ASSET
RECONSTRUCTION

# ANNUAL REPORT 2021-22

## Unblocking Value Through Excellence

Reliance Asset Reconstruction Company Limited

**Padma Vibhushan**

**Shri. Dhirubhai Ambani**

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

Reliance Group - Founder and Visionary

RELIANCE ASSET RECONSTRUCTION

# Table of Contents

# 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.

# ₹ 2,230 crore, 0.77% ↑ AUMs

# ₹ 22.13 crore, 1.93% ↑ PAT in 2021-22

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.**

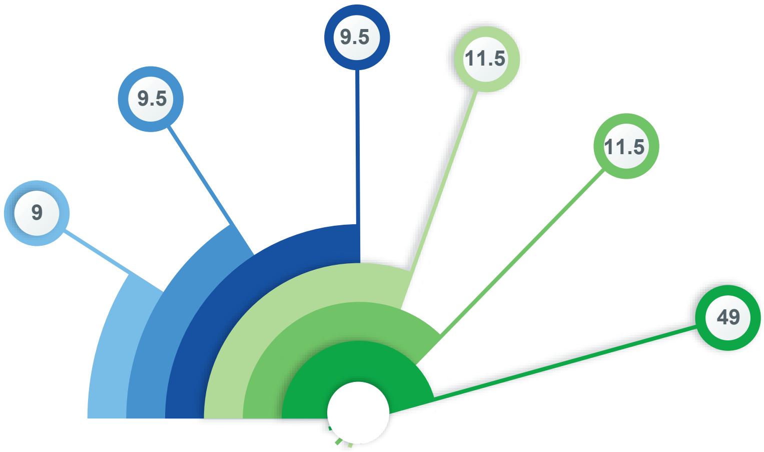
# RELIANCE ASSET RECONSTRUCTION COMPANY LIMITED: AT A GLANCE

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 timebound manner through active interventions.

As on March 31, 2022, we manage a portfolio of ₹2,230 crore and 3,73,166 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.

**74** SPVs

**31+** Number of States & Union Territories

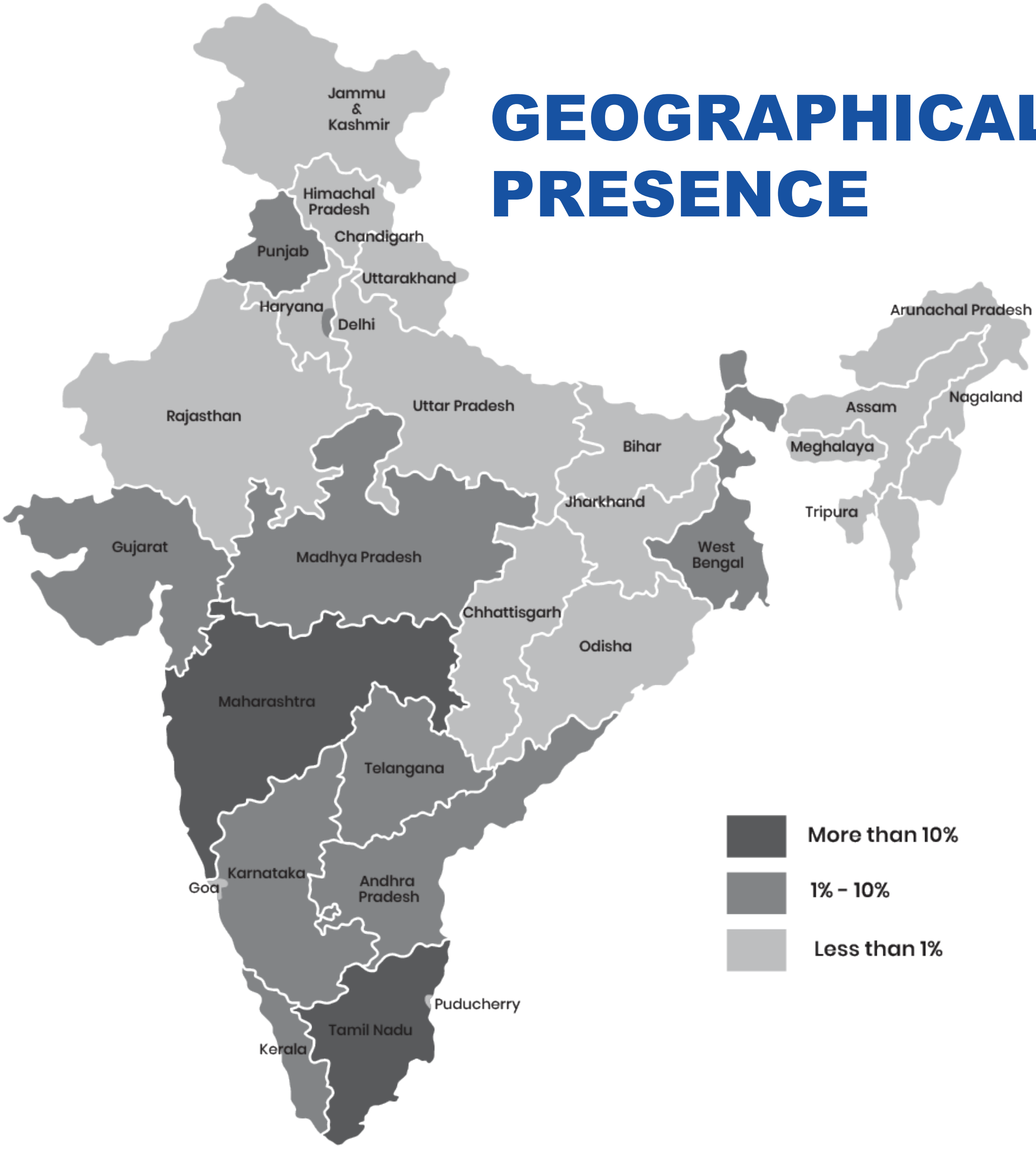



# SHAREHOLDING PATTERN

- 9% GIC of India
- 11.5% Indian Bank
- 9.5% Dacecroft Limited
- 11.5% Union Bank of India*
- 9.5% Cosmea Financial Holdings Pvt. Ltd.
- 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.

# 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

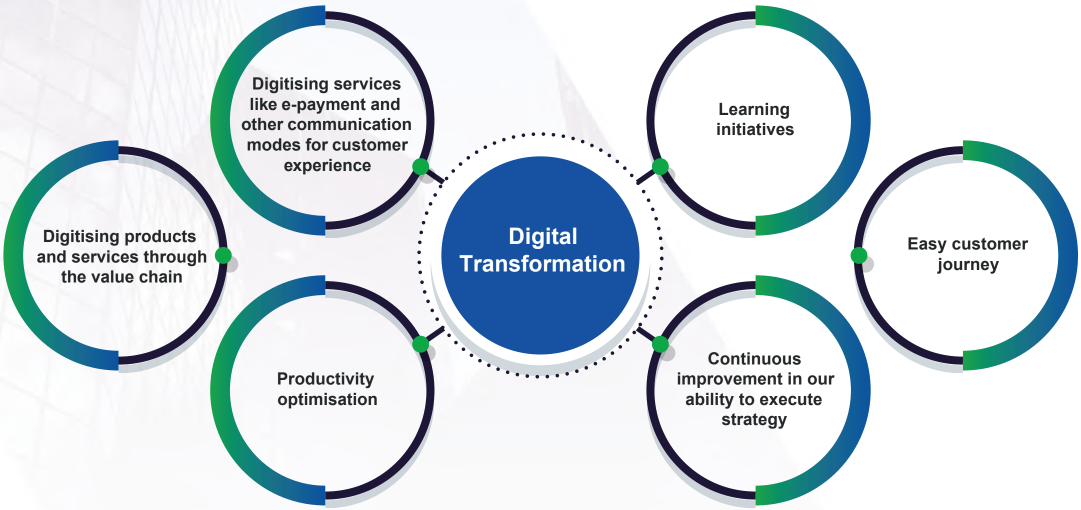
Strong risk awareness

# 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 existingportfolios, 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

"The year under review was marked with challenges and uncertainties. During the year we witnessed some major events in form of multiple waves of pandemic globally especially in China, supply chain disruption due to geo-political tensions leading to inflationary pressure in the country. Having said that, the fiscal and liquidity measures and persistent policy support by the central bank steadied the nerves and kept economic recovery on track."

# EXECUTIVE DIRECTOR & CEO's MESSAGE

This year too we saw a lot of opportunities in retail space during the year for investing in stressed assets. We capitalised on few; leading to diversifying our counter-parties and asset classes.

Our performance, the FY 2021-22 was very satisfying with all round performance despite the overhang of COVID 19 impact and other global developments. Moderation of various COVID related restrictions, withdrawal of judicial/state government restrictions on certain legal actions, near normal functioning of judiciary, revival of business activities, and overall sentiment revival aided the recovery/resolution prospects.

We concluded the financial year with Profit After Tax of Rs 22.13 crore (up from Rs 21.71 crore in 2020-21) and

Return on Equity of 9.26 % (last year's 9.87%). The Assets Under Management stood at Rs 2,230 crore backed by fresh acquisition to the tune of Rs 258.55 Crore.

During the year we continue to drive tech based agenda to strengthen our retail resolution process enabling us to deliver value to our counter-parties.

### Together towards tomorrow… Mantra that binds RARC..

"**Together Towards Tomorrow"** is the mantra that binds people at RARC to work towards achieving common organizational goal. The goal to build a longterm 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 continue to leverage 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.

### Emerging ARC Landscape

The Gross Non-Performing Assets (GNPA) of Scheduled Commercial Banks (SCBs) as on Mar-22 was ~5.9% of total loan book and is expected to raise to 8.3% by Mar-23 under severe stress scenario, opening huge opportunity for ARCs. As on Mar-22, GNPA in MSME & Retail is around Rs.2.7 Trillion i.e 42% of total GNPA.

RARC being pioneer in retail ARC space, is best placed to capitalise on the opportunity arising in retail & MSME 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. 258 .55 Crore given the capital constrain.

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 approach of raising fresh capital for investments at competitive rates. We are working with multiple investors to raise a long-term capital.

### Closing thoughts

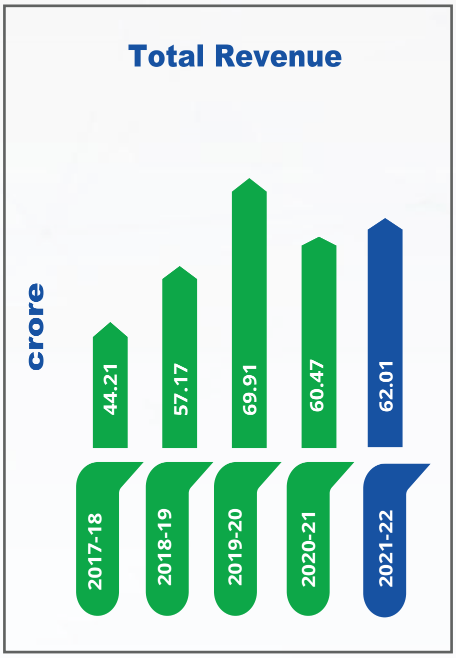
In conclusion, I thank all our stakeholders for their support and trust in our abilities. I also extend my appreciation to all our employees and fellow management leaders who has worked relentlessly alongside me while creating shareholders' value. Without their dedication and overwhelming effort, we 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.

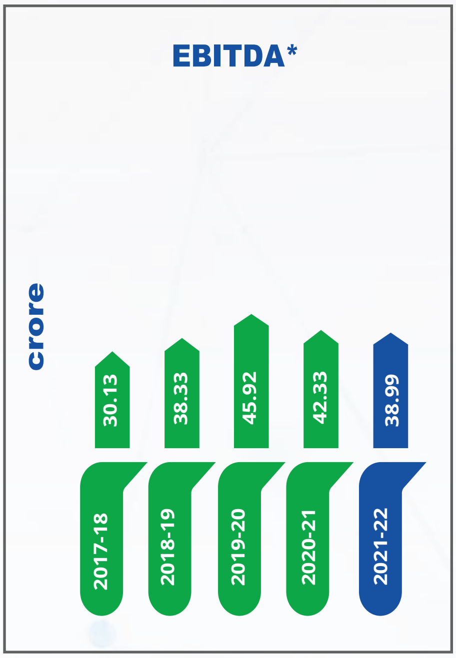
Best Wishes,

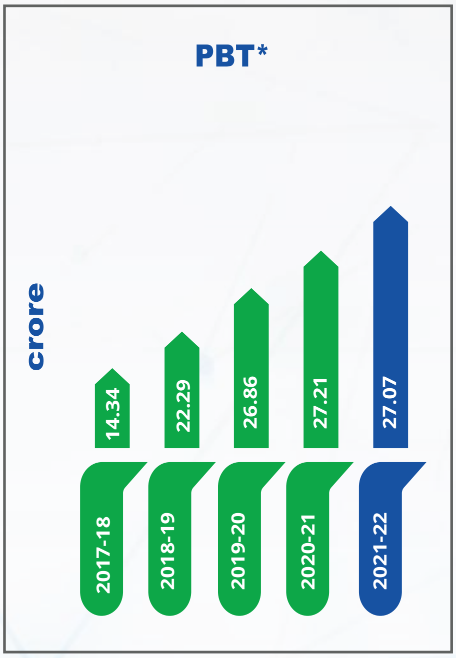
**Mehul Gandhi**
Executive Director & CEO

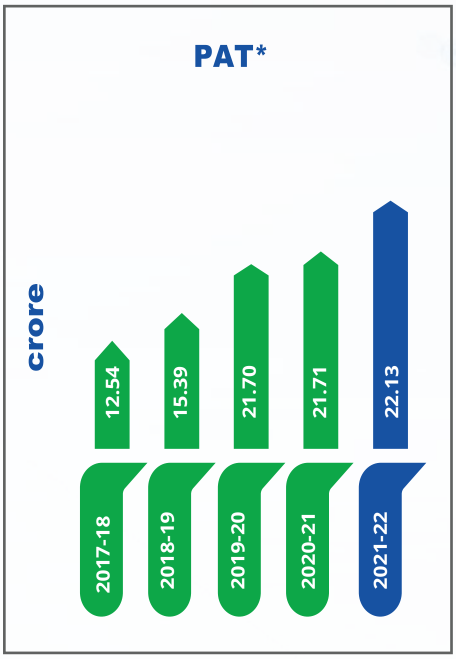
# FINANCIAL HIGHLIGHTS

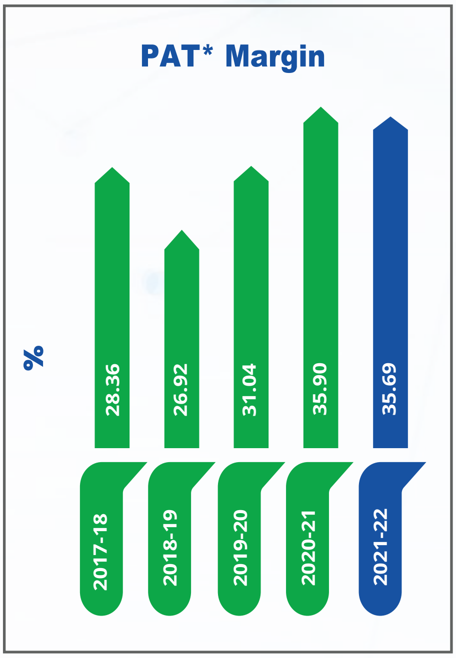
## PROFIT & LOSS METRICS



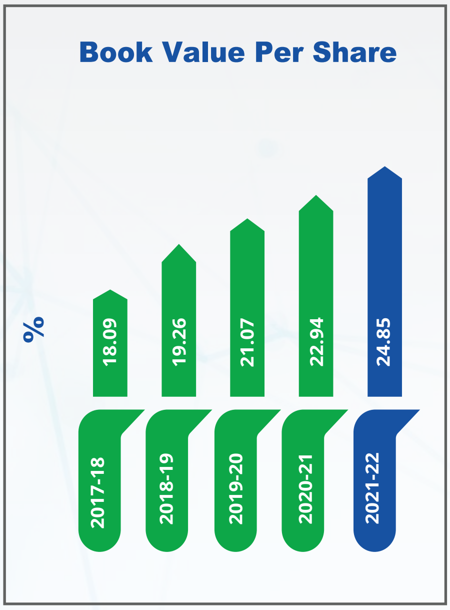




* EBITDA: Earnings Before Interest Tax Depreciation and Amortisation

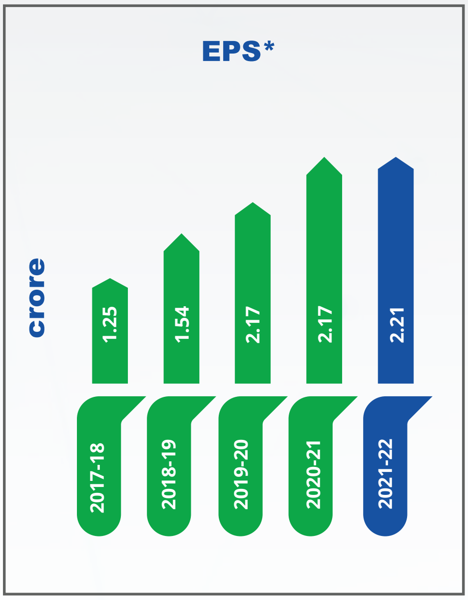
* PBT: Profit Before Tax

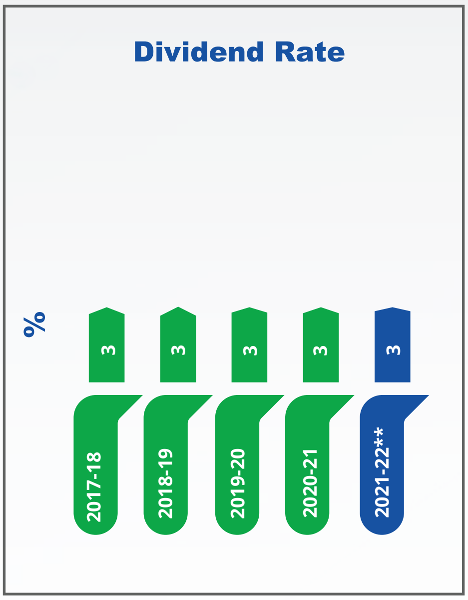
* PAT: Profit After Tax

## BALANCE SHEET METRICS


## SHAREHOLDER METRICS




* EPS: Earning Per Share

** Proposed dividend for FY 2021-22

# BOARD OF DIRECTORS

## Mehul Gandhi
Executive Director & CEO

Mehul Gandhi is a Chartered Accountant and has over 19 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
Non-Executive Director
Union Bank of India

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.

# BOARD OF DIRECTORS

## Shri Satish Kumar

Non-Executive Director
Nominee of Indian Bank

Shri Satish Kumar is a Science graduate and has completed his CAIIB. He has also completed his Management Development Program at IIM Bangalore. He is having an experience of over 28 years in banking and regulatory space.

Shri Satish Kumar started his career with Allahabad Bank (which has since been amalgamated with Indian Bank) in the year 1993. Presently, he is working as a General Manager Treasury & International Division in Indian Bank.

He specializes in corporate lending and credit management and has deep knowledge in the areas like Corporate Credit, Credit Risk, Debt Restructuring, Project Financing, Treasury Management, Regulatory Compliance, Syndicated Finance, Project Management, Internal Audit and Operations Management.

Shri Satish Kumar has established and managed relationships with large Indian conglomerates across the country. He has also held various positions at different branches across country and categorization viz., Rural, Semi-urban, Metro & Commercial. After amalgamation of Allahabad Bank with Indian Bank, he was assigned role to design and oversee strategic planning, risk management and risk factoring of mid & large credit vertical of the Bank. He is also a member of IBA Standing Committee on Corporate Credit.

## Dr. R. B. Barman

Independent Director

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.

# BOARD OF DIRECTORS

## Deena Mehta

Independent Director

Deena Mehta is a Chartered Accountant, Master's in Management Studies (Finance) and Fellow Member of Securities and Investment Institute London. She is the promoter of Asit C Mehta group of companies. She is on the Board of Reliance Asset Reconstruction Company Limited, Magma Housing Finance Limited, Fino Payments Bank Limited as Independent Director. She has been former President of Stock Exchange Mumbai and has the honour of being the first woman Director on Board of BSE as well as first woman President. She is the promoter director of Central Depository Services Ltd. as well as South Asian Federation of exchanges, the association of stock exchanges of SAARC countries. She has been an invitee to International Securities Regulators 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

Investment Committee

Nomination and Remuneration Committee

Review Committee on Wilful Defaulters

# TOP MANAGEMENT

## Mehul Gandhi

Executive Director & CEO

Mehul Gandhi is a Chartered Accountant and has over 19 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 15 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.

# TOP MANAGEMENT

## Zaheer Akthar Hussain

Head Retail Resolution & Call Centre

Zaheer Akthar Hussain has over 20 years of rich & diverse experience in Collections & Debt Management. He holds an Executive certification in Applied Financial Risk Management from IIM - Kashipur. He is with Reliance Capital Group Companies since 2012. Prior to Reliance Capital group he served with other organisations like Future Capital Financial Services, India Bulls Financial Services, ICICI Bank, Escorts Financial Services & GE Countrywide Financial Services.

## Rajesh Gandhi

Company Secretary & Compliance Officer

Rajesh Gandhi is a Company Secretary with over 16 years of experience in Compliance, Secretarial and Legal. Over these years, Rajesh has devised, handled and monitored Corporate Governance structures and has framed and implemented Compliance Framework for stock & commodities broking, DP services, portfolio management, advisory, research, ARC, AIF, insurance broking and MF distribution. Rajesh has exposure in setting-up and handling Secretarial Compliances including compliances of listed entities. He is experienced in handling regulatory inspections by SEBI, stock exchanges, depositories, IRDAI, AMFI, MCA etc., and conducting and co-ordinating branch inspections, internal and secretarial audits. He has also played crucial role in preparing and implementing various policies, procedures and SOPs including PIT policy, Risk policy, AML-KYC policy, RPT policy etc. at various organizations. Prior to joining RARC, Rajesh was associated with organisations like Aditya Birla Group, SPA Group, India Infoline and Edelweiss among others.

# 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 16th Annual Report and the Audited Financial Statements (Consolidated and Standalone) of your Company for the financial year ended March 31, 2022 ("year under review").

### FINANCIAL PERFORMANCE AND STATE OF COMPANY'S AFFAIRS

The financial performance of the Company for the financial year ended March 31, 2022 is summarised below:

**(Rs. in Cr.)**

| Particulars | Consolidated | | Standalone | |
|---|---|---|---|---|
| | 2021-22 | 2020-21* | 2021-22 | 2020-21* |
| Total revenue | 66.33 | 58.37 | 62.01 | 60.47 |
| Total expenditure | 36.22 | 34.89 | 34.94 | 33.26 |
| **Profit before Tax** | **30.11** | **23.48** | **27.07** | **27.21** |
| Less: Tax expenses | 6.30 | 5.19 | 4.93 | 5.50 |
| **Profit after Tax** | **23.81** | **18.29** | **22.13** | **21.71** |
| Other Comprehensive Income / (Loss) | 0.06 | 0.01 | 0.06 | 0.01 |
| **Total Comprehensive Income / (Loss)** | **23.75** | **18.28** | **22.07** | **21.70** |
| **Earning per Share (in Rs.) (Face value of Rs. 10/- each)** | | | | |
| Basic | 2.42 | 1.87 | 2.21 | 2.17 |
| Diluted | 2.42 | 1.87 | 2.21 | 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 Reserve Bank of India's Master Circular on Asset Reconstruction Companies (as amended from time to time) and other guidelines, directions and notifications issued by the Reserve Bank of India ("RBI").

### FINANCIAL PERFORMANCE

The Company's Asset Under Management as on March 31, 2022 increased to Rs. 2,230 Cr. from Rs. 2,213 Cr. in the previous year. The gross income of the Company for the year under review increased by 2.55% to Rs. 62.01 Cr. from Rs 60.47 Cr. in the previous year.

The net profit for the year has increased by 1.93% to Rs. 22.13 Cr. from Rs 21.71 Cr. in the previous year.

### TRANSFER TO RESERVES

The Company has not transferred any amount to any 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 16th 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.

In view of the changes made under the Income Tax Act, 1961 by the Finance Act, 2020, dividend paid or distributed by any company shall be taxable in the hands of the shareholders. Your Company shall accordingly make the payments of the dividend after deduction of tax at source, wherever applicable.

### 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.

### RATING OF SECURITY RECEIPTS AND NET ASSET VALUE

The rating of Security Receipts from the rating agency and the Net Asset Value of such Security Receipts has been communicated to the Security Receipt holders as per applicable RBI guidelines.

### CAPITAL ADEQUACY RATIO

Your Company's Capital to Risk Assets Ratio stood at 60.20% (previous year 54.81%, post considering fair value gain net of tax) as calculated as per the RBI 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 continued to adopt conservative approach with regards to external borrowings.

# Boards' Report (Contd.)

## SHARE CAPITAL

The Company's issued, subscribed and paid-up Equity share capital stood at Rs. 100 Cr. as on March 31, 2022 comprising of 100,000,000 Equity shares of Rs. 10/- each. You Company has not issued any shares during the year under review.

## DEPOSITS

During the year under review, your Company has not accepted or renewed any deposits within the meaning of Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

## PARTICULARS OF LOANS, GUARANTEES, SECURITIES OR INVESTMENTS

Disclosures relating to loans, advances and investments as on March 31, 2022 are given in the Notes to the Financial Statements. There are no guarantees issued of security provided by your Company in terms of Section 186 of the Act, read with the rules framed thereunder.

## HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

Your Company does not have any holding, subsidiary, joint venture or associate companies. However, your Company prepares Consolidated Financial Statements to include accounts of certain trusts as per Ind AS.

## DIRECTORS

As on March 31, 2022, the Board of your Company comprised of 4 (Four) Directors including 1 (One) Executive Director, 1 (One Non-Executive Nominee Director 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 Independent Directors.

### Change in Directors

Resignation of Shri Aman Gudral, nominee of Reliance Capital Limited

During the year under review, Shri Aman Gudral [DIN: 08822974], nominee of Reliance Capital Limited (principal sponsor of your Company), resigned as Director on the Board of the Company w.e.f. November 29, 2021.

Re-appointment of Shri Mehul Gandhi

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014, and the Articles of Association of the Company, Shri Mehul Gandhi [DIN 08584229], Executive Director & CEO of the Company, is liable to retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

Shri Mehul Gandhi was appointed as Executive Director and CEO of the Company for a term of 3 years, with effect from December 18, 2019 to hold office upto December 17, 2022. Subject to the approval of the shareholders and RBI and based on the recommendation of the Nomination and Remuneration Committee and taking into account his expertise, business acumen, outstanding leadership and business needs of the Company, the Board at its meeting held on June 29, 2022 has re-appointed Shri Mehul Gandhi as Whole Time Director (designated as Executive Director and CEO) of the Company for a further period of 3 years with effect from December 18, 2022 or such other date as may be approved or intimated by RBI, whichever is later.

Resolutions seeking re-appointment of Shri Mehul Gandhi, alongwith his brief profile and other information, as required to be disclosed under the Act, forms part of the notice convening the AGM.

Your directors recommend the resolutions pertaining to re-appointment of the aforesaid for your approval.

Appointment of Shri Satish Kumar and resignation of Shri Prakash Chandra Sharma, nominees of Indian Bank

During the year under review, Indian Bank, one of the sponsors of your Company, nominated Shri Satish Kumar [DIN: 0009279548] as its nominee on the Board of the Company in place of Shri Prakash Chandra Sharma [DIN: 02775423]. Shri Prakash Chandra Sharma vacated his office as a Director w.e.f. January 6, 2022. The Board approved the appointment of Shri Satish Kumar at its meeting held on July 21, 2021 which was subject to approval by the Reserve Bank of India ("RBI"). Subsequently, RBI granted its approval vide its letter dated March 17, 2022 for appointment of Shri Satish Kumar as Director on the Board of the Company which was valid till March 31, 2022. Since the approval was granted for a limited period i.e. from March 17, 2022 to March 31, 2022, your Company, basis a confirmation received from Indian Bank, sought an extension for the said appointment from RBI. In response to the Company's representations, RBI has, vide, its letter dated July 1, 2022, granted a fresh approval for appointment of Shri Satish Kumar as Director of the Company with effect from the date of the letter i.e. July 1, 2022. Accordingly, the Board of your Company has appointed Shri Satish Kumar as a Nominee Director of Indian Bank w.e.f. July 1, 2022.

### Independent Directors

Your Company has received declarations from all the Independent Directors of the Company confirming that they (i) meet the criteria of independence; (ii) possess such qualifications; and (iii) have complied with such other requirements applicable to independent directors, as prescribed in the Act.

Your Company's Board is of the opinion that the Independent Directors possess requisite qualifications, experience and expertise and they hold highest standards of integrity.

## KEY MANAGERIAL PERSONNEL

As on March 31, 2022, Shri Mehul Gandhi, Executive Director & CEO, Shri Rakesh Panjwani, Chief Financial Officer and Shri Rajesh Gandhi, Company Secretary are the Key Managerial Personnel of the Company pursuant to the provisions of the Act.

# Boards' Report (Contd.)

Shri Rajesh Gandhi has been appointed as Company Secretary of the Company with effect from July 1, 2021 in place of Ms. Preeti Chapru who ceased to be the Company Secretary with effect from the close of business hours on May 19, 2021.

## EVALUATION OF DIRECTORS, BOARD AND COMMITTEES

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

For the above purpose, the Nomination and Remuneration Committee of the Board has laid down the manner in which formal annual evaluation of the performance of the Board, its Committees and individual directors shall be made. It, *inter alia,* includes circulation of evaluation forms separately for evaluation of the Board, its Committees and individual directors of your Company. 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).

The performance evaluation of the Board, its Committee and all directors was carried out by the Nomination and Remuneration Committee and the Board after seeking inputs from all the Directors.

The performance of non-independent directors, the Board as a whole, and the Committees of the Board was also evaluated by independent directors in a separate meeting. Evaluation as done by the independent directors was submitted to the Nomination and Remuneration Committee and subsequently to the Board.

Basis the above, the Board is of the view that the overall functioning of the Board and its Committees are satisfactory. The Board was also satisfied with contribution of directors in their respective capacities, which reflected the overall engagement of the individual directors.

## 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. There has been no change in the policy during the year under review and the said policy is disclosed herewith as **Annexure - A**.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, confirm that:

i. in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;

ii. the accounting policies selected have been applied 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, 2022 and of the profit of the Company for the year ended on that date;

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

iv. annual accounts have been prepared on a 'going concern' basis;

v. the Directors have laid down proper internal financial controls, and that such internal financial controls are adequate and were operating effectively; and

vi. the Directors have 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 material transactions with any related party as defined under Section 188 of the Act.

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. Transactions entered into pursuant to the omnibus approval so granted were reviewed and statement giving details of all the related party transactions were placed before the Audit Committee and the Board on a quarterly basis.

All the related party transactions, as required under Ind AS, are reported in the notes to the Standalone Financial Statement.

## 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 of your Company meets at regular intervals to discuss and decide on the Company's performance, strategies and various other matters. During the year under review, the

# Boards' Report (Contd.)

Board met on April 28, 2021, July 22, 2021, August 23, 2021, September 17, 2021, October 22, 2021, January 20, 2022 and March 11, 2022.

## COMMITEES OF THE BOARD

### 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 provisions of Section 177 of the Act. All the Members of the Audit Committee are financially literate. The present constitution of the Audit Committee is as under:

| | | |
|---|---|---|
| Ms. Deena Mehta | - | Chairman |
| Dr. R B Barman | - | Member |
| Shri Sudarshana Bhat | - | Member |
| Shri Mehul Gandhi | - | Member |
| Shri Satish Kumar | - | Member |

During the year under review, four Audit Committee Meetings were held on April 28, 2021, July 22, 2021, October 22, 2021 and January 20, 2022. All the recommendations made by the Audit Committee were accepted by the Board.

### Nomination and Remuneration Committee

The Board of your Company has constituted a Nomination and Remuneration Committee pursuant to the 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 11, 2022. The present constitution of the committee is as under:

| | | |
|---|---|---|
| Dr. R B Barman | - | Member |
| Ms. Deena Mehta | - | Member |
| Shri Sudarshana Bhat | - | Member |

During the year under review, the Nomination and Remuneration Committee met on April 28, 2021 and July 22, 2021.

### Corporate Social Responsibility Committee ("CSR Committee")

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 Policy) Rules, 2014. The Corporate Social Responsibility Committee has been re-constituted by the Board vide a circular resolution dated January 17, 2022. The present constitution of the committee is as under:

| | | |
|---|---|---|
| Dr. R B Barman | - | Chairman |
| Ms. Deena Mehta | - | Member |
| Shri Mehul Gandhi | - | Member |

During the year under review, the CSR Committee met on February 24, 2022.

The CSR Committee has formulated a Corporate Social Responsibility Policy ("CSR Policy") indicating the activities to be undertaken by the Company. The CSR policy may be accessed on the Company's website at 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 the Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as **Annexure - B** to this Report.

### Risk Management Committee

The Board of your Company has constituted a Risk Management Committee. The present constitution of the committee is as under:

| | | |
|---|---|---|
| Shri Sudarshana Bhat | - | Chairman |
| Dr. R B Barman | - | Member |
| Ms. Deena Mehta | - | Member |
| Shri Mehul Gandhi | - | Member |
| Shri Satish Kumar | - | Member |

During the year under review, the Risk Management Committee met on April 28, 2021, July 22, 2021, October 22, 2021 and January 20, 2022.

### Investment Committee

The Board of your Company has constituted an Investment Committee to evaluate and approve acquisition of financial assets from bank and Financial Institutions in accordance with RBI guidelines and your Company's policy on Acquisition of Financial Assets. The Investment Committee of the Company consists of the following:

| | | |
|---|---|---|
| Ms. Deena Mehta | - | Member |
| Dr. R B Barman | - | Member |
| Shri Mehul Gandhi | - | Member |

During the year under review, the Investment Committee met on April 28, 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 RBI. The committee consists of:

| | | |
|---|---|---|
| Ms. Deena Mehta | - | Member |
| Dr. R B Barman | - | Member |
| Shri Mehul Gandhi | - | Member |

# Boards' Report (Contd.)

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

Pursuant to the provisions of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the members of the Company had, at their 11th Annual General Meeting, appointed M/s. Pathak H. D. & Associates LLP, Chartered Accountants (ICAI Firm registration No. 107783W / W100593) as Statutory Auditors of the Company for a period of 5 consecutive years to hold office till the conclusion of the 16th Annual General Meeting of the Company to be held in the calendar year 2022.

M/s. Pathak H. D. & Associates LLP, Chartered Accountants are due to retire at the ensuing AGM of the Company. M/s. Pathak H. D. & Associates LLP, Chartered Accountants has confirmed that they are eligible to be reappointed in accordance with the provisions of the Act and rules framed thereunder. The Board of Directors, upon the recommendation of the Audit Committee, proposes and recommends the re-appointment of M/s. Pathak H. D. & Associates LLP, Chartered Accountants for a second term of 5 consecutive years from the conclusion of the 16th Annual General Meeting of the Company till the 21st Annual General Meeting of the Company, to the shareholders for their approval. Resolution seeking your approval forms part of the notice convening AGM.

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

### Secretarial Auditors

Pursuant to the provisions of Section 204(1) of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board 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, issued by M/s. Aashish K. Bhatt & Associates, Practicing Company Secretaries, for the year under review is attached as **Annexure - C** to this report. Clarifications on the remarks made by the Secretarial Auditors in their report are provided herein below:

With respect to non-disclosure of certain ratios in the financial results filed with BSE Limited for Q2FY22 and Q3FY22, the same was caused owing to innocuous oversight.

With respect to the delay in disclosure under regulation 51 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.r.t. the resignation of Shri Aman Gudral, the same was caused due to system error and inability to access the concerned portal for submitting the disclosure. The reason for delay was duly recorded in the disclosure and filed with BSE Limited in compliance with the aforesaid regulation.

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

### 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.

## REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the Statutory Auditors nor the Secretarial Auditors have detected and / or reported to the Audit Committee, under Section 143(12) of the Act, any instances of fraud committed against your Company by its officers and employees.

## ANNUAL RETURN

In terms of the provisions of Section 92 and Section 134 of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of your Company as on March 31, 2022 is available on the Company's website www.rarcl.com.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is a securitization and asset reconstruction company and does not involve in any manufacturing activity and further the Company's activities involve very low energy consumption. The information, as applicable, has been provided in **Annexure - D** forming part of this Report.

## WHISTLE BLOWER POLICY / VIGIL MECHANISM

Your Company has formulated and implemented Whistle Blower Policy (Vigil mechanism) to address the genuine concerns, if

# Boards' Report (Contd.)

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 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 Board of your Company has constituted a Risk Management Committee, which is *inter alia*, mandated to review the risk management plan / process of your Company. The committee periodically assesses risks in the internal and external environment, and incorporate risks mitigation plans in its strategies, business and operation plans and processes.

## POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company is committed to uphold and maintain the dignity of women 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.

## 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.

## INTERNAL CONTROLS

Your Company has in place adequate internal control system commensurate with the size of its operations. Internal control systems comprising of policies and procedures are designed to ensure sound management of the Company's operations, safe keeping of its assets, optimal utilization of its resources, reliability of its financial information and compliance. Systems and procedures are periodically reviewed to keep pace with the growing size and complexity of your Company's operations. During the year under review, no material or serious observation has been received from the Statutory Auditors of your Company citing inefficacy or inadequacy of such controls.

## CONVENING AGM THROUGH AUDIO-VISUAL MEANS

Considering the COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has, vide its General Circular No. 20/2020 dated May 5, 2020, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 19/2021 dated December 8, 2021, General Circular No. 21/2021 dated December 14, 2021 and General Circular No. 02/2022 dated May 5, 2022 (collectively referred to as "MCA Circulars"), permitted convening the annual general meeting through Video Conference (VC) / Other Audio-Visual Means (OAVM) on or before December 31, 2022, without the physical presence of the Members at a common venue.

In compliance with the MCA Circulars and applicable provisions of the Act, the 16th Annual General Meeting of your Company will be convened and conducted through VC/OAVM.

## DELISTING OF DEBT SECURITIES OF THE COMPANY

Your Company's market linked debentures ("MLDs") were listed on BSE Limited. During the year under review, your Company has redeemed / repaid all of its MLDs as per their respective terms of issuance and delisted its MLDs from BSE Limited.

## 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.

## 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**<br>**Executive Director & CEO**<br>**[DIN: 08584229]** | **Dr. R B Barman**<br>**Independent Director**<br>**[DIN: 02612871]** |

**Date: July 21, 2022**

## 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 harmonize 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. Objective

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

# Boards' Report (Contd.)

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.

Annexure - B

## ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2021-2022

[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:**

| 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 Mehul Gandhi | Executive Director & CEO | 1 | 1 |

3. **Provide 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. **Provide the details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) 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 Policy) 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):**

   Rs. 26.92 Cr.

7. (a) **Two percent of average net profit of the company as per section 135(5):** Rs. 0.54 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

   (d) **Total CSR obligation for the financial year (7a+7b-7c):** Rs. 0.54 Cr.

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

| Total Amount Spent for the Financial Year 2021-2022 (Rs. in crore) | Amount Unspent (in Rs.) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |
| 0.54 | Nil | Not Applicable | Not Applicable | Nil | Not Applicable |

# Boards' Report (Contd.)

(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 Rs.) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.) | Mode of Implementation - 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 Rs. Lakh) | Mode of implementation Direct (Yes/No) | Mode of implementation - Through implementing agency | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | State | District | | | Name | CSR registration number |
| 1 | **Annam Brahma by The Yoga Institute** | Item (i): Eradicating hunger, poverty and malnutrition – Distribution of fresh vegetarian food to poor, needy and hungry people. | Yes | Maharashtra | Mumbai | 5.00 Lakh | Yes | N.A. | CSR00019542 |
| 2 | **Sanjeevani - Life Beyond Cancer** | Item (i): Promoting health care - Immunity Building Sessions to educate and handhold cancer patients | Yes | Maharashtra | Mumbai | 10.00 Lakh | Yes | N.A. | CSR00004972 |
| 3 | **The Children Aid Society** | Item (i): Promoting health care - Procurement of medical equipment / medicines for mentally deficient children | Yes | Maharashtra | Mumbai | 3.50 Lakh | Yes | N.A. | CSR00010533 |

| 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 Rs. Lakh) | Mode of implementation Direct (Yes/No) | Mode of implementation - Through implementing agency | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | State | District | | | Name | CSR registration number |
| 4 | **Omkar Andh Apang Samajik Sanstha** | Item (iii): Setting up homes for women and orphans etc. - Housing project for Blind, Handicapped, Deaf, Widow, Helpless Women, mentally Challenged, Orphans, Cancer, Dialysis, Kidney / Heart / HIV patients and the people below poverty line | Yes | Maharashtra | Mumbai | 35.34 Lakh | Yes | N.A. | CSR00003196 |

(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):** Rs. 54 Lakh

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

| Sl. No. | Particular | Amount (in Rs. Lakh) |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section 135(5) | 54 |
| (ii) | Total amount spent for the Financial Year | 54 |
| (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 Rs.) | Amount spent in the reporting Financial Year (in Rs.). | 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 Rs.) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in Rs). | Date of transfer. | |
| N.A. | | | | | | | |

# Boards' Report (Contd.)

**(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 commenced. | 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/-**<br><br>**Mehul Gandhi**<br>**(Executive Director &CEO)** | **Sd/-**<br><br>**Dr. R B Barman**<br>**(Independent Director)** |

**Annexure - C**

**Form No. MR-3**

**Secretarial Audit Report**

**For the financial year ended March 31, 2022**

[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, 2022, 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, 2022, 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. The 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 and Sweat Equity) Regulations, 2021 – Not Applicable;

   e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

   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, 2021 – 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. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") for listing its Non – Convertible Debentures except Non-disclosure of certain ratios as stated in regulation 52 of SEBI Listing Regulations in Financial Results for quarter ended September 2021 & December 2021 to Stock Exchange and delay in disclosure under regulation 51 of SEBI Listing Regulations w.r.t. Resignation of Mr. Aman Gudral, Non-Executive Director to Stock Exchange.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. However, post resignation of Mr. Aman Gudral (nominee director of Reliance Capital Limited) on November 29, 2021, Reliance Capital Limited (acting through an Administrator appointed by the Reserve Bank of India vide its order dated November 29, 2021) has not appointed any Nominee Director

# Boards' Report (Contd.)

on the Board of the Company pursuant to the Shareholders' Agreement dated May 13, 2008.

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) The Reserve Bank of India Act, 1934 and its circulars, Master Directions, Master Circulars, notifications etc. pertaining to Asset Reconstruction 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.

Further, as a precautionary measure against "COVID 2019", the audit process has been modified, wherein 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) Execution of Share Purchase Agreements for transfer of Equity Shares;

(iv) Approval for Private Placement of Non-Convertible Debentures and / or other Debt Securities by members of the Company.

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

**Aashish K. Bhatt**
**ACS No.: 19639; COP No.: 7023**
**UDIN: U45200MH2006PLC161190**

**Date: 27/04/2022**
**Place: Mumbai**

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

## APPENDIX A TO ANNEXURE - C

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: U45200MH2006PLC161190**

**Date: 27/04/2022**
**Place: Mumbai**

# Boards' Report (Contd.)

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 | The Company uses latest technology and equipment for its business and operations. |
| | (ii) the benefits derived like product improvement, cost reduction, product development or import substitution | |
| | (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)<br>(a) the details of technology imported;<br>(b) the year of import;<br>(c) whether the technology been fully absorbed;<br>(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 | Nil |

# 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 Indian economy expanded in FY22, surpassing pre-pandemic levels of output. As per the Central Statistical Organisation, GDP grew by 8.7 per cent compared with a contraction of 6.6 per cent in FY21. Growth was backed by rapid vaccination and opening up of economy. Further, Government of India's (GOI's) thrust on infrastructure and capital expenditure, supported by increase in private sector consumption and capital expenditure supported economic growth.

The Central Government through Budgetary support and the RBI announced a host of measures to contain the impact of the second wave on domestic economic activity. The Government focused on providing relief and credit flow to small business, health, tourism sectors and other service sectors that were affected by the pandemic. On the monetary policy side, the RBI kept its stance accommodative and policy rates unchanged at 4.0 per cent in FY22 and announced measures to provide liquidity support.

However, recent geopolitical tensions do present some headwinds for the growth outlook. Higher crude oil prices and resulting higher fuel and transportation costs are likely to weigh on private consumption. In addition, higher input costs are likely to put stress on profit margins and could slow down the recovery. Moreover, lower global growth (due to a slowdown in China and geopolitical tensions) could have a bearing on India's export demand. Furthermore, geopolitical tensions and lingering supply side disruptions are likely to weigh on domestic retail inflation as well. CPI headline inflation rose to an 8-year high of 7.8 per cent in April-22 (vs. 6.95 per cent in March-22). Support from recently announced excise duty cuts on petrol and diesel is likely to be offset high crude oil prices.

To rein in elevated inflation amid Russia-Ukraine crisis, the RBI raised rate by 40 bps in an off-cycle meeting on 4th May 2022 and delivered another rate hike of 50 bps in its June 2022 policy, taking the repo rate to 4.9%. The central bank justified its rate action as a step to control the second-round impact of inflationary pressures and an effort to anchor inflation expectations. On the liquidity front, the central bank reiterated that it would provide enough liquidity in the system - balancing any change due to its FX operations, Government spending or seasonality - in a manner that the normalization is non-disruptive for growth.

### FY 23 Outlook

Economic activity is poised to gain further momentum in FY23 supported by a recovery in consumption, continued rise in exports and a push through Government capital expenditure. In the Union Budget for FY23, the Government increased its allocation on capital expenditure by 24.5 per cent (from FY22 Revised Estimates) to ₹ 7.5 lakh crore. In addition, it announced measures in the Union Budget for FY23 such as extension of credit guarantee scheme by a year and an increase in guaranteed amount earmarked for the hospitality sector. This was to address the sectors worst affected by the pandemic.

Overall, the Indian economy recovered from the impact of the pandemic in FY22 and is estimated to be the fastest growing economy in the world in FY23. Though there are new headwinds that could cloud the economic outlook, India is better positioned (as gauged by external indicators) to withstand extreme volatile episodes/shocks.

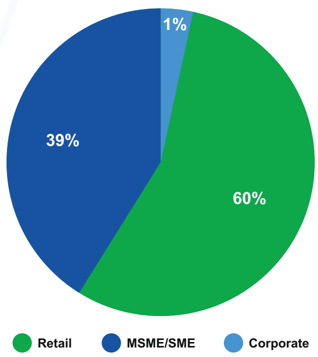
### Activities of the Company

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

The Assets Under Management (AUM) at ₹ 2,230 crore as on March 31, 2022 increased from ₹ 2,213 crore as on March 31, 2021. The total receivables from these portfolios was around ₹ 5,978 crore. Your Company deployed ₹ 44.88 crore for the investments done in the financial year ended March 31, 2022. Company has done acquisition of Rs 259 core in the current financial year one deal was acquired under 25:75 structure and other were done under 15:85 structure.

The average trusteeship fee was 1.99% (as compared to the previous year of 1.78%). The rate increased due to improvement in quality of acquisition with better yielding commercial structure in past two years.

### 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, 2022 and financial year ended on March 31, 2021:

| Particulars | Financial Year ended on March 31, 2022 | Financial Year ended on March 31, 2021 | % change |
|---|---|---|---|
| Total Income (₹ In crore) | 62.01 | 60.47 | 3% |
| Total Expenses (₹ In crore) | 34.94 | 33.26 | 5% |
| EBITDA (₹ In crore) | 38.99 | 42.34 | -8% |
| PBT (₹ In crore) | 27.07 | 27.21 | -1% |
| PAT (₹ In crore) | 22.13 | 21.71 | 2% |
| Shareholder's Funds (₹ In crore) | 248.45 | 229.39 | 8% |
| Return on Assets (in %) | 5.57 | 5.51 | 1% |
| Return on Equity (in %) | 9.26 | 9.87 | -6% |
| Customer count (in Number) | 3,73,166 | 3,66,764 | 2% |
| Acquisitions (₹ In crore) | 258.55 | 325.38 | -21% |
| Resolutions (₹ In crore) | 325 | 222 | 46% |
| Assets Under Management (₹ In crore) | 2230 | 2213 | 1% |
| Own Investments (₹ In crore) | 349 | 340 | 3% |
| Borrowing (₹ In crore) | 104 | 123 | -15% |

Revenue per employee is ₹1.88 crore in line with previous year, expense per employee has increased to ₹ 1.06 crore from ₹ 1.04 crore. The PAT per employee decreased from to ₹ 0.68 crore to ₹ 0.67 crore.

The Company's funding profile is largely an overdraft line from Union Bank of India along with Inter Corporate Deposits (ICDs) from the Group. The Company during the year has successfully repaid its entire market- linked debentures raised during last three financial years.

### Acquisition

The Company continue with its stated strategy of deepening its presence in Retail and SME book and within the overall product and segment framework. The Company believed that it would play a significant role in resolution of mid-size assets that would commensurate to capital and bandwidth. Most of the loans acquired by the Company were within the less than ₹ 5 crore average ticket size across secured and unsecured space.

Company has done acquisition of Rs 259 crore in the current financial year one deal was acquired under 25:75 structure and others were done under 15:85 structure. Company deployed Rs 44.88 crore for the above acquisition as its share of investment.

The Company has AUM of ₹ 2,230 crore.

Our primary focus has been around the two key areas:

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

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

The acquisition happened after the Company expressed interest and won bids of portfolios sold through public auction and bilateral basis. Secured loans formed major part of acquisition in current year contributing around 96% of acquisition price and around 4% of unsecured loans.

### Resolutions

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

The overall resolution during the year has been ₹325 crore resulting in 46% growth compared to previous year.

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

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

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

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

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 Rs. 1,110 for the year ended March 31, 2022, which is 1% 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 33 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, 2022, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flows and the Standalone Statement of changes in Equity for the year then ended and notes to the standalone financial statements, including a 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022; and its profit and total Comprehensive Income, Change in Equity and its Cash Flows for the year ended on that date.

### Basis for opinion

We conducted our audit of the standalone 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 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 ('ICAI') 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 period. 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.

## Independent Auditor's Report (Contd.)

| 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.38,855 Lakh and the net fair valuation loss on such investments during the year amounts to Rs 135 Lakh as disclosed in the standalone financial Statements.<br><br>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.<br><br>The management has involved credit rating agencies for valuation of SR.<br><br>Considering the fair valuation of investments is significant to overall standalone financial Statement and the degree of management's judgment involved in the estimate, any error in the estimate could lead to material misstatement in the standalone financial statement.<br><br>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.<br><br>• 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.<br><br>• We compared the rating provided by the independent rating agencies with fair valuation determined by the Company.<br><br>• We assessed the disclosure related to investments in SR and fair valuation included in these financial statements. |
| **2. Revenue Recognition: Trusteeship Fee** (as described in Note No. 1.02 (i) & 2.20 of the standalone financial statements) | |
| Trusteeship Fee is the most significant account balance in the Statement of Profit and Loss.<br><br>Key aspects relating to timing and recognition of revenue in respect of Trusteeship Fee are set out below:<br><br>• 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.<br><br>• Trusteeship Fee is accrued based on a five step model as set out in Ind AS 115 "Revenue from Contract with Customers.<br><br>• The contracts include a single performance obligation that is satisfied over time.<br><br>Therefore, it is considered as a key audit matter. | Our audit procedures included:<br><br>Design / controls<br><br>• Understood and evaluated the design and implementation of key controls in place around recognition of Trusteeship Fee;<br><br>• Test checked management review controls over recognition of Trusteeship Fee.<br><br>Substantive tests<br><br>• Evaluated the appropriateness of recognition of revenue in respect of Trusteeship Fee income based on the requirements of Ind AS 115;<br><br>• Obtained AUM and Trusteeship Fee from the Company and then reconciled Trusteeship Fee to amounts included in standalone financial statements;<br><br>• Test checked that Trusteeship Fee rates were approved by authorised personnel;<br><br>• Test checked Trusteeship Fee invoices and reconciled with the accounting records;<br><br>• Evaluated the adequacy of disclosures relating to the Trusteeship Fee earned by the Company. |

# Independent Auditor's Report (Contd.)

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the Management Discussion & Analysis, Board's Report including Annexure 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 will 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 identified above when it becomes available 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. When we read the report containing other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management 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, change in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements 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.

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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements 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 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

# Independent Auditor’s Report (Contd.)

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**

1. As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. 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 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 Cash Flow Statement and the Standalone Statement of change in equity 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 Indian Accounting Standards specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **“**Annexure B**”**.

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

      In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.

   h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rules 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:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements in Note no. 2.31 of the standalone financial statements;

      ii. The Company did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2022;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company for the year ended March 31, 2022.

      iv. (a) Management has represented to us that, to the best of it’s knowledge and belief, other than as disclosed in the notes to the accounts no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      (b) Management has represented to us that, to the best of it’s knowledge and belief, other than as disclosed in the notes to the accounts no funds have been received by the company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall,

# Independent Auditor's Report (Contd.)

whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(c) Based on our audit procedure conducted that are considered reasonable and appropriate in the circumstances, nothing has come to our attention that cause us to believe that the representation given by the management under paragraph (2) (h) (iv) (a) & (b) contain any material misstatement.

v. (a) The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

(b) As stated in note 2.45 of the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing annual general meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

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

**Jigar T. Shah**
Partner
Membership No.: 161851
UDIN: 22161851AKCEGK3682

Place: Mumbai
Date: April 27, 2022

# Annexure A to Auditors' Report

**Referred to in our Auditors' Report of even date to the members of Reliance Asset Reconstruction Company Limited on the standalone financial statements for the year ended March 31, 2022**

(i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its property, plant and equipment, on the basis of available information.

(B) The Company has maintained proper records showing full particulars of intangible assets on the basis of available information.

(b) The Company has a regular programme of physical verification of its property, plant and equipment, by which all property, plant and equipment are verified in a phased manner over a period of time. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, a portion of the property, plant and equipment has been physically verified by the Management during the year and no material discrepancies between the book records and the physical assets were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, we report that, the title deeds of all the immovable properties comprising of land and buildings other than self-constructed properties are held in the name of the Company.

(d) According to information and explanations given to us and books of accounts and records examined by us, Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to information, explanations and representation given to us by the management, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) (a) According to the information and explanations given to us, the Company does not hold any physical inventories. Thus, the reporting requirements under paragraph 3(ii)(a) of the order is not applicable to the Company.

(b) As per the information and explanation given to us and examination of books of accounts and other records produced before us, in our opinion quarterly returns or statements filed by the Company with banks or financial institutions pursuant to terms of sanction letters for working capital limits in excess of five crore secured by current assets are in agreement with the books of account of the Company.

(iii) According to information and explanations given to us and books of accounts and records examined by us, the Company has not made any investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnership or any other parties. Hence, the reporting requirements under paragraph 3(iii) (a)(A) & (B), (iii) (b), (iii) (c), (iii) (d), (iii) (e) and (iii) (f) of the Order is not applicable.

(iv) The Company has not granted any loan or provided any guarantee or security in connection with any loan taken by parties covered under section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

(v) 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) 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 the undisputed statutory dues including goods and service tax, provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable, with the appropriate authorities. There are no undisputed amounts payable in respect to such applicable statutory dues outstanding as at March 31, 2022 for a period of 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 goods and service tax, provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as at March 31, 2022 which have not been deposited on account of a dispute.

(viii) According to the information and explanations given to us, Company has not surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, any transactions which are not recorded in the books of account.

(ix) a) In our opinion and according to the information and explanations given and books of accounts and records examined by us, the Company has not defaulted in repayment of dues to debentures holders of Market linked debentures.

## Annexure A to Auditors' Report (Contd.)

b) In our opinion, and according to the information and explanations given to us, the Company has not been declared wilful defaulter by any bank or financial institution or other lender.

c) In our opinion, and according to the information and explanations given and records examined by us, the Company does not have any term loan from banks, financial institutions and government. Hence, the reporting requirements under paragraph 3(ix)(c) of the Order is not applicable.

d) In our opinion, and according to the information and explanations given to us, funds raised on the short-term basis have not been utilized for long term purposes.

e) In our opinion, and according to the information and explanations given to us, the Company does not have any subsidiaries, associates or joint ventures. Hence, the reporting requirements under paragraph 3(ix)(e) and (f) of the Order is not applicable.

(x) (a) During the year the Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans hence the reporting requirements under paragraph 3(ix) (a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) as per section 42 and 62 of the Act, hence the reporting requirements under paragraph 3(ix)(b) of the Order is not applicable.

(xi) (a) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and as per information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.

(b) According to the information and explanations given to us, no report under sub-section 12 of section 143 of the Act has been filed by us or by any other auditor in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) According to the information, explanations and representation given to us by the management, no whistle-blower complaints have been received during the year by the company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii)(a), (xii)(b) and (xii)(c) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and section 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) (a) In our opinion, and according to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the company issued till date, for the period under audit.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) (a) 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 paragraph 3 (xvi)(a) and (b) of the Order is not applicable.

(b) In our opinion, and according to the information and explanations provided to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(c) As represented by the management, the Group does not have more than one Core Investment Company as part of the Group as per the definition of Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016.

(xvii) In our opinion, and according to the information and explanations provided to us, the Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state

# Annexure A to Auditors' Report (Contd.)

that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) With respect to CSR contribution under section 135 of the Act:

(a) According to the information and explanations given to us and on the basis of our audit procedures, in respect of other than ongoing projects, there were no unspent amount that were required to be transferred to a Fund specified in Schedule VII in compliance with second proviso to sub-section 5 of section 135 of the Act.

(b) According to the information and explanations given to us and on the basis of our audit procedures, in respect of ongoing projects there were no unspent amount that were required to be transferred to special account in compliance with provision of sub section 6 of section 135 of the Act.

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

**Jigar T. Shah**
Partner
Membership No.: 161851
UDIN: 22161851AKCEGK3682

Place: Mumbai
Date: April 27, 2022

# Annexure B to Auditors' Report

**Annexure B to the Independent Auditor's Report on the standalone financial statements of Reliance Asset Reconstruction Company Limited for year ended March 31, 2022**

**Report on the internal financial controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the Internal Financial Controls with reference to standalone financial statements of **Reliance Asset Reconstruction Company Limited** (hereinafter referred to as "the Company") as of March 31, 2022 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**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial controls 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 ('Guidance Note') 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 Companies Act, 2013 ("the Act").

**Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 standalone financial statements, 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 standalone financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial controls with Reference to standalone financial statements**

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial Statements include 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 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 authorization 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 Over Financial Reporting**

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 control 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.

**Opinion**

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 standalone financial statements were operating effectively as at March 31, 2022, 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.

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

**Jigar T. Shah**
Partner
Membership No.: 161851
UDIN: 22161851AKCEGK3682

Place: Mumbai
Date: April 27, 2022

## Standalone Balance Sheet as at March 31, 2022

₹ in Lakh

| Particulars | Notes | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **I) ASSETS** | | | |
| **A) Financial Assets** | | | |
| (a) Cash and cash equivalents | 2.01 | - | 17 |
| (b) Trade receivables | 2.02 | 196 | 630 |
| (c) Investments | 2.03 | 38,855 | 38,107 |
| (d) Other financial assets | 2.04 | 281 | 260 |
| **Total Financial Assets (A)** | | **39,332** | **39,014** |
| **B) Non-Financial Assets** | | | |
| (a) Current tax assets (Net) | 2.05 | 10 | 136 |
| (b) Property, plant and equipment | 2.06 | 54 | 44 |
| (c) Right of use assets | 2.07 | 109 | 59 |
| (d) Other intangible assets | 2.08 | 5 | 6 |
| (e) Intangible assets under development | 2.09 | 15 | - |
| (f) Other non-financial asset | 2.10 | 204 | 149 |
| **Total Non Financial Assets (B)** | | **397** | **394** |
| **TOTAL ASSETS (A + B)** | | **39,729** | **39,408** |
| **II) LIABILITIES AND EQUITY:** | | | |
| **LIABILITIES** | | | |
| **a) Financial Liabilities** | | | |
| (i) Trade Payables | 2.11 | | |
| (a) total outstanding dues of micro enterprises and small enterprises | | - | - |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | | 165 | 80 |
| (ii) Debt securities | 2.12 | - | 1,135 |
| (iii) Borrowings (Other than debt Securities) | 2.13 | 10,373 | 11,143 |
| (iv) Other financial liabilities | 2.14 | 1,246 | 458 |
| **Total Financial Liability (C)** | | **11,784** | **12,816** |
| **b) Non-Financial Liabilities** | | | |
| (i) Provisions | 2.15 | 38 | 60 |
| (ii) Deferred tax liability (Net) | 2.16 | 965 | 973 |
| (iii) Other non-financial liabilities | 2.17 | 2,097 | 2,620 |
| **Total Non Financial Liability (D)** | | **3,100** | **3,653** |
| **EQUITY** | | | |
| a) Equity Share capital | 2.18 | 10,000 | 10,000 |
| b) Other Equity | 2.19 | 14,845 | 12,939 |
| **Total Equity (E)** | | **24,845** | **22,939** |
| **TOTAL LIABILITIES AND EQUITY (C + D + E)** | | **39,729** | **39,408** |
| **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)

**Jigar T. Shah**
Partner
Membership No: 161851

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

**Rakesh Panjwani**
(Chief Financial Officer)

Place : Mumbai
Date: April 27, 2022

**Rajesh Gandhi**
(Company Secretary)

## Standalone Statement of Profit and Loss for the year ended March 31, 2022

₹ in Lakh

| | Particulars | Notes | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|---|
| I | **Revenue from operation** | | | |
| | (a) Fees and commission income | 2.20 | 6,145 | 5,926 |
| | (b) Net gain on fair value changes | 2.21 | - | 13 |
| | **Total Revenue from operation (I)** | | **6,145** | **5,939** |
| II | Other income (II) | 2.22 | 56 | 108 |
| III | **Total Revenue (I+II)** | | **6,201** | **6,047** |
| IV | **Expenses** | | | |
| | (a) Finance costs | 2.23 | 1,113 | 1,459 |
| | (b) Net loss on fair value changes | 2.24 | 135 | - |
| | (c) Employee benefits expense | 2.25 | 900 | 687 |
| | (d) Depreciation and amortisation | 2.06, 2.07 & 2.08 | 79 | 53 |
| | (e) Other expenses | 2.26 | 1,267 | 1,127 |
| | **Total Expenses (IV)** | | **3,494** | **3,326** |
| V | **Profit / (Loss) before tax (III - IV)** | | **2,707** | **2,721** |
| VI | **Tax expense** | 2.27 | | |
| | Current Tax | | (448) | (484) |
| | Taxes of Earlier Years | | (54) | - |
| | Deferred Tax | | 8 | (67) |
| VII | **Profit / (Loss) after tax (V - VI)** | | **2,213** | **2,171** |
| VIII | **Other Comprehensive Income** | | | |
| | **Items that will not be reclassified to statement of profit and loss** | | | |
| | Remeasurement Gain / (Loss) of defined benefit plans | | (8) | (2) |
| | Deferred Tax Expense on above | | 2 | 1 |
| | **Other Comprehensive Income / (Loss ) for the year (VIII)** | | **(6)** | **(1)** |
| | **Total Comprehensive Income / (Loss ) for the year (VII + VIII)** | | **2,207** | **2,170** |
| | Earning per equity share: (Nominal value per share: ₹10) | | | |
| | Basic & Diluted (Amount in ₹) | 2.40 | **2.21** | **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)

**Jigar T. Shah**
Partner
Membership No: 161851

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

**Rakesh Panjwani**
(Chief Financial Officer)

Place : Mumbai
Date: April 27, 2022

**Rajesh Gandhi**
(Company Secretary)

## Standalone Statement of Changes in Equity for the year ended March 31, 2022

### A. Equity share capital (Refer Note No. 2.18)

| Particulars | Number | ₹ in Lakh |
|---|---|---|
| **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** |
| Shares issued during the year | - | - |
| **As at March 31, 2022** | **10,00,00,000** | **10,000** |

### B. Other equity (Refer Note No. 2.19)

₹ in Lakh

| Particulars | Note | Reserves and surplus | | Other comprehensive income | Total other equity |
|---|---|---|---|---|---|
| | | Debenture redemption reserve | Retained Earnings | | |
| **Balance as at March 31, 2020** | **2.19** | **201** | **10,877** | **(9)** | **11,069** |
| Profit for the year | | - | 2,171 | - | 2,171 |
| 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** | **12,666** | **(11)** | **12,938** |
| Profit for the year | | - | 2,213 | - | 2,213 |
| Dividend (including tax on dividend) | | - | (300) | - | (300) |
| Transfer to Debenture Redemption Reserve (Net) | | (284) | 284 | - | - |
| Other comprehensive income/(loss) for the year | | - | - | (6) | (6) |
| **Balance as at March 31, 2022** | | **-** | **14,862** | **(17)** | **14,845** |

**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**
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**Rakesh Panjwani**
(Chief Financial Officer)

Place : Mumbai
Date: April 27, 2022

**Rajesh Gandhi**
(Company Secretary)

## Standalone Statement of Cash Flow for the year ended March 31, 2022

₹ in Lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| **Profit before tax** | **2,707** | **2,721** |
| **Adjustments for:** | | |
| Net (gain)/loss on fair value changes (net) | 135 | (13) |
| Provision / (Reversal) of doubtful debts (net) | (202) | (103) |
| Provision / (Reversal) for advances (net) | (90) | 50 |
| Writte off of Investment in Security Receipts | 127 | - |
| Depreciation and amortisation | 79 | 15 |
| Interest expenses | 1,100 | 1,452 |
| Interest on lease liability | 13 | 7 |
| Interest income on fixed deposits | (1) | (54) |
| **Operating Profit before working capital changes** | **3,868** | **4,075** |
| **Adjustments for working capital changes:** | | |
| Increase/(Decrease) in trade receivables and other financial assets | 745 | (589) |
| Increase/(Decrease) in trade payables and other financial liabilities | 381 | 551 |
| **Cash generated from operations** | **4,994** | **4,037** |
| Income tax paid (net of refund) | (483) | (529) |
| **Net cash generated from operating activities (A)** | **4,511** | **3,508** |
| **B. Cash flow from investing activities** | | |
| Purchase of investments | (4,488) | (5,381) |
| Realisation from investment | 3,480 | 1,934 |
| Purchase of property, plant and equipment | (52) | (27) |
| Interest received on fixed deposits | 1 | 66 |
| **Net cash (used in) / generated from investing activities (B)** | **(1,059)** | **(3,408)** |
| **C. Cash flow from financing activities** | | |
| Proceeds from borrowings | 1,500 | 2,250 |
| Repayment of borrowings | (3,535) | (5,060) |
| Dividend paid | (300) | (300) |
| Lease liability paid | (62) | (45) |
| Interest expenses | (1,202) | (1,500) |
| **Net cash (used in) / generated from financing activities ( C)** | **(3,599)** | **(4,655)** |
| **Net (decrease)/increase in cash and cash equivalents (A+B+C)** | (147) | (4,555) |
| Cash and cash equivalents at the beginning of the year | (7,351) | (2,795) |
| **Cash and cash equivalents at the end of the year** | **(7,498)** | **(7,351)** |

Cash and cash equivalents considered for cash flows

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Cash and cash equivalents (Refer Note No. 2.01) | - | 17 |
| Less : Secured Bank Over Draft (Refer Note No. 2.13) | (7,498) | (7,368) |
| **Cash and cash equivalents for cash flows purpose** | **(7,498)** | **(7,351)** |

**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

**Jigar T. Shah**
Partner
Membership No: 161851

Place : Mumbai
Date: April 27, 2022

**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)

**Rakesh Panjwani**
(Chief Financial Officer)

**Rajesh Gandhi**
(Company Secretary)

## Notes on accounts to standalone financial statements for the year ended March 31, 2022

### 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, 2022 were authorised for issue by the board of directors on April 27, 2022. 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 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."

**(iii) Recent Accounting Developments**

On March 23, 2022, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Ammendment Rules, 2022. This notification has resulted into ammendments in the following existing accounting standards which are applicable to company from April 01, 2022.

Ind AS 101 - First time adoption of Ind AS

Ind AS 103 - Business Combination

Ind AS 109 - Financial Instrument

Ind AS 16 - Property, Plant and Equipment

Ind AS 37 - Provisions, Contingent Liabilites and Contingent Asset

Ind AS 41 - Agriculture

Application of above standards are not expected to have any significant impact on the Company's financial statements

**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.

## Significant Accounting Policies (Contd.)

**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 2.08), current tax expense and tax payable, recognition of deferred tax assets for carried forward tax losses (Note 2.16), 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 2.12) and measurement of defined benefit obligation (Note 2.15). 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 |
| Refurbished Asset | 1 year |

(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 5 Years.

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

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

(v) Any gain or loss on disposal of an item of Intangible Assets is recognised in 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:

(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

## Significant Accounting Policies (Contd.)

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.

## Significant Accounting Policies (Contd.)

**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

## Significant Accounting Policies (Contd.)

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 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 adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses evidence obtained from third parties to support the conclusion that such valuations meet the requirements of Ind AS, including level in the fair value hierarchy in which such valuations should be classified.

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

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

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

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

If inputs used to measure fair value of an asset or a liability fall into different levels of fair value hierarchy, then fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of fair value hierarchy at the end of the reporting period during which the change has occurred. Refer Note No. 2.35 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 premium on acquisition and fees or costs that are an integral part of the EIR. EIR amortisation is included in finance income in the Statement of Profit and Loss. Losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

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

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

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

## 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 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, 2022

### 2.01 Cash and cash equivalents

₹in Lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Balances with bank: | | |
| In current accounts | - | 17 |
| | **-** | **17** |

### 2.02 Trade receivables

₹in Lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Receivables considered good - Secured | - | - |
| Receivables considered good - Unsecured (Refer Note No. 2.39) | 196 | 630 |
| Receivables which have significant increase in credit risk | 232 | 434 |
| | **428** | **1,064** |
| Less: Expected credit losses (ECL) | (232) | (434) |
| | **196** | **630** |

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.

There is no disputed, unbilled or not due receivables, hence the same is not dsisclosed in the ageing schedule.

**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, 2022 | Estimated total gross carrying amount | 196 | - | 232 | **428** |
| | ECL - Simplified approach | - | - | (232) | **(232)** |
| | **Net carrying amount** | **196** | **-** | - | **196** |
| March 31, 2021 | Estimated total gross carrying amount | 630 | 36 | 398 | **1,064** |
| | ECL - Simplified approach | - | (36) | (398) | **(434)** |
| | **Net carrying amount** | **630** | **-** | - | **630** |

**Reconciliation of provision of doubtful debts:**

| Particulars | ₹in Lakh |
|---|---|
| ECL measured as per simplified approach | |
| **ECL as on March 31, 2020** | **538** |
| Add/ (less): asset originated or acquired net of recoveries | (104) |
| **ECL as on March 31, 2021** | **434** |
| Add/ (less): asset originated or acquired net of recoveries | (202) |
| **ECL as on March 31, 2022** | **232** |

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

### 2.03 Investments

₹ in Lakh

| | Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| | **At fair value through profit and loss** | | |
| | **Investments in Security Receipts (Unquoted)** | | |
| A) | **Structured entities controlled by the Company (Refer Note 2.39)** | | |
| | Reliance ARC - CUB (2014) Trust # | | |
| | 80,989 (March 31, 2021 : 90,363) Security Receipts of ₹ 1,000 each | 864 | 1,355 |
| | Reliance ARC – CUB (HL & SME)(2014) Trust * | | |
| | 15,653 (March 31, 2021 : 15,653) Security Receipts of ₹ 1,000 each | 159 | 235 |
| | Reliance ARC 004 Trust # | | |
| | 1,07,670 (March 31, 2021 : 1,37,695) Security Receipts of ₹ 1,000 each | 1,424 | 1,768 |
| | Reliance ARC 007 Trust # | | |
| | 1,57,697 (March 31, 2021 : 1,76,977) Security Receipts of ₹ 1,000 each | 1,577 | 1,770 |
| | RARC 061 (Indusind Retail) Trust | | |
| | 36,259 (March 31, 2021 : 41,487) Security Receipts of ₹1,000 each | 890 | 969 |
| | **Total (A)** | **4,914** | **6,097** |
| B) | **Other structured entities** | | |
| | Reliance ARC – LVB Trust | | |
| | 9,159 (March 31, 2021 : 9,159) Security Receipts of ₹ 1,000 each | - | 23 |
| | Reliance ARC – INB Retail Portfolio Trust (2013) | | |
| | 2,63,315 (March 31, 2021 : 2,65,572) Security Receipts of ₹ 1,000 each | 1,106 | 1,049 |
| | Reliance ARC - AUCB 2014 (1) Trust * | | |
| | 6,502 (March 31, 2021 : 8,874) Security Receipts of ₹ 1,000 each | 49 | 76 |
| | Reliance ARC – CUB Sarvana Trust (2014) | | |
| | NIL (March 31, 2021 : 24,062) Security Receipts of ₹ 1,000 each | - | 130 |
| | Reliance ARC - SBI Maan Sarovar Trust | | |
| | 4,602 (March 31, 2021 : 8,115) Security Receipts of ₹ 1,000 each | 12 | 59 |
| | Reliance ARC – CUB (CTRPL) (2014) Trust | | |
| | 13,469 (March 31, 2021 : 13,469) Security Receipts of ₹ 1,000 each | 34 | 67 |
| | Reliance ARC – CUB SDPL Trust (2014) | | |
| | 12,918 (March 31, 2021 : 17,501) Security Receipts of ₹ 1,000 each | 50 | 93 |
| | Reliance ARC 001 Trust | | |
| | 2,06,676 (March 31, 2021 : 2,06,676) Security Receipts of ₹ 1,000 each | 517 | 672 |
| | Reliance ARC 002 Trust * | | |
| | 4,965 (March 31, 2021 : 5,307) Security Receipts of ₹ 1,000 each | 66 | 71 |
| | Reliance ARC 006 Trust | | |
| | 39,517 (March 31, 2021 : 40,020) Security Receipts of ₹ 1,000 each | 295 | 300 |

₹ in Lakh

| | Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| | Reliance ARC 008 Trust #<br>28,373 (March 31, 2021 : 29,700) Security Receipts of ₹ 1,000 each | 316 | 301 |
| | Reliance ARC 010 Trust *<br>30,680 (March 31, 2021 : 30,680) Security Receipts of ₹ 1,000 each | 307 | 317 |
| | Reliance ARC 011 Trust *<br>61,618 (March 31, 2021 : 61,618) Security Receipts of ₹ 1,000 each | 616 | 616 |
| | Reliance ARC 012 Trust *<br>20,507 (March 31, 2021 : 20,507) Security Receipts of ₹ 1,000 each | 205 | 282 |
| | Reliance ARC 015 Trust *<br>87,879 (March 31, 2021 : 94,745) Security Receipts of ₹ 1,000 each | 1,162 | 1,224 |
| | Reliance ARC 016 Trust *<br>21,606 (March 31, 2021 : 21,606) Security Receipts of ₹ 1,000 each | 300 | 311 |
| | Reliance ARC 013 Trust *<br>2,413 (March 31, 2021 : 2,564) Security Receipts of ₹ 1,000 each | 36 | 39 |
| | RELIANCE ARC SBI (HYD) 021 Trust *<br>1,853 (March 31, 2021 : 1,853) Security Receipts of ₹ 1,000 each | 28 | 28 |
| | RELIANCE ARC SBI (CHN) 018 Trust *<br>87,183 (March 31, 2021 : 94,268) Security Receipts of ₹ 1,000 each | 1,086 | 1,169 |
| | RELIANCE ARC SBI (MUM) 020 Trust *<br>4,017 (March 31, 2021 : 4,383) Security Receipts of ₹ 1,000 each | 58 | 61 |
| | RELIANCE ARC SBI (BHO) 019 Trust *<br>10,929 (March 31, 2021 : 10,929) Security Receipts of ₹ 1,000 each | 109 | 138 |
| | RELIANCE ARC SBI (CHN) 022 Trust *<br>1,63,105 (March 31, 2021 : 1,79,167) Security Receipts of ₹ 1,000 each | 2,066 | 2,115 |
| | RARC SVC 023 Trust *<br>2,238 (March 31, 2021 : 3,671) Security Receipts of ₹ 1,000 each | 34 | 56 |
| | RARC Dena Bank 024 Trust *<br>9,920 (March 31, 2021 : 21,275) Security Receipts of ₹ 1,000 each | 122 | 227 |
| | RARC 026 Trust #<br>82,656 (March 31, 2021 : 83,658) Security Receipts of ₹ 1,000 each | 1,225 | 1,252 |
| | RARC Dena Bank 025 Trust *<br>11,968 (March 31, 2021 : 13,050) Security Receipts of ₹ 1,000 each | 120 | 147 |
| | INB RARC 030 Trust #<br>84,165 (March 31, 2021 : 84,839) Security Receipts of ₹ 1,000 each | 1,088 | 1,086 |
| | RARC 027 Trust #<br>34,286 (March 31, 2021 : 39,576) Security Receipts of ₹ 1,000 each | 416 | 458 |

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

₹ in Lakh

| | Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| | Magma RARC 031 Trust *<br>12,465 (March 31, 2021 : 14,132) Security Receipts of ₹ 1,000 each | 136 | 150 |
| | INB RARC 036 Trust *<br>51,171 (March 31, 2021 : 52,208) Security Receipts of ₹ 1,000 each | 612 | 595 |
| | LVB RARC 029 Trust *<br>18,132 (March 31, 2021 : 18,680) Security Receipts of ₹ 1,000 each | 271 | 281 |
| | SVC Bank RARC 033 Trust *<br>30,984 (March 31, 2021 : 35,177) Security Receipts of ₹ 1,000 each | 310 | 351 |
| | SBI RARC 035 Trust #<br>59,515 (March 31, 2021 : 62,177) Security Receipts of ₹ 1,000 each | 677 | 702 |
| | LVB RARC 038 Trust #<br>84,769 (March 31, 2021 : 97,879) Security Receipts of ₹ 1,000 each | 1,216 | 1,249 |
| | Andhra Bank RARC 039 Trust<br>6,232 (March 31, 2021 : 6,600) Security Receipts of ₹ 1,000 each | 62 | 66 |
| | RARC 040 IB SME Trust #<br>28,949 (March 31, 2021 : 30,801) Security Receipts of ₹ 1,000 each | 379 | 394 |
| | RARC 045 IB SME Trust *<br>16,570 (March 31, 2021 : 22,010) Security Receipts of ₹ 1,000 each | 247 | 306 |
| | RARC 048 RCFL Trust *<br>79,427 (March 31, 2021 : 79,427) Security Receipts of ₹ 1,000 each | 1,123 | 1,191 |
| | RARC 049 (Kalyan Janata SME) Trust *<br>11,410 (March 31, 2021 : 11,471) Security Receipts of ₹1,000 each | 133 | 138 |
| | RARC (IOB EL) 050 Trust *<br>1,46,643 (March 31, 2021 : 1,56,724) Security Receipts of ₹1,000 each | 2,228 | 2,363 |
| | RARC 051 (KJSB SME) Trust *<br>40,944 (March 31, 2021 : 40,944) Security Receipts of ₹1,000 each | 513 | 534 |
| | RARC 052 (IB Retail) Trust<br>1,79,637 (March 31, 2021 : 1,88,036) Security Receipts of ₹1,000 each | 2,727 | 2,844 |
| | RARC 053 (IB SME) Trust *<br>45,000 (March 31, 2021 : 45,000) Security Receipts of ₹1,000 each | 553 | 563 |
| | RARC 057 (SHDFCL HL) Trust<br>6,184 (March 31, 2021 : 8,604) Security Receipts of ₹1,000 each | 96 | 139 |
| | RARC 058 (KJSB SME) Trust *<br>26,640 (March 31, 2021 : 26,640) Security Receipts of ₹1,000 each | 287 | 291 |
| | RARC 059 (RHDFC HL) Trust<br>26,734 (March 31, 2021 : 31,643) Security Receipts of ₹1,000 each | 347 | 389 |

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

₹ in Lakh

| | Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| | RARC (IOB EL) 062 Trust<br>1,14,434 (March 31, 2021 : 1,19,769) Security Receipts of ₹1,000 each | 1,485 | 1,554 |
| | RARC 064 (HDFC Retail) Trust<br>1,48,381 (March 31, 2021 : 2,68,868) Security Receipts of ₹1,000 each | 2,054 | 3,308 |
| | RARC (IOB EL) 065 Trust<br>1,84,937 (March 31, 2021 : 2,00,164) Security Receipts of ₹1,000 each | 2,393 | 2,002 |
| | RARC (ORFIPL TWL) 066 Trust<br>16,607 (March 31, 2021 : 23,295) Security Receipts of ₹1,000 each | 201 | 233 |
| | Shubham Housing RARC Trust<br>84,439 (March 31, 2021 : NIL) Security Receipts of ₹1,000 each | 844 | - |
| | RARC 068 Trust<br>1,52,500 (March 31, 2021 : NIL) Security Receipts of ₹1,000 each | 1,525 | - |
| | RARC 069 Trust<br>17,299 (March 31, 2021 : NIL) Security Receipts of ₹1,000 each | 173 | - |
| | RARC 070 Trust<br>1,63,275 (March 31, 2021 : NIL) Security Receipts of ₹1,000 each | 1,633 | - |
| | RARC 071 Trust<br>29,289 (March 31, 2021 : NIL) Security Receipts of ₹1,000 each | 293 | - |
| | **Total (B)** | **33,941** | **32,010** |
| | **Total (A + B)** | **38,855** | **38,107** |
| | Investments outside India | - | - |
| | Investments in India | 38,855 | 38,107 |

1) During the year, the company has written-off investment in security receipts (No. of Secuity Receipts - 12,708) amounting to ₹ 127 Lakh as no further recovery is expected.

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

# Security Receipts were hypothecated against secured market linked non convertible debentures and were under first exclusive charge in previous year.

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

### 2.04 Other financial assets

₹in Lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Considered good unless otherwise stated - Unsecured | | |
| Advances to trust considered good (Refer Note No. 2.39) | 247 | 244 |
| Advances to trust which have siginificant increase in credit risk | 154 | 245 |
| Less: Provision for advances | (154) | (245) |
| | 247 | 244 |
| Security deposit | 29 | 10 |
| Collection on behalf of trust | 4 | 5 |
| Trust fund | 1 | 1 |
| | **281** | **260** |

₹in Lakh

| Particulars | | 0-180 days | 181-365 days | More than 365 days | Total |
|---|---|---|---|---|---|
| **March 31, 2022** | Advance to trust | 247 | 26 | 128 | **401** |
| | Provision | - | (26) | (128) | **(154)** |
| | **Net carrying amount** | **247** | **-** | **-** | **247** |
| **March 31, 2021** | Advance to trust | 244 | 38 | 207 | **489** |
| | Provision | - | (38) | (207) | **(245)** |
| | **Net carrying amount** | **244** | **-** | **-** | **244** |

### 2.05 Current tax assets (Net)

₹in Lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Advance Tax<br>(net of provision for tax March 31, 2022 ₹ 1694 lakh and March 31, 2021 ₹ 4166 lakh) | 10 | 136 |
| | **10** | **136** |

### 2.06 Property, plant and equipment

₹ in Lakh

| Particulars | Own assets | | | | | Total |
|---|---|---|---|---|---|---|
| | Buildings | Furniture and fixtures | Office equipments | Leasehold Improve-ment | Computers | |
| **Year ended March 31, 2021** | | | | | | |
| **Gross carrying amount** | | | | | | |
| Opening gross carrying amount | 25 | 14 | 2 | - | 35 | **76** |
| Additions | - | - | 3 | - | 18 | **21** |
| **Closing gross carrying amount** | **25** | **14** | **5** | **-** | **53** | **97** |
| **Accumulated depreciation** | | | | | | |
| Opening accumulated depreciation | 1 | 14 | 1 | - | 24 | **40** |
| Depreciation charge during the year | - | - | 1 | - | 12 | **13** |
| **Closing accumulated depreciation** | **1** | **14** | **2** | **-** | **36** | **53** |
| **Net carrying amount as at March 31, 2021** | **24** | **0** | **3** | **-** | **17** | **44** |
| **Year ended March 31, 2022** | | | | | | |
| **Gross carrying amount** | | | | | | |
| Opening gross carrying amount | 25 | 14 | 5 | - | 53 | **97** |
| Additions | - | - | 1 | 7 | 28 | **36** |
| **Closing gross carrying amount** | **25** | **14** | **6** | **7** | **81** | **133** |
| **Accumulated depreciation** | | | | | | |
| Opening accumulated depreciation | 1 | 14 | 2 | - | 36 | **53** |
| Depreciation charge during the year | 1 | - | 1 | 1 | 23 | **26** |
| **Closing accumulated depreciation** | **2** | **14** | **3** | **1** | **59** | **79** |
| **Net carrying amount as at March 31, 2022** | **23** | **-** | **3** | **6** | **22** | **54** |

1. Building having gross carrying amount of ₹ 25 lakh were given as security for Non - Convertible Debentures in pervious year.

2. No Property, plant and equipment have been revalued during the year.

### 2.07 Leases

(a) 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

| Sr. No. | Particular | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| a. | Opening Balance | 59 | 45 |
| b. | Additions to right of use asset | 117 | 53 |
| c. | Depreciation charge for the year | (52) | (39) |
| d. | De-recognition of right of use assets | (88) | - |
| e. | Accumulated depreciation on “d” above | 73 | - |
| **f.** | **Closing Balance** | **109** | **59** |

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

**Other disclosure w.r.t. leases:**

- Finance cost amounts to ₹ 13 lakh (March 31, 2021 ₹ 7 lakh).
- The total cash outflow for the year ended March 31, 2022 amounts to ₹ 62 lakh (March 31, 2021 ₹ 45 lakh).
- The Company incurred ₹ 73 lakh (March 31, 2021 ₹ 91 lakh) for the year ended March 31, 2022 towards expenses relating to lease of low-value assets.

**Lease liabilities**

Maturity analysis - contractual discounted cash flows

**₹ in Lakh**

| Lease liabilites | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Total | 0-1 years | 1-5 years | 5 years and above |
| **2021-22** | 118 | 131 | 67 | 64 | - |
| **2020-21** | 65 | 72 | 42 | 30 | - |

### 2.08 Other intangible assets

**₹ in Lakh**

| Particulars | Total |
|---|---|
| **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** |
| **Year ended March 31, 2022** | |
| **Gross carrying amount** | |
| Opening gross carrying amount | 66 |
| Additions | - |
| **Closing gross carrying amount** | **66** |
| **Accumulated amortisation** | |
| Opening accumulated amortisation | 60 |
| Amortisation during the year | 1 |
| **Closing accumulated amortisation** | **61** |
| **Net carrying amount as at March 31, 2022** | **5** |

1. Intangible assets are other than internally generated and average remaining useful life is 5 years.
2. No Intangibles have been revalued during the year

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

### 2.09 Intangible assets under development (IAUD)

₹ in Lakh

| Particulars | Total |
|---|---|
| **Year ended March 31, 2021** | |
| **Gross carrying amount** | |
| Opening gross carrying amount | - |
| Additions | - |
| Capitalisation | - |
| **Closing gross carrying amount as at March 31, 2021** | **-** |
| **Year ended March 31, 2022** | |
| **Gross carrying amount** | |
| Opening gross carrying amount | - |
| Additions | 15 |
| Capitalisation | - |
| **Closing gross carrying amount as at March 31, 2022** | **15** |

**Intangible assets under development ageing schedule**

| Intangible assets under development | Amount in IAUD | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 Years | 1-2 Years | 2-3 Years | More than 3 Years | |
| Projects in Progress | **15** | - | - | - | **15** |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **15** | - | - | - | **15** |

**Intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan**

| Intangible assets under development | Amount in IAUD | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 Years | 1-2 Years | 2-3 Years | More than 3 Years | |
| Projects in Progress | - | - | - | - | - |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | - | - | - | - | - |

### 2.10 Other non financial assets

₹in Lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Considered good unless otherwise stated - Unsecured** | | |
| Balances with Government authorities | 64 | 50 |
| Prepaid expenses | 4 | 79 |
| Income Tax Refund Receivable | 116 | - |
| Advances recoverable in cash and kind or for value to be received which are considered good (Refer Note No. 2.39) | 20 | 19 |
| Advances recoverable in cash or in kind or for value to be received which have siginificant increase in credit risk | 13 | 12 |
| | 33 | 32 |
| Less: Provision for advances | (13) | (12) |
| | 20 | 19 |
| | **204** | **149** |

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

### 2.11 Trade Payables

₹in Lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| (a) Total outstanding dues of micro enterprises and small enterprises* | - | - |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 165 | 80 |
| | **165** | **80** |

**Trade Payables ageing**

| As at March 31, 2022 | Outstanding for following periods from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|
| **Particulars** | **Not due** | **Less than 1 Years** | **1-2 Years** | **2-3 Years** | **More than 3 Years** | |
| (i) Undisputed Trade Payables - MSME | - | - | - | - | - | **-** |
| (ii) Undisputed Trade Payables - Others | - | 165 | - | - | - | **165** |
| **Total** | **-** | **165** | **-** | **-** | **-** | **165** |

| As at March 31, 2021 | Outstanding for following periods from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|
| **Particulars** | **Not due** | **Less than 1 Years** | **1-2 Years** | **2-3 Years** | **More than 3 Years** | |
| (i) Undisputed Trade Payables - MSME | - | - | - | - | - | **-** |
| (ii) Undisputed Trade Payables - Others | 165 | 76 | 4 | - | - | **80** |
| **Total** | **165** | **76** | **4** | **-** | **-** | **80** |

There are no disputed trade payables, hence the same is not disclosed in the ageing schedule.

* 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.

### 2.12 Debt securities

₹in Lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **At fair value through profit and loss** | | |
| Market Linked Debentures - Related Parties (Secured) (Refer Note No. 2.39) | - | 1,135 |
| **Total (A)** | **-** | **1,135** |
| Debt securities in India | - | 1,135 |
| Debt securities outside India | - | - |
| **Total (B)** | **-** | **1,135** |

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

b) Details about the nature of security

The secured non-convertible debenture of the Company amounting to ₹ 1,135 lakh in previous year were 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 investments in Security Receipts by way of hypothecation (Refer Note No. 2.03) as specifically mentioned in the debenture trust deed.

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

### 2.13 Borrowings (Other than debt Securities)

₹ in Lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **At amortised cost** | | |
| Loans from banks | | |
| Secured bank over draft | 7,498 | 7,368 |
| **Inter Corporate Deposit** | | |
| Unsecured from related parties (Refer Note No. 2.39) | 2,875 | 3,775 |
| **Total (A)** | **10,373** | **11,143** |
| Borrowings in India | 10,373 | 11,143 |
| Borrowings outside India | - | - |
| **Total (B)** | **10,373** | **11,143** |

a) During the previous year the Company had 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).

**b) Repayment terms of Borrowings:**

(i) Secured bank overdraft having interest rate of 9.45% (March 31, 2021 - 9.45%) is required to be renewed on yearly basis.

(ii) Unsecured Inter corporate deposit having interest rate of 12% - 12.5% (March 31, 2021 - 12% - 12.5%) has maturity within 1 year.

### 2.14 Other financial liabilities

₹in Lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Interest accrued but not due on borrowings | - | 107 |
| Employee benefits payable | 282 | 179 |
| Recovery received on behalf of trust* | 804 | 105 |
| Other payables | 42 | 2 |
| Lease liability | 118 | 65 |
| | **1,246** | **458** |

* The Company has maintained bank account with Union Bank of India 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, 2022 (Contd.)

### 2.15 Provisions

₹in Lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Provision for employee benefits** | | |
| Gratuity (Refer Note No. 2.29) | 38 | 29 |
| **Provision others** | | |
| Disputed expenses | - | 31 |
| | **38** | **60** |
| **Movement of Provisions** | | |
| **Provision Others** | | |
| Balance at the beginning of the year | 31 | 20 |
| Provision / (reversal) of expenses | (31) | 11 |
| **Balance at the close of the year** | **-** | **31** |

### 2.16 Deferred tax liability (Net)

₹in Lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Deferred tax liabilities** | | |
| Related to Property, plant and equipment and intangible | 3 | 3 |
| Fair valuation of investments | 1,002 | 1,035 |
| | 1,005 | 1,038 |
| **Deferred tax assets** | | |
| Gratuity | (8) | (7) |
| Leased liability | (1) | (1) |
| Provisions | (31) | (57) |
| | (40) | (65) |
| | **965** | **973** |

**Movements in deferred tax**

₹in Lakh

| Particulars | Property, plant and equipment and intangible | Fair valuation of investments | Gratuity | Provisions for SARs | Leased liability | Provisions | Total |
|---|---|---|---|---|---|---|---|
| **As at March 31, 2020** | **5** | **1,095** | **(5)** | **-** | **(1)** | **(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** |
| **Charged/(Credited) to** | | | | | | | |
| Statement of profit and loss | - | (33) | 1 | - | - | 26 | (7) |
| Other comprehensive income/(loss) | - | - | (2) | - | - | - | (2) |
| **As at March 31, 2022** | **3** | **1,002** | **(8)** | **-** | **(1)** | **(31)** | **965** |

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

### 2.17 Other Non financial liabilities

₹in Lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Income received in advance | 1,512 | 2,193 |
| Advance received from trust | - | 41 |
| Statutory dues* | 585 | 386 |
| | **2,097** | **2,620** |

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

### 2.18 Share capital

₹in Lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Authorised** | | |
| 15,00,00,000 (March 31, 2021 - 15,00,00,000) equity shares of ₹10 each | 15,000 | 15,000 |
| 1,00,00,000 (March 31, 2021 - 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, 2021 - 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, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | 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/promoter companies**

| Particulars | As at March 31, 2022 | | % Change during the year |
|---|---|---|---|
| | Number | ₹in lakh | |
| Equity Shares of Rs. 10 each fully paid held by | | | |
| Reliance Capital Limited | 4,90,00,000 | 4,900 | - |
| Union Bank of India * | 1,15,00,000 | 1,150 | - |
| Indian Bank | 1,15,00,000 | 1,150 | - |

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

| Particulars | As at March 31, 2021 | | % Change during the year |
|---|---|---|---|
| | Number | ₹in lakh | |
| Equity Shares of Rs. 10 each fully paid held by | | | |
| Reliance Capital Limited | 4,90,00,000 | 4,900 | - |
| Union Bank of India * | 1,15,00,000 | 1,150 | - |
| Indian Bank | 1,15,00,000 | 1,150 | - |

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

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | 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 | - | 0.00% | 58,90,000 | 5.89% |
| Cosmea Financial Holdings Pvt. Ltd. | 95,00,000 | 9.50% | - | 0.00% |
| | **10,00,00,000** | **100.00%** | **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

### 2.19 Other equity

₹ in Lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Retained earnings | 14,862 | 12,665 |
| Other comprehensive income | (17) | (11) |
| Debenture redemption reserve | - | 284 |
| **Total other equity** | **14,845** | **12,939** |
| **Retained earnings** | | |
| Opening balance | 12,665 | 10,877 |
| Add: Profit for the year | 2,213 | 2,170 |
| Less: Dividend paid | (300) | (300) |
| Less: Tranfer to debenture redemption reserve | - | (481) |
| Add: Tranfer from debenture redemption reserve | 284 | 398 |
| **Closing balance** | **14,862** | **12,665** |
| **Other comprehensive income** | | |
| Opening balance | **(11)** | **(9)** |
| Additions during the year (net) | (6) | (2) |
| **Closing balance** | **(17)** | **(11)** |
| **Debenture redemtion reserve** | | |
| Opening balance | **284** | **201** |
| Add: Transfer from retained earnings | - | 481 |
| Less: Transfer to retained earnings | (284) | (398) |
| **Closing balance** | **-** | **284** |

**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.

## 2.20 Fees and commission income

₹ in Lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Trusteeship fees (Refer Note No. 2.39) | 4,418 | 3,762 |
| Incentive fees | 130 | 301 |
| Recovery agent fees | 1,588 | 1,848 |
| Profit on redemption of security receipts | 9 | 15 |
| | **6,145** | **5,926** |

## 2.21 Net gain on fair value changes

₹ in Lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| **Net gain on financial instruments at fair value through profit or loss** | | |
| Fair value gain on investment | - | 13 |
| | **-** | **13** |
| **Fair value changes:** | | |
| - Realised | - | - |
| - Unrealised | - | 13 |
| | **-** | **13** |

## 2.22 Other income

₹ in Lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| **On finacial assets measured at amortised cost** | | |
| Interest on fixed deposits | 1 | 54 |
| Interest on advance given to trusts | 44 | 54 |
| Other income | 11 | - |
| | **56** | **108** |

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

### 2.23 Finance costs

₹ in Lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| **Interest on financial liabilites measured at fair value through profit or loss** | | |
| Interest on debt securities | 30 | 231 |
| **Interest on financial liabilites measured at amortised cost** | | |
| Interest on other borrowings | 1,063 | 1,190 |
| Processing charges | 6 | 31 |
| Bank charges | 1 | - |
| Interest on leased liability | 13 | 7 |
| | **1,113** | **1,459** |

### 2.24 Net loss on fair value changes

₹ in Lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| **Net loss on financial instruments at fair value through profit or loss** | | |
| Fair value loss on investment | 135 | - |
| | **135** | **-** |
| **Fair value changes:** | | |
| - Realised | - | - |
| - Unrealised | 135 | - |
| | **135** | **-** |

### 2.25 Employee benefit expense

₹ in Lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Salary, bonus and allowances | 830 | 629 |
| Contribution to provident fund and other funds | 29 | 28 |
| Gratuity expense (Refer Note No. 2.29) | 8 | 8 |
| Staff welfare expenses | 33 | 22 |
| | **900** | **687** |

### 2.26 Other expenses

₹ in Lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Professional and legal charges | 418 | 314 |
| Premises rent and electricity expenses | 99 | 136 |
| Payment to auditors | | |
| - Statutory audit fees | 10 | 9 |
| - Limited review fees | 3 | 3 |
| Provision for advances | (90) | 50 |
| Investment Written off | 127 | - |
| Advance to Trust Written off | 2 | - |
| Recovery commission | 427 | 415 |
| Business development expenses | - | 1 |

₹ in Lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Director's sitting fees | 17 | 19 |
| Travelling expenses | 23 | 22 |
| Telephone expenses | 13 | 7 |
| Stamp duty and processing fees | 0 | 2 |
| Repair and maintenance | 9 | 5 |
| Courier and postage | 5 | 1 |
| Software maintanance Charges | 50 | 53 |
| Office printing and stationery | 3 | 2 |
| Due diligence expense | 3 | 4 |
| Expenditure towards corporate social responsibility (Refer Note No. 2.30) | 54 | 44 |
| Miscellaneous expenses | 94 | 40 |
| | **1,267** | **1,127** |

## 2.27 Income tax expense

₹ in Lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| **Tax Expense recognized in the statement of profit and loss** | | |
| **(a) Income tax expense** | | |
| Current tax on profits for the year | 448 | 484 |
| Adjustments for current tax of prior periods | 54 | - |
| **Total current tax expense (I)** | **502** | **484** |
| **Deferred tax** | | |
| (Decrease) / increase in deferred tax | (8) | 66 |
| **Total deferred tax expense provided / (reversal ) (II)** | **(8)** | **66** |
| **Income tax expense (I + II)** | **494** | **550** |
| **(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:** | | |
| **Tax rates** | **25.17%** | **25.17%** |
| **Profit before tax** | **2,707** | **2,721** |
| Tax calculated at tax rates applicable | **681** | **685** |
| **Difference due to:** | | |
| Corporate social responsibility | 14 | 11 |
| Depreciation and amortization | 14 | 7 |
| Provision disallowed and others | 5 | 110 |
| Fair value loss on investment | 35 | (3) |
| Losses of trusts claimed as deduction under Income Tax Act,1961 | (276) | (201) |
| Ind AS adjustment | (33) | (59) |
| Adjustments for current tax of prior periods | 54 | - |
| **Total income tax expense / (credit)** | **494** | **550** |

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, 2022 (Contd.)

### 2.28 (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, 2022 | As at March 31, 2021 |
|---|---|---|
| (a) Common Equity Tier 1 capital | 21,553 | 19,371 |
| (b) Other Tier 2 capital instruments | - | - |
| (c) Total capital | 21,553 | 19,371 |
| (d) Risk weighted assets | 35,801 | 35,343 |
| (e) CRAR (%) | 60.20% | 54.81% |

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, 2022 | As at March 31, 2021 |
|---|---|---|
| (i) Equity Shares<br>Final dividend paid for the year ended March 31, 2021 of ₹0.30 (March 31, 2020 - ₹0.30) per share fully paid share. | 300 | 300 |
| (ii) Dividends not recognised at the end of the reporting period<br>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, 2021 - ₹0.30). This proposed dividend is subject to the approval of shareholders in ensuing annual general meeting. | 300 | 300 |

### 2.29 Employee benefits

**₹ in Lakh**

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| (a) Defined contribution plan | | |
| Amount recognised in the statement of profit and loss | | |
| (i) Employer's contribution to provident fund | 25 | 23 |
| (ii) Employer's contribution to pension fund | 3 | 4 |
| | **28** | **27** |

(b) Gratuity:

Disclosures required as per the Ind AS 19 , Employee Benefits

₹ in Lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **I. Reconciliation of opening and closing balances of the present value of the defined benefit obligation** | | |
| Obligation at the beginning of the year | 29 | 22 |
| Interest cost | 2 | 1 |
| Service cost | 7 | 6 |
| Liability transferred in / acquisition | - | 2 |
| Benefit paid | (3) | (4) |
| Actuarial (gains) / losses recognised in other comprehensive income | | |
| - Due to change in demograpic assumptions | 2 | (1) |
| - Due to change in financial assumptions | 3 | 1 |
| - Due to experience adjustments | 4 | 3 |
| Obligation at the end of the year | 44 | 29 |
| **II. Change in plan assets** | | |
| Fair value of plan assets at the beginning of the year | 1 | 3 |
| Expected return on plan assets | 0 | 0 |
| Contribution | 8 | - |
| Benefit paid from the fund | (3) | (4) |
| Liability transferred in / acquisition | - | 2 |
| Actuarial gains / (losses) on plan assets - due to experience | - | - |
| Interest income | - | 0 |
| Fair value of plan assets at the end of the year | 6 | 1 |
| **III. Reconciliation of present value of obligation and fair value of the plan assets** | | |
| Fair value of plan assets at the end of the year | 6 | 1 |
| Present value of the defined benefit obligation at the end of year | 44 | 29 |
| Liability recognised in the balance sheet | 38 | 29 |
| **IV. Expense recognized in statement of profit or loss** | | |
| Service cost | 6 | 7 |
| Interest cost | 2 | 1 |
| Expense recognized in statement of profit or loss | 8 | 8 |
| **V. Amount recognized in the other comprehensive income** | | |
| Acturial (gain)/loss recognised in other comprehensive income | 8 | 2 |
| Expected return on plan assets | - | - |
| Amount recognized in the other comprehensive income | 8 | 2 |
| **VI. Investment details on plan assets** | | |
| 100% of the plan assets are invested in insurance fund | 6 | 1 |
| **VII. Actual return on plan assets** | - | - |
| **VIII. Assumptions** | | |
| Interest rate | 7.23% | 6.06% |
| Salary growth rate | 8.00% | 6.00% |
| Estimated return on plan assets | 7.23% | 6.06% |
| Employee turnover rate | 5.00% | 16.00% |

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

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

₹ in Lakh

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Present value of benefit obligation | (44) | (30) | (22) | (37) | (42) |
| Fair value of plan assets | 6 | 1 | 3 | 15 | 32 |
| Excess of obligation over plan assets | (38) | (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.

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Discount rate ( +1% movement) | (4) | (1) |
| Discount rate ( -1% movement) | 4 | 1 |
| Future salary growth ( +1% movement) | 4 | 1 |
| Future salary growth ( -1% movement) | (4) | (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 | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Projected benefits payable in future from the date of reporting | | |
| 1st following year | 2 | 3 |
| 2nd following year | 10 | 4 |
| 3rd following year | 2 | 8 |
| 4th following year | 2 | 3 |
| 5th following year | 2 | 3 |
| Sum of 6 to 10 years | 10 | 10 |
| Sum of 11 years and above | 70 | 10 |

### 2.30 Corporate Social Responsibility Expenditure:

₹ in Lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| (a) amount required to be spent by the company during the year, | 54 | 44 |
| (b) amount of expenditure incurred, | 54 | 44 |
| (c ) shortfall at the end of the year, | - | - |
| (d) total of previous years shortfall, | - | - |
| (e ) reason for shortfall, | NA | NA |
| (f) nature of CSR activities, | Setting up homes for womens and orphans etc.<br><br>Eradicating hunger, poverty and malnutrition<br><br>Promoting health care | Setting up homes for womens and orphans etc. |
| (g) details of related party transactions, | NA | NA |
| (h) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately. | NA | NA |

### 2.31 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 ₹ 5 lakh (inclusive of GST) (March 31, 2021 ₹ 21 Lakh).

### 2.32 Foreign currency

The Company has incurred ₹ NIL (March 31, 2021 ₹ 1 lakh) in foreign currency during the year towards professional fees.

# Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

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

₹ in Lakh

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **Debt securities** | | |
| Opening balance | 1,135 | 1,212 |
| Availed during the year | - | 1,750 |
| Impact of non-cash items | - | 8 |
| Repaid during the year | (1,135) | (1,835) |
| **Closing balance** | **-** | **1,135** |
| **Borrowings (other than debt securities)** | | |
| Opening balance | 3,775 | 6,500 |
| Availed during the year | 1,500 | 500 |
| Repaid during the year | (2,400) | (3,225) |
| **Closing balance** | **2,875** | **3,775** |
| **Interest** | | |
| Opening balance | 107 | 168 |
| Interest Expenses | 1,113 | 1,439 |
| Impact of non-cash items | (18) | - |
| Repaid during the year | (1,202) | (1,500) |
| **Closing balance** | **-** | **107** |

## 2.34 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, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| **Assets** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | - | - | - | 17 | - | 17 |
| Trade receivables | 196 | - | 196 | 630 | - | 630 |
| Investments* | 6,500 | 32,355 | 38,855 | 9,300 | 28,807 | 38,107 |
| Other financial asset | 251 | 30 | 281 | 249 | 11 | 260 |
| **Non-financial assets** | | | | | | |
| Current tax assets (Net) | - | 10 | 10 | - | 136 | 136 |
| Property, plant and equipment | - | 54 | 54 | - | 44 | 44 |
| Right of use assets | | 109 | 109 | - | 59 | 59 |
| Other intangible assets | - | 5 | 5 | - | 6 | 6 |
| Intangible assets under development | - | 15 | 15 | - | - | - |
| Other non-financial asset | 204 | - | 204 | 149 | - | 149 |
| **Total assets (a)** | **7,151** | **32,578** | **39,729** | **10,345** | **29,064** | **39,408** |

₹ in Lakh

| Particulars | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | 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 | 165 | - | 165 | 80 | - | 80 |
| Debt securities | - | - | - | 1,135 | - | 1,135 |
| Borrowings (Other than debt securities) | 10,373 | - | 10,373 | 11,143 | - | 11,143 |
| Other financial liabilities | 1,185 | 61 | 1,246 | 458 | - | 458 |
| **Non-financial Liabilities** | | | | | | |
| Provisions | 21 | 16 | 37 | 48 | 12 | 60 |
| Deferred tax liability (Net) | - | 965 | 965 | - | 973 | 973 |
| Other non-financial liabilities | 2,097 | - | 2,097 | 2,592 | 28 | 2,620 |
| **Total liabilities (b)** | **13,841** | **1,042** | **14,883** | **15,456** | **1,014** | **16,470** |
| **Net (a - b)** | **(6,690)** | **31,536** | **24,846** | **(5,111)** | **28,050** | **22,938** |

* As expected by management of the Company

## 2.35 Fair value measurements

### a) Financial instruments by category

₹ in Lakh

| Particular | March 31, 2022 | | March 31, 2021 | |
|---|---|---|---|---|
| | Fair value through profit or loss | Amortised cost | Fair value through profit or loss | Amortised cost |
| **Financial assets** | | | | |
| Cash and cash equivalents | - | - | - | 17 |
| Trade receivables | - | 196 | - | 630 |
| Investments - Unquoted | 38,855 | - | 38,107 | - |
| Other financial asset | - | 281 | - | 260 |
| **Total financial assets** | **38,855** | **477** | **38,107** | **907** |
| | | | | |
| **Financial liabilities** | | | | |
| Payables | - | 165 | - | 80 |
| Debt securities | - | - | 1,135 | - |
| Borrowings (Other than debt securities) | - | 10,373 | - | 11,143 |
| Other financial liabilities | - | 1,246 | - | 458 |
| **Total financial liabilities** | **-** | **11,784** | **1,135** | **11,681** |

**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, 2022 (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, 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Investments - Unquoted | - | - | 38,855 | 38,855 |
| **Total** | - | - | **38,855** | **38,855** |
| | | | | |
| **Financial liabilities** | | | | |
| Debt securities* | - | - | - | - |
| **Total** | - | - | - | - |

₹ in Lakh

| Financial liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Borrowings (Other than debt securities) | - | - | 10,373 | 10,373 |
| **Total** | - | - | **10,373** | **10,373** |

₹ 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** |

* These Debt Instruments were due for redemption within 12 months from the reporting date in previous year. 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, 2022 and March 31, 2021:

**₹ in Lakh**

| Particulars | Investment | Debt securities |
|---|---|---|
| **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** |
| Additions | 4,488 | - |
| Disposals / Repayment / Write off | (3,605) | (1,135) |
| Gains/(losses) recognised in statement of profit and loss | (135) | - |
| **As at March 31, 2022** | **38,855** | **-** |

**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, 2022 (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, 2022 | Fair value of liability as on March 31, 2022 | 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 | 38,855 | - | Discounted projected cash flow | Expected gross recoveries * | 2,43,447 | 24,345 | 2,325 | (24,345) | (3,092) |
| | | | | Discount rates | 5.66% - 10% | 0.50% | (253) | 0.50% | 233 |

| 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 |

* 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 standalone financial statements for the year ended March 31, 2022 (Contd.)

### 2.36 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, 2022** ₹ 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 | - | - | - | - | - |
| Trade Receivables * | - | 196 | - | - | 196 |
| Investments * | 600 | 5,900 | 30,005 | 2,350 | 38,855 |
| Other financial assets * | 4 | 247 | - | 30 | 281 |
| **Total financial assets (a)** | **604** | **6,343** | **30,005** | **2,380** | **39,332** |
| **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 | 165 | - | - | - | 165 |
| Debt securities | - | - | - | - | - |
| Borrowings (Other than debt securities) | - | 10,373 | - | - | 10,373 |
| Other financial liabilities | 1,099 | 86 | 61 | - | 1,246 |
| **Total financial liabilities (b)** | **1,264** | **10,459** | **61** | **-** | **11,784** |
| **Net ( a - b)** | **(660)** | **(4,116)** | **29,944** | **2,380** | **27,548** |

**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 expected by management of the Company

# Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

## 2.37 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 | 2021-22 | | | |
|---|---|---|---|---|
| | Increase in basis points | Effect on profit before tax (₹in lakh) | Decrease in basis points | Effect on profit before tax (₹in lakh) |
| INR | 50 | (50) | 50 | 50 |

| 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 |

## 2.38 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, 2022 (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, 2022 | As at March 31, 2021 |
| 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 | 2,000 | 2,000 |
| 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, 2022 (Contd.)

| Sr. No. | Name of the Bank / Financial Institution | Address | Acquisition price (₹in lakh) | |
|---|---|---|---|---|
| | | | As at March 31, 2022 | As at March 31, 2021 |
| 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 | "ankalyan" 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 ''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 |
| 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 | 35,741 | 29,641 |
| 32 | Shubham Housing Development Finance Corporation Limited | Plot No. 425, Udyog Vihar, Phase IV, Gurgaon-122015 | 7,243 | 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 |

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

| Sr. No. | Name of the Bank / Financial Institution | Address | Acquisition price (₹in lakh) | |
|---|---|---|---|---|
| | | | As at March 31, 2022 | As at March 31, 2021 |
| 32 | IndusInd Bank Limited | Indusind Bank Ltd., 11th floor, Tower 1, One Indiabulls Centre, 841, Senapati Bapat Marg, Elphinstone Road, Mumbai-400013, India | 466 | 466 |
| 33 | HDFC Bank Limited | 16th Floor, Tower A, Peninsula Business Park, Lower Parel, Mumbai - 400013 | 20,977 | 20,977 |
| 34 | Orange Retail Finance India Private Limited | No.4/363, Second Floor, Kandhanchavadi, Old Mahabalipuram Road, Chennai - 600 096 | 2,706 | 1,553 |
| 35 | Jana Small Finance Bank Ltd | The Fairway Business Park, #10/1, 11/2 & 12/2B Off Domlur, Koramangala Inner Ring Road, Next to EGL, Challaghatta, Bengaluru - 560071 | 10,885 | - |
| 36 | Indian School Finance Company Ltd | 8-2-269/2/52, Plot No. 52, Sagar Society Road No. 2, Banjara Hills, Hyderabad - 500034 | 1,953 | - |
| | | **TOTAL** | **3,86,870** | **3,61,015** |

**(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, 2022 | | As at March 31, 2021 | |
| Agriculture | 31,516 | 8.1% | 31,516 | 8.7% |
| Education | 1,14,755 | 29.7% | 1,14,755 | 31.8% |
| Housing | 15,123 | 3.9% | 9,359 | 2.6% |
| MSME | 1,36,677 | 35.3% | 1,19,692 | 33.2% |
| Seeds / Biotech | 5,730 | 1.5% | 5,730 | 1.6% |
| Food processing | 9,735 | 2.5% | 9,735 | 2.7% |
| Power | 270 | 0.1% | 270 | 0.1% |
| Plastics | 230 | 0.1% | 230 | 0.1% |
| Casting & Forging | 3,343 | 0.9% | 3,343 | 0.9% |
| Construction | 2,440 | 0.6% | 2,440 | 0.7% |
| Waste Processing | 440 | 0.1% | 440 | 0.1% |
| Vehicle | 13,665 | 3.5% | 12,512 | 3.5% |
| Personal | 13,586 | 3.5% | 13,586 | 3.8% |
| Infrastructure | 3,905 | 1.0% | 3,905 | 1.1% |
| Information Technology | 294 | 0.1% | 294 | 0.1% |
| Advertisement | 3 | 0.0% | 3 | 0.0% |
| Textile | 4,735 | 1.2% | 4,735 | 1.3% |
| Electricals | 592 | 0.2% | 592 | 0.2% |
| Gems & Jewellery | 710 | 0.2% | 710 | 0.2% |
| Others | 29,121 | 7.5% | 27,169 | 7.5% |
| **TOTAL** | **3,86,870** | **100%** | **3,61,015** | **100%** |

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

**(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, 2022 | | As at March 31, 2021 | |
| A. Sponsor | | | | |
| - Indian Bank | 1,26,125 | 33% | 1,26,125 | 35% |
| - Reliance Capital Limited | 9,599 | 2% | 9,599 | 3% |
| - Union Bank of India | 1,314 | 0% | 1,314 | 0% |
| **Total Sponsor (A)** | **1,37,038** | **35%** | **1,37,038** | **38%** |
| B. Non-Sponsors | 2,49,832 | 65% | 2,23,977 | 62% |
| **Total Non Sponsor (B)** | **2,49,832** | **65%** | **2,23,977** | **62%** |
| **TOTAL (A+B)** | **3,86,870** | **100%** | **3,61,015** | **100%** |

**₹ in Lakh**

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| (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 | 25,855 | 32,538 |
| (vi) | Value of Financial Assets realised during the financial year | 21,657 | 13,167 |
| (vii) | Value of Financial Assets outstanding for realisation as at the end of the financial year. | 2,22,980 | 2,21,324 |
| (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 | - | - |
| | - Value of Security Receipts redeemed partially during financial year | 21,657 | 13,167 |
| (ix) | Value of Security Receipts/Contractual Rights in Loan Assets, pending for redemption as at the end of the financial year | 2,22,980 | 2,21,324 |
| (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. - NIL | | |

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

₹ in Lakh

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **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

| Sr. no. | Trust Name | Closing SR (₹in lakh) | NAV as at March 31, 2022 |
|---|---|---|---|
| 1 | Reliance ARC - INB Retail Portfolio Trust (2013) | 37,613 | 42.00% |
| 2 | Reliance ARC - AUCB 2014 (1) Trust | 1,300 | 75.00% |
| 3 | Reliance ARC - SBI Maan Sarovar Trust | 460 | 25.00% |
| 4 | Reliance ARC - CUB(CTRPL) (2014) Trust | 2,694 | 25.00% |
| 5 | Reliance ARC - CUB SPDL Trust (2014) | 2,584 | 38.90% |
| 6 | Reliance ARC 001 Trust | 13,778 | 25.00% |
| 7 | Reliance ARC 006 Trust | 1,581 | 75.00% |

### 2.39 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. Mehul Gandhi**
Executive Director & CEO

b) **Mr. Rakesh Panjwani**
Chief Financial Officer

c) **Mr. Rajesh Gandhi (w.e.f. July 01, 2021)**
Company Secretary

d) **Ms. Preeti Chhapru (upto May 19, 2021)**
Company Secretary

## 2.39 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 | **2021-22** | **-** | **-** | **113** | **-** | **113** |
| | 2020-21 | - | - | 177 | - | 177 |
| Reliance ARC SBI Maan Sarovar Trust | **2021-22** | **-** | **6** | **-** | **-** | **6** |
| | 2020-21 | - | 36 | - | - | 36 |
| **Interest on Borrowings other than debt securities** | | | | | | |
| Reliance Corporate Advisory Services Limited | **2021-22** | **-** | **281** | **-** | **-** | **281** |
| | 2020-21 | - | 329 | - | - | 329 |
| Reliance Capital Limited | **2021-22** | **98** | **-** | **-** | **-** | **98** |
| | 2020-21 | 204 | - | - | - | 204 |
| Reliance Financial Limited | **2021-22** | **-** | **11** | **-** | **-** | **11** |
| | 2020-21 | - | 1 | - | - | 1 |
| **Interest on Debt Securities** | | | | | | |
| Reliance Securities Ltd | **2021-22** | **-** | **11** | **-** | **-** | **11** |
| | 2020-21 | - | 161 | - | - | 161 |
| Reliance Financial Limited ( * ₹42,475) | **2021-22** | **-** | ***** | **-** | **-** | ***** |
| | 2020-21 | - | - | - | - | - |
| **Other Expenses** | | | | | | |
| Reliance Capital Limited (Software Maintenance Charges & Other Expense) | **2021-22** | **4** | **-** | **-** | **-** | **4** |
| | 2020-21 | 20 | - | - | - | 20 |

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

(₹ 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 |
|---|---|---|---|---|---|---|
| Reliance Commercial Finance Limited (Rent Expense & Other Expense) | 2021-22 | - | - | - | - | - |
| | 2020-21 | - | 5 | - | - | 5 |
| Reliance General Insurance Company Limited (Mediclaim Premium Expense & Other Expense) | 2021-22 | - | 16 | - | - | 16 |
| | 2020-21 | - | 15 | - | - | 15 |
| Reliance Nippon Life Insurance Company Limited (Gratuity Expense) | 2021-22 | - | - | - | - | - |
| | 2020-21 | - | 8 | - | - | 8 |
| Reliance Securities Ltd (Rent & Maintenance Expense & Other Expenses) | 2021-22 | - | 95 | - | - | 95 |
| | 2020-21 | - | 34 | - | - | 34 |
| **Trade Receivables** | | | | | | |
| Trust Controlled by the Company | 2021-22 | - | - | 16 | - | 16 |
| | 2020-21 | - | - | 49 | - | 49 |
| Reliance ARC SBI Maan Sarovar Trust ( * ₹3575, ** ₹19309) | 2021-22 | - | * | - | - | * |
| | 2020-21 | - | ** | - | - | ** |
| **Investments** | | | | | | |
| Trust Controlled by the Company | 2021-22 | - | - | 4,914 | - | 4,914 |
| | 2020-21 | - | - | 6,096 | - | 6,096 |
| Reliance ARC SBI Maan Sarovar Trust | 2021-22 | - | 12 | - | - | 12 |
| | 2020-21 | - | 59 | - | - | 59 |
| **Other Financial Asset** | | | | | | |
| Advance To Trust | | | | | | |
| Trust Controlled by the Company | 2021-22 | - | - | 3 | - | 3 |
| | 2020-21 | - | - | 8 | - | 8 |
| Reliance ARC SBI Maan Sarovar Trust (* ₹37282) | 2021-22 | - | * | - | - | * |
| | 2020-21 | - | 1 | - | - | 1 |
| **Trust Fund** | | | | | | |
| Trust Controlled by the Company (* ₹6000, ** ₹6000) | 2021-22 | - | - | * | - | * |
| | 2020-21 | - | - | ** | - | ** |
| Reliance ARC SBI Maan Sarovar Trust (* ₹ 1000, ** ₹ 1000) | 2021-22 | - | * | - | - | * |
| | 2020-21 | - | ** | - | - | ** |
| **Property Plant & Equipment** | | | | | | |
| Purchased during the year | | | | | | |
| Reliance Securities Limited | 2021-22 | - | - | - | - | - |
| | 2020-21 | - | 4 | - | - | 4 |

(₹ 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 |
|---|---|---|---|---|---|---|
| **Other Non Financial Asset** | | | | | | |
| Reliance Securities Limited | **2021-22** | - | - | - | - | - |
| | 2020-21 | - | - | - | - | - |
| Reliance Nippon Life Insurance Company Limited | **2021-22** | - | - | - | - | - |
| | 2020-21 | - | 3 | - | - | 3 |
| Reliance General Insurance Company Limited | **2021-22** | - | **7** | - | - | **7** |
| | 2020-21 | - | 6 | - | - | 6 |
| Reliance Commercial Finance Limited (* ₹29317, ** ₹29317) | **2021-22** | - | * | - | - | * |
| | 2020-21 | - | ** | - | - | ** |
| **Trade Payables** | | | | | | |
| Reliance Capital Limited ( * ₹39905) | **2021-22** | - | - | - | - | - |
| | 2020-21 | * | - | - | - | * |
| Reliance Securities Limited ( * ₹ 25873) | **2021-22** | - | * | - | - | * |
| | 2020-21 | - | 12 | - | - | 12 |
| Reliance Nippon Life Insurance Company Limited | **2021-22** | - | - | - | - | - |
| | 2020-21 | - | - | - | - | - |
| Reliance Commercial Finance Limited | **2021-22** | - | - | - | - | - |
| | 2020-21 | - | - | - | - | - |
| **Debentures** | | | | | | |
| Issued during the year | **2021-22** | - | - | - | - | - |
| | 2020-21 | - | 1,750 | - | - | 1,750 |
| Redeemed during the year | **2021-22** | - | **780** | - | - | **780** |
| | 2020-21 | - | 1,000 | - | - | 1,000 |
| Closing Balances | **2021-22** | - | - | - | - | - |
| | 2020-21 | - | 780 | - | - | 780 |
| Accrued interest on debentures | **2021-22** | - | - | - | - | - |
| | 2020-21 | - | 153 | - | - | 153 |
| **Borrowings other than debt securities** | | | | | | |
| Taken during the year | | | | | | |
| Reliance Corporate Advisory Services Limited | **2021-22** | - | - | - | - | - |
| | 2020-21 | - | - | - | - | - |
| Reliance Capital Limited | **2021-22** | - | - | - | - | - |
| | 2020-21 | - | - | - | - | - |
| Reliance Financial Limited | **2021-22** | - | **1,500** | - | - | **1,500** |
| | 2020-21 | - | 500 | - | - | 500 |

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

(₹ 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 |
|---|---|---|---|---|---|---|
| Returned during the year | | | | | | |
| Reliance Corporate Advisory Services Limited | **2021-22** | **-** | **100** | **-** | **-** | **100** |
| | 2020-21 | - | 2,125 | - | - | 2,125 |
| Reliance Capital Limited | **2021-22** | **300** | **-** | **-** | **-** | **300** |
| | 2020-21 | 1,100 | - | - | - | 1,100 |
| Reliance Financial Limited | **2021-22** | **-** | **2,000** | **-** | **-** | **2,000** |
| | 2020-21 | - | - | - | - | - |
| Closing Balances | | | | | | |
| Reliance Corporate Advisory Services Limited | **2021-22** | **-** | **2,275** | **-** | **-** | **2,275** |
| | 2020-21 | - | 2,375 | - | - | 2,375 |
| Reliance Capital Limited | **2021-22** | **600** | **-** | **-** | **-** | **600** |
| | 2020-21 | 900 | - | - | - | 900 |
| Reliance Financial Limited | **2021-22** | **-** | **-** | **-** | **-** | **-** |
| | 2020-21 | - | 500 | - | - | 500 |
| **Other Non Financial Liabilities** | | | | | | |
| Trust Controlled by the Company | | | | | | |
| Income Received in Advance | **2021-22** | **-** | **-** | **52** | **-** | **52** |
| | 2020-21 | - | - | 19 | - | 19 |
| Advance Received from Trust | **2021-22** | **-** | **-** | **-** | **-** | **-** |
| | 2020-21 | - | - | 3 | - | 3 |
| Reliance ARC SBI Maan Sarovar Trust | **2021-22** | **-** | **1** | **-** | **-** | **1** |
| | 2020-21 | - | 1 | - | - | 1 |
| **Key Managerial Personnel** | | | | | | |
| Remuneration | **2021-22** | **-** | **-** | **-** | **269** | **269** |
| | 2020-21 | - | - | - | 202 | 202 |

Note: Recovery on behalf of trust - has not been considered in Related Party Transactions

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

### 2.40 Earning per equity share

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Basic and diluted earning per equity share | | |
| Net Profit after tax attributable to equity shareholders (₹ in lakh) (A) | 2,213 | 2,171 |
| 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) | 2.21 | 2.17 |

### 2.41 Dividend remitted in foreign currency

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| 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 | 2020 - 2021 | 2019 - 2020 |

### 2.42 Comparision between provisions required under IRACP and impairment allowances made under Ind AS 109 pursuant to the RBI circular no. DOR (NBFC).CC.PD.No.116/22.10.106/2019-20 dated March 13, 2020.

**As at year ending March 31, 2022**

(₹ in lakh)

| Asset Classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS | Loss allowances (Provisions) as required under Ind AS 109 | Net carrying amount | Provisions required as per IRACP norms | Difference between Ind AS 109 provisions and IRACP norms |
|---|---|---|---|---|---|---|
| | | (1) | (2) | (3) =(1)-(2) | (4) | (5) =(2)-(4) |
| **Performing Assets** | | | | | | |
| Standard | Stage 1 | - | - | - | - | - |
| | Stage 2 | - | - | - | - | - |
| **Subtotal Performing Assets(A)** | | - | - | - | - | - |
| | | | | | | |
| **Non Performing Assets (NPA)** | | | | | | |
| Substandard | Stage 3 | - | - | - | - | - |
| | | | | | | |
| Doubtful - upto 1 year | Stage 3 | - | - | - | - | - |
| 1 to 3 years | Stage 3 | - | - | - | - | - |
| More than 3 years | Stage 3 | - | - | - | - | - |
| **Subtotal for doubtful** | | - | - | - | - | - |
| | | | | | | |
| Loss | Stage 3 | - | - | - | - | - |
| **Subtotal Non Performing Assets (NPA) (B)** | | - | - | - | - | - |
| | | | | | | |
| **Other items** | | | | | | |
| Advances to trust and other financial assets ( C) | Stage 1 | 281 | - | 281 | - | - |
| | Stage 2 | 26 | 26 | - | 26 | - |
| | Stage 3 | 128 | 128 | - | 128 | - |
| | | | | | | |

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

(₹ in lakh)

| Asset Classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS | Loss allowances (Provisions) as required under Ind AS 109 | Net carrying amount | Provisions required as per IRACP norms | Difference between Ind AS 109 provisions and IRACP norms |
|---|---|---|---|---|---|---|
| | | (1) | (2) | (3) =(1)-(2) | (4) | (5) =(2)-(4) |
| Trade receivables (D) | NA | 428 | 232 | 196 | 232 | - |
| | | | | | | |
| Purchased or Originated credit impaired ( E) | Purchased or Originated credit impaired | - | - | - | - | - |
| | | | | | | |
| **Subtotal (F) = ( C) + ( D) + ( E)** | | 863 | 386 | 477 | 386 | - |
| | | | | | | |
| **Total assets (a)** | Stage 1 | 281 | - | 281 | - | - |
| | Stage 2 | 26 | 26 | - | 26 | - |
| | Stage 3 | 128 | 128 | - | 128 | - |
| | Others | 428 | 232 | 196 | 232 | - |
| | **Total** | **863** | **386** | **477** | **386** | **-** |

**As at year ending March 31, 2021**

(₹ in lakh)

| Asset Classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS | Loss allowances (Provisions) as required under Ind AS 109 | Net carrying amount | Provisions required as per IRACP norms | Difference between Ind AS 109 provisions and IRACP norms |
|---|---|---|---|---|---|---|
| | | (1) | (2) | (3) =(1)-(2) | (4) | (5) =(2)-(4) |
| **Performing Assets** | | | | | | |
| Standard | Stage 1 | 17 | - | 17 | - | - |
| | Stage 2 | - | - | - | | - |
| **Subtotal Performing Assets(A)** | | **17** | **-** | **17** | **-** | **-** |
| | | | | | | |
| **Non Performing Assets (NPA)** | | | | | | |
| Substandard | Stage 3 | - | - | - | - | - |
| | | | | | | |
| Doubtful - upto 1 year | Stage 3 | - | - | - | - | - |
| 1 to 3 years | Stage 3 | - | - | - | - | - |
| More than 3 years | Stage 3 | - | - | - | - | - |
| **Subtotal for doubtful** | | **-** | **-** | **-** | **-** | **-** |
| | | | | | | |
| Loss | Stage 3 | - | - | - | - | - |
| **Subtotal Non Performing Assets (NPA) (B)** | | - | - | - | - | - |
| | | | | | | |
| **Other items** | | | | | | |
| Advances to trust and other financial assets ( C) | Stage 1 | 260 | - | 260 | - | - |
| | Stage 2 | 38 | 38 | - | 38 | - |
| | Stage 3 | 207 | 207 | - | 207 | - |
| | | | | | | |
| Trade receivables (D) | NA | 1,064 | 434 | 630 | 434 | - |

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

(₹ in lakh)

| Asset Classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS | Loss allowances (Provisions) as required under Ind AS 109 | Net carrying amount | Provisions required as per IRACP norms | Difference between Ind AS 109 provisions and IRACP norms |
|---|---|---|---|---|---|---|
| | | (1) | (2) | (3) =(1)-(2) | (4) | (5) =(2)-(4) |
| Purchased or Originated credit impaired ( E) | Purchased or Originated credit impaired | - | - | - | - | - |
| **Subtotal (F) = ( C) + ( D) + ( E)** | | 1,569 | 679 | 890 | 679 | - |
| **Total assets (a)** | Stage 1 | 277 | - | 277 | - | - |
| | Stage 2 | 38 | 38 | - | 38 | - |
| | Stage 3 | 207 | 207 | - | 207 | - |
| | Others | 1,064 | 434 | 630 | 434 | - |
| | **Total** | **1,586** | **679** | **907** | **679** | **-** |

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

The nationwide lockdown has significantly impacted the economy of the country. 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 will continue to impact the economy of the country in 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 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”.

### 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 2021-22.

### 2.46 Previous year figures

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

### 2.47 Other Additional Regulatory Information

#### 2.47 .1 Title deeds of Immovable Properties not held in name of the company

The Company do not have any immovable properties where title deeds are not held in the name of the Company.

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

### 2.47 .2 Loans and Advances

There are no loans or advances in the nature of loans which are granted to promoters, directors, key managerial persons and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are:

(a) repayable on demand or

(b) without specifying any terms or period of repayment

### 2.47 .3 Details of Benami Property held

The Company does not have benami property, where any proceedings has been initiated or pending against the Company for holding any Benami property.

### 2.47 .4 Security of current assets against borrowings

The Company has no borrowings from bank or financial institutions on the basis of security of current assets.

### 2.47 .5 Wilful defaulter

The Company is not declared as wilful defaulter by any bank or financial institution or other lender.

### 2.47 .6 Relationship with Struckoff Companies

The Company does not have any transactions with struck off companies.

### 2.47 .7 Registration of charges or satisfaction of charges with Registrar of Companies (ROC)

The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

### 2.47 .8 Ratios

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Debt-Equity Ratio (No. of times) [a] | 0.42 | 0.54 |
| Debt Service Coverage Ratio (No. of times) [b] | 1.60 | 1.13 |
| Capital to risk asset ratio (CRAR) (%) [c] | 60.20% | 54.81% |
| Liquidity Coverage Ratio [d] | - | - |

[a] Formula for Debt Equity Ratio = Total Debt / Total Equity

[b] Formula for Debt Service Coverage Ratio = (Earnings after Tax and before Interest, Depreciation, Fair Value and Exceptional Items) / (Interest Expense + Principal Repayments of long term debts made during the period)

[c] Formula for Capital to risk asset ratio = (Tier I Capital + Tier II Capital) / Risk Weighted Assets

[d] Liquidity Coverage Ratio - The Company has availed bank overdraft and it makes its payment to vendors from such overdraft facility and the Company has not maintained liquid assets. Further The Company is required to deposit all its income in such overdraft account and as a part of covenant the Company is not allowed to maintain any other current account.

### 2.47 .9 Utilisation of Borrowed funds and share premium

(A) During the year, the company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Benefeciaries).

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Benefeciaries.

## Notes on accounts to standalone financial statements for the year ended March 31, 2022 (Contd.)

(B) During the year, the company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recored in writing or otherwise) that the Company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Benefeciaries).

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Benefeciaries.

### 2.47 .10 Undisclosed Income

The Company has no such transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961.

### 2.47 .11 Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto Currency of Virtual Currency during the current financial year or any previous financial years.

As per our report of even date

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

**Jigar T. Shah**
Partner
Membership No: 161851

Place : Mumbai
Date: April 27, 2022

**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)

**Rakesh Panjwani**
(Chief Financial Officer)

**Rajesh Gandhi**
(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, 2022, 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, 2022, the consolidated profit consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2022. 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 Matters | How our audit addressed the Key Audit Matters |
|---|---|
| **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 33,941 Lakh and the net fair valuation gain on such investments during the year amounts to Rs 409 Lakh as disclosed in Note No. 2.03 of the consolidated financial statements.<br><br>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.<br><br>The management has involved credit rating agencies for valuation of SR.<br><br>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.<br><br>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.<br><br>• 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.<br><br>• We compared the rating provided by the independent rating agencies with fair valuation determined by the Company.<br><br>• 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 2.20 of consolidated financial statements) | |
| Trusteeship Fee is the most significant account balance in the Consolidated Statement of Profit and Loss.<br><br>Key aspects relating to timing and recognition of revenue in respect of Trusteeship Fee are set out below:<br><br>• 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.<br><br>• Trusteeship Fee is accrued based on a five step model as set out in Ind AS 115 "Revenue from Contract with Customers"<br><br>• The contracts include a single performance obligation that is satisfied over time. | Our audit procedures included:<br><br>Design/controls<br><br>• Understood and evaluated the design and implementation of key controls in place around recognition of Trusteeship Fee;<br><br>• Test checked management review controls over recognition of Trusteeship Fee. Substantive tests<br><br>• Evaluated the appropriateness of recognition of revenue in respect of Trusteeship Fee income based on the requirements of Ind AS 115;<br><br>• Obtained AUM and Trusteeship Fee from the Company and then reconciled Trusteeship Fee to amounts included in consolidated financial statements;<br><br>• Test checked that Trusteeship Fee rates were approved by authorised personnel;<br><br>• Test checked Trusteeship Fee invoices and reconciled with the accounting records;<br><br>• Evaluated the adequacy of disclosures relating to the Trusteeship Fee earned by the Group. |

### Other Information

The Parent Company's management and Board of Directors is responsible for the other information. The other information comprises the information included in Parent Company's annual 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 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 management and 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 financial statement 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal 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 company has adequate internal financial controls with reference to financial statements 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 in preparation of consolidated financial statements 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 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, 2022 taken on record by the Board of Directors of the Parent Company, none of the directors is disqualified as on March 31, 2022 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, 2022 on its consolidated financial position of the Group in its consolidated financial statements – Refer Note 2.31 to the consolidated financial statements;

   (ii) The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2022;

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

   (iv) (a) Management has represented to us that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   (b) Management has represented to us that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

   (c) Based on our audit procedure conducted that are considered reasonable and appropriate in the circumstances, nothing has come to our attention that cause us to believe that the representation given by the management under paragraph (2)(h)(iv)(a) & (b) contain any material misstatement.

   (v) (a) The final dividend paid by the Parent Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

   (b) As stated in note 2.47 of the consolidated financial statements, the Board of Directors of the Parent Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing annual general meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

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

**Jigar T. Shah**
Partner
Membership No.: 161851
UDIN: 22161851AKCCLS7794

Place: Mumbai
Date: April 27, 2022

## Annexure A to Independent Auditors' Report

[Referred to in paragraph report on other legal and regulatory requirements of the Independent Auditors' Report of even date to the members of Reliance Asset Reconstruction Company Limited on the consolidated financial statements for the year ended March 31, 2022.]

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

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, 2022, 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**

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**

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 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 with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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.

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**

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**

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**

In our opinion and to the best of our information and according to the explanations given to us, the Parent has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note.

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

**Jigar T. Shah**
Partner
Membership No.: 161851
UDIN: 22161851AKCCLS7794

Place: Mumbai
Date: April 27, 2022

## Consolidated balance sheet as at March 31, 2022

₹in lakh

| Particulars | Notes | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **I) ASSETS** | | | |
| **A) Financial Assets** | | | |
| (a) Cash & cash equivalents | **2.01** | 7 | 21 |
| (b) Trade receivables | **2.02** | 164 | 561 |
| (c) Loans | | 2,671 | 3,605 |
| (d) Investments | **2.03** | 33,941 | 32,010 |
| (e) Other financial asset | **2.04** | 277 | 245 |
| **Total Financial Assets (A)** | | **37,060** | **36,442** |
| **B) Non-financial Assets** | | | |
| (a) Current tax assets (Net) | **2.05** | 10 | 137 |
| (b) Property, plant and equipment | **2.06** | 54 | 44 |
| (b) Right of use assets | **2.07** | 109 | 59 |
| (c) Other intangible assets | **2.08** | 5 | 6 |
| (d) Intangible assets under development | **2.09** | 15 | - |
| (e) Other non-financial assets | **2.10** | 205 | 152 |
| **Total Non Financial Assets (B)** | | **398** | **398** |
| **TOTAL ASSETS (A + B)** | | **37,458** | **36,840** |
| **II) LIABILITIES AND EQUITY:** | | | |
| **LIABILITIES** | | | |
| **a) Financial Liabilities** | | | |
| (i) Trade Payables | **2.11** | | |
| total outstanding dues of micro enterprises and small enterprises | | - | - |
| total outstanding dues of creditors other than micro enterprises and small enterprises | | 169 | 85 |
| (ii) Debt securities | **2.12** | - | 1,135 |
| (iii) Borrowings (Other than debt securities) | **2.13** | 10,373 | 11,143 |
| (iv) Other financial liabilities | **2.14** | 1,246 | 458 |
| **Total Financial Liabilities (C)** | | **11,788** | **12,821** |
| **b) Non-Financial Liabilities** | | | |
| (i) Provisions | **2.15** | 37 | 60 |
| (ii) Deferred tax (Net) | **2.16** | 728 | 600 |
| (iii) Other non-financial liabilities | **2.17** | 2,044 | 2,600 |
| **Total non financial Liabilities (D)** | | **2,809** | **3,260** |
| **EQUITY** | | | |
| a) Equity Share capital | **2.18** | 10,000 | 10,000 |
| b) Other Equity | **2.19** | 12,542 | 10,391 |
| c) Non Controlling Interest (Security Receipt issued by Trust) | | 319 | 368 |
| **Total Equity (E)** | | **22,861** | **20,759** |
| **TOTAL LIABILITIES AND EQUITY (C + D+ E)** | | **37,458** | **36,840** |
| **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)

**Jigar T. Shah**
Partner
Membership No: 161851

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

**Rakesh Panjwani**
(Chief Financial Officer)

Place : Mumbai
Date: April 27, 2022

**Rajesh Gandhi**
(Company Secretary)

# Consolidated statement of profit and loss for the year ended March 31, 2022

₹ in lakh

| | Particulars | Notes | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|---|
| I | **Revenue from operation** | | | |
| | (a) Fees and commission income | 2.20 | 6,034 | 5,730 |
| | (b) Net gain on fair value changes | 2.21 | 544 | - |
| | **Total Revenue from operation (I)** | | **6,578** | **5,730** |
| II | Other income (II) | 2.22 | 55 | 107 |
| III | **Total Revenue (I+II)** | | **6,633** | **5,837** |
| IV | **Expenses** | | | |
| | (a) Finance costs | 2.23 | 1,113 | 1,460 |
| | (b) Net loss on fair value changes | 2.24 | 135 | 104 |
| | (c) Employee benefits expense | 2.25 | 900 | 687 |
| | (d) Depreciation and amortisation | 2.06, 2.07 & 2.08 | 79 | 53 |
| | (e) Other expenses | 2.26 | 1,395 | 1,185 |
| | **Total Expenses (IV)** | | **3,622** | **3,489** |
| V | **Profit / (Loss) before tax (III - IV)** | | **3,011** | **2,348** |
| VI | **Tax expense** | 2.27 | | |
| | Current Tax | | (448) | (484) |
| | Tax of Earlier Years | | (54) | - |
| | Deferred Tax | | (128) | (36) |
| VII | **Profit / (Loss) after tax (V - VI)** | | **2,381** | **1,829** |
| VIII | **Other Comprehensive Income** | | | |
| | **Items that will not be reclassified to Consolidated statement of profit and loss** | | | |
| | Remeasurement Gain / (Loss) of defined benefit plans | | (8) | (2) |
| | Deferred Tax Expense on above | | 2 | 1 |
| | **Other Comprehensive Income / (Loss ) for the year (VIII)** | | **(6)** | **(1)** |
| | **Total Comprehensive Income / (Loss ) for the year (VII + VIII)** | | **2,375** | **1,828** |
| | **Net profit for the period attributable to:** | | | |
| | Owners of the Company | | 2,415 | 1,866 |
| | Non Controlling Interest | | (34) | (37) |
| | **Total Comprehensive Income attributable to:** | | | |
| | Owners of the Company | | 2,409 | 1,865 |
| | Non Controlling Interest | | (34) | (37) |
| | Earning per equity share: (Nominal value per share: ₹10) | | | |
| | Basic & Diluted (Amount in ₹) | 2.40 | **2.42** | **1.87** |
| | **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

**Jigar T. Shah**
Partner
Membership No: 161851

Place : Mumbai
Date: April 27, 2022

**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)

**Rakesh Panjwani**
(Chief Financial Officer)

**Rajesh Gandhi**
(Company Secretary)

# Consolidated statement of changes in equity for the year ended March 31, 2022

## A. Equity share capital (Refer Note No. 2.18)

| Particulars | Number | ₹ in lakh |
|---|---|---|
| **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** |
| Shares issued during the year | - | - |
| **As at March 31, 2022** | **10,00,00,000** | **10,000** |

## B. Other equity (Refer Note 2.19)

₹ in lakh

| Particulars | Note | Reserves and surplus | | Other comprehensive income | Total other equity |
|---|---|---|---|---|---|
| | | Debenture redemption reserve | Retained Earnings | | |
| **Balance as at March 31, 2020** | **2.19** | **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** |
| Profit for the year | | - | 2,415 | - | 2,415 |
| Dividend (including tax on dividend) | | - | (300) | - | (300) |
| Transfer to Debenture Redemption Reserve (Net) | | (284) | 284 | - | - |
| Loss on NCI Transferred | | - | 13 | - | 13 |
| Non Controlling Interest Share Adjustment | | - | 29 | - | 29 |
| Other comprehensive income/(loss) for the year | | - | - | (6) | (6) |
| **Balance as at March 31, 2022** | | **-** | **12,559** | **(17)** | **12,542** |

As per our report of even date

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

**Jigar T. Shah**
Partner
Membership No: 161851

Place : Mumbai
Date: April 27, 2022

**For and on behalf of the Board of Directors**

**Mehul Gandhi**
(Executive Director & CEO)
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(Director)
(DIN : 02612871)

**Rakesh Panjwani**
(Chief Financial Officer)

**Rajesh Gandhi**
(Company Secretary)

## Consolidated statement of cash flow for the year ended March 31, 2022

₹ in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| **Profit before Tax** | **3,011** | **2,348** |
| **Adjustments for:** | | |
| Net (gain)/loss on fair value changes (net) | (409) | 104 |
| Provision / (Reversal) of doubtful debts (net) | (184) | (83) |
| Provision / (Reversal) for advances (net) | (89) | 56 |
| Writte off of Investment in Security Receipts | 127 | - |
| Writte off of Advances given to trust | 2 | - |
| Depreciation and amortisation | 79 | 14 |
| Interest expenses | 1,100 | 1,453 |
| Interest on lease liability | 13 | 7 |
| Interest income on fixed deposits | (1) | (54) |
| **Operating Profit before working capital changes** | **3,649** | **3,845** |
| **Adjustments for working capital changes:** | | |
| Increase/(Decrease) in trade receivables and other financial assets | 652 | (582) |
| Increase/(Decrease) in trade payables and other financial liabilities | 400 | 539 |
| **Cash generated from operations** | **4,701** | **3,802** |
| Income tax paid (net of refund) | (483) | (530) |
| **Net cash generated from operating activities (A)** | **4,218** | **3,272** |
| **B. Cash flow from investing activities** | | |
| Purchase of investments | (4,488) | (5,381) |
| Realisation from investment | 2,841 | 1,889 |
| Recovery from financial asset of trust | 935 | 278 |
| Purchase of property, plant and equipment | (52) | (27) |
| Interest received on fixed deposits | 1 | 64 |
| **Net cash (used in) / generated from investing activities (B)** | **(763)** | **(3,177)** |
| **C. Cash flow from financing activities** | | |
| Proceeds from borrowings | 1,500 | 2,250 |
| Repayment of borrowings | (3,535) | (5,060) |
| Dividend paid | (300) | (300) |
| Lease liability paid | (62) | (45) |
| Interest expenses | (1,202) | (1,501) |
| **Net cash (used in) / generated from financing activities ( C)** | **(3,599)** | **(4,656)** |
| **Net (decrease)/increase in cash and cash equivalents (A+B+C)** | (144) | (4,561) |
| Cash and cash equivalents at the beginning of the year | (7,347) | (2,786) |
| **Cash and cash equivalents at the end of the year** | **(7,491)** | **(7,347)** |

## Consolidated statement of cash flow for the year ended March 31, 2022

Cash and cash equivalents considered for cash flows

| Particular | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Cash & cash equivalents (Refer Note 2.01) | 7 | 21 |
| Less : Secured Bank Over Draft (Refer Note 2.13) | (7,498) | (7,368) |
| **Cash and cash equivalents for cash flows purpose** | **(7,491)** | **(7,347)** |

Note 1: Secured bank overdraft has been considered as a part of cash and cash equivalent as 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

**Jigar T. Shah**
Partner
Membership No: 161851

Place : Mumbai
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**For and on behalf of the Board of Directors**

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(Chief Financial Officer)

**Rajesh Gandhi**
(Company Secretary)

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022

**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, 2022 were authorised for issue by the board of directors on April 27, 2022. 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 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.

# Significant Accounting Policies (Contd.)

## 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."

#### (iii) Recent Accounting Developments

On March 23, 2022, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Ammendment Rules, 2022. This notification has resulted into ammendments in the following existing accounting standards which are applicable to company from April 01, 2022.

Ind AS 101 - First time adoption of Ind AS

Ind AS 103 - Business Combination

Ind AS 109 - Financial Instrument

Ind AS 16 - Property, Plant and Equipment

Ind AS 37 - Provisions, Contingent Liabilites and Contingent Asset

Ind AS 41 - Agriculture

Application of above standards are not expected to have any significant impact on the Group's financial statements

### 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 2.08), current tax expense and tax payable, recognition of deferred tax assets for carried forward tax losses (Note 2.16), 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 2.12) and measurement of defined benefit obligation (Note 2.15). 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.

**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 |
| Refurbished Asset | 1 year |

(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.

## Significant Accounting Policies (Contd.)

**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 5 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) Amortization methods, useful lives and residual values are reviewed periodically at each reporting period.

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

**f) 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 be 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 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 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:

## Significant Accounting Policies (Contd.)

- 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 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 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.

## Significant Accounting Policies (Contd.)

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

**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 to note 2.35.1) 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 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 collecting contractual cash flows and selling the financial assets, and

b) Contractual cash flows of the assets represent SPPI: Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are 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')

## Significant Accounting Policies (Contd.)

**Security Receipt investments**

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

**Derecognition of Financial Assets**

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

**Impairment of Financial Assets**

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. Impairment methodology applied depends on whether there has been a significant increase in the credit risk. As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables, as permitted by Ind AS 109. Provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

**Financial Liabilities**

**(i) Initial recognition and measurement**

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

**(ii) Subsequent measurement**

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

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

Financial 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.

**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.

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 2.01 Cash & cash equivalents

₹in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Balances with bank: | | |
| In current accounts | 7 | 21 |
| | **7** | **21** |

### 2.02 Trade Receivables

₹in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Receivables considered good - Secured | - | - |
| Receivables considered good - Unsecured (Refer Note No. 2.39) | 164 | 561 |
| Receivables which have significant increase in credit risk | 250 | 455 |
| | **414** | **1,016** |
| Less: Expected credit losses (ECL) | (250) | (455) |
| | **164** | **561** |

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.

There is no disputed, unbilled or not due receivables, hence the same is not dsisclosed in the ageing schedule.

**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 | 181-360 days | More than 360 days | Total |
|---|---|---|---|---|---|
| March 31, 2022 | Estimated total gross carrying amount at default | 164 | - | 250 | **414** |
| | ECL - Simplified approach | - | - | (250) | **(250)** |
| | **Net carrying amount** | **164** | **-** | **-** | **164** |
| March 31, 2021 | Estimated total gross carrying amount at default | 561 | 56 | 399 | **1,016** |
| | ECL - Simplified approach | - | (56) | (399) | **(455)** |
| | **Net carrying amount** | **561** | **-** | **-** | **561** |

**Reconciliation of provision of doubtful debts :**

| Particulars | ₹in lakh |
|---|---|
| ECL measured as per simplified approach | |
| **ECL as on March 31, 2020** | **538** |
| Add/ (less): asset originated or acquired net of recoveries | (83) |
| **ECL as on March 31, 2021** | **455** |
| Add/ (less): asset originated or acquired net of recoveries | (205) |
| **ECL as on March 31, 2022** | **250** |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 2.03 Investments

₹ in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **At fair value through profit and loss** | | |
| **Investments in Security Receipts (Unquoted)** | | |
| **Other structured entities** | | |
| Reliance ARC –LVB Trust | | |
| 9,159 (March 31, 2021 : 9,159) Security Receipts of ₹ 1,000 each | - | 23 |
| Reliance ARC –INB Retail Portfolio Trust (2013) | | |
| 2,63,315 (March 31, 2021 : 2,65,572) Security Receipts of ₹ 1,000 each | 1,106 | 1,049 |
| Reliance ARC - AUCB 2014 (1) Trust * | | |
| 6,502 (March 31, 2021 : 8,874) Security Receipts of ₹ 1,000 each | 49 | 76 |
| Reliance ARC –CUB Sarvana Trust (2014) | | |
| NIL (March 31, 2021 : 24,062) Security Receipts of ₹ 1,000 each | - | 130 |
| Reliance ARC - SBI Maan Sarovar Trust | | |
| 4,602 (March 31, 2021 : 8,115) Security Receipts of ₹ 1,000 each | 12 | 59 |
| Reliance ARC –CUB (CTRPL) (2014) Trust | | |
| 13,469 (March 31, 2021 : 13,469) Security Receipts of ₹ 1,000 each | 34 | 67 |
| Reliance ARC –CUB SDPL Trust (2014) | | |
| 12,918 (March 31, 2021 : 17,501) Security Receipts of ₹ 1,000 each | 50 | 93 |
| Reliance ARC 001 Trust | | |
| 2,06,676 (March 31, 2021 : 2,06,676) Security Receipts of ₹ 1,000 each | 517 | 672 |
| Reliance ARC 002 Trust * | | |
| 4,965 (March 31, 2021 : 5,307) Security Receipts of ₹ 1,000 each | 66 | 71 |
| Reliance ARC 006 Trust | | |
| 39,517 (March 31, 2021 : 40,020) Security Receipts of ₹ 1,000 each | 295 | 300 |
| Reliance ARC 008 Trust # | | |
| 28,373 (March 31, 2021 : 29,700) Security Receipts of ₹ 1,000 each | 316 | 301 |
| Reliance ARC 010 Trust * | | |
| 30,680 (March 31, 2021 : 30,680) Security Receipts of ₹ 1,000 each | 307 | 317 |
| Reliance ARC 011 Trust * | | |
| 61,618 (March 31, 2021 : 61,618) Security Receipts of ₹ 1,000 each | 616 | 616 |
| Reliance ARC 012 Trust * | | |
| 20,507 (March 31, 2021 : 20,507) Security Receipts of ₹ 1,000 each | 205 | 282 |
| Reliance ARC 015 Trust * | | |
| 87,879 (March 31, 2021 : 94,745) Security Receipts of ₹ 1,000 each | 1,162 | 1,224 |
| Reliance ARC 016 Trust * | | |
| 21,606 (March 31, 2021 : 21,606) Security Receipts of ₹ 1,000 each | 300 | 311 |

₹ in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Reliance ARC 013 Trust * 2,413 (March 31, 2021 : 2,564) Security Receipts of ₹ 1,000 each | 36 | 39 |
| RELIANCE ARC SBI (HYD) 021 Trust * 1,853 (March 31, 2021 : 1,853) Security Receipts of ₹ 1,000 each | 28 | 28 |
| RELIANCE ARC SBI (CHN) 018 Trust * 87,183 (March 31, 2021 : 94,268) Security Receipts of ₹ 1,000 each | 1,086 | 1,169 |
| RELIANCE ARC SBI (MUM) 020 Trust * 4,017 (March 31, 2021 : 4,383) Security Receipts of ₹ 1,000 each | 58 | 61 |
| RELIANCE ARC SBI (BHO) 019 Trust * 10,929 (March 31, 2021 : 10,929) Security Receipts of ₹ 1,000 each | 109 | 138 |
| RELIANCE ARC SBI (CHN) 022 Trust * 1,63,105 (March 31, 2021 : 1,79,167) Security Receipts of ₹ 1,000 each | 2,066 | 2,115 |
| RARC SVC 023 Trust * 2,238 (March 31, 2021 : 3,671) Security Receipts of ₹ 1,000 each | 34 | 56 |
| RARC Dena Bank 024 Trust * 9,920 (March 31, 2021 : 21,275) Security Receipts of ₹ 1,000 each | 122 | 227 |
| RARC 026 Trust # 82,656 (March 31, 2021 : 83,658) Security Receipts of ₹ 1,000 each | 1,225 | 1,252 |
| RARC Dena Bank 025 Trust * 11,968 (March 31, 2021 : 13,050) Security Receipts of ₹ 1,000 each | 120 | 147 |
| INB RARC 030 Trust # 84,165 (March 31, 2021 : 84,839) Security Receipts of ₹ 1,000 each | 1,088 | 1,086 |
| RARC 027 Trust # 34,286 (March 31, 2021 : 39,576) Security Receipts of ₹ 1,000 each | 416 | 458 |
| Magma RARC 031 Trust * 12,465 (March 31, 2021 : 14,132) Security Receipts of ₹ 1,000 each | 136 | 150 |
| INB RARC 036 Trust * 51,171 (March 31, 2021 : 52,208) Security Receipts of ₹ 1,000 each | 612 | 595 |
| LVB RARC 029 Trust * 18,132 (March 31, 2021 : 18,680) Security Receipts of ₹ 1,000 each | 271 | 281 |
| SVC Bank RARC 033 Trust * 30,984 (March 31, 2021 : 35,177) Security Receipts of ₹ 1,000 each | 310 | 351 |
| SBI RARC 035 Trust # 59,515 (March 31, 2021 : 62,177) Security Receipts of ₹ 1,000 each | 677 | 702 |
| LVB RARC 038 Trust # 84,769 (March 31, 2021 : 97,879) Security Receipts of ₹ 1,000 each | 1,216 | 1,249 |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

₹ in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Andhra Bank RARC 039 Trust<br>6,232 (March 31, 2021 : 6,600) Security Receipts of ₹ 1,000 each | 62 | 66 |
| RARC 040 IB SME Trust #<br>28,949 (March 31, 2021 : 30,801) Security Receipts of ₹ 1,000 each | 379 | 394 |
| RARC 045 IB SME Trust *<br>16,570 (March 31, 2021 : 22,010) Security Receipts of ₹ 1,000 each | 247 | 306 |
| RARC 048 RCFL Trust *<br>79,427 (March 31, 2021 : 79,427) Security Receipts of ₹ 1,000 each | 1,123 | 1,191 |
| RARC 049 (Kalyan Janata SME) Trust *<br>11,410 (March 31, 2021 : 11,471) Security Receipts of ₹1,000 each | 133 | 138 |
| RARC (IOB EL) 050 Trust *<br>1,46,643 (March 31, 2021 : 1,56,724) Security Receipts of ₹1,000 each | 2,228 | 2,363 |
| RARC 051 (KJSB SME) Trust *<br>40,944 (March 31, 2021 : 40,944) Security Receipts of ₹1,000 each | 513 | 534 |
| RARC 052 (IB Retail) Trust<br>1,79,637 (March 31, 2021 : 1,88,036) Security Receipts of ₹1,000 each | 2,727 | 2,844 |
| RARC 053 (IB SME) Trust *<br>45,000 (March 31, 2021 : 45,000) Security Receipts of ₹1,000 each | 553 | 563 |
| RARC 057 (SHDFCL HL) Trust<br>6,184 (March 31, 2021 : 8,604) Security Receipts of ₹1,000 each | 96 | 139 |
| RARC 058 (KJSB SME) Trust *<br>26,640 (March 31, 2021 : 26,640) Security Receipts of ₹1,000 each | 287 | 291 |
| RARC 059 (RHDFC HL) Trust<br>26,734 (March 31, 2021 : 31,643) Security Receipts of ₹1,000 each | 347 | 389 |
| RARC (IOB EL) 062 Trust<br>1,14,434 (March 31, 2021 : 1,19,769) Security Receipts of ₹1,000 each | 1,485 | 1,554 |
| RARC 064 (HDFC Retail) Trust<br>1,48,381 (March 31, 2021 : 2,68,868) Security Receipts of ₹1,000 each | 2,054 | 3,308 |
| RARC (IOB EL) 065 Trust<br>1,84,937 (March 31, 2021 : 2,00,164) Security Receipts of ₹1,000 each | 2,393 | 2,002 |
| RARC (ORFIPL TWL) 066 Trust<br>16,607 (March 31, 2021 : 23,295) Security Receipts of ₹1,000 each | 201 | 233 |
| Shubham Housing RARC Trust<br>84,439 (March 31, 2021 : NIL) Security Receipts of ₹1,000 each | 844 | - |
| RARC 068 Trust<br>1,52,500 (March 31, 2021 : NIL) Security Receipts of ₹1,000 each | 1,525 | - |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

₹ in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| RARC 069 Trust | | |
| 17,299 (March 31, 2021 : NIL) Security Receipts of ₹1,000 each | 173 | - |
| RARC 070 Trust | | |
| 1,63,275 (March 31, 2021 : NIL) Security Receipts of ₹1,000 each | 1,633 | - |
| RARC 071 Trust | | |
| 29,289 (March 31, 2021 : NIL) Security Receipts of ₹1,000 each | 293 | - |
| **Total** | **33,941** | **32,010** |
| Investments outside India | - | - |
| Investments in India | 33,941 | 32,010 |

During the year, the group has written-off investment in security receipts (No. of Secuity Receipts - 12,708) amounting to ₹ 127 Lakh as no further recovery is expected.

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

# Security Receipts were hypothecated against secured market linked non convertible debentures and were under first exclusive charge in previous year.

### 2.04 Other financial assets

₹in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Considered good unless otherwise stated - Unsecured | | |
| Advances to trust considered good (Refer Note No. 2.39) | 243 | 229 |
| Advances to trust which have siginificant increase in credit risk | 156 | 251 |
| Less: Provision for advances | (156) | (251) |
| | 243 | 229 |
| Security deposit | 29 | 10 |
| Collection on behalf of trust | 4 | 5 |
| Trust fund | 1 | 1 |
| | **277** | **245** |

₹ in lakh

| Particulars | Advance to trust | 0-180 days | 181-360 days | More than 360 days | Total |
|---|---|---|---|---|---|
| **March 31, 2022** | Advance to trust | 243 | 27 | 129 | **399** |
| | Provision | - | (27) | (129) | **(156)** |
| | **Net carrying amount** | **243** | - | - | **243** |
| **March 31, 2021** | Advance to trust | 229 | 45 | 206 | **480** |
| | Provision | - | (45) | (206) | **(251)** |
| | **Net carrying amount** | **229** | **-** | **-** | **229** |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 2.05 Current tax assets (Net)

₹in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Advance Tax / Tax deducted at source (net of provision for tax March 31, 2022 ₹ 1694 lakh and March 31, 2021 ₹ 4166 lakh) | 10 | 137 |
| | **10** | **137** |

### 2.06 Property, plant and equipment

₹ in Lakh

| Particulars | Own assets | | | | | Total |
|---|---|---|---|---|---|---|
| | Buildings | Furniture and fixtures | Office equipments | Leasehold Improvement | Computers | |
| **Year ended March 31, 2021** | | | | | | |
| **Gross carrying amount** | | | | | | |
| Opening gross carrying amount | 25 | 14 | 2 | - | 35 | **76** |
| Additions | - | - | 3 | - | 18 | **21** |
| **Closing gross carrying amount** | **25** | **14** | **5** | **-** | **53** | **97** |
| **Accumulated depreciation** | | | | | | |
| Opening accumulated depreciation | 1 | 14 | 1 | - | 24 | **40** |
| Depreciation charge during the year | - | - | 1 | - | 12 | **13** |
| **Closing accumulated depreciation** | **1** | **14** | **2** | **-** | **36** | **53** |
| **Net carrying amount as at March 31, 2021** | **24** | **14** | **3** | **-** | **17** | **44** |
| **Year ended March 31, 2022** | | | | | | |
| **Gross carrying amount** | | | | | | |
| Opening gross carrying amount | 25 | 14 | 5 | - | 53 | **97** |
| Additions | - | - | 1 | 7 | 28 | **36** |
| **Closing gross carrying amount** | **25** | **14** | **6** | **7** | **81** | **133** |
| **Accumulated depreciation** | | | | | | |
| Opening accumulated depreciation | 1 | 14 | 2 | - | 36 | **53** |
| Depreciation charge during the year | 1 | - | 1 | 1 | 23 | **26** |
| **Closing accumulated depreciation** | **2** | **14** | **3** | **1** | **59** | **79** |
| **Net carrying amount as at March 31, 2022** | **23** | **-** | **3** | **6** | **22** | **54** |

1. Building having gross carrying amount of ₹ 25 lakh were given as security for Non - Convertible Debentures in pervious year.
2. No Property, plant and equipment have been revalued during the year.

## 2.07 Leases

**(a)** 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 leasee is presented below.

**Right-of-use assets**

Right-of-use assets related to leasehold properties.

(₹ in lakh)

| Sr. No. | Particular | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| a. | Opening Balance | 59 | 45 |
| b. | Additions to right of use asset | 117 | 53 |
| c. | Depreciation charge for the year | (52) | (39) |
| d. | De-recognition of right of use assets | (88) | - |
| e. | Accumulated depreciation on "d" above | 73 | - |
| **f.** | **Closing Balance** | **109** | **59** |

**Other disclosure w.r.t. leases:**

- Finance cost amounts to ₹ 13 lakh (March 31, 2021 ₹ 7 lakh).
- The total cash outflow for the year ended March 31, 2022 amounts to ₹ 62 lakh (March 31, 2021 ₹ 45 lakh).
- The Group incurred ₹ 73 lakh (March 31, 2021 ₹ 91 lakh) for the year ended March 31, 2022 towards expenses relating to lease of low-value assets.

**Lease liabilities**

Maturity analysis – contractual discounted cash flows

(₹ in lakh)

| Lease liabilites | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Total | 0-1 years | 1-5 years | 5 years and above |
| **2021-22** | 118 | 131 | 67 | 64 | - |
| **2020-21** | 65 | 72 | 42 | 30 | - |

## 2.08 Other intangible assets

₹ in Lakh

| Particulars | Total |
|---|---|
| **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** |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

₹ in Lakh

| Particulars | Total |
|---|---|
| **Year ended March 31, 2022** | |
| **Gross carrying amount** | |
| Opening gross carrying amount | 66 |
| Additions | - |
| **Closing gross carrying amount** | **66** |
| **Accumulated amortisation** | |
| Opening accumulated amortisation | 60 |
| Amortisation during the year | 1 |
| **Closing accumulated amortisation** | **61** |
| **Net carrying amount as at March 31, 2022** | **5** |

1. Intangible assets are other than internally generated and average remaining useful life is 5 years.
2. No Intangibles have been revalued during the year.

### 2.09 Intangible assets under development (IAUD)

₹ in Lakh

| Particulars | Total |
|---|---|
| **Year ended March 31, 2021** | |
| **Gross carrying amount** | |
| Opening gross carrying amount | - |
| Additions | - |
| Capitalisation | - |
| **Closing gross carrying amount as at March 31, 2021** | **-** |
| **Year ended March 31, 2022** | |
| **Gross carrying amount** | |
| Opening gross carrying amount | - |
| Additions | 15 |
| Capitalisation | - |
| **Closing gross carrying amount as at March 31, 2022** | **15** |

**Intangible assets under development aging schedule**

| Intangible assets under development | Amount in IAUD | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 Years | 1-2 Years | 2-3 Years | More than 3 Years | |
| Projects in Progress | 15 | - | - | - | 15 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | 15 | - | - | - | 15 |

**Intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan**

| Intangible assets under development | Amount in IAUD | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 Years | 1-2 Years | 2-3 Years | More than 3 Years | |
| Projects in Progress | - | - | - | - | - |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | - | - | - | - | - |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 2.10 Other non financial assets

₹in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Considered good unless otherwise stated - Unsecured** | | |
| Balances with Government authorities | 64 | 50 |
| Prepaid expenses | 4 | 79 |
| Income Tax Refund Receivable | 116 | - |
| Advances recoverable in cash and kind or for value to be received which are considered good (Refer Note No. 2.39) | 21 | 23 |
| Advances recoverable in cash or in kind or for value to be received which have siginificant increase in credit risk | 13 | 12 |
| | 34 | 35 |
| Less: Provision for Advances | (13) | (12) |
| | 21 | 23 |
| | **205** | **152** |

### 2.11 Trade Payables

₹in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| (a) Total outstanding dues of micro enterprises and small enterprises* | - | - |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 169 | 85 |
| | **169** | **85** |

**Trade Payables ageing**

| As at March 31, 2022 | Outstanding for following periods from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|
| **Particulars** | **Not Due** | **Less than 1 Years** | **1-2 Years** | **2-3 Years** | **More than 3 Years** | |
| (i) Undisputed Trade Payables - MSME | - | - | - | - | - | **-** |
| (ii) Undisputed Trade Payables - Others | - | 169 | - | - | - | **169** |
| **Total** | **-** | **169** | **-** | **-** | **-** | **169** |

| As at March 31, 2021 | Outstanding for following periods from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|
| **Particulars** | **Not Due** | **Less than 1 Years** | **1-2 Years** | **2-3 Years** | **More than 3 Years** | |
| (i) Undisputed Trade Payables - MSME | - | - | - | - | - | **-** |
| (ii) Undisputed Trade Payables - Others | - | 81 | 4 | - | - | **85** |
| **Total** | **-** | **81** | **4** | **-** | **-** | **85** |

There are no disputed trade payables, hence the same is not disclosed in the ageing schedule.

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

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 2.12 Debt securities

₹in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **At fair value through profit and loss** | | |
| Market Linked Debentures - Related Parties (Secured) (Refer Note No. 2.39) | - | 1,135 |
| **Total (A)** | **-** | **1,135** |
| Debt securities in India | - | 1,135 |
| Debt securities outside India | - | - |
| **Total (B)** | **-** | **1,135** |

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

b) **Details about the nature of security**

The secured non-convertible debenture of the Group amounting to ₹ 1,135 lakh in previous year were 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 investments in Security Receipts by way of hypothecation (Refer Note No. 2.03) as specifically mentioned in the debenture trust deed.

### 2.13 Borrowings (Other than debt securities)

₹ in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **At amortised cost** | | |
| Loans from banks | | |
| Secured bank over draft | 7,498 | 7,368 |
| **Inter Corporate Deposit** | | |
| Unsecured from related parties [Refer Note No. 2.39] | 2,875 | 3,775 |
| **Total (A)** | **10,373** | **11,143** |
| Borrowings in India | 10,373 | 11,143 |
| Borrowings outside India | - | - |
| **Total (B)** | **10,373** | **11,143** |

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).

b) Repayment terms of Borrowings:

(i) Secured bank overdraft having interest rate of 9.45% (March 31, 2021 - 9.45%) is required to be renewed on yearly basis.

(ii) Unsecured Inter corporate deposit having interest rate of 12% - 12.5% (March 31, 2021 - 12% - 12.5%) has maturity within 1 year.

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 2.14 Other financial liabilities

₹in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Interest accrued but not due on borrowings | - | 107 |
| Employee benefits payable | 282 | 179 |
| Recovery received on behalf of trust* | 804 | 105 |
| Others payables | 42 | 2 |
| Lease liability | 118 | 65 |
| | **1,246** | **458** |

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

### 2.15 Provisions

₹in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Provision for employee benefits** | | |
| Gratuity (Refer note 2.29) | 37 | 29 |
| **Provision others** | | |
| Disputed expenses | - | 31 |
| | **37** | **60** |
| **Movement of Provisions** | | |
| **Provision Others** | | |
| Balance at the beginning of the year | 31 | 26 |
| Provision / (reversal) of expenses | (31) | 5 |
| **Balance at the close of the year** | **-** | **31** |

### 2.16 Deferred tax (Net)

₹in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Deferred tax liabilities** | | |
| Related to Property, plant and equipment and intangibles | 3 | 3 |
| Fair valuation of investments | 767 | 664 |
| | 770 | 667 |
| **Deferred tax assets** | | |
| Gratuity | (9) | (7) |
| Leased liability | (1) | (1) |
| Provisions | (32) | (59) |
| | (42) | (67) |
| | **728** | **600** |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

**Movements in deferred tax**

| Particulars | Property, plant and equipment and intangibles | Fair valuation of investments | Gratuity | Provisions for SARs | Leased Liability | Provisions | Total |
|---|---|---|---|---|---|---|---|
| **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** |
| **Charged/(Credited) to** | | | | | | | |
| Statement of profit and loss | - | 103 | - | - | - | 27 | 130 |
| Other comprehensive income/(loss) | - | - | (2) | - | - | - | (2) |
| **As at March 31, 2022** | **3** | **767** | **(9)** | **-** | **(1)** | **(32)** | **728** |

### 2.17 Other Non financial liabilities

₹in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Income received in advance | 1,459 | 2,174 |
| Advance received from trust | - | 38 |
| Statutory dues* | 585 | 388 |
| | **2,044** | **2,600** |

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

### 2.18 Share capital

₹in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Authorised** | | |
| 15,00,00,000 (March 31, 2021 - 15,00,00,000) equity shares of ₹10 each | 15,000 | 15,000 |
| 1,00,00,000 (March 31, 2021 - 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, 2021 - 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, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | 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/promoter companies**

₹in lakh

| Particulars | As at March 31, 2022 | | |
|---|---|---|---|
| | Number | ₹in lakh | % Change during the year |
| Equity Shares of Rs. 10 each fully paid held by | | | |
| Reliance Capital Limited | 4,90,00,000 | 4,900 | - |
| Union Bank of India * | 1,15,00,000 | 1,150 | - |
| Indian Bank | 1,15,00,000 | 1,150 | - |

| Particulars | As at March 31, 2021 | | |
|---|---|---|---|
| | Number | ₹in lakh | % Change during the year |
| Equity Shares of Rs. 10 each fully paid held by | | | |
| Reliance Capital Limited | 4,90,00,000 | 4,900 | - |
| Union Bank of India * | 1,15,00,000 | 1,150 | - |
| Indian Bank | 1,15,00,000 | 1,150 | - |

**d. Details of Share holders, holding more than 5% of the aggregate Shares in the Company**

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | 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 | - | 0.00% | 58,90,000 | 5.89% |
| Cosmea Financial Holdings Pvt. Ltd. | 95,00,000 | 9.50% | - | 0.00% |
| | **10,00,00,000** | **100.00%** | **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

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 2.19 Other equity

₹ in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Retained earnings | 12,559 | 10,118 |
| Other comprehensive income | (17) | (11) |
| Debenture redemption reserve | - | 284 |
| **Total other equity** | **12,542** | **10,391** |
| **Retained earnings** | | |
| Opening balance | 10,118 | 8,635 |
| Add: Profit for the year | 2,415 | 1,866 |
| Less: Dividend paid | (300) | (300) |
| Less: Tranfer to debenture redemption reserve | - | (481) |
| Add: Tranfer from debenture redemption reserve | 284 | 398 |
| Add: Loss on NCI Transferred | 13 | - |
| Add: Non Controlling Interest Share Adjustment | 29 | - |
| **Closing balance** | **12,559** | **10,118** |
| **Other comprehensive income** | | |
| Opening balance | (11) | (9) |
| Additions during the year (net) | (6) | (2) |
| **Closing balance** | **(17)** | **(11)** |
| **Debenture redemtion reserve** | | |
| Opening balance | 284 | 201 |
| Add: Transfer from retained earnings | - | 481 |
| Less: Transfer to retained earnings | (284) | (398) |
| **Closing balance** | **-** | **284** |

**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 :**

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

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 2.20 Fees and commission Income

₹ in lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Trusteeship fees (Refer No. 2.39) | 4,307 | 3,566 |
| Incentive fees | 130 | 301 |
| Recovery agent fees | 1,588 | 1,848 |
| Profit on redemption of security receipts | 9 | 15 |
| | **6,034** | **5,730** |

### 2.21 Net gain on fair value changes

₹ in lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| **Net gain / (loss) on financial instruments at fair value through profit or loss** | | |
| Fair value gain/(loss) on investment - Unrealised | 544 | - |
| | **544** | **-** |
| **Fair value changes:** | | |
| - Realised | - | - |
| - Unrealised | 544 | - |
| | **544** | **-** |

### 2.22 Other Income

₹ in lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| **On finacial assets measured at amortised cost** | | |
| Interest on fixed deposits | 1 | 54 |
| Interest on advance given to trusts | 43 | 53 |
| Other income | 11 | - |
| | **55** | **107** |

### 2.23 Finance costs

₹ in lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| **Interest on financial liabilites measured at fair value through profit or loss** | | |
| Interest on debt securities | 30 | 231 |
| **Interest on financial liabilites measured at amortised cost** | | |
| Interest on other borrowings | 1,063 | 1,190 |
| Processing charges | 6 | 31 |
| Bank charges | 1 | 1 |
| Interest on leased liability | 13 | 7 |
| | **1,113** | **1,460** |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 2.24 Net loss on fair value changes

₹ in lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| **Net loss on financial instruments at fair value through profit or loss** | | |
| Fair value gain/(loss) on investment - Unrealised | 135 | 104 |
| | **135** | **104** |
| **Fair value changes:** | | |
| - Realised | - | - |
| - Unrealised | 135 | 104 |
| | **135** | **104** |

### 2.25 Employee Benefit Expense

₹ in lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Salary, bonus and allowances | 830 | 629 |
| Contribution to provident fund and other funds | 29 | 28 |
| Gratuity expense (Refer Note No 2.29) | 8 | 8 |
| Staff welfare expenses | 33 | 22 |
| | **900** | **687** |

### 2.26 Other expenses

₹ in lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Professional and legal charges | 437 | 318 |
| Premises rent and electricity expenses | 99 | 136 |
| Payment to auditors | | |
| - Statutory audit fees | 12 | 10 |
| - Limited review fees | 3 | 3 |
| Provision for advances | (89) | 56 |
| Investment Written off | 127 | - |
| Advance to Trust Written off | 2 | - |
| Recovery commission | 505 | 416 |
| Director's sitting fees | 17 | 19 |
| Travelling expenses | 23 | 22 |
| Telephone expenses | 14 | 7 |
| Stamp duty and processing fees | 2 | 2 |
| Repair and maintenance | 9 | 5 |
| Courier and postage | 5 | 1 |
| Software maintanance Charges | 50 | 53 |
| Office printing and stationery | 3 | 2 |
| Due diligence expense | 3 | 4 |
| Expenditure towards corporate social responsibility (refer note 2.30) | 54 | 44 |
| Trusteeship fees | 15 | 40 |
| Rating fees | 2 | 2 |
| Miscellaneous expenses | 102 | 45 |
| | **1,395** | **1,185** |

### 2.27 Income tax expense

₹ in lakh

| Particulars | | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|
| **Tax Expense recognized in the statement of profit and loss** | | | |
| **(a)** | **Income tax expense** | | |
| | Current tax on profits for the year | 448 | 484 |
| | Adjustments for current tax of prior periods | 54 | - |
| | **Total current tax expense** | **502** | **484** |
| | **Deferred tax** | | |
| | (Decrease) / increase in deferred tax | 128 | 36 |
| | **Total deferred tax expense / (benefit)** | **128** | **36** |
| | **Income tax expense** | **630** | **519** |
| **(b)** | **Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:** | | |
| | **Tax rates** | **25.17%** | **25.17%** |
| | **Profit before tax** | **3,011** | **2,348** |
| | Tax calculated at tax rates applicable | **758** | **591** |
| | **Difference due to:** | | |
| | Corporate social responsibility | 14 | 11 |
| | Depreciation and amortization | 41 | 8 |
| | Provision disallowed and others | (16) | 110 |
| | Losses of Trust | (221) | (144) |
| | Others | (33) | (53) |
| | Ind AS adjustment | 33 | (3) |
| | Adjustments for current tax of prior periods | 54 | (3) |
| | **Total income tax expense / (credit)** | **630** | **517** |

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

### 2.28 (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, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **(a)** | Common Equity Tier 1 capital | 19,603 | 17,483 |
| **(b)** | Other Tier 2 capital instruments | - | - |
| **(c)** | Total capital | 19,603 | 17,483 |
| **(d)** | Risk weighted assets | 34,453 | 34,245 |
| **(e)** | CRAR (%) | 56.90% | 51.05% |

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.

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

### (B) Dividends

₹ in lakh

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| (i) | Equity Shares<br>Final dividend paid for the year ended March 31, 2021 of ₹0.30 (March 31, 2020 - ₹0.30) per share fully paid share. | 300 | 300 |
| (ii) | Dividends not recognised at the end of the reporting period<br>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, 2021 - ₹0.30). This proposed dividend is subject to the approval of shareholders in ensuing annual general meeting. | 300 | 300 |

### 2.29 Employee benefits

₹ in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| (a) Defined contribution plan | | |
| Amount recognised in the statement of profit and loss | | |
| (i) Employer's contribution to provident fund | 25 | 23 |
| (ii) Employer's contribution to pension fund | 3 | 4 |
| | **28** | **27** |

(b) Gratuity:

Disclosures required as per the Ind AS 19 , Employee Benefits

₹ in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **I. Reconciliation of opening and closing balances of the present value of the defined benefit obligation** | | |
| Obligation at the beginning of the year | 29 | 22 |
| Interest cost | 2 | 1 |
| Service cost | 7 | 6 |
| Liability transferred in / acquisition | - | 2 |
| Benefit paid | (3) | (4) |
| Actuarial (gains) / losses recognised in other comprehensive income | | |
| - Due to change in demograpic assumptions | 2 | (1) |
| - Due to change in financial assumptions | 3 | 1 |
| - Due to experience adjustments | 4 | 3 |
| Obligation at the end of the year | 44 | 29 |
| **II. Change in plan assets** | | |
| Fair value of plan assets at the beginning of the year | 1 | 3 |
| Expected return on plan assets | 0 | 0 |
| Contribution | 8 | - |
| Benefit paid from the fund | (3) | (4) |
| Liability transferred in / acquisition | - | 2 |
| Actuarial gains / (losses) on plan assets - due to experience | - | - |
| Interest income | - | 0 |
| Fair value of plan assets at the end of the year | 6 | 1 |

₹ in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **III. Reconciliation of present value of obligation and fair value of the plan assets** | | |
| Fair value of plan assets at the end of the year | 6 | 1 |
| Present value of the defined benefit obligation at the end of year | 44 | 29 |
| Liability recognised in the balance sheet | 38 | 29 |
| **IV. Expense recognized in statement of profit or loss** | | |
| Service cost | 6 | 7 |
| Interest cost | 2 | 1 |
| Expense recognized in statement of profit or loss | 8 | 8 |
| **V. Amount recognized in the other comprehensive income** | | |
| Acturial (gain)/loss recognised in other comprehensive income | 8 | 2 |
| Expected return on plan assets | - | - |
| Amount recognized in the other comprehensive income | 8 | 2 |
| **VI. Investment details on plan assets** | | |
| 100% of the plan assets are invested in insurance fund | 6 | 1 |
| **VII. Actual return on plan assets** | - | - |
| **VIII. Assumptions** | | |
| Interest rate | 7.23% | 6.06% |
| Salary growth rate | 8.00% | 6.00% |
| Estimated return on plan assets | 7.23% | 6.06% |
| Employee turnover rate | 5.00% | 16.00% |

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

₹ in lakh

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Present value of benefit obligation | (44) | (30) | (22) | (37) | (42) |
| Fair value of plan assets | 6 | 1 | 3 | 15 | 32 |
| Excess of obligation over plan assets | (38) | (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, 2022 | As at March 31, 2021 |
|---|---|---|
| Discount rate ( +1% movement) | (4) | (1) |
| Discount rate ( -1% movement) | 4 | 1 |
| Future salary growth ( +1% movement) | 4 | 1 |
| Future salary growth ( -1% movement) | (4) | (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.

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

**XI. Maturity analysis of the defined benefit plan (fund)**

₹in lakh

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Projected benefits payable in future from the date of reporting | | |
| 1st following year | 2 | 3 |
| 2nd following year | 10 | 4 |
| 3rd following year | 2 | 8 |
| 4th following year | 2 | 3 |
| 5th following year | 2 | 3 |
| Sum of 6 to 10 years | 10 | 10 |
| Sum of 11 years and above | 70 | 10 |

### 2.30 Corporate Social Responsibility Expenditure:

₹ in lakh

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| (a) amount required to be spent by the company during the year, | 54 | 44 |
| (b) amount of expenditure incurred, | 54 | 44 |
| (c ) shortfall at the end of the year, | - | - |
| (d) total of previous years shortfall, | - | - |
| (e ) reason for shortfall, | NA | NA |
| (f) nature of CSR activities, | Setting up homes for womens and orphans etc.<br><br>Eradicating hunger, poverty and malnutrition<br><br>Promoting health care | Setting up homes for womens and orphans etc. |
| (g) details of related party transactions, | NA | NA |
| (h) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately. | NA | NA |

### 2.31 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 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 ₹ 5 lakh (inclusive of GST) (March 31, 2021 ₹ 21 lakh).

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 2.32 Foreign currency

The Group has incurred ₹ NIL (March 31, 2021 ₹ 1 lakh) in foreign currency during the year towards professional fees.

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

₹ in lakh

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **Debt securities** | | |
| Opening balance | 1135 | 1212 |
| Availed during the year | - | 1750 |
| Impact of non-cash items | - | 8 |
| Repaid during the year | (1,135) | (1,835) |
| **Closing balance** | **-** | **1135** |
| **Borrowings (other than debt securities)** | | |
| Opening balance | 3,775 | 6500 |
| Availed during the year | 1500 | 500 |
| Impact of non-cash items | - | - |
| Repaid during the year | (2,400) | (3,225) |
| **Closing balance** | **2,875** | **3,775** |
| **Interest** | | |
| Opening balance | 107 | 168 |
| Interest Expenses | 1,113 | 1,440 |
| Impact of non-cash items | (18) | - |
| Repaid during the year | (1,202) | (1,501) |
| **Closing balance** | **-** | **107** |

### 2.34 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, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| **Assets** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 7 | - | 7 | 21 | - | 21 |
| Trade receivables | 164 | - | 164 | 561 | - | 561 |
| Loans* | - | 2,671 | 2,671 | - | 3,605 | 3,605 |
| Investments* | 6,500 | 27,441 | 33,941 | 9,300 | 22,710 | 32,010 |
| Other financial asset | 247 | 30 | 277 | 234 | 11 | 245 |
| **Non-financial assets** | | | | | | |
| Current tax assets (Net) | - | 10 | 10 | - | 137 | 137 |
| Property, plant and equipment | - | 54 | 54 | - | 44 | 44 |
| Right of use assets | - | 109 | 109 | - | 59 | 59 |
| Other intangible assets | - | 5 | 5 | - | 6 | 6 |
| Intangible assets under development | - | 15 | 15 | - | - | - |
| Other non-financial asset | 205 | - | 205 | 152 | - | 152 |
| **Total assets (a)** | **7,123** | **30,334** | **37,458** | **10,268** | **26,572** | **36,840** |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

₹ in lakh

| Particulars | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | 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 | 169 | - | 169 | 85 | - | 85 |
| Debt securities | - | - | - | 1,135 | - | 1,135 |
| Borrowings (Other than debt securities) | 10,373 | | 10,373 | 11,143 | - | 11,143 |
| Other financial liabilities | 1,185 | 61 | 1,246 | 458 | - | 458 |
| **Non-financial Liabilities** | | | | | | |
| Provisions | 21 | 16 | 37 | 48 | 12 | 60 |
| Deferred tax (Net) | - | 728 | 728 | - | 600 | 600 |
| Other non-financial liabilities | 2,044 | | 2,044 | 2,572 | 28 | 2,600 |
| **Total liabilities (b)** | **13,792** | **805** | **14,597** | **15,441** | **640** | **16,082** |
| **Net ( a - b )** | **(6,669)** | **29,529** | **22,861** | **(5,173)** | **25,932** | **20,758** |

* As expected by management of the Company

### 2.35 Fair value measurements

a) Financial instruments by category

₹ in lakh

| Particular | March 31, 2022 | | March 31, 2021 | |
|---|---|---|---|---|
| | Fair value through profit or loss | Amortised cost | Fair value through profit or loss | Amortised cost |
| **Financial assets** | | | | |
| Cash & cash equivalents | - | 7 | - | 21 |
| Trade receivables | - | 164 | - | 561 |
| Loans | - | 2,671 | - | 3,605 |
| Investments - Unquoted | 33,941 | - | 32,010 | - |
| Other financial asset | - | 277 | - | 245 |
| **Total financial assets** | **33,941** | **3,119** | **32,010** | **4,432** |
| **Financial liabilities** | | | | |
| Payables | - | 169 | - | 85 |
| Debt securities | - | - | 1,135 | - |
| Borrowings (Other than debt securities) | - | 10,373 | - | 11,143 |
| Other financial liabilities | - | 1,246 | - | 458 |
| **Total financial liabilities** | **-** | **11,788** | **1,135** | **11,686** |

**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**

| Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Investments - Unquoted | - | - | 33,941 | 33,941 |
| **Total** | **-** | **-** | **33,941** | **33,941** |
| | | | | |
| **Financial Liabilities** | | | | |
| Debt securities* | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** |

| Financial liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Borrowings (Other than debt securities) | - | - | 10,373 | 10,373 |
| **Total** | - | - | **10,373** | **10,373** |

| 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** |

| 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** |

* These Debt Instruments were due for redemption within 12 months from the reporting date in previous year. 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.

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

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

**c) Valuation techniques used to determine fair value**

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

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

Specific valuation techniques used to value market linked debentures:

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

**d) Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the changes in level 3 items for the periods ended 31 March 2022 and 31 March 2021:

₹ in lakh

| Particulars | Investment | Debt securities |
|---|---|---|
| **As at March 31, 2020** | **28,622** | **1,212** |
| Additions | 5,381 | 1,750 |
| Disposals | (1,889) | (1,835) |
| Gains/(losses) recognised in statement of profit and loss | (104) | 8 |
| **As at March 31, 2021** | **32,010** | **1,135** |
| Additions | 4,488 | - |
| Disposals / Repayment / Write off | (2,968) | (1,135) |
| Gains/(losses) recognised in statement of profit and loss | 411 | - |
| **As at March 31, 2022** | **33,941** | **-** |

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.

## 2.35 Fair value measurements (Contd.)

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

| Type of Financial Instruments | Fair value of asset as on March 31, 2022 | Fair value of liability as on March 31, 2022 | 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 | 33,941 | - | Discounted projected cash flow | Expected gross recoveries * | 2,37,642 | 23,764 | 1,989 | (23,764) | (2,615) |
| | | | | Discount rates | 5.66% - 10% | 0.50% | (190) | 0.50% | 180 |

| 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 | 24,840 | 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 |

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

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

**2.36 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, 2022** **₹ 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 | 7 | - | - | - | 7 |
| Trade Receivables | - | 164 | - | - | 164 |
| Loans | - | - | 2,671 | - | 2,671 |
| Investments * | 600 | 5,900 | 25,091 | 2,350 | 33,941 |
| Other financial assets | 4 | 243 | - | 30 | 277 |
| **Total financial assets (a)** | **611** | **6,307** | **27,762** | **2,380** | **37,060** |
| **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 | 169 | - | - | - | 169 |
| Debt securities | - | - | - | - | - |
| Borrowings (Other than debt securities) | - | 10,373 | - | - | 10,373 |
| Other financial liabilities | 1,099 | 86 | 61 | - | 1,246 |
| **Total financial liabilities (b)** | **1,268** | **10,459** | **61** | **-** | **11,788** |
| **Net ( a - b )** | **(657)** | **(4,152)** | **27,701** | **2,380** | **25,272** |

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 | 84 | - | - | - | 84 |
| 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)** | **380** | **12,412** | **28** | **-** | **12,821** |
| **Net ( a - b )** | **445** | **(3,121)** | **23,742** | **2,557** | **23,623** |

* As expected by management of the Company

## 2.37 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.

| Currency of borrowing / advances | 2021-22 | | | |
|---|---|---|---|---|
| | Increase in basis points | Effect on profit before tax (₹in lakh) | Decrease in basis points | Effect on profit before tax (₹in lakh) |
| INR | 50 | (50) | 50 | 50 |

| 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 |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 2.38 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, 2022 (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, 2022 | As at March 31, 2021 |
| 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 | 2,000 | 2,000 |
| 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 |
| 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 | “ankalyan” 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 |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

| Sr. No. | Name of the Bank / Financial Institution | Address | Acquisition price (₹in lakh) As at March 31, 2022 | Acquisition price (₹in lakh) As at March 31, 2021 |
|---|---|---|---|---|
| 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 ''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 |
| 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 | 35,741 | 29,641 |
| 32 | Shubham Housing Development Finance Corporation Limited | Plot No. 425, Udyog Vihar, Phase IV, Gurgaon-122015 | 7,243 | 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 |
| 32 | IndusInd Bank Limited | Indusind Bank Ltd., 11th floor, Tower 1, One Indiabulls Centre, 841, Senapati Bapat Marg, Elphinstone Road, Mumbai-400013, India | 466 | 466 |
| 33 | HDFC Bank Limited | 16th Floor, Tower A, Peninsula Business Park, Lower Parel, Mumbai - 400013 | 20,977 | 20,977 |
| 34 | Orange Retail Finance India Private Limited | No.4/363, Second Floor, Kandhanchavadi, Old Mahabalipuram Road, Chennai - 600 096 | 2,706 | 1,553 |
| 35 | Jana Small Finance Bank Ltd | The Fairway Business Park, #10/1, 11/2 & 12/2B Off Domlur, Koramangala Inner Ring Road, Next to EGL, Challaghatta, Bengaluru –560071 | 10,885 | - |
| 36 | Indian School Finance Company Ltd | 8-2-269/2/52, Plot No. 52, Sagar Society Road No. 2, Banjara Hills, Hyderabad - 500034 | 1,953 | - |
| | | **TOTAL** | **3,86,870** | **3,61,015** |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (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, 2022 | | As at March 31, 2021 | |
| Agriculture | 31,516 | 8.1% | 31,516 | 8.7% |
| Education | 1,14,755 | 29.7% | 1,14,755 | 31.8% |
| Housing | 15,123 | 3.9% | 9,359 | 2.6% |
| MSME | 1,36,677 | 35.3% | 1,19,692 | 33.2% |
| Seeds / Biotech | 5,730 | 1.5% | 5,730 | 1.6% |
| Food processing | 9,735 | 2.5% | 9,735 | 2.7% |
| Power | 270 | 0.1% | 270 | 0.1% |
| Plastics | 230 | 0.1% | 230 | 0.1% |
| Casting & Forging | 3,343 | 0.9% | 3,343 | 0.9% |
| Construction | 2,440 | 0.6% | 2,440 | 0.7% |
| Waste Processing | 440 | 0.1% | 440 | 0.1% |
| Vehicle | 13,665 | 3.5% | 12,512 | 3.5% |
| Personal | 13,586 | 3.5% | 13,586 | 3.8% |
| Infrastructure | 3,905 | 1.0% | 3,905 | 1.1% |
| Information Technology | 294 | 0.1% | 294 | 0.1% |
| Advertisement | 3 | 0.0% | 3 | 0.0% |
| Textile | 4,735 | 1.2% | 4,735 | 1.3% |
| Electricals | 592 | 0.2% | 592 | 0.2% |
| Gems & Jewellery | 710 | 0.2% | 710 | 0.2% |
| Others | 29,121 | 7.5% | 27,169 | 7.5% |
| **TOTAL** | **3,86,870** | **100%** | **3,61,015** | **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, 2022 | | As at March 31, 2021 | |
| A. Sponsor | | | | |
| - Indian Bank | 1,26,125 | 33% | 1,26,125 | 35% |
| - Reliance Capital Limited | 9,599 | 2% | 9,599 | 3% |
| - Union Bank of India | 1,314 | 0% | 1,314 | 0% |
| **Total Sponsor (A)** | **1,37,038** | **35%** | **1,37,038** | **38%** |
| B. Non-Sponsors | 2,49,832 | 65% | 2,23,977 | 62% |
| **Total Non Sponsor (B)** | **2,49,832** | **65%** | **2,23,977** | **62%** |
| **TOTAL (A+B)** | **3,86,870** | **100%** | **3,61,015** | **100%** |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

₹ in Lakh

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| (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 | 25,855 | 32,538 |
| (vi) | Value of Financial Assets realised during the financial year | 21,657 | 13,167 |
| (vii) | Value of Financial Assets outstanding for realisation as at the end of the financial year. | 2,22,980 | 2,21,324 |
| (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 | - | - |
| | - Value of Security Receipts redeemed partially during financial year | 21,657 | 13,167 |
| (ix) | Value of Security Receipts/Contractual Rights in Loan Assets, pending for redemption as at the end of the financial year | 2,22,980 | 2,21,324 |

(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. - NIL

**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

| Sr. no. | Trust Name | Closing SR (₹in lakh) | NAV as at March 31, 2022 |
|---|---|---|---|
| 1 | Reliance ARC - INB Retail Portfolio Trust (2013) | 37,613 | 42.00% |
| 2 | Reliance ARC - AUCB 2014 (1) Trust | 1,300 | 75.00% |
| 3 | Reliance ARC - SBI Maan Sarovar Trust | 460 | 25.00% |
| 4 | Reliance ARC - CUB(CTRPL) (2014) Trust | 2,694 | 25.00% |
| 5 | Reliance ARC - CUB SPDL Trust (2014) | 2,584 | 38.90% |
| 6 | Reliance ARC 001 Trust | 13,778 | 25.00% |
| 7 | Reliance ARC 006 Trust | 1,581 | 75.00% |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 2.39 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**

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"

**iv) Trust - Employee Benefit Plan**

Reliance Asset Reconstruction Company Limited Group Gratuity Cum Life Assurance Scheme

**v) Key management personnel**

a) **Mr. Mehul Gandhi**
Executive Director & CEO

b) **Mr. Rakesh Panjwani**
Chief Financial Officer

c) **Mr. Rajesh Gandhi** (w.e.f. July 01, 2021)
Company Secretary

d) **Ms. Preeti Chhapru** (upto May 19, 2021)
Company Secretary

**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 |
|---|---|---|---|---|---|
| **Fees and commission income (Net of Provision)** | | | | | |
| Reliance ARC SBI Maan Sarovar Trust | **2021-22** | **-** | **6** | **-** | **6** |
| | 2020-21 | - | 36 | - | 36 |
| **Interest on Borrowings other than debt securities** | | | | | |
| Reliance Corporate Advisory Services Limited | **2021-22** | **-** | **281** | **-** | **281** |
| | 2020-21 | - | 329 | - | 329 |
| Reliance Capital Limited | **2021-22** | **98** | **-** | **-** | **98** |
| | 2020-21 | 204 | - | - | 204 |
| Reliance Financial Limited | **2021-22** | **-** | **11** | **-** | **11** |
| | 2020-21 | - | 1 | - | 1 |

₹ in lakh

| Particulars | Year | Entity having Significant Influence | Subsidiaries of Entity having significant influence | Key Management Personnel | Total |
|---|---|---|---|---|---|
| **Interest on Debt Securities** | | | | | |
| Reliance Securities Ltd | **2021-22** | **-** | **11** | **-** | **11** |
| | 2020-21 | - | 161 | - | 161 |
| Reliance Financial Limited ( * ₹42,475) | **2021-22** | **-** | * | **-** | * |
| | 2020-21 | - | - | - | - |
| **Other Expenses** | | | | | |
| Reliance Capital Limited (Software Maintenance Charges & Other Expense) | **2021-22** | **4** | **-** | **-** | **4** |
| | 2020-21 | 20 | - | - | 20 |
| Reliance Commercial Finance Limited (Rent Expense & Other Expense) | **2021-22** | **-** | **-** | **-** | **-** |
| | 2020-21 | - | 5 | - | 5 |
| Reliance General Insurance Company Limited (Mediclaim Premium Expense & Other Expense) | **2021-22** | **-** | **16** | **-** | **16** |
| | 2020-21 | - | 15 | - | 15 |
| Reliance Nippon Life Insurance Company Limited (Gratuity Expense) | **2021-22** | **-** | **-** | **-** | **-** |
| | 2020-21 | - | 8 | - | 8 |
| Reliance Securities Ltd (Rent & Maintenance Expense & Other Expenses) | **2021-22** | **-** | **95** | **-** | **95** |
| | 2020-21 | - | 34 | - | 34 |
| **Trade Receivables** | | | | | |
| Reliance ARC SBI Maan Sarovar Trust (* ₹3575, ** ₹19309) | **2021-22** | **-** | * | **-** | * |
| | 2020-21 | - | ** | - | ** |
| **Investments** | | | | | |
| Reliance ARC SBI Maan Sarovar Trust | **2021-22** | **-** | **12** | **-** | **12** |
| | 2020-21 | - | 59 | - | 59 |
| **Other Financial Asset** | | | | | |
| Advance To Trust | | | | | |
| Reliance ARC SBI Maan Sarovar Trust (* ₹37282) | **2021-22** | **-** | * | **-** | * |
| | 2020-21 | - | 1 | - | 1 |
| **Trust Fund** | | | | | |
| Reliance ARC SBI Maan Sarovar Trust (* ₹1000, ** ₹1000) | **2021-22** | **-** | * | **-** | * |
| | 2020-21 | - | ** | - | ** |
| **Property Plant & Equipment** | | | | | |
| Purchased during the year | | | | | |
| Reliance Securities Limited | **2021-22** | **-** | **-** | **-** | **-** |
| | 2020-21 | - | 4 | - | 4 |
| **Other Non Financial Asset** | | | | | |
| Reliance Securities Limited | **2021-22** | **-** | **-** | **-** | **-** |
| | 2020-21 | - | - | - | - |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

₹ in lakh

| Particulars | Year | Entity having Significant Influence | Subsidiaries of Entity having significant influence | Key Management Personnel | Total |
|---|---|---|---|---|---|
| Reliance Nippon Life Insurance Company Limited | **2021-22** | - | - | - | - |
| | 2020-21 | - | 3 | - | 3 |
| Reliance General Insurance Company Limited | **2021-22** | - | **7** | - | **7** |
| | 2020-21 | - | 6 | - | 6 |
| Reliance Commercial Finance Limited (* ₹29317, ** ₹29317) | **2021-22** | - | * | - | * |
| | 2020-21 | - | ** | - | ** |
| **Trade Payables** | | | | | |
| Reliance Capital Limited ( * ₹39905) | **2021-22** | - | - | - | - |
| | 2020-21 | * | - | - | * |
| Reliance Securities Limited ( * ₹ 25873) | **2021-22** | - | * | - | * |
| | 2020-21 | - | 12 | - | 12 |
| Reliance Nippon Life Insurance Company Limited | **2021-22** | - | - | - | - |
| | 2020-21 | - | - | - | - |
| Reliance Commercial Finance Limited | **2021-22** | - | - | - | - |
| | 2020-21 | - | - | - | - |
| **Debentures** | | | | | |
| Issued during the year | **2021-22** | - | - | - | - |
| | 2020-21 | - | 1,750 | - | 1,750 |
| Redeemed during the year | **2021-22** | - | **780** | - | **780** |
| | 2020-21 | - | 1,000 | - | 1,000 |
| Closing Balances | **2021-22** | - | - | - | - |
| | 2020-21 | - | 780 | - | 780 |
| Accrued interest on debentures | **2021-22** | - | - | - | - |
| | 2020-21 | - | 153 | - | 153 |
| **Borrowings other than debt securities** | | | | | |
| Taken during the year | | | | | |
| Reliance Corporate Advisory Services Limited | **2021-22** | - | - | - | - |
| | 2020-21 | - | - | - | - |
| Reliance Capital Limited | **2021-22** | - | - | - | - |
| | 2020-21 | - | - | - | - |
| Reliance Financial Limited | **2021-22** | - | **1,500** | - | **1,500** |
| | 2020-21 | - | 500 | - | 500 |
| Returned during the year | | | | | |
| Reliance Corporate Advisory Services Limited | **2021-22** | - | **100** | - | **100** |
| | 2020-21 | - | 2,125 | - | 2,125 |
| Reliance Capital Limited | **2021-22** | **300** | - | - | **300** |
| | 2020-21 | 1,100 | - | - | 1,100 |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

₹ in lakh

| Particulars | Year | Entity having Significant Influence | Subsidiaries of Entity having significant influence | Key Management Personnel | Total |
|---|---|---|---|---|---|
| Reliance Financial Limited | **2021-22** | **-** | **2,000** | **-** | **2,000** |
| | 2020-21 | - | - | - | - |
| Closing Balances | | | | | |
| Reliance Corporate Advisory Services Limited | **2021-22** | **-** | **2,275** | **-** | **2,275** |
| | 2020-21 | - | 2,375 | - | 2,375 |
| Reliance Capital Limited | **2021-22** | **600** | **-** | **-** | **600** |
| | 2020-21 | 900 | - | - | 900 |
| Reliance Financial Limited | **2021-22** | **-** | **-** | **-** | **-** |
| | 2020-21 | - | 500 | - | 500 |
| **Other Non Financial Liabilities** | | | | | |
| Reliance ARC SBI Maan Sarovar Trust | **2021-22** | **-** | **1** | **-** | **1** |
| | 2020-21 | - | 1 | - | 1 |
| **Key Managerial Personnel** | | | | | |
| Remuneration | **2021-22** | **-** | **-** | **269** | **269** |
| | 2020-21 | - | - | 202 | 202 |

Note: Recovery on behalf of trust - has not been considered in Related Party Transactions

### 2.40 Earning per equity share

₹ in Lakh

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Basic and diluted earning per equity share | | |
| Net Profit after tax attributable to equity shareholders (₹ in lakh) (A) | 2,415 | 1,866 |
| 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) | 2.42 | 1.87 |

### 2.41 Dividend remitted in foreign currency

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| 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 | 2020 - 2021 | 2019 - 2020 |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 2.42 Comparision between provisions required under IRACP and impairment allowances made under Ind AS 109 pursuant to the RBI circular no. DOR (NBFC).CC.PD.No.116/22.10.106/2019-20 dated March 13, 2020.

**As at year ending March 31, 2022**

₹ in Lakh

| Asset Classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS | Loss allowances (Provisions) as required under Ind AS 109 | Net carrying amount | Provisions required as per IRACP norms | Difference between Ind AS 109 provisions and IRACP norms |
|---|---|---|---|---|---|---|
| | | (1) | (2) | (3) =(1)-(2) | (4) | (5) =(2)-(4) |
| **Performing Assets** | | | | | | |
| Standard | Stage 1 | 7 | - | 7 | - | - |
| | Stage 2 | - | - | - | - | - |
| **Subtotal Performing Assets(A)** | | **7** | **-** | **7** | **-** | **-** |
| | | | | | | |
| **Non Performing Assets (NPA)** | | | | | | |
| Substandard | Stage 3 | - | - | - | - | - |
| | | | | | | |
| Doubtful - upto 1 year | Stage 3 | - | - | - | - | - |
| 1 to 3 years | Stage 3 | - | - | - | - | - |
| More than 3 years | Stage 3 | - | - | - | - | - |
| **Subtotal for doubtful** | | **-** | **-** | **-** | **-** | **-** |
| | | | | | | |
| Loss | Stage 3 | - | - | - | - | - |
| **Subtotal Non Performing Assets (NPA) (B)** | | - | - | - | - | - |
| | | | | | | |
| **Other items** | | | | | | |
| Advances to trust and other financial assets (C) | Stage 1 | 277 | - | 277 | - | - |
| | Stage 2 | 28 | 28 | - | 28 | - |
| | Stage 3 | 128 | 128 | - | 128 | - |
| | | | | | | |
| Trade receivables (D) | NA | 414 | 250 | 164 | 250 | - |
| | | | | | | |
| Purchased or Originated credit impaired (E) | Purchased or Originated credit mpaired | 2,671 | - | 2,671 | - | - |
| | | | | | | |
| **Subtotal (F) = ( C) + ( D) + ( E)** | | 3,518 | 406 | 3,112 | 406 | - |
| | | | | | | |
| **Total assets (a)** | Stage 1 | 284 | - | 284 | - | - |
| | Stage 2 | 28 | 28 | - | 28 | - |
| | Stage 3 | 128 | 128 | - | 128 | - |
| | Others | 3,085 | 250 | 2,835 | 250 | - |
| | **Total** | **3,525** | **406** | **3,119** | **406** | **-** |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

**As at year ending March 31, 2021**

₹ in Lakh

| Asset Classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS | Loss allowances (Provisions) as required under Ind AS 109 | Net carrying amount | Provisions required as per IRACP norms | Difference between Ind AS 109 provisions and IRACP norms |
|---|---|---|---|---|---|---|
| | | (1) | (2) | (3) =(1)-(2) | (4) | (5) =(2)-(4) |
| **Performing Assets** | | | | | | |
| Standard | Stage 1 | 21 | - | 21 | - | - |
| | Stage 2 | - | - | - | | - |
| **Subtotal Performing Assets(A)** | | **21** | **-** | **21** | **-** | **-** |
| | | | | | | |
| **Non Performing Assets (NPA)** | | | | | | |
| Substandard | Stage 3 | - | - | - | - | - |
| | | | | | | |
| Doubtful - upto 1 year | Stage 3 | - | - | - | - | - |
| 1 to 3 years | Stage 3 | - | - | - | - | - |
| More than 3 years | Stage 3 | - | - | - | - | - |
| **Subtotal for doubtful** | | **-** | **-** | **-** | **-** | **-** |
| | | | | | | |
| Loss | Stage 3 | - | - | - | - | - |
| **Subtotal Non Performing Assets (NPA) (B)** | | - | - | - | - | - |
| | | | | | | |
| **Other items** | | | | | | |
| Advances to trust and other financial assets (C) | Stage 1 | 244 | - | 244 | - | - |
| | Stage 2 | 122 | 122 | - | 122 | - |
| | Stage 3 | 129 | 129 | - | 129 | - |
| | | | | | | |
| Trade receivables (D) | NA | 1,016 | 455 | 561 | 455 | - |
| | | | | | | |
| Purchased or Originated credit impaired (E) | Purchased or Originated credit mpaired | 3,605 | - | 3,605 | - | - |
| | | | | | | |
| **Subtotal (F) = ( C) + ( D) + ( E)** | | 5,116 | 706 | 4,410 | 706 | - |
| | | | | | | |
| **Total assets (a)** | Stage 1 | 265 | - | 265 | - | - |
| | Stage 2 | 122 | 122 | - | 122 | - |
| | Stage 3 | 129 | 129 | - | 129 | - |
| | Others | 4,621 | 455 | 4,166 | 455 | - |
| | **Total** | **5,137** | **706** | **4,431** | **706** | **-** |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 2.43 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, 2022 | As at March 31, 2021 |
| 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 | 76% | 78% |
| Reliance ARC ALPLUS Trust | India | 100% | 100% |
| RARC 061 (INDUSIND RETAIL) Trust | India | 100% | 100% |

**Note :** All the entities considered for consolidation above are Trust formed under SARFAESI Act in India for conducting principal activities of acquisition of accounts under distressed credit business.

**b) Additional Information, as required under Schedule III to the Companies Act, 2013, of trust consolidated as Subsidiaries**

As at and for the year ended March 31, 2022

₹in lakh

| Name of the Entity | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in Total comprehensive income | |
|---|---|---|---|---|---|---|
| | Amount | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated profit or loss |
| **Parent** | | | | | | |
| Reliance Asset Reconstruction Company Limited | 20,152 | 88.15% | 2,603 | 109.31% | 2,597 | 109.31% |
| **Subsidiary Trust in India** | | | | | | |
| Reliance ARC CUB 2014 (1) Trust | 470 | 2.06% | (29) | -1.24% | (29) | -1.24% |
| Reliance ARC - CUB (HL&SME) (2014) (1) Trust | 87 | 0.38% | (3) | -0.12% | (3) | -0.12% |
| Reliance ARC 004 Trust | 512 | 2.24% | (40) | -1.66% | (40) | -1.66% |
| Reliance ARC ALPLUS Trust | (3) | -0.01% | (1) | -0.02% | (1) | -0.02% |
| RARC 061 (INDUSIND RETAIL) Trust | 337 | 1.47% | (8) | -0.32% | (8) | -0.32% |
| Reliance ARC 007 Trust | 987 | 4.32% | (107) | -4.48% | (107) | -4.49% |
| **Total** | **22,542** | **98.61%** | **2,415** | **101.43%** | **2,409** | **101.44%** |
| Non Controlling Interest in all trusts | 319 | 1.40% | (34) | -1.43% | (34) | -1.43% |
| Reliance ARC 007 Trust | 319 | 1.40% | (34) | -1.43% | (34) | -1.43% |
| **Total** | **22,861** | **100.00%** | **2,381** | **100.00%** | **2,375** | **100.00%** |

Note : Trusts share in OCI is NIL for the year ended March 31, 2022.

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

As at and for the year ended March 31, 2021

₹in lakh

| Name of the Entity | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in Total comprehensive income | |
|---|---|---|---|---|---|---|
| | Amount | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated profit or loss |
| **Parent** | | | | | | |
| Reliance Asset Reconstruction Company Limited | 17,189 | 82.80% | 1,998 | 109.27% | 1,997 | 109.28% |
| **Subsidiary Trust in India** | | | | | | |
| Reliance ARC CUB 2014 (1) Trust | 593 | 2.86% | (31) | -1.72% | (31) | -1.72% |
| Reliance ARC - CUB (HL&SME) (2014) (1) Trust | 90 | 0.43% | (3) | -0.14% | (3) | -0.14% |
| Reliance ARC 004 Trust | 852 | 4.11% | (41) | -2.25% | (41) | -2.25% |
| Reliance ARC ALPLUS Trust | (2) | -0.01% | 2 | 0.11% | 2 | 0.11% |
| RARC 061 (INDUSIND RETAIL) Trust | 396 | 1.91% | (19) | -1.01% | (19) | -1.02% |
| Reliance ARC 007 Trust | 1,272 | 6.13% | (41) | -2.25% | (41) | -2.25% |
| **Total** | **20,391** | **98.23%** | **1,865** | **102.01%** | **1,864** | **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 OCI is NIL for the year ended March 31, 2021.

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

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

₹in lakh

| 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, 2022 | For the year ended March 31, 2021 | For the year ended March 31, 2022 | For the year ended March 31, 2021 | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
| Reliance ARC 007 Trust | India | 75.56% | 77.63% | (34) | (37) | 319 | 368 |
| **Total** | | | | **(34)** | **(37)** | **319** | **368** |

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

b) Summarized financial information in respect of each of the 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, 2022 | As at March 31, 2021 |
| Financial Assets | 1,285 | 1,669 |
| Non Financial Assets | 35 | 1 |
| Financial liabilities | 14 | 30 |
| Non Financial liabilities | - | - |
| Equity attributable to owners of the Company | 987 | 1,273 |
| Non-controlling interests | 319 | 367 |

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Revenue | - | - |
| Expense | 141 | 165 |
| **Profit for the year** | **(141)** | **(165)** |
| Profit attributable to owners of the Company | (107) | (128) |
| Profit attributable to non-controlling interests | (34) | (37) |
| **Profit for the year** | **(141)** | **(165)** |
| 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 | (107) | (128) |
| Total comprehensive income attributable to non-controlling interests | (34) | (37) |
| **Total comprehensive income for the year** | **(141)** | (165) |
| 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)** | **-** | - |

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

The nationwide lockdown has significantly impacted the economy of the country. 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 will continue to impact the economy of the country in 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.

### 2.46 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 results 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".

### 2.47 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 2021-22.

### 2.48 Previous Year Figures

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

### 2.49 Other Additional Regulatory Information

### 2.49.1 Title deeds of Immovable Properties not held in name of the company

The Group does not have any immovable properties where title deeds are not held in the name of the Company.

### 2.49.2 Loans and Advances

There are no loans or advances in the nature of loans which are granted to promoters, directors, key managerial persons and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are:

(a) repayable on demand or

(b) without specifying any terms or period of repayment

### 2.49.3 Details of Benami Property held

The Group does not have benami property, where any proceedings has been initiated or pending against the Company for holding any Benami property.

### 2.49.4 Security of current assets against borrowings

The Group has no borrowings from bank or financial institutions on the basis of security of current assets.

### 2.49.5 Wilful defaulter

The Company or none of its subsidiaries are not declared as wilful defaulter by any bank or financial institution or other lender.

### 2.49.6 Relationship with Struckoff Companies

The Group does not have any transactions with struck off companies.

### 2.49.7 Registration of charges or satisfaction of charges with Registrar of Companies (ROC)

The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

### 2.49.8 Ratios

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Debt-Equity Ratio (No. of times) [a] | 0.46 | 0.55 |
| Debt Service Coverage Ratio (No. of times) [b] | 1.73 | 1.06 |
| Capital to risk asset ratio (CRAR) (%) [c] | 56.90% | 51.05% |
| Liquidity Coverage Ratio [d] | - | - |

[a] Formula for Debt Equity Ratio = Total Debt / Total Equity

[b] Formula for Debt Service Coverage Ratio = (Earnings after Tax and before Interest, Depreciation, Fair Value and Exceptional Items) / (Interest Expense + Principal Repayments of long term debts made during the period)

[c] Formula for Capital to risk asset ratio = (Tier I Capital + Tier II Capital) / Risk Weighted Assets

[d] Liquidity Coverage Ratio - The Company has availed bank overdraft and it makes its payment to vendors from such overdraft facility and the Group has not maintained liquid assets. Further The Group is required to deposit all its income in such overdraft account and as a part of covenant the Group is not allowed to maintain any other current account.

## Notes on accounts to consolidated financial statements for the year ended March 31, 2022 (Contd.)

### 2.49.9 Utilisation of Borrowed funds and share premium

(A) During the year, the company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Benefeciaries).

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Benefeciaries.

(B) During the year, the company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recored in writing or otherwise) that the Company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Benefeciaries).

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Benefeciaries.

### 2.49.10 Undisclosed Income

The Group has no such transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961.

### 2.49.11 Details of Crypto Currency or Virtual Currency

The Group has not traded or invested in Crypto Currency of Virtual Currency during the current financial year or any previous financial years.

As per our report of even date

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

**Jigar T. Shah**
Partner
Membership No: 161851

Place : Mumbai
Date: April 27, 2022

**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)

**Rakesh Panjwani**
(Chief Financial Officer)

**Rajesh Gandhi**
(Company Secretary)

RELIANCE ASSET RECONSTRUCTION


RELIANCE ASSET RECONSTRUCTION COMPANY LIMITED

**Registered & Corporate Office:**

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