

INDEPENDENT AUDITOR'S REPORT

**To The Board of Directors of
Reliance Asset Reconstruction Company Limited**

Report on the audit of the Standalone Financial Results

Opinion

We have audited the accompanying standalone financial results of Reliance Asset Reconstruction Company Limited (the company) for the half year and year ended March 31, 2020 ('standalone financial results') attached herewith, being submitted by the company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us these standalone financial results:

- i. are presented in accordance with the requirements of Regulation 52 of the Listing Regulations in this regard; and
- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information for the half year and year ended March 31, 2020

Basis for Opinion

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



Management's and Board of Directors' Responsibilities for the Standalone Financial Results

These standalone financial results have been prepared on the basis of the standalone financial statements. The Company's Management and Board of Directors are responsible for the preparation of these standalone financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial results, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone financial results 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 results.



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 results, 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, but not for the purpose of expressing an opinion on the effectiveness of such control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors' 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 financial results 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 results, including the disclosures, and whether the financial results 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.



Other Matter

The standalone financial result include the results for the half year ended March 31, 2020 and corresponding half year ended in previous year as reported in these financial results are the balancing figures between audited figures in respect of full financial year and published year to date figures up to the half year of current and previous financial year respectively, which has been reviewed and not subjected to audit.

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

Parimal Kumar Jha

Parimal Kumar Jha
Partner

Membership No: 124262
UDIN: 20124262 AAAA BC5517

Date: April 27, 2020
Place: Mumbai



Statement of Standalone Audited Financial Results for the Year / Half year ended March 31, 2020
 (Rs. In 000)

Sr. No.	Particulars	Half year ended		Year ended	
		March 31, 2020 Unaudited	March 31, 2019 Unaudited	March 31, 2020 Audited	March 31, 2019 Audited
	Revenue				
I	Fees and commission income	3,41,180	3,26,206	6,74,264	5,63,119
II	Net profit on fair value changes	-	3,528	-	3,049
III	Other Income	13,257	4,032	24,822	5,528
IV	Total Revenue (I+II+III)	3,54,437	3,33,766	6,99,086	5,71,696
	V Expenses				
	Finance costs	94,190	86,006	1,84,839	1,56,995
	Net loss on fair value changes	26,880	-	27,933	-
	Employee benefits expense	39,503	57,270	82,165	97,409
	Depreciation and amortization expense	2,651	1,747	5,710	3,414
	Other expenses	87,800	57,793	1,29,793	90,975
	Total Expenses (V)	2,51,024	2,02,816	4,30,440	3,48,793
VI	Profit/(loss) before tax (IV-V)	1,03,413	1,30,950	2,68,646	2,22,903
VII	Tax expense:				
	(1) Current tax	26,412	49,085	76,273	77,735
	(2) Deferred tax	(19,602)	(7,931)	(24,596)	(8,752)
	Total tax expense (VII)	6,810	41,154	51,677	68,983
VIII	Profit/(loss) after tax for the period (VI-VII)	96,603	89,796	2,16,969	1,53,920
A	Other Comprehensive Income after tax	(107)	(227)	(287)	(361)
IX	Other comprehensive Income for the year (net of tax)	(107)	(227)	(287)	(361)
X	Total Comprehensive Income for the period (VIII+IX)	96,496	89,569	2,16,682	1,53,559



Statement of Standalone Audited Financial Results for the Year / Half year ended March 31, 2020

(Rs. In 000)

Sr. No.	Particulars	Half year ended		Year ended	
		March 31, 2020 Unaudited	March 31, 2019 Unaudited	March 31, 2020 Audited	March 31, 2019 Audited
XI	Paid-up equity share capital (face value of Rs. 10 per share)	1,00,00,00,000	1,00,00,00,000	1,00,00,00,000	1,00,00,00,000
XII	Earnings per equity share (EPS) (not annualised):				
	(1) Basic (Rs.)	0.97	0.90	2.17	1.54
	(2) Diluted (Rs.)	0.97	0.90	2.17	1.54

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Reliance Asset Reconstruction Company Limited		
Statement of Assets and Liabilities		(Rs. In 000)
Particulars	As at 31-Mar-2020 Audited	As at 31-Mar-2019 Audited
I) ASSETS		
A) Financial Assets		
(a) Cash & cash equivalents	2,96,949	3,02,183
(b) Trade receivables	7,917	9,232
(c) Investments	34,64,691	35,67,494
(d) Other financial assets	4,508	15,783
Sub-total Financial Assets	37,74,065	38,94,692
B) Non-financial Assets		
(a) Current tax assets (Net)	8,820	14,789
(b) Property, Plant and Equipment	8,081	4,371
(c) Other Intangible assets	92	1,789
(d) Other non-financial assets	17,403	6,959
Sub-total Non-financial Assets	34,396	27,908
Total Assets	38,08,461	39,22,600
II) LIABILITIES AND EQUITY		
A) Liabilities		
(a) Financial Liabilities		
(i) Trade Payables		
total outstanding dues of micro enterprise and small enterprises		
total outstanding dues of creditors other than micro enterprises and small enterprises	19,753	373
(ii) Debt securities	1,21,201	1,87,514
(iii) Borrowings (Other than Debt Securities)	12,26,355	14,98,800
(iv) Other financial liabilities	40,973	39,003
Sub-total Financial Liabilities	14,08,282	17,25,690
(b) Non Financial Liabilities		
(i) Provisions	3,859	15,756
(ii) Deferred tax (Net)	90,703	1,15,474
(iii) Other non-financial liabilities	1,98,682	1,39,070
Sub-total Non Financial Liabilities	2,93,244	2,70,300
B) Equity		
(a) Equity Share capital	10,00,000	10,00,000
(b) Other Equity	11,06,935	9,26,610
Sub-total Equity	21,06,935	19,26,610
Total Liabilities and Equity	38,08,461	39,22,600



Notes:

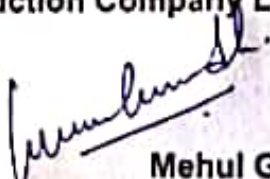
1. The above standalone financial results for the half year ended March 31, 2020 are prepared in accordance with the recognition and measurement principles of Ind AS 34 "Interim Financial Reporting" prescribed under the Act, read with the relevant Rules made thereunder.
2. The standalone financial results of the Company for the year ended March 31, 2020 and corresponding figures of the previous year are prepared in accordance with the Ind AS. The figures for the half year ended March 31, 2020 and corresponding half year ended in previous year as reported in these financial results are the balancing figures between audited figures in respect of full financial year and the reviewed year-to-date figures upto the end of half year of the current and previous financial year respectively.
3. The Listed Secured Non-Convertible Debentures of the company amounting to Rs. 12,20,00,000/- as on March 31, 2020 are secured by way of first pari passu mortgage/charge over the Company's, Maharashtra Immovable Property and Hypothecation of specified investment in security receipts as specifically mentioned in the Trust Deed and the asset cover thereof exceeds hundred percent of principal amount of the said Debentures.
4. Disclosures under Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given in Annexure A.
5. The Company is mainly engaged in the business of acquisition and resolution of Non-Performing Asset and all other activities revolve around the main business of the Company. Further, all activities are conducted within India and as such there are no separate reportable segment, as per the Ind AS 108 "Operating Segments" specified under Section 133 of the Act.
6. The Company has opted new tax rate for domestic Companies U/Sec. 115BAA of Income Tax Act 1961, accordingly provided tax at Base tax rate of 22% and total effective tax rate at 25.168%.
7. Estimation uncertainty relating to the global health pandemic on COVID-19

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



8. Effective April 01, 2019, the Company adopted Ind AS 116 "Leases", using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. Consequential increase in expenses been recognized in the statement of profit and loss during the half year and year ended March 31, 2020 amounting to Rs. 85,769/- & Rs. 3,57,355/- respectively.
9. The Board of Directors has recommended a dividend of 3 per cent (Re. 0.30 per equity share) for the year subject to the approval of the members of the company at the ensuing Annual General Meeting. In terms of Ind AS 10 "Events after the Reporting Period" the Company has not accounted for proposed dividend of Rs. 3,00,00,000/- is not recognized as liability in the financial statements for the year ended March 31, 2020.
10. Figures for the previous period have been regrouped / reclassified wherever necessary to correspond to the current period presentation.
11. In terms of SEBI Circular CIR/CFD/CMD/56/2016 dated May 27, 2016, the Company hereby declares that the auditors have issued audit report with unmodified opinion on annual audited standalone financial results for the year ended March 31, 2020.
12. The above results were reviewed by the Audit Committee. The Board of Directors at its meeting held on April 27, 2020 approved the above results and its release.

for Reliance Asset Reconstruction Company Limited


Mehul Gandhi
Executive Director & CEO

Dated: April 27, 2020

Disclosures pursuant to Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the half-year ended March 31, 2020

a. Credit Ratings :

Particulars	Name of Rating Agency	Rating
Long Term Debt	India Ratings & Research Private Limited	IND BBB - /Rating Watch Negative *
Short Term Debt/ Commercial Paper	India Ratings & Research Private Limited	IND A3/Rating Watch Negative *
Long Term – Bank Loan	Brickwork Ratings India Private Limited	BWR A (Pronounced as BWR A) (Credit watch with developing implications)
Principal Protected Market Linked Debentures	Brickwork Ratings India Private Limited	BWR PP MLD A (Credit watch with developing implications Downgraded)

* ratings withdrawn w.e.f. April 15, 2020

b. Debt-Equity Ratio:

Debt-Equity Ratio of the Company as on March 31, 2020 is 0.64 (No. of times) as per Audited Financial Results of the Company.

Formula for Debt Equity Ratio = Debt / Equity

c. Previous due date for the payment of Interest / Principal : -

Sr. No.	ISIN	Series ID	Put Option Exercise Date	Principal and Interest Payment Date
1	INE407107019	958267	December 13, 2019	December 16, 2019
2	INE407107043	958560	March 30, 2020	March 31, 2020

d. Next due date for the payment of Interest / Principal :

Sr. No.	ISIN	Series ID	Interest	Principal	Put / Call Option
1	INE407107027	958271	On Maturity	December 20, 2021	December 17, 2020
2	INE407107035	958528	On Maturity	January 12, 2022	January 06, 2021
3	INE407107043	958560	On Maturity	March 30, 2021	March 26, 2020
4	INE407107050	958698	On Maturity	July 05, 2021	June 29, 2020

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- e. Debenture Redemption Reserve (DRR): Rs. 2,01,43,228/-
- f. Net Worth : Rs. 210,69,35,496/-
- g. Net Profit After Tax: Rs. 21,69,69,319/-
- h. Earnings per share: Rs. 2.17 per share

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