010**
Financial Liabilities				
Debt securities	-	-	1,135	1,135
Total	**-**	**-**	**1,135**	**1,135**

(₹ in lakh)

Financial liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2021	Level 1	Level 2	Level 3	Total
Financial liabilities				
Borrowings (Other than debt securities) *	-	-	11,143	11,143
Total	**-**	**-**	**11,143**	**11,143**

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

(₹ in lakh)

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Investments - Unquoted	-	-	28,621	28,621
Total	**-**	**-**	**28,621**	**28,621**
Financial liabilities				
Debt securities	-	-	1,212	1,212
Total	**-**	**-**	**1,212**	**1,212**

(₹ in lakh)

Financial liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial liabilities				
Borrowings (Other than debt securities) *			12,264	12,264
Total	**-**	**-**	**12,264**	**12,264**

* These Debt Instruments are due for redemption within 12 months from the reporting date. Therefore, the management has estimated the fair value of these debt instruments shall be approximately same as the amortised cost.

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) calcualted 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, 2021 (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, 2021 and March 31, 2020:

(₹ in lakh)

Particular	Investment	Debt securities
As at March 31, 2019	**30,063**	**1,875**
Additions	1,308	100
Disposals / Repayment	(1,978)	(780)
Gains/(losses) recognised in statement of profit and loss	(771)	17
As at March 31, 2020	**28,622**	**1,212**
Additions	5,381	1,750
Disposals / Repayment	(1,889)	(1,835)
Gains/(losses) recognised in statement of profit and loss	(104)	8
As at March 31, 2021	**32,010**	**1,135**

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.

f) Unobservable inputs used in measuring fair value categorised within Level 3

(₹ in lakh)

Type of financial instruments	Fair value of asset as on March 31, 2021	Fair value of liability as on March 31, 2021	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	32,010	-	Discounted projected cash flow	Expected gross recoveries *	2,48,403	24,480	2,090	(24,840)	(2,292)
				Discount rates	4.59%	0.50%	(190)	0.50%	180
Non - Convertible Debentures	-	1,135	Discounted projected cash flow	Discount rates	12.00%	1.00%	(2)	1.00%	2

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	28,621	-	Discounted projected cash flow	Expected gross recoveries *	2,51,239	25,124	1,572	(25,124)	(2,595)
				Discount rates	7.35%	0.50%	(208)	0.50%	145
Non - Convertible Debentures	-	1,212	Discounted projected cash flow	Discount rates	12.18%	1.00%	9	1.00%	(9)

* Expected gross recoveries are pertaining to the overall asset under management of the Company. The cash attributable to the Company's share in expected gross recoveries will be dependent on the company's Investment share and terms of the securities receipts subscriber.

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.

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.34 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, 2021 (₹ in lakh)

Contractual maturities of assets and liabilities	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	21	-	-	-	21
Trade Receivables	-	561	-	-	561
Loans	-	-	3,606	-	3,606
Investments *	800	8,500	20,164	2,546	32,010
Other financial assets	5	229	-	11	245
Total financial assets (a)	**825**	**9,290**	**23,771**	**2,557**	**36,443**
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	-	-	-	-	-
Debt securities	84	-	-	-	84
Borrowings (Other than debt securities)	-	1,135	-	-	1,135
	-	11,143	-	-	11,143
Other financial liabilities	296	133	28	-	458
Total financial liabilities (b)	**380**	**12,412**	**28**	**-**	**12,821**
Net (a - b)	**445**	**(3,121)**	**23,742**	**2,557**	**23,623**

As at March 31, 2020 **(₹ in lakh)**

Contractual maturities of assets and liabilities	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	2,978	-	-	-	2,978
Trade Receivables	-	18	-	-	18
Loans	-	-	3,884	-	3,884
Investments *	-	2,000	26,621	-	28,621
Other financial assets	-	11	123	1	134
Total financial assets (a)	**2,978**	**2,029**	**30,629**	**1**	**35,636**
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	213	-	-	-	213
Debt securities	70	-	1,142	-	1,212
Borrowings (Other than debt securities)	-	12,264	-	-	12,264
Other financial liabilities	10	242	158	-	410
Total financial liabilities (b)	**292**	**12,506**	**1,300**	**-**	**14,098**
Net (a - b)	**2,686**	**(10,477)**	**29,329**	**1**	**21,538**

*As expected by management of the Company

2.35 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.

(₹ in lakh)

Currency of borrowing / advances	2020-21			
	Increase in basis points	Effect on profit before tax (₹ in lakh)	Decrease in basis points	Effect on profit before tax (₹ in lakh)
INR	50	(52)	50	52

(₹ in lakh)

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

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.36 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, 2021 (since inception) and the value at which such assets were acquired from each such Bank/ Financial Institutions:

Sr. No.	Name of the Bank / Financial Institution	Address	Acquisition price (₹ in lakh)	
			As at March 31, 2021	As at March 31, 2020
1	Asset Reconstruction Company (India) Limited	The Ruby, 10th Floor, 29, Senapati Bapat Marg, Dadar (West), Mumbai - 400 028	68	68
2	Union Bank of India (erstwhile Corporation Bank)	Managala Devi Temple Road, Mangalore 575001	249	249
3	Bank of Baroda (erstwhile Dena Bank)	Dena Corporate Centre, C-10, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051	3,077	3,077
4	Indian Bank	66,Rajaji Salai, Chennai – 600 001	1,26,125	1,26,125
5	Central Bank of India	Chandramukhi, Nariman Point, Mumbai – 400 021	243	243
6	Bank of Baroda (erstwhile Vijaya Bank)	41/2, M G Road, Bengaluru, Karnataka – 560 001	990	990
7	IFCI	IFCI Tower, 61, Nehru Place, New Delhi – 110 192	2000	2000
8	IDBI	IDBI Tower, Cuffe Parade, Mumbai – 400005	1,226	1,226
9	Union Bank of India	Union Bank Bhavan, 239, Vidhan Bhavan Marg, Mumbai 400 021	625	625
10	Industrial Investment Bank of India Limited	19, Netaji Subhash Road, Kolkatta - 700 001	550	550
11	City Union Bank Limited	24-80, Raja Bahadur Compound, Ambalala Doshi Marg, Fort, Mumbai - 400 023	28,398	28,398

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

Sr. No.	Name of the Bank / Financial Institution	Address	Acquisition price (₹ in lakh)	
			As at March 31, 2021	As at March 31, 2020
12	Laxmi Vilas Bank	Salem Road, Kathaprai, Karur - 639 006. Tamil Nadu	21,409	21,409
13	UCO Bank	10, B T M Sarani, Kolkata - 700 001, West Bengal	151	151
14	Yes Bank	Indiabulls Finance Centre, Tower II, Senapati Marg, Elphinstone (W), Mumbai - 400 013	1,030	1,030
15	The Saraswat Co-operative Bank Ltd.	953, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025	375	375
16	Abhyudaya Co-operative Bank Limited	Shram Safalya, 63, G D Ambekar Marg, Parel Village, Mumbai - 400 012	325	325
17	Bank of Baroda	Suraj Plaza-1, Sayaji Ganj, Baroda - 390005	113	113
18	The Akola Urban Co-operative Bank Limited	"Jankalyan", 58/59,Toshniwal Layout, Murtizapur Road, Behind Govt. Milk Scheme, Akola-444001	4,200	4,200
19	State Bank of India	State Bank Bhavan, Madam Cama Road, Mumbai – 400021	48,447	48,447
20	Kotak Mahindra Bank (erstwhile ING Vysya Bank)	22,MG Road, Bangalore,Karnataka-560001	16,870	16,870
21	State Bank of India (erstwhile State Bank of Travancore)	Poojappura,Thiruvananthapuram-695012	6,194	6,194
22	State Bank of India (erstwhile State Bank of Hyderabad)	Gunfoundry,Hyderabad-500001	1,660	1,660
23	Karur Vysya Bank	Erode Road,Karur-639002,Tamilnadu	382	382
24	Reliance Capital Limited	Kamala Mills, Trade One Building 'D' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013	9,599	9,599
25	Magma Fincorp Limited	Magma House, No.24 Park Street, Kolkata-700 016	5,948	5,948
26	Magma Housing Finance	Magma House, No.24 Park Street, Kolkata-700 016	1,442	1,442
27	SVC Co-operative Bank Limited	SVC Tower, Nehru Road, Vakola, Santacruz (E), Mumbai - 400 055	4,779	4,779

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

Sr. No.	Name of the Bank / Financial Institution	Address	Acquisition price (₹ in lakh)	
			As at March 31, 2021	As at March 31, 2020
28	Union Bank of India (erstwhile Andhra Bank)	Mama Paramanand Marg, Opera House, Girgaon, Mumbai, Maharash-tra 400004	440	440
29	Reliance Commercial Finance	"The Ruby, 11th Floor, North West Wing, Plot No. 29, JK Sawant marg, Dadar, Mumbai- 400 028	11,501	11,501
30	The Kalyan Janata Sahakari Bank Limited	Kalyanam_astu, Om Vijaykrishna Apartment, Adharwadi, Kalyan (W), Dist. Thane - 421301	6,206	6,206
31	Indian Overseas Bank	4/B,Ground Floor, Sangam CHSL,S.V Road,Santacruz (W), Mumbai 400054	29,641	29,641
32	Shubham Housing Development Finance Corporation Limited	Plot No. 425, Udyog Vihar, Phase IV, Gurgaon-122015	1,479	1,479
33	Religare Housing Development Finance Corporation Limited	1st Floor, Tower "A" PRIUS Global, Sector-125, NOIDA, U.P- 201301	2,279	2,279
34	IndusInd Bank Limited	Indusind Bank Ltd., 11th floor, Tower 1, One Indiabulls Centre, 841, Senapati Bapat Marg, Elphinstone Road, Mumbai-400013, India	466	466
35	HDFC Bank Limited	"16th Floor, Tower A, Peninsula Business Park, Lower Parel, Mumbai - 400013"	20,977	-
36	Orange Retail Finance India Private Limited	"No.4/363, Second Floor, Kandhan-chavadi, Old Mahabalipuram Road, Chennai – 600 096"	1,553	-
		TOTAL	**3,61,015**	**3,28,477**

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

ii) Dispersion of various Financial Assets Industry-wise

Industry	Acquisition Cost Outstanding (₹ in lakh)	Percentage to total assets	Acquisition Cost Outstanding (₹ in lakh)	Percentage to total assets
	As at March 31, 2021		As at March 31, 2020	
Agriculture	31,516	8.7%	31,516	9.6%
Education	1,14,755	31.8%	1,04,747	31.9%
Housing	9,359	2.6%	9,359	2.8%
Micro	24,563	6.8%	24,563	7.5%
Small	43,580	12.1%	43,580	13.3%
Medium	51,549	14.3%	51,549	15.7%
Seeds / Biotech	5,730	1.6%	5,730	1.7%
Food processing	9,735	2.7%	9,735	3.0%
Power	270	0.1%	270	0.1%
Plastics	230	0.1%	230	0.1%
Casting & Forging	3,343	0.9%	3,343	1.0%
Construction	2,440	0.7%	2,440	0.7%
Waste Processing	440	0.1%	440	0.1%
Vehicle	12,512	3.5%	197	0.1%
Personal	13,586	3.8%	3,371	1.0%
Infrastructure	3,905	1.1%	3,905	1.2%
Information Technology	294	0.1%	294	0.1%
Advertisement	3	0.0%	3	0.0%
Textile	4,735	1.3%	4,735	1.4%
Electricals	592	0.2%	592	0.2%
Gems & Jewellery	710	0.2%	710	0.2%
Others	27,169	7.5%	27,619	8.3%
TOTAL	**3,61,015**	**100%**	**3,28,477**	**100%**

iii) Dispersion of various Financial Assets Sponsor-wise

Industry	Acquisition Cost Outstanding (₹ in lakh)	Percentage to total assets	Acquisition Cost Outstanding (₹ in lakh)	Percentage to total assets
	As at March 31, 2021		As at March 31, 2020	
A. Sponsor				
- Indian Bank	1,26,125	35%	1,26,125	38%
- Reliance Capital Limited	9,599	3%	9,599	3%
- Union Bank of India	1,314	0%	1,314	0%
Total Sponsor (A)	**1,37,038**	**38%**	**1,37,038**	**42%**
B. Non-Sponsors	2,23,977	62%	1,91,439	58%
Total Non Sponsor (B)	**2,23,977**	**62%**	**1,91,439**	**58%**
TOTAL (A+B)	**3,61,015**	**100%**	**3,28,477**	**100%**

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

(₹ in lakh)

	As at March 31, 2021	As at March 31, 2020
(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)	-	-
(v) Value of Financial Assets acquired during the financial year either on its own books or in the books of the Trust	32,538	7,006
(vi) Value of Financial Assets realised during the financial year	13,167	16,087
(vii) Value of Financial Assets outstanding for realisation as at the end of the financial year.	2,21,324	2,01,952
(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	-	161
- Value of Security Receipts redeemed partially during financial year	-	15,926
(ix) Value of Security Receipts/Contractual Rights in Loan Assets, pending for redemption as at the end of the financial year	2,21,324	2,01,952

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 reedemed 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.

	(₹ in lakh)
- Immovable Property at Navi Mumbai (March 31, 2020 ₹25 lakh)	25

Additional disclosure as per RBI notification no. DNBS (PD) CC. No. 41/SCRC/26.03.001/2014-15 date August 5th, 2014

xii) The basis of valuation of assets if the acquisition value of the assets is more than the book value - 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

Notes on accounts to standalone financial statements for the year ended March 31, 2021

Sr. no.	Trust Name	Closing SR (₹ in lakh)	NAV as at March 31, 2021
	Reliance ARC - LVB Trust	1,832	25.00%
	Reliance ARC - INB Retail Portfolio Trust (2013)	37,935	40.00%
	Reliance ARC - CUB Saravana Trust (2014)	4,812	54.00%
	Reliance ARC - CUB SDPL Trust(2014)	3,500	53.40%
	Reliance ARC - CUB(CTRPL) (2014) Trust	2,694	50.00%
	Reliance ARC 001 Trust	13,778	32.50%
	Reliance ARC - SBI Maan Sarovar Trust	811	75.00%
	Reliance ARC 006 Trust	1,601	75.00%

2.37 Related party transactions

A. List of Related Parties and their relationship:

i) Entity having significant influence on the Company

Reliance Capital Limited

ii) Subsidiaries of Entity having significant influence refered in (i) above

1. Reliance Commercial Finance Limited
2. Reliance General Insurance Company Limited
3. Reliance Nippon Life Insurance Company Limited
4. Reliance Corporate Advisory Services Limited
5. Reliance Securities Limited
6. Reliance Financial Limited
7. Reliance ARC SBI Maan Sarovar Trust

iii) Trust - Employee Benefit Plan

Reliance Asset Reconstruction Company Limited Group Gratuity Cum Life Assurance Scheme

iv) Key management personnel

a) Mr. Ravindra S. Rao
Executive Director & CEO (upto October 22, 2019)
b) Mr. Mehul Gandhi
Executive Director & CEO
c) Mr. Rakesh Panjwani
Chief Financial Officer
d) Ms. Preeti Chhapru
Company Secretary

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.37 Related party transactions

B. Transactions during the year with related parties:

(₹ in lakh)

Particulars	Year	Entity having Significant Influence	Subsidiaries of Entity having significant influence	Key Management Personnel	Total
Interest on Borrowings other than debt securities					
Reliance Corporate Advisory Services Limited	2020-21	-	329	-	329
	2019-20	-	422	-	422
Reliance Capital Limited	2020-21	204	-	-	204
	2019-20	356	-	-	356
Reliance Financial Limited	2020-21	-	1	-	1
	2019-20	-	-	-	-
Interest on Debt Securities					
Reliance Securities Limited	2020-21	-	161	-	161
	2019-20	-	-	-	-
Other Expenses					
Reliance Capital Limited (Software Maintenance Charges & Other Expense)	2020-21	20	-	-	20
	2019-20	6	-	-	6
Reliance Commercial Finance Limited (Rent Expense & Other Expense)	2020-21	-	5	-	5
	2019-20	-	19	-	19
Reliance General Insurance Company Limited (Mediclaim Premium Expense & Other Expense)	2020-21	-	15	-	15
	2019-20	-	12	-	12
Reliance Nippon Life Insurance Company Limited (Gratuity Expense)	2020-21	-	8	-	8
	2019-20	-	48	-	48
Reliance Securities Ltd (Rent & Maintenance Expense & Other Expenses)	2020-21	-	34	-	34
	2019-20	-	-	-	
Property Plant & Equipment Purchased during the year					
Reliance Securities Limited	2020-21	-	4	-	4
	2019-20	-	-	-	-
Other Non Financial Asset					
Reliance Nippon Life Insurance Company Limited	2020-21	-	3	-	3
	2019-20	-	-	-	-
Reliance General Insurance Company Limited	2020-21	-	6	-	6
	2019-20	-	8	-	8
Reliance Commercial Finance Limited(*₹ 29317)	2020-21	-	*	-	*
	2019-20	-	-	-	-
Trade Payables					
Reliance Capital Limited (* ₹ 39905)	2020-21	*	-	-	*
	2019-20	1	-	-	1
Reliance Securities Limited	2020-21	-	12	-	12
	2019-20	-	-	-	-

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

(₹ in lakh)

Particulars	Year	Entity having Significant Influence	Subsidiaries of Entity having significant influence	Key Management Personnel	Total
Debt Securities					
a) Issued during the year	2020-21	-	1,750	-	1,750
	2019-20	-	-	-	-
b) Redeemed during the year	2020-21	-	1,000	-	1,000
	2019-20	-	-	-	-
c) Closing Balances	2020-21	-	780	-	780
	2019-20	-	-	-	-
d) Accrued interest on debentures	2020-21	-	153	-	153
	2019-20	-	-	-	-
Borrowings other than debt securities					
a) Taken during the year					
Reliance Corporate Advisory Services Limited	2020-21	-	-	-	-
	2019-20	-	4,500	-	4,500
Reliance Capital Limited	2020-21	-	-	-	-
	2019-20	-	-	-	-
Reliance Financial Limited	2020-21	-	500	-	500
	2019-20	-	-	-	-
b) Returned during the year					
Reliance Corporate Advisory Services Limited	2020-21	-	(2,125)	-	(2,125)
	2019-20	-	-	-	-
Reliance Capital Limited	2020-21	(1,100)	-	-	(1,100)
	2019-20	(1,000)	-	-	(1,000)
Reliance Financial Limited	2020-21	-	-	-	-
	2019-20	-	-	-	-
c) Closing Balances					
Reliance Corporate Advisory Services Limited	2020-21	-	2,375	-	2,375
	2019-20	-	4,500	-	4,500
Reliance Capital Limited	2020-21	900	-	-	900
	2019-20	2000	-	-	2000
Reliance Financial Limited	2020-21	-	500	-	500
	2019-20	-	-	-	-
Key Managerial Personnel					
Ravindra Rao	2020-21	-	-	-	-
	2019-20	-	-	220	220
Mehul Gandhi	2020-21	-	-	129	129
	2019-20	-	-	66	66
Rakesh Panjwani	2020-21	-	-	45	45
	2019-20	-	-	6	6
Preeti K. Chhapru	2020-21	-	-	28	28
	2019-20	-	-	19	19

Note 1: Recovery on behalf of Trust - has not been considered in Related Party Transaction

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.38 Earning per equity share

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Basic and diluted earning per equity share		
Net Profit after tax attributable to equity shareholders (₹ in lakh) (A)	1,866	1,635
Weighted average number of Equity Shares (Nos) (B)	10,00,00,000	10,00,00,000
Nominal value of equity shares (₹)	10	10
Basic and Diluted Earning Per Share (₹) (A/B)	1.87	1.63

2.39 Dividend remitted in foreign currency

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Dividend paid during the year (₹ in lakh)	29	29
Number of non-resident shareholder	1	1
Number of equity shares held by non-resident shareholder	95,00,000	95,00,000
Financial Year to which the dividends relates to	2019 - 2020	2018 - 2019

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.40 Leases

(a) Impact on transition to Ind AS 116 for the year ended March 31, 2020

On transition to Ind AS 116, the Group recognized right-of-use and lease liabilities, recognizing the difference in retained earnings. The impact on transaction is summarized below:

Particulars	(₹ in lakh)
Right of use asset - property plant and equipment	73
Deffered tax asset	1
Lease liabilities	76
Retained earnings	2

(b) The Group leases contracts for office premises facilities. The leases typically run for 1 - 3 years, with an option to renew the lease after that date. The Group also has certain leases of offices , store premises and warehouses with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leasehold properties.

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
a. Opening Balance	45	-
b. Additions to right of use asset	53	73
c. Depreciation charge for the year	(39)	(28)
d. Closing Balance	59	45

Other disclosure w.r.t. leases:

- Finance cost amounts to ₹ 7 lakh (March 31, 2020 ₹ 6 lakh).
- The total cash outflow for the year ended March 31, 2021 amounts to ₹ 45 lakh (March 31, 2020 ₹ 31 lakh).
- The Group incurred ₹ 91 lakh (March 31, 2020 ₹ 31 lakh) for the year ended March 31, 2021 towards expenses relating to lease of low-value assets.

Lease liabilities

Maturity analysis – contractual discounted cash flows

(₹ in lakh)

Lease liabilites	Carrying amount	Contractual cash flows			
		Total	0-1 years	1-5 years	5 years and above
2020-21	65	72	42	30	-
2019-20	51	56	34	21	-

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.41 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 :

Name of the Entity	Country of Incorporation	Proportion of ownership interest and voting power held by the group	
		As at March 31, 2021	As at March 31, 2020
Reliance ARC CUB 2014 (1) Trust	India	100%	100%
Reliance ARC - CUB (HL & SME) (2014) (1) 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 Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 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, 2021

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Total comprehensive income	
	₹ in lakh	As % of consolidated net assets	₹ in lakh	As % of consolidated profit or loss	₹ in lakh	As % of consolidated profit or loss
Parent						
Reliance Asset Reconstruction Company Limited	17,188	82.80%	2,059	112.56%	2,058	112.57%
Subsidiary Trust in India						
Reliance ARC CUB 2014 (1) Trust	593	2.86%	(26)	-1.40%	(26)	-1.40%
Reliance ARC - CUB (HL&SME) (2014) (1) Trust	90	0.43%	(4)	-0.24%	(4)	-0.24%
Reliance ARC 004 Trust	852	4.11%	(34)	-1.87%	(34)	-1.88%
Reliance ARC ALPLUS Trust	(2)	-0.01%	(1)	-0.06%	(1)	-0.06%
RARC 061 (INDUSIND RETAIL) Trust	396	1.91%	0	0.01%	0	0.01%
Reliance ARC 007 Trust	1,272	6.13%	(128)	-6.98%	(128)	-6.99%
Total	**20,391**	**98.23%**	**1,866**	**102.01%**	**1,865**	**102.01%**
Non Controlling Interest in all trusts	368	1.77%	(37)	-2.01%	(37)	-2.01%
Reliance ARC 007 Trust	368	1.77%	(37)	-2.01%	(37)	-2.01%
Total	**20,759**	**100.00%**	**1,829**	**100.00%**	**1,828**	**100.00%**

Note : Trusts share in Other Comprehensive Income is NIL for the year ended March 31, 2021.

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

As at and for the year ended March 31, 2020

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Total comprehensive income	
	₹ in lakh	As % of consolidated net assets	₹ in lakh	As % of consolidated profit or loss	₹ in lakh	As % of consolidated profit or loss
Parent						
Reliance Asset Reconstruction Company Limited	15,385	80.01%	1,768	108.91%	1,765	108.93%
Subsidiary Trust in India						
Reliance ARC CUB 2014 (1) Trust	619	3.22%	(31)	-1.94%	(31)	-1.94%
Reliance ARC - CUB (HL&SME) (2014) (1) Trust	95	0.49%	(3)	-0.16%	(3)	-0.16%
Reliance ARC 004 Trust	901	4.68%	(41)	-2.53%	(41)	-2.54%
Reliance ARC ALPLUS Trust	(1)	-0.01%	2	0.13%	2	0.13%
RARC 061 (INDUSIND RETAIL) Trust	427	2.22%	(19)	-1.14%	(19)	-1.14%
Reliance ARC 007 Trust	1,401	7.29%	(41)	-2.53%	(41)	-2.53%
Total	**18,827**	**97.90%**	**1,635**	**100.73%**	**1,632**	**100.73%**
Non Controlling Interest in all trusts	403	2.10%	(12)	-0.73%	(12)	-0.73%
Reliance ARC 007 Trust	403	2.10%	(12)	-0.73%	(12)	-0.73%
Total	**19,230**	**100.00%**	**1,623**	**100.00%**	**1,620**	**100.00%**

Note : Trusts share in Other Comprehensive Income is NIL for the year ended March 31, 2020.

Notes on accounts to consolidated financial statements for the year ended March 31, 2021 (Contd.)

2.42 Details of non-wholly owned subsidiaries that have material non-controlling interest

(₹ in lakh)

a) The table below shows details of non-wholly owned trusts of the Parent Company that have material non-controlling interests:

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, 2020		For the year ended March 31, 2020
Reliance ARC 007 Trust	India	77.63%	77.63%	(37)	(12)	368	403
Total				**(37)**	**(12)**	**368**	**403**

b) Summarized financial information in respect of each of the Parent Company's subsidiary trust that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intra-Company eliminations:

(₹ in lakh)

Name of the Entity	Reliance ARC 007 Trust	
	As at March 31, 2021	As at March 31, 2020
Financial Assets	1,669	1,836
Non Financial Assets	1	19
Financial liabilities	30	49
Non Financial liabilities	0	2
Equity attributable to owners of the Company	1,273	1,401
Non-controlling interests	367	404
	March 31, 2021	March 31, 2020
Revenue	-	-
Expense	165	53
Profit for the year	**(165)**	**(53)**
Profit attributable to owners of the Company	(128)	(41)
Profit attributable to non-controlling interests	(37)	(12)
Profit for the year	**(165)**	**(53)**
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	(128)	(41)
Total comprehensive income attributable to non-controlling interests	(37)	(12)
Total comprehensive income for the year	**(165)**	**(53)**
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, 2021 (Contd.)

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

The nationwide lockdown in April - May 20 significantly impacted the economy of the country. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The extent to which the COVID19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the economy of the country, future will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

2.44 Segment reporting

The Group is primarily engaged in the Business of Acquisition and Resolution of Non Performing Assets and all other activities revolve around the main business of the Group. The Financial Statements of the Group have been prepared in accordance with the Companies (Indian Accounting Standards) Rules 2015 as amended and as prescribed under Section 133 of the Companies Act 2013 and all activities are conducted within India and as such there is no separate reportable segment as per the Ind AS 108 "Operating Segments".

2.45 Events after reporting date

The Board of Directors have recommended dividend of ₹ 0.30 per fully paid up equity share of ₹ 10/- each for the financial year 2020-21.

2.46 Previous Year Figures

Figures for the previous year has been regrouped / reclassified wherever necessary to make them comparable.

As per our report of even date

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

Vishal D. Shah
Partner
Membership No.119303

Place : Mumbai
Date: April 28, 2021

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)

Aman Gudral
(Director)
(DIN : 08822974)

Rakesh Panjwani
(Chief Financial Officer)

Preeti K. Chhapru
(Company Secretary)

RELIANCE ASSET RECONSTRUCTION

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