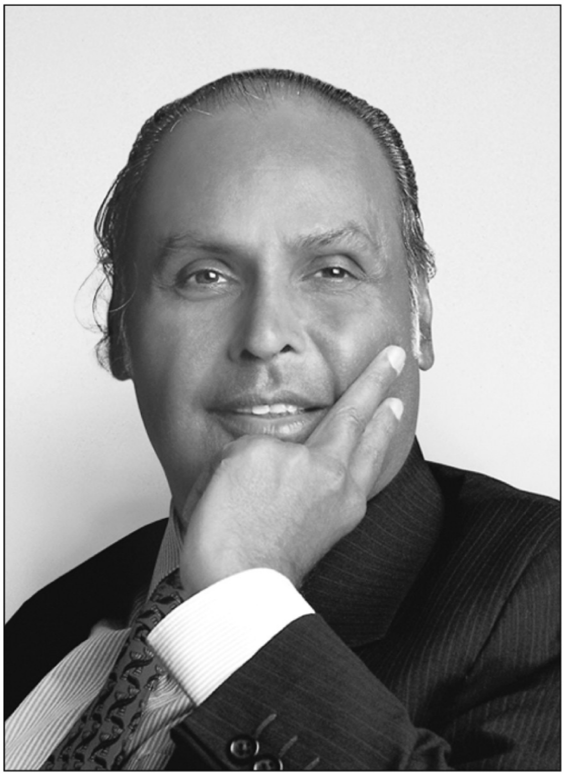
RELIANCE COMMERCIAL FINANCE

Annual Report 2018-19



Padma Vibhushan
Shri Dhirubhai H. Ambani

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

Reliance Group - Founder and Visionary

Profile

The brand Reliance Money is presented by Reliance Commercial Finance Limited, a wholly-owned subsidiary of Reliance Capital Limited.

As a lending arm of Reliance Capital Limited, Reliance Money is amongst the leading SME lenders in the Indian Non-Banking Finance Company (NBFC) space, with a focus on transforming itself into a diversified and new-age finance solutions provider, both in the commercial and consumer finance space.

Reliance Money offers a wide range of products which include SME Loans, Micro-finance, Infrastructure Finance, Supply Chain Finance, Two-wheeler Loans, Used Car Loans and Personal Loans. For the past decade, Reliance Money, through its customised and convenient financial solutions, has helped create success stories out of over half a million SMEs and Individuals across the country.

The Company has an AUM of ₹ 14,268 crore as on March 31, 2019, and 38 branches across India. By empowering customers and helping them realise their business dreams, Reliance Money hopes to power India's journey towards self-reliance.

Mission: Excellence in Financial Services

- To attain global best practices and become a world-class financial services enterprise – guided by its purpose to move towards greater degree of sophistication and maturity.
- To work with vigour, dedication and innovation to achieve excellence in service, quality, reliability, safety and customer care as the ultimate goal.
- To earn the trust and confidence of all stakeholders, exceeding their expectations and make the Company a respected household name.
- To consistently achieve high growth with the highest levels of productivity.
- To be a technology driven, efficient and financially sound organisation.
- To contribute towards community development and nation building.
- To be a responsible corporate citizen nurturing human values and concern for society, the environment and above all the people.
- To promote a work culture that fosters individual growth, team spirit and creativity to overcome challenges and attain goals.
- To encourage ideas, talent and value systems.
- To uphold the guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.

This Report is printed on environment friendly paper.

Board of Directors

Smt. Rashna Khan	–	Independent Director
Shri Sushil Kumar Agrawal	–	Independent Director
Shri Dhananjay Tiwari	–	Executive Director
Shri Sachin Bora	–	Whole-time Director

Chief Financial Officer

Shri Sandeep Khosla

Auditors

M/s. Shridhar & Associates

Registered Office

Reliance Centre
6th Floor, South Wing, Off Western Express Highway
Santacruz (East), Mumbai 400 055
CIN : U66010MH2000PLC128301
Tel. : +91 22 4303 6000
Fax : +91 22 4303 6662
E-mail : rcfl.investor@relianceada.com
Website: www.reliancemoney.co.in

Registrar and Transfer Agent

Karvy Fintech Private Limited
Karvy Selenium Tower - B
Plot No. 31 & 32, Survey No. 116/22, 115/24 115/25,
Financial District, Nanakramguda,
Hyderabad 500 032
Tel.:+91 40 6716 1500
Fax: +91 40 6716 1791
E-mail: mis.radag@karvy.com
Website: www.karvy.com

Link Intime India Private Limited
C 101, 247 Park,
L.B.S.Marg,
Vikhroli (West),
Mumbai – 400083
Fax : 022 - 4918 6060
Toll-free number : 1800 1020 878
www.linkintime.co.in

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Debenture Trustee(s)

Vistra ITCL (India) Limited
The IL & FS Financial Centre, Plot C-22, G Block
Bandra Kurla Complex, Bandra (East), Mumbai 400 051
Tel.: +91 22 2659 3535
Fax: +91 22 2653 3297
E-mail: mumbai@vistra.com
Website: www.vistraitcl.com

Axis Trustee Services Limited
Ground Floor, Wadia International Centre
Pandurang Budhkar Marg,
Worli, Mumbai - 400 025
Phone: +91 22 6226 0054/ 6226 0050
Email: debenturetrustee@axistrustee.com
Website: www.axistrustee.com

The Annual Report can be accessed at www.reliancemoney.co.in

Directors' Report

Dear Shareowners,

Your Directors present the 19th Annual Report and the audited financial statements for the financial year ended March 31, 2019.

Standalone Financial Performance

The performance of the Company for the financial year ended March 31, 2019 is summarised below:

(₹ in crore)

Particulars	Financial Year Ended	
	March 31, 2019	March 31, 2018
Total Revenue	**1,780.86**	2,010.33
Finance Cost	**1,219.24**	1,178.62
Impairment on financial instruments	**2,104.27**	330.97
Other Operating Expenses	**310.98**	310.67
Profit / (loss) before Tax	**(1,853.63)**	190.07
Net Profit / (loss) After Tax	**(1,892.12)**	169.73
Retained Earnings at the beginning of the year	**41.11**	(78.79)
Net Profit /(loss) After Tax	**(1,892.12)**	169.73
Other comprehensive income on defined benefit plan	**(1.29)**	(0.77)
Retained earnings before appropriations	**(1,852.30)**	90.17
Appropriations		
- Yield on Preference Share	**(48.00)**	-
- Transferred to Special Reserve	**-**	(41.67)
- Dividend paid	**(6.77)**	(6.14)
- Tax on Dividend	**(1.39)**	(1.25)
Retained earnings as at the end of the year	**(1908.46)**	41.11

Financial Performance

The Company has incurred a net loss of ₹ 1,892.12 crore in the current financial year as compared to net profit of ₹ 169.73 crore in the previous financial year. The loss for the year was mainly on account of higher charge on impairment on financial instruments.

During the year, due to sudden adverse developments in the financial sector, all categories of lenders in India (including Banks, Mutual Funds, etc) have put near complete freeze on additional lending to Non-Banking Finance companies (NBFCs) and have been insisting on reducing the existing level of borrowings which has severely impacted the financial flexibility of majority of NBFCs. These developments have also adversely impacted your Company resulting into operating loss for the financial year and temporary liquidity mismatch. The Company has taken steps to meet such temporary liquidity mismatch by securitisation of its loan portfolio. The Company has also engaged with all its lenders to enter into an Inter-Creditor Agreement (ICA) for the resolution of its debt in accordance with the circular dated June 7, 2019 issued by the Reserve Bank of India on Prudential Framework for Resolution of Stressed Assets. Majority of our lenders have already entered into the ICA. The Company is confident of implementing its Resolution Plan during Financial Year 2019-20. In view of the steps taken by the Company, the accounts of the Company have been prepared on "Going Concern" basis.

First- Time adoption of Ind AS

In accordance with the Companies (Indian Accounting Standards), Rules, 2015 of the Companies Act, 2013 (the 'Act'), read with Section 133 of the Act, the Company has adopted the Indian Accounting Standards (Ind AS) for preparation of its financial statements with effect from April 1, 2018, with comparative financials for the earlier period beginning April 1,2017.

For periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with previous GAAP, including accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7(1) of the Companies (Accounts) Rules, 2014 as amended. The effective date of such transition is April 1, 2017.

Systemically Important Non-Deposit taking Non-Banking Financial Company

The Company is a Systemically Important Non-Deposit taking Non-Banking Financial Company, as defined under Section 45-IA of the Reserve Bank of India Act, 1934. The Company continues to comply with the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by the Reserve Bank of India (RBI).

Capital Structure

On March 31, 2019 the Company's Authorised Share Capital stood at ₹ 1,000.20 crore divided into 60,00,00,000 equity shares of ₹ 10/- each, 40,00,00,000 preference shares of ₹ 10/- each and 20,00,000 preference shares of ₹ 1/- each. During the year, there is no change in the Authorised share capital of the Company.

On October 3, 2018 the Company has issued and allotted balance 994, 10% Non-Convertible Non-Cumulative Redeemable Preference Shares of ₹ 1/- each on to Non-Residential Individual shareholders of Reliance MediaWorks Limited, which was disclosed under the Share Suspense Account as on March 31, 2018, pursuant to the Scheme of Arrangement, between Reliance MediaWorks Limited and the Company and their respective shareholders and creditors which was sanctioned by the National Company Law Tribunal ('NCLT') vide Order dated October 10, 2017. The Scheme became effective on November 16, 2017 on filing with the Registrar of Companies (RoC) with effect from March 31, 2017 i.e. Appointed Date.

Resources and Liquidity

The Company's Net Worth as on March 31, 2019, stood at ₹805.84 crore. The Company has raised ₹ 2,690.57 Crore during the financial year 2018-19 by issuance of Commercial Papers, Non-Convertible Debentures (NCDs) and other money market instruments. The funds were deployed in providing ongoing funding requirements of the Company's business activities and refinancing of the existing debt obligations. The Company's debt equity ratio as on March 31, 2019 stood at 12.86.

Dividend

During the year under review, the Board of Directors have not recommended any dividend.

Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review as stipulated under the Master Directions issued by the Reserve Bank of India is presented in a separate section, forming a part of this Annual Report.

Deposits

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

Particulars of Loans, Guarantees or Investments

Pursuant to Section 186(11) of the Companies Act, 2013 (the 'Act') loans made, and acquisition of securities by a Non-Banking Financial Company in the ordinary course of its business are exempted from disclosures in the Annual report.

Capital Adequacy Ratio

Your Company's Capital to Risk Asset Ratio (CRAR) calculated in line with RBI Directions stood at negative (49.03) per cent, against the regulatory minimum of 15 per cent as on March 31, 2019.

Subsidiary companies, Associate and Joint Venture

Your Company has acquired 100% stake in Gullfoss Enterprises Private Limited ('Gullfoss') in February 2019 and consequently Gullfoss has become the wholly owned subsidiary of your Company.

The Company does not have any associate company or joint venture.

Consolidated Financial Statement

The Audited Consolidated Financial Statement for the financial year ended March 31, 2019, based on the financial statement received from subsidiary company, as approved by their respective board of directors have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS') prescribed under Section 133 of the Act and other recognised accounting practices and policies.

Directors

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

The details of programme for familiarization of Independent Directors about the Company, nature of the industry in which the Company operates and related matters are put up on the website of the Company at https://www.reliancemoney.co.in/investors

The Company has appointed Shri Dhananjay Tiwari as a whole-time Director designated as Executive Director and Shri Sachin Bora as whole-time Director of the Company for a term of 3 (three) years commencing with effect from March 1, 2019 & June 17, 2019 respectively. Smt. Rashna Khan & Shri Sushil Kumar Agrawal were appointed as Independent Directors for a term of 5 (five) years commencing from May 21, 2019 and August 7, 2019 respectively. The Directors are appointed applying fit and proper criteria as prescribed by RBI.

The Company has received the notices in writing from the members proposing their candidature for the office of Directors.

Shri Devang Mody, Shri Arvind Mayaram, Shri Lav Chaturvedi, Shri Chetan Desai (appointed on April 19, 2019) and Shri Ravindra S. Rao (appointed on March 1, 2019) ceased to be Directors of the Company with effect from December 31, 2018, February 28, 2019, March 11, 2019, May 22, 2019 and June 17, 2019 respectively. The Board places on record its deep sense of appreciation for the invaluable contribution made by them during their tenure as Directors of the Company.

Key Managerial Personnel

During the year under review, Shri Dhananjay Tiwari was appointed as the Executive Director of the Company with effect from March 1, 2019. Shri Sandeep Khosla was appointed as the Chief Financial Officer of the Company with effect from September 5, 2018. Smt. Ekta Thakurel ceased to be the Company Secretary & Compliance officer of the Company with effect from August 14, 2019. Shri Sachin Bora was appointed as the whole-time director of the Company with effect from June 17, 2019.

Evaluation of Directors, Board and Committees

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

Pursuant to the provisions of the Act and Rules made thereunder, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the Committees of the Board. The

Board performance was evaluated based on inputs received from all the Directors after considering criteria such as Board composition and structure, effectiveness of Board / Committee processes, and information provided to the Board, etc. A separate meeting of the Independent Directors was also held during the financial year for the evaluation of the performance of non-independent Directors, performance of the Board as a whole and that of the Chairman of the Board.

The Nomination and Remuneration Committee has also reviewed the performance of the individual Directors based on their knowledge, level of preparation and effective participation in meetings, understanding of their roles as directors, etc.

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. The policy on the above can be accessed on the Company's website at the link https://www.reliancemoney.co.in/investors and is also enclosed as Annexure I.

Directors' Responsibility Statement

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

(a) In the preparation of the annual financial statement for the financial year ended March 31, 2019, the applicable Accounting Standards had been followed along with proper explanation relating to material departures; if any;

(b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit & loss of the Company for the year ended on that date;

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

(d) The Directors had prepared the annual financial statement for the financial year ended March 31, 2019 on a 'going concern' basis;

(e) The Directors had laid down proper internal financial controls to be followed by the Company and such financial controls are adequate and are operating effectively. The Company is taking constant steps to further strengthen the same; and

(f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered into / by the Company during the financial year under review with related parties were on arm's length basis and in the ordinary course of business.

There were no materially significant related party transactions which could have a potential conflict with the interest of the Company at large.

During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

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

The policy on Related Party Transactions as approved by the Board of Directors is uploaded on the Company's website at the link https://www.reliancemoney.co.in/investors. Your Directors draw attention of the members to Note no. 47 to the standalone financial statement which set out related party disclosures.

Material changes and commitments, if any, affecting the financial position of the Company

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of the report.

Meetings of the Board

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year under review, eight Board Meetings were held.

Audit Committee

The Audit Committee of the Board was last re-constituted on August 7, 2019 and consists of Independent Directors viz. Smt. Rashna Khan, Shri Sushil Kumar Agrawal, Chairman and Non-Independent director, Mr. Sachin Bora. During the year under review, four Audit Committee Meetings were held. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

Auditors and Auditor's Report

M/s. Price Waterhouse & Co., Chartered Accountants LLP ('PWC') were appointed as Statutory Auditors of the Company for a term of 5 (five) consecutive years, at the Annual General Meeting of the Company held on July 1, 2017. PWC abruptly resigned as auditors of the Company with effect from June 11, 2019.

The Board thereafter at its meeting held on June 28, 2019, appointed M/s Shridhar & Associates, Chartered Accountants as Statutory Auditors of the Company to fill up the casual vacancy in the office of statutory auditors of the Company caused by the resignation of PWC and to hold office till the conclusion of the ensuing AGM of the Company, subject to the approval of the Members of the Company. In terms of Section 139 of the Act, the Board of Directors at their meeting held on August 14, 2019 have recommended the appointment of M/s. Shridhar & Associates, Chartered Accountants, to the members for their approval.

Your Company was informed by PWC that a report under Section 143(12) of the Act in Form ADT-4 has been filed with the Ministry of Corporate Affairs in June 2019. The Company has examined the matter and has concluded that the issues raised by PWC, do not merit reporting under the said Section. The Company also appointed legal experts, who independently carried out an in-depth examination of the matter and the issues raised by PWC. The legal experts have concluded and confirmed that there was no matter attracting Section 143(12) of the Act.

The new Statutory Auditors of the Company, after examining the observations given by PWC, have confirmed that there are no violations as alleged by PWC under Section 143(12) of the Act.

The Company has received a letter from M/s. Shridhar & Associates, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 141(3) of the Act and that they are not disqualified from appointment as Statutory Auditors of the Company.

Your Directors have therefore proposed the appointment of M/s. Shridhar & Associates, Chartered Accountants, for a term of 5 (five) consecutive years from the conclusion of this AGM till the conclusion of the Sixth AGM, subject to the approval of members.

The Auditors' in their Report on Internal Financial Controls (IFC) Financial Reporting, have given a qualified opinion on credit appraisal and loan sanctioning mechanism with respect to corporate loan products with significant deviations.

In response to the same, the Company is taking constant steps to strengthen its loan sanctioning, processing and documentation processes.

Maintenance of Cost Records

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

Secretarial Standards

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

Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Board of Directors had appointed M/s. Bhatt & Associates Company Secretaries LLP, practicing Company Secretaries, to undertake the Secretarial Audit of the Company. The Audit Report of the Secretarial Auditor is attached as Annexure – II.

The Secretarial Auditors' in their Report to the Members, have made the observation that Mr. Dhananjay Tiwari was appointed as Director on March 1, 2019 by the Board of Directors of the Company. He has obtained Director Identification Number (DIN) on March 6, 2019. Further the e-form for his appointment was filed on March 8, 2019, after obtaining the DIN.

Extract of Annual Return

As required under Section 134(3)(a) of the Act, the Annual Return for the financial year 2017-18 and 2018-19 is put up on the Company's website and can be accessed at https://www.reliancemoney.co.in/investors

Particulars of Employees and related disclosures

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

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

However, having regard to the provisions of first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. The said information is available for inspection at the registered office of the Company on all working days, except Saturdays between 11:00 A.M. and 1:00 P.M. up to the date of the Meeting. Any member interested in obtaining the same may write to the Company Secretary and the same will be furnished on request.

Conservation of energy, technology absorption, foreign exchange earnings & outgo

The Company is a Non-Banking Financial Company (NBFC) and does not involve in any manufacturing activity, most of the information as required under Section 134(3)(m) of Act read with Rule 8 of the Companies (Accounts) Rules, 2014 are not applicable. However, the information as applicable has been given in "Annexure III" forming part of this Report.

Corporate Governance

The Company being an NBFC and is also governed by the Corporate Governance norms prescribed by Reserve Bank of India (RBI) vide Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 vide RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016. The Company has complied with the directions and circulars issued by the RBI in this regard.

Ombudspersons & Whistle Blower (Vigil Mechanism)

The Company has formulated an Ombudspersons & Whistle Blower (Vigil Mechanism) policy to address the genuine concerns, if any of the directors and employees.

Risk Management

The Company has laid down a robust Risk Management policy, defining Risk profiles involving Strategic, Technological, Operational, Financial, Organizational, Legal and Regulatory risk within a well-defined framework. The Risk Management Policy acts as an enabler of growth for the Company by helping its business to identify the inherent risks, assess, evaluate and monitor these risks continuously and undertake effective steps manage these risks.. Shri Bhupesh Mahajan was appointed as Chief Risk Officer of the Company with effect from August 14, 2019. A Risk Management Committee periodically reviews the robustness of Risk Management Policy.

Assets Liability Committee (ALCO) consisting of senior management executives, monitors liquidity and interest rate risk of the Company. The functioning of ALCO is reviewed by the Risk Management Committee which meets quarterly and reports to the Board of Directors. IT Steering Committee has also been formulated under the Risk Management Committee consisting of an independent director and senior executives of the Company.

Compliance with provisions of Sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to uphold and maintain the dignity of 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. During the year, no such complaints were received. The Company has also constituted an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Corporate Social Responsibility

The Company has constituted Corporate Social Responsibility (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 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.reliancemoney.co.in/investors.

The disclosures with respect to CSR activities are given in Annexure IV.

Orders, if any, passed by the regulators or courts or tribunals

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

Internal financial controls and their adequacy

The Company has in place adequate internal financial controls across the organization. The same is subject to review periodically by the internal audit cell for its effectiveness. The Company is taking constant steps to strengthen its loan sanctioning, processing and documentation processes to make it more broad based, well defined and robust.

Acknowledgement

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

For and on behalf of the Board of Directors

Dhananjay Tiwari **Executive Director**	**Sachin Bora** **Director**

Place: Mumbai
Date : August 14, 2019

Annexure I

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

1. Introduction

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

1.2 Human capital is a strategic source of value creation. As part of our progressive HR philosophy, it is necessary to have in place a comprehensive Compensation Policy, which is in line with the industry trend and is employee friendly.

2. Objectives

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

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

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

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

3. Scope

The Board has constituted the "Nomination and Remuneration Committee" in line with the requirements under the provisions of the Companies Act, 2013. This Policy sets out the broad guiding principles for the Committee for recommending to the Board the appointment and remuneration of the directors, key managerial personnel, and 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 of 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's and takes appropriate decisions. The Company also considers the requirement of skills and effectiveness of persons contributing to the Company's business and policy decisions.

5.2 Remuneration to Directors / Key Managerial Personnel

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

5.2.2 Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof as approved by the Board of Directors from time to time. The Non-Executive Directors shall also be entitled to profit related Commission, if approved by the Board, in addition to the sitting fees.

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

5.2.4 The remuneration structure shall include the following components:

(i) Basic Pay

(ii) Perquisites and Allowances

(iii) Stock Options, if any.

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

(v) Retiral Benefits

(vi) Performance Linked Incentives

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

5.3 Remuneration to other employees

Employees shall be assigned grades / bands according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade / 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, 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 - II

Form No. MR-3
Secretarial Audit Report
For the financial year ended March 31, 2019

[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 Commercial Finance Limited

Reliance Centre, 6th Floor, South Wing,

Off. Western Express Highway,

Santacruz (East) Mumbai 400 055

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Reliance Commercial Finance 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 the verification of 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has followed proper Board - processes and have required compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We 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, 2019, 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 – Not Applicable;

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, Overseas Direct Investment and External Commercial Borrowings – Not Applicable;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are applicable:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(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, 2009 – Not Applicable;

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

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

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

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

(h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 – Not Applicable.

We have examined compliance with applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of the Company Secretaries of India for General Meetings, Board and Committees Meetings (i.e. Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee); and

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines mentioned above except in following case :

Mr. Dhananjay Tiwari was appointed as Director on March 1, 2019 by the Board of Directors of the Company. He has obtained Director Identification Number (DIN) on March 6, 2019. Further the e-form for his appointment was filed on March 8, 2019, after obtaining the DIN.

Based on the compliance mechanism established by the Company, which has been verified on test checked basis and the 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 provisions of following laws applicable specifically to the Company:

(a) Reserve Bank of India Act, 1934 and its circulars, Master Circulars, notifications and its Directions as prescribed for NBFCs.

(b) Prevention of Money Laundering Act, 2002.

We further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and few on shorter notice and a system exist 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 Meetings and Committee Meetings are carried out and recorded in the minutes of the Board of Directors and Committee of the Board accordingly.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We 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. referred to above viz.

a. Approval for issuance and allotment of Non-Convertible Debentures on Private Placements;

b. Approval of Board for Public issue of Non-Convertible Debentures;

c. Variation in terms and conditions of preference shares

d. Declaration and payment of dividend to Preference and Equity Shareholders;

e. Appointment of Chairman of the Company;

f. Appointment of Independent Director and Non-Executive Director;

g. Appointment and resignation of Executive Director and Chief Executive Officer;

h. Appointment & Resignation of Chief Financial Officer;

i. Reconstitution of Committees

j. Exit from the construction equipment portfolio business;

k. Acquisition of Gullfoss Enterprises Private Limited

For Bhatt & Associates Company Secretaries LLP

Aashish Bhatt
Designated Partner
ACS No.: 19639
COP No.: 7023

Place: Mumbai
Date: August 14, 2019

Annexure – III

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

(a) Conservation of Energy:

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

(b) Technology Absorption, Adoption and Innovation:

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

(c) Total foreign exchange earnings and outgo:

a.	Total Foreign Exchange earnings	:	Nil
b.	Total Foreign Exchange outgo	:	₹ 3.15 crore

Annexure IV

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2018-19

1. **A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:**

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

   Our approach is to interweave social responsibility into the Company's mainstream business function through translating commitments into policies, which not only drive all employees but influence and mobilize 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 commitments to preserve natural resources and augment the growth and development of employees and families, the communities we operate in, suppliers/ vendors and our investors.

   The Board of Directors governs the CSR Policy. Web link to the CSR policy is as follows: https://www.reliancemoney.co.in/investors

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

   Smt. Rashna Khan – Independent Director

   Shri Sushil Kumar Agrawal – Independent Director

   Shri Sachin Bora- Executive Director

3. **Average net profit of the Company for last three financial years:**

   Average net profit of ₹ 215.23 crore

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above):**

   The Company is required to spend ₹ 4.30 crore towards CSR.

5. **Details of CSR spent during the financial year:**

   a) Total amount spent for the financial year: - ₹ 4.31 crore

   b) Amount unspent, if any: - Nil

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

(₹ in crore)

Sr. No.	CSR Projects or activity identified	Sector in the which the Project is covered	Projects or Programs 1. Local area or other 2. Specify the state and district where projects or programmes was undertaken	Amount outlay (Budget) Project or program-wise	Amounts spent on the projects or programs Sub-heads: 1. Direct expenditure on projects / programs 2. Overheads	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency (give details of implementing agency)
1.	Driving financial literacy for upskilling youths from under privileged background, to be trained for the BFSI sector	Promoting Education	ICT Academy, Chennai (Project Saksham 2)	1.14	1.14	1.14	Direct
2.	Imparting Education to under privileged Children for Mission Education Programme	Promoting Education	Smile Foundation (At Delhi, Mumbai, Chennai, Kolkata)	0.34	0.34	0.71	Direct
3.	Promoting Education: Driving education through usage of modern learning techniques	Promoting Education	Rotary Foundation (Project E-Shiksha) (At Thane, Bhiwandi and Navi Mumbai)	0.10	0.10	0.10	Direct
4	Healthcare Initiatives by setting up 18 Oncology centers across the country	Health care	Mandke Foundation,	2.72	2.73	4.78	Direct
	Total			**4.30**	**4.31**	**6.73**	

6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:** Not applicable

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:**

   The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: August 14, 2019

Rashna Khan **(Director)**

Sachin Bora **(Director)**

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. Forward looking statements are based on certain assumptions 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 operations include determination of tariff and such other charges and levies by regulatory authorities, changes in Government regulations, tax laws, economic developments within the country and such other factors globally.

The financial statements have been prepared on a historical cost basis and on accrual basis and are prepared in accordance with the accounting standards notified under the Companies (Accounts) Rules,2014 and other relevant provisions of the Companies Act, 2013 (the "Act"). The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Act read with the [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. These financial statements are the first financial statements of the Company under Ind AS.

The management of Reliance Commercial Finance Limited ("Reliance Commercial Finance" or "RCF" or "the Company") has used estimates and judgments relating to the financial statement on a prudent and reasonable basis, so that the financial statement reflect in a true and fair manner, the state of affairs for the year.

The following discussions on our financial condition and result of operations should be read together with our consolidated financial statement and the notes to these statements included in the Annual Report.

Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "Reliance", "RCF", "RCFL" or "Reliance Commercial Finance" are to Reliance Commercial Finance Limited.

GDP Growth

India's GDP for 2019-20 has been downgraded from 7.2 per cent to 7 per cent owing to domestic headwinds and global growth slowdown. Post two major economic events in the form of demonetisation and GST, economic activity has begun to recover but tighter liquidity, higher borrowing costs and slowdown in auto sector have weighed on the growth momentum. However, from the second half of 2019-20 onwards, there could be recovery on account of a growth oriented monetary policy, reduction in trade deficit and rise in rural demand.

Industrial Production

During 2018-19 Index of industrial production grew by 4 per cent as compared to 4.3 per cent in 2017-18. The manufacturing sector which accounts for 77 per cent in the index grew at slow pace. The decline was led by contraction of intermediate and primary goods, while mining and electricity grew at modest rate. Besides, sectors like construction goods and consumer non-durables have posted strong growth. Credit growth is also picking up, and there are nascent signs that few segments within manufacturing related to consumer goods, metals, etc have started to expand their production capacities. The Government in the union budget for 2019-20 also emphasised on Make in India scheme as well as gave thrust to the infrastructure sector by way of Public Private Partnership route. Though the manufacturing sector has remained dull in the previous year, we have seen pick up in products such as textiles and agriculture products in the initial months of 2019-20, which were laggard in 2018-19.

Inflation and Interest Rate

Along with growth, we are also likely to witness benign inflation in 2019-20 and firming up of inflation expectations with lower but positive real interest rates. Prices of oil and other commodities have been coming down from 2018-19 levels and a normal monsoon forecast does not warrant a significant rise in the food inflation trajectory. The RBI has changed its stance from neutral to accommodative in its June'19 monetary policy and a shift in stance unlikely going forward given the macroeconomic backdrop. While there were liquidity constraints in 2018-19, a growth oriented monetary policy and proactive actions by RBI through injection of durable liquidity into the system will support the markets in 2019-20.

Current Account Deficit (CAD) and the exchange rate

India's current account deficit including services (CAD) has reached 2.1 per cent of GDP because of increase in oil prices. India's current account in the balance of payments ended in a deficit of US$ $57.2 billion for 2018-19 up from US$ 48.7 in the previous fiscal year. Net services receipts increased by 5 per cent on year-on-year basis led by rise in net earnings from software services, transportation, insurance and communication. RBI reported a decline of US$ 3.3 billion in 2018-19 as against an increase of US$ 43.6 billion to the foreign exchange reserves in 2017-18. Other than CAD, global macro conditions and general elections could dictate the domestic currency in 2019-20. Rupee did appreciate about 6 per cent to $69.5- 70 levels from its lowest levels of 74.3 seen in October 2018. We expect rupee to remain stable in 2019-20 without significant downside pressure.

Reliance Commercial Finance

Reliance Commercial Finance Limited (RCF), a subsidiary of Reliance Capital Limited, provides a wide range of loan solutions like SME Loans, Micro-finance, Infrastructure Finance, Supply Chain Finance, Two-wheeler Loans, Used Car Loans and Personal Loans. The focus in this business continues to be on asset backed lending and productive asset creation. The aim of RCF is not only credit growth per se, but also the quality of credit sourced. In line with this, the Company has been disbursing only secured asset backed loans and has wound up the unsecured loans portfolio.

As on March 31, 2019, the Company has a strong distribution network of 38 branches catering to several locations, through a "hub and spoke" model, across the country. The Company follows a "Hub and Spoke" model to achieve the objective of strategically expanding the market reach while developing operational efficiencies.

Financials

The performance of the Company for the financial year ended March 31, 2019 is summarised below:

(₹ in crore)

Particulars	Financial Year Ended	
	March 31, 2019	March 31, 2018
Loan Book	**12,761**	14,434
Total Income	**1,781**	2,010
Finance cost	**(1,219)**	(1,179)
Fees & commission expenses	**(23)**	(21)
Impairment on financial instruments	**(2,104)**	(331)
Employee benefit expense	**(118)**	(129)
Depreciation & amortisaiton	**(20)**	(18)
Other expenses	**(150)**	(143)
Profit / (loss) before Tax	**(1,854)**	190
Net Profit / (loss) After Tax	**(1,892)**	170

Risks and Concerns

RCFL is exposed to risks that are specific to its businesses and the environment within which it operates, including market risk, competition risk, credit risk, liquidity and interest rate risk, human resource risk, operational risk, information security risks, regulatory risk and macro-economic risks.

1. **Market risk**

   The Company has raised funds through issue of Market Linked Debentures, whose returns are linked to relevant underlying market instruments or indices. RCFL continuously monitors market exposure for both equity and debt and, in appropriate cases, also uses various derivative instruments as a hedging mechanism to limit volatility.

2. **Competition risk**

   The finance sector is becoming increasingly competitive and the Company's growth will depend on its ability to compete effectively. The Company's main competitors are Banks and Non-Banking Financial Companies (NBFCs). The Company's strong brand image, wide distribution network, diversified product offering and quality of management, place it in a strong position to deal with competition effectively.

3. **Credit risk**

   Credit risk is a risk arising out of default or failure on the part of borrowers in meeting their financial obligations towards repayment of loans. Thus, credit risk is a loss as a result of non-recovery of funds lent both on principal and interest counts. This risk is comprehensively addressed both at the strategic level and at the client level. There is a robust governance framework with risk oversight being provided by the Risk Management Committee.

4. **Liquidity and Interest Rate risk**

   The Company is exposed to liquidity risk principally, as a result of lending and investment for periods which may differ from those of its funding sources. RCFL's treasury team actively manages asset liability positions in accordance with the overall guidelines laid down by RBI in the Asset Liability Management (ALM) framework.

   The Company may be impacted by volatility in interest rates in India which could cause its margins to decline and profitability to shrink. The success of the Company's business depends significantly on interest income from its operations. It is exposed to interest rate risk, both because of lending at fixed interest rates and for reset periods which may differ from those of its funding sources. Interest rates are highly sensitive to many factors beyond the Company's control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and inflation. As a result, interest rates in India have historically experienced a relatively high degree of volatility.

   The Company seeks to match its interest rate positions of assets and liabilities to minimise interest rate risk. However, there can be no assurance that significant interest rate movements will not have an adverse effect on its financial position. With the growth of the Company's business, it will become increasingly reliant on funding from the debt capital markets and commercial borrowings. The market for such funds is competitive and the Company's ability to obtain funds at competitive rates will depend on various factors including its credit ratings. There can be no guarantee that the Company will be able to raise debt on competitive terms, in the required quantum and in a cost-effective manner. Any failure to do so may adversely impact the Company's business, its future financial performance. The Company is also hedged to some extent against this risk through the variable interest clause in its advances portfolio.

5. Human Resource risk

The Company's success depends largely upon the quality and competence of its management team and key personnel. Attracting and retaining talented professionals is therefore a key element of the Company's strategy and a significant source of competitive advantage. While the Company has a salary and incentive structure designed to encourage employee retention, a failure to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an impact on the Company's business, its future financial performance and the results of its operations.

6. Operational risk

The Company may encounter operational and control difficulties when commencing businesses in new markets. The rapid development and establishment of financial services businesses in new markets may raise unanticipated operational or control risks. Such risks could have a materially adverse effect on the Company's financial position and the results of its operations.

The operations of the Company have been extensively automated which minimises the operational risk arising out of human errors and omissions. A robust system of internal controls is practiced by RCFL to ensure that all its assets are safeguarded and protected against loss from unauthorised use or disposition and all its transactions are authorised, recorded and reported correctly. The Audit Committee of Board periodically reviews the adequacy of our internal controls. The Company has implemented SAP systems across functions. With this initiative, along with other key systems and checks and balances established, we believe that our overall control environment has been enhanced. The Company is relentlessly focused on quality parameters and has a dedicated quality team to proactively identify and address operational issues.

7. Information security risk

RCFL has robust Information Security Risk monitoring systems and tools to guard and protect sensitive customer data and guard against potential hackers and viruses. The Information Security team is governed by the Information Security Risk Management Committee. Robust governance, controls and sophisticated technology is adopted across lines of business to ward off cyber threats and protect information residing within the Company.

Information Security has been brought under the Enterprise Risk Management Framework to enhance data protection and ward off cyber risks effectively, thereby making our overall Risk, Control and Governance framework more robust.

8. Regulatory risk

As an entity in the financial services sector, the Company is subject to regulations by Indian governmental authorities, including the RBI. Government's and Regulator's laws and regulations impose numerous requirements on the Company, including asset classifications and prescribed levels of capital adequacy liquid assets. There may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect the Company's performance.

9. Macro-economic risk

Any slowdown in economic growth in India could cause the business of the Company to suffer. Similarly, any sustained volatility in global commodity prices, including a significant increase in the prices of oil and petroleum products, could once again spark off a new inflationary cycle, thereby curtailing the purchasing power of the consumers. RCFL manages these risks by maintaining a conservative financial profile and following prudent business and risk management practices.

Credit Rating:

Rating Agency	Type of Instrument	Rating as on April 1, 2018.	Rating as on March 31, 2019.
CARE Ratings	Long Term Bank Facilities	CARE AA+ (Credit Watch with developing implication)	CARE A+ [1,3] (Credit Watch with developing implication)
	Non Convertible Debenture	CARE AA+ (Credit Watch with developing implication)	CARE A+ [1,3] (Credit Watch with developing implication)
	Subordinated Debt	CARE AA+ (Credit Watch with developing implication)	CARE A+ [1,3] (Credit Watch with developing implication)
	Market Linked Debenture	CARE PP MLD AA+ (Credit Watch with developing implication)	CARE PP MLD A+ [1,3] (Credit Watch with developing implication)
	Long Term Debt	CARE AA+ (Credit Watch with developing implication)	CARE A+ [1,3] (Credit Watch with developing implication)
	Non Convertible Debenture	-	CARE A+ (SO) [1,3] (Credit Watch with developing implication)

Rating Agency	Type of Instrument	Rating as on April 1, 2018.	Rating as on March 31, 2019.
	Proposed Non Convertible Debenture	-	CARE A+ [1,3] (Credit Watch with developing implication)
Brickwork Rating	Secured Debt	BWR AA+ (Outlook:Stable)	BWR AA[2] (Outlook:Stable)
	Subordinate Debt	BWR AA+ (Outlook:Stable)	BWR AA[2] (Outlook:Stable)
	Market Linked Debenture	-	BWR PP MLD AA[2] (Outlook:Stable)
	Commercial Paper	BWR A1+	BWR A1+
ICRA	Commercial Paper	ICRA A1+	ICRA A24,[5]
	Short Term Bank Lines	ICRA A1+	ICRA A24,[5]

Details of Revision:

(1) CARE Rating from CARE AA+ to CARE AA – 08-10-2018

(2) Brickwork Rating from BWR AA+ to BWR AA – 15-02-2019.

(3) CARE Rating from CARE AA to CARE A+ - 27-02-2019.

(4) ICRA Rating from: ICRA A1+ to ICRA A1 – 05-03-2019.

(5) ICRA Rating from: ICRA A1 to ICRA A2- 29-03-2019.

Internal Control

The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, and compliance with applicable laws and regulations. The Company is taking constant steps to further strengthen the same.

The organization is well structured and the policy guidelines are well documented with pre-defined authority. The Company has also implemented suitable controls to ensure that all resources are utilised optimally, financial transactions are reported with accuracy and there is strict adherence to applicable laws and regulations. The Company has put in place adequate systems to ensure that assets are safeguarded against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported. The Company also has an exhaustive budgetary control system to monitor all expenditures against approved budgets on an ongoing basis.

The Company uses Information Technology extensively in its operations for ensuring effective controls besides economy. It also helps the Company in providing accurate MIS and prompt information / services to its customers and other stakeholders. The Company has implemented enhanced level of Information System Security controls with monitoring systems to address technology risks.

The Company has an independent internal audit function which continuously evaluates the adequacy of, and compliance with, policies, plans, regulatory and statutory requirements. Risk based approach is adopted while carrying out the audits. Internal audit also evaluates and suggests improvement in effectiveness of risk management, control and governance process. The Audit Committee of Board provides necessary oversight and directions to the internal audit function and periodically reviews the findings and ensures corrective measures are taken.

Independent Auditors' Report on the Standalone Ind AS Financial Statements

To,

The Members,

Reliance Commercial Finance Limited

Report on the Audit of Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Reliance Commercial Finance Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the standalone Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS"), of the state of affairs of the Company as at March 31, 2019, its profit and loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with 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 Ind AS 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 Ind AS financial statements under the provisions of the Act and 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.

Going Concern

We draw attention to Note No. 55 to the standalone Ind AS financial statements which sets out the fact that, the Company has incurred operating loss. The Company's ability to meet its obligations is significantly dependent on material uncertain events including restructuring of loans and Inter-Creditor Agreement (ICA) for the resolution of its debt. The Company has taken steps to meet such temporary liquidity mismatch by securitisation of its loan portfolio. The Company has also engaged with all its lenders to enter into an Inter-Creditor Agreement (ICA) for the resolution of its debt in accordance with the circular dated June 7, 2019 issued by the Reserve Bank of India on Prudential Framework for Resolution of Stressed Assets. The Company is confident of implementing its Resolution Plan during financial year 2019-20. In view of the steps taken by the Company, the standalone Ind AS financial statements of the Company have been prepared on a going concern basis.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note No. 44 (i) of the standalone Ind AS financial statements referring to filing of Form ADT-4 under Section 143(12) of the Companies Act, 2013 to Ministry of Corporate Affairs (MCA) by the previous auditor. Based on the views of the Company and supported by legal opinions there were no matters attracting the said Section.

Key Audit Matters

Key audit matters are those matters that, in our professional Judgement, were of most significance in our audit of the standalone Ind AS financial statements of the current financial year. These matters were addressed in the context of our audit of the standalone Ind AS 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 before, our description of how our audit addressed the matter is provided in that content. In addition to the matter described in the Going Concern and Emphasis of Matter Para above, we have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matter</th><th>How the matters was addressed in our audit</th></tr>
<tr><td colspan="2">Refer to the Significant accounting policies in "Note No. 2.1.5 (ii) of the standalone Ind AS financial statements: Impairment", "Note No. 2.1.1 (v) of the standalone Ind AS financial statements: Significant accounting policies – use of estimates" and "Note No. 2.1.18 of the standalone Ind AS financial statements : Significant accounting policies – Provisions"</td></tr>
<tr><td>Subjective estimate
Recognition and measurement of impairment of loans and advances involve significant management Judgement
With the applicability of Ind AS 109 credit loss assessment is now based on expected credit loss model (ECL). The Company's impairment allowance is derived from estimates including the historical default and loss ratio. Management exercise Judgement in determining the quantum of loss based on range of factors.
The most significant areas are:
• Segmentation of loan book.
• Loan Staging criteria
• Calculation of probability of default/ loss given default
• Consideration of probability weighted scenarios and forward looking macroeconomics factors.
• Complexities of disclosures.</td><td>Our audit procedures included
Design/controls
Evaluation of the appropriateness of the impairment principals based on requirement of Ind AS 109.
Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge.
Testing of management review controls over measurement of impairment allowances and disclosures in standalone financial statements.
Substantive tests:
We focus on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in models.</td></tr>
</table>

There is large increase in the data inputs required by the ECL Model. This increases the risk of completeness and accuracy of the data that has been used to create assumption in the model. In some cases the data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.	Test of Details over of calculations of impairments allowances for assessing the completeness, accuracy, and relevance of data. Model calculations were tested through re-performance where possible. The appropriateness of managements Judgements was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used, loss emergence periods and the valuation of recovery assets and collateral.
Key audit matter	**How the matter was addressed in our audit**
Transition date accounting policies due to adoption of Ind-AS Refer to the Note No. 3 of the Standalone Financial Statements: Transition to Ind AS or First-time adoption of Ind AS	
Effective 1 April 2018, the Company adopted the Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017. The following are the major impact areas for the Company upon transition: • Classification and measurement of financial assets and financial liabilities • Measurement of impairment loss allowance • Accounting for securitization and assignment transactions • Accounting for loan fees and costs • Accounting for employee stock options The migration to the new accounting framework (Ind AS) is a complicated process involving multiple decision points upon transition. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date. We identified transition date accounting as a key audit matter because of significant degree of management Judgement and application on the areas noted above.	**We performed the following key audit procedures:** • Assessed the design, implementation and operating effectiveness of key internal controls over management's evaluation of transition date choices and exemptions availed in line with the principles under Ind-AS 101. • Confirmed the approvals of Audit Committee for the choices and exemptions made by the Company for compliance/ acceptability under Ind-AS 101. • valuated management's transition date choices and exemptions for compliance under Ind-AS 101. • Assessed the methodology implemented by management to give impact on the transition. • Assessed the accuracy of the computations • Assessed areas of significant estimates and management Judgement in line with principles under Ind-AS.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director Report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS 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.

Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 Ind AS 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 Ind AS 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.

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS 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 this Standalone Ind AS financial statements. As part of an audit in accordance with SAs, we exercise professional Judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS 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 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS 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.

Other Matters

Incoming auditor to audit comparative information for adjustments to transition to Ind AS

The comparative financial information of the Company for the year ended March 31, 2018 and the transition date opening balance sheet as at April 1, 2017 included in the standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the previous auditors, whose report for the year ended March 31, 2018 and March 31, 2017 dated April 23, 2018 and April 20, 2017 respectively expressed an unmodified opinion on these financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure 1", 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 it appears from our examination of those books;

c. The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

e. On the basis of the written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act;

f. With respect to the adequacy of the internal financial controls with reference to Standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, we give our separate report in "Annexure 2".

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

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the 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 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 Ind AS financial statements – Refer Note No. 43(a)(ii) on Contingent Liabilities to the standalone Ind AS financial statements;

(ii) The Company has made provision as at March 31, 2019, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note No. 56 to the standalone Ind AS financial statements;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

For Shridhar & Associates

Chartered Accountants

ICAI Firm Registration No.134427W

Ajay Vastani

Partner

Membership Number: 132265

UDIN : 19132265AAAAAB3227

Mumbai

August 14, 2019

Annexure 1 to the Independent Auditor's Report

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Reliance Commercial Finance Limited on the Standalone Ind AS financial statements for the year ended March 31, 2019.

(i)

(a) The Company is maintaining the fixed asset register proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the management according to phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the Programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note No. 14 on Property, plant and equipment to the standalone Ind AS financial statements, are held in the name of the Company by way of Scheme of Arrangement sanctioned by the NCLT vide order dated October 14, 2017.

(ii) The Company is in the business of rendering of services, and consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii) of the said Order are not applicable to the Company.

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

(iv) The Company is a Non-Banking Finance Company registered with the Reserve Bank of India and engaged in the business of financing. Also the Company has not made any investments, or provided any guarantees or security to the parties covered under section 185 and 186. Accordingly the provisions of Section 185 and 186 are not applicable to the Company.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.

(vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under.

(vii) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, customs duty, cess and any other material statutory dues applicable to it.

(a) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no dues with respect to income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, which have not been deposited on account of any dispute.

(viii) According to the information and explanations given to us, the Company has generally been regular in the repayment of loans or borrowings to financial institutions, banks, or dues to debenture holders except in few case there have been slight delay.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public issue offer or further public offer (including debt instruments) during the year. The Company has utilized the money raised by way of term loans during the year for the purposes for which they were raised.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management. We draw attention to Note No. 44 (i) of the standalone Ind AS financial statements.

(xi) According to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of Act, where applicable and the details have been disclosed in the standalone Ind AS financial statements, as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.

(xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the registration has been obtained by the Company.

For Shridhar & Associates
Chartered Accountants
ICAI Firm Registration No.134427W

Ajay Vastani
Partner
Membership Number: 132265
UDIN : 19132265AAAAAB3227

Mumbai
August 14, 2019

Annexure 2 to the Independent Auditor's Report

Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Reliance Commercial Finance Limited on the standalone Ind AS financial statements for the year ended March 31, 2019

Report on the Internal Financial Controls with reference to Standalone Ind AS Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Reliance Commercial Finance Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, 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 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 with reference to financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to Standalone Ind AS Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Standalone Ind AS Financial Statements

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

Basis of Qualified Opinion

According to information and explanations given to us and based on our audit following material weaknesses have been identified as at March 31, 2019:

The Company's internal financial control system over financial reporting is not operating effectively in respect of corporate loan book segment due to weak credit appraisal and loan sanctioning mechanism. Internal control system need to be strengthened for credit evaluation and establishing customer credit limits for disbursement of loan, to mitigate the risk of potentially result in the Company recognising revenue without establishing reasonable certainty of ultimate collection.

Annexure 2 to the Independent Auditor's Report

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects / possible effects of the material weaknesses on corporate loan book described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as of March 31, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 standalone Ind AS financial statements of the Company, and these material weaknesses do not affect our opinion on the standalone Ind AS financial statements of the Company.

For Shridhar & Associates
Chartered Accountants
ICAI Firm Registration No.134427W

Ajay Vastani
Partner
Membership Number: 132265
UDIN : 19132265AAAAAB3227

Mumbai
August 14, 2019

Standalone Balance Sheet as at March 31, 2019

(₹ in crore)

Particulars	Note	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
ASSETS				
1 Financial assets				
(a) Cash & cash equivalents	4	**34.28**	643.13	368.86
(b) Bank balance other than cash & cash equivalents	5	**396.33**	98.79	172.33
(c) Derivative financial instruments	6	**0.01**	-	-
(d) Receivables				
- Trade receivables	7	**5.55**	6.22	-
- Other receivables	8	**2.98**	-	-
(e) Loans	9	**12,223.86**	13,782.63	12,211.29
(f) Investments	10	**147.58**	190.56	243.80
(g) Other financial assets	11	**181.57**	187.56	198.22
Sub total of financial assets		**12,992.16**	14,908.89	13,194.50
2 Non - financial assets				
(a) Current tax assets (Net)	12	**136.44**	79.80	31.55
(b) Deferred tax assets (Net)	13	**-**	38.49	4.12
(c) Property, plant and equipment	14	**156.34**	166.30	19.08
(d) Intangible assets under development	15	**3.63**	2.53	-
(e) Goodwill	15	**160.14**	160.14	-
(f) Other intangible assets	15	**25.47**	27.43	10.30
(g) Other non - financial assets	16	**30.14**	62.82	35.93
Sub total of non - financial assets		**512.16**	537.51	100.98
TOTAL		**13,504.32**	15,446.40	13,295.48
LIABILITIES AND EQUITY				
1 Financial liabilities				
(a) Payables				
- Trade payables	17			
(i) total outstanding dues of micro enterprises and small enterprises		**-**	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**0.63**	8.07	15.26
- Other payables	18			
(i) total outstanding dues of micro enterprises and small enterprises		**-**	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprise		**1,921.80**	133.39	113.61
(b) Debt securities	19	**2,318.66**	3,002.84	-
(c) Borrowings	20	**7,965.42**	8,995.02	10,561.10
(d) Subordinated liabilities	21	**81.14**	481.14	400.00
(e) Other financial liabilities	22	**336.27**	318.54	294.21
Sub total of financial liabilities		**12,623.92**	12,939.00	11,384.18
2 Non- financial liabilities				
(a) Provisions	23	**43.40**	50.00	26.62
(b) Other non-financial liabilities	24	**31.16**	102.09	90.94
Sub total of non - financial liabilities		**74.56**	152.09	117.56
3 Equity				
(a) Equity share capital	25	**135.33**	135.33	122.83
(b) Preference share capital	25	**400.00**	-	-
(c) Other equity	26 & 27	**270.51**	2,219.98	1,670.91
Sub total of equity		**805.84**	2,355.31	1,793.74
TOTAL		**13,504.32**	15,446.40	13,295.48

See accompanying notes to the standalone financial statements '1 to 59'

This is the Standalone balance sheet referred to our report of even date

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

Ajay Vastani
Partner
Membership No.: 132265

Mumbai
August 14, 2019

For and on behalf of the Board of Directors

Sushil Kumar Agrawal (Director)
Rashna Khan (Director)

Dhananjay Tiwari (Executive Director)
Sachin Bora (Whole-time Director)

Sandeep Khosla (Chief Financial Officer)
Ekta Thakurel (Company Secretary)

Standalone Statement of Profit and Loss for the year ended March 31, 2019

(₹ in crore)

Particulars	Note No.	2018-19	2017-18
Revenue from operations			
(a) Interest income	28	**1,700.70**	1,875.47
(b) Fees & commission income	29	**16.14**	25.95
(c) Net gain on derecognition of financial instruments	30	**48.33**	99.83
(d) Rent income		**6.03**	5.97
(e) Other operating income	31	**8.70**	2.85
Total revenue from operations (I)		**1,779.90**	2,010.07
Other income (II)	32	**0.96**	0.26
Total income III = (I) + (II)		**1,780.86**	2,010.33
(a) Finance cost	33	**1,219.24**	1,178.62
(b) Fees & commission expenses	34	**23.12**	20.85
(c) Impairment on financial instruments	35	**2,104.27**	330.97
(d) Employee benefits expense	36	**118.26**	129.00
(e) Depreciation & amortisation	14-15	**19.56**	18.01
(f) Other expenses	37	**150.04**	142.81
Total Expenses (IV)		**3,634.49**	1,820.26
Profit/(loss) Before Tax (V) = (III - IV)		**(1,853.63)**	190.07
Tax Expense (VI) :	40		
(a) Current Tax		**-**	54.71
(b) Deferred Tax/ (Credit)		**38.49**	(34.37)
Profit/(loss) After Tax (VII) = (V-VI)		**(1,892.12)**	169.73
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligation (net)	46	(1.29)	(0.98)
Income tax relating to items that will not be reclassified to profit or loss		-	0.21
Other Comprehensive Income for the year (VIII)		**(1.29)**	(0.77)
Total Comprehensive Income for the year (IX) = (VII + VIII)		**(1,893.41)**	168.96
Earnings Per Equity Share (X)			
(Face value of ₹ 10 each fully paid up)	42		
Basic (₹)		**(139.83)**	13.80
Diluted (₹)		**(132.02)**	13.80

See accompanying notes to the standalone financial statements '1 to 59'

This is the Standalone statement of profit & loss referred to our report of even date

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

Ajay Vastani
Partner
Membership No.: 132265

Mumbai
August 14, 2019

For and on behalf of the Board of Directors

Sushil Kumar Agrawal (Director)

Rashna Khan (Director)

Dhananjay Tiwari (Executive Director)

Sachin Bora (Whole-time Director)

Sandeep Khosla (Chief Financial Officer)

Ekta Thakurel (Company Secretary)

Standalone Statement of Cash Flows for the year ended March 31, 2019

(₹ in crore)

Particulars	2018-19		2017-18	
(a) Cash Flow from Operating Activities				
Profit/(Loss) before tax:		**(1,853.63)**		190.07
Adjusted for				
Depreciation & amortisation	**19.56**		18.01	
Impairment on financial instruments	**2,097.98**		323.99	
Net (gain) / loss on financial instruments at FVTPL (Net)	**6.29**		6.98	
Net (gain) / loss on Sale of financial instruments (Net)	**(11.90)**		(61.02)	
Net (gain) / loss on disposal of property, plant and equipment (Net)	**0.48**		(0.05)	
Finance cost	**1,219.24**		1,178.62	
Interest on investments	**(2.47)**		(4.89)	
Debit balance written off	**-**		8.15	
		3,329.18		1,469.79
		1,475.55		1,659.86
Operating profit before working capital changes				
Adjustments for (increase)/ decrease in operating assets:				
Trade receivables & other receivables	**(8.76)**		(6.22)	
Fixed deposits with banks	**(297.54)**		73.54	
Loans	**1,213.00**		(1,812.21)	
Other financial assets	**5.99**		10.66	
Other Non - financial assets	**32.90**		(44.33)	
Adjustments for increase/ (decrease) in operating liabilities				
Trade payables & other payables	**(36.33)**		12.59	
Other financial liabilities	**(32.55)**		(78.28)	
Other non-financial liabilities	**(70.95)**		11.46	
		805.76		(1,832.79)
Cash generated from operations		**2,281.31**		(172.93)
Less : Interest paid	**(1,108.64)**		(995.02)	
Less : Income taxes paid (net of refunds)	**(56.64)**		(102.74)	
		(1,165.28)		(1,097.76)
Net cash inflow / (outflow) from operating activities (a)		**1,116.03**		(1,270.69)

Standalone Statement of Cash Flows for the year ended March 31, 2019

(₹ in crore)

Particulars		2018-19		2017-18	
(b)	**Cash flow from investing activities :**				
	Purchase of investment	**(3.01)**		(297.71)	
	Sale of investment	**25.78**		127.99	
	Purchase of property, plant and equipments	**(1.23)**		(5.67)	
	Sale of property, plant and equipments	**0.18**		0.23	
	Purchase of intangible assets	**(8.16)**		(23.45)	
	Interest on investments	**0.85**		12.64	
	Investments in subsidiary	**(0.01)**		-	
			14.40		(185.97)
Net cash inflow / (outflow) from investing activities (b)			**14.40**		(185.97)
(c)	**Cash flow from financing activities :**				
	Issue of equity share capital including securities premium	**-**		400.00	
	(Repayment)/Issue of debt securities (Net)	**(671.47)**		2,905.00	
	(Repayment)/Borrowings from banks & financial institutions (Net)	**(1,850.00)**		(707.72)	
	(Repayment)/Issue of commercial papers (Net)	**427.16**		(858.96)	
	ICD taken (Net)	**363.19**		-	
	Dividend paid (including dividend distribution tax)	**(8.16)**		(7.39)	
			(1,739.28)		1,730.93
Net cash inflow / (outflow) from financing activities (c)			**(1,739.28)**		1,730.93
Net increase/(decrease) in cash and bank balances (a + b+ c)			**(608.85)**		274.27
Add : cash and cash equivalents at beginning of the year			**643.13**		368.86
Cash and cash equivalents at end of the year			**34.28**		643.13

This is the Standalone statement of cash flows referred to our report of even date

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

Ajay Vastani
Partner
Membership No.: 132265

Mumbai
August 14, 2019

For and on behalf of the Board of Directors

Sushil Kumar Agrawal
(Director)

Rashna Khan
(Director)

Dhananjay Tiwari
(Executive Director)

Sachin Bora
(Whole-time Director)

Sandeep Khosla
(Chief Financial Officer)

Ekta Thakurel
(Company Secretary)

Standalone Statement of Changes in Equity for the year ended March 31, 2019

a) Equity share capital

(₹ in crore)

Particulars	Nos.	Amount
Equity shares of ₹ 10 each		
As at April 1, 2017	**12 28 25 700**	122.83
Issue of share capital	**1 25 00 000**	12.50
As at March 31, 2018	**13 53 25 700**	135.33
Issue of share capital	**-**	-
As at March 31, 2019	**13 53 25 700**	135.33

b) Other equity

(₹ in crore)

Particulars	Reserves and surplus				Other comprehensive income	Total other equity
	Securities premium	Preference Share Redemption Reserve	Statutory Reserve Fund	Surplus/ (deficit) in the statement of profit and loss	Re-measurements of post-employment benefit obligation	
As at April 1, 2017	1,690.12	0.39	59.19	(78.79)	-	1,670.91
Profit for the year	-	-	-	169.73	-	169.73
Other comprehensive income	-	-	-	-	(0.77)	(0.77)
Total comprehensive income for the year	**-**	**-**	**-**	**169.73**	**(0.77)**	**168.96**
Transactions with owners in their capacity as owners:						
- Issue of equity share, net of transaction cost	387.50	-	-	-	-	387.50
- Dividends paid	-	-	-	(6.14)	-	(6.14)
- Dividend distribution tax	-	-	-	(1.25)	-	(1.25)
- Transfers to Statutory reserve fund	-	-	41.67	(41.67)	-	-
As at March 31, 2018	**2,077.62**	**0.39**	**100.86**	**41.88**	**(0.77)**	**2,219.98**
Profit for the year	-	-	-	(1,892.12)	-	(1,892.12)
Other comprehensive income	-	-	-	-	(1.29)	(1.29)
Total comprehensive income for the year	-	-	-	(1,892.12)	(1.29)	(1,893.41)
Transactions with owners in their capacity as owners:						
- Issue of MLD during the year	0.49	-	-	-	-	0.49
- Yield on Preference share paid	-	(0.39)	-	(48.00)	-	-
- Dividends paid	-	-	-	(6.77)	-	(6.77)
- Dividend distribution tax	-	-	-	(1.39)	-	(1.39)
- Transfers to:						
Statutory reserve fund	-	-	-	-	-	-
As at March 31, 2019	**2,078.11**	**-**	**100.86**	**(1,906.40)**	**(2.06)**	**270.51**

See accompanying notes to the standalone financial statements '1 to 59'

This is the Standalone statement of changes in equity referred to in our report of even date

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

Ajay Vastani
Partner
Membership No.: 132265

Mumbai
August 14, 2019

For and on behalf of the Board of Directors

Sushil Kumar Agrawal (Director)

Rashna Khan (Director)

Dhananjay Tiwari (Executive Director)

Sachin Bora (Whole-time Director)

Sandeep Khosla (Chief Financial Officer)

Ekta Thakurel (Company Secretary)

Notes to the Standalone Financial Statements for the year ended March 31, 2019

1 Corporate information

Reliance Commercial Finance Limited ("the Company") formerly known as Reliance Gilts Limited, was incorporated on August 17, 2000 with the Registrar of Companies (RoC), Maharashtra, Mumbai. Subsequently, as on May 21, 2009 the Company was registered as a Non-Banking Financial Company without accepting public deposits, as defined under Section 45-IA of the Reserve Bank of India Act, 1934. The Company is principally engaged in lending activities and provides loans to small and medium enterprises for working capital and growth, two wheelers loans, loans against property, personal loans and financing of various micro enterprises.

The registered office of the Company is located at Reliance Centre, 6th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai - 400055. The Company is a public limited Company and its debt securities are listed on the BSE Limited (BSE).

2 Significant accounting policies and critical accounting estimate and Judgements

2.1 Basis of preparation, measurement and significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1.1 Basis of Preparation of Financial Statements :

(i) Compliance with Ind AS

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under Section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by Reserve Bank of India (RBI). The financial statements have been prepared on a going concern basis. The Company uses accrual basis of accounting except in case of significant uncertainties.

For all periods up to and including the year ended March 31, 2018, the Company had prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the NBFC Master Directions (hereinafter referred as 'Previous GAAP'). These financial statements for the year ended March 31, 2019 are the first financial statements of the Company, which has been prepared in accordance with Ind AS. The Company has applied Ind AS 101 'First-time Adoption of Indian Accounting Standards', for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note No. 3."

(ii) Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by

(i) certain financial assets and financial liabilities at fair value,

(ii) assets held for sale measured at fair value less cost to sell, and

(iii) defined benefit plans – plan assets that are measured at fair value.

(iii) Order of liquidity

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Ind AS 1 - 'Presentation of Financial Statements' and amendment to Division III of Schedule III to the Companies Act, 2013 dated October 11, 2018, the Company presents its balance sheet in the order of liquidity. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note No. 48 (i).

(iv) Compliance with RBI Master Direction

The Company complies in all material respects, with the prudential norms relating to income recognition, asset classification and provisioning for bad and doubtful debts and other matters, specified in the master directions issued by the Reserve Bank of India ('RBI') in terms of "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016" ("RBI Master Direction') vide Reserve Bank of India (RBI) Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 updated on timely basis (the "RBI Directions") as applicable to the Company. Indian Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India (referred to in these Directions as "ICAI") shall be followed insofar as they are not inconsistent with any of these Directions.

(v) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialised.

2.1.2 Revenue Recognition :

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised 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 service rendered (excluding estimates of variable consideration) that is allocated to that performance obligation.

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

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

(i) Interest income

The Company recognises interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest. EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The Company recognises interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets regarded as 'stage 3', the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation.

Interest income on fixed deposits is recognised as it accrues on a time proportion basis taking into account the amount outstanding.

(ii) Loan processing fees and other operating income

Fees and commission incomes and expenses that are integral to the effective interest rate on a financial asset or liability are included in the effective interest rate. Fees and commission that are not integral to the effective interest rate are recognised on accrual basis over the life of the loan. Other operating income i.e. Foreclosure, Bounce Charges and Loan Re-schedulement Charges are accounted on cash basis.

(iii) Income from direct assignment

In case of direct assignment of loans, the assets are derecognized when all the rights, title, future receivables and interest thereof along with all the risks and rewards of ownership are transferred to the purchasers of assigned loans. The profit if any, as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction, is recognised as gain or loss arising on assignment.

Servicing fees received is accounted for based on the underlying deal structure of the transaction as per the agreement and excess interest spread (EIS) on the deal is accounted for upfront as and when it becomes due.

(iv) Income from securitisation

In case of securitization of loans, (a) Securtisation transactions prior to March 31, 2017, the assets are derecognized when all the rights, title, future receivables and interest thereof along with all the risks and rewards of ownership are transferred to the purchasers of securtised loans. The profit if any, as reduced by the estimated provision for loss/ expenses and incidental expenses related to the transaction, is recognised as gain or loss arising on securitization on a monthly basis, (b) Securtisation transactions after March 31, 2017, the assets are not derocognised and continued in the books as loans. Servicing fees received is accounted for based on the underlying deal structure of the transaction as per the agreement.

(v) Income from investments

Profit / (Loss) earned from sale of investments is recognised on trade date basis net off expenses incurred on sale. The cost of investment is computed based on weighted average basis.

(vi) Dividend income

Dividend income is recognised in the statement of profit or loss on the date that the Company's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be reliably measured. This is generally when the shareholders approve the dividend.

(vii) Rental income

Lease income from operating leases where the Comapany is a lessor is recognised in income on a straightline basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

(viii) Brokerage Income

Brokerage income is recognized when there is no significant uncertainty as to determination and realization and as per agreement.

(ix) Income from trading in derivatives

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into, and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statement of profit and loss immediately. Brokerage and other payments made in connection with the acquisition of derivatives are added to the cost of acquisition. The amount shown under sale of currency derivatives is net of brokerage.

2.1.3 Foreign currency translation :

(i) Functional and presentation currency

Items included in financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Reliance Commercial Finance Limited's functional and presentation currency.

(ii) Translation and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on nonmonetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

2.1.4 Financial instruments :

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

2.1.5 Financial assets :

(i) Classification and subsequent measurement

The Company has applied Ind AS 109 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables.

Classification and subsequent measurement of debt instruments depend on:

(i) the Company's business model for managing the asset; and

(ii) the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is recognised using the effective interest rate method.

Fair value through other comprehensive income: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value option for financial assets: The Company may also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates an accounting mismatch created by assets and liabilities being measured on different bases.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a Comapny of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Re-classification: The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments:

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in net gain/loss on fair value changes in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(ii) Impairment

ECL are recognised for financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments.

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognised for stage 2 and stage 3 financial assets.

At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months.

In the event of a significant increase in credit risk, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets (and the related impairment loss allowances) are written off in full, when there is no realistic prospect of recovery.

Treatment of the different stages of financial assets and the methodology of determination of ECL

(a) Credit impaired (stage 3)

The Company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- Contractual payments of either principal or interest are past due for more than 90 days;
- The loan is otherwise considered to be in default.

Restructured loans, where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower, are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period, typically 12 months– post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

Interest income is recognised by applying the EIR to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

(b) Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, 30 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk. Based on other indications such as borrower's frequently delaying payments beyond due dates though not 30 days past due are included in stage 2 for mortgage loans.

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioral trends of default across the identified homogenous portfolios. These past trends factor in the past customer behavioral trends, credit transition probabilities and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

(c) Without significant increase in credit risk since initial recognition (stage 1)

ECL resulting from default events that are possible in the next 12 months are recognised for financial instruments in stage 1. The Company has ascertained default possibilities on past behavioral trends witnessed for each homogenous portfolio using application/behavioral score cards and other performance indicators, determined statistically.

(d) Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro economic factors.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

- Determination of PD is covered above for each stages of ECL.
- EAD represents the expected balance at default, taking into account the repayment of principal and interest from the Balance Sheet date to the date of default together with any expected drawdowns of committed facilities.
- LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

(iii) Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Company de-recognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in the statement of profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control. The Company directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Company:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;

(ii) Is prohibited from selling or pledging the assets; and

(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Company under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Company retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Company retains a subordinated residual interest.

2.1.6 Financial Liabilities :

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

(a) Financial liabilities at fair value through profit or loss: This classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

(b) Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Company recognizes any expense incurred on the financial liability; and

(c) Financial guarantee contracts and loan commitments.

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. The Company hedges its interest rate risk on MLD by taking positions in future & options based on specified indices. Any gain / loss on these hedge positions is recognised in Statement of Profit and Loss.

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired).

The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.1.7 Financial guarantee contracts and loan commitments :

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

(a) The amount of the loss allowance ; and

(b) The premium received on initial recognition less income recognised in accordance with the principles of Ind AS 115.

Loan commitments provided by the Company are measured as the amount of the loss allowance.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Company cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

2.1.8 Repossessed collateral :

Repossessed collateral represents financial and non-financial assets acquired by the Company in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in premises and equipment, other financial assets, investment properties or inventories within other assets depending on their nature and the Company's intention in respect of recovery of these assets, and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets.

2.1.9 Segment Reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The power to assess the financial performance and position of the Company and make strategic decisions is vested in the executive director who has been identified as the chief operating decisions maker.

The Company is mainly engaged in the commercial finance business and all other activities revolve around the main business of the Company. Further, all activities are conducted within India and as such there is no separate reportable segment as specified in Ind AS 108 on 'Operating Segment'.

2.1.10 Income Tax :

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current Taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and associates and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits. Recognition therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

2.1.11 Impairment of Assets :

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.1.12 Off-setting financial instruments :

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.1.13 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.

2.1.14 Assets (or disposal groups) held for sale :

Assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset (or disposal group) is recognised at the date of derecognition.

Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

2.1.15 Property, plant and equipment :

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives & residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

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

Asset	Useful Life (Years)
Furniture and fixtures	10 years
Office equipment	5 years
Computers	3 years
Vehicles	8 years
Buildings	60 years
Plant & machinery	8 years

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the statement of profit or loss.

2.1.16 Intangible assets :

(i) Goodwill

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

(ii) Other intangibles

Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortization and impairment, if any. Expenditure incurred on acquisition/development of intangible assets which are not put/ready to use at the reporting date is disclosed under intangible assets under development. The Company amortises intangible assets on a straight-line basis over the useful lives of the assets commencing from the month in which the asset is first put to use. The Company provides pro-rata depreciation from the day the asset is put to use.

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

Asset	Useful Life (Years)
Computer software	5 years

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

2.1.17 Borrowing Cost :

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

2.1.18 Provisions :

Provisions for restructuring are recognised by the Company when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Company will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

2.1.19 Employee benefits :

(i) Short-term obligations

Liabilities for wages and salaries, including 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) Post-employment obligations

The Company operates the following post-employment schemes:

(a) Gratuity;

(b) Superannuation fund; and

(c) Provident fund

Defined benefit plans

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

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The estimated future payments which are denominated in a currency other than INR, are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

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

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

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

Defined contribution plans

Superannuation fund: Contribution to Superannuation Fund, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund, Life Insurance Corporation and is charged to the Statement of Profit or loss. There are no other obligations other than the contribution payable to the Superannuation Fund.

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

(iii) Other long-term employee benefit obligations

Leave encashment: The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the statement of profit or loss.

Phantom Shares: As a long-term incentive plan to employees, the Company has initiated Phantom Stock Option Plan which are cash settlement rights where the employees are entitled to get cash compensation based on agreed formulae. The employees are entitled to receive cash payment equivalent to appreciation in the value over the defined base price of the shares. The present value of the obligation under such plan is determined based on actuarial valuation.

2.1.20 Earning Per Shares :

a) Basic earnings per share

Basic 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 and excluding treasury shares if any (Note No. 42).

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.

2.1.21 Investment in subsidiaries

Investment in subsidiaries is recognised at cost and are not adjusted to fair value at the end of each reporting period. Cost of investment represents amount paid for acquisition of the said investment. The Company assesses at the end of each reporting period, if there are any indications that the said investment may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

2.1.22 Leases

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

Company acting as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are classified as operating leases. Basis the above principle, all leases entered into by the Company as a lessee have been classified as operating leases.

Lease payments under an operating lease is recognised on an accrual basis in the Statement of Profit and Loss.

2.1.23 Rounding of amounts :

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

2.2 Critical accounting estimates and judgements:

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note 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 for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

2.2.1 Estimation of fair value of unlisted securities :

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions, refer note 50.

2.2.2 Effective interest rate method :

The Company recognises interest income/expense using the effective interest rate, i.e., a rate that represents the best estimate of a constant rate of return over the expected life of the loans. The effective interest method also accounts for the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/ expense that are integral parts of the instrument.

2.2.3 Impairment of financial assets using the expected credit loss method :

The measurement of impairment losses on loan assets and commitments, requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulae and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model
- It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary.

2.2.4 Business model assessment :

Classification and measurement of financial assets depends on the results of the SPPI test and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement considered by the Company in determining the business model including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

2.2.5 Provisions and contingent liabilities :

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

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. The Company also discloses present obligations for which a reliable estimate cannot be made. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.3 Standards issued but not yet effective :

Ind AS 116 'Leases' was notified on March 30, 2019 and it replaces Ind AS 17 'Leases', including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-Balance Sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company has leases in which it acts as a lessee and which needs to be accounted for as per requirements of Ind AS 116. The Company is in the process of determining the accounting impact of Ind AS 116 on its lease contracts wherein it acts as a lessee. The Company does not have any lease contracts wherein it acts as a lessor. The application of Ind AS 116 is not likely to have material impact on the Company's financial statements.

Key Amendments to other Ind AS:

Ind AS 12, Income Taxes Recognition of income tax consequences of dividends:

Clarifies that the income tax consequences of distribution of profits (i.e. dividends), should be recognised when a liability to pay dividend is recognised. The income tax consequences should be recognised in the Statement of profit and loss, other comprehensive income or equity accordingto where the past transactions or events that generated distributable profits were originally. recognised. The Company is currently assessing the impact of application of this amendment on the Company's financial statements.

Ind AS 19, Employee Benefits

Clarifies that when a plan amendment, curtailment or settlement occurs:

The updated actuarial assumptions used in remeasuring the plan are applied to determine the current service cost and net interest for the remainder of the annual reporting period and the effect of the asset ceiling is disregarded whencalculating the gain or loss on any settlement of the plan and is dealt with separately in OCI. The Company is currently assessing the impact of application of this amendment on the Company's financial statements.

3 Transition to Ind AS or First-time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from April 1, 2018, with a transition date of April 1, 2017. For all periods upto and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with the previously applicable Indian GAAP (Previous GAAP).

The adoption of Ind AS has been carried out in accordance with Ind AS 101, 'First-time Adoption' of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for year ended March 31, 2019, together with the comparative information as at and for the year ended March 31, 2018. The Company's opening Ind AS Balance Sheet has been prepared as at April 1, 2017, the date of transition to Ind AS.

The accounting policies set out in Note No. 2.1 have been applied in preparing the financial statements for the year ended March 31, 2019, the comparative information presented in these financial statements for the year ended March 31, 2018 and in the preparation of an opening Ind AS balance sheet at April 1, 2017 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

a) Exemptions and exceptions availed

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its Previous GAAP financial statements, including the Balance Sheet as at April 1, 2017 and the financial statements as at and for the year ended March 31, 2018.

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

i) Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated. The Company has applied the same exemption for investment in subsidiaries, associates and joint ventures, if any.

ii) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment (including capital work-in-progress) as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities and capital grant, if applicable. This exemption can also be used for intangible assets and investment properties covered by Ind AS 38 and Ind AS 40, respectively.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

iii) Leases

Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

b) Ind AS mandatory exceptions

The Company has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS 101:

i) **Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- FVPTL / FVOCI – equity and debt instrument
- Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2017 the date of transition to Ind AS and as of March 31, 2018.

ii) **Non controlling interests**

Ind AS 110 requires entities to attribute the profit or loss and each component of other comprehensive income to the owners of the parent and to the non controlling interests. This requirement needs to be followed even if this results in the non-controlling interests having a deficit balance. Ind AS 101 requires the above requirement to be followed prospectively from the date of transition.

Consequently, the Company has applied the above requirement prospectively.

iii) **De-recognition of financial assets and liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

iv) **Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

(c) **Reconciliations between previous GAAP and Ind AS**

Ind AS 101 requires a first time adopter to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

i) **Reconciliation of total equity between previous GAAP and Ind AS:**

(₹ in crore)

	Notes	As at March 31, 2018	As at March 31, 2017
Total equity as per previous GAAP		**3,106.38**	2,505.26
Adjustments:			
(A) Adjustment to Shareholder's fund			
(i) Preference Shares classified as liabilities	i)	(400.14)	(400.00)
(B) Adjustment to Reserves and Surplus			
(i) Adoption of EIR for financial liabilities at amortised cost	ii)	(83.66)	(51.86)
(ii) Expected credit loss	iii)	(476.82)	(455.80)
(iii) Excess interest spread on direct assignment	iv)	171.07	174.00
(iv) Goodwill amortization reversal	v)	16.01	–
(v) Fair valuation of investments	vi)	37.64	44.61
(vi) Other Adjustment	i) & vii)	(15.17)	(22.47)
Total adjustments		**(751.07)**	(711.52)
Total equity as per Ind AS		**2,355.31**	1,793.74

ii) **Reconciliation of profit as per Ind AS with profit reported under previous GAAP:**

(₹ in crore)

	Notes	As at March 31, 2018
Net profit after tax as per previous GAAP		208.38
Adjustments:		
a) Adoption of Effective interest rate (EIR) for amortisation of income on financial assets/Net interest on credit impaired loans	ii)	(29.04)
b) Finance cost on Preference Shares classified as Liability	i)	(48.00)

(₹ in crore)

	Notes	As at March 31, 2018
c) Expected Credit Loss	iii)	(50.77)
d) Excess interest spread on direct assignment	iv)	(2.93)
e) Goodwill amortization reversal	v)	16.01
f) Fair valuation of investments	vi)	(6.98)
g) Other adjustments	iii) & vii)	29.72
h) Actuarial gain on employees defined benefit plan recognised in Other Comprehensive Income	b)	0.77
i) Tax impact on above adjustment	e)	52.57
Profit after tax as per Ind AS		**169.73**
Other Comprehensive Income:		
a) Remeasurements of post employment benefit obligations	b)	(0.98)
b) Tax impact on above items	e)	0.21
Other Comprehensive Income/(loss) net of taxes		**(0.77)**
Total comprehensive income as per Ind AS		**168.96**

iii) Impact of Ind AS adoption on the statement of cash flow for the year ended March 31, 2018

(₹ in crore)

	Notes	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities		(1,273.75)	3.05	(1,270.70)
Net cash flow from investing activities		(190.25)	4.28	(185.97)
Net cash flow from financing activities		1,738.32	(7.41)	1,730.91
Net increase/(decrease) in cash and cash equivalents		**274.32**	**(0.08)**	**274.24**
Cash and cash equivalents as at April 1, 2017		368.86	-	368.86
Effects of exchange rate changes on cash and cash equivalents		-	-	-
Cash and cash equivalents as at March 31, 2018		**643.18**	**(0.08)**	**643.10**

(d) Notes to first-time adoption:

i) Preference shares classified as liabilities

Under the previous GAAP, preference shares were classified as a part of shareholders' funds. Ind AS 109 requires the Company to classify the instruments as debt or equity depending on the terms of the instrument. Consequently, the Company has assessed the preference shares to be a liability and have been reclassified from equity to borrowing. This adjustment has resulted in a decrease in total equity amounting to ₹ 400.14 crore (₹ 400 crore as on April 1, 2017). Further, this classification and pursuant to Ind AS the Company has provided interest of ₹ 48 crore for the year ended March 31, 2018, which has reduced the profit for the year ended March 31, 2018 by ₹ 48 crore.

ii) Amortisation of transaction costs

Under the previous GAAP, transaction costs incurred on the purchase/origination of financial assets or financial liabilities was recognised upfront in the statement of profit and loss. Under Ind AS, such costs are added to/deducted from the financial asset/liability and are amortised over the tenure of the instrument by applying the effective interest rate method. Consequent to the this adjustment, the total equity decreased by ₹ 83.66 crore as on March 31, 2018 (₹ 51.86 crore as on April 1, 2017). Profit for the year ended March 31, 2018 decreased by ₹ 31.80 crore.

Interest income on non-performing assets (stage 3)

Under the previous GAAP, interest income was recognised only on realization, i.e., cash basis. Ind AS 109 requires interest to be recognised on non-performing advances by applying the effective interest rate method. Interest is only recognised to the extent that the Company estimates is recoverable. Accordingly, the Company has recognized assets amounting to ₹ 3.28 crore as at March 31, 2018 (₹ 0.51 crore as at April 1, 2017) with respect to interest receivable with a corresponding adjustment to equity. The Company has recognised interest income amounting to ₹ 2.77 crore in the statement of profit or loss for the year ended March 31, 2018.

iii) Provision for impairment as per the expected credit loss method

Under the previous GAAP, the Company had recognised provisions against trade receivables, investments and loans and advances as per the RBI norms. However, in order to comply with Ind AS 109, the Company has reversed the provisions created under the previous GAAP and recognised provisions by applying the expected credit loss method. This adjustment has resulted in a decrease in total equity amounting to ₹ 506.57 crore as on March 31, 2018 (₹ 455.80 crore as on April 1, 2017). Profit for the year ended March 31, 2018 decreased by ₹ 50.77 crore.

Sale of loans to ARCs

Under the previous GAAP, the loans sold to asset reconstruction companies (ARCs) were derecognized on the date of the transaction. However, Ind AS 109 states that the Company shall not derecognize any financial asset unless the derecognition criteria is met. Sale of advances to ARCs does not meet the derecognition criteria and is hence not derecognized. Consequent to this adjustment, The Company recognised an addittional loss amounting to ₹ 29.75 crore during the year ended March 31, 2018 on account of this adjustment.

iv) Securitisation

Under the previous GAAP, in case of assignment/securitisation of loans, the assets are derecognised when all the rights, title, future receivables and interest thereof along with all the risk and rewards of ownership are transferred to the purchasers of assigned/securitised loans. Excess interest spread (EIS) income is recognised as an income over the tenure of the deal. Under Ind AS, the present value of the total interest receivable is recognised as an income upfront. This has resulted in an increase in total equity amounting to ₹ 171.07 crore as of March 31, 2018 (₹ 174 crore as of April 1, 2017). The Company recognised an additional loss amounting to ₹ 2.93 crore during the year ended March 31, 2018 on account of this adjustment.

v) Reversal of amortisation of goodwill

Under the previous GAAP, goodwill was amortised over a period of 5 years. However, under Ind AS, goodwill will no longer be subject to amortisation; instead, it shall be tested for impairment annually. Consequent to this adjustment, the Company has reversed amortization expense amounting to ₹ 16.01 crore during the year ended March 31, 2018, which results in increase in total equity by the same.

vi) Fair valuation of investments

Under the previous GAAP, investments in equity instruments, debentures, preference shares, mutual funds, venture capital funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended March 31, 2018. This increased the retained earnings by ₹ 37.64 crore as at March 31, 2018 (April 1, 2017 ₹ 44.61 crore). Profit for the year ended March 31, 2018 decresed by ₹ 6.98 crore.

vii) Other adjustment

a) Interest on collateral deposits

Under the previous GAAP, interest free deposits (that are refundable in cash on completion of the contract) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the group has fair valued these deposits under Ind AS. This adjustment has resulted in a increase in total equity amounting to ₹ 1.30 crore as on March 31, 2018 (₹1.34 crore as on April 1, 2017). Profit for the year ended March 31, 2018 decreased by ₹ 0.04 crore.

b) Remeasurement of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss under the previous GAAP. As a result of this change, the profit for the year ended March 31, 2018 decreased by ₹ 0.77 crore. There is no impact on the total equity as at March 31, 2018.

c) Reclassification of provision of standard / non-performing assets (NPA)

Under the previous GAAP, provisions against standard and non performing assets were presented under provisions. However, under Ind AS financial assets measured at amortised cost (mainly loans) are presented net of provision.

d) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans, foreign exchange differences arising on translation of foreign operations and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

e) Deferred tax

Indian GAAP requires deferred tax accounting using the profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments have lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

This adjustment has resulted in a increase in total equity amounting to ₹ 52.57 crore as on March 31, 2018 (decrease by ₹ 36.04 crore as on April 1, 2017).

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(₹ in crore)

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
4. Cash & cash equivalents						
Cash on hand		**0.38**		0.57		0.52
Balance with banks						
- In current accounts	**17.47**		642.56		363.34	
- In deposits with original maturity of 3 months or less	**16.43**		-		5.00	
		33.90		642.56		368.34
		34.28		643.13		368.86
5. Bank balance other than cash & cash equivalents						
Balances with banks:						
In earmarked accounts						
- Dividend payable (*₹ 272)	*		-		-	
- Other bank balances	-		-		-	
		-		-		-
In deposits with original maturity of more than 3 months						
- For credit enhancement towards securitisation	**394.08**		95.45		170.33	
- For others	**2.25**		3.34		2.00	
		396.33		98.79		172.33
		396.33		98.79		172.33
6. Derivative financial instruments						
Net gain on derivative financial instruments		**0.01**		-		-
		0.01		-		-
7. Trade receivables						
Receivables considered good						
- Secured	-		-		-	
- Unsecured	-		6.22		-	
		-		6.22		-
Receivables - credit impaired	**12.00**		-		-	
Less: Provision for impairment loss	**(6.45)**		-		-	
		5.55		-		-
		5.55		6.22		-
8. Other receivables						
Receivables considered good						
- Secured	-		-		-	
- Unsecured	**2.98**		-		-	
		2.98		-		-
		2.98		-		-

(₹ in crore)

Particulars		As at March 31, 2019		As at March 31, 2018		As at April 1, 2017
9. Loans						
a) Loans (Refer Note No. 48 - Credit Risk section)						
(i) Secured						
Private company in which director is a member/director		**-**		-		10.60
Others		**11,624.38**		13,184.53		10,908.66
(ii) Unsecured		**347.04**		573.58		1,301.43
b) Installments due						
(i) Secured		**166.45**		277.73		348.83
(ii) Unsecured		**1.92**		0.01		-
c) Interest accrued on loans #						
(i) Secured		**577.75**		397.98		225.62
(ii) Unsecured		**43.17**		0.38		2.99
Gross credit exposure		**12,760.71**		14,434.21		12,798.12
Less : Expected credit loss						
- Contingent provision against standard assets	**(384.08)**		(142.51)		(170.21)	
- Provision for NPA & doubtful debts	**(152.77)**		(509.07)		(416.62)	
		(536.85)		(651.58)		(586.83)
Net credit exposure		**12,223.86**		13,782.63		12,211.29

Interest accrued on loans as at April 1, 2017 includes ₹ 0.13 crore, due by Private Company in which one director is a member /director (₹ Nil as at March 31, 2019 and ₹ Nil as at March 31, 2018).

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost			
Secured by tangible assets	12,411.75	13,860.24	11,493.72
Unsecured	348.96	573.97	1,304.40
Total - Gross	**12,760.71**	14,434.21	12,798.12
Less : Impairment loss allowance	536.85	651.58	586.83
Total - Net	**12,223.86**	13,782.63	12,211.29
Loans in India			
- Public sector	**-**	-	-
- Others	**12,760.71**	14,434.21	12,798.12
Total - Gross	**12,760.71**	14,434.21	12,798.12
Less: Impairment loss allowance	**536.85**	651.58	586.83
Total - Net	**12,223.86**	13,782.63	12,211.29

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(₹ in crore)

Particulars	Quantity	At amortised cost	At fair value through: Other comprehensive income	At fair value through: Profit and loss	At fair value through: Subtotal	Total
10 Investments						
As at March 31, 2019						
(a) Equity Shares valued at fair value unless stated otherwise						
Unquoted, fully paid-up						
- Subsidiary Company						
Gulfoss Enterprise Pvt Ltd	10 000	-	-	0.01	0.01	0.01
- Others						
GVR Infra Project Ltd	3 19 617	-	-	#	-	-
Share Microfin Limited	67,526	-	-	#	-	-
SWAWS Credit Corporation India Private Limited	17 20 668	-	-	#	-	-
(b) Preference Shares valued at fair value unless stated otherwise						
Unquoted, fully paid-up						
0.10% Cumulative, Non Convertible, Redeemable Preference share of 3I Infotech Ltd	4 18 39 000	-	-	23.64	23.64	23.64
0.001% Optionally Convertible Cumulative Redeemable Preference share of Asmitha Microfin Limited	2 19 00 238	-	-	#	-	-
0.001% Optionally Convertible Cumulative Redeemable Preference share of Share Microfin Limited	2 229	-	-	#	-	-
(c) Debentures & Bonds valued at amortised cost						
Unquoted, fully paid-up						
SWAWS Credit Corporation India Private Limited -OCD-18-March -2018	57 355	-	-	#	-	-
GVR Infra Project Ltd 10% OCD	6 46 83 384	-	-	#	-	-
(d) Security Receipts valued at fair value unless stated otherwise						
Unquoted, fully paid-up						
Suraksha ARC Trust 002-22 Dec.2016	1 98 900	-	-	13.15	13.15	13.15
Suraksha ARC Trust 003 -22 Dec.2016	26 350	-	-	2.62	2.62	2.62
Reliance ARC Trust 026 -30 Dec.2016	5 61 344	-	-	78.54	78.54	78.54
(e) Others -Unit of AIF valued at fair value unless stated otherwise						
Quoted*, fully paid-up						
IFMR Impact Long Term Multi Asset Class Fund	2 490	-	-	26.46	26.46	26.46
(f) Unit of Mutual Fund valued at fair value unless stated otherwise						
Quoted*, fully paid-up						
Reliance Short Term Fund-Direct Plan -Growth Plan -Gr Opt	8 77 083	-	-	3.16	3.16	3.16
Total (a) - Gross		**-**	**-**	**147.58**	**147.58**	**147.58**
(Less): Impairment loss allowance		-	-	-	-	-
Total (A) - Net		**-**	**-**	**147.58**	**147.58**	**147.58**
Investments outside India		-	-	-	-	-
Investments in India		-	-	147.58	147.58	147.58
Total (B) - Gross		**-**	**-**	**147.58**	**147.58**	**147.58**
(Less): Impairment loss allowance		-	-	-	-	-
Total (B) - Net		**-**	**-**	**147.58**	**147.58**	**147.58**

Investments written off

(₹ in crore)

Particulars	Quantity	At amortised cost	At fair value through			Total
			Other comprehensive income	Profit and loss	Subtotal	
As at March 31, 2018						
(a) Equity Shares valued at fair value unless stated otherwise						
Quoted, fully paid-up						
3I Infotech Ltd	75 88 632	-	-	7.59	7.59	7.59
Unquoted, fully paid-up						
GVR Infra Project Ltd	3 19 617	-	-	2.15	2.15	2.15
Share Microfin Limited	67 526	-	-	0.43	0.43	0.43
SWAWS Credit Corporation India Private Limited	17 20 668	-	-	#	-	-
(b) Preference Shares valued at fair value unless stated otherwise						
Unquoted, fully paid-up						
0.10% Cumulative, Non Convertible, Redeemable Preference share of 3I Infotech Ltd	4 18 39 000	-	-	23.64	23.64	23.64
0.001% Optionally Convertible Cumulative Redeemable Preference share of Asmitha Microfin Limited	2 19 00 238	-	-	21.90	21.90	21.90
0.001% Optionally Convertible Cumulative Redeemable Preference share of Share Microfin Limited	2 229	-	-	*	-	-
*₹ 22,290						
(c) Debentures & Bonds valued at amortised cost						
Unquoted, fully paid-up						
SWAWS Credit Corporation India Private Limited -OCD-18-March -2018	57 355	-	-	#	-	-
Shah Group Builders Limited -NCD-SR-II 30-Sep-2016	15 00 000	-	-	#	-	-
GVR Infra Project Ltd 10% OCD	6 46 83 384	6.45	-	-	-	6.45
(d) Security Receipts valued at fair value unless stated otherwise						
Unquoted, fully paid-up						
Suraksha ARC Trust 002-22 Dec.2016	1 98 900	-	-	17.03	17.03	17.03
Suraksha ARC Trust 003 -22 Dec.2016	26 350	-	-	2.65	2.65	2.65
Reliance ARC Trust 026 -30 Dec.2016	6 71 834	-	-	98.27	98.27	98.27
(e) Others -Unit of AIF valued at fair value unless stated otherwise						
Quoted*, fully paid-up						
IFMR Impact Long Term Multi Asset Class Fund	2 490	-	-	26.45	26.45	26.45
Total (a) - Gross		**6.45**	**-**	**200.11**	**200.11**	**206.56**
(Less): Impairment loss allowance		(1.29)	-	(14.71)	(14.71)	(16.00)
Total (A) - Net		**5.16**	**-**	**185.40**	**185.40**	**190.56**
Investments outside India		-	-	-	-	-
Investments in India		6.45	-	200.11	200.11	206.56
Total (B) - Gross		**6.45**	**-**	**200.11**	**200.11**	**206.56**
(Less): Impairment loss allowance		(1.29)	-	(14.71)	(14.71)	(16.00)
Total (B) - Net		**5.16**	**-**	**185.40**	**185.40**	**190.56**

Investments written off

(₹ in crore)

Particulars	Quantity	At amortised cost	At fair value through			Total
			Other comprehensive income	Profit and loss	Subtotal	
As at April 1, 2017						
(a) Equity Shares valued at fair value unless stated otherwise						
Quoted, fully paid-up						
3I Infotech Ltd	2 46 80 693	-	-	24.68	24.68	24.68
Unquoted, fully paid-up						
SWAWS Credit Corporation India Private Limited	17 20 668	-	-	#	-	-
(b) Preference Shares valued at fair value unless stated otherwise						
Unquoted, fully paid-up						
0.001% Cumulative, Compulsory, Redeemable Non Convertible Preference share of Adone Hotels & Hospitality Limited	2 00 00 000	-	-	21.96	21.96	21.96
0.10% Cumulative, Non Convertible, Redeemable Preference share of 3I Infotech Ltd	4 18 39 000	-	-	23.64	23.64	23.64
0.001% Optionally Convertible Cumulative Redeemable Preference share of Asmitha Microfin Limited	62 54 000	-	-	6.25	6.25	6.25
0.001% Optionally Convertible Cumulative Redeemable Preference share of Share Microfin Limited	88 05 750	-	-	8.81	8.81	8.81
(c) Debentures & Bonds valued at amortised cost						
Unquoted, fully paid-up						
SWAWS Credit Corporation India Private Limited -OCD-18-March -2018	57 355	-	-	#	-	-
Shah Group Builders Limited -NCD-SR-II 30-Sep-2016	15 00 000	4.29	-	-	-	4.29
BKS Galaxy Realtors Private Limited-NCD-SR-II 30-Sep-2020	2 500	2.00	-	-	-	2.00
(d) Security Receipts valued at fair value unless stated otherwise						
Unquoted, fully paid-up						
Suraksha ARC Trust 002-22 Dec.2016	1 98 900	-	-	19.89	19.89	19.89
Suraksha ARC Trust 003 -22 Dec.2016	26 350	-	-	2.64	2.64	2.64
Reliance ARC Trust 026 -30 Dec.2016	8 15 924	-	-	116.03	116.03	116.03
(e) Others -Unit of AIF valued at fair value unless stated otherwise						
Quoted*, fully paid-up						
IFMR Impact Long Term Multi Asset Class Fund	2 490	-	-	26.26	26.26	26.26
Total (a) - Gross		**6.29**	**-**	**250.16**	**250.16**	**256.45**
(Less): Impairment loss allowance		(0.42)	-	(12.23)	(12.23)	(12.65)
Total (A) - Net		**5.87**	**-**	**237.93**	**237.93**	**243.80**
Investments outside India		-	-	-	-	-
Investments in India		6.29	-	250.16	250.16	256.45
Total (B) - Gross		**6.29**	**-**	**250.16**	**250.16**	**256.45**
(Less): Impairment loss allowance		(0.42)	-	(12.23)	(12.23)	(12.65)
Total (B) - Net		**5.87**	**-**	**237.93**	**237.93**	**243.80**

Investments written off

(₹ in crore)

Particulars		As at March 31, 2019		As at March 31, 2018		As at April 1, 2017
11. Other financial assets						
At amortised cost						
Security deposits - Unsecured, considered good		**14.30**		13.64		13.62
Excess interest spread receivable		**89.00**		171.07		174.00
Receivables as credit enhancement towards securitisation		**73.80**		-		-
Interest accrued on :						
- Investments	**0.95**		1.49		9.48	
- Fixed deposits with banks	**3.52**		1.36		1.12	
		4.47		2.85		10.60
		181.57		187.56		198.22
12. Current tax assets						
Unsecured, considered good						
Taxes paid (TDS & advance income tax)		136.44		79.80		31.55
(Net of income tax provision, as at March 31, 2019 ₹ 142.17 crore; as at March 31, 2018, ₹ 142.17 crore and as at April 1, 2017 ₹ 87.68 crore)						
		136.44		79.80		31.55
13. Deferred tax assets						
Deferred tax asset disclosed in the balance sheet comprises the following :						
a) Deferred tax liability						
(i) Related to property, plant and equipment		**34.78**		24.78		2.32
(ii) Unamortised brokerage & DSA expenditure		**13.69**		14.23		11.89
(iii) Fair value of investments		**6.53**		8.68		10.29
(iv) Excess interest spread receivable		**31.10**		165.22		141.66
(v) Interest on collateral deposits		**0.16**		(0.36)		0.46
		86.26		212.55		166.62
b) Deferred tax asset						
(i) Disallowance under the Income Tax Act, 1961		**(1.02)**		(0.59)		(1.28)
(ii) Expected credit loss		**(68.95)**		(221.50)		(151.51)
(iii) Unamortised processing fees		**(16.29)**		(28.95)		(17.95)
(iv) Tax lossess		**-**		-		-
		(86.26)		(251.04)		(170.74)
Net deferred tax liabilities/(asset) (a) - (b)		**-**		(38.49)		(4.12)

Note :

As a matter of prudence, w.e.f. January 1, 2019 the Company has decided not to recognise any deferred tax assets (net) in books of accounts. In future, it is recognised only to the extent that it is probable that future profits will be available against which the deductible temporary difference can be utilised.

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(₹ in crore)

Particulars	Freehold land	Buildings	Furniture & fixtures	Office Equipments	Computers	Plant & Machinery	Vehichles	Total
14. Property, plant and equipment								
a) Gross carrying amount								
Deemed cost as at April 1, 2017	-	-	12.24	9.82	30.50	-	1.10	53.66
Pursuant to scheme of arrangement	84.42	63.99	0.49	-	-	4.52	-	153.42
Additions during the year	-	0.12	0.13	0.15	3.94	-	1.33	5.67
Deduction during the year	-	-	0.09	0.16	1.66	-	0.04	1.96
Carrying amount as at March 31, 2018	**84.42**	**64.11**	**12.77**	**9.81**	**32.78**	**4.52**	**2.39**	**210.80**
Additions during the year	-	-	0.38	0.17	0.68	-	-	1.23
Deduction during the year	-	-	0.27	0.11	1.64	-	-	2.02
Carrying amount as at March 31, 2019	**84.42**	**64.11**	**12.88**	**9.87**	**31.82**	**4.52**	**2.39**	**210.01**
b) Accumulated depreciation								
Opening accumulated depreciation	-	-	3.71	5.74	24.31	-	0.82	34.58
For the year	-	3.31	1.53	1.44	4.23	0.98	0.19	11.68
Deduction during the year	-	-	0.03	0.15	1.56	-	0.03	1.78
Accumulated depreciation as at March 31, 2018	**-**	**3.31**	**5.21**	**7.03**	**26.98**	**0.98**	**0.98**	**44.49**
For the year	-	3.31	1.21	1.32	3.52	0.87	0.30	10.53
Deduction during the year	-	-	0.11	0.07	1.17	-	-	1.35
Accumulated depreciation as at March 31, 2019	**-**	**6.63**	**6.31**	**8.28**	**29.33**	**1.85**	**1.28**	**53.67**
c) Net carrying amount								
As at April 1, 2017	-	-	8.53	4.08	6.19	-	0.28	19.08
As at March 31, 2018	84.42	60.79	7.56	2.78	5.80	3.54	1.41	166.30
As at March 31, 2019	**84.42**	**57.48**	**6.57**	**1.60**	**2.49**	**2.67**	**1.11**	**156.34**

(₹ in crore)

Particulars	Intangible assets under development	Goodwill on business acquisition	Other Intangible Assets (Computer Software)	Total
15 Intangible assets				
a) Gross carrying amount				
Deemed cost as at April 1, 2017	-	-	35.37	35.37
Pursuant to scheme of arrangement	-	160.14	-	160.14
Additions during the year	2.53	-	23.45	25.98
Carrying amount as at March 31, 2018	**2.53**	**160.14**	**58.82**	**221.49**
Additions during the year	5.56	-	2.61	8.16
Deduction during the year	(4.46)			(4.46)
Adjustments /Transfer from			4.46	4.46
Carrying amount as at March 31, 2019	**3.63**	**160.14**	**65.89**	**229.65**
b) Accumulated depreciation				
Opening accumulated depreciation	-	-	25.07	25.07
For the year	-	-	6.32	6.32
Deduction during the year	-	-	-	-
Accumulated depreciation as at March 31, 2018	**-**	**-**	**31.39**	**31.39**
For the year	-	-	9.03	9.03
Accumulated depreciation as at March 31, 2019	**-**	**-**	**40.42**	**40.42**
c) Net carrying amount				
As at April 1, 2017	-	-	10.30	10.30
As at March 31, 2018	2.53	160.14	27.43	190.10
As at March 31, 2019	**3.63**	**160.14**	**25.47**	**189.24**

(₹ in crore)

Particulars		As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
16.	**Other non- financial assets**						
	Sundry advances						
	- Considered good	**2.88**		41.42		23.45	
	- Considered doubtful	**-**		-		-	
			2.88		41.42		23.45
	Repossessed assets held for sale	**3.60**		103.73		36.08	
	Less : Provision for impairment loss	**2.21**		88.50		30.37	
			1.39		15.23		5.71
	Interest on collateral		**0.45**		1.30		1.34
	Prepaid expenses		**13.68**		4.85		5.35
	Goods and service tax input credit		**11.74**		0.02		0.08
			30.14		62.82		35.93
17.	**Trade payables**						
	Total outstanding dues of :						
	- Micro enterprises and small enterprises		**-**		-		-
	- Creditors other than micro enterprises and small enterprises						
	(i) Due to related party	**-**		-		-	
	(ii) Due to others	**0.63**		8.07		15.26	
			0.63		8.07		15.26
			0.63		8.07		15.26
18.	**Other payables**						
	Total outstanding dues of :						
	- Micro enterprises and small enterprises		**-**		-		-
	- Creditors other than micro enterprises and small enterprises						
	(i) Due to related party	**-**		-		-	
	(ii) Due to others	**-**		-		-	
			-		-		-
	Collateral deposit from customers		**104.49**		133.39		113.61
	Liabilities towards securitisation transactions		**1,817.31**		-		-
			1,921.80		133.39		113.61
19.	**Debt securities**						
	Non convertible debentures (Refer Note No. 51)						
	- Secured (Refer note "a" below)	**2,050.93**		2,802.84		-	
	- Unsecured	**200.00**		200.00		-	
			2,250.93		3,002.84		-
	Market link debentures						
	- Secured (Refer note "a" below)		**67.73**		-		-
	Total debt securities (a)		**2,318.66**		3,002.84		-
	Debt securities in India		**2,318.66**		3,002.84		-
	Debt securities outside India		**-**		-		-
	Total debt securities (b)		**2,318.66**		3,002.84		-

(₹ in crore)

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
20. Borrowings						
At amortised cost						
From banks / financial institutions (Refer Note No. 52)						
- Secured						
(i) Term loan - (Refer note "b" below)	**5,621.17**		7,313.07		8,740.96	
(ii) Cash credit facilities - (Refer note "c" below)	**1,369.78**		1,404.55		523.24	
	6,990.95		8,717.62		9,264.20	
- Unsecured						
(i) Term loan	**-**		150.00		310.00	
		6,990.95		8,867.62		9,574.20
From others						
- Unsecured						
(i) Commercial papers (Refer note "d" below)	**611.28**		127.40		986.90	
(ii) Inter corporate deposits	**363.19**		-		-	
		974.47		127.40		986.90
Total borrowings (a)		**7,965.42**		8,995.02		10,561.10
Borrowings in India		**7,965.42**		8,995.02		10,561.10
Borrowings outside India		**-**		-		-
Total borrowings (b)		**7,965.42**		8,995.02		10,561.10

Notes:

a) Security clause in respect to debentures

Rated, Listed, Secured, Redeemable, Non-convertible Debentures ("Secured NCDs") amounting to ₹ 2,150 crore (March 31, 2018 - ₹ 2,824 crore, April 1, 2017 - Nil) are secured by way of a first charge & mortgage over the Company's Gujarat Immovable Property and first pari-passu charge on all present and future book debts, business receivables, current assets, investments and all other assets of the Company.

b) Security clause of term loans from banks / financial institutions :

i. Term loan amounting to ₹ 4,633.67 crore (March 31, 2018 - ₹ 6,813.07 crore, April 1, 2017 - ₹ 8,740.96 crore) are secured by way of a first pari-passu charge on all present and future book debts, business receivables, current assets, investments and all other assets except for charges created in favour of National Bank for Agriculture and Rural Development (NABARD) as given below.

ii. Term Loan amounting to ₹ 987.50 crore (March 31, 2018 - ₹ 500 crore, April 1, 2017 - Nil) availed from the NABARD, is secured by way of first charge on book debts and receivables of the Company to the extent of ₹ 1,160.31 crore (March 31, 2018 - ₹ 588 crore, April 1, 2017 - Nil).

c) Security clause of cash credit from banks / financial institutions :

Cash credit amounting to ₹ 1,369.78 crore (March 31, 2018 - ₹ 1,404.55 crore, April 1, 2017 - ₹ 523.24 crore) are secured by way of a first pari-passu charge on all present and future book debts, business receivables, current assets, investments and all other assets of the Company.

d) In respect of commercial papers maximum amount outstanding during the year was ₹ 889.47 crore ((March 31, 2018 - ₹ 2,462.31 crore; April 1, 2017 - ₹ 987.02 crore).

(₹ in crore)

Particulars		**As at March 31, 2019**		As at March 31, 2018		As at April 1, 2017
21. Subordinated liabilities						
Unsecured						
Non-convertible tier II debentures (Refer Note No. 51)		**81.00**		81.00		-
Preference share capital						
13,80,851 Preference shares of ₹ 1 Each	**0.14**		0.14		-	
(As at March 31, 2018 13,79,857 Preference shares of ₹ 1 Each)						
From related party						
40,00,00,000 Preference shares of ₹ 10 Each	**-**		400.00		400.00	
		0.14		400.14		400.00
Total subordinated liabilities (a)		**81.14**		481.14		400.00
In India		**81.14**		481.14		400.00
Outside India (# ₹ 994)		**#**		-		-
Total subordinated liabilities (b)		**81.14**		481.14		400.00
22. Other financial liabilities						
Payable under securitisation / assignment (Net)		**182.99**		215.54		293.82
Interest accrued but not due on :						
– Non convertible debentures	**133.58**		54.61		-	
– Cash Credit	**0.43**		-		-	
– Inter Corporate Deposit	**1.49**		-		-	
– Term Loan	**17.78**		-		-	
– Preference share	**-**		48.39		0.39	
		153.28		103.00		0.39
Dividend payable (* ₹ 272)		*****		-		-
		336.27		318.54		294.21
23. Provisions						
Employee benefits (Refer Note No. 46)						
– Gratuity	**2.44**		1.76		2.51	
– Leave encashment	**0.48**		0.58		1.22	
		2.92		2.34		3.73
Provision for expenses		**40.48**		47.66		22.89
		43.40		50.00		26.62
24. Other non-financial liabilities						
Advance receipts from borrowers		**20.31**		67.47		60.58
Book overdraft		**-**		11.03		3.86
Statutory dues payables		**3.86**		8.04		4.21
Other payable		**6.99**		12.77		22.29
Goods & Service Tax payable		**-**		2.78		-
		31.16		102.09		90.94

(₹ in crore)

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Nos.	**Value**	Nos.	Value	Nos.	Value
25 Share capital - Equity & Preference						
Authorised						
Equity shares of ₹ 10 each	**60 00 00 000**	**600.00**	60 00 00 000	600.00	20 00 00 000	200.00
Preference shares of ₹ 10 each	**40 00 00 000**	**400.00**	40 00 00 000	400.00	40 00 00 000	400.00
Preference shares of Re. 1 each	**20 00 000**	**0.20**	20 00 000	0.20		
		1,000.20		1,000.20		600.00
Issued, subscribed & paid-up						
Equity share capital						
Equity shares of ₹ 10 each	**13 53 25 700**	**135.33**	13 53 25 700	135.33	12 28 25 700	122.83
		135.33		135.33		122.83
Preference share capital						
Preference shares of ₹ 10 each	**40 00 00 000**	**400.00**	-	-	-	-
		535.33		135.33		122.83
a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year.						
Outstanding at the beginning of the year	**13 53 25 700**	**135.33**	12 28 25 700	122.83	12 28 25 700	122.83
Shares issued during the year	**-**	**-**	1 25 00 000	12.50	-	-
Outstanding at the end of the year	**13 53 25 700**	**135.33**	13 53 25 700	135.33	12 28 25 700	122.83

b) Terms/rights/restrictions attached to equity shares

The Company has only one class of equity shares having a face value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The dividend proposed by the board of directors is subject to the approval of shareholders at the ensuing annual general meeting, is paid in indian rupees, except in case of interim dividend.

c) Terms/rights/restrictions attached to preference shares

In case of 0% Non-Convertible Redeemable Preference Shares of ₹ 10 each

40,00,00,000, 0%Non-Cumulative Non-Participative and Non convertible Redeemable Preference Shares of ₹ 10/- each (NPNCRPS) shall be redeemed at any time on or before 5 years from the date of allotment i.e. March 29, 2017. These NPNCRPS shall be redeemed at a premium to an amount calculated to yield a return of 12% per annum with effect from date of allotment up to the date of redemption.

With effect from April 1, 2018 the Company has changed the terms of its NPNCRPS. Pursuant to revised terms :

i) 0% NPNCRPS of ₹ 10 each has been changed to 12% Non Cumulative Compulsorily Convertible Redeemable Preference (NCCCRPS) of ₹ 10 each with an option to the Company and the holder thereof to convert the NCCCRPS into fully paid equity shares of the Company.

ii) The Call Option can be exercised at any time on or before 15 years from the date of allotment i.e. March 29, 2017, by giving 30 days prior written notice.

iii) These NCCCRPS shall be converted into fully paid equity shares of the Company at the end of its tenure, in the conversion ratio of 50 NCCCRPS of face value of ₹ 10 each will be converted into 1 Equity Share of face value of ₹ 10 each at a premium of ₹ 490/- per share. Equity shares arising out of conversion of NCCCRPS shall rank pari passu with the then existing equity shares of the Company.

d) Shares of the Company held by the holding company

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Nos.	**%**	Nos.	%	Nos.	%
Reliance Capital Limited	**13 53 25 694**	**100%**	13 53 25 694	100%	12 28 25 694	100%
Reliance Capital Ltd. and its nominees	**6**	**0%**	6	0%	6	0%
	13 53 25 700	**100%**	13 53 25 700	100%	12 28 25 700	100%
e) Details of shareholders holding more than 5% of the shares in the Company						
Reliance Capital Limited	**13 53 25 700**	**100%**	13 53 25 700	100%	12 28 25 700	100%
	13 53 25 700	**100%**	13 53 25 700	100%	12 28 25 700	100%

(₹ in crore)

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
26 Other equity						
Reserves and surplus						
i) Securities premium account						
As per last balance sheet	**2,077.62**		1,690.12		-	
Add : On MLD issued during the year	**0.49**		-		-	
Add : On equity shares issued during the year	**-**		387.50		1,690.12	
		2,078.11		2,077.62		1,690.12
ii) Earmarked for preference share redemption reserve (Refer note 1 below)						
As per last balance sheet	**0.39**		0.39		0.39	
Add : Transfer during the year	**-**		-		-	
Less : Paid during the year	**(0.39)**		-		-	
		-		0.39		0.39
iii) Statutory reserve fund (Refer note 2 below)						
As per last balance sheet	**100.86**		59.19		59.19	
Add : Transfer from retained earning during the year	**-**		41.67		-	
		100.86		100.86		59.19
iv) Retained earning						
As per last balance sheet	**41.11**		(78.79)		(78.79)	
Add : Transfer from statement of profit & loss	**(1,893.41)**		168.96		-	
Less : Transfer to statutory reserve fund	**-**		(41.67)		-	
Less : Yield on preference share paid	**(48.00)**		-		-	
Less : Dividend paid on equity shares	**(6.77)**		(6.14)		-	
Less : Dividend distribution tax	**(1.39)**		(1.25)		-	
		(1,908.46)		41.11		(78.79)
TOTAL		**270.51**		2,219.98		1,670.91

Notes:

1. Earmarked for preference share redemption reserve created pursuant to the terms of allotment of Non-Cumulative, Non-Participating and Non-Convertible redeemable preference shares as effective yield of 12% repayable at the maturity.
2. Statutory reserve fund created pursuant to section 45-IC of the Reserve Bank of India Act, 1934.

27 Nature and purpose of other equity

a) Securities premium

Securities premium is used to record the premium on issue of securities. It can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

b) Earmarked for preference share redemption reserve

Earmarked for preference share redemption reserve created pursuant to the terms of allotment of Non-Cumulative, Non-Participating and Non-Convertible redeemable preference shares as effective yield of 12% repayable at the maturity.

c) Statutory reserve fund in terms of section 45-IC (1) of the Reserve Bank of India Act, 1934

Statutory reserve fund is created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934 by transferring 20% of the profit for the year for NBFC companies.

d) Retained earnings

Retained earnings represents the surplus in profit and loss account and appropriations.

The Company recognises change on account of re-measurement of the net defined benefit liability/(asset) as part of retained earnings with separate disclosure, which comprises of:

- actuarial gains and losses;
- return on plan assets, excluding amounts included in net interest on the net defined benefit liability/(asset); and
- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability/(asset).

(₹ in crore)

Particulars	2018-19		2017-18	
28. Interest income				
On financial assets measured at amortised costs:				
Interest income on :				
- Loans	**1,689.51**		1,856.78	
- Fixed deposits	**8.72**		13.80	
- Investment	**2.47**		4.89	
		1,700.70		1,875.47
		1,700.70		1,875.47
29. Fees & commission Income				
Brokerage & commission		**9.32**		8.77
Servicing fee income		**6.82**		17.18
		16.14		25.95
30 Net gain on derecognition of financial instruments				
At amortised Cost				
Foreclosure & other operating charges		**30.15**		38.81
Profit on loans sold to other NBFC		**6.00**		-
Profit/(Loss) on sale of investments (net)				
- Current	**11.90**		69.30	
- Long term	**-**		(8.28)	
		11.90		61.02
At fair value through Profit & Loss				
Profit on sale of derivatives (net)		**0.28**		-
		48.33		99.83
31. Other operating income				
Bad debts recovered		**8.70**		2.85
		8.70		2.85

(₹ in crore)

Particulars	2018-19		2017-18	
32. Other income				
Profit on sale of property, plant & equipments		-		0.05
Miscellaneous income		0.96		0.21
		0.96		0.26
33. Finance cost				
On financial liabilities measured at amortised cost:				
Interest on :				
- Borrowings from banks & financial institutions	788.81		884.32	
- Debt securities	313.73		95.44	
- Subordinated liabilities	7.33		50.48	
- Bodies corporate	1.62		50.53	
- Securitisation deal	47.44		16.88	
		1,158.93		1,097.65
Amortised :				
- Discount on commercial papers	56.77		80.92	
- Processing charges	3.54		0.05	
		60.31		80.97
		1,219.24		1,178.62
34. Fees and commission expenses				
Credit cost		1.45		0.81
Collection cost		21.67		20.04
		23.12		20.85
35. Impairment on financial instruments				
At amortised cost:				
- Loans				
(i) Bad Debts written off	2,277.82		176.50	
(ii) Provision/(Reversal) for NPA & doubtful debts	(356.30)		92.09	
(iii) Contingent provision against standard assets	241.57		(27.70)	
(iv) Provision for impairment loss	(79.83)		58.13	
(v) (Profit)/ Loss on sale of repossessed assets	(0.21)		17.43	
		2,083.03		316.45
- Investments				
(i) Investments written Off	30.95		4.19	
(ii) (Reversal)/Provision for diminution In value of investments	(16.00)		3.35	
		14.95		7.54
At Fair value through Profit & Loss				
(i) Net (gain) / Loss on MLD at fair value through profit or loss	2.96		-	
(ii) Net (gain) / Loss on investments at fair value through profit or loss	3.33		6.98	
		6.29		6.98
		2,104.27		330.97

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(₹ in crore)

Particulars	2018-19	2017-18
36. Employee benefits expense		
- Salaries and wages	**108.53**	117.87
- Contribution to provident fund and other Funds	**5.51**	4.98
- Staff welfare & other amenities	**4.22**	6.15
	118.26	129.00
37. Other expenses		
Auditor's remuneration (Refer Note No. 38)	**0.57**	0.12
Bank charges	**1.48**	1.47
Corporate social responsibility expenditures (Refer note no. 39)	**4.31**	2.56
Directors' sitting fees	**0.16**	0.25
Legal & professional fees	**47.88**	45.24
Management expenses	**6.54**	6.52
Miscellaneous expenses	**3.44**	5.90
Postage,telegram & telephone	**1.56**	2.17
Printing and stationary	**3.71**	3.14
Rent	**12.81**	17.96
Rates and taxes	**3.25**	2.93
Repairs & maintenance	**27.26**	26.51
Travel & conveyance	**6.78**	7.39
Marketing expenses	**29.81**	12.50
Loss on sale of property, plant & equipments	**0.48**	-
Debit balance written off	**-**	8.15
	150.04	142.81
38. Auditors' remuneration		
Audit fees	**0.24**	0.12
Certification charges	**0.32**	-
Out-of-pocket expenses	**0.01**	-
Total	**0.57**	0.12

39. Corporate Social responsibility expenditures (CSR)

As per Section 135 of the Companies Act, 2013 the Company is under obligation to incur Corporate Social Expenditures (CSR) amounting to ₹ 4.31 crore (Previous year ₹ 2.56 crore), being 2% of the average net profit during the three immediately preceding financial years towards CSR, calculated in the manner as stated in the Act. During the year, the Company has incurred the same in cash, through a non-profit centre engaged in the provision of health care and support for education for the purpose other than construction / acquisition of asset.

40. Income tax

a) The components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are as under :

(₹ in crore)

Particulars	2018-19	2017-18
Current tax	-	54.71
Deferred tax	**38.49**	(34.37)
Total	**38.49**	20.34

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2019 and March 31, 2018 is, as follows:

(₹ in crore)

Particulars	2018-19	2017-18
Accounting profit/(loss) before tax	**(1,853.63)**	190.07
Tax at India's statutory income tax rate under section 115JB of the Income Tax Act, 1961 i.e. Minimum Alternate Tax 21.55% (previous year 21.34%)	**(399.43)**	40.56
Tax effect of the amount which are not taxable in calculating taxable income :		
- Ind AS effect of transition period	**6.09**	-
- Provision for diminution in the value investments / MTM	**(3.45)**	0.71
- Provision for NPA & doubtful debts	**(76.78)**	(8.61)
- Provision for repossessed assets	**(0.05)**	(4.65)
- Contingent provision against standard assets	**52.06**	2.46
Income tax expense at effective tax rate	-	54.71
Deferred Tax expense at effective tax rate	**38.49**	(34.37)
Income tax expense at effective tax rate	**38.49**	20.34
Effective tax rate	**-2.08%**	10.70%

c) Deferred tax assets/liabilities

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax assets / liabilities: (₹ in crore)

Particulars	As at April 1, 2017	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2018
a) Deferred tax liability :				
Property, plant and equipment	2.32	22.46	-	24.78
Unamortised expenditure	11.90	2.33	-	14.23
Fair value of investments	10.29	(1.61)	-	8.68
Excess interest spread receivable	141.66	23.56	-	165.22
Interest on collateral deposits	0.46	(0.82)	-	(0.36)
	166.63	**45.92**	**-**	**212.55**
b) Deferred tax asset :				
Disallowance under the Income Tax Act, 1961	(1.29)	0.70	-	(0.59)
Expected credit loss	(151.51)	(69.99)	-	(221.50)
Unamortised processing fees	(17.95)	(11.00)	-	(28.95)
	(170.75)	**(80.29)**	**-**	**(251.04)**
Net deferred tax liabilities/(asset) (a) - (b)	**(4.12)**	**(34.37)**	**-**	**(38.49)**

(₹ in crore)

Particulars	As at March 31, 2018	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2019
a) Deferred tax liability :				
Property, plant and equipment	24.78	10.00	-	34.78
Unamortised expenditure	14.23	(0.54)	-	13.69
Fair value of investments	8.68	(2.15)	-	6.53
Excess interest spread receivable	165.22	(134.12)	-	31.10
Interest on collateral deposits	(0.36)	0.52	-	0.16
Deferred tax liabilities total (a)	**212.55**	**(126.29)**	**-**	**86.26**
b) Deferred tax asset :				
Disallowance under Income Tax Act,1961	(0.59)	(0.43)	-	(1.02)
Expected credit loss	(221.50)	152.55	-	(68.95)
Unamortised processing fees	(28.95)	12.66	-	(16.29)
Deferred tax assets total (b)	**(251.04)**	**164.78**	**-**	**(86.26)**
Net deferred tax liabilities/(asset) (a) - (b)	**(38.49)**	**38.49**	**-**	**-**

d) Tax losses

(₹ in crore)

Particulars	2018-19	2017-18
Unused tax losses for which no deferred tax asset has been recognised	**2,877.17**	857.81

41 Dividend paid and proposed during the year

(₹ in crore)

Particulars	2018-19	2017-18
(i) Declared and paid during the year		
Dividends on ordinary shares:	**6.77**	6.14
Final dividend for F.Y. 2018: ₹ 0.50 per share (F.Y. 2017: ₹ 0.50 per share)		
Dividends on preference shares:	*	-
* ₹ 39,348 (For F.Y. 2018 ₹ 0.10 per share on pro-rata basis)		
Total dividends paid	**6.77**	6.14
(ii) Proposed for approval at annual general meeting (not recognised as a liability as at March 31, 2019)	In view of current year loss, no dividend has been proposed by the Company	

42 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit/(loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

Notes to the Standalone Financial Statements for the year ended March 31, 2019

The following reflects the income and share data used in the basic and diluted EPS computations:

a) The basic earnings per share has been calculated based on the following:

Particulars	2018-19	2017-18
Net profit after tax available for equity shareholders (₹ in crore)	**(1,892.12)**	169.73
Weighted average number of equity shares (Nos.)	**13 53 25 700**	12 29 62 686

b) The reconciliation between the basic and the diluted earnings per share is as follows:

Particulars	2018-19	2017-18
Basic earnings per share (₹)	**(139.83)**	13.80
Diluted earnings per share (₹)	**(132.02)**	13.80

c) Weighted average number of equity shares is computed for the purpose of calculating diluted earning per share, after giving the dilutive impact of the outstanding Non-Cumulative Compulsorily Convertible Redeemable Preference Shares (NCCCRPS) for the respective years.

Particulars	2018-19	2017-18
Weighted average number of shares for computation of Basic EPS (Nos.)	**13 53 25 700**	12 29 62 686
Weighted average number of shares for computation of Diluted EPS (Nos.)	**14 33 25 700**	12 29 62 686

43 Contingent liabilities & capital commitments

(₹ in crore)

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
(a) Contingent liabilities			
(i) Guarantees to banks and financial institutions	**0.37**	70.71	338.47
(ii) Claims against the Company not acknowledges as debt	**3.46**	3.94	5.38
(b) Capital commitments			
i) Estimated amount of contracts remaining to be executed on capital account (net of advances)"	**2.71**	3.56	5.31
ii) Undrawn committed credit lines	**205.25**	340.51	554.36

44 Events occurring after the reporting date

(i) The Company's previous auditor, after resigning from the office in June 2019 submitted a report under Section 143(12) of the Companies Act, 2013 with the Ministry of Corporate Affairs (MCA). The Company was informed by its previous auditors that a report under Section 143(12) of the Companies Act, 2013 in Form ADT-4 has been filed with the MCA in June 2019. The Company has examined the matter and has concluded that the issues raised by the previous auditors, do not merit reporting under the said Section. The Company also appointed legal experts, who independently carried out an in-depth examination of the matter and the issues raised by the previous auditor. The legal experts have concluded and confirmed that there was no matter attracting Section 143(12) of the Companies Act, 2013. MCA has sought certain information on this matter and the Company is in process of providing the same.

(ii) In the ordinary course of business, the Company makes loans to borrowers and also recovers outstanding loans of diverse amounts from them as routine commercial transactions. Some of these involving similar amounts of loans made and amounts recovered were independent transactions in accordance with business requirements and the liquidity position. Applicable impairment and provisioning tests have been made and recorded appropriately in the financial statements, ensuring that there is no impact on revenue recognition during the year.

45 Capital Risk Management

The Company actively manages its capital base to cover risks inherent to its business and meet the capital adequacy requirement of RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

(i) Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company 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. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the board.

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.

(ii) Regulatory capital

The following additional information is disclosed in terms of the RBI circular (Ref No. DNBR. PD. 008 / 03.10.119 / 2016-17 dated September 01, 2016) and RBI circular DNBR(PD) CC No. 053 / 03.10.119 / 2015-16 :

(₹ in crore)

Capital to risk assets ratio (CRAR):	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Tier I capital	**(4,317.48)**	2,126.71	1,779.30
Tier II capital	**-**	623.65	570.21
Total capital	**(4,317.48)**	2,750.36	2,349.51
Risk weighted assets			
CRAR (%)	**-49.03%**	18.39%	17.06%
CRAR - Tier I capital (%)	**-49.03%**	14.22%	12.92%
CRAR - Tier II capital (%)	**-**	4.17%	4.14%
Amount of Subordinated Debt raised as Tier II Capital	**81.00**	81.00	-

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

Few of the Company's borrowers have undertaken onward lending transactions to companies which are identified as Group Companies by Reliance Capital Limited (holding company) in terms of the Core Investment Companies (Reserve Bank) Directions, 2016. Considering the end use of loans given, the Company has considered these loans as 'Exposure to group companies' and accordingly reduced from owned fund as part of the CRAR calculation for the financial year 2018-19. (Refer Note No. 57).

46 Employee benefit plans

a) Defined contribution plans

The Company has recognised the following amounts in the statement of profit and loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

(₹ in crore)

Particulars	2018-19	2017-18
Employer's contribution to provident fund	**3.18**	2.96
Employer's contribution to superannuation fund	**0.05**	0.04
Employer's contribution to pension scheme	**1.13**	1.20
Employer's contribution to Gratuity Fund	**2.44**	1.76
Total	**6.80**	5.96

b) Defined benefit plans

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

i) Balance Sheet

(₹ in crore)

	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2017	**2.51**	**-**	**2.51**
Current service cost	0.78	-	0.78
Interest expense/(income)	-	-	-
Liability Transferred In/Acquistions	5.37	-	5.37
Assets Transferred In/Acquistions	-	5.37	(5.37)
Return on plan assets	-	-	-
Acturial loss / (gain) arising from change in financial assumptions	(0.34)	-	(0.34)
Acturial loss / (gain) arising from change in demographic assumptions	-	-	-
Acturial loss / (gain) arising on account of experience changes	1.42	0.10	1.32
Employer contributions	-	-	-
Benefit payments	(2.62)	(2.62)	-
As at March 31, 2018	**4.61**	**2.85**	**1.76**
Current service cost	**1.01**	**-**	**1.01**
Interest expense/(income)	**0.37**	**0.23**	**0.14**
Return on plan assets	**-**	**(0.14)**	**0.14**
Acturial loss / (gain) arising from change in financial assumptions	**0.04**	**-**	**0.04**
Acturial loss / (gain) arising from change in demographic assumptions	**-**	**-**	**-**
Acturial loss / (gain) arising on account of experience changes	**1.11**	**-**	**1.11**
Reversal of the liability	**-**	**-**	**-**
Employer contributions	**-**	**1.76**	**(1.76)**
Benefit payments	**(2.65)**	**(2.65)**	**-**
As at March 31, 2019	**4.49**	**2.05**	**2.44**

ii) Statement of Profit and Loss

(₹ in crore)

Particulars	**2018-19**	2017-18
Employee Benefit Expenses:		
Net Interest cost	**0.14**	-
Current service cost	**1.01**	0.78
Total	**1.15**	0.78
Finance cost	**-**	-
Net impact on the profit before tax	**1.15**	0.78
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	**0.14**	-
Actuarial gains/(losses) arising from changes in financial assumptions	**1.15**	0.34
Actuarial gains/(losses) arising from changes in experience	**-**	(1.42)
Actuarial gains/(losses) arising from changes in experience	**-**	0.10
Net impact on the other comprehensive income before tax	**1.29**	(0.98)

iii) Defined benefit plans assets

Category of assets (% allocation)	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Insurer managed funds			
- Government securities	**-**	-	-
- Deposit and money market securities	**100.00**	100.00	100.00
- Debentures / bonds	**-**	-	-
- Equity shares	**-**	-	-
Total	**100.00**	100.00	100.00

iv) Actuarial assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement medical benefits at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Discount rate (%)	**7.79%**	7.86%	7.34%
Salary escalation rate* (%)	**6.00%**	6.00%	6.00%

* takes into account the inflation, seniority, promotions and other relevant factors

v) Demographic assumptions

Mortality Rate : Indian Assured Lives Mortality (2006-08) Ultimate

Attrition Rate: For Service 4 years and below 5.00% p.a.

For Service 5 years and below 1.00% p.a.

Valuation Input

Retirement Age 58 Years

Vesting Period 5 Years

vi) Sensitivity (₹ in crore)

As at March 31, 2019	Change in assumption	Impact on defined benefit obligation	
		Increase	**Decrease**
Discount rate	**1%**	**(0.54)**	**0.63**
Salary escalation rate	**1%**	**0.64**	**(0.55)**
Employee Turnover rate	**1%**	**0.07**	**(0.08)**

As at March 31, 2018	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	1%	(0.57)	0.67
Salary escalation rate	1%	0.68	(0.58)
Employee Turnover rate	1%	0.09	(0.10)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

vi) Maturity

The defined benefit obligations shall mature after year end as follows: (₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
1st Following Year	**0.06**	0.19
2nd Following Year	**0.07**	0.07
3rd Following Year	**0.07**	0.07
4th Following Year	**0.16**	0.08
5th Following Year	**0.09**	0.16
Sum of 6 to 10	**1.16**	0.64

c) Phantom Stock Option Scheme:

As a long term incentive plan to employees, the Company has initiated Phantom Stock Option Plan on October 15, 2015 which are cash settlement rights where the employees are entitled to get cash compensation based on a agreed formulae linked to market value of subsidiary company shares upon exercise of phantom stock options over notional or hypothetical shares.

Liability towards the scheme is accounted for on the basis of an independent actuarial valuation done at the year end. The valuation of the shares is done considering the Projected Unit Credit Method and the progression of share price up to the exercise of the option. Fair Value of Phantom Stock Options was estimated on the date of grant on the assumptions of Discount Rate of 6.96% and Expected Life of 5 years.

Vested Phantom Options can be exercised on continuation of employment any time upto 3 years from the date of last vesting and upon cessation of employment as per the terms of the Scheme. Settlement of Phantom Option is done in cash within 90 days from the date of exercise. For the current year the Company has created provision of ₹ 0.19 crore (March 31, 2018 ₹ 0.33 crore).

47 Related party transactions

Disclosure of transactions with related parties as required by Ind AS 24

A. List of Related Parties and their relationship:

i) Holding Company

Reliance Capital Limited

ii) Subsidiary Company

Gullfoss Enterprises Private Limited (w.e.f. February 20, 2019)

iii) Subsidiaries of Holding Company / Fellow Subsidiaries

1 Reliance Nippon Life Asset Management Limited (Formerly Reliance Life Asset Management Limited) (ceased w.e.f. July 3, 2017)
2 Reliance Asset Management (Singapore) Pte Ltd (ceased w.e.f. July 3, 2017)
3 Reliance Asset Management (Mauritius) Limited (ceased w.e.f. July 3, 2017)
4 Reliance AIF Management Company Limited (ceased w.e.f. July 3, 2017)
5 Reliance Capital Pension Fund Limited
6 Reliance Capital AIF Trustee Company Private Limited
7 Reliance Capital Trustee Company Limited
8 Reliance Commodities Limited
9 Reliance Exchangenext Limited
10 Reliance Financial Limited
11 Reliance General Insurance Company Limited
12 Reliance Home Finance Limited
13 Reliance Nippon Life Insurance Company Limited (Formerly Reliance Life Insurance Company Limited)
14 Reliance ARC-SBI Mansarovar Trust
15 Reliance Health Insurance Limited (w.e.f. May 4, 2017)
16 Reliance Money Precious Metals Private Limited
17 Reliance Money Solutions Private Limited
18 Reliance Securities Limited

19 Reliance Corporate Advisory Services Limited (Formerly Reliance Spot Exchange Infrastructure Limited)
20 Reliance Wealth Management Limited
21 Quant Capital Private Limited
22 Quant Broking Private Limited
23 Quant Securities Private Limited
24 Quant Investment Services Private Limited

iv) Associates of Holding Company

1 Reliance Nippon Life Asset Management Limited (w.e.f. April 1, 2018)
2 Reliance Asset Reconstruction Company Limited
3 Ammolite Holdings Limited
4 Indian Commodity Exchange Limited

v) Subsidiaries of Associates of Holding Company (w.e.f. April 1, 2018)

1 Reliance AIF Management Company Limited
2 Reliance Asset Management (Singapore) Pte Ltd.
3 Reliance Asset Management (Mauritius) Limited

vi) Parties Under Common Control (ceased w.e.f. October 3, 2017)

1 Reliance Communications Limited
2 Reliance IDC Limited
3 Reliance Big Entertainment Limited
4 Reliance Infratel Limited
5 Reliance Infrastructure Limited

vii) Key management personnel

1 Shri Devang Mody - CEO (w.e.f. April 3, 2017) & Executive Director (w.e.f. April 20, 2017), Executive Director and CEO (Ceased w.e.f. December 31, 2018)
2 Shri Dhananjay Tiwari - Executive Director (w.e.f. March 1, 2019)
3 Shri Amrish Shah - Chief Financial Officer (Ceased w.e.f. March 6, 2018)
4 Shri Sandeep Khosla - Chief Financial Officer (w.e.f. September 5, 2018)
5 Smt. Ekta Thakurel - Company Secretary

B. Transactions during the year with related parties:

(₹ in crore)

Particulars		Holding Company	Fellow Subsidiaries	Associates of Holding	Parties under common control	Key Management Personnel	Total
With Reliance Capital Limited							
Equity Share Capital							
a)	Issued during the year	**-**	**-**	**-**	**-**	**-**	**-**
		(12.50)	(-)	(-)	(-)	(-)	(12.50)
b)	Balance as at March 31, 2019	**135.33**	**-**	**-**	**-**	**-**	**135.33**
		(135.33)	(-)	(-)	(-)	(-)	(135.33)
		[122.83]	[-]	[-]	[-]	[-]	[122.83]
Preference Share Capital							
a)	Issued during the year	**-**	**-**	**-**	**-**	**-**	**-**
		(-)	(-)	(-)	(-)	(-)	(-)
b)	Balance as at March 31, 2019	**400.00**	**-**	**-**	**-**	**-**	**400.00**
		(400.00)	(-)	(-)	(-)	(-)	(400.00)
		[400.00]	[-]	[-]	[-]	[-]	[400.00]

(₹ in crore)

Particulars		Holding Company	Fellow Subsidiaries	Associates of Holding	Parties under common control	Key Management Personnel	Total
Securities Premium Received on Issue of Equity Shares							
a)	Received on Issued during the year	-	-	-	-	-	-
		(387.50)	(-)	(-)	(-)	(-)	(387.50)
b)	Balance as at March 31, 2019	**2,078.01**	-	-	-	-	**2,078.01**
		(2,078.01)	(-)	(-)	(-)	(-)	(2,078.01)
		[1690.51]	[-]	[-]	[-]	[-]	[1690.51]
Dividend Paid							
a)	Dividend Paid	**6.77**	-	-	-	-	**6.77**
		(6.14)	(-)	(-)	(-)	(-)	(6.14)
Fixed Assets							
a)	Sale of Asset	-	-	-	-	-	-
		(0.06)	(-)	(-)	(-)	(-)	(0.06)
b)	Purchase of Asset	-	-	-	-	-	-
	(*₹ 1,515/-)	*	(-)	(-)	(-)	(-)	*
Inter Corporate Deposit (ICD's)							
a)	ICD Repaid (Received pursuant to RMW demerger)	-	-	-	-	-	-
		(107.00)	(-)	(-)	(-)	(-)	(107.00)
Income							
a)	Reimbursement of Expenses received	-	-	-	-	-	-
		(0.04)	(-)	(-)	(-)	(-)	(0.04)
Expenses							
a)	Management Fees	**7.08**	-	-	-	-	**7.08**
		(6.00)	(-)	(-)	(-)	(-)	(6.00)
b)	Interest Paid on ICD's	-	-	-	-	-	-
		(12.70)	(-)	(-)	(-)	(-)	(12.70)
c)	Reimbursement of expenses paid	**3.52**	-	-	-	-	**3.52**
		(3.09)	(-)	(-)	(-)	(-)	(3.09)
With Reliance Home Finance Limited							
Income							
a)	Reimbursement of Expenses received	-	**0.15**	-	-	-	**0.15**
		(-)	(0.01)	(-)	(-)	(-)	(0.01)
b)	Interest Received on ICD's	-	**0.22**	-	-	-	**0.22**
		(-)	(-)	(-)	(-)	(-)	(-)
Expenses							
a)	Interest Paid on ICD's	-	**0.13**	-	-	-	**0.13**
		(-)	(-)	(-)	(-)	(-)	(-)
b)	Valuation Expenses Paid	-	-	-	-	-	-
	(*₹ 27,600/-)	(-)	(*)	(-)	(-)	(-)	(*)
c)	Brokerage Expenses Paid	-	-	-	-	-	-
	(*₹ 89,956/-)	(-)	(*)	(-)	(-)	(-)	(*)

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(₹ in crore)

Particulars		Holding Company	Fellow Subsidiaries	Associates of Holding	Parties under common control	Key Management Personnel	Total
Inter - Corporate Loans							
a)	Loan Given	-	**58.00**	-	-	-	**58.00**
		(-)	(-)	(-)	(-)	(-)	(-)
b)	Loan Repaid	-	**58.00**	-	-	-	**58.00**
		(-)	(-)	(-)	(-)	(-)	(-)
c)	Loan Received	-	**50.00**	-	-	-	**50.00**
		(-)	(-)	(-)	(-)	(-)	(-)
d)	Loan Repaid	-	**50.00**	-	-	-	**50.00**
		(-)	(-)	(-)	(-)	(-)	(-)
e)	Outstanding Loan Balance	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)
		[-]	[-]	[-]	[-]	[-]	[-]
With Reliance General Insurance Company Limited							
Income							
a)	Reimbursement of Expenses received	-	**1.06**	-	-	-	**1.06**
		(-)	(1.06)	(-)	(-)	(-)	(1.06)
Expenses							
a)	Insurance Premium Paid	-	**0.96**	-	-	-	**0.96**
		(-)	(1.92)	(-)	(-)	(-)	(1.92)
b)	Rent Expenses	-	-	-	-	-	-
		(-)	(0.32)	(-)	(-)	(-)	(0.32)
With Reliance Nippon Life Assets Management Company Limited							
Income							
a)	Reimbursement of Expenses received	-	-	**0.01**	-	-	**0.01**
		(-)	(-)	(-)	(-)	(-)	(-)
With Reliance Nippon Life Insurance Company Limited							
Income							
a)	Reimbursement of Expenses received	-	**0.25**	-	-	-	**0.25**
		(-)	(0.16)	(-)	(-)	(-)	(0.16)
Expenses							
a)	Insurance Premium Paid	-	**0.40**	-	-	-	**0.40**
		(-)	(0.40)	(-)	(-)	(-)	(0.40)
b)	Reimbursement of expenses paid	-	**0.04**	-	-	-	**0.04**
		(-)	(-)	(-)	(-)	(-)	(-)
With Reliance Securities Limited							
Income							
a)	Reimbursement of Expenses received (*₹ 7,868/-)	-	*	-	-	-	*
		(-)	(-)	(-)	(-)	(-)	(-)

(₹ in crore)

Particulars		Holding Company	Fellow Subsidiaries	Associates of Holding	Parties under common control	Key Management Personnel	Total
Expenses							
a)	Brokerage Expenses paid	-	*	-	-	-	*
	(*₹ 15,127/-)	(-)	(*)	(-)	(-)	(-)	(*)
With Reliance IDC Limited							
Expenses							
a)	IT & Communication Expenses	-	-	-	-	-	-
		(-)	(-)	(-)	(0.24)	(-)	(0.24)
With Reliance Communications Limited							
Expenses							
a)	Reimbursement of Expenses Paid	-	-	-	-	-	-
		(-)	(-)	(-)	(0.01)	(-)	(0.01)
b)	Electricity Expenses	-	-	-	-	-	-
		(-)	(-)	(-)	(0.03)	(-)	(0.03)
c)	IT & Communication Expenses	-	-	-	-	-	-
		(-)	(-)	(-)	(0.47)	(-)	(0.47)
d)	Rent Expenses	-	-	-	-	-	-
		(-)	(-)	(-)	(0.15)	(-)	(0.15)
With Reliance Big Entertainment Private Limited							
Loans							
a)	Outstanding Loan Balance	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)
		[-]	[-]	[-]	[200.00]	[-]	[200.00]
With Reliance Asset Reconstruction Company Limited							
Income							
a)	Reimbursement of Expenses received	-	-	**0.01**	-	-	**0.01**
		(-)	(-)	(-)	(-)	(-)	(-)
Trade Receivables as on March 31, 2019							
a)	Reliance General Insurance Co Ltd	-	**1.05**	-	-	-	**1.05**
		(-)	(-)	(-)	(-)	(-)	(-)
		[-]	[-]	[-]	[-]	[-]	[-]
b)	Reliance Securities Ltd	-	**0.11**	-	-	-	**0.11**
		(-)	(-)	(-)	(-)	(-)	(-)
		[-]	[-]	[-]	[-]	[-]	[-]
c)	Reliance Home Finance Ltd	-	**0.15**	-	-	-	**0.15**
		(-)	(-)	(-)	(-)	(-)	(-)
		[-]	[-]	[-]	[-]	[-]	[-]

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(₹ in crore)

Particulars		Holding Company	Fellow Subsidiaries	Associates of Holding	Parties under common control	Key Management Personnel	Total
d)	Reliance Nippon Life Insurance Company Limited	**-**	**0.25**	**-**	**-**	**-**	**0.25**
		(-)	(-)	(-)	(-)	(-)	(-)
		[-]	[-]	[-]	[-]	[-]	[-]
e)	Reliance Asset Reconstruction Company Limited	**-**	**-**	**0.01**	**-**	**-**	**0.01**
		(-)	(-)	(-)	(-)	(-)	(-)
		[-]	[-]	[-]	[-]	[-]	[-]
f)	Reliance Nippon Life Asset Management Limited (*₹ 49,150/-)	**-**	**-**	*****	**-**	**-**	*****
		(-)	(-)	(-)	(-)	(-)	(-)
		[-]	[-]	[-]	[-]	[-]	[-]
Trade Payables as on March 31, 2019							
a)	Reliance Communication Limited	**-**	**-**	**-**	**-**	**-**	**-**
		(-)	(-)	(-)	(-)	(-)	(-)
		[-]	[-]	[-]	[0.05]	[-]	[0.05]
b)	Reliance Infrastructure Limited	**-**	**-**	**-**	**-**	**-**	**-**
		(-)	(-)	(-)	(-)	(-)	(-)
		[-]	[-]	[-]	[0.08]	[-]	[0.08]
Employee Benefit Expenses							
a)	Mr. Devang Mody	**-**	**-**	**-**	**-**	**2.86**	**2.86**
		(-)	(-)	(-)	(-)	(6.95)	(6.95)
b)	Mr. Amrish Shah	**-**	**-**	**-**	**-**	**-**	**-**
		(-)	(-)	(-)	(-)	(0.82)	(0.82)
c)	Mr. Sandeep Khosla	**-**	**-**	**-**	**-**	**0.38**	**0.38**
		(-)	(-)	(-)	(-)	(-)	(-)
d)	Mrs. Ekta Thakurel	**-**	**-**	**-**	**-**	**0.18**	**0.18**
		(-)	(-)	(-)	(-)	(0.17)	(0.17)

Notes :

1 Transaction values are including taxes and duties, if any.

2 Amounts in bracket : (-) denote previous years figures i.e. financial year 2017-18 and [-] denote figures as at April 1, 2017

3 Name of the related parties and nature of their relationships where control exists have been disclosed irrespective of whether or not there have been transactions with the Company. In other cases, disclosures have been made only when there have been transactions with those parties.

4 Related parties as defined under clause 9 of the Ind AS 24 'Related party disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. All above transactions are in the ordinary course of business and on an arms' length basis. All outstanding balances are to be settled in cash and are unsecured.

5 Provisions for gratuity, compensated absences and other long term service benefits are made for the Company as a whole and the amounts pertaining to the key managerial personnel are not specifically identified and hence are not included above.

6 There is no transaction with the subsidiary company during the period.

48 Risk management objectives and policies

(i) Risk Management Framework

A summary of the major risks faced by the Company, its measurement monitoring and management are described as under:

Nature of Risk	Arising from	Executive governance structure	Measurement, monitoring and management of risk
Liquidity and funding risk	Liquidity risk arises from mismatches in the timing of cash flows. Funding risk arises: (i) when long term assets cannot be funded at the expected term resulting in cashflow mismatches; (ii) amidst volatile market conditions impacting sourcing of funds from banks and money markets	Board appointed Asset Liability Committee (ALCO)	Liquidity and funding risk is: (i) measured by identifying gaps in the structural and dynamic liquidity statements. (ii) monitored by – assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory directions for NBFCs. – a constant calibration of sources of funds in line with emerging market conditions in banking and money markets. – periodic reviews by ALCO relating to the liquidity position and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by the Company. (iii) managed by the Company's treasury team under the guidance of ALCO.
Interest rate risk	Interest rate risk stems from movements in market factors, such as interest rates, credit spreads which impacts investments, income and the value of portfolios.	Board appointed Asset Liability Committee (ALCO)	Interest rate risk is: (i) monitored by assessment of probable impacts of interest rate sensitivities under simulated stress test scenarios given range of probable interest rate movements on both fixed and floating assets and liabilities. (ii) managed by the Company's treasury team under the guidance of ALCO.
Credit risk	Credit risk is the risk of financial loss arising out of a customer or counter party failing to meet their repayment obligations to the Company	Board appointed Risk Management Committee	Credit risk is: (i) measured as the amount at risk due to repayment default of a customer or counter party to the Company. Various matrics such as EMI default rate, overdue position, collection efficiency, customers non performing loans etc. are used as leading indicators to assess credit risk. (ii) monitored by Risk Management Committee using level of credit exposures, portfolio monitoring, repurchase rate, bureau data of portfolio performance and industry, geographic, customer and portfolio concentration risks. (iii) managed by a robust control framework by the risk department which continuously align credit policies, obtaining external data from credit bureaus and reviews of portfolios and delinquencies by senior and middle Management team comprising of risk, analytics, collection and fraud containment along with business. The same is periodically reviewed by the Board appointed Risk Management Committee

(a) Liquidity and funding risk

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet.

The Company continuously monitors liquidity in the market; and as a part of its ALCO strategy.

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

(₹ in crore)

Particulars	**As at March 31, 2019**			As at March 31, 2018			As at April 1, 2017		
	Within 12 months	**After 12 months**	**Total**	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
1. Financial assets									
(a) Cash and cash equivalents	**34.28**	**-**	**34.28**	643.13	-	643.13	368.86	-	368.86
(b) Bank balance other than cash and cash equivalents above	**246.33**	**150.00**	**396.33**	98.54	0.25	98.79	126.43	45.90	172.33
(c) Derivative financial instruments	**0.01**	**-**	**0.01**	-	-	-	-	-	-
(d) Receivables									
- Trade receivables	**-**	**5.55**	**5.55**	6.22	-	6.22	-	-	-
- Other receivables	**2.98**	**-**	**2.98**	-	-	-	-	-	-
(e) Loans	**6,299.11**	**5,924.75**	**12,223.86**	6,003.08	7,779.55	13,782.63	5,310.43	6,900.86	12,211.29
(f) Investments	**3.16**	**144.42**	**147.58**	-	190.56	190.56	-	243.80	243.80
(g) Other financial assets	**32.95**	**148.62**	**181.57**	2.85	184.71	187.56	10.60	187.62	198.22
2. Non-financial assets									
(a) Inventories	**-**	**-**	**-**	-	-	-	-	-	-
(b) Current tax assets (Net)	**-**	**136.44**	**136.44**	-	79.80	79.80	-	31.55	31.55
(c) Deferred tax assets (Net)	**-**	**-**	**-**	-	38.49	38.49	-	4.12	4.12
(d) Property, plant and equipment	**-**	**156.34**	**156.34**	-	166.30	166.30	-	19.08	19.08
(e) Intangible assets under development	**-**	**3.63**	**3.63**	-	2.53	2.53	-	-	-
(f) Goodwill	**-**	**160.14**	**160.14**	-	160.14	160.14	-	-	-
(g) Other intangible assets	**-**	**25.47**	**25.47**	-	27.43	27.43	-	10.30	10.30
(h) Other non-financial assets	**-**	**30.14**	**30.14**	-	62.82	62.82	-	35.93	35.93
Total assets	**6,618.82**	**6,885.50**	**13,504.32**	6,753.82	8,692.58	15,446.40	5,816.32	7,479.16	13,295.48

(₹ in crore)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Within 12 months	**After 12 months**	**Total**	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
1. Financial liabilities									
(a) Payables									
- Trade payables	**0.63**	**-**	**0.63**	8.07	-	8.07	15.26	-	15.26
- Other payables	**826.15**	**1,095.65**	**1,921.80**	18.94	114.45	133.39	11.28	102.33	113.61
(b) Debt securities	**560.50**	**1,758.16**	**2,318.66**	1,297.06	1,705.78	3,002.84	-	-	-
(c) Borrowings (Other than debt securities)	**5,432.68**	**2,532.74**	**7,965.42**	4,668.62	4,326.40	8,995.02	4,750.71	5,810.39	10,561.10
(d) Subordinated liabilities	**0.14**	**81.00**	**81.14**	0.14	481.00	481.14	-	400.00	400.00
(e) Other financial liabilities	**152.80**	**183.47**	**336.27**	103.00	215.54	318.54	0.39	293.82	294.21
2. Non-financial Liabilities									
(a) Provisions	**43.40**	**-**	**43.40**	50.00	-	50.00	26.62	-	26.62
(b) Other non-financial liabilities	**-**	**31.16**	**31.16**	-	102.09	102.09	-	90.94	90.94
Total liabilities	**7,016.30**	**5,682.18**	**12,698.48**	6,145.83	6,945.26	13,091.09	4,804.26	6,697.48	11,501.74
Net	**(397.48)**	**1,203.32**	**805.84**	607.99	1,747.32	2,355.31	1,012.06	781.68	1,793.74

(b) Market risk

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate due to changes in the market variables such as interest rates, foreign exchange rates and equity prices. The Company do not have any exposure to foreign exchange rate and equity price risk.

(c) Credit risk

Credit risk is the risk of financial loss arising out of a customer or counter party failing to meet their repayment obligations to the Company. It has a diversified lending model and focuses on six broad categories viz: (i) consumer/retail lending, (ii) SME lending, (iii) infra lending, (iv) micro financing, and (vi) other commercial lending. The Company assesses the credit quality of all financial instruments that are subject to credit risk. The Company has manged the credit risk by diversifying into retail segment in recent years. In SME lending also, focus has been on the products with lower ticket size.

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:

- Stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised;
- Stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;
- Stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due (DPD) and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12 month Point in Time (PIT) probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD).

Notes to the Standalone Financial Statements for the year ended March 31, 2019

A The table below summarises the approach adopted by the Company for various components of ECL viz. PD, EAD and LGD across product lines using emperical data where relevant:

Lending verticals	Nature of businesses	PD			EAD	LGD
		Stage 1	Stage 2	Stage 3		
Consumer/retail lending	Products being offered are two wheelers, Used Cars and Unsecured loans under this category	The actual behaviour of the portfolio, taking the average of the last 5 years of the products having the similar characteristics	The actual behaviour is simulated for the balance tenor of the each individual loan	100%	For Stage 3, Exposure at default and for the Stages 1 & 2 it's the principal outstanding and Interest Overdue as on the reporting date. Cash Collateral, if any, is deducted from the exposure in both the scenarios.	Past trends of recoveries for each set of portfolios are discounted at a reasonable approximation of the original effective rates of interest. The recoveries considered are also within the reasonable time frame.
SME lending	A wide range of products like Equipment funding, SME Loans against property for meeting the working capital or the capital requirement of SMEs					
Infra lending	Under this category fund the projects under the renewable space. Facilities are extended till the principle banker does the final funding to the IPPs or EPC companies					
Micro financing	Term loans to the NBFC-MFIs, Section 8 companies etc for onward lending and also direct lending through partners					
Other commercial lending	Commercial Vehicles, Construction Equipments, LAP, CF etc, these products are the ones which have been discontinued					

B The table below summarises the gross carrying values and the associated allowances for expected credit loss (ECL) stage wise for loan portfolio:

(i) Secured lending

(₹ in crore)

Particulars	As at March 31, 2019			Total	As at March 31, 2018			Total	As at April 1, 2017			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Gross Carrying Value	**8,409.75**	**3,108.87**	**893.13**	**12,411.75**	12,192.77	965.44	702.03	13,860.24	9,475.49	1,376.68	641.53	11,493.71
Allowance for ECL	**71.81**	**309.75**	**144.61**	**526.17**	82.37	54.86	502.48	639.71	62.99	95.56	410.65	569.20
ECL Coverage ratio	**0.85%**	**9.96%**	**16.19%**		0.68%	5.68%	71.57%		0.66%	6.94%		
Net Carrrying Value	**8,337.94**	**2,799.12**	**748.52**	**11,885.58**	12,110.40	910.58	199.55	13,220.53	9,412.50	1,281.12	230.89	10,924.51

(ii) Unsecured lending

(₹ in crore)

Particulars	As at March 31, 2019			Total	As at March 31, 2018			Total	As at April 1, 2017			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Gross Carrying Value	**318.08**	**14.26**	**16.62**	**348.96**	536.58	11.91	25.48	573.97	1,230.84	21.98	51.59	1,304.42
Allowance for ECL	**2.02**	**0.49**	**8.16**	**10.68**	5.12	0.15	6.59	11.86	11.28	0.39	5.97	17.63
ECL Coverage ratio	**0.64%**	**3.43%**	**49.13%**		0.96%	1.22%	25.87%		0.92%	1.76%		
Net Carrrying Value	**316.05**	**13.77**	**8.45**	**338.28**	531.45	11.77	18.89	562.11	1,219.57	21.60	45.62	1,286.79

(iii) Total lending

(₹ in crore)

Particulars	As at March 31, 2019			Total	As at March 31, 2018			Total	As at April 1, 2017			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Gross Carrying Value	**8,727.83**	**3,123.13**	**909.75**	**12,760.71**	12,729.34	977.35	727.52	14,434.21	10,706.34	1,398.66	693.12	12,798.12
Allowance for ECL	**73.84**	**310.24**	**152.77**	**536.85**	87.50	55.01	509.07	651.58	74.27	95.95	416.62	586.83
ECL Coverage ratio	**0.85%**	**9.93%**	**16.79%**		0.69%	5.63%	69.97%		0.69%	6.86%	60.11%	
Net Carrrying Value	**8,653.99**	**2,812.89**	**756.98**	**12,223.86**	12,641.85	922.35	218.45	13,782.63	10,632.07	1,302.71	276.51	12,211.29

C Analysis of changes in the gross carrying amount of term loans

(₹ in crore)

Particulars	As at March 31, 2019			Total	As at March 31, 2018			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	**12,728.82**	**977.87**	**727.52**	14,434.21	10,706.34	1,398.66	693.12	12,798.12
New assets originated or purchased	**5,393.83**	**2,262.96**	**737.30**	8,394.09	8,218.75	526.19	114.75	8,859.69
Assets derecognised or repaid	**(7,549.14)**	**(240.66)**	**-**	(7,789.80)	(6,054.17)	(992.93)	-	(7,047.09)
Transfers to Stage 1	**272.31**	**(264.86)**	**(7.45)**	-	260.36	(260.35)	(0.01)	-
Transfers to Stage 2	**(747.38)**	**749.55**	**(2.17)**	-	(336.35)	340.27	(3.92)	-
Transfers to Stage 3	**(1,370.19)**	**(362.17)**	**1,732.36**	-	(66.10)	(33.97)	100.06	-
Amounts written off during the year	**-**	**-**	**(2,277.80)**	(2,277.80)	-	-	(176.50)	(176.50)
Closing balance	**8,728.26**	**3,122.69**	**909.76**	12,760.71	12,728.82	977.87	727.52	14,434.21

D Reconciliation of ECL balance

(₹ in crore)

Particulars	As at March 31, 2019			Total	As at March 31, 2018			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	**87.42**	**55.09**	**509.07**	651.58	74.27	95.95	416.62	586.83
New assets originated or purchased	**28.85**	**223.44**	**37.38**	289.67	57.66	28.87	159.74	246.26
Assets derecognised or repaid	**77.43**	**5.26**	**(487.11)**	(404.42)	18.06	(79.84)	(119.71)	(181.49)
Transfers to Stage 1	**0.25**	**(0.24)**	**(0.01)**	-	1.69	(1.69)	-	-
Transfers to Stage 2	**(78.68)**	**78.90**	**(0.13)**	0.09	(22.43)	22.68	(0.24)	-
Transfers to Stage 3	**(41.52)**	**(52.12)**	**93.57**	(0.07)	(41.82)	(10.87)	52.67	(0.02)
Closing balance	**73.75**	**310.33**	**152.77**	536.85	87.42	55.09	509.07	651.58

The decrease in the ECL balance is due to few loan balances written off in the current year.

(iii) Collateral Valuation

The nature of products across these broad categories are either unsecured or secured by collateral. Although collateral is an important risk mitigant of credit risk, the Company's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of product and the Company's assessment of the customer's credit risk, a loan may be offered with suitable collateral. Depending on its form, collateral can have a significant financial effect in mitigating the Company's credit risk.

The Company exercises its right of repossession across all secured products. The repossessed assets are either sold or released to delinquent customers in case they come forward to settle their dues.

Analysis of Concentration Risk

The Company has started new products like two wheelers and other retail products to manage the concentration risk. The Company also has portfolio across geographies to manage the geographical risk.

49 Fair values

a) Financial instruments – fair value and risk management

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Valuation methodologies adopted

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

(i) Fair values of investments held for trading under FVTPL have been determined under level 1 using quoted market prices of the underlying instruments;

(ii) Fair values of strategic investments in equity instruments designated under FVOCI have been measured under level 3 at fair value based on a discounted cash flow model.

(iii) Fair values of other investments under FVOCI have been determined under level 1 using quoted market prices of the underlying instruments;

(iv) Fair value of loans held under a business model that is achieved by both collecting contractual cash flows and partially selling the loans through partial assignment to willing buyers and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. The fair value of these loans have been determined under level 3.

b) 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 determines fair values of its financial instruments according to the following hierarchy:

Level 1: valuation based on quoted market price: financial instruments with quoted prices for identical instruments in active markets that the Company can access at the measurement date.

Level 2: valuation based on using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3: valuation technique with significant unobservable inputs: – financial instruments valued using valuation techniques where one or more significant inputs are unobservable. Equity investments designated under FVOCI has been valued using discounted cash flow method.

Disclosures of Assets and liabilities measured at fair value – recurring fair value measurements as at March 31, 2019

As at March 31, 2019 (₹ in crore)

Assets and liabilities measured at fair value – recurring fair value measurements	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets					
Investment	147.58	29.62	117.96	-	147.58
Total financial assets	**147.58**	**29.62**	**117.96**	**-**	**147.58**
Financial liabilities					
Debentures	67.73	67.73	-	-	67.73
Total financial liabilities	**67.73**	**67.73**	**-**	**-**	**67.73**

As at March 31, 2019 (₹ in crore)

Assets and liabilities measured at amortised cost for which fair values are disclosed	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets					
Cash & cash equivalents	34.28	-	-	34.28	34.28
Bank balance other than cash & cash equivalents	396.33	-	-	396.33	396.33
Derivative financial instruments	0.01	-	-	0.01	0.01
Receivables				-	-
- Trade receivables	5.55	-	-	5.55	5.55
- Other receivables	2.98	-	-	2.98	2.98
Loans	12,223.86	-	-	12,518.14	12,518.14
Investments	-	-	-	-	-
Other financial assets	181.57	-	-	181.57	181.57
Total financial assets	**12,844.58**	**-**	**-**	**13,138.86**	**13,138.86**
Financial liabilities					
Payables					-
- Trade payable	0.63	-	-	0.63	0.63
- Other payable	1,921.80	-	-	1,921.80	1,921.80
Debt securities	2,250.93	-	-	2,308.87	2,308.87
Borrowings	7,965.42	-	-	7,965.42	7,965.42
Subordinated liabilities	81.14	-	-	79.06	79.06
Other financial liabilities	336.27	-	-	336.27	336.27
Total financial liabilities	**12,556.19**	**-**	**-**	**12,612.05**	**12,612.05**

As at March 31, 2018 (₹ in crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets					
Investment	185.40	-	185.40	-	185.40
Total financial assets	**185.40**	**-**	**185.40**	**-**	**185.40**
Financial liabilities					
Debentures	-	-	-	-	-
Total financial liabilities	**-**	**-**	**-**	**-**	**-**

As at March 31, 2018 (₹ in crore)

Assets and liabilities measured at amortised cost for which fair values are disclosed	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets					
Cash & cash equivalents	643.13	-	-	643.13	643.13
Bank balance other than cash & cash equivalents	98.79	-	-	98.79	98.79
Derivative financial instruments	-	-	-	-	-
Receivables				-	-
- Trade receivables	6.22	-	-	6.22	6.22
- Other receivables	-	-	-	-	-
Loans	13,782.63	-	-	13,873.26	13,873.26
Investments	5.16	-	-	5.16	5.16
Other financial assets	187.56	-	-	187.56	187.56
Total financial assets	**14,723.49**	**-**	**-**	**14,814.12**	**14,814.12**

As at March 31, 2018 (₹ in crore)

Assets and liabilities measured at amortised cost for which fair values are disclosed	Carrying Value	Level 1	Level 2	Level 3	Total
Financial liabilities					
Payables					-
- Trade payable	8.07	-	-	8.07	8.07
- Other payable	133.39	-	-	133.39	133.39
Debt securities	3,002.84	-	-	2,995.14	2,995.14
Borrowings	8,995.02	-	-	8,995.02	8,995.02
Subordinated liabilities	481.14	-	-	478.77	478.77
Other financial liabilities	318.54	-	-	318.54	318.54
Total financial liabilities	**12,939.00**	**-**	**-**	**12,928.93**	**12,928.93**

As at March 31, 2017 (₹ in crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets					
Investment	237.94	-	237.94	-	237.94
Total financial assets	**237.94**	**-**	**237.94**	**-**	**237.94**
Financial liabilities					
Debentures	-	-	-	-	-
Total financial liabilities	**-**	**-**	**-**	**-**	**-**

As at April 1, 2017 (₹ in crore)

Assets and liabilities measured at amortised cost for which fair values are disclosed	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets					
Cash & cash equivalents	368.86	-	-	368.86	368.86
Bank balance other than cash & cash equivalents	172.33	-	-	172.33	172.33
Derivative financial instruments	-	-	-	-	-
Receivables					-
- Trade receivables	-	-	-	-	-
- Other receivables	-	-	-	-	-
Loans	12,211.29	-	-	12,380.02	12,380.02
Investments	5.86	-	-	5.86	5.86
Other financial assets	198.22	-	-	198.22	198.22
Total financial assets	**12,956.56**	**-**	**-**	**13,125.29**	**13,125.29**
Financial liabilities					
Payables					
- Trade payable	15.26	-	-	15.26	15.26
- Other payable	113.61	-	-	113.61	113.61
Debt securities	-	-	-	-	-
Borrowings	10,561.10	-	-	10,561.10	10,561.10
Subordinated liabilities	400.00	-	-	400.00	400.00
Other financial liabilities	294.21	-	-	294.21	294.21
Total financial liabilities	**11,384.18**	**-**	**-**	**11,384.18**	**11,384.18**

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- Listed equity investments (other than subsidiaries and associates - Quoted bid price on stock exchange
- Mutual fund - net asset value of the scheme
- Debentures or bonds - based on market yield for instruments with similar risk / maturity, etc.
- Private equity investment fund - price to book value method and
- Other financial instruments – discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, a contingent consideration receivable and certain derivative contracts, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, Trade receivables, cash and cash equivalents, bank deposits and trade payables. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

The fair values for loans were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of debt securities, borrowing other than debt securities, subordinate liability are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

50 Financial instruments - fair value and risk management

a) Financial instruments by category

The following table shows the carrying amounts of financial assets and financial liabilities (₹ in crore)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets									
(a) Cash and cash equivalents	-	-	**34.28**	-	-	643.13	-	-	368.86
(b) Bank balance other than cash and cash equivalents	-	-	**396.33**	-	-	98.79	-	-	172.33
(c) Derivative financial instruments	-	-	**0.01**	-	-	-	-	-	-
(d) Receivables									
- Trade receivables	-	-	**5.55**	-	-	6.22	-	-	-
- Other receivables	-	-	**2.98**	-	-	-	-	-	-
(e) Loans	-	-	**12,223.86**	-	-	13,782.63	-	-	12,211.29
(f) Investments	**147.58**	-	-	185.40	-	5.16	237.94	-	5.86
(g) Other financial assets	-	-	**181.57**	-	-	187.56	-	-	198.22
Total financial assets	**147.58**	-	**12,844.58**	185.40	-	14,723.49	237.94	-	12,956.56
Financial liabilities									
(a) Payables									
- Trade payables									
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	**0.63**	-	-	8.07	-	-	15.26

(₹ in crore)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	FVPL	**FVOCI**	**Amortised cost**	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
- Other payables									
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises"	-	-	**1,921.80**	-	-	133.39	-	-	113.61
(b) Debt securities	**67.73**	-	**2,250.93**	-	-	3,002.84	-	-	-
(c) Borrowings (Other than debt securities)	-	-	**7,965.42**	-	-	8,995.02	-	-	10,561.10
(d) Subordinated liabilities	-	-	**81.14**	-	-	481.14	-	-	400.00
(e) Other financial liabilities	-	-	**336.27**	-	-	318.54	-	-	294.21
Total financial liabilities	**67.73**	**-**	**12,556.19**	-	-	12,939.00	-	-	11,384.18

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. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at March 31, 2019 (₹ in crore)

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalents	17.85	16.43	-	-	-	34.28
Bank balance other than cash and cash equivalents above	-	-	246.33	150.00	-	396.33
Derivative financial instruments	0.01	-	-	-	-	0.01
Receivables						-
(I) Trade receivables	-	-	5.55	-	-	5.55
(II) Other receivables	-	-	2.98	-	-	2.98
Loans						
- Principal	-	2,677.46	3,621.64	4,435.83	1,488.92	12,223.86
- Interest	-	345.11	655.25	1,304.72	316.82	2,621.90
Investments	-	-	97.46	-	50.12	147.58
Other financial assets	-	4.47	-	162.80	14.30	181.57
Total financial assets	**24.00**	**3,052.37**	**4,542.81**	**6,049.20**	**1,945.68**	**15,614.06**
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	-	0.63	-	-	-	0.63

(₹ in crore)

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
(II) Other payables						-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	286.64	539.51	802.21	293.44	1,921.80
Debt securities						
- Principal		535.00	25.50	1,164.00	594.15	2,318.66
- Interest	-	7.25	-	355.05	451.65	813.95
Borrowings (Other than debt securities)						
- Principal	-	841.55	4,591.14	2,532.74	-	7,965.42
- Interest	-	122.61	411.44	235.16	-	769.21
Deposits	-	-	-	-	-	-
Subordinated liabilities						
- Principal	-	0.14	-	-	81.00	81.14
- Interest	-	-	-	-	62.59	62.59
Other financial liabilities	-	109.43	43.37	183.47	-	336.27
Total financial liabilities	**-**	**1,903.25**	**5,610.96**	**5,272.63**	**1,482.83**	**14,269.67**
Net	24.00	1,149.12	(1,068.15)	776.57	462.85	1,344.39

As at March 31, 2018

(₹ in crore)

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalents	643.13	-	-	-	-	643.13
Bank balance other than cash and cash equivalents above	-	26.37	72.17	0.25	-	98.79
Derivative financial instruments	-	-	-	-	-	-
Receivables						-
(I) Trade receivables	6.22	-	-	-	-	6.22
(II) Other receivables	-	-	-	-	-	-
Loans						
- Principal	-	1,869.39	4,133.69	6,101.32	1,678.23	13,782.63
- Interest	-	306.85	825.22	1,956.03	436.79	3,524.89
Investments	-	-	-	121.77	68.79	190.56
Other financial assets	-	2.85	-	171.07	13.64	187.56
Total financial assets	**649.35**	**2,205.46**	**5,031.08**	**8,350.45**	**2,197.45**	**18,433.78**
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	-	8.07	-	-	-	8.07

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(₹ in crore)

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
(II) Other payables						-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	3.99	14.95	111.30	3.16	133.39
Debt securities						
- Principal	-		1,297.06	1,045.94	659.84	3,002.84
- Interest	-	-	108.13	259.01	497.13	864.28
Borrowings (Other than debt securities)						
- Principal	-	2,496.61	2,172.01	4,326.40	-	8,995.02
- Interest	-	176.44	418.55	516.54	-	1,111.53
Deposits	-	-	-	-	-	-
Subordinated liabilities						
- Principal	-	-	0.14	-	481.00	481.14
- Interest	-	-	-	-	69.93	69.93
Other financial liabilities	-	103.00	-	215.54	-	318.53
Total financial liabilities	**-**	**2,788.10**	**4,010.84**	**6,474.73**	**1,711.06**	**14,984.73**
Net	649.35	(582.64)	1,020.24	1,875.71	486.39	3,449.05

As at April 1, 2017

(₹ in crore)

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalents	363.86	5.00	-	-	-	368.86
Bank balance other than cash and cash equivalents above	-	-	126.43	45.90	-	172.33
Derivative financial instruments	-	-	-	-	-	-
Receivables						-
(I) Trade receivables	-	(-)	-	-	-	(-)
(II) Other receivables	-	-	-	-	-	-
Loans						
- Principal	-	1,891.84	3,418.59	4,673.28	2,227.58	12,211.29
- Interest	-	235.32	734.27	1,701.46	526.53	3,197.58
Investments	-	-	-	-	243.80	243.80
Other financial assets	-	10.60	-	174.00	13.62	198.22
Total financial assets	**363.86**	**2,142.76**	**4,279.29**	**6,594.64**	**3,011.53**	**16,392.08**
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	-	15.26	-	-	-	15.26

(₹ in crore)

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
(II) Other payables						-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	0.61	10.67	99.74	2.59	113.61
Debt securities	-	-	-	-	-	-
Borrowings (Other than debt securities)						
- Principal	-	2,516.32	2,234.39	5,808.31	2.07	10,561.10
- Interest		227.03	525.21	910.39	0.18	1,662.80
Deposits	-	-	-	-	-	-
Subordinated liabilities						
- Principal	-	-	-	-	400.00	400.00
Other financial liabilities	-	0.39	-	293.82	-	294.21
Total financial liabilities	**-**	**2,759.61**	**2,770.26**	**7,112.27**	**404.84**	**13,046.98**
Net	363.86	(616.85)	1,509.02	(517.62)	2,606.69	3,345.10

51 Maturity profile and Rate of interest of Non Convertible Debentures are as set out below: (₹ in crore)

Rate of Interest	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Total
MLD	25.50	26.53	15.70	-	-	-	-	-	-	67.73
NCD										
8.52%	-	-	-	-	-	54.00	-	-	-	54.00
8.66%	-	-	-	-	-	-	-	-	35.00	35.00
8.69%	-	-	-	-	-	-	-	-	32.00	32.00
8.70%	-	-	-	-	-	-	5.00	-	-	5.00
9.03%	-	-	-	392.61	-	-	-	-	-	392.61
9.07%	-	-	-	-	-	-	-	-	6.00	6.00
9.10%			15.20	15.20	15.20	15.20	-	-		60.80
9.15%	535.00	-	-	-	-	-	-	-	-	535.00
9.23%	-	-	-	-	-	-	-	-	489.95	489.95
9.40%	-	-	-	-	-	-	-	-	38.00	38.00
9.50%	-	200.00	-	-	483.57	-	-	-	-	683.57
TOTAL	**560.50**	**226.53**	**30.90**	**407.81**	**498.77**	**69.20**	**5.00**	**-**	**600.95**	**2,399.66**

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortise cost through profit and loss unless stated otherwise			
a) Secured - Debentures			
Market Linked Debenture (MLD) at fair value	**67.73**	-	-
8.52% Debenture	**54.00**	54.00	-
8.66% Debenture	**35.00**	35.00	-
8.80% Debenture	**-**	1,300.00	-
9.03% Debenture	**392.61**	391.94	-
9.10% Debenture	**60.80**	-	-
9.15% Debenture	**535.00**	532.06	-
9.23% Debenture	**489.95**	489.84	-
9.50% Debenture	**483.57**	-	-

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
b) Unsecured - Debentures			
8.69% Debenture	**32.00**	32.00	-
8.70% Debenture	**5.00**	5.00	-
9.07% Debenture	**6.00**	6.00	-
9.40% Debenture	**38.00**	38.00	-
9.50% Debenture	**200.00**	200.00	-
Total (A)	**2,399.66**	3,083.84	-
Debt securities in India	**2,399.66**	3,083.84	-
Debt securities outside India	**-**	-	-
Total (B)	**2,399.66**	3,083.84	-

52 Maturity profile of term loans from banks are as set out below : (₹ in crore)

	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Term loan from banks / financial institutions	3,105.77	1,589.99	739.51	168.50	17.40	5,621.17

53 Disclosure related to Schedule to the balance sheet of the Company, as required by Annex I of the RBI Directions.

(₹ in crore)

Particulars	Amount Outstanding			Amount Overdue		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
(1) Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid :						
a) Debentures						
i) Secured (Inclusive of Interest accrued but not due ₹129.03 crore, ₹ 50 crore as at March 31, 2018)	**2,247.69**	2,852.84	-	**-**	-	-
ii) Unsecured (Inclusive of Interest accrued but not due ₹ 4.55 crore, ₹ 4.61 crore as at March 31, 2018)	**285.55**	285.61	-	**-**	-	-
(Other than falling within the meaning of public deposits)						
b) Deferred Credits	**-**	-	-	**-**	-	-
c) Term Loans (Inclusive of Interest accrued but not due ₹17.78 crore)	**5,638.95**	7,463.07	9,050.96	**291.75**	-	-
d) Inter-corporate Loans and Borrowing (Inclusive of Interest accrued but not due ₹ 1.49 crore	**364.68**	-	-	**-**	-	-
e) Commercial Paper	**611.28**	127.40	986.90	**-**	-	-
f) Other Loans -				**-**		
- Cash Credit (Inclusive of Interest accrued but not due ₹ 0.43 crore)	**1,370.21**	1,404.55	523.24	**-**	-	-
- Preference Share (Inclusive of Interest accrued but not due NIL, ₹ 48.39 crore as at March 31, 2018 and ₹ 0.39 crore as at April 1, 2017)	**0.14**	448.53	400.39	**-**	-	-
Total Borrowings	**10,518.50**	12,582.00	10,961.49	**291.75**	-	-

Assets Side : (₹ in crore)

Particulars	Amount Outstanding		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(2) Break up of loans and advances including bills receivable other than those included in (3) below (Gross Amount) (Refer Note below)			
a) Secured	**12,411.75**	13,860.24	11,493.72
b) Unsecured	**348.96**	573.97	1,304.40
Total	**12,760.71**	14,434.21	12,798.12

Note :

In case of loans & advances given in para (2) above, Provision for NPA & Doubtful Debts is ₹ 152.77 crore as on March 31, 2019 (₹ 509.07 crore as on March 31, 2018 and ₹ 416.62 crore as on April 1, 2017) is not considered.

(₹ in crore)

Particulars	Amount Outstanding		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(3) Break up of leased assets and stock on hire and other assets counting towards AFC activities:			
(i) Lease assets including lease rentals under sundry debtors:			
a) Financial lease	-	-	-
b) Operating lease	-	-	-
(ii) Stock on hire including higher charges under sundry debtors			
a) Assets on Hire	-	-	-
b) Repossessed Assets	-	-	-
(iii) Other loans counting towards AFC activities			
a) Loans where assets have been repossessed	-	-	-
b) Loans other than (a) above	-	-	-
(4) Break up of investments :			
a) Current investments			
1) Quoted			
i) Shares			
a) Equity (stock-in trade)	-	-	-
b) Preference	-	-	-
ii) Debentures and bonds	-	-	-
iii) Units of Mutual fund	-	-	-
iii) Government securities	-	-	-
v) Others	-	-	-
2) Unquoted			
i) Shares	-	-	-
a) Equity	-	-	-
b) Preference	-	-	-
ii) Debentures and bonds	-	-	-
iii) Units of Mutual fund	-	-	-
iv) GOI securities	-	-	-
v) Others	-	-	-
b) Long term investments #			
1) Quoted			
i) Shares			
a) Equity	-	3.83	12.46
b) Preference	-	-	-
ii) Debentures and bonds	-	-	-
iii) Units of Mutual fund	-	-	-
iv) GOI securities	-	-	-
v) Others	-	-	-
Unit of AIF	**26.46**	26.45	26.26

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(₹ in crore)

Particulars	Amount Outstanding		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
2) Unquoted			
i) Shares			
a) Equity	**0.01**	2.58	-
b) Preference	**23.64**	34.59	60.66
ii) Debentures and bonds	**-**	5.16	5.86
iii) Units of Mutual fund	**3.16**	-	-
iv) GOI securities	**-**	-	-
v) Others			
Security Receipts	**94.30**	117.95	138.56
Total	**147.58**	190.56	243.80

(Gross value without netting off Provision for Diminution in the value of Investments is nil as on March 31, 2019 (₹ 16 crore as on March 31, 2018 and ₹ 12.65 crore as on April 1, 2017)

5) Borrower group-wise classification of assets financed as in (2) and (3) above: (₹ in crore)

Particulars	Secured			Unsecured			Total		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
a) Related parties									
1) Subsidiaries	**-**	-	-	**-**	-	-	**-**	-	-
2) Companies in the same group	**-**	-	-	**-**	-	-	**-**	-	-
b) Other than related parties	**12,411.75**	13,860.24	11,493.72	**348.96**	573.97	1,304.40	**12,760.71**	14,434.22	12,798.12
Total	**12,411.75**	13,860.24	11,493.72	**348.96**	573.97	1,304.40	**12,760.71**	14,434.22	12,798.12

6) Investor group-wise classification of all investments in shares and securities (both quoted and unquoted excluding stock in trade) after netting off Provision for Diminution in the value of Investments ₹ Nil as at March 31, 2019, ₹ 16 crore as at March 31, 2018 and ₹ 12.65 crore as at April 1, 2017] (₹ in crore)

Particulars	Market value / Fair Value or NAV			Book Value (Net of provisions)		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
a) Related parties						
1) Subsidiaries	**0.01**	-	-	**0.01**	-	-
2) Companies in the same group	**-**	-	-	**-**	-	-
b) Other than related parties	**147.57**	190.56	243.80	**147.57**	190.56	243.80
Total	**147.58**	190.56	243.80	**147.58**	190.56	243.80

7) Other information (₹ in crore)

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
a) Gross Non Performing Assets			
1) Related Parties	**-**	-	-
2) Other than Related Parties	**909.75**	727.52	693.14
b) Net Non Performing Assets			
1) Related Parties	**-**	-	-
2) Other than Related Parties (net of provision)	**756.98**	218.44	276.67

Note :

Gross Non Performing Assets and Net Non Performing Assets given above includes loans & advances and bonds & debentures.

54 Disclosures as required by Annex XII of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification")

a) Capital to Risk Assets Ratio (CRAR);

(₹ in crore)

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
i) CRAR (%)	**-49.03%**	18.39%	16.91%
ii) CRAR - Tier I capital (%)	**-49.03%**	14.22%	12.77%
iii) CRAR - Tier II capital (%)	**0.00%**	4.17%	4.14%
iv) Amount of Subordinated Debt raised as Tier II Capital (₹ in crore)	**81.00**	81.00	-
v) Amount raised by issue of Perpetual Debts Instruments (₹ in crore)	**-**	-	-

b) Investments;

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
1) Value of Investments			
i) Gross Value of Investments			
a) In India	**147.58**	206.57	256.45
b) Outside India	**-**	-	-
ii) Provisions for Depreciation			
a) In India	**-**	16.00	12.65
b) Outside India	**-**	-	-
iii) Net Value of Investments			
a) In India	**147.58**	190.56	243.80
b) Outside India	**-**	-	-
2) Movement of provisions held towards depreciation of investments			
i) Opening Balance	**16.00**	12.65	-
ii) Add: Provisions made during the year	**-**	16.00	12.65
iii) Less: Write-off / write-back of excess provisions during the year	**16.00**	12.65	-
iv) Closing balance	**-**	16.00	12.65

c) Derivatives;

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Outstanding derivative contract	**-**	-	-

d) Disclosures relating to Securitisation & Assignment;

(₹ in crore)

Sr. No.	Particulars	Securitisation 2018-19	Securitisation 2017-18	Assignment 2018-19	Assignment 2017-18
1	No. of SPVs sponsored by the Company for Securitisation / Assignment Transactions (Nos.)	**6**	3	**85**	76
2	Total amount of securitised assets as per books of the SPVs sponsored by the Company	**1,846.92**	66.56	**1,507.27**	2,869.23
3	Total amount of exposures retained by the Company to comply with Minimum Retention Requirement (MRR) as on the date of balance sheet				
	a) Off-balance sheet exposures				
	• First loss	**-**	-	**-**	-
	• Others	**-**	-	**-**	-
	b) On-balance sheet exposures				
	• First loss	**394.08**	95.45	**154.59**	286.92
	• Others	**73.80**	-	**-**	-
4	Amount of exposures to Securitisation / Assignment transactions other than Minimum Retention Requirement (MRR)				
	a) Off-balance sheet exposures				
	i) Exposure to own Securitisation / Assignment				
	• First loss	**-**	-	**-**	-
	• Others	**-**	-	**-**	-
	ii) Exposure to third party Securitisation / Assignment				
	• First loss	**-**	-	**-**	-
	• Others	**0.37**	45.46	**-**	-
	b) On-balance sheet exposures				
	i) Exposure to own Securitisation / Assignment				
	• First loss	**-**	-	**-**	-
	• Others	**-**	-	**-**	-
	ii) Exposure to third party Securitisation / Assignment				
	• First loss	**-**	-	**-**	-
	• Others	**-**	-	**-**	-

e) Details of Financial Assets Sold to Securitisation/ Reconstruction Company for Assets Reconstruction;

(₹ in crore)

	Particulars	2018-19	2017-18
(i)	No. of accounts (Nos.)	**1**	3,047
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	**-**	403.76
(iii)	Aggregate consideration	**4.29**	364.92
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	**-**	-
(v)	Aggregate gain / loss over net book value	**4.29**	(38.84)

f) Details of Assignment transactions undertaken by the Company;

(i)	No. of accounts (Nos.)	**-**	-
(ii)	Aggregate value (net of provisions) of accounts sold	**-**	-
(iii)	Aggregate consideration	**-**	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	**-**	-
(v)	Aggregate gain / loss over net book value	**-**	-

g) (a) Details of Non Performing Financial Assets Purchased;

1	(i)	No. of accounts Purchased During the yaer (Nos.)	**-**	-
	(ii)	Aggregate Outstanding	**-**	-
2	(i)	Of these, number of accounts restructured during the year	**-**	-
	(ii)	Aggregate outstanding	**-**	-

(b) Details of Non Performing Financial Assets Sold

(i)	No. of accounts Sold During the year (Nos.)	**1**	3,047
(ii)	Aggregate Outstanding (net of provisions)	**-**	403.76
(iii)	Aggregate consideration received	**4.29**	364.92

h) Assets Liabilities Management Maturity pattern of certain items of asset and liabilities (At Book Values) [As certified by Management];

(₹ in crore)

Particulars	Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks & Financial Institutions	**509.00**	**59.17**	**271.07**	**556.79**	**1,706.32**	**3,701.48**	**187.12**	**-**	**6,990.95**
	(1,458.72)	(25.83)	(884.00)	(298.75)	(1,873.75)	(3,553.66)	(772.91)	-	(8,867.62)
	[553.40]	[95.83]	[879.97]	[484.03]	[1,750.36]	[4,166.94]	[1,641.59]	[2.07]	[9,574.20]
Market Borrowings	**202.96**	**363.19**	**335.00**	**611.99**	**23.39**	**255.87**	**930.40**	**651.33**	**3,374.27**
	-	(29.74)	(98.31)	-	(1,296.57)	(735.00)	(391.78)	(659.84)	(3,211.25)
	-	-	[986.80]	-	-	-	-	-	[986.80]
Assets									
Loans / Advances	**2,319**	**169**	**190**	**718**	**2,903**	**3,606**	**830**	**1,489**	**12,223.86**
	(992)	(294)	(583)	(894)	(3,240)	(4,302)	(1,799)	(1,678)	(13,782.63)
	[1,352]	[245]	[295]	[1,339]	[2,080]	[3,240]	[1,434]	[2,228]	[12,211.29]
Investments	**0.01**	**3.16**	**-**	**-**	**-**	**-**	**26.46**	**117.95**	**147.58**
	(3.83)	-	-	-	-	-	(25.00)	(161.72)	(190.56)
	[12.46]	-	-	-	-	[2.00]	[26.26]	[203.07]	[243.80]

Notes:

(a) All unquoted equity shares have been included in 'Over 5 years'. The maturity pattern has been prepared in line with various regulations issued by RBI from time to time, best practices and based upon best estimate of the management with regard to the timing of various cashflows.

(b) The classification of Assets and Liabilities into current and non-current is carried out based on their residual maturity profile as per requirement of Schedule III to the Companies Act, 2013. The above maturity pattern of assets and liabilities has been prepared by the Company after taking into consideration guidelines for assets-liabilities management (ALM) system in non-banking financial companies issued by RBI, best practices and best estimate of the ALM with regard to the timing of various cash flows, which has been relied upon by the auditors.

(c) Amounts in bracket : (-) denote previous years figures i.e. financial year 2017-18 and [-] denote figures as at April 1, 2017

i) Exposures;

(a) Exposure to Real Estate (₹ in crore)

Category	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
a) Direct Exposure			
i) Residential Mortgage			
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	**3.65**	3.76	3.01
ii) Commercial Real Estate	**798.69**	1,436.15	2,022.05
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits			
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -			
a) Residential	**-**	-	16.87
b) Commercial Real Estate	**-**	-	78.63
Total Exposure to Real Estate Sector	**802.34**	1,439.91	2,120.55

Notes :

i) For the exposure to real estate only loans secured by way of mortgage/hypothecation of housing properties, commercial properties and land are considered.

ii) In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

b) Exposure to Capital Market (₹ in crore)

Category	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt; (Net of Provision)	**0.01**	22.54	27.52
ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equityoriented mutual funds;	**-**	-	-

b) Exposure to Capital Market (₹ in crore)

Category	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-	-
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-	-
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-	-
vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-	-
vii) Bridge loans to companies against expected equity flows / issues;	-	-	-
viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-	-
Total Exposure to Capital Market	**0.01**	**22.54**	**27.52**

k) Details of Financing of the Parent Company Product; (₹ in crore)

Particulars	2018-19	2017-18
There are no parent Company products which are financed by the Company during the year.	-	-

l) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Company; (₹ in crore)

	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Exposure	Limit	Excess	Exposure	Limit	Excess	Exposure	Limit	Excess
	-	-	-	-	-	-	-	-	-

Note :

1. The Commercial Finance division has demerged from Reliance Capital Limited and merged with the Company wef March 24, 2017. Hence all the sanctions were benchmarked with the net worth of Reliance Capital Limited. Post demerger, the Company is in the process of downsizing the sanction limits to ensure compliance with the Prudential norms of RBI.
2. During the year the Company has incurred substantial loss, resultants at the year end, few exposures of the Company are exceeding its Single Borrower limit and Group Borrower limit prescribed in RBI Prudential Norms, while all these loans were sanctioned in compliance with the Prudential Norms of RBI. The Company is in the process of regularise the same and brought within the exposure limit.

m Unsecured Advances

(₹ in crore)

Category	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Advances against Securities of Intangible Assets	**-**	-	-
Total Advances against Securities of Intangible Assets	**-**	**-**	**-**

n Miscellaneous Disclosures

1. Registration obtained from other financial sector regulators

Items	Type	Number reference
a) Reserve Bank of India	Regsitration No.	N-13.01933

2. Disclosure of Penalties imposed by RBI and other regulators

During the year no penalties were levied by Reserve Bank of India or any other regulator upon the Company.

3. Related Party Transactions

a) Details of all material transactions with related parties has been given in Notes No. 47 of the standalone financial statements.

b) Policy on dealing with Related Party Transactions

4. Ratings assigned by rating agencies and migration of ratings during the year

<table>
<tr><th>Rating agency</th><th>Borrowings type</th><th>Rating</th><th>Dated</th></tr>
<tr><td rowspan="7">Credit Analysis & Research Ltd (CARE)</td><td>Long Term Bank Borrowings of ₹ 12,500 crore</td><td rowspan="6">CARE A+</td><td rowspan="6">February 27, 2019</td></tr>
<tr><td>Long Tem Debt of ₹ 1,000 crore</td></tr>
<tr><td>Long Term NCDs of ₹ 1000 crore</td></tr>
<tr><td>Long Term NCDs of ₹ 2500 crore</td></tr>
<tr><td>Long Term NCDs of ₹ 200 crore</td></tr>
<tr><td>Subordinate Debt - Tier II Unsecured Debt of ₹ 500 crore</td></tr>
<tr><td>Market Linked Debentures of ₹ 200 crore</td><td>CARE PP - MLD A+</td><td>February 27, 2019</td></tr>
<tr><td rowspan="2">ICRA Ltd</td><td>Short Term Debt [CP] of ₹ 3,000 crore</td><td rowspan="2">[ICRA] A2</td><td rowspan="2">March 29, 2019</td></tr>
<tr><td>Short Term Debt [TL] of ₹ 1,000 crore</td></tr>
<tr><td rowspan="4">Brickwork Ratings India Pvt Ltd</td><td>Subordinate Debt - Tier II Unsecured Debt of ₹ 500 crore</td><td rowspan="2">BWR AA</td><td rowspan="4">February 18, 2019</td></tr>
<tr><td>Long Term NCD of ₹ 2,000 crore</td></tr>
<tr><td>Short Term Debt [CP] of ₹ 3,000 crore</td><td>[BWR] A1+</td></tr>
<tr><td>Market Linked Debentures of ₹ 100 crore</td><td>BWR PP MLD AA</td></tr>
</table>

Note : The above credit ratings are based on the Credit Ratings obtained from Credit Rating Agencies upto March 31, 2019.

5. Remuneration of Directors (₹ in crore)

	2018-19	2017-18
Transactions with the Non-Executive Directors		
Director Sitting Fees Non-Executive Directors	**0.16**	0.25
	0.16	0.25

6. During the year there is no changes in the accounting policies and no prior period items

O Additional Disclosures

1. Provisions and Contingencies (₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
a) Provision for depreciation on Investments	**-**	16.00	12.65
b) Provision for NPA & Doubtful Debts	**152.77**	509.07	416.62
c) Provision made towards Income tax	**142.17**	142.17	87.68
d) Other Provisions and Contingencies (with details)		-	-
e) Contingent provision against standard assets	**384.08**	142.51	170.21
	679.02	**809.75**	**687.15**

2. Concentration of Advances

Total Advances to twenty largest borrowers	**5,674.55**	4,977.98	3,558.00
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	**44.47%**	34.49%	27.80%

3. Concentration of Exposures

Total Exposure to twenty largest borrowers	**5,674.55**	4,977.98	3,558.00
Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company	**43.96%**	34.01%	27.25%

4. Concentration of NPAs

Total Exposure to top four NPA accounts	**493.16**	128.67	131.15

5. Sector-wise NPAs (₹ in crore)

Particulars	Percentage of NPAs to total advances in that sector	
	2018-19	2017-18
Agriculture & allied activities	**7.16%**	4.76%
MSME	**5.50%**	3.33%
Corporate borrowers	**11.71%**	9.36%
Services	**11.42%**	6.97%
Unsecured personal loans	**-**	-
Auto loans	**2.76%**	10.48%
Other personal loans	**8.40%**	-

6. Movement of NPAs (₹ in crore)

Particulars	2018-19	2017-18
Net NPAs to Net Advances (%)	**6.19%**	1.58%
Movement of NPAs (Gross)		
(a) Opening Balance	**727.52**	693.14
(b) Additions during the year	**838.93**	328.00
(c) Reductions during the year	**(656.69)**	(293.62)
(d) Closing balance	**909.75**	727.52
Movement of Net NPAs		
(a) Opening Balance	**218.44**	276.67
(b) Additions during the year	**705.80**	210.36
(c) Reductions during the year	**(167.26)**	(268.58)
(d) Closing balance	**756.98**	218.44
Movement of provisions for NPAs		
(a) Opening Balance	**509.07**	416.47
(b) Additions during the year	**133.13**	117.64
(c) Write-off	**(489.43)**	(25.04)
(d) Closing balance	**152.77**	509.07

Gross Non Performing Assets and Net Non Performing Assets given above excluding bonds & debentures.

7. Overseas Assets (for those with joint Ventures and Subsidiaries abroad)

There are no Overseas Assets.

8. Off- balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

There are no Off-balance Sheet SPVs sponsored by the Company which are required to be consolidated as per accounting norms.

9. Customer Complaints (as certfied by the management)

Particulars	2018-19	2017-18
(a) No. of complaints pending at the beginning of the year	**3**	21
(b) No. of complaints received during the year/ Pursuant to Scheme of Arrangement	**131**	500
(c) No. of complaints redressed during the year	**130**	518
(d) No. of complaints pending at the end of the year	**4**	3

10. Other information

Items	2018-19		2017-18	
Area, country of operation	**India**	**India**	India	India
Joint venture partners with regard to Joint ventures and Overseas subsidiaries	**None**	**None**	None	None

55 Going Concern :

During the year, due to sudden adverse developments in the financial sector all categories of lenders in India (including Banks, Mutual Funds, etc) have put near complete freeze on additional lending to Non-Banking Finance companies (NBFCs) and have been insisting on reducing the existing level of borrowings which has severely impacted the financial flexibility of majority of NBFCs. These developments have also adversely impacted our Company resulting into operating loss for the year and temporary liquidity mismatch. The Company has taken steps to meet such temporary liquidity mismatch by securitisation of its loan portfolio. The Company has also engaged with all its lenders to enter into an Inter-Creditor Agreement (ICA) for the resolution of its debt in accordance with the circular dated June 7, 2019 issued by the Reserve Bank of India on Prudential Framework for Resolution of Stressed Assets. Majority of our lenders have already entered into the ICA. The Company is confident of implementing its Resolution Plan during Financial Year 2019-20. In view of the steps taken by the Company, the accounts of the Company have been prepared on "Going Concern" basis.

56 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / Indian Accounting Standards (there are no foreseeable losses on such long term contracts including derivative contracts) has been made in the books of account.

57 During the current and previous financial year, the Company has given General Purpose Corporate Loan/Working Capital Term Loan to certain bodies corporate in the ordinary course of business. None of these loans constitute as transactions with related parties.

In few cases, the Company's borrowers have undertaken onward lending transactions to companies which are identified as Group Companies by Reliance Capital Limited (holding company) in terms of the Core Investment Companies (Reserve Bank) Directions, 2016.

Considering the end use of loans given, the Company has considered the below loans amounting to ₹ 4,799.55 crore, as 'Exposure to group companies' for the purpose of various regulatory disclosures. These loans are secured and in few cases its further guaranteed by the Group Companies.

(₹ in crore)

Sr. No	Party Name	Principal Outstanding as at March 31, 2019
1	Aashish Power Plant Equipment Private Limited	185.00
2	Accura Productions Private Limited	300.00
3	Adhar Project Management & Consultancy Private Limited	20.25
4	Celebrita Mediahouse Private Limited	90.00
5	Crest Logistics & Engineers Private Limited	286.90
6	Edrishti Movies Private Limited	125.00
7	Gamesa Investment Management Private Limited	30.70
8	Hirma Power Limited	222.41
9	Indian Agri Services Private Limited	95.00
10	Kalai Power Private Limited	260.80
11	Kunjbihari Developers Private Limited	108.75
12	Medybiz Private Limited	118.00
13	Mohanbir Hi-Tech Build Private Limited	5.44
14	Nationwide Communication Private Limited	25.00
15	Reliance Big Entertainment Private Limited	246.83
16	Reliance Cleangen Limited	270.49
17	RPL Solaris Power Private Limited	188.00
18	RPL Aditya Power Private Limited	40.00
19	Skyline Global Trade Private Limited	290.00
20	Species Commerce & Trade Private Limited	235.50
21	Summit Ceminfra Private Limited	300.00

(₹ in crore)

Sr. No	Party Name	Principal Outstanding as at March 31, 2019
22	Thwink Big Content Private Limited	350.00
23	Tulip Advisors Private Limited	297.95
24	Vinayak Ventures Private Limited	54.50
25	Worldcom Solutions Limited	353.03
26	Zapak Digital Entertainment Limited	300.00
	Total	**4,799.55**

58 Segment Reporting

The Company is mainly engaged in the commercial finance business and all other activities revolve around the main business of the Company. Further, all activities are conducted within India and as such there is no separate reportable segment as specified in Ind AS 108 - "Operating Segments", in terms of Companies (Accounts) Rules, 2014.

59 Disclosures of Restructured Accounts as required by Annex IV of RBI Directions.

This is the notes to account referred to our report of even date

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

Ajay Vastani
Partner
Membership No.: 132265

Mumbai
August 14, 2019

For and on behalf of the Board of Directors

Sushil Kumar Agrawal (Director)

Rashna Khan (Director)

Dhananjay Tiwari (Executive Director)

Sachin Bora (Whole-time Director)

Sandeep Khosla (Chief Financial Officer)

Ekta Thakurel (Company Secretary)

59 Disclosures of Restructured Accounts as required by Annex IV of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification")

(₹ in crore)

Sr. No.	Type of Restructuring	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification	Standard	SubStandard	Doubtful	Loss	Total	Standard	SubStandard	Doubtful	Loss	Total	Standard	SubStandard	Doubtful	Loss	Total	Standard	SubStandard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY 2018-19																				
	No. of borrowers	3	1	-	-	4	-	-	-	-	-	-	-	-	-	-	3	1	-	-	4
	Amount outstanding	65.78	16.95	-	-	82.73	-	-	-	-	-	-	-	-	-	-	65.78	16.95	-	-	82.73
	Provision thereon	14.77	2.96	-	-	17.73	-	-	-	-	-	-	-	-	-	-	14.77	2.96	-	-	17.73
2	Fresh restructuring during the year	-	-	-	-																
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY																				
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY																				
	No. of borrowers	2	1	-	-	3	-	-	-	-	-	-	-	-	-	-	2	1	-	-	3
	Amount outstanding	29.51	16.95	-	-	46.46	-	-	-	-	-	-	-	-	-	-	29.51	16.95	-	-	46.46
	Provision thereon	14.71	2.96	-	-	17.67	-	-	-	-	-	-	-	-	-	-	14.71	2.96	-	-	17.67
7	Restructured Accounts as on March 31 of the FY 2018-19																				
	No. of borrowers	1	-	-	-	1	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1
	Amount outstanding	36.27	-	-	-	36.27	-	-	-	-	-	-	-	-	-	-	36.27	-	-	-	36.27
	Provision thereon	0.06	-	-	-	0.06	-	-	-	-	-	-	-	-	-	-	0.06	-	-	-	0.06

Independent Auditors' Report on the Consolidated Financial Statements

To,

The Members,

Reliance Commercial Finance Limited

Report on the Audit of the Consolidated Ind AS financial statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Reliance Commercial Finance Limited ("hereinafter referred to as the Company, the holding company and its subsidiary (the Company and its subsidiary together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2019 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 then ended and notes to the consolidated Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Ind AS Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, ("of the consolidated state of affairs of the Company as at March 31, 2019, its consolidated profit/loss (including other comprehensive income), consolidated changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS 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 consolidated Ind AS financial statements under the provisions of the Act and 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.

Going Concern

We draw attention to Note No. 49 of the consolidated financial statements which sets out the fact that, the Company has incurred operating loss. The Company's ability to meet its obligations is significantly dependent on material uncertain events including restructuring of loans and Inter-Creditor Agreement (ICA) for the resolution of its debt. The Company has taken steps to meet such temporary liquidity mismatch by securitization of its loan portfolio. The Company has also engaged with all its lenders to enter into an Inter-Creditor Agreement (ICA) for the resolution of its debt in accordance with the circular dated June 7, 2019 issued by the Reserve Bank of India on Prudential Framework for Resolution of Stressed Assets. The Company is confident of implementing its Resolution Plan during financial year 2019-20. In view of the steps taken by the Company, accordingly, the consolidated financial statements of the Company have been prepared on a going concern basis. Our report is not modified in respect of this matter.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note No. 43(i) of the consolidated Ind As financial statements referring to filing of Form ADT-4 under Section 143(12) of the Companies Act, 2013 to Ministry of Corporate Affairs (MCA) by the previous auditor. Based on the views of the Company and supported by legal opinions there were no matters attracting the said Section.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in Going Concern and Emphasis of Matter para, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How the matter was addressed in our audit
Refer to the accounting policies in "Note No. 2.1.5 (ii) of the Consolidated Ind AS financial statements : Impairment", "Note No. 2.1.1 (vi) of the Consolidated Ind AS financial statements : Significant accounting policies – use of estimates" and "Note No. 2.1.18 of the Consolidated Ind AS financial statements Provisions"	
Subjective estimate **Recognition and measurement of impairment of loans and advances involve significant management judgment.** With the applicability of Ind AS 109 credit loss assessment is now based on expected credit loss model. The Company's impairment allowance is derived from estimates including the historical default and loss ratio. Management exercise judgment in determining the quantum of loss based on range of factors. The most significant areas are: ● Segmentation of loan book. ● Loan Staging criteria ● Calculation of probability of default/ loss given default ● Consideration of probability weighted scenarios and forward looking macroeconomics factors. ● Complexities of disclosures.	**Our audit procedures included** **Design/controls** Evaluation of the appropriateness of the impairment principals based on requirement of Ind AS 109. Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. Testing of management review controls over measurement of impairment allowances and disclosures in consolidated Ind AS financial statements. **Substantive tests:** We focus of appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in models.

There is large increase in the data inputs required by the ECL Model. This increases the risk of completeness and accuracy of the data that has been used to create assumption in the model. In some cases the data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.	Test of Details over of calculations of impairments allowances for assessing the completeness, accuracy, and relevance of data. Model calculations were tested through re-performance where possible. The appropriateness of managements judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used, loss emergence periods and the valuation of recovery assets and collateral.
Key audit matter	**How the matter was addressed in our audit**
Transition date accounting policies due to adoption of Ind-AS Refer to the accounting policies in the Consolidated Ind AS financial statements : Transition to Ind AS or First-time adoption of Ind AS Notes No. 3 to the Consolidated Ind AS financial statements.	
Effective 1 April 2018, the Company adopted the Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017. The following are the major impact areas for the Company upon transition: • Classification and measurement of financial assets and financial liabilities • Measurement of impairment loss allowance • Accounting for securitization and assignment transactions • Accounting for loan fees and costs • Accounting for employee stock option The migration to the new accounting framework (Ind AS) is a complicated process involving multiple decision points upon transition. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date. We identified transition date accounting as a key audit matter because of significant degree of management judgment and application on the areas noted above.	**We performed the following key audit procedures:** • Assessed the design, implementation and operating effectiveness of key internal controls over management's evaluation of transition date choices and exemptions availed in line with the principles under Ind-AS 101. • Confirmed the approvals of Audit Committee for the choices and exemptions made by the Company for compliance/ acceptability under Ind-AS 101. • Evaluated management's transition date choices and exemptions for compliance under Ind-AS 101. • Assessed the methodology implemented by management to give impact on the transition. • Assessed the accuracy of the computations • Assessed areas of significant estimates and management judgment in line with principles under Ind-AS.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the director report but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS 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 Ind AS 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 Ind AS 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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 consolidated Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), consolidated statement of changes in equity and consolidated 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, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 Standards of Auditing (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 this consolidated Ind AS financial statements. As part of an audit in accordance with Standards of Auditing (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 Ind AS 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 Consolidated Ind AS 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 consolidated Ind AS 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 consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS 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.

Other Matters

We did not audit the financial statements of subsidiary, whose financial statements reflect total assets of ₹ 0.008 crore as at March 31, 2019 and total revenue of Nil for the period ended March 31, 2019, as considered in the consolidated Ind AS financial statements. This financial statement are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the aforesaid subsidiary, is based solely on such management certified financial statements. In our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the management certified financial statements, this financial statements are not material to the Group. Our opinion on the consolidated financial statements is not modified in respect of this matter with respect to our reliance on the work done and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by the Section 143(11)(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and associate as were audited by other auditors as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

c. The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the books of account

d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

e. On the basis of the written representations received from the directors of the holding company as on March 31, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act;

f. With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Company and the operating effectiveness of such controls, we give our separate report in "Annexure A".

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

In our opinion and according to the information and explanation given to us and based on the management certified financial statements of such subsidiary company incorporated in India, the remuneration paid during the current year by the holding company and its subsidiary company to its directors is in accordance with the provision of section 197 of the Act. The remuneration paid to any director by holding company and its subsidiary company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

(i) The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements – Refer Note No. 42(a)(ii) of the consolidated Ind AS 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, 2019 - Refer Note No. 50 of the Consolidated Ind AS financial statements;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

For Shridhar & Associates
Chartered Accountants
ICAI Firm Registration No.134427W

Ajay Vastani
Partner
Membership Number: 132265
UDIN : 19132265AAAAAB3227

Mumbai
August 14, 2019

Annexure "A" to the Independent Auditor's Report

Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Reliance Commercial Finance Limited on the consolidated Ind AS financial statements for the year ended March 31, 2019

Report on the Internal Financial Controls with reference to Consolidated Ind AS Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Reliance Commercial Finance Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated Ind AS 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 (the "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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, 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 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 with reference to consolidated Ind AS financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to Consolidated Ind AS Financial Statements

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

Annexure "A" to the Independent Auditor's Report

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

Inherent Limitations of Internal Financial Controls with reference to Consolidated Ind AS Financial Statements

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

Basis of Qualified Opinion

According to information and explanations given to us and based on our audit following material weaknesses has been identified as at March 31, 2019:

The Company's internal financial control system over financial reporting is not operating effectively in respect of corporate loan book segment due to weak credit appraisal and loan sanctioning mechanism. Internal control system need to be strengthened for credit evaluation and establishing customer credit limits for disbursement of loan, to mitigate the risk of potentially result in the Company recognising revenue without establishing reasonable certainty of ultimate collection.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to consolidated Ind AS financial statements, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects / possible effects of the material weaknesses on corporate loan book described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as of March 31, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 consolidated Ind AS financial statements of the Company, and these material weaknesses do not affect our opinion on the consolidated Ind AS financial statements of the Company.

For Shridhar & Associates
Chartered Accountants
ICAI Firm Registration No.134427W

Ajay Vastani
Partner
Membership Number: 132265
UDIN : 19132265AAAAAB3227

Mumbai
August 14, 2019

Consolidated Balance Sheet as at March 31, 2019

(₹ in crore)

Particulars			Note	As at March 31, 2019
ASSETS				
1	**Financial assets**			
	(a)	Cash & cash equivalents	4	**34.28**
	(b)	Bank balance other than cash & cash equivalents	5	**396.33**
	(c)	Derivative financial instruments	6	**0.01**
	(d)	Receivables		
		- Trade receivables	7	**5.55**
		- Other receivables	8	**2.98**
	(e)	Loans	9	**12,223.86**
	(f)	Investments	10	**147.57**
	(g)	Other financial assets	11	**181.57**
	Sub total of financial assets			**12,992.15**
2	**Non - financial assets**			
	(a)	Current tax assets (Net)	12	**136.44**
	(b)	Deferred tax assets (Net)	13	**-**
	(c)	Property, plant and equipment	14	**156.34**
	(d)	Intangible assets under development	15	**3.63**
	(e)	Goodwill	15	**160.14**
	(f)	Other intangible assets	15	**25.47**
	(g)	Other non - financial assets	16	**30.14**
	Sub total of non - financial assets			**512.16**
TOTAL				**13,504.31**
LIABILITIES AND EQUITY				
1	**Financial liabilities**			
	(a)	Payables		
		- Trade payables	17	
		(i) total outstanding dues of micro enterprises and small enterprises		**-**
		(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**0.63**
		- Other payables	18	
		(i) total outstanding dues of micro enterprises and small enterprises		**-**
		(ii) total outstanding dues of creditors other than micro enterprises and small enterprise		**1,921.80**
	(b)	Debt securities	19	**2,318.66**
	(c)	Borrowings	20	**7,965.42**
	(d)	Subordinated liabilities	21	**81.14**
	(e)	Other financial liabilities	22	**336.27**
	Sub total of financial liabilities			**12,623.92**
2	**Non- financial liabilities**			
	(a)	Provisions	23	**43.40**
	(b)	Other non-financial liabilities	24	**31.16**
	Sub total of non - financial liabilities			**74.56**
3	**Equity**			
	(a)	Equity share capital	25	**135.33**
	(b)	Preference share capital	25	**400.00**
	(c)	Other equity	26 & 27	**270.50**
	Sub total of equity			**805.83**
	TOTAL			**13,504.31**

See accompanying notes to the consolidated financial statements '1 to 54'

This is the consolidated balance sheet referred to our report of even date

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

Ajay Vastani
Partner
Membership No.: 132265

Mumbai
August 14, 2019

For and on behalf of the Board of Directors

Sushil Kumar Agrawal (Director)
Rashna Khan (Director)

Dhananjay Tiwari (Executive Director)
Sachin Bora (Whole-time Director)

Sandeep Khosla (Chief Financial Officer)
Ekta Thakurel (Company Secretary)

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

(₹ in crore)

Particulars	Note No.	2018-19
Revenue from operations		
(a) Interest income	28	**1,700.70**
(b) Fees & commission income	29	**16.14**
(c) net gain on derecognition of financial instruments	30	**48.33**
(d) Rent income		**6.03**
(e) Other operating income	31	**8.70**
Total revenue from operations (I)		**1,779.90**
Other income (II)	32	**0.96**
Total income III = (I) + (II)		**1,780.86**
(a) Finance cost	33	**1,219.24**
(b) Fees & commission expenses	34	**23.12**
(c) Impairment on financial instruments	35	**2,104.27**
(d) Employee benefits expense	36	**118.26**
(e) Depreciation & amortisation	14 & 15	**19.56**
(f) Other expenses	37	**150.04**
Total Expenses (IV)		**3,634.49**
Loss Before Tax (V) = (III - IV)		**(1,853.63)**
Tax Expense (VI) :	40	
(a) Current Tax		**-**
(b) Deferred Tax/ (Credit)		**38.49**
Loss After Tax (VII) = (V-VI)		**(1,892.12)**
Other Comprehensive Income		
(i) Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligation (net)	46	(1.29)
Income tax relating to items that will not be reclassified to profit or loss		**-**
Other Comprehensive Income for the year (VIII)		**(1.29)**
Total Comprehensive Income for the year (IX) = (VII + VIII)		**(1,893.41)**
Loss attributable to:		
(a) Owners of the parent		(1,892.12)
(b) Non controlling interest		-
		(1,892.12)
Other Comprehensive Income attributable to:		
(a) Owners of the parent		(1.29)
(b) Non controlling interest		-
		(1.29)
Total Comprehensive Income attributable to:		
(a) Owners of the parent		(1,893.41)
(b) Non controlling interest		-
		(1,893.41)
Earnings Per Equity Share (X)		
(Face value of ₹ 10 each fully paid up)	41	
Basic (₹)		**(139.83)**
Diluted (₹)		**(132.02)**

See accompanying notes to the consolidated financial statements '1 to 54'

This is the consolidated statement of profit & loss referred to our report of even date

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

Ajay Vastani
Partner
Membership No.: 132265

Mumbai
August 14, 2019

For and on behalf of the Board of Directors

Sushil Kumar Agrawal (Director)

Rashna Khan (Director)

Dhananjay Tiwari (Executive Director)

Sachin Bora (Whole-time Director)

Sandeep Khosla (Chief Financial Officer)

Ekta Thakurel (Company Secretary)

Consolidated Statement of Cash Flows for the year ended March 31, 2019

(₹ in crore)

Particulars		2018-19
(a) Cash flow from operating activities :		
Loss before tax:		**(1,853.63)**
Adjustments :		
Depreciation & amortisation	19.56	
Impairment on financial instruments	2,097.98	
Net loss on financial instruments at FVTPL (Net)	6.29	
Net gain on Sale of financial instruments (Net)	(11.90)	
Net loss on disposal of property, plant and equipment (Net)	0.48	
Finance cost	1,219.24	
Interest on investments	(2.47)	
		3,329.18
Operating profit before working capital changes		1,475.55
Adjustments for (increase)/ decrease in operating assets:		
Trade receivables & other receivables	(8.76)	
Fixed deposits with banks	(297.54)	
Loans	1,213.00	
Other financial assets	5.99	
Other Non - financial assets	32.90	
Adjustments for increase/ (decrease) in operating liabilities		
Trade payables & other payables	(36.33)	
Other financial liabilities	(32.55)	
Other non-financial liabilities	(70.96)	
		805.75
Cash generated from operations		2,281.30
Less : Interest paid	(1,108.64)	
Less : Income taxes paid (net of refunds)	(56.64)	
		(1,165.28)
Net cash inflow from operating activities (a)		1,116.02
(b) Cash flow from investing activities :		
Purchase of investment	(3.01)	
Sale of investment	25.78	
Purchase of property, plant and equipments	(1.23)	
Sale of property, plant and equipments	0.18	
Purchase of intangible assets	(8.16)	
Interest on investments	0.85	
		14.41
Net cash inflow from investing activities (b)		14.41

Consolidated Statement of Cash Flows for the year ended March 31, 2019

(₹ in crore)

Particulars		2018-19
(c) Cash flow from financing activities :		
Repayment of debt securities (Net)	**(671.47)**	
Repayment of borrowing from banks & financial institutions (Net)	**(1,850.00)**	
Issue of commercial papers (Net)	**427.16**	
ICD taken (Net)	**363.19**	
Dividend paid (including dividend distribution tax)	**(8.16)**	
		(1,739.28)
Net cash outflow from financing activities (c)		**(1,739.28)**
Net increase/(decrease) in cash and bank balances (a + b+ c)		**(608.85)**
Add : cash and cash equivalents at beginning of the year		**643.13**
Cash and cash equivalents at end of the year		**34.28**

This is the consolidated statement of cash flows referred to our report of even date

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

Ajay Vastani
Partner
Membership No.: 132265

Mumbai
August 14, 2019

For and on behalf of the Board of Directors

Sushil Kumar Agrawal
(Director)

Rashna Khan
(Director)

Dhananjay Tiwari
(Executive Director)

Sachin Bora
(Whole-time Director)

Sandeep Khosla
(Chief Financial Officer)

Ekta Thakurel
(Company Secretary)

Consolidated Statement of Changes in Equity

(₹ in crore)

	Particulars	Nos.	Amount
a)	**Equity Shares of ₹ 10 each**		
	As at March 31, 2018	13 53 25 700	135.33
	Issue of Share Capital	-	-
	As at March 31, 2019	**13 53 25 700**	135.33

(₹ in crore)

	Particulars	Reserves and surplus				Other comprehensive income	
		Securities premium	**Preference Share Redemption Reserve**	**Statutory Reserve Fund**	**Surplus/ (deficit) in the statement of profit and loss**	**Re-measurements of post-employment benefit obligation**	**Total other equity**
b)	**Other equity**						
	As at March 31, 2018	2,077.62	0.39	100.86	41.87	(0.77)	2,219.97
	Profit/(Loss) for the year	-	-	-	(1,892.12)	-	(1,892.12)
	Other comprehensive income	-	-	-	-	(1.29)	(1.29)
	Total comprehensive income for the year	-	-	-	(1,892.12)	(1.29)	(1,893.41)
	Transactions with owners in their capacity as owners:						
	- Issue of MLD during the year	**0.49**	-	-	-	-	0.49
	- Yield on Preference share paid	-	**(0.39)**	-	(48.00)	-	(48.39)
	- Dividends paid	-	-	-	(6.77)	-	(6.77)
	- Dividend distribution tax	-	-	-	(1.39)	-	(1.39)
	As at March 31, 2019	**2,078.11**	**-**	**100.86**	**(1,906.41)**	**(2.06)**	**270.50**

See accompanying notes to the consolidated financial statements '1 to 54'

This is the consolidated statement of changes in equity referred to in our report of even date

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

Ajay Vastani
Partner
Membership No.: 132265

Mumbai
August 14, 2019

For and on behalf of the Board of Directors

Sushil Kumar Agrawal (Director)

Rashna Khan (Director)

Dhananjay Tiwari (Executive Director)

Sachin Bora (Whole-time Director)

Sandeep Khosla (Chief Financial Officer)

Ekta Thakurel (Company Secretary)

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

1 Corporate information

Reliance Commercial Finance Limited ("hereinafter referred to as the Parent Company" or "the Company") formerly known as Reliance Gilts Limited, was incorporated on August 17, 2000 with the Registrar of Companies (RoC), Maharashtra, Mumbai. Subsequently, as on May 21, 2009. The Company was registered as a Non-Banking Financial Company without accepting public deposits, as defined under Section 45-IA of the Reserve Bank of India Act, 1934. The Company is principally engaged in lending activities and provides loans to small and medium enterprises for working capital and growth, two wheelers loans, loans against property, personal loans and financing of various micro enterprises. The Company's subsidiary engaged in the businesses of financial services, (the Parent Company and its subsidiary together referred to as "the Group"). The registered office of the Company is located at Reliance Centre, 6th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai - 400055. The Company is a public limited Company and its debt securities are listed on the BSE Limited (BSE).

2 Significant accounting policies and critical accounting estimate and judgments

2.1 Basis of preparation, measurement and significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1.1 Basis of Preparation of Consolidated Financial Statements :

(i) Compliance with Ind AS

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under Section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by Reserve Bank of India (RBI). The consolidated financial statements have been prepared on a going concern basis. The Company uses accrual basis of accounting except in case of significant uncertainties.

As on February 20, 2019, the Company has acquired 100% shareholding of Gullfoss Enterprises Private Limited, a subsidiary Company, incorporated in India, on January 24, 2019. Accordingly this is the first consolidated financial statements of the Company, hence previous year figures and Reconciliation of Net Profit for the year ended March 31, 2018 and Reconcilation of Equity as on March 31, 2018 under erstwhile Indian GAAP and Ind AS, as required by Paragraph 32 of Ind AS 101 are not applicable and disclosed in this consolidated financial statements.

(ii) Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group. The Group combines the financial statements of the Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of changes in equity and balance sheet respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost.

(c) Joint ventures

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

(d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying -amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(iii) Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by

(i) certain financial assets and financial liabilities at fair value,

(ii) assets held for sale measured at fair value less cost to sell, and

(iii) defined benefit plans – plan assets that are measured at fair value."

(iv) Order of liquidity

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Ind AS 1 - 'Presentation of Financial Statements' and amendment to Division III of Schedule III to the Companies Act, 2013 dated October 11, 2018, the Company presents its balance sheet in the order of liquidity. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented.

(v) Compliance with RBI Master Direction

The Company complies in all material respects, with the prudential norms relating to income recognition, asset classification and provisioning for bad and doubtful debts and other matters, specified in the master directions issued by the Reserve Bank of India ('RBI') in terms of "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016" ("RBI Master Direction') vide Reserve Bank of India (RBI) Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 updated on timely basis (the "RBI Directions") as applicable to the Company. Indian Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India (referred to in these Directions as "ICAI") shall be followed insofar as they are not inconsistent with any of these Directions.

(vi) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialised.

2.1.2 Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised 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 service rendered (excluding estimates of variable consideration) that is allocated to that performance obligation.

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

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

(i) Interest income

The Company recognises interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest. EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/ financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The Company recognises interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets regarded as 'stage 3', the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation.

Interest income on fixed deposits is recognised as it accrues on a time proportion basis taking into account the amount outstanding

(ii) Loan processing fees and other operating income

Fees and commission incomes and expenses that are integral to the effective interest rate on a financial asset or liability are included in the effective interest rate. Fees and commission that are not integral to the effective interest rate are recognised on accrual basis over the life of the loan. Other operating income i.e. Foreclosure, Bounce Charges and Loan Re-schedulement Charges are accounted on cash basis.

(iii) Income from direct assignment

In case of direct assignment of loans, the assets are derecognized when all the rights, title, future receivables and interest thereof along with all the risks and rewards of ownership are transferred to the purchasers of assigned loans. The profit if any, as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction, is recognised as gain or loss arising on assignment.

Servicing fees received is accounted for based on the underlying deal structure of the transaction as per the agreement and excess interest spread (EIS) on the deal is accounted for upfront as and when it becomes due.

(iv) Income from securitisation

In case of securitization of loans, (a) Securtisation transactions prior to March 31, 2017, the assets are derecognized when all the rights, title, future receivables and interest thereof along with all the risks and rewards of ownership are transferred to the purchasers of securtised loans. The profit if any, as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction, is recognised as gain or loss arising on securitization on a monthly basis, (b) Securtisation transactions after March 31, 2017, the assets are not derocognised and continued in the books as loans. Servicing fees received is accounted for based on the underlying deal structure of the transaction as per the agreement.

(v) Income from investments

Profit / (Loss) earned from sale of investments is recognised on trade date basis net off expenses incurred on sale. The cost of investment is computed based on weighted average basis."

(vi) Dividend income

Dividend income is recognised in the statement of profit or loss on the date that the Company's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be reliably measured. This is generally when the shareholders approve the dividend.

(vii) Rental income

Lease income from operating leases where the Company is a lessor is recognised in income on a straightline basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

(viii) Brokerage Income

Brokerage income is recognized when there is no significant uncertainty as to determination and realization and as per agreement.

(ix) Income from trading in derivatives

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into, and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statement of profit and loss immediately. Brokerage and other payments made in connection with the acquisition of derivatives are added to the cost of acquisition. The amount shown under sale of currency derivatives is net of brokerage. "

2.1.3 Foreign currency translation

(i) Functional and presentation currency

Items included in financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is functional and presentation currency of the Company.

(ii) Translation and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income."

2.1.4 Financial instruments :

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

2.1.5 Financial assets :

(i) Classification and subsequent measurement

The Company has applied Ind AS 109 -""Financial Instruments"" and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables.

Classification and subsequent measurement of debt instruments depend on:

(i) the Company's business model for managing the asset; and

(ii) the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is recognised using the effective interest rate method.

Fair value through other comprehensive income: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value option for financial assets: The Company may also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates an accounting mismatch created by assets and liabilities being measured on different bases.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a Company of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL."

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Re-classification: The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments:

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Changes in the fair value of financial assets at fair value through profit or loss are recognised in net gain/loss on fair value changes in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(ii) Impairment

ECL are recognised for financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments.

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognised for stage 2 and stage 3 financial assets. At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months. In the event of a significant increase in credit risk, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets (and the related impairment loss allowances) are written off in full, when there is no realistic prospect of recovery.

Treatment of the different stages of financial assets and the methodology of determination of ECL

(a) Credit impaired (stage 3)

The Company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- Contractual payments of either principal or interest are past due for more than 90 days;
- The loan is otherwise considered to be in default.

Restructured loans, where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower, are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period, typically 12 months– post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans. Interest income is recognised by applying the EIR to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

(b) Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, 30 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk. Based on other indications such as borrower's frequently delaying payments beyond due dates though not 30 days past due are included in stage 2 for mortgage loans.

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioural trends of default across the identified homogenous portfolios. These past trends factor in the past customer behavioural trends, credit transition probabilities and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

(c) Without significant increase in credit risk since initial recognition (stage 1)

ECL resulting from default events that are possible in the next 12 months are recognised for financial instruments in stage 1. The Company has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using application/behaviourial score cards and other performance indicators, determined statistically."

(d) Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro economic factors.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

- Determination of PD is covered above for each stages of ECL.
- EAD represents the expected balance at default, taking into account the repayment of principal and interest from the Balance Sheet date to the date of default together with any expected drawdowns of committed facilities.
- LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

(iii) Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Company de-recognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition. If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in the statement of profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control. The Company directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Company:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;

(ii) Is prohibited from selling or pledging the assets; and

(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Company under standard repurchase agreements and securities lending and borrowing transactions are not de-recognised because the Company retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Company retains a subordinated residual interest."

2.1.6 Financial Liabilities :

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

(a) Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

(b) Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Company recognizes any expense incurred on the financial liability; and

(c) Financial guarantee contracts and loan commitments.

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. The Company hedges its interest rate risk on MLD by taking positions in future & options based on specified indices. Any gain / loss on these hedge positions is recognised in Statement of Profit and Loss

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.1.7 Financial guarantee contracts and loan commitments :

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

(a) The amount of the loss allowance ; or

(b) The premium received on initial recognition less income recognised in accordance with the principles of Ind AS 115.

Loan commitments provided by the Company are measured as the amount of the loss allowance.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Company cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

2.1.8 Repossessed collateral :

Repossessed collateral represents financial and non-financial assets acquired by the Company in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in premises and equipment, other financial assets, investment properties or inventories within other assets depending on their nature and the Company's intention in respect of recovery of these assets, and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets.

2.1.9 Segment Reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The power to assess the financial performance and position of the Company and make strategic decisions is vested in the executive director who has been identified as the chief operating decisions maker.

The Company is mainly engaged in the commercial finance business and all other activities revolve around the main business of the Company. Further, all activities are conducted within India and as such there is no separate reportable segment as specified in Ind AS 108 on 'Operating Segment'.

2.1.10 Income Tax :

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current Taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and associates and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits. Recognition therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

2.1.11 Impairment of Assets :

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.1.12 Off-setting financial instruments :

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.1.13 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.

2.1.14 Assets (or disposal groups) held for sale :

Assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset (or disposal group) is recognised at the date of derecognition.

Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

2.1.15 Property, plant and equipment :

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives & residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

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

Asset Useful Life (Years)	
Furniture and fixtures	10 years
Office equipment	5 years
Computers	3 years
Vehicles	8 years
Buildings	60 years
Plant & machinery	8 years

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the statement of profit or loss.

2.1.16 Intangible assets :

(i) Goodwill

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

(ii) Other intangibles

Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortization and impairment, if any.

Expenditure incurred on acquisition/development of intangible assets which are not put/ready to use at the reporting date is disclosed under intangible assets under development. The Company amortises intangible assets on a straight-line basis over the useful lives of the assets commencing from the month in which the asset is first put to use. The Company provides pro-rata depreciation from the day the asset is put to use.

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

Asset	Useful Life (Years)
Computer software	5 years

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying valueas the deemed cost of intangible assets.

2.1.17 Borrowing Cost :

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

2.1.18 Provisions :

Provisions for restructuring are recognised by the Company when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Company will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

2.1.19 Employee benefits :

(i) Short-term obligations

Liabilities for wages and salaries, including 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) Post-employment obligations

The Company operates the following post-employment schemes:

(a) Gratuity;

(b) Superannuation fund; and

(c) Provident fund

Defined benefit plans

Gratuity obligations The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The estimated future payments which are denominated in a currency other than INR, are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

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

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

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

Defined contribution plans

Superannuation fund: Contribution to Superannuation Fund, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund, Life Insurance Corporation and is charged to the Statement of Profit or loss. There are no other obligations other than the contribution payable to the Superannuation Fund.

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

(iii) Other long-term employee benefit obligations

Leave encashment: The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the statement of profit or loss.

Phantom Shares: As a long-term incentive plan to employees, the Company has initiated Phantom Stock Option Plan which are cash settlement rights where the employees are entitled to get cash compensation based on agreed formulae. The employees are entitled to receive cash payment equivalent to appreciation in the value over the defined base price of the shares. The present value of the obligation under such plan is determined based on actuarial valuation.

2.1.20 Earning Per Shares :

a) Basic earnings per share

Basic 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 and excluding treasury shares if any (Note No. 41).

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.

2.1.21 Investment in subsidiaries

Investment in subsidiaries is recognised at cost and are not adjusted to fair value at the end of each reporting period. Cost of investment represents amount paid for acquisition of the said investment. The Company assesses at the end of each reporting period, if there are any indications that the said investment may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

2.1.22 Leases

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

Company acting as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are classified as operating leases. Basis the above principle, all leases entered into by the Company as a lessee have been classified as operating leases. Lease payments under an operating lease is recognised on an accrual basis in the Statement of Profit and Loss.

2.1.23 Rounding of amounts :

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

2.2 Critical accounting estimates and judgements:

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note 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 for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

2.2.1 Estimation of fair value of unlisted securities :

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions.

2.2.2 Effective interest rate method :

The Company recognises interest income/expense using the effective interest rate, i.e., a rate that represents the best estimate of a constant rate of return over the expected life of the loans. The effective interest method also accounts for the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/ expense that are integral parts of the instrument.

2.2.3 Impairment of financial assets using the expected credit loss method :

The measurement of impairment losses on loan assets and commitments, requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulae and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model
- It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary.

2.2.4 Business model assessment :

Classification and measurement of financial assets depends on the results of the SPPI test and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement considered by the Company in determining the business model including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

2.2.5 Provisions and contingent liabilities :

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

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. The Company also discloses present obligations for which a reliable estimate cannot be made. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.3 Standards issued but not yet effective :

Ind AS 116 'Leases' was notified on March 30, 2019 and it replaces Ind AS 17 'Leases', including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-Balance Sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company has leases in which it acts as a lessee and which needs to be accounted for as per requirements of Ind AS 116. The Company is in the process of determining the accounting impact of Ind AS 116 on its lease contracts wherein it acts as a lessee. The Company does not have any lease contracts wherein it acts as a lessor. The application of Ind AS 116 is not likely to have material impact on the Company's financial statements.

Key Amendments to other Ind AS:

Ind AS 12, Income Taxes Recognition of income tax consequences of dividends:

Clarifies that the income tax consequences of distribution of profits (i.e. dividends), should be recognised when a liability to pay dividend is recognised. The income tax consequences should be recognised in the Statement of profit and loss, other comprehensive income or equity accordingto where the past transactions or events that generated distributable profits were originally. recognised. The Company is currently assessing the impact of application of this amendment on the Company's financial statements.

3 Transition to Ind AS or First-time adoption of Ind AS

These are the Group's first consolidated financial statements prepared in accordance with Ind AS. The adoption of Ind AS has been carried out in accordance with Ind AS 101, 'First-time Adoption' of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. As explained in Note No. 2.1.1 (i), that this is the first consolidated financial statements of the Group which comply with Ind AS for year ended March 31, 2019, accordingly comparative information as at and for the year ended March 31, 2018 and as at April 1, 2017, the date of transition to Ind AS is not given.

(₹ in crore)

Particulars		As at March 31, 2019
4. Cash & cash equivalents		
Cash on hand		**0.38**
Balance with banks		
- In current accounts	**17.47**	
- In deposits with original maturity of 3 months or less	**16.43**	
		33.90
		34.28
5. Bank balance other than cash & cash equivalents		
Balances with banks:		
In earmarked accounts		
- Dividend payable (*₹ 272)		*
In deposits with original maturity of more than 3 months		
- For credit enhancement towards securitisation	**394.08**	
- For others	**2.25**	
		396.33
		396.33
6. Derivative financial instruments		
Net gain on derivative financial instruments		**0.01**
		0.01
7. Trade receivables		
Receivables considered good		
- Secured	**-**	
- Unsecured	**-**	
		-
Receivables - credit impaired	**12.00**	
Less: Provision for impairment loss	**(6.45)**	
		5.55
		5.55
8. Other receivables		
Receivables considered good		
- Secured	**-**	
- Unsecured	**2.98**	
		2.98
		2.98
9. Loans		
a) Loans (Refer Note No. 46 - Credit Risk section)		
(i) Secured		
Others		**11,624.38**
(ii) Unsecured		**347.04**
b) Installments due		
(i) Secured		**166.45**
(ii) Unsecured		**1.92**
c) Interest accrued on loans		
(i) Secured		**577.75**
(ii) Unsecured		**43.17**
Gross credit exposure		**12,760.71**
Less : Expected credit loss		
- Contingent provision against standard assets	(384.08)	
- Provision for NPA & doubtful debts	(152.77)	
		(536.85)
Net credit exposure		**12,223.86**

(₹ in crore)

Particulars	As at March 31, 2019
At amortised cost	
Secured by tangible assets	12,411.75
Unsecured	348.96
Total - Gross	**12,760.71**
Less : Impairment loss allowance	536.85
Total - Net	**12,223.86**
Loans in India	
- Public sector	-
- Others	**12,760.71**
Total - Gross	**12,760.71**
Less: Impairment loss allowance	**536.85**
Total - Net	**12,223.86**

(₹ in crore)

Particulars	Quantity	At amortised cost	At fair value through			Total
			Other compre-hensive income	Profit and loss	Subtotal	
10 Investments						
As at March 31, 2019						
(a) Equity Shares valued at fair value unless stated otherwise						
Unquoted, fully paid-up						
- Others						
GVR Infra Project Ltd	3 19 617	-	-	#	-	-
Share Microfin Limited	67,526	-	-	#	-	-
SWAWS Credit Corporation India Private Limited	17 20 668	-	-	#	-	-
(b) Preference Shares valued at fair value unless stated otherwise						
Unquoted, fully paid-up						
0.10% Cumulative, Non Convertible, Redeemable Preference share of 3I Infotech Ltd	4 18 39 000	-	-	23.64	23.64	23.64
0.001% Optionally Convertible Cumulative Redeemable Preference share of Asmitha Microfin Limited	2 19 00 238	-	-	#	-	-
0.001% Optionally Convertible Cumulative Redeemable Preference share of Share Microfin Limited	2 229	-	-	#	-	-
(c) Debentures & Bonds valued at amortised cost						
Unquoted, fully paid-up						
SWAWS Credit Corporation India Private Limited -OCD-18-March -2018	57 355	-	-	#	-	-
GVR Infra Project Ltd 10% OCD	6 46 83 384	-	-	#	-	-
(d) Security Receipts valued at fair value unless stated otherwise						
Unquoted, fully paid-up						
Suraksha ARC Trust 002-22 Dec.2016	1 98 900	-	-	13.15	13.15	13.15
Suraksha ARC Trust 003 -22 Dec.2016	26 350	-	-	2.62	2.62	2.62
Reliance ARC Trust 026 -30 Dec.2016	5 61 344	-	-	78.54	78.54	78.54

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(₹ in crore)

Particulars	Quantity	At amortised cost	At fair value through Other comprehensive income	At fair value through Profit and loss	At fair value through Subtotal	Total
(e) Others -Unit of AIF valued at fair value unless stated otherwise						
Quoted*, fully paid-up						
IFMR Impact Long Term Multi Asset Class Fund	2 490	-	-	26.46	26.46	26.46
(f) Unit of Mutual Fund valued at fair value unless stated otherwise						
Quoted*, fully paid-up						
Reliance Short Term Fund-Direct Plan -Growth Plan -Gr Opt	8 77 083	-	-	3.16	3.16	3.16
Total (a) - Gross		**-**	**-**	**147.57**	**147.57**	**147.57**
(Less): Impairment loss allowance		-	-	-	-	-
Total (A) - Net		**-**	**-**	**147.57**	**147.57**	**147.57**
Investments outside India		-	-	-	-	-
Investments in India		-	-	147.57	147.57	147.57
Total (B) - Gross		**-**	**-**	**147.57**	**147.57**	**147.57**
(Less): Impairment loss allowance		-	-	-	-	-
Total (B) - Net		**-**	**-**	**147.57**	**147.57**	**147.57**

Investments written off

(₹ in crore)

Particulars		As at March 31, 2019
11. Other financial assets		
Security deposits - Unsecured, considered good		**14.30**
Excess interest spread receivable		**89.00**
Receivables as credit enhancement towards securitisation		**73.80**
Interest accrued on :		
- Investments	**0.95**	
- Fixed deposits with banks	**3.52**	
		4.47
		181.57
12. Current tax assets		
Unsecured, considered good		
Taxes paid (TDS & advance income tax) (Net of income tax provision ₹ 142.17 crore)		136.44
		136.44
13. Deferred tax assets		
Deferred tax asset disclosed in the balance sheet comprises the following :		
a) Deferred tax liability		
(i) Related to property, plant and equipment		**34.78**
(ii) Unamortised brokerage & DSA expenditure		**13.69**
(iii) Fair value of investments		**6.53**
(iv) Excess interest spread receivable		**31.10**
(v) Interest on collateral deposits		**0.16**
		86.26
b) Deferred tax asset		
(i) Disallowance under the Income Tax Act, 1961		**(1.02)**
(ii) Expected credit loss		**(68.95)**
(iii) Unamortised processing fees		**(16.29)**
		(86.26)
Net deferred tax liabilities/(asset) (a) - (b)		**-**

Note :

As a matter of prudence, w.e.f. January 1, 2019 the Company has decided not to recognise any deferred tax assets (net) in books of accounts. In future, it is recognised only to the extent that it is probable that future profits will be available against which the deductible temporary difference can be utilised.

14. Property, plant and equipment

(₹ in crore)

Particulars	Freehold land	Buildings	Furniture & fixtures	Office Equipments	Computers	Plant & Machinery	Vehichles	Total
a) Gross carrying amount	-	-	-	-	-	-	-	-
Carrying amount as at March 31, 2018	**84.42**	**64.11**	**12.76**	**9.81**	**32.77**	**4.52**	**2.39**	**210.78**
Additions during the year	-	-	0.38	0.17	0.68	-	-	1.23
Deduction during the year	-	-	0.27	0.11	1.64	-	-	2.02
Adjustments								
Carrying amount as at March 31, 2019	**84.42**	**64.11**	**12.87**	**9.87**	**31.82**	**4.52**	**2.39**	**209.99**
b) Accumulated depreciation								
Accumulated depreciation as at March 31, 2018	-	-	3.71	5.74	24.31	-	0.82	34.58
For the year	-	3.31	1.53	1.44	4.23	0.98	0.19	11.68
Deduction during the year	-	-	0.03	0.15	1.56	-	0.03	1.78
Accumulated depreciation as at March 31, 2019	**-**	**6.63**	**6.30**	**8.27**	**29.32**	**1.85**	**1.28**	**53.65**
c) Net carrying amount								
As at March 31, 2018	84.42	60.79	7.56	2.78	5.80	3.54	1.41	166.30
As at March 31, 2019	**84.42**	**57.48**	**6.57**	**1.61**	**2.49**	**2.67**	**1.11**	**156.34**

15. Intangible assets

(₹ in crore)

Particulars	Intangible assets under development	Goodwill on business acquisition	Other Intangible Assets (Computer Software)	Total
a) Gross carrying amount				
Carrying amount as at March 31, 2018	2.53	160.14	58.82	221.49
Additions during the year	5.56	-	2.61	8.16
Deduction during the year	(4.46)	-	-	(4.46)
Adjustments /Transfer from	-	-	4.46	4.46
Carrying amount as at March 31, 2019	**3.63**	**160.14**	**65.89**	**229.65**
b) Accumulated depreciation				
Accumulated depreciation as at March 31, 2018	-	-	31.39	31.39
For the year	-	-	9.03	9.03
Deduction during the year	-	-	-	-
Accumulated depreciation as at March 31, 2019	**-**	**-**	**40.42**	**40.42**
c) Net carrying amount				
As at March 31, 2018	2.53	160.14	27.43	190.10
As at March 31, 2019	**3.63**	**160.14**	**25.47**	**189.24**

(₹ in crore)

Particulars		As at March 31, 2019
16. Other non-financial assets		
Sundry advances		
- Considered good	**2.88**	
- Considered doubtful	**-**	
		2.88
Repossessed assets held for sale	**3.60**	
Less : Provision for impairment loss	**2.21**	
		1.39
Interest on collateral		0.45
Prepaid expenses		13.68
Goods & service tax input credit		11.74
		30.14

(₹ in crore)

Particulars		As at March 31, 2019
17. Trade payables		
Total outstanding dues of :		
- Micro enterprises and small enterprises		-
- Creditors other than micro enterprises and small enterprises		
(i) Due to related party	-	
(ii) Due to others	0.63	
		0.63
		0.63
18. Other payables		
Total outstanding dues of :		
- Micro enterprises and small enterprises		-
- Creditors other than micro enterprises and small enterprises		
(i) Due to related party	-	
(ii) Due to others	-	
		-
Collateral deposit from customers		104.49
Liabilities towards securitisation transactions		1,817.31
		1,921.80
19. Debt securities		
Non convertible debentures (Refer Note No. 47)		
- Secured (Refer note "a" below)	2,050.93	
- Unsecured	200.00	
		2,250.93
Market link debentures		
- Secured (Refer note "a" below)		67.73
Total debt securities (a)		2,318.66
Debt securities in India		2,318.66
Debt securities outside India		-
Total debt securities (b)		2,318.66
20. Borrowings		
At amortised cost		
From banks / financial institutions (Refer Note No. 48)		
- Secured		
(i) Term loan -(Refer note "b" below)	5,621.17	
(ii) Cash credit facilities -(Refer note "c" below)	1,369.78	
	6,990.95	
- Unsecured		
(i) Term loan	-	
		6,990.95
From others		
- Unsecured		
(i) Commercial papers (Refer note "d")	611.28	
(ii) Inter corporate deposits	363.19	
		974.47
Total borrowings (a)		7,965.42
Borrowings in India		7,965.42
Borrowings outside India		-
Total borrowings (b)		7,965.42

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Notes:

a) Security clause in respect to debentures

Rated, Listed, Secured, Redeemable, Non-convertible Debentures ("Secured NCDs") outstanding amounting to ₹ 2,150 crore are secured by way of a first charge & mortgage over the Company's Gujarat Immovable Property and first pari-passu charge on all present and future book debts, business receivables, current assets, investments and all other assets of the Company.

b) Security clause of term loans from banks / financial institutions :

i. Term loan outstanding amounting to ₹ 4,633.67 crore are secured by way of a first pari-passu charge on all present and future book debts, business receivables, current assets, investments and all other assets except for charges created in favour of National Bank for Agriculture and Rural Development (NABARD) as given below.

ii. Term Loan outstanding amounting to ₹ 987.50 crore availed from the NABARD, is secured by way of first charge on book debts and receivables of the Company to the extent of ₹ 1,160.31 crore.

c) Security clause of cash credit from banks / financial institutions :

Cash credit amounting to ₹ 1,369.78 crore are secured by way of a first pari-passu charge on all present and future book debts, business receivables, current assets, investments and all other assets of the Company.

d) In respect of commercial papers maximum amount outstanding during the year was ₹ 889.47 crore.

(₹ in crore)

Particulars		As at March 31, 2019
21. Subordinated liabilities		
Unsecured		
Non-convertible tier II debentures (Refer Note No. 47)		**81.00**
Preference share capital		
13,80,851 Preference shares of ₹ 1 Each		**0.14**
Total subordinated liabilities (a)		**81.14**
In India		**81.14**
Outside India (# ₹ 994)		**#**
Total subordinated liabilities (b)		**81.14**
22. Other financial liabilities		
Payable under securitisation / assignment (Net)		**182.99**
Interest accrued but not due on :		
- Non convertible debentures	**133.58**	
- Cash Credit	**0.43**	
- Inter Corporate Deposit	**1.49**	
- Term Loan	**17.78**	
		153.28
Dividend payable (* ₹ 272)		*****
		336.27
23. Provisions		
Employee benefits		
- Gratuity	**2.44**	
- Leave encashment	**0.48**	
		2.92
Provision for expenses		**40.48**
		43.40
24. Other non-financial liabilities		
Advance receipts from borrowers		**20.31**
Statutory dues payables		**3.86**
Other payable		**6.99**
		31.16

(₹ in crore)

	Particulars	As at March 31, 2019 Nos.	Value
25	**Share capital - Equity & Preference**		
	Authorised		
	Equity shares of ₹ 10 each	**60 00 00 000**	**600.00**
	Preference shares of ₹ 10 each	**40 00 00 000**	**400.00**
	Preference shares of ₹ 1 each	**20 00 000**	**0.20**
			1,000.20
	Issued, subscribed & paid-up		
	Equity share capital		
	Equity shares of ₹ 10 each	**13 53 25 700**	**135.33**
			135.33
	Preference share capital		
	Preference shares of ₹ 10 each	**40 00 00 000**	**400.00**
			535.33
a)	**Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year.**		
	Outstanding at the beginning of the year	**13 53 25 700**	**135.33**
	Shares issued during the year	**-**	**-**
	Outstanding at the end of the year	**13 53 25 700**	**135.33**

b) Terms/rights/restrictions attached to equity shares

The Company has only one class of equity shares having a face value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The dividend proposed by the board of directors is subject to the approval of shareholders at the ensuing annual general meeting, is paid in indian rupees, except in case of interim dividend.

c) Terms/rights/restrictions attached to preference shares

In case of 0% Non-Convertible Redeemable Preference Shares of ₹ 10 each

40,00,00,000, 0%Non-Cumulative Non-Participative and Non convertible Redeemable Preference Shares of ₹ 10/- each (NPNCRPS) shall be redeemed at any time on or before 5 years from the date of allotment i.e. March 29, 2017. These NPNCRPS shall be redeemed at a premium to an amount calculated to yield a return of 12% per annum with effect from date of allotment up to the date of redemption.

With effect from April 1, 2018 the Company has changed the terms of its NPNCRPS. Pursuant to revised terms :

i) 0% NPNCRPS of ₹ 10 each has been changed to 12% Non Cumulative Compulsorily Convertible Redeemable Preference (NCCCRPS) of ₹ 10 each with an option to the Company and the holder thereof to convert the NCCCRPS into fully paid equity shares of the Company.

ii) The Call Option can be exercised at any time on or before 15 years from the date of allotment i.e. March 29, 2017, by giving 30 days prior written notice.

iii) These NCCCRPS shall be converted into fully paid equity shares of the Company at the end of its tenure, in the conversion ratio of 50 NCCCRPS of face value of ₹ 10 each will be converted into 1 Equity Share of face value of ₹ 10 each at a premium of ₹ 490/- per share. Equity shares arising out of conversion of NCCCRPS shall rank pari passu with the then existing equity shares of the Company.

d) Shares of the Company held by the holding company

Particulars	As at March 31, 2019 Nos.	As at March 31, 2019 %
Reliance Capital Limited	13 53 25 694	100%
Reliance Capital Ltd. and its nominees	6	0%
	13 53 25 700	100%

e) Details of shareholders holding more than 5% of the shares in the Company

Reliance Capital Limited	13 53 25 700	100%
	13 53 25 700	100%

(₹ in crore)

	Particulars		As at March 31, 2019
26	**Other equity**		
	Reserves and surplus		
i)	**Securities premium account**		
	As per last balance sheet	2,077.62	
	Add : On MLD issued during the year	0.49	
			2,078.11
ii)	**Earmarked for preference share redemption reserve (Refer note 1 below)**		
	As per last balance sheet	0.39	
	Less : Paid during the year	(0.39)	
			-
iii)	**Statutory reserve fund (Refer note 2 below)**		
	As per last balance sheet		100.86
iv)	**Retained earning**		
	As per last balance sheet	41.10	
	Add : Transfer from statement of profit & loss	(1,893.41)	
	Less : Yield on preference share paid	(48.00)	
	Less : Dividend paid on equity shares	(6.77)	
	Less : Dividend distribution tax	(1.39)	
			(1,908.47)
	TOTAL		270.50

Notes

1. Earmarked for preference share redemption reserve created pursuant to the terms of allotment of Non-Cumulative, Non- Participating and Non-Convertible redeemable preference shares as effective yield of 12% repayable at the maturity.
2. Statutory reserve fund created pursuant to section 45-IC of the Reserve Bank of India Act, 1934.

27 Nature and purpose of other equity

a) Securities premium

Securities premium is used to record the premium on issue of securities. It can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

b) Earmarked for preference share redemption reserve

Earmarked for preference share redemption reserve created pursuant to the terms of allotment of Non-Cumulative, Non-Participating and Non-Convertible redeemable preference shares as effective yield of 12% repayable at the maturity.

c) Statutory reserve fund in terms of section 45-IC (1) of the Reserve Bank of India Act, 1934

Statutory reserve fund is created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934 by transferring 20% of the profit for the year for NBFC companies.

d) Retained earnings

Retained earnings represents the surplus in profit and loss account and appropriations.

The Company recognises change on account of remeasurement of the net defined benefit liability/(asset) as part of retained earnings with separate disclosure, which comprises of:

- actuarial gains and losses;
- return on plan assets, excluding amounts included in net interest on the net defined benefit liability/(asset); and
- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability/(asset).

(₹ in crore)

Particulars			2018-19
28.	**Interest income**		
	On financial assets measured at amortised costs:		
	Interest income on :		
	- Loans	**1,689.51**	
	- Fixed deposits	**8.72**	
	- Investment	**2.47**	
			1,700.70
			1,700.70
29	**Fees & commission Income**		
	Brokerage & commission		**9.32**
	Servicing fee income		**6.82**
			16.14
30	**Net gain on derecognition of financial instruments**		
	At amortised Cost		
	Foreclosure & other operating charges		**30.15**
	Profit on loans sold to other NBFC		**6.00**
	Profit on sale of current investments (net)		**11.90**
	At fair value through Profit & Loss		
	Profit on sale of derivatives (net)		**0.28**
			48.33
31	**Other operating income**		
	Bad debts recovered		**8.70**
			8.70
32	**Other income**		
	Miscellaneous income		**0.96**
			0.96

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(₹ in crore)

Particulars				2018-19
33	**Finance cost**			
	On financial liabilities measured at amortised cost:			
	Interest on :			
	-	Borrowings from banks & financial institutions	788.81	
	-	Debt securities	313.73	
	-	Subordinated liabilities	7.33	
	-	Bodies corporate	1.62	
	-	Securitisation deal	47.44	
				1,158.93
	Amortised :			
	-	Discount on commercial papers	56.77	
	-	Processing charges	3.54	
				60.31
				1,219.24
34.	**Fees and commission expenses**			
	Credit cost			1.45
	Collection cost			21.67
				23.12
35.	**Impairment on financial instruments**			
	At amortised cost:			
	-	Loans		
	(i)	Bad Debts written off	2,277.80	
	(ii)	Reversal of provision for NPA & doubtful debts	(356.30)	
	(iii)	Contingent provision against standard assets	241.57	
	(iv)	Reversal of provision for impairment loss	(79.83)	
	(v)	Profit on sale of repossessed assets	(0.21)	
				2,083.03
	-	Investments		
	(i)	Investments written off	30.95	
	(ii)	Reversal of provision for diminution In value of investments	(16.00)	
				14.95
	At Fair value through Profit & Loss			
	(i)	Net Loss on MLD at fair value through profit or loss	2.96	
	(ii)	Net Loss on investments at fair value through profit or loss	3.33	
				6.29
				2,104.27
36.	**Employee benefits expense**			
	-	Salaries and wages		108.53
	-	Contribution to provident fund and other Funds		5.51
	-	Staff welfare & other amenities		4.22
				118.26

(₹ in crore)

Particulars		2018-19
37.	**Other expenses**	
	Auditor's remuneration (Refer Note No. 38)	**0.57**
	Bank charges	**1.48**
	Corporate social responsibility expenditures (Refer note no. 39)	**4.31**
	Directors' sitting fees	**0.16**
	Legal & professional fees	**47.88**
	Management expenses	**6.54**
	Miscellaneous expenses	**3.44**
	Postage,telegram & telephone	**1.56**
	Printing and stationary	**3.71**
	Rent	**12.81**
	Rates and taxes	**3.25**
	Repairs & maintenance	**27.26**
	Travel & conveyance	**6.78**
	Marketing expenses	**29.81**
	Loss on sale of property, plant & equipment	**0.48**
		150.04
38	**Auditors' remuneration**	
	Audit fees	**0.24**
	Certification charges	**0.32**
	Out-of-pocket expenses	**0.01**
	Total	**0.57**

39 Corporate Social responsibility expenditures (CSR)

As per Section 135 of the Companies Act, 2013 the Company is under obligation to incur Corporate Social Expenditures (CSR) amounting to ₹ 4.31 crore, being 2% of the average net profit during the three immediately preceding financial years towards CSR, calculated in the manner as stated in the Act. During the year, the Company has incurred the same in cash, through a non-profit centre engaged in the provision of health care and support for education for the purpose other than construction / acquisition of asset.

(₹ in crore)

40 Income tax

Particulars	2018-19
a) The components of income tax expense for the years ended March 31, 2019 are as under :	
Current tax	-
Adjustment in respect of current income tax of prior years	-
Deferred tax	38.49
Total	**38.49**

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2019 is, as follows:

(₹ in crore)

Particulars	2018-19
Accounting loss before tax	(1,853.63)
Tax at India's statutory income tax rate under section 115JB of the Income Tax Act, 1961 i.e. Minimum Alternate Tax 21.55%	(399.43)
Tax effect of the amount which are not taxable in calculating taxable income:	
- Ind AS effect of transition period	6.09
- Provision for diminution in the value investments / MTM	(3.45)
- Provision for NPA & doubtful debts	(76.78)
- Provision for repossessed assets	(0.05)
- Contingent provision against standard assets	52.06
Income tax expense at effective tax rate	-
Deferred Tax expense at effective tax rate	38.49
Income tax expense at effective tax rate	**38.49**
Effective tax rate	**-2.08%**

c) Deferred tax assets/liabilities

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax assets / liabilities:

(₹ in crore)

Particulars	As at March 31, 2018	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2019
a) Deferred tax liability :				
Property, plant and equipment	24.78	10.00	-	**34.78**
Unamortised expenditure	14.23	(0.54)	-	**13.69**
Fair value of investments	8.68	(2.15)	-	**6.53**
Excess interest spread receivable	165.22	(134.12)	-	**31.10**
Interest on collateral deposits	(0.36)	0.52	-	**0.16**
Deferred tax liabilities total (a)	212.55	(126.29)	-	**86.26**
b) Deferred tax asset :				
Disallowance under the Income Tax Act, 1961	(0.59)	(0.43)	-	**(1.02)**
Expected credit loss	(221.50)	152.55	-	**(68.95)**
Unamortised processing fees	(28.95)	12.66	-	**(16.29)**
Deferred tax assets total (b)	(251.04)	164.78	-	**(86.26)**
Net deferred tax liabilities/(asset) (a) - (b)	(38.49)	38.49	-	**-**

d) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	**2,877.17**

41 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit/(loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	2018-19
a) The basic earnings per share has been calculated based on the following:	
Net profit after tax available for equity shareholders (₹ in crore)	(1,892.12)
Weighted average number of equity shares (Nos.)	13 53 25 700
b) The reconciliation between the basic and the diluted earnings per share is as follows:	
Basic earnings per share (₹)	(139.83)
Diluted earnings per share (₹)	(132.02)
c) Weighted average number of equity shares is computed for the purpose of calculating diluted earning per share, after giving the dilutive impact of the outstanding Non-Cumulative Compulsorily Convertible Redeemable Preference Shares (NCCCRPS) for the respective years.	
Weighted average number of shares for computation of Basic EPS (Nos.)	13 53 25 700
Weighted average number of shares for computation of Diluted EPS (Nos.)	14 33 25 700

(₹ in crore)

Particulars	As at March 31, 2019
42 Contingent liabilities & capital commitments	
(a) Contingent liabilities	
(i) Guarantees to banks and financial institutions	**0.37**
(ii) Claims against the Company not acknowledges as debt	**3.46**
(b) Capital commitments	
i) Estimated amount of contracts remaining to be executed on capital account (net of advances)	**2.71**
ii) Undrawn committed credit lines	**205.25**

43 Events occurring after the reporting date

i) The Company's previous auditor, after resigning from the office in June 2019 submitted a report under Section 143(12) of the Companies Act, 2013 with the Ministry of Corporate Affairs (MCA). The Company was informed by its previous auditors that a report under Section 143(12) of the Companies Act, 2013 in Form ADT-4 has been filed with the MCA in June 2019. The Company has examined the matter and has concluded that the issues raised by the previous auditors, do not merit reporting under the said Section. The Company also appointed legal experts, who independently carried out an in-depth examination of the matter and the issues raised by the previous auditor. The legal experts have concluded and confirmed that there was no matter attracting Section 143(12) of the Companies Act, 2013. MCA has sought certain information on this matter and the Company is in process of providing the same.

ii) In the ordinary course of business, the Company makes loans to borrowers and also recovers outstanding loans of diverse amounts from them as routine commercial transactions. Some of these involving similar amounts of loans made and amounts recovered were independent transactions in accordance with business requirements and the liquidity position. Applicable impairment and provisioning tests have been made and recorded appropriately in the financial statements, ensuring that there is no impact on revenue recognition during the year.

44. Capital Risk Management

The Company actively manages its capital base to cover risks inherent to its business and meet the capital adequacy requirement of RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

45 Related party transactions

Disclosure of transactions with related parties as required by Ind AS 24

A. List of Related Parties and their relationship:

i) Holding Company

Reliance Capital Limited

ii) Subsidiaries of Holding Company / Fellow Subsidiaries

1. Reliance Nippon Life Asset Management Limited (Formerly Reliance Life Asset Management Limited) (ceased w.e.f. July 3, 2017)
2. Reliance Asset Management (Singapore) Pte Ltd (ceased w.e.f. July 3, 2017)
3. Reliance Asset Management (Mauritius) Limited (ceased w.e.f. July 3, 2017)
4. Reliance AIF Management Company Limited (ceased w.e.f. July 3, 2017)
5. Reliance Capital Pension Fund Limited
6. Reliance Capital AIF Trustee Company Private Limited
7. Reliance Capital Trustee Company Limited
8. Reliance Commodities Limited
9. Reliance Exchangenext Limited
10. Reliance Financial Limited
11. Reliance General Insurance Company Limited
12. Reliance Home Finance Limited
13. Reliance Nippon Life Insurance Company Limited (Formerly Reliance Life Insurance Company Limited)
14. Reliance ARC-SBI Mansarovar Trust
15. Reliance Health Insurance Limited (w.e.f. May 4, 2017)
16. Reliance Money Precious Metals Private Limited
17. Reliance Money Solutions Private Limited
18. Reliance Securities Limited
19. Reliance Corporate Advisory Services Limited (Formerly Reliance Spot Exchange Infrastructure Limited)
20. Reliance Wealth Management Limited
21. Quant Capital Private Limited
22. Quant Broking Private Limited
23. Quant Securities Private Limited
24. Quant Investment Services Private Limited

iii) Associates of Holding Company

1. Reliance Nippon Life Asset Management Limited (w.e.f. April 1, 2018)
2. Reliance Asset Reconstruction Company Limited
3. Ammolite Holdings Limited
4. Indian Commodity Exchange Limited

iv) Subsidiaries of Associates of Holding Company (w.e.f. April 1, 2018)

1. Reliance AIF Management Company Limited
2. Reliance Asset Management (Singapore) Pte Ltd.
3. Reliance Asset Management (Mauritius) Limited

v) Parties Under Common Control (ceased w.e.f. October 3, 2017)

1. Reliance Communications Limited
2. Reliance IDC Limited
3. Reliance Big Entertainment Limited
4. Reliance Infratel Limited
5. Reliance Infrastructure Limited

vi) Key management personnel

1. Shri Devang Mody – CEO (w.e.f. April 3, 2017) & Executive Director (w.e.f. April 20, 2017), Executive Director and CEO (Ceased w.e.f. December 31, 2018)
2. Shri Dhananjay Tiwari – Executive Director (w.e.f.March 1, 2019)
3. Shri Amrish Shah – Chief Financial Officer (Ceased w.e.f. March 6, 2018)
4. Shri Sandeep Khosla – Chief Financial Officer (w.e.f. September 5, 2018)
5. Smt. Ekta Thakurel – Company Secretary

B. Transactions during the year with related parties: (₹ in crore)

Particulars		Holding Company	Fellow Subsidiaries	Associates of Holding	Parties under common control	Key Management Personnel	Total
With Reliance Capital Limited							
Equity Share Capital							
Balance as at March 31, 2019		**135.33**	**-**	**-**	**-**	**-**	**135.33**
Preference Share Capital							
Balance as at March 31, 2019		**400.00**	**-**	**-**	**-**	**-**	**400.00**
Securities Premium Received on Issue of Equity Shares							
Balance as at March 31, 2019		**2,078.01**	**-**	**-**	**-**	**-**	**2,078.01**
Dividend Paid							
Dividend Paid		**6.77**	**-**	**-**	**-**	**-**	**6.77**
Expenses							
a)	Management Fees	**7.08**	**-**	**-**	**-**	**-**	**7.08**
b)	Reimbursement of expenses paid	**3.52**	**-**	**-**	**-**	**-**	**3.52**
With Reliance Home Finance Limited							
Income							
a)	Reimbursement of Expenses received	**-**	**0.15**	**-**	**-**	**-**	**0.15**
b)	Interest Received on ICD's	**-**	**0.22**	**-**	**-**	**-**	**0.22**
Expenses							
a)	Interest Paid on ICD's	**-**	**0.13**	**-**	**-**	**-**	**0.13**
Inter – Corporate Loans							

Particulars		Holding Company	Fellow Subsidiaries	Associates of Holding	Parties under common control	Key Management Personnel	Total
a)	Loan Given	-	**58.00**	-	-	-	**58.00**
b)	Loan Repaid	-	**58.00**	-	-	-	**58.00**
c)	Loan Received	-	**50.00**	-	-	-	**50.00**
d)	Loan Repaid	-	**50.00**	-	-	-	**50.00**
e)	Outstanding Loan Balance	-	-	-	-	-	-
With Reliance General Insurance Company Limited							
Income							
Reimbursement of Expenses received		-	**1.06**	-	-	-	**1.06**
Expenses							
a)	Insurance Premium Paid	-	**0.96**	-	-	-	**0.96**
With Reliance Nippon Life Assets Management Company Limited							
Income							
a)	Reimbursement of Expenses received	-	-	**0.01**	-	-	**0.01**
With Reliance Nippon Life Insurance Company Limited							
Income							
a)	Reimbursement of Expenses received	-	**0.25**	-	-	-	**0.25**
Expenses							
a)	Insurance Premium Paid	-	**0.40**	-	-	-	**0.40**
b)	Reimbursement of expenses paid	-	**0.04**	-	-	-	**0.04**
With Reliance Securities Limited							
Income							
Reimbursement of Expenses received (*₹ 7,868/-)		-	*	-	-	-	*
Expenses							
a)	Brokerage Expenses paid	-	*	-	-	-	*
	(*₹ 15,127/-)						
With Reliance Asset Reconstruction Company Limited							
Income							
Reimbursement of Expenses received		-	-	**0.01**	-	-	**0.01**
Trade Receivables as on March 31, 2019							
a)	Reliance General Insurance Co Ltd	-	**1.05**	-	-	-	**1.05**
b)	Reliance Securities Ltd	-	**0.11**	-	-	-	**0.11**
c)	Reliance Home Finance Ltd	-	**0.15**	-	-	-	**0.15**
d)	Reliance Nippon Life Insurance Company Limited	-	**0.25**	-	-	-	**0.25**
e)	Reliance Asset Reconstruction Company Limited	-	-	**0.01**	-	-	**0.01**
f)	Reliance Nippon Life Asset Management Limited (*₹ 49,150/-)	-	-	*	-	-	*

Particulars		Holding Company	Fellow Subsidiaries	Associates of Holding	Parties under common control	Key Management Personnel	Total
Employee Benefit Expenses							
a)	Mr. Devang Mody	-	-	-	-	**2.86**	**2.86**
b)	Mr. Sandeep Khosla	-	-	-	-	**0.38**	**0.38**
c)	Mrs. Ekta Thakurel	-	-	-	-	**0.18**	**0.18**

Notes :

1 Transaction values are including taxes and duties (after netting off input credit), if any.

2 Name of the related parties and nature of their relationships where control exists have been disclosed irrespective of whether or not there have been transactions with the Company. In other cases, disclosures have been made only when there have been transactions with those parties.

3 Related parties as defined under clause 9 of the Ind AS 24 'Related party disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. All above transactions are in the ordinary course of business and on an arms' length basis. All outstanding balances are to be settled in cash and are unsecured.

4 Provisions for gratuity, compensated absences and other long term service benefits are made for the Company as a whole and the amounts pertaining to the key managerial personnel are not specifically identified and hence are not included above.

46 Risk management objectives and policies

A summary of the major risks faced by the Group, its measurement monitoring and management are described as under:

Nature of Risk	Arising from	Executive governance structure	Measurement, monitoring and management of risk
Liquidity and funding risk	Liquidity risk arises from mismatches in the timing of cash flows. Funding risk arises: (i) when long term assets cannot be funded at the expected term resulting in cash flow mismatches; (ii) amidst volatile market conditions impacting sourcing of funds from banks and money markets	Board appointed Asset Liability Committee (ALCO)	Liquidity and funding risk is: (i) measured by identifying gaps in the structural and dynamic liquidity statements. (ii) monitored by – assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory directions for NBFCs. – a constant calibration of sources of funds in line with emerging market conditions in banking and money markets. – periodic reviews by ALCO relating to the liquidity position and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by the Company. (iii) managed by the Company's treasury team under the guidance of ALCO.
Interest rate risk	Interest rate risk stems from movements in market factors, such as interest rates, credit spreads which impacts investments, income and the value of portfolios.	Board appointed Asset Liability Committee (ALCO)	Interest rate risk is: (i) monitored by assessment of probable impacts of interest rate sensitivities under simulated stress test scenarios given range of probable interest rate movements on both fixed and floating assets and liabilities. (ii) managed by the Company's treasury team under the guidance of ALCO.

(₹ in crore)

Credit risk	Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Company	Board appointed Risk Management Committee	Credit risk is: (i) measured as the amount at risk due to repayment default of a customer or counterparty to the Company. Various matrics such as EMI default rate, overdue position, collection efficiency, customers non performing loans etc. are used as leading indicators to assess credit risk. (ii) monitored by Risk Management Committee using level of credit exposures, portfolio monitoring, geographic, customer and portfolio concentration risks. (iii) managed by a robust control framework by the risk department which continuously align credit policies and reviews of portfolios and delinquencies by senior and middle Management team comprising of risk, analytics, collection and fraud containment along with business. The same is periodically reviewed by the Board appointed Risk Management Committee

(a) Liquidity and funding risk

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet.

The Company continuously monitors liquidity in the market; and as a part of its ALCO strategy.

(b) Market risk

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate due to changes in the market variables such as interest rates, foreign exchange rates and equity prices. The Company do not have any exposure to foreign exchange rate and equity price risk.

(c) Credit risk

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Company. It has a diversified lending model and focuses on six broad categories viz: (i) consumer/retail lending, (ii) SME lending, (iii) infra lending, (iv) micro financing, and (vi) other commercial lending. The Company assesses the credit quality of all financial instruments that are subject to credit risk. The Company has manged the credit risk by diversifying into retail segment in recent years. In SME lending also, focus has been on the products with lower ticket size.

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:

- Stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised;
- Stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;
- Stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due (DPD) and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12 month Point in Time (PIT) probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD).

A The table below summarises the approach adopted by the Company for various components of ECL viz. PD, EAD and LGD across product lines using emperical data where relevant:

<table>
<tr><th rowspan="2">Lending verticals</th><th rowspan="2">Nature of businesses</th><th colspan="3">PD</th><th rowspan="2">EAD</th><th rowspan="2">LGD</th></tr>
<tr><th>Stage 1</th><th>Stage 2</th><th>Stage 3</th></tr>
<tr><td>Consumer/ retail lending</td><td>Products being offered are two wheelers, Used Cars and Unsecured loans under this category</td><td rowspan="5">The actual behaviour of the portfolio, taking the average of the last 5 years of the products having the similar characteristics</td><td rowspan="5">The actual behaviour is simulated for the balance tenor of the each individual loan</td><td rowspan="5">100%</td><td rowspan="5">For Stage 3, Exposure at default and for the Stages 1 & 2 it's the principal outstanding and Interest Overdue as on the reporting date. Cash Collateral, if any, is deducted from the exposure in both the scenarios.</td><td rowspan="5">Past trends of recoveries for each set of portfolios are discounted at a reasonable approximation of the original effective rates of interest. The recoveries considered are also within the reasonable time frame.</td></tr>
<tr><td>SME lending</td><td>A wide range of products like Equipment funding, SME Loans against property for meeting the working capital or the capital requirement of SMEs</td></tr>
<tr><td>Infra lending</td><td>Under this category fund the projets under the renewable space. Facilities are extended till the principle banker does the final funding to the IPPs or EPC companies</td></tr>
<tr><td>Micro financing</td><td>Term loans to the NBFC-MFIs, Sec 8 companies etc for onward lending and also direct lending through partners</td></tr>
<tr><td>Other commercial lending</td><td>Comercial Vehicles, Construction Equipments, LAP, CF etc, these products are the ones which have been dicontinued</td></tr>
</table>

Collateral Valuation

The nature of products across these broad categories are either unsecured or secured by collateral. Although collateral is an important risk mitigant of credit risk, the Company's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of product and the Company's assessment of the customer's credit risk, a loan may be offered with suitable collateral. Depending on its form, collateral can have a significant financial effect in mitigating the Company's credit risk.

The Company exercises its right of repossession across all secured products. The repossessed assets are either sold or released to delinquent customers in case they come forward to settle their dues.

Analysis of Concentration Risk

The Company has started new products like two wheelers and other retail products to manage the concentration risk. The Company also has portfolio across geographies to manage the geographical risk.

47 Maturity profile and Rate of interest of Non Convertible Debentures are as set out below: (₹ in crore)

Rate of Interest	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Total
MLD	25.50	26.53	15.70	–	–	–	–	–	–	67.73
NCD										
8.52%	–	–	–	–	–	54.00	–	–	–	54.00
8.66%	–	–	–	–	–	–	–	–	35.00	35.00
8.69%	–	–	–	–	–	–	–	–	32.00	32.00
8.70%	–	–	–	–	–	–	5.00	–	–	5.00
9.03%	–	–	–	392.61	–	–	–	–	–	392.61
9.07%	–	–	–	–	–	–	–	–	6.00	6.00
9.10%			15.20	15.20	15.20	15.20	–	–		60.80
9.15%	535.00	–	–	–	–	–	–	–	–	535.00
9.23%	–	–	–	–	–	–	–	–	489.95	489.95
9.40%	–	–	–	–	–	–	–	–	38.00	38.00
9.50%	–	200.00	–	–	483.57	–	–	–	–	683.57
TOTAL	**560.50**	**226.53**	**30.90**	**407.81**	**498.77**	**69.20**	**5.00**	**-**	**600.95**	**2,399.66**

(₹ in crore)

Particulars	As at March 31, 2019
At amortise cost through profit and loss unless stated otherwise	
a) Secured - Debentures	
Market Linked Debenture (MLD) at fair value	67.73
8.52% Debenture	54.00
8.66% Debenture	35.00
8.80% Debenture	
9.03% Debenture	392.61
9.10% Debenture	60.80
9.15% Debenture	535.00
9.23% Debenture	489.95
9.50% Debenture	483.57
b) Unsecured - Debentures	
8.69% Debenture	32.00
8.70% Debenture	5.00
9.07% Debenture	6.00
9.40% Debenture	38.00
9.50% Debenture	200.00
Total (A)	**2,399.66**
Debt securities in India	2,399.66
Debt securities outside India	–
Total (B)	**2,399.66**

48 Maturity profile of term loans from banks are as set out below : (₹ in crore)

	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Term loan from banks / financial institutions	3,105.77	1,589.99	739.51	168.50	17.40	5,621.17

49 Going Concern :

During the year, due to sudden adverse developments in the financial sector all categories of lenders in India (including Banks, Mutual Funds, etc) have put near complete freeze on additional lending to Non-Banking Finance companies (NBFCs) and have been insisting on reducing the existing level of borrowings which has severely impacted the financial flexibility of majority of NBFCs. These developments have also adversely impacted our Company resulting into operating loss for the year and temporary liquidity mismatch. The Company has taken steps to meet such temporary liquidity mismatch by securitisation of its loan portfolio. The Company has also engaged with all its lenders to enter into an Inter-Creditor Agreement (ICA) for the resolution of its debt in accordance with the circular dated June 7, 2019 issued by the Reserve Bank of India on Prudential Framework for Resolution of Stressed Assets. Majority of our lenders have already entered into the ICA. The Company is confident of implementing its Resolution Plan during Financial Year 2019-20. In view of the steps taken by the Company, the accounts of the Group have been prepared on "Going Concern" basis.

50 The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law / Indian Accounting Standards there are no foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

51 During the current and previous financial year, the Company has given General Purpose Corporate Loan/Working Capital Term Loan to certain bodies corporate in the ordinary course of business. None of these loans constitute as transactions with related parties.

In few cases, the Company's borrowers have undertaken onward lending transactions to companies which are identified as Group Companies by Reliance Capital Limited (holding company) in terms of the Core Investment Companies (Reserve Bank) Directions, 2016.

Considering the end use of loans given, the Company has considered the below loans amounting to ₹ 4,799.55 crore, as 'Exposure to group companies' for the purpose of various regulatory disclosures. These loans are secured and in few cases its further guaranteed by the Group Companies.

(₹ in crore)

Sr. No	Party Name	Principal Outstanding as at March 31, 2019
1	Aashish Power Plant Equipment Private Limited	185.00
2	Accura Productions Private Limited	300.00
3	Adhar Project Management & Consultancy Private Limited	20.25
4	Celebrita Mediahouse Private Limited	90.00
5	Crest Logistics & Engineers Private Limited	286.90
6	Edrishti Movies Private Limited	125.00
7	Gamesa Investment Management Private Limited	30.70
8	Hirma Power Limited	222.41
9	Indian Agri Services Private Limited	95.00
10	Kalai Power Private Limited	260.80
11	Kunjbihari Developers Private Limited	108.75
12	Medybiz Private Limited	118.00
13	Mohanbir Hi-Tech Build Private Limited	5.44
14	Nationwide Communication Private Limited	25.00
15	Reliance Big Entertainment Private Limited	246.83
16	Reliance Cleangen Limited	270.49
17	RPL Solaris Power Private Limited	188.00
18	RPL Aditya Power Private Limited	40.00
19	Skyline Global Trade Private Limited	290.00
20	Species Commerce & Trade Private Limited	235.50
21	Summit Ceminfra Private Limited	300.00

Notes to the Consolidated Financial Statements for the year ended March 31, 2019

Sr. No	Party Name	Principal Outstanding as at March 31, 2019
22	Thwink Big Content Private Limited	350.00
23	Tulip Advisors Private Limited	297.95
24	Vinayak Ventures Private Limited	54.50
25	Worldcom Solutions Limited	353.03
26	Zapak Digital Entertainment Limited	300.00
	Total	**4,799.55**

52 Segment Reporting

The Group is mainly engaged in the commercial finance business and all other activities revolve around the main business of the Company. Further, all activities are conducted within India and as such there is no separate reportable segment as specified in Ind AS 108 - "Operating Segments", in terms of Companies (Accounts) Rules, 2014.

53 Interests in other entities

a) Subsidiary :

As on March 31, 2019 the Group has only a subsidiary company i.e. Gullfoss Enterprises Private Limited, which is incorporated in India on January 24, 2019 and as on February 20, 2019 the Company has acquired 100% equity of the same.

b) Associate/ Joint venture

there is no associate and joint venture in the Group as on March 31, 2019.

54 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary.

(₹ in crore)

Sr. No.	Name	As % of consolidated net assets	Net asset Amount	As % of consolidated net assets	Profit/(loss) after Taxation Amount
A	**Parent**				
	1. Reliance Commercial Finance Limited	100%	805.84	100%	(1,892.12)
B	**Subsidiaries**				
	i) Indian				
	Gullfoss Enterprises Private Limited (# ₹ 66,651 and * Loss ₹ 33,649)	0%	#	0%	*
		100%	**805.84**	**1.00**	**(1,892.12)**

This is the consolidated notes to accounts referred to our report of even date

For Shridhar & Associates
Chartered Accountants
Firm Registration No. : 134427W

Ajay Vastani
Partner
Membership No.: 132265

Mumbai
August 14, 2019

For and on behalf of the Board of Directors

Sushil Kumar Agrawal (Director)

Rashna Khan (Director)

Dhananjay Tiwari (Executive Director)

Sachin Bora (Whole-time Director)

Sandeep Khosla (Chief Financial Officer)

Ekta Thakurel (Company Secretary)

Statement containing salient features of the financial statement of Subsidiaries/associate companies/joint ventures

FORM NO. AOC.1

Statement containing salient features of the financial statement of Subsidiaries/associate companies/joint ventures
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)"

Part "A": Subsidiaries

Sl. No.	Particulars	
1.	Name of the subsidiary	Gullfoss Enterprises Private Limited
2.	The date since when subsidiary was acquired	February 20, 2019
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	January 24, 2019 to March 31, 2019
4.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	Not Applicable
5.	Share capital	₹ 1,00,000
6.	Reserves & surplus	₹ (33,649)
7.	Total assets	₹ 76,351
8.	Total Liabilities	₹ 76,351
9.	Investments	Nil
10.	Turnover	Nil
11.	Profit/(Loss) before taxation	₹ (33,649)
12.	Provision for taxation	Nil
13.	Profit/(Loss) after taxation	₹ (33,649)
14	Proposed Dividend	Nil
14.	Extent of shareholding	100%
Notes:		
1.	Names of subsidiaries which are yet to commence operations	Nil
2.	Names of subsidiaries which have been liquidated or sold during the year.	Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures.

Notes:

1. The Company does not have any Associate and Joint Venture during the year.

For and on behalf of the Board of Directors of Reliance Commercial Finance Limited

Sushil Kumar Agrawal
(Director)

Rashna Khan
(Director)

Dhananjay Tiwari
(Executive Director)

Sachin Bora
(Whole-time Director)

Mumbai
August 14, 2019

Sandeep Khosla
(Chief Financial Officer)

Ekta Thakurel
(Company Secretary)

If undelivered please return to :

Karvy Fintech Private Limited
(Unit: Reliance Commercial Finance Limited)
Karvy Selenium Tower - B, Plot No. 31 & 32
Survey No. 116/22, 115/24, 115/25
Financial District, Nanakramguda, Hyderabad 500 032
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