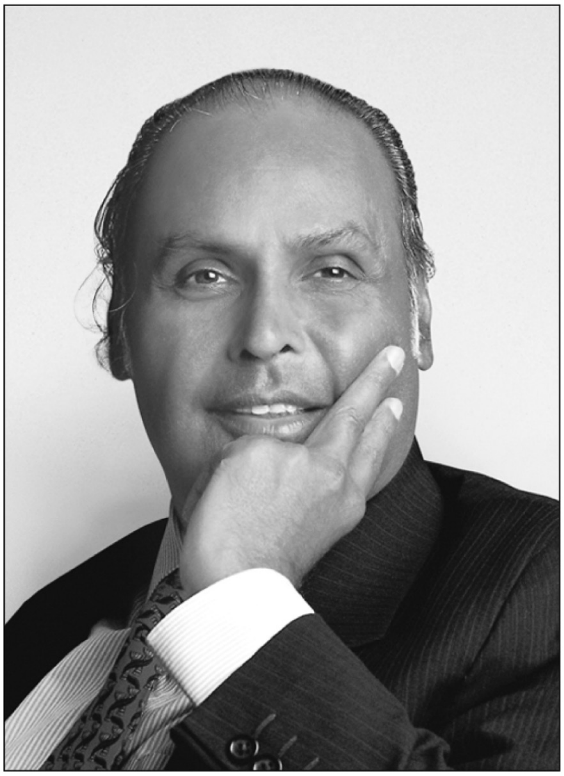
RELIANCE COMMERCIAL FINANCE

Annual Report 2019-20



Padma Vibhushan

Shri Dhirubhai H. Ambani

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

Reliance Group – Founder and Visionary

Board of Directors

Ms. Rashna Khan – Independent Director

Mr. Sushilkumar Agrawal – Independent Director

Mr. Dhananjay Tiwari – Executive Director

Chief Financial Officer

Mr. Arpit Malaviya

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

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

Contents

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

Notice

Notice is hereby given that the 20th Annual General Meeting of the Members of **Reliance Commercial Finance Limited** will be held on, Wednesday, July 29, 2020 at 3:00 P.M. through Video Conferencing (VC) / Other Audio Visual Means (OAVM), to transact the following business:

Ordinary Business:

1. **To consider and adopt:**
    a) the audited financial statement of the Company for the financial year ended March 31, 2020 and the reports of Board of Directors and Auditors thereon; and
    b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2020 and the reports of Auditors thereon.
2. To appoint a Director in place of Mr. Dhananjay Tiwari (DIN: 08382961), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

By Order of the Board of Directors

Arpit Malaviya
Chief Financial Officer

Registered Office:
Reliance Centre, 6th Floor, South Wing,
Off Western Express Highway,
Santacruz (East), Mumbai 400 055
CIN: U66010MH2000PLC128301
Website:https://www.reliancemoney.co.in/

May 7, 2020

Notes:

1. There is no special business transacted at the Annual General Meeting (the "Meeting") therefore, statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the special business is not annexed .
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide it's circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the "AGM" through Video Conferencing (VC) / Other Audio-Visual Means (OAVM), without the physical presence of the Members at a common venue. Accordingly, in compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
3. The AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of their board resolution authorising their representatives to attend and vote on their behalf at the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their Folio number in the attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
7. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays between 11:00 A.M. and 1:00 P.M. upto the date of Meeting.
8. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/ CDSL / NSDL ("Depositories"). Members may note that the Notice will also be available on the Company's website www.reliancemoney.co.in, and on the website of Karvy Fintech Private Limited www.karvy.com
9. Re-appointment of Director

    At the ensuing Annual General Meeting, Mr. Dhananjay Tiwari, Director of the Company retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers himself for re-appointment. The Board of Directors of the Company have recommended the re-appointment.

    The details pertaining to Mr. Dhananjay Tiwari are furnished hereunder:

    Mr. Dhananjay Tiwari aged, 52 years holds a Bachelor of Engineering degree and a Master of Business Administration from The Maharaja Sayajirao University of Baroda, has more than 25 years of diverse experience in risk monitoring and containment, underwriting, new product development and credit and financial compliance. Mr. Dhananjay has worked with HDFC Bank for 14 years where he headed the underwriting division. Prior to joining HDFC Bank, he has handled business roles at Kotak, Ford Credit and GLFL. He has been a strong advocate of the concept of using technology for process improvisation for deriving higher operational efficiency, productivity and cost saving.

    He is a Whole time director designated as Executive Director of the Company appointed with effect from March 1, 2019. He has attended all the 9 Board Meetings held during the financial year 2019-20. He serves on the Board of Reliance Capital Limited. He is a member of Audit Committee, Corporate Social Responsibility Committee, Risk Management Committee and Stakeholder Relationship Committee of Reliance Commercial Finance Limited.

    In terms of Section 152(6) of the Act, he was appointed as an Executive Director at the Annual General Meeting held on September 30, 2019, liable to retire by rotation and paid a remuneration as per the existing approved terms and conditions.

    He fulfills the Fit and Proper Criteria of Directors as the requirement of Master circular – 'Non – Banking Financial Companies- Corporate Governance (Reserve bank) Directions, 2015' and has given his declaration in this regard.

    He does not by himself or for any other on a beneficial basis, holds any shares in the Company. He does not hold any relationship with other Directors and Key Managerial Personnel of the Company. The terms and conditions of his appointment shall be open for inspection by the Members and shall be so made available for inspection in physical or in electronic form during specified business hours 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 Meeting and copies thereof shall also be made available for inspection in physical or electronics form at the Meeting.

By Order of the Board of Directors

Arpit Malaviya
Chief Financial Officer

Registered Office:

Reliance Centre, 6th Floor, South Wing
Off Western Express Highway
Santacruz (East), Mumbai 400 055
CIN: U66010MH2000PLC128301
Website : www.reliancemoney.co.in

May 7, 2020

Directors' Report

Dear Shareowners,

Your Directors present the 20th Annual Report and the audited financial statement for the financial year ended March 31, 2020.

Standalone Financial Performance and State of Company's Affairs

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

(₹ in crore)

Particulars	Financial Year Ended	
	March 31, 2020	March 31, 2019
Total Revenue	**864.63**	1780.86
Finance Cost	**1232.01**	1219.24
Impairment on financial instruments	**882.03**	2104.27
Other Operating Expenses	**171.11**	287.86
Loss before Tax	**(1440.80)**	(1853.63)
Tax Expense	**-**	38.49
Net Loss After Tax	**(1440.80)**	(1892.12)
Total Comprehensive Income for the year	**(1441.09)**	(1893.41)
Retained Earnings at the beginning of the year	**(1908.46)**	41.11
Net Profit / (loss) After Tax	**(1440.80)**	(1892.12)
Other comprehensive income on defined benefit plan	**(0.29)**	(1.29)
Retained earnings before appropriations	**(3,349.55)**	(1,852.30)
Appropriations		
- Yield on Preference Share	**-**	(48.00)
- Transferred to Special Reserve		
- Dividend paid	**-**	(6.77)
- Tax on Dividend	**-**	(1.39)
Retained earnings as at the end of the year	**(3,349.56)**	(1,908.46)

Financial Performance

The financial position of the Company is under severe stress on account of severe deterioration in our cash flows and adverse developments in the financial sector.

Pursuant to Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 vide RBI circular dated June 7, 2019, the Company has entered into an Inter-Creditor Agreement (ICA) on July 6, 2019 for the resolution of its debt. The timeline of 180 days given in the Circular was expired on January 3, 2020. In the Lender's meeting held on January 16, 2020 all lenders had agreed to extend the ICA period till March 31, 2020 which was further extended till June 30, 2020 in lenders meeting held on March 26, 2020.

Further, the current operations of the Company are being directed, reviewed and managed under the supervision of the lenders of the Company and such lenders are jointly deciding over the operational and strategic aspects of the Company including management of the cashflows through a cashflow monitoring agency. The Company is confident of implementing its Resolution Plan during this extended period.

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).

Dividend

In view of loss during the period 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. There are no unclaimed deposits, unclaimed / unpaid interest, refunds due to the deposit holders or to be deposited to the Investor Education and Protection Fund as on March 31, 2020.

Particulars of Loans, Guarantee 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 89.14 percent against the regulatory minimum of 15 percent as on March 31, 2020.

Subsidiary companies, Associate and Joint Venture

During the year under review, Reinplast Advance Composites Private Limited and Global Wind Power Limited became associate companies.

The summary of the performance and financial position of the subsidiary and associate companies are presented in Form AOC-1.

A report on the performance and financial position of each of the subsidiary and associate companies as per the Act is provided in the consolidated financial statement.

Standalone and Consolidated Financial Statement

The audited financial statement of the Company drawn up, both on standalone and consolidated basis, for the financial year ended March 31, 2020, are in accordance with the requirements of the Companies (Indian Accounting Standards) Rules, 2015 'Ind AS Rules' prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules and other accounting principles. The Consolidated Financial Statement have been prepared in accordance with Ind AS and relevant provisions of the Act based on the financial statement received from subsidiary and associate companies, as approved by their respective Board of Directors.

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 with 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.

In compliance with provisions of Section 152 of the Companies Act, 2013, Mr. Dhananjay Tiwari, Executive Director of the Company retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

During the year under review, the Company has appointed Ms. Rashna Khan and Mr. Sushilkumar Agrawal as the Independent Directors of the Company for a term of 5 (five) years commencing from May 21, 2019 and August 7, 2019 respectively.

Mr. Sachin Bora – Whole time director (appointed on June 17, 2019) ceased to be Directors of the Company with effect from January 24, 2020. The Board places on record its deep sense of appreciation for the guidance and invaluable contribution made by the Directors during their tenure as Director of the Company.

In the opinion of the Board, the Independent Directors possess the requisite expertise and experience and are the persons of high integrity and repute. They fulfil the conditions specified in the Companies Act, 2013 and the Rules made thereunder and are independent of the management.

Key Managerial Personnel (KMP)

During the year under review, Mr. Sandeep Khosla ceased to be the Chief Financial Officer (CFO) of the Company with effect from November 15, 2019 and Mr. Arpit Malaviya was appointed as the CFO of the Company with effect from February 4, 2020.

Ms. Ekta Thakurel ceased to be Company Secretary & Compliance Officer with effect from August 14, 2019 and Ms. Saumya Suvarna who was appointed as Company Secretary & Compliance Officer of the Company on October 24, 2019, ceased to be Company Secretary & Compliance Officer with effect from March 2, 2020.

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 the 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 and information provided to the Board, etc.

The performance of the committees was evaluated by the Board of Directors based on inputs received from all the committee members after considering criteria such as composition and structure of committees, effectiveness of committee meetings, 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.

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 attached 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, 2020, 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, 2020 and of the 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, 2020 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 and 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

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

Meetings of the Board

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

Audit Committee

The Audit Committee of the Board was re-constituted on February 4, 2020 and presently consists of Independent Directors namely Mr. Sushilkumar Agrawal as Chairman, and Ms. Rashna Khan and Non-Independent Director, Mr. Dhananjay Tiwari as Members. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board was re-constituted on August 7, 2019 and presently consists of Independent Directors namely Mr. Sushilkumar Agrawal and Ms. Rashna Khan and Non-Independent Director Mr. Dhananjay Tiwari as members. The terms of reference of Nomination and Remuneration Committee are in accordance with the provisions of the Act, as amended from time to time. During the year, all the recommendations made by the Nomination and Remuneration Committee were accepted by the Board.

Auditors and Auditor's Report

M/s. Shridhar & Associates, Chartered Accountants 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 September 30, 2019.

The Auditors' in their Report to the Members have given the following qualified opinion and the response of your Directors with respect to them are as follows:-

- Opinion on loan sanctioned under the Corporate Loan book with significant deviations to certain bodies corporate including group companies, recovery against these loan and end use of funds.

Response : The Company had given General Purpose Corporate Loan/Working Capital Term Loan to certain bodies corporate in the ordinary course of business, the terms of which are at arms' length basis. None of these loans constitute as transactions with related parties. However, in few cases, the Company's borrowers had 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 and it was noticed that end use of the borrowing taken from the Company by Group companies for repayment of their debt obligation. Further these loans are secured and in few cases its further guaranteed by the Group Companies. The Company is taking constant steps to strengthen its loan sanctioning, processing and documentation processes.

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.

Response: The Company is taking constant steps to strengthen its loan sanctioning, processing and documentation processes.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Act read with 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 Board noted the observations made by the Secretarial Auditor and is taking constant steps to strengthen the processes to avoid recurrence of the same.

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.

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.

Annual Return

As required under Section 134(3)(a) of the Act, the Annual Return for the financial year 2019-20 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 up to the date of the Meeting. Any member interested in obtaining the same may write to the Company and the same will be furnished on request.

Conservation of Energy, Technology Absorption and 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. No person has been denied for direct access to the Chairperson of the Audit Committee. The policy can be accessed on the Company's website at the link https://www.reliancemoney.co.in/investors.

Risk Management

The Company has laid down a 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. Mr. Bupesh Mahajan (appointed on August 14, 2019) ceased to be Chief Risk Office of the Company with effect from November 7, 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 ALCO functions as sub-committee of 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.

We manage risks and build business continuity plans that allow us to focus on resilience in our day-to-day business operations. We have invoked BCP from March 18, 2020 after assessing the magnitude of the impact caused by the COVID-19 and are providing strategic support to ensure continuation of critical activities. The Company has ensured protecting employee's health & safety by implementing work-from-home and at the same time ensuring continuation of business operations. The businesses are greatly adjusting to the changing needs of its employees, customers and suppliers while navigating the financial, operational and cyber security challenges during & post COVID-19.

The Company also have Risk Management Committee which consists of Independent Directors namely Ms. Rashna Khan, Mr. Sushilkumar Agrawal and Non-Independent director, Mr. Dhananjay Tiwari as members.

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

The Company is committed to uphold and maintain the dignity of woman employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. The Company has also constituted an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, one complaint was received and resolved by the Internal Complaints Committee.

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 CSR Committee has formulated a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company. The CSR policy may be accessed on the Company's website at the link https://www.reliancemoney.co.in/investors.

As on March 31, 2020, the CSR Committee consists of Independent Directors viz. Ms. Rashna Khan, Mr. Sushilkumar Agrawal, and Non-Independent director, Mr. Dhananjay Tiwari as members.

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

Significant and material Orders passed by the Regulators or Courts or Tribunal

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

However, the Company received direction from RBI under section 45 N and 45 L directing not to access 'public funds' and not to take any further exposure with immediate effect, until further notice.

Internal Financial Controls and their adequacy

The Company has in place adequate internal financial control systems across the organization. The same is subject to review periodically. The Company is taking constant steps to extend the scope of Internal Auditors to commensurate with the size and nature of Company's business and operations.

Also, pursuant to the qualifications in the Auditors' Report for 2018-19, the Company has discontinued fresh sanctioning and disbursement under the General-Purpose Corporate Loan product since June 2019.

Acknowledgement

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from shareholders, debenture holders, debenture trustee, bankers, financial institutions, 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.

For and on behalf of the Board of Directors

Dhananjay Tiwari **Executive Director**	**Rashna Khan** **Director**

Place: Mumbai
Date : May 7, 2020

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, 2020
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,
Reliance 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 our 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, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance – mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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, 2020, according to the provisions of:

(i) The Companies Act, 2013 (the 'Act') and the Rules made thereunder;

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

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – Not Applicable;

(v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunderto the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – Not Applicable;

(vi) 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 – Not Applicable;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 except regulation 8(2) and Intimation for Closure of Trading Window for period ended 31.03.2019 and 30.09.2019 to stock exchange as only debt securities of the Company are listed on stock exchange;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  (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 Indiafor 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 period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines mentioned above except for Reconstitution of Audit Committee for the meeting held on June 12, 2019, Nomination and Remuneration Committee (NRC) since August 14, 2019.

The Company has complied with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 except the following intimations / disclosures to stock exchange:-

- Intimations u/r 50 for raising funds prior to Board Meeting;
- Intimation and submission of Financial Results for half year and year ended 31.03.2019 were published on August 17, 2019 and October 31, 2019 due to situations beyond the control of the Company;
- Delay in intimating default in cash credit pursuant to SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated 21.11.2019.

The Company is in the process of filing form BEN-2 with the Registrar of Companies and Form CG-1 for condonation of delay in filing form MGT-14 pertaining to appointment of Internal auditor and appointment of Key Managerial personnel under section 179(3) of the Act.

We further report that 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 (RBI), 1934 and its circulars, Master Circulars, notifications and its Directions as prescribed for NBFCs except;

    i) Delay in filing of certain returns with RBI and passing of Board resolution for non-acceptance of public deposits for financial year 2019-20;

    ii) With respect to the Reserve Bank of India Master Direction on Information Technology Framework for the NBFC Sector the Company is taking steps to comply with the same;

    iii) The Company is in the process of completing Registration on NeSL portal and submission of financial information in Form C relating to assets on which security has been created;

    iv) Reserve Bank of India Master Direction- Non-Banking Financial Company – Systemically Important Non-deposit taking Company and Deposit taking Company Directions, 2016 the Company is in the process of filing of records of mortgages with the Central Registry with CERSAI;

    v) The Company is in process of appointing a principal officer and Chief Risk Officer (CRO).

(b) Prevention of Money Laundering Act, 2002.

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non – ExecutiveDirectors 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 alldirectors to schedule the Board Meetings, agendaand detailed notes on agenda were sentat leastseven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions at Board Meetings and Committee Meetings are carried out and recorded in the minutes of the Board of Directors and Committee of the Board accordingly.

We have relied on the representation made by the Company and its Officers for adequate systemsand 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. Appointment and Resignation of Director(s) and Key Managerial Personnel;
b. Re-constitution of Board and its committees;
c. Resignation of M/s. Price Waterhouse & Co Chartered Accountants, LLP as the Statutory Auditor's of the Company;
d. Default in payment of interest and redemption of Non-convertible debentures and term loan;
e. Revision in credit rating of the Debt instruments of the Company;
f. Convening debenture holders meeting;

g. The Company has obtained the shareholder's approval at its 19thAnnual General Meeting held on September 30, 2019 for the following businesses;

(i) Appointment of M/s Shridhar& Associates, Chartered Accountants as the Statutory Auditors by board on June 28, 2019 to fill the casual vacancy caused by resignation of M/s. Price Waterhouse & Co Chartered Accountants, LLP and for a term of 5 years from the conclusion of this AGM;

(ii) Approval of Private Placement of Non – Convertible Debentures and / or other Debt Securities;

(iii) Appointment of Mr. Dhananjay Tiwari (DIN: 08382961) as Executive and Whole-time Director of the Companyfor a term of 3 years from commencing from March 1, 2019 ;

(iv) Appointment of Ms. Rashna Khan (DIN: 06928148) as the Independent Directors of the Company for a term of five years commencing from May 21, 2019;

(v) Appointment of Mr. Sachin Bora (DIN:07510730) as the Whole time Director of the Company for a term of 3 years from commencing from June 17,2019;

(vi) Appointment of Mr. Sushilkumar Agrawal (DIN: 00400892) as the Independent Directors of the Company for a term of five years commencing from August 7, 2019;

(vii) Issue of Equity shares by conversion of debt.

For Bhatt & Associates Company Secretaries LLP

Aashish Bhatt
Designated Partner
ACS No.: 19639
COP No.: 7023
UDIN: A019639B000212194

Place: Mumbai
Date: May 7, 2020

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

(c) Total foreign exchange earnings and outgo:

a.	Total Foreign Exchange earnings	:	Nil
b.	Total Foreign Exchange outgo	:	Nil

Annexure IV

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2019-20

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#tabs-2

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

   Ms. Rashna Khan – Independent Director

   Mr. Sushilkumar Agrawal – Independent Director

   Mr. Dhananjay Tiwari - Executive Director

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

   ₹ (402.92) Crores

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

   Not applicable

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

   a) Total amount spent for the financial year: - NA

   b) Amount unspent, if any: - NA

   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)
Not Applicable							

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

6. **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: May 07, 2020

Dhananjay Tiwari
Executive Director

Sushilkumar Agrawal
Chairperson, CSR Committee

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 the regulatory authority, changes in Government regulations, tax laws, economic developments within the country and such other factors globally.

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 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, in order 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 statements and the notes to these consolidated financial 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.

Global Covid-19 pandemic continue to roil global and domestic markets and economies. The Covid-19 crisis and the subsequent nationwide lockdown has resulted in a standstill of business and industrial operations across India. The fallout of this is that the credit profile of many entities across sectors has become vulnerable; and this is bound to have credit implications that may vary from near-term to medium to long-term. Policy-makers across the world have reacted with aggressive policy response to contain the fallout of the pandemic. Taking into consideration the liquidity pressures faced by India Inc, the RBI has permitted a three months moratorium on loan payments, from March 1, 2020 to May 31, 2020. The capital market regulator, SEBI too has allowed relaxation in default recognition norms, in this crisis. RBI also unleashed a slew of measures comprising of Targeted LTRO 2.0 (Long Term Repo Operations), special financing window, COVID-19 package, reduction in reverse repo rate and some regulatory forbearance. This clearly reflected that the central bank stood vigilant and ready to unleash its arsenal of conventional and unconventional tools with the sole objective to assuage the impact of crisis.

The buoyancy in the equity market continued till mid-January 2020 against the backdrop of a fall in global crude prices, recovery in industrial output in November, higher GST collection and expansion in manufacturing Purchasing Managers' Index (PMI) in December which pushed the Sensex to a record close of 41953 on January 14, 2020. Markets wilted, however, following the escalation of geo-political tensions between the US and Iran, a subdued domestic GDP growth outlook along with downward revision of India's growth forecast for 2019-20 by the International Monetary Fund (IMF). The decline got accentuated on February 1, 2020 with the Sensex plunging by 988 pointsas proposals in the Union Budget 2020-21 fell short of market expectations. Subsequently, Indian equity markets retracted in line with global markets reacting to COVID-19.

Financial markets across the world are experiencing volatility; global commodity prices especially of crude oil, have declined sharply. COVID-19 would impact economic activity in India directly due to lockdowns, and through second round effects operating through global trade and growth. The disruption of economic activity in a wide swathe of affected countries is set to intensify in the face of headwinds in the form of massive dislocations in global production, supply chains, trade and tourism.

GDP Growth

Elongated lockdown due to spread of Covind-19 virus, has compelled Indian economic growth shrink. COVID-19 would impact economic activity in India directly due to lockdowns, and through second round effects operating through global trade and growth. Against this backdrop and especially, the highly fluid circumstances in which incoming data produce shifts in the outlook for growth on a daily basis, forecasts for real GDP growth in India looks ambiguous, awaiting a clear fix on the intensity, spread and duration of COVID-19.

The first half of the financial year is poised have negative growth, however the growth in second half is expected to take V shape recovery as per statement by RBI. As per the Central Statistics Organization (CSO) second advance estimates it has forecasted India's GDP growth rate to bounce back to 6.6 per cent in FY22.

The IMF expects that the contraction in global output in 2020 could be as bad as or worse than in 2009. The depth of the recession and the pace of recovery in 2021 would depend on the speed of containment of the pandemic and the efficacy of monetary and fiscal policy actions by various countries. The slowdown could be more protracted in dire scenarios in which the duration of COVID-19 extends longer.

Industrial Production

Beginning March, the lockdown in the wake of the outbreak of COVID-19 has choked manufacturing activities. Anecdotal evidence suggests that in the manufacturing sector, dislocations of labour adversely impacted automobiles, electronic goods and appliances, and apparel. Services such as trade, tourism, airlines, the hospitality sector and construction have been hit hard. Industrial output (IIP) for fiscal 2019-20 contracted by 0.7 per cent compared with a growth rate of 3.8 per cent in 2018-19. While the growth has been lower across sectors than a year ago, the manufacturing sector has registered contraction in the output during the year. Credit offtake during 2019-20 (up to March 13, 2020) was muted with non-food credit growth at 6.1 per cent being less than half the growth of 14.4 per cent in the corresponding period of the previous year. The slowdown in credit growth was spread across all bank groups, especially private sector banks.

Inflation and Interest Rate

An array of forward-looking indicators is pointing to a much softer inflation trajectory. Looking ahead, the balance of inflation risks is slanted even further to the downside. First, food prices may soften under the beneficial effects of the record food grains and horticulture production, at least till the onset of the usual summer uptick. Second, the collapse in crude prices should work towards easing inflationary pressures, depending on the level of the pass-through to retail prices. All these signals are, however, heavily conditioned by the depth, spread and duration of COVID-19 and shifts in any of these characteristics of the pandemic can produce drastic changes in the outlook. The impact of COVID-19 on inflation is ambiguous, international crude Oil prices and other commodities prices have already declined sharply due to pandemic situation.

In light of continuing slowdown, inflation at peak levels, declining global crude oil and commodity prices, RBI reduce the policy repo rate by 25 basis points (bps) to 5.15 per cent and committed to continue with an accommodative stance as long as necessary to revive growth, while ensuring that inflation remained within the target.

Current Account Deficit (CAD) and the exchange rate

India's current account deficit (CAD) narrowed to 1 per cent of GDP in first nine months of FY2019-20 Vs 2.7 per cent a year ago. The contraction in the CAD was primarily on account of a lower trade deficit and a rise in net services receipts. Services exports grew on the back of a rise in net earnings from software, travel and financial services. Remittances from overseas Indians were strong in Q3:2019-20, while the net outgo of payments due to investment income and compensation of employees together, remained broadly unchanged from the previous year. Net foreign direct investment (FDI) flows at US$ 37.8 billion in April-January 2019-20 were higher than those a year ago, flowing mainly to manufacturing, communication, retail and wholesale trade, financial and computer services. Amidst growing risk aversion on fears of global recession in the wake of COVID-19 pandemic, foreign portfolio investors (FPIs) turned net sellers beginning February 18, 2020. Foreign portfolio investment (FPI) outflows accentuated further from March 6, 2020. India's foreign exchange reserves were placed at US$ 475.6 billion, equivalent to 11.8 months of import, as on March 27, 2020 – an increase of US$ 62.7 billion over the level at end-March 2019.

The INR remained volatile during H2:2019-20 due to multiple factors referred to in preceding sections and the high volatility in equity markets. Portfolio investment was severely impacted. Consequently, EME currencies, including the INR, weakened sharply in March, with the latter depreciating to a low of ₹ 76.15 on March 24, 2020. While the INR depreciated by 6.2 per cent vis-à-vis the US dollar during H2:2019-20.

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 a result of the current scenario and liquidity constraints, the Company has a brought down the distribution network to 23 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. The newer branches are operationally light with lower costs involved, thus helping reduce the overall costs.

RCFL has also launched a digital portal to source loans from the salaried segment, thereby catering to the need of technology driven millennials, while also cutting down costs. While, this helps in speedy & hassle - free sanction for the borrower, it also helps the Company by automating processes like e-KYC, customer service and account updation.

Financials

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

(₹ in crore)

Particulars	Financial Year Ended	
	March 31, 2020	March 31, 2019
Loan Book	**10,441**	12761
Total Income	**864**	1,781
Finance cost	**1,232**	1219
Fees & commission expenses	**20**	23
Impairment on financial instruments	**882**	2104
Employee benefit expense	**61**	118
Depreciation &amortisaiton	**17**	20
Other expenses	**93**	150
Loss before Tax	**1,441**	1854
Net Loss After Tax	**1,441**	1892

Since the last financial 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 Financial Companies (NBFCs) and Housing Finance Companies (HFCs) and have been insisting for reducing the existing level of borrowings which has severely impacted the financial flexibility of majority of NBFCs & HFCs.

These developments have also adversely impacted the Company resulting into temporary liquidity mismatch. The Company has taken steps to meet such temporary liquidity mismatch by securitisation of its loan portfolio. The lenders of the Company had entered 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 and the Company is continuously engaged with its Lenders for Debt resolution. RCFL Lender'shave extended the ICA period till June 30, 2020. The Company is confident of implementing its Resolution Plan within the said extended period. In view of the steps taken by the Company as mentioned above, the accounts of the Company have been prepared on "Going Concern" basis.

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.

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 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.

Human Resources

Due to the ongoing financial crunch, the liquidity scenario and subdued business activity, the company has experienced a decline in the workforce. The Company has a dedicated team of 164 employees as on March 31, 2020, who have been contributing to the progress and growth of the Company. The Company also invests in professional development and providing career development opportunities for its employees. The Company has a leadership competency framework which identifies the potential leaders on a regular basis and as a result of which most of the senior management has grown within the organization.

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

Qualified 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, 2020, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, 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, 2020, its profit and loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

We draw attention to Note No. 63 of the standalone Ind AS financial statements with regards to the loan sanctioned under the Corporate Loan book with significant deviations to certain bodies corporate including group companies and outstanding as at March 31, 2020 aggregating to ₹ 5,171.73 crore and secured by charge on current assets of borrowers. As stated in the said note, in certain cases the corporate borrowers of Company's, have undertaken onward lending transactions and end use of the borrowings from the Company included borrowings by or for repayment of financial obligation to some of the group companies. These exposures to borrowers are secured against charge on current assets including in certain cases it's further guaranteed by the Group Companies. We were unable to obtain sufficient appropriate audit evidence about the recoverability of aforesaid loan. Accordingly, we were unable to determine the consequential implications arising therefrom and it may have implications of adjustments, disclosures or compliances on certain elements in the accompanying standalone financial statements of the Company.

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 qualified opinion.

Going Concern

We draw attention to Note No. 58 of the standalone Ind AS financial statements which sets out the fact that, the Company has incurred losses of ₹ 1,440.80 crore (31 March 2019 : ₹ 1,892.12 crore) and accumulated losses of ₹ 3,332.92 crore (31 March 2019 : ₹ 1,892.12 crore). The Company is 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. Resolution under Inter-Creditor Agreement (ICA) frame work for its debt depend on agreement with lenders and other external factors. In view of the steps taken by the Company along with Inter-Creditor Agreement (ICA), accordingly, the standalone Ind AS financial statements of the Company have been prepared on a going concern basis. The Company's ability to meet its obligations is significantly dependent on material uncertain events including restructuring of loans and achievement of debt resolution under Inter-Creditor Agreement (ICA) frame work that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note No. 59 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 judgment, 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 Basis for Qualified Opinion section, 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.

Key audit matter	How the matters was addressed in our audit
Assessment of Going Concern as a basis of accounting: (Refer Note No. 58 to the standalone Ind AS financial statements) The Company has incurred losses during the current year and in earlier year. Its net worth is eroded and the current liabilities exceed its current assets as at that March 31, 2020. These may create a doubt regarding the Company's ability to continue as a going concern. However, the standalone Ind AS financial statements have been prepared on a going concern basis as the Company is engaged with all its lenders to enter into an Inter-Creditor Agreement (ICA) for the resolution of its debt events including restructuring of loans and achievement of debt resolution under Inter-Creditor Agreement (ICA) frame work which would enable the Company to meet its financial obligations as and when they fall due. We considered this to be a key audit matter because management's assessment is largely dependent on material uncertain events including restructuring of loans and achievement of debt resolution under Inter-Creditor Agreement (ICA).	**Our procedures included the following :** • Obtained the management assessment of appropriateness of Going Concern basis of accounting. • Discussed with the management on future business and their plans to ensure that the Company is able to meet its financial obligations in the foreseeable future. • Read the minutes of board of directors meeting for discussion on future business plans and on liquidating certain assets to ensure availability of liquid funds. • Verified the financial ability of the Holding Company to support the Company from the latest audited financial statements of the Holding Company **Conclusion** Based on above procedures performed we are in view that management assessment largely dependent on uncertain events of restructuring of loans and achievement of debt resolution with lenders, so we have given emphasis of matter paragraph on going concern in audit report.

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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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.

Those 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 judgment 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

Comparative financial information and opening balance sheet audited by us

The comparative financial information of the Company for the year ended March 31, 2019 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and audited by us, whose report for the year ended March 31, 2019 dated August 14, 2019 expressed an unmodified opinion on those standalone Ind AS financial statements.

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 obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit, except for the matter described in the Basis for Qualified Opinion paragraph;

   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 including the statement of Other Comprehensive Income, 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. Except for the effects of the matter described in the Basis for Qualified Opinion section of our report, 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, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act;

   f. With respect to the adequacy of the internal financial controls over financial reporting of the company with reference to standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to 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, and supported by legal opinion, 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, 2020, 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. 62 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, 2020.

For Shridhar & Associates

Chartered Accountants

ICAI Firm Registration No.134427W

Ajay Vastani

Partner

Membership Number: 132265

UDIN : 20132265AAAAAF8306

Mumbai

May 7, 2020

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, 2020.

(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.

(ii) 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 not defaulted in repayment of borrowings to any financial institutions or banks or dues to debenture holders except for the following instances of delay/default in repayment of principal amounts of the followings :

Sr. no.	Particulars	Amount of default as at the balance sheet date	Period of default
	Name of lenders	**(Amount)** **(Rupees in crore)**	**(Date of default)**
1	**Loans from banks/financial institutions**		
	Andhra Bank	100.00	30-09-2019
		120.00	03-12-2019
		60.00	22-03-2020
	Axis Bank	20.00	19-09-2019
		10.00	15-10-2019
	Bank of Baroda	54.90	28-06-2019
		18.75	30-06-2019
		18.75	30-09-2019
		18.75	31-12-2019
		166.67	22-02-2020
		18.75	31-03-2020
	Bank of Baroda (earlier Vijaya Bank)	50.00	23-02-2020
		100.00	28-02-2020
		20.00	30-03-2020
	Bank of India	40.00	19-10-2019
		90.00	31-12-2019
		60.00	15-03-2020

Annexure 1 to the Independent Auditor's Report

Sr. no.	Particulars	Amount of default as at the balance sheet date	Period of default
	Name of lenders	**(Amount) (Rupees in crore)**	**(Date of default)**
	Bank of Maharashtra	76.67	22-12-2019
	Canara Bank	100.00	30-12-2019
	Corporation Bank	250.00	15-09-2019
	Indian Overseas Bank	100.00	23-11-2019
		200.00	05-01-2020
	IndusInd Bank Limited	125.00	27-07-2019
		125.00	27-10-2019
	Jammu & Kashmir Bank	40.00	28-02-2020
		75.00	20-03-2020
	Karnataka Bank	38.00	27-03-2019
		33.33	18-10-2019
	MUDRA	7.50	10-07-2019
		7.50	10-10-2019
		7.50	10-01-2020
	NABARD	232.50	31-07-2019
		232.50	31-01-2020
	Punjab & Sindh Bank	40.00	22-12-2019
		40.00	18-02-2020
		28.00	23-03-2020
	Punjab National Bank	100.00	31-12-2019
	SIDBI	40.00	01-07-2019
		17.50	10-08-2019
		40.00	01-10-2019
		17.50	10-11-2019
		40.00	01-01-2020
		17.50	10-02-2020
	State Bank of India	30.00	30-04-2019
		60.00	30-12-2019
		40.00	31-01-2020
		90.00	23-10-2019
		60.00	21-10-2019
	Syndicate Bank	90.00	25-03-2019
		40.00	30-06-2019
		200.00	31-01-2020
	The Karur Vysya Bank Limited	33.33	28-06-2019
		33.33	28-02-2020
	UCO Bank	200.00	09-01-2020
	United Bank of India	33.33	25-05-2019
		54.00	30-06-2019
	Total	**3,961.57**	
2	**Debenture Holders**		
	Non-Convertible Debenture	200.00	Sepember-2019
	Market Link Debentures	26.92	December-2019
	Total	**226.92**	

Annexure 1 to the Independent Auditor's Report

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

(x) According to the information and explanations given to us, and based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, 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. 59 of the standalone Ind AS financial statements.

(xi) According to the information and explanations given to us and supported by legal opinion, 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. (Refer Note No. 47 to standalone Ind AS financial statements)

(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 : 20132265AAAAAF8306

Mumbai

May 7, 2020

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, 2020

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, 2020 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.

Annexure 2 to the Independent Auditor's Report

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 has been identified as at March 31, 2020:

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. We have not received sufficient audit evidences for other controls and we are unable to comment on operating effectiveness of that. The effects on the standalone Ind AS financial statements for aforesaid material weakness of controls have not been determined.

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.

Qualified Opinion

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, 2020, 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, 2020 standalone Ind AS financial statements of the Company, and the effects on the standalone Ind AS financial statements for aforesaid material weakness of controls have not been determined and the qualification has affected our opinion on the standalone Ind AS financial statements of the Company and we have issued a qualified 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 : 20132265AAAAAF8306

Mumbai
May 7, 2020

Standalone Balance Sheet as at March 31, 2020

(₹ in crore)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
1 Financial assets			
(a) Cash & cash equivalents	4	**102.17**	34.28
(b) Bank balance other than cash & cash equivalents	5	**40.57**	396.33
(c) Derivative financial instruments	6	**0.10**	0.01
(d) Receivables			
- Trade receivables	7	**13.22**	5.55
- Other receivables	8	**3.71**	2.98
(e) Loans	9	**9,173.06**	12,223.86
(f) Investments	10	**989.32**	147.58
(g) Other financial assets	11	**133.54**	181.57
Sub total of financial assets		**10,455.69**	12,992.16
2 Non - financial assets			
(a) Current tax assets (Net)	12	**172.24**	136.44
(b) Deferred tax assets (Net)	13	**-**	-
(c) Property, plant and equipment	14	**144.99**	156.34
(d) Intangible assets under development	15	**-**	3.63
(e) Goodwill	15	**160.14**	160.14
(f) Other Intangible assets	15	**21.51**	25.47
(g) Other Non - financial assets	16	**34.37**	30.14
Sub total of non - financial assets		**533.25**	512.16
Total assets		**10,988.94**	13,504.32
LIABILITIES AND EQUITY			
1 Financial liabilities			
(a) Payables			
- Trade payables	17		
(i) total outstanding dues of micro enterprises and small enterprises		**0.06**	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**1.19**	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 enterprises		**735.81**	1,921.80
(b) Debt securities	19	**1,812.08**	2,318.66
(c) Borrowings	20	**8,000.90**	7,965.42
(d) Subordinated liabilities	21	**81.14**	81.14
(e) Other financial liabilities	22	**896.04**	336.27
Sub total of financial liabilities		**11,527.22**	12,623.92
2 Non- financial liabilities			
(a) Provisions	23	**34.46**	43.40
(b) Other non-financial liabilities	24	**62.52**	31.16
Sub total of non - financial liabilities		**96.98**	74.56
3 Equity			
(a) Equity share capital	25	**135.33**	135.33
(b) Preference share capital	25	**400.00**	400.00
(c) Other equity	26 & 27	**(1,170.59)**	270.51
Sub total of equity		**(635.26)**	805.84
Total liabilities & Equity		**10,988.94**	13,504.32

See accompanying notes to the Standalone Financial Statements '1 to 65'

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
May 7, 2020

For and on behalf of the Board of Directors

Sushil Kumar Agrawal (Director)

Rashna H. Khan (Director)

Dhananjay Tiwari (Executive Director)

Arpit Malaviya (Chief Financial Officer)

Mumbai
May 7, 2020

Standalone Statement of Profit and Loss for the year ended March 31, 2020

(₹ in crore)

Particulars	Note No.	2019-20	2018-19
Revenue from operations			
(a) Interest Income	28	**748.98**	1,700.70
(b) Fees & Commission Income	29	**7.88**	16.14
(c) Net gain on derecognition of financial instruments	30	**36.98**	48.33
(d) Rent Income		**6.00**	6.03
(e) Other operating income	31	**64.72**	8.70
Total revenue from operations (I)		**864.56**	1,779.90
Other income (II)	32	**0.07**	0.96
Total income III = (I) + (II)		**864.63**	1,780.86
Expenses			
(a) Finance cost	33	**1,232.01**	1,219.24
(b) Fees & commission expenses	34	**20.28**	23.12
(c) Impairment on financial instruments	35	**882.03**	2,104.27
(d) Employee benefits expense	36	**61.31**	118.26
(e) Depreciation, amortisation & impairment	14-15	**16.76**	19.56
(f) Other expenses	37	**93.04**	150.04
Total Expenses (IV)		**2,305.43**	3,634.49
Loss Before Tax (V) = (III - IV)		**(1,440.80)**	(1,853.63)
Tax Expense (VI) :	40		
(a) Current Tax		**-**	-
(b) Deferred Tax/ (Credit)		**-**	38.49
Loss After Tax (VII) = (V-VI)		**(1,440.80)**	(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	**(0.29)**	(1.29)
Income tax relating to items that will not be reclassified to profit or loss		**-**	-
Other Comprehensive Income for the year (VIII)		**(0.29)**	(1.29)
Total Comprehensive Income for the year (IX) = (VII + VIII)		**(1,441.09)**	(1,893.41)
Earnings/(Loss) Per Equity Share (X)	42		
(Face value of ₹ 10 each fully paid up)			
Basic (₹)		**(106.47)**	(139.83)
Diluted (₹)		**(100.53)**	(132.02)

See accompanying notes to the standalone financial statements '1 to 65'

This is the Standalone Statement of Profit and Loss referred to our report of even date

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

Ajay Vastani
Partner
Membership No.: 132265

Mumbai
May 7, 2020

For and on behalf of the Board of Directors

Sushil Kumar Agrawal (Director)

Rashna H. Khan (Director)

Dhananjay Tiwari (Executive Director)

Arpit Malaviya (Chief Financial Officer)

Mumbai
May 7, 2020

Standalone Statement of Cash Flows for the year ended March 31, 2020

(₹ in crore)

Particulars	2019-20		2018-19	
(a) Cash Flow from Operating Activities				
Profit/(Loss) before tax:		**(1,440.80)**		(1,853.63)
Adjustments				
Depreciation & amortisation	**16.76**		19.56	
Impairment on financial instruments	**881.15**		2,097.98	
Net (gain) / loss on financial instruments at FVTPL (Net)	**0.89**		6.29	
Net (gain) / loss on Sale of financial instruments (Net)	**(7.94)**		(11.90)	
Net (gain) / loss on disposal of property, plant and equipment (Net)	**1.86**		0.48	
Finance cost	**1,232.01**		1,219.24	
Interest on investments	**(1.13)**		(2.47)	
		2,123.60		3,329.18
Operating profit before working capital changes		**682.80**		1,475.55
Adjustments for (increase)/ decrease in operating assets:				
Trade receivables & other receivables	**(8.39)**		(8.76)	
Fixed deposits with banks	**355.76**		(297.54)	
Loans	**1,144.15**		1,213.00	
Other financial assets	**48.03**		5.99	
Other Non - financial assets	**(3.85)**		32.90	
Adjustments for increase/ (decrease) in operating liabilities				
Trade payables & other payables	**(47.95)**		(36.33)	
Other financial liabilities	**(182.99)**		(32.55)	
Other non-financial liabilities	**31.42**		(70.95)	
		1,336.18		805.76
Cash generated from operations		**2,018.98**		2,281.31
Less : Interest paid	**(322.76)**		(1,108.64)	
Less : Income taxes paid (net of refunds)	**(35.80)**		(56.64)	
		(358.56)		(1,165.28)
Net cash generated from operating activities (a)		**1,660.42**		1,116.03

Standalone Statement of Cash Flows for the year ended March 31, 2020

(₹ in crore)

Particulars	2019-20		2018-19	
(b) Cash flow from investing activities :				
Purchase of investment	**(895.90)**		(3.01)	
Sale of investment	**62.05**		25.78	
Purchase of property, plant and equipments	**(0.38)**		(1.23)	
Sale of property, plant and equipments	**2.43**		0.18	
Purchase of intangible assets	**(13.91)**		(8.16)	
Interest on investments	**4.58**		0.85	
Investments in subsidiary	**0.01**		(0.01)	
		(841.12)		14.40
Net cash (used in)/generated from investing activities (b)		**(841.12)**		14.40
(c) Cash flow from financing activities :				
(Repayment)/Issue of debt securities (Net)	**(354.00)**		(671.47)	
(Repayment)/Borrowings from banks & financial institutions (Net)	**(732.40)**		(1,850.00)	
(Repayment)/Issue of commercial papers (Net)	**(10.40)**		427.16	
ICD taken (Net)	**345.39**		363.19	
Dividend paid (including dividend distribution tax)	**-**		(8.16)	
		(751.41)		(1,739.28)
Net cash (used in)/generated from financing activities (c)		**(751.41)**		(1,739.28)
Net increase/(decrease) in cash and bank balances (a + b+ c)		**67.89**		(608.85)
Add : cash and cash equivalents at beginning of the year		**34.28**		643.13
Cash and cash equivalents at end of the year		**102.17**		34.28

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
May 7, 2020

For and on behalf of the Board of Directors

Sushil Kumar Agrawal (Director)

Rashna H. Khan (Director)

Dhananjay Tiwari (Executive Director)

Arpit Malaviya (Chief Financial Officer)

Mumbai
May 7, 2020

Standalone Statement of Changes in Equity for the year ended March 31, 2020

a) Equity share capital

(₹ in crore)

Particulars	Nos.	Amount
Equity shares of ₹ 10 each		
As at March 31, 2019	13 53 25 700	135.33
Issue of Share Capital	-	-
As at March 31, 2020	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, 2018	2,077.62	0.39	100.86	41.88	(0.77)	2,219.98
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)
- Transfers to Statutory reserve fund	-	-	-	-	-	-
As at March 31, 2019	**2,078.11**	**-**	**100.86**	**(1,906.40)**	**(2.06)**	**270.51**
Profit/(loss) for the year	-	-	-	(1,440.80)	-	(1,440.80)
Other comprehensive income	-	-	-	-	(0.29)	(0.29)
Total comprehensive income for the year	**-**	**-**	**-**	**(1,440.80)**	**(0.29)**	**(1,441.09)**
Transactions with owners in their capacity as owners:						
- Transfers to:						
Statutory reserve fund	-	-	-	-	-	-
As at March 31, 2020	**2,078.11**	**-**	**100.86**	**(3,347.20)**	**(2.35)**	**(1,170.58)**

See accompanying notes to the standalone financial statements '1 to 65'

This is the Standalone statement of Changes in Equity referred to our report of even date

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

Ajay Vastani
Partner
Membership No.: 132265

Mumbai
May 7, 2020

For and on behalf of the Board of Directors

Sushil Kumar Agrawal
(Director)

Rashna H. Khan
(Director)

Dhananjay Tiwari
(Executive Director)

Arpit Malaviya
(Chief Financial Officer)

Mumbai
May 7, 2020

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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, loans to commercial vehicles and two wheelers, 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

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.

a. Basis of Preparation of Financial Statements

(i) Compliance with Ind AS

The standalone 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. These financial statements are presented in Indian rupees rounded off to the nearest crore upto two decimal places except otherwise stated.

(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.

b. 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, Loan Re-chedulement 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) Secursitation 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.

c. 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'.

d. 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.

e. 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.

f. **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. 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.

Gains and losses on equity investments at FVPL are included in the statement of profit or loss.

(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 stage3 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 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.

g. 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.

h. 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 thehigher 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.

i. 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.

j. 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'.

k. 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.

l. 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.

m. 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.

n. 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.

o. 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.

p. 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 01, 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.

q. 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 Compnay has elected to continue with the carrying value of all of intangible assets recognised as at April 01, 2017 measured as per the previous GAAP and use that carrying valueas the deemed cost of intangible assets.

r. 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.

s. 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.

t. 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 theextent 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.

u. 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 (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

v. 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.

w. Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses..

x. Rounding of amounts

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

3. 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:**

3.1 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 no. 49.

3.2 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.

3.3 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.

3.4 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.

3.5 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2020

(₹ in crore)

Particulars		As at March 31, 2020		As at March 31, 2019
4. Cash & cash equivalents				
Cash on hand		**0.28**		0.38
Balance with banks				
- In current accounts	**101.89**		17.47	
- In deposits with original maturity of 3 months or less	**-**		16.43	
		101.89		33.90
		102.17		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/ Direct Assignment	**6.00**		394.08	
- For Others	**34.57**		2.25	
		40.57		396.33
		40.57		396.33
6. Derivative Financial Instruments				
Net gain on derivative financial instruments		**0.10**		0.01
		0.10		0.01
7. Trade receivables (Unsecured)				
Receivables considered good		-		-
Receivables - credit impaired	**19.67**		12.00	
Less: Provision for impairment loss	**(6.45)**		(6.45)	
		13.22		5.55
		13.22		5.55
8. Other receivables (Unsecured)				
Receivables considered good		**3.71**		2.98
Receivables which have significant increase in Credit Risk		-		-
Receivables - credit impaired		-		-
		3.71		2.98

(₹ in crore)

Particulars		As at March 31, 2020		As at March 31, 2019
9. Loans				
a) Loans (Refer Note 48: Credit Risk Section)				
(i) Secured				
- Related Party	-		-	
- Others	4,824.44		11,624.38	
		4,824.44		11,624.38
(ii) Unsecured				
- Related Party	0.33		-	
- Others	185.49		347.04	
		185.82		347.04
b) Installments due				
(i) Secured		4,675.15		166.45
(ii) Unsecured		38.34		1.92
c) Interest accrued on loans #				
(i) Secured		659.78		577.75
(ii) Unsecured		57.05		43.17
Total Gross credit exposure		10,440.58		12,760.71
Less : Expected credit loss				
- Contingent provision against standard assets	(301.84)		(384.08)	
- Provision for NPA & doubtful debts	(965.68)		(152.77)	
		(1,267.52)		(536.85)
Total Net credit exposure		9,173.06		12,223.86
# Include ₹ 0.04 crore (Previous year ₹ Nil) Receivable from related party				
Loans - At amortised cost				
Secured by tangible assets		10,159.37		12,411.75
Unsecured		281.21		348.96
Total (a) - Gross		10,440.58		12,760.71
Less : Impairment loss allowance		1,267.52		536.85
Total - Net		9,173.06		12,223.86
Loans in India				
- Public sector		-		-
- Others		10,440.58		12,760.71
Total (b) - Gross		10,440.58		12,760.71
Less: Impairment loss allowance		1,267.52		536.85
Total (b) - Net		9,173.06		12,223.86

Notes to the Standalone Financial Statements for the year ended March 31, 2020

(₹ in crore)

Particulars	Quantity	At amortised cost	At fair value through: Other compre-hensive income	At fair value through: Profit and loss	At fair value through: Subtotal	Total
10 Investments						
As at March 31, 2020						
(a) Equity Shares valued at fair value unless stated otherwise						
Unquoted, fully paid-up						
- Subsidiary Company						
Gulfoss Enterprise Pvt Ltd (@ ₹ 49,990)	4 999	-	-	@	@	@
- Associate Company						
Global Wind Power Limited	1 04 61 745	-	-	2.18	2.18	2.18
- 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 fair value unless stated otherwise						
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						
Reliance ARC Trust 026 -30 Dec.2016	5 02 153	-	-	69.80	69.80	69.80
(e) Unit of Mutual Fund valued at fair value unless stated otherwise						
Quoted*, fully paid-up						
Nippon India Liquid Fund - Direct Plan Growth Plan	8 35 309	-	-	405.18	405.18	405.18
Kotak Mutual Fund	2 60 121	-	-	104.44	104.44	104.44
Baroda Liquid Fund - Plan B Growth	2 29 264	-	-	52.48	52.48	52.48
(f) Unit of Mutual Fund valued at fair value unless stated otherwise						
Quoted*, fully paid-up						
(Investments not in the name of Company, held by the Trustee as credit enhancement towards Securitisation Transaction)						
Nippon India Liquid Fund - Direct Plan Growth Plan - Growth Option	6 83 622	-	-	331.60	331.60	331.60
Total (a) - Gross	**-**	**-**	**-**	**989.32**	**989.32**	**989.32**
(Less): Impairment loss allowance		-	-	-	-	-
Total (A) - Net		**-**	**-**	**989.32**	**989.32**	**989.32**
Investments outside India		-	-	-	-	-
Investments in India		-	-	989.32	989.32	989.32
Total (B) - Gross		**-**	**-**	**989.32**	**989.32**	**989.32**
(Less): Impairment loss allowance		-	-	-	-	-
Total (B) - Net		**-**	**-**	**989.32**	**989.32**	**989.32**

(₹ 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
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 fair value unless stated otherwise						
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
(e) 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**

Notes :

1 * for units of AIF/Mutual Fund, net assets value (NAV) is taken as Market Value

2 # Investments written off.

3 Investments in unit of Mutual Fund of Reliance Short Term Fund-Direct Plan -Growth Plan have been pledged with National Securities Clearing Corporation Limited (NSCCL) to comply with margin requirements.

Notes to the Standalone Financial Statements for the year ended March 31, 2020

(₹ in crore)

Particulars		As at March 31, 2020		As at March 31, 2019
11. Other financial assets				
At amortised cost				
Security deposits - Unsecured, considered good		**11.55**		14.30
Excess interest spread receivable		**53.84**		89.00
Receivable :				
- Securitisation / Assignment (Net)	**55.24**		-	
- Credit enhancement towards Securitisation	**11.89**		73.80	
		67.13		73.80
Interest accrued on :				
- Investments	**-**		0.95	
- Fixed deposits with banks	**1.02**		3.52	
		1.02		4.47
		133.54		181.57
12. Current tax assets				
Unsecured, considered good				
Taxes paid (TDS & advance income tax)		**172.24**		136.44
(Net of Income Tax Provision ₹142.17 crore as at March 31, 2020 and March 31, 2019)				
		172.24		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		**29.44**		34.78
(ii) Unamortised Brokerage & DSA Expenditure		**-**		13.69
(iii) Fair Value of Investments		**5.96**		6.53
(iv) Excess Interest Spread Receivable		**18.81**		31.10
(v) Interest on Collateral Deposits		**-**		0.16
		54.21		**86.26**
b) Deferred tax asset				
(i) Disallowance under the Income Tax Act, 1961		**0.55**		(1.02)
(ii) Expected Credit Loss		**(49.18)**		(68.95)
(iii) Unamortised Processing Fees		**(5.58)**		(16.29)
(iv) Tax Lossess		**-**		-
		(54.21)		**(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.

(₹ 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, 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**
Additions during the year	–	–	0.24	0.01	0.13	–	–	0.38
Deduction during the year	–	–	8.14	5.79	7.06	0.02	–	21.01
Carrying amount as at March 31, 2020	**84.42**	**64.11**	**4.98**	**4.09**	**24.89**	**4.50**	**2.39**	**189.38**
b) **Accumulated depreciation**								
Accumulated depreciation as at April 1, 2018	–	3.31	5.21	7.03	26.98	0.98	0.98	44.49
Add : For the year	–	3.31	1.21	1.32	3.52	0.87	0.30	10.53
Less : Deduction during the year	–	–	0.11	0.07	1.17	–	–	1.35
Accumulated depreciation as at March 31, 2019	**–**	**6.62**	**6.31**	**8.28**	**29.33**	**1.85**	**1.28**	**53.67**
Add: For the year	–	3.31	1.05	0.96	1.17	0.78	0.17	7.45
Less: Deduction during the year	–	–	4.78	5.49	6.46	–	–	16.73
Accumulated depreciation as at March 31, 2020	**–**	**9.93**	**2.59**	**3.75**	**24.04**	**2.63**	**1.45**	**44.39**
c) **Net carrying amount**								
As at March 31, 2019	84.42	57.49	6.57	1.59	2.49	2.67	1.11	156.34
As at March 31, 2020	**84.42**	**54.18**	**2.39**	**0.34**	**0.85**	**1.87**	**0.94**	**144.99**

(₹ 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, 2018	2.53	160.14	58.82	221.49
Add: Additions during the year	5.56	–	2.61	8.17
Less: Deduction during the year	(4.46)	–	–	(4.46)
Add: Transfer from	–	–	4.46	4.46
Carrying amount as at March 31, 2019	**3.63**	**160.14**	**65.89**	**229.66**
Add : Additions during the year	–	–	1.72	1.72
Less : Deduction during the year	(3.63)	–	–	(3.63)
Add : Transfer from	–	–	3.63	3.63
Carrying amount as at March 31, 2020	**-**	**160.14**	**71.24**	**231.38**
b) **Accumulated depreciation**				
Accumulated depreciation as at April 1, 2018	–	–	31.39	31.39
Add : For the year	–	–	9.03	9.03
Less : Deduction during the year	–	–	–	-
Accumulated depreciation as at March 31, 2019	**-**	**-**	**40.42**	**40.42**
Add : For the year	–	–	9.31	9.31
Less : Deduction during the year	–	–	–	-
Accumulated depreciation as at March 31, 2020	**-**	**-**	**49.73**	**49.73**
c) **Net carrying amount**				
As at March 31, 2019	3.63	160.14	25.47	189.24
As at March 31, 2020	**-**	**160.14**	**21.51**	**181.65**

Notes to the Standalone Financial Statements for the year ended March 31, 2020

(₹ in crore)

Particulars		As at March 31, 2019		As at March 31, 2019
16. Other non- financial assets				
Sundry Advances				
- Considered good	**4.47**		2.88	
- Considered doubtful	**-**		-	
		4.47		2.88
Repossessed assets held for sale	**3.89**		3.60	
Less : Provision for impairment loss	**1.83**		2.21	
		2.06		1.39
Interest on collateral		**-**		0.45
Prepaid expenses		**15.59**		13.68
Goods and service tax input credit		**12.25**		11.74
		34.37		30.14
17. Trade payables				
Total outstanding dues of :				
- Micro enterprises and small enterprises		**0.06**		-
- Creditors other than micro enterprises and small enterprises				
(i) Due to related party (*₹ 23,701)	**0.65**		*	
(ii) Due to others	**0.54**		0.63	
		1.19		0.63
		1.25		0.63
Note:				
Disclosures pursuant to requirement of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006				
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end		**0.06**		-
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end		**-**		-
(iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year		**-**		-
(iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year		**-**		-
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year		**-**		-
(vi) Interest due and payable towards suppliers registered under MSMED Act, for payments already made		**-**		-
(vii) Further interest remaining due and payable for earlier years		**-**		-
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		**54.76**		104.49
Interest on Collateral		**1.47**		-
Liabilities towards securitisation transactions		**679.58**		1,817.31
		735.81		1,921.80

(₹ in crore)

Particulars		As at March 31, 2020		As at March 31, 2019
19. Debt securities				
Non convertible debentures				
- At amortised cost (Refer Note No. 51 & 53)				
- Secured (Refer note "a" below)	**1,739.13**		2,050.93	
- Unsecured	**-**		200.00	
		1,739.13		2,250.93
Market link debentures				
- At fair value through profit & loss				
Secured (Refer note "a" below)		**72.95**		67.73
Total debt securities (a)		**1,812.08**		2,318.66
Debt securities in India		**1,812.08**		2,318.66
Debt securities outside India		**-**		-
Total debt securities (b)		**1,812.08**		2,318.66
20. Borrowings				
- At amortised cost				
From banks / financial institutions (Refer Note No. 52 & 53)				
- Secured				
(i) Term loan - (Refer note "b" below)	**5,276.40**		5,621.17	
(ii) Cash credit facilities - (Refer note "c" below)	**1,205.00**	**6,481.40**	1,369.78	6,990.95
From Related Parties (Refer Note No. 47)				
- Unsecured - Inter corporate deposits		**526.71**		-
		7,008.11		6,990.95
From others				
- Unsecured				
(i) Commercial papers (Refer note "d" below)	**629.60**		611.28	
(ii) Inter corporate deposits	**363.19**		363.19	
		992.79		974.47
Total borrowings (a)		**8,000.90**		7,965.42
Borrowings in India		**8,000.90**		7,965.42
Borrowings outside India		**-**		-
Total borrowings (b)		**8,000.90**		7,965.42

Notes:

a) Security clause in respect to debentures

Rated, Listed, Secured, Redeemable, Non-convertible Debentures (including MLD) ("Secured NCDs") amounting to ₹ 1,812.08 crore (March 31, 2019 - ₹ 2,118.66 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 amounting to ₹ 4,288.90 crore (March 31, 2019 - ₹ 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. ii. Term Loan amounting to ₹ 987.50 crore (March 31, 2019 - ₹ 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 (March 31, 2019 - 1,160.31 crore).

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

Cash credit amounting to ₹ 1,205 crore (March 31, 2019 - ₹ 1,369.78) 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) d) In respect of commercial papers maximum amount outstanding during the year was ₹ 629.60 crore (March 31, 2019 - ₹ 889.47 crore).

e) Period and amount of default as on the balance sheet date in repayment of borrowings and interest, refer Note No. 53.

(₹ in crore)

	Particulars		As at March 31, 2020		As at March 31, 2019
21.	**Subordinated liabilities**				
	At amortised cost				
	- Unsecured				
	Non-convertible tier II debentures		**81.00**		81.00
	(Refer Note No. 51)				
	Preference share capital				
	13,80,851 Preference shares of ₹ 1 Each		**0.14**		0.14
	(As at March 31, 2019 13,80,851 Preference share of ₹ 1 Each)				
	Total subordinated liabilities (a)		**81.14**		81.14
	In India		**81.14**		81.14
	Outside India (# ₹ 994)		**#**		#
	Total subordinated liabilities (b)		**81.14**		81.14
22.	**Other financial liabilities**				
	Payable under Securitisation / Assignment (Net)		**-**		182.99
	Interest accrued but not due		**171.82**		153.28
	Interest accrued and due		**724.22**		-
	Dividend Payable (* ₹ 272)		*****		*
			896.04		336.27
23.	**Provisions**				
	Employee benefits				
	- Gratuity (Refer Note No. 46)	**1.11**		2.44	
	- Leave encashment	**0.48**		0.48	
			1.59		2.92
	Provision for expenses		**32.87**		40.48
			34.46		43.40
24.	**Other non-financial liabilities**				
	Advance receipts from borrowers		**50.49**		20.31
	Statutory dues payables		**4.37**		3.86
	Other payable		**7.66**		6.99
			62.52		31.16

(₹ in crore)

Particulars	As at March 31, 2020		As at March 31, 2019	
	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
Preference shares of ₹ 10 each	**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
Issued, subscribed & paid-up				
Equity share capital				
Equity shares of ₹ 10 each	**13 53 25 700**	**135.33**	13 53 25 700	135.33
		135.33		135.33
Preference share capital				
Preference shares of ₹ 10 each	**40 00 00 000**	**400.00**	40 00 00 000	400.00
		400.00		400.00
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**	13 53 25 700	135.33
Shares issued during the year	**-**	**-**	-	-
Outstanding at the end of the year	**13 53 25 700**	**135.33**	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 par 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, 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

Equity shareholders	As at March 31, 2020		As at March 31, 2019	
	Nos.	**%**	Nos.	%
Reliance Capital Limited	**13 53 25 694**	**100.00%**	13 53 25 694	100%
Reliance Capital Ltd. and its nominees	**6**	**0.00%**	6	0%
	13 53 25 700	**100.00%**	13 53 25 700	100%

e) Details of shareholders holding more than 5% of the shares in the Company

Equity shareholders	As at March 31, 2020		As at March 31, 2019	
	Nos.	**%**	Nos.	%
Reliance Capital Limited	**13 53 25 694**	**100.00%**	13 53 25 700	100%
	13 53 25 694	**100.00%**	13 53 25 700	100%

(₹ in crore)

Particulars	As at March 31, 2020		As at March 31, 2019	
26. Other equity				
Reserves and surplus				
i) Securities Premium Account				
As per last balance sheet	**2,078.11**		2,077.62	
Add : On MLD issued during the year	**-**		0.49	
		2,078.11		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**		100.86	
Add : Transfer from Retained Earning during the year	**-**		-	
		100.86		100.86
iv) Retained earning				
As per last balance sheet	**(1,908.47)**		41.10	
Add : Transfer from Statement of Profit & Loss	**(1,441.09)**		(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)	
		(3,349.56)		(1,908.47)
TOTAL		**(1,170.59)**		270.51

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).

Notes to the Standalone Financial Statements for the year ended March 31, 2020

(₹ in crore)

Particulars		2019-20		2018-19
28. Interest income				
On financial assets measured at amortised costs:				
Interest Income on :				
- Loans	**730.71**		1,689.51	
- Fixed Deposits	**17.14**		8.72	
- Investmenst	**1.13**		2.47	
		748.98		1,700.70
		748.98		1,700.70
29. Fees & commission Income				
Brokerage & commission		**2.57**		9.32
Servicing fee income		**5.31**		6.82
		7.88		16.14
30. Net gain on derecognition of financial instruments				
At amotised cost				
Foreclosure & Other Operating Charges		**29.16**		30.15
Profit on Loans sold to Other NBFC		**-**		6.00
Profit/(Loss) on Sale of Investments (Net)				
- Current	**7.94**		11.90	
- Long Term	**-**		-	
		7.94		11.90
At Fair value through Profit & Loss				
Profit/(Loss) on Sale of Derivatives (Net)		**(0.12)**		0.28
		36.98		48.33
31. Other operating income				
Bad debts recovered		**64.72**		8.70
		64.72		8.70
32. Other income				
Miscellaneous income		**0.07**		0.96
		0.07		0.96
33. Finance cost				
On financial liabilities measured at amortised cost:				
Interest on :				
- Borrowings from banks & financial institutions	**719.90**		788.81	
- Debt securities	**242.38**		313.73	
- Subordinated liabilities	**-**		7.33	
- Bodies corporate	**103.24**		1.62	
- Securitisation deal	**102.64**		47.44	
		1,168.16		1,158.93
Amortised :				
- Discount on commercial papers	**61.03**		56.77	
- Processing charges	**2.82**		3.54	
		63.85		60.31
		1,232.01		1,219.24

(₹ in crore)

Particulars	2019-20		2018-19	
34. Fees and commission expenses				
Credit cost		**0.41**		1.45
Collection cost		**19.87**		21.67
		20.28		23.12
35. Impairment on financial instruments				
At amortised cost:				
- Loans				
(i) Bad Debts written off	**150.85**		2,277.80	
(ii) Provision/(Reversal) for NPA & doubtful debts	**812.91**		(356.30)	
(iii) Contingent provision against standard assets	**(82.24)**		241.57	
(iv) Provision for impairment loss	**-**		(79.83)	
(v) (Profit)/ Loss on sale of repossessed assets	**(0.38)**		(0.21)	
		881.14		2,083.03
- Investments				
(i) Investments written Off	**-**		**30.95**	
(ii) (Reversal)/Provision for diminution In value of investments	**-**		**(16.00)**	
		-		14.95
At Fair value through Profit & Loss				
(i) Net (gain) / Loss on MLD at fair value through profit or loss	**5.22**		2.96	
(ii) Net (gain) / Loss on investments at fair value through profit or loss	**(4.33)**		3.33	
		0.89		6.29
		882.03		2,104.27
36. Employee benefits expense				
- Salaries and wages		**57.20**		108.53
- Contribution to provident fund and other Funds		**3.28**		5.51
- Staff welfare & other amenities		**0.83**		4.22
		61.31		118.26
37. Other expenses				
Auditor's Remuneration (Refer Note 38)		**0.15**		0.57
Bank Charges		**0.56**		1.48
Corporate Social Responsibility Expenditures (Refer Note No. 39)		**-**		4.31
Directors' Sitting Fees		**0.14**		0.16
Legal & Professional Fees		**41.79**		47.88
Loss on Assets Discarded		**0.96**		-
Management Expenses		**1.64**		6.54
Miscellaneous Expenses		**5.17**		3.44
Postage,Telegram & Telephone		**0.80**		1.56
Professional Tax (* Rs. 2,500)		*****		*
Printing and Stationary		**0.86**		3.71
Rent		**11.44**		12.81
Rates and Taxes		**1.26**		3.25
Repairs & Maintenance		**23.77**		27.26
Travel & Conveyance		**1.37**		6.78
Marketing Expenses		**1.27**		29.81
Loss on sale of fixed assets		**1.86**		0.48
		93.04		150.04

(₹ in crore)

Particulars	2019-20	2018-19
38. Auditors' remuneration		
Audit fees	**0.12**	0.24
Certification Charges	**0.02**	0.32
Other Services		-
Out-of-pocket expenses	**0.01**	0.01
Total	**0.15**	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 Rs.Nil crore (Previous year Rs. 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 made a contribution of Rs.Nil crore (Previous year Rs. 4.31 crore by contributing for health camps 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, 2020 and March 31, 2019 are as under :

(₹ in crore)

Particulars	2019-20	2018-19
Current tax	-	-
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, 2020 and March 31, 2019 is, as follows:

(₹ in crore)

Particulars	2019-20	2018-19
Accounting profit/(loss) before tax	**(1,440.80)**	(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% (previous year 21.55%)	-	-
Tax effect of the amount which are not taxable in calculating taxable income :		
- Ind AS Effect of transition period	**6.10**	6.09
- Provision for Dimunition in the Value Investments / MTM	-	(3.45)
- Provision for NPA & Doubtful Debts	**175.17**	(76.78)
- Provision for Reposseseed Assets	**(0.08)**	(0.05)
- Contingent provision against standard assets	**(17.72)**	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	**0.00%**	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 April 1, 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
	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)
	(251.04)	**164.78**	**-**	(86.26)
Net deferred tax liabilities/(asset) (a) - (b)	**(38.49)**	**38.49**	**-**	**-**

(₹ in crore)

Particulars	As at March 31, 2019	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2020
a) Deferred tax liability :				
Property, plant and equipment	34.78	(5.34)	-	29.44
Unamortised expenditure	13.69	(13.69)	-	-
Fair value of investments	6.53	(0.57)	-	5.96
Excess interest spread receivable	31.10	(12.29)	-	18.81
Interest on collateral deposits	0.16	(0.16)	-	-
Deferred Tax liabilities total (a)	**86.26**	**(32.05)**	**-**	**54.21**
b) Deferred tax asset :				
Disallowance under Income Tax Act,1961	(1.02)	1.57	-	0.55
Expected credit loss	(68.95)	19.77	-	(49.18)
Unamortised processing fees	(16.29)	10.71	-	(5.58)
Deferred tax assets total (b)	-	-	-	-
Deferred Tax liabilities total (b)	**(86.26)**	**32.05**	**-**	**(54.21)**
Net deferred tax liabilities/(asset) (a) - (b)	**-**	**-**	**-**	**-**

d) **Tax losses**

(₹ in crore)

Particulars	2019-20	2018-19
Unused tax losses for which no deferred tax asset has been recognised	**2,548.00**	2,877.17

41 Dividend paid and proposed during the year

(₹ in crore)

Particulars	2019-20	2018-19
(i) Declared and paid during the year		
Dividends on ordinary shares:		
Final dividend for F.Y. 2019 - Nil per share (Previous year Final dividend for F.Y. 2018 - Rs. 0.50 per share)	-	6.77
Dividends on Preference shares:		
(*Previous year Rs. 39,348 for F.Y. 2018 Rs. 0.10 per share on prorata basis)	-	*
Total dividends paid	-	6.77
(ii) Proposed for approval at Annual General Meeting (Not Recongised as a liability as at March 31, 2020)	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 profits/(loss) for the year attributable to equity holders of the Company by the weighed average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profits/(loss) for the year attributable to equity holders of the Company by the weighed 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 diluted 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.

a) The basic earnings/(loss) per share has been calculated based on the following: (₹ in crore)

Particulars	2019-20	2018-19
Net loss after tax available for equity shareholders (Rs.)	**(1,440.80)**	(1,892.12)
Weighted average number of equity shares (Nos.) -Basic	**13 53 25 700**	13 53 25 700
Weighted average number of equity shares (Nos.) -Diluted	**14 33 25 700**	14 33 25 700

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

Particulars	2019-20	2018-19
Basic earnings per share (₹)	**(106.47)**	(139.83)
Diluted earnings per share (₹)	**(100.53)**	(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.

Particulars	2019-20	2018-19
Weighted average number of shares for computation of Basic EPS (Nos)	**13 53 25 700**	13 53 25 700
Weighted average number of shares for computation of Diluted EPS (Nos)	**14 33 25 700**	14 33 25 700

43. Contingent liabilities & capital commitments

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Contingent liabilities		
(i) Guarantees to banks and financial institutions	**0.65**	0.37
(ii) Claims against the Company not acknowledges as debt	**3.27**	3.46
(b) Capital commitments		
i) Estimated amount of contracts remaining to be executed on capital account (net of advances)"	**1.68**	2.71
ii) Undrawn committed credit lines	-	205.25

44 Events occurring after the reporting date

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, 2020**	As at March 31, 2019
Tier I capital	**(5,332.38)**	(4,317.48)
Tier II capital	**-**	-
Total capital	**(5,332.38)**	(4,317.48)
CRAR (%)	**-89.04%**	-49.03%
CRAR - Tier I capital (%)	**-89.04%**	-49.03%
CRAR - Tier II capital (%)		-
Amount of subordinated debt considered 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. (Refer Note No. 63).

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	2019-20	2018-19
Employer's contribution to provident fund	**2.15**	3.18
Employer's contribution to superannuation fund	**0.02**	0.05
Employer's contribution to pension scheme	**-**	1.13
Employer's contribution to Gratuity Fund	**1.11**	2.44
Total	**3.28**	6.80

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 March 31, 2018			
Present Value of Benefit Obligation at the beginning of the period	4.61	2.85	1.76
Current service cost	1.01	-	1.01
Interest expense/(income)	0.37	0.23	0.14
Liability Transferred In/Acquistions	-	-	-
Assets Transferred In/Acquistions	-	-	-
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
Employer contributions	-	1.76	(1.76)
Benefit payments	(2.65)	(2.65)	-
As at March 31, 2019	**4.49**	**2.05**	**2.44**
Current service cost	0.93	-	0.93
Interest expense/(income)	0.35	0.16	0.19
Return on plan assets	-	(0.10)	0.10
Acturial loss / (gain) arising from change in financial assumptions	0.17	-	0.17
Acturial loss / (gain) arising from change in demographic assumptions	0.00	-	0.00
Acturial loss / (gain) arising on account of experience changes	0.01	-	0.01
Reversal of the liability	-	-	-
Employer contributions	-	2.74	(2.74)
Benefit payments	(4.15)	(4.16)	0.01
As at March 31, 2020	**1.80**	**0.69**	**1.11**

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of plan liabilities	1.80	4.49
Fair value of plan assets	0.69	2.05
Plan liability net of plan assets	**1.11**	2.44

ii) **Statement of Profit and Loss**

(₹ in crore)

Particulars	2019-20	2018-19
Employee Benefit Expenses:		
Net Interest cost	0.19	0.14
Current s ervice cost	0.93	1.01
Total	1.12	1.15
Finance cost	-	-
Net impact on the profit before tax	**1.12**	1.15
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	0.10	0.14
Actuarial gains/(losses) arising from changes in financial assumptions	0.19	1.15
Actuarial gains/(losses) arising from changes in experience	-	-
Actuarial gains/(losses) arising from changes in experience	-	-
Net impact on the other comprehensive income before tax	**0.29**	1.29

iii) **Defined benefit plans assets**

Category of assets (% allocation)	As at March 31, 2020	As at March 31, 2019
Insurer managed funds		
- Government securities	-	-
- Deposit and money market securities	**100.00**	100.00
- Debentures / bonds	-	-
- Equity shares	-	-
Total	**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, 2020	As at March 31, 2019
Discount rate (%)	**6.56%**	**7.79%**
Salary escalation rate* (%)	**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, 2020	**Change in assumption**	**Impact on defined benefit obligation**	
		Increase	**Decrease**
Discount rate	**1.00%**	**0.14**	**0.16**
Salary escalation rate	**1.00%**	**0.16**	**0.15**
Employee Turnover rate	**1.00%**	**0.00**	**0.00**

(₹ in crore)

As at March 31, 2019	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	1.00%	0.54	0.63
Salary escalation rate	1.00%	0.64	0.55
Employee Turnover rate	1.00%	0.07	0.08

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.

vii) Maturity

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

Particulars	**As at March 31, 2020**	As at March 31, 2019
1st Following Year	**0.09**	0.06
2nd Following Year	**0.09**	0.07
3rd Following Year	**0.10**	0.07
4th Following Year	**0.10**	0.16
5th Following Year	**0.18**	0.09
Sum of 6 to 10	**0.72**	1.16
Sum of Year 11 and above	**2.13**	-

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 management estimation 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 Rs. Nil (Previous year Rs. 0.19 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

iii) Associate Company

1. Global Wind Power Limited (w.e.f. June 18, 2019)
2. Reinplast Advanced Composites Private Limited (w.e.f. April 24, 2019)

iv) Subsidiaries of Holding Company / Fellow Subsidiaries

1 Reliance Capital Pension Fund Limited
2 Reliance Capital AIF Trustee Company Private Limited (Ceased w.e.f. September 27, 2019)
3 Reliance Capital Trustee Company Limited (ceased w.e.f. September 27, 2019)
4 Reliance Commodities Limited
5 Reliance Exchangenext Limited
6 Reliance Financial Limited
7 Reliance General Insurance Company Limited
8 Reliance Home Finance Limited (ceased w.e.f. March 5, 2020)
9 Reliance Nippon Life Insurance Company Limited
10 Reliance Health Insurance Limited (w.e.f. May 4, 2017)
11 Reliance Money Precious Metals Private Limited
12 Reliance Money Solutions Private Limited
13 Reliance Securities Limited
14 Reliance Corporate Advisory Services Limited
15 Reliance Wealth Management Limited
16 Reliance Underwater Systems Private Limited (w.e.f. August 16, 2019)
17 Quant Capital Private Limited
18 Quant Broking Private Limited
19 Quant Securities Private Limited
20 Quant Investment Services Private Limited

v) 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

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

1 Reliance AIF Management Company Limited (ceased w.e.f. September 27, 2019)
2 Reliance Asset Management (Singapore) Pte Ltd. (ceased w.e.f. September 27, 2019)
3 Reliance Asset Management (Mauritius) Limited (ceased w.e.f. September 27, 2019)
4 Ashban Company Limited (w.e.f. June 18, 2019)
5 Global Wind Infrastructure and Services Private Limited (w.e.f. June 18, 2019)
6 Global Wind Power Italy S.R.L.(w.e.f. June 18, 2019)

vii) Trust of Holding Company

1 Reliance ARC-SBI Mansarovar Trust
2 RARC CUB Trust 2014
3 RARC CUB HL & SME 2014
4 RARC - 004 Trust
5 RARC - 007 Trust
6 Reliance ARC – ALPLUS Trust
7 Reliance ARC 061 Trust

viii) Key management personnel

1 Shri Dhananjay Tiwari - Executive Director
2 Shri Sachin Bora - Whole Time Director (w.e.f. June 17, 2019 and ceased w.e.f. January 24, 2020)
3 Shri Sandeep Khosla - Chief Financial Officer (ceased w.e.f. November 15, 2019)
4 Shri Arpit Malaviya Chief Financial Officer (w.e.f. February 4, 2020)
5 Smt. Ekta Thakurel - Company Secretary (ceased w.e.f. August 14, 2019)
6 Smt. Saumya Suvarna - Company Secretary (w.e.f. October 24, 2019 and ceased w.e.f. March 5, 2020)

Notes to the Standalone Financial Statements for the year ended March 31, 2020

B. Transactions during the year with related parties:

(₹ in crore)

Particulars	Holding Company	Subsidiaries	Associates of Holding Company	Fellow Subsidiaries	Key Management Personnel	Total
With Reliance Capital Limited						
Equity Share Capital						
Balance as at March 31, 2020	**135.33**	**-**	**-**	**-**	**-**	**135.33**
	(135.33)	(-)	(-)	(-)	(-)	(135.33)
Preference Share Capital						
Balance as at March 31, 2020	**400.00**	**-**	**-**	**-**	**-**	**400.00**
	(400.00)	(-)	(-)	(-)	(-)	(400.00)
Securities Premium Received on Issue of Equity Shares						
Balance as at March 31, 2020	**2,078.01**	**-**	**-**	**-**	**-**	**2,078.01**
	(2,078.01)	(-)	(-)	(-)	(-)	(2,078.01)
Dividend Paid						
Dividend Paid	**-**	**-**	**-**	**-**	**-**	**-**
	(6.77)	(-)	(-)	(-)	(-)	(6.77)
Inter - Corporate Loans						
Loan Received/Adjusted	**550.41**	**-**	**-**	**-**	**-**	**550.41**
	(-)	(-)	(-)	(-)	(-)	(-)
Loan Repaid	**23.70**	**-**	**-**	**-**	**-**	**23.70**
	(-)	(-)	(-)	(-)	(-)	(-)
Outstanding Loan Balance as at March 31, 2020	**526.71**	**-**	**-**	**-**	**-**	**526.71**
	(-)	(-)	(-)	(-)	(-)	(-)
Income						
Reimbursement of Expenses received	**-**	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(-)	(-)	(-)
Expenses						
Management Fees	**1.62**	-	-	-	-	**1.62**
	(7.08)	(-)	(-)	(-)	(-)	(7.08)
Interest Paid on ICD's	**48.83**	**-**	**-**	**-**	**-**	**48.83**
	(-)	(-)	(-)	(-)	(-)	(-)
Reimbursement of expenses paid	**2.48**	**-**	**-**	**-**	**-**	**2.48**
	(3.52)	(-)	(-)	(-)	(-)	(3.52)
With Gullfoss Enterprises Private Limited						
Investments						
In equity shares as on March 31, 2020	-	@	-	-	-	@
@ Rs. 49,990	(-)	(-)	(-)	(-)	(-)	(-)
ICD Given						
ICD Given during the year	-	**0.33**	-	-	-	**0.33**
	(-)	(-)	(-)	(-)	(-)	(-)
Balance outstanding as on March 31, 2020	**-**	**0.33**	**-**	**-**	**-**	**0.33**
	(-)	(-)	(-)	(-)	(-)	(-)

Notes to the Standalone Financial Statements for the year ended March 31, 2020

(₹ in crore)

Particulars	Holding Company	Subsidiaries	Associates of Holding Company	Fellow Subsidiaries	Key Management Personnel	Total
Income						
Interest Received on ICD's	**-**	**0.04**	**-**	**-**	**-**	**0.04**
	(-)	(-)	(-)	(-)	(-)	(-)
With Reliance Home Finance Limited						
Income						
Reimbursement of Expenses received	**-**	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(0.15)	(-)	(0.15)
Interest Received on ICD's	**-**	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(0.22)	(-)	(0.22)
Expenses						
Interest Paid on ICD's	**-**	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(0.13)	(-)	(0.13)
Inter - Corporate Loans						
Loan Given	-	-	-	-	-	-
	(-)	(-)	(-)	(58.00)	(-)	(58.00)
Loan Refund received	**-**	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(58.00)	(-)	(58.00)
Loan Received	-	-	-	-	-	-
	(-)	(-)	(-)	(50.00)	(-)	(50.00)
Loan Repaid to	**-**	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(50.00)	(-)	(50.00)
With Reliance General Insurance Company Limited						
Income						
Reimbursement of Expenses received	-	-	-	**0.62**	-	**0.62**
	(-)	(-)	(-)	(1.06)	(-)	(1.06)
Expenses						
Insurance Premium Paid	-	-	-	**2.19**	-	**2.19**
	(-)	(-)	(-)	(0.96)	(-)	(0.96)
With Reliance Nippon Life Assets Management Company Limited						
Income						
Reimbursement of Expenses received	-	-	-	-	-	-
	(-)	(-)	(-)	(0.01)	(-)	(0.01)
With Reliance Nippon Life Insurance Company Limited						
Income						
Reimbursement of Expenses received	-	-	-	**0.05**	-	**0.05**
	(-)	(-)	(-)	(0.25)	(-)	(0.25)

Notes to the Standalone Financial Statements for the year ended March 31, 2020

(₹ in crore)

Particulars	Holding Company	Subsidiaries	Associates of Holding Company	Fellow Subsidiaries	Key Management Personnel	Total
Expenses						
Insurance Premium Paid	–	–	–	**2.74**	–	**2.74**
	(–)	(–)	(–)	(0.40)	(–)	(0.40)
Reimbursement of expenses paid	**-**	**-**	**-**	**-**	**-**	**-**
	(–)	(–)	(–)	(0.04)	(–)	(0.04)
With Reliance Securities Limited						
Income						
Reimbursement of Expenses received (*Rs. 7,868/-)	–	–	–	0.06	–	0.06
	(–)	(–)	(–)	(*)	(–)	(*)
Expenses						
Brokerage Expenses paid	**-**	**-**	**-**	**-**	**-**	**-**
(*Rs.15,127/-)	(–)	(–)	(–)	(*)	(–)	(*)
Distribution fees paid	**-**	**-**	**-**	**0.42**	**-**	**0.42**
	(–)	(–)	(–)	(–)	(–)	(–)
With Reliance Asset Reconstruction Company Limited						
Income						
Reimbursement of Expenses received	–	–	**0.20**	–	–	**0.20**
	(–)	(–)	(0.01)	(–)	(–)	(0.01)
Receivables as on March 31, 2020						
Reliance General Insurance Co Ltd	–	–	–	**1.26**	–	**1.26**
	(–)	(–)	(–)	(1.05)	(–)	(1.05)
Reliance Securities Ltd	**-**	**-**	**-**	**0.13**	**-**	**0.13**
	(–)	(–)	(–)	(0.11)	(–)	(0.11)
Reliance Home Finance Ltd	–	–	–	**0.15**	–	**0.15**
	(–)	(–)	(–)	(0.15)	(–)	(0.15)
Reliance Asset Reconstruction Company Limited	**-**	**-**	**0.17**	**-**	**-**	**0.17**
	(–)	(–)	(0.01)	(–)	(–)	(0.01)
Reliance Nippon Life Insurance Company Limited	**-**	**-**	**-**	**0.30**	**-**	**0.30**
	(–)	(–)	(–)	(0.25)	(–)	(0.25)
Reliance Nippon Life Asset Management Limited	**-**	**-**	**-**	**-**	**-**	**-**
(*Rs.49,150)	(–)	(–)	(*)	(–)	(–)	(*)
Gullfoss Enterprises Private Limited	**-**	**0.04**	**-**	**-**	**-**	**0.04**
	(–)	(–)	(–)	(–)	(–)	(–)

(₹ in crore)

Particulars	Holding Company	Subsidiaries	Associates of Holding Company	Fellow Subsidiaries	Key Management Personnel	Total
Payables as on March 31, 2020						
Reliance Capital Limited	**0.63**	-	-	-	-	**0.63**
	(-)	(-)	(-)	(-)	(-)	(-)
Reliance General Insurance Co. Ltd. (* ₹ 23,701)	-	-	-	**0.02**	-	**0.02**
	(-)	(-)	(-)	(*)	(-)	(*)
Employee Benefit Expenses						
Shri Dhananjay Tiwari	-	-	-	-	**1.41**	**1.41**
	(-)	(-)	(-)	(-)	(-)	(-)
Shri Sachin Bora	-	-	-	-	**1.21**	**1.21**
	(-)	(-)	(-)	(-)	(-)	(-)
Shri Sandeep Khosla	-	-	-	-	**1.07**	**1.07**
	(-)	(-)	(-)	(-)	(0.38)	(0.38)
Shri Arpit Malaviya	-	-	-	-	**0.10**	**0.10**
	(-)	(-)	(-)	(-)	(-)	(-)
Smt. Ekta Thakurel	-	-	-	-	**0.14**	**0.14**
	(-)	(-)	(-)	(-)	(0.18)	(0.18)
Smt. Saumya Suvarna	-	-	-	-	**0.06**	**0.06**
	(-)	(-)	(-)	(-)	(-)	(-)

Notes :

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

2 Amounts in bracket : (-) denote previous years figures i.e. financial year 2018-19.

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 associate company during the year .

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 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.

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, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
1. Financial assets						
(a) Cash and cash equivalents	102.17	-	102.17	34.28	-	34.28
(b) Bank balance other than cash and cash equivalents above	34.57	6.00	40.57	246.33	150.00	396.33
(c) Derivative financial instruments	0.10	-	0.10	0.01	-	0.01
(d) Receivables						
- Trade receivables	9.83	3.39	13.22	-	5.55	5.55
- Other receivables	-	3.71	3.71	2.98	-	2.98
(e) Loans	6,503.44	2,669.62	9,173.06	6,299.11	5,924.75	12,223.86
(f) Investments	562.10	427.22	989.32	3.16	144.42	147.58
(g) Other financial assets	23.19	110.35	133.54	32.95	148.62	181.57
2. Non-financial assets						
(a) Current tax assets (Net)	-	172.24	172.24	-	136.44	136.44
(b) Deferred tax assets (Net)	-	-	-	-	-	-
(c) Property, plant and equipment	-	144.99	144.99	-	156.34	156.34
(d) Intangible assets under development	-	-	-	-	3.63	3.63
(e) Goodwill	-	160.14	160.14	-	160.14	160.14
(f) Other intangible assets	-	21.51	21.51	-	25.47	25.47
(g) Other non-financial assets	-	34.37	34.37	-	30.14	30.14
Total assets	7,235.39	3,753.55	10,988.94	6,618.82	6,885.50	13,504.32
1. Financial liabilities						
(a) Payables						
- Trade payables	1.25	-	1.25	0.63	-	0.63
- Other payables	256.92	478.89	735.81	826.15	1,095.65	1,921.80
(b) Debt securities	255.91	1,556.17	1,812.08	560.50	1,758.16	2,318.66
(c) Borrowings (Other than debt securities)	6,547.68	1,453.22	8,000.90	5,432.68	2,532.74	7,965.42
(d) Subordinated liabilities	0.14	81.00	81.14	0.14	81.00	81.14
(e) Other financial liabilities	896.04	-	896.04	152.80	183.47	336.27
2. Non-financial Liabilities						
(a) Provisions	34.46	-	34.46	43.40	-	43.40
(b) Other non-financial liabilities	62.52	-	62.52	-	31.16	31.16
Total liabilities	8,054.92	3,569.28	11,624.20	7,016.30	5,682.18	12,698.48
Net	(819.53)	184.27	(635.26)	(397.48)	1,203.32	805.84

(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>EAD</th><th>LGD</th></tr>
<tr><th>Stage 1</th><th>Stage 2</th><th>Stage 3</th><th></th><th></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>

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, 2020			Total	As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Gross Carrying Value	**4,088.39**	**432.36**	**5,638.62**	**10,159.37**	8,409.75	3,108.87	893.13	12,411.75
Allowance for ECL	**249.16**	**51.31**	**952.92**	**1,253.39**	71.81	309.75	144.61	526.17
ECL Coverage ratio	**6.09%**	**11.87%**	**16.90%**		0.85%	9.96%	16.19%	
Net Carrrying Value	**3,839.23**	**381.05**	**4,685.70**	**8,905.98**	8,337.94	2,799.12	748.52	11,885.58

(ii) Unsecured lending

(₹ in crore)

Particulars	As at March 31, 2020			Total	As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Gross Carrying Value	**220.38**	**2.08**	**58.75**	**281.21**	318.08	14.26	16.62	348.96
Allowance for ECL	**1.17**	**0.20**	**12.76**	**14.13**	2.02	0.49	8.16	10.68
ECL Coverage ratio	**0.53%**	**9.62%**	**21.72%**		0.64%	3.43%	49.13%	
Net Carrrying Value	**219.21**	**1.88**	**45.99**	**267.08**	316.05	13.77	8.45	338.28

(iii) Total lending

(₹ in crore)

Particulars	As at March 31, 2020			Total	As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Gross Carrying Value	**4,308.77**	**434.44**	**5,697.37**	**10,440.58**	8,728.26	3,122.70	909.75	12,760.71
Allowance for ECL	**250.33**	**51.51**	**965.68**	**1,267.52**	73.84	310.24	152.77	536.85
ECL Coverage ratio	**5.81%**	**11.86%**	**16.95%**		0.85%	9.93%	16.79%	
Net Carrrying Value	**4,058.44**	**382.93**	**4,731.69**	**9,173.06**	8,653.99	2,812.89	756.98	12,223.86

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

(₹ in crore)

Particulars	As at March 31, 2020			Total	As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	**8,728.26**	**3,122.70**	**909.75**	**12,760.71**	12,728.82	977.87	727.52	14,434.22
New assets originated or purchased	**574.95**	**4.47**	**215.47**	**794.89**	5,393.83	2,262.97	737.29	8,394.09
Assets derecognised or repaid	**(2,855.98)**	**(106.44)**	**(1.74)**	**(2,964.16)**	(7,549.14)	(240.66)		(7,789.80)
Transfers to Stage 1	**13.48**	**(10.49)**	**(2.99)**	**-**	272.31	(264.86)	(7.45)	-
Transfers to Stage 2	**(310.32)**	**402.34**	**(92.02)**	**-**	(747.38)	749.55	(2.17)	-
Transfers to Stage 3	**(1,841.60)**	**(2,978.16)**	**4,819.76**	**-**	(1,370.19)	(362.17)	1,732.36	-
Amounts written off during the year	**-**	**-**	**(150.85)**	**(150.85)**	-	-	(2,277.80)	(2,277.80)
Closing balance	**4,308.77**	**434.44**	**5,697.37**	**10,440.58**	8,728.26	3,122.70	909.75	12,760.71

D Reconciliation of ECL balance

(₹ in crore)

Particulars	As at March 31, 2020			Total	As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	**73.75**	**310.33**	**152.77**	**536.85**	87.42	55.09	509.07	651.58
New assets originated or purchased	**19.16**	**0.13**	**43.32**	**62.61**	28.85	223.44	37.38	289.67
Assets derecognised or repaid	**516.19**	**187.84**	**(35.97)**	**668.06**	77.43	5.26	(487.11)	(404.42)
Transfers to Stage 1	**0.27**	**(0.21)**	**(0.07)**	**-**	0.25	(0.24)	(0.01)	0.00
Transfers to Stage 2	**(44.10)**	**47.52**	**(3.42)**	**-**	(78.68)	78.90	(0.13)	0.09
Transfers to Stage 3	**(314.95)**	**(494.09)**	**809.05**	**-**	(41.52)	(52.12)	93.57	(0.07)
Closing balance	**250.33**	**51.51**	**965.68**	**1,267.52**	73.75	310.33	152.77	536.85

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.

The Company has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, short term loans, floating rate loans, investments in equity instruments designated at FVOCI, trade payables, short term debts, borrowings, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

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, 2020

As at March 31, 2020 (₹ 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	989.32	893.71	93.44	2.17	989.32
Total financial assets	**989.32**	**893.71**	**93.44**	**2.17**	**989.32**
Financial liabilities					
Debentures	72.95	72.95	–	–	72.95
Total financial liabilities	**72.95**	**72.95**	**-**	**-**	**72.95**

As at March 31, 2020 (₹ 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 equivlants	102.17	–	–	102.17	102.17
Bank balance other than cash & cash equivlants	40.57	–	–	40.57	40.57
Derivative financial instruments	0.10	–	–	0.10	0.10
Receivables					
- Trade receivables	13.22	–	–	13.22	13.22
- Other receivables	3.71	–	–	3.71	3.71
Loans	9,173.06	–	–	9,279.06	9,279.06
Other financial assets	133.54	–	–	133.54	133.54
Total financial assets	**9,466.37**	**-**	**-**	**9,572.37**	**9,572.37**
Financial liabilities					
Payables					
- Trade payable	1.25	–	–	1.25	1.25
- Other payable	735.81	–	–	735.81	735.81
Debt securities	1,739.13	–	–	1,775.50	1,775.50
Borrowings	8,000.90	–	–	8,000.90	8,000.90
Subordinated liabilities	81.14	–	–	79.06	79.06
Other financial liabilities	896.04	–	–	896.04	896.04
Total financial liabilities	**11,454.27**	**-**	**-**	**11,488.56**	**11,488.56**

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 equivlants	34.28	-	-	34.28	34.28
Bank balance other than cash & cash equivlants	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
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**

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, 2020			As at March 31, 2019		
	FVPL	**FVOCI**	**Amortised cost**	FVPL	FVOCI	Amortised cost
Financial assets						
(a) Cash and cash equivalents	-	-	**102.17**	-	-	34.28
(b) Bank balance other than cash and cash equivalents above	-	-	**40.57**	-	-	396.33
(c) Derivative financial instruments	-	-	**0.10**	-	-	0.01
(d) Receivables						
- Trade receivables	-	-	**13.22**	-	-	5.55
- Other receivables	-	-	**3.71**	-	-	2.98
(e) Loans	-	-	**9,173.06**	-	-	12,223.86
(f) Investments	**989.32**	-	-	147.58	-	-
(g) Other financial assets	-	-	**133.54**	-	-	181.57
Total financial assets	**989.32**	-	**9,466.37**	147.58	-	12,844.58
Financial liabilities						
(a) Payables						
- Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises"	-	-	**0.06**	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises"	-	-	**1.19**	-	-	0.63
- 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"	-	-	**735.81**	-	-	1,921.80
(b) Debt securities	**72.95**	-	**1,739.13**	67.73	-	2,250.93
(c) Borrowings (Other than debt securities)	-	-	**8,000.90**	-	-	7,965.42
(d) Subordinated liabilities	-	-	**81.14**	-	-	81.14
(e) Other financial liabilities	-	-	**896.04**	-	-	336.27
Total financial liabilities	**72.95**	-	**11,454.27**	67.73	-	12,556.19

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 Group'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.

Notes to the Standalone Financial Statements for the year ended March 31, 2020

As at March 31, 2020 (₹ 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	102.17	-	-	-	-	102.17
Bank balance other than cash and cash equivalents above						
- Principal	-	-	34.57	6.00	-	40.57
- Interest	-	0.51	1.52	2.33	-	4.36
Derivative financial instruments	0.10	-	-	-	-	0.10
Receivables						-
(I) Trade receivables	-	1.93	7.90	3.39	-	13.22
(II) Other receivables		-	-	3.71	-	3.71
Loans						
- Principal	4,124.08	2,016.33	363.03	1,533.94	1,135.68	9,173.06
- Interest	-	157.78	284.31	854.28	454.27	1,750.64
Investments	562.10		-	401.39	25.83	989.32
Other financial assets		7.90	15.29	104.84	5.51	133.54
Total financial assets	**4,788.45**	**2,184.45**	**706.62**	**2,909.88**	**1,621.29**	**12,210.69**
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	0.06	-	-	-	0.06
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	1.19	-	-	-	1.19
(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	132.23	64.34	60.35	239.22	239.67	735.81
Debt securities						
- Principal	226.93	-	28.98	1,031.84	524.33	1,812.08
- Interest	-	-	-	273.97	369.57	643.54
Borrowings (Other than debt securities)						
- Principal	4,938.17	305.41	1,304.10	1,453.22	-	8,000.90
- Interest		79.78	183.89	64.89	-	328.56
Subordinated liabilities						
- Principal	0.14		-	-	81.00	81.14
- Interest		-	-	-	55.24	55.24
Other financial liabilities	**724.22**	**-**	**171.82**	**-**	**-**	**896.04**
Total financial liabilities	**6,021.69**	**450.78**	**1,749.14**	**3,063.14**	**1,269.81**	**12,554.56**
Net	(1,233.24)	1,733.67	(1,042.52)	(153.26)	351.48	(343.87)

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	1,488.93	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	**17.86**	**3,043.47**	**4,629.21**	**6,053.35**	**1,870.17**	**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
(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	594.16	2,318.66
- Interest	-	7.25	-	355.05	451.65	813.95
Borrowings (Other than debt securities)						
- Principal	-	841.55	4,591.14	2,532.73	-	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**	**5,272.62**	**1,482.84**	**14,269.67**
Net	**17.86**	**1,140.22**	**(981.75)**	**780.73**	**387.33**	**1,344.39**

"Note : The Contractual maturities of assets and liabilities may differ basis outcome of lender led resolution (Refer Note no. 58)"

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

Rate of Interest	Overdue	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Total
MLD	26.92	29.07	16.96	-	-	-	-	-	-	72.95
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%	200.00	23.20	-	-	-	-	-	-	-	223.20
9.23%	-	-	-	-	-	-	-	-	489.95	489.95
9.40%	-	-	-	-	-	-	-	-	38.00	38.00
9.50%	-	-	-	-	483.57	-	-	-	-	483.57
TOTAL	**226.92**	**52.27**	**32.16**	**407.81**	**498.77**	**69.20**	**5.00**	**-**	**600.95**	**1,893.08**

Debt securities (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
At amotised cost through profit and loss - (Secured / unsecured)		
- Secured Debentures		
Market Linked Debenture (MLD) at fair value	**72.95**	67.73
8.52% Debenture	**54.00**	54.00
8.66% Debenture	**35.00**	35.00
8.80% Debenture		
9.03% Debenture	**392.61**	392.61
9.10% Debenture	**60.80**	60.80
9.15% Debenture	**223.20**	535.00
9.23% Debenture	**489.95**	489.95
9.50% Debenture	**483.57**	483.57
- 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
Total (A)	**1,893.08**	2,399.66
Debt securities in India	**1,893.08**	2,399.66
Debt securities outside India	**-**	-
Total (B)	**1,893.08**	2,399.66

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

Overdue	Overdue	2020-21	2021-22	2022-23	2023-24	Total
Term loan from banks / financial institutions	2,756.57	1,594.43	739.50	168.50	17.40	5,276.40

53. Period and amount of default as on the balance sheet date in repayment of borrowings and interest :

(₹ in crore)

Period of default	Term Loans		Cash Credit		NCDs/MLDs		Commercial Papers		ICDs	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Mar-19	128.00	-	-	-	-	-	-	-	-	-
Apr-19	30.00	-	-	-	-	-	-	-	-	-
May-19	33.33	-	-	-	-	-	-	-	-	-
Jun-19	200.98	-	-	-	-	-	-	-	-	-
Jul-19	405.00	44.16	-	3.83	-	-	-	-	-	-
Aug-19	17.50	38.35	-	11.96	-	-	-	-	-	-
Sep-19	118.75	37.36	270.00	11.70	200.00	13.46	629.60	-		-
Oct-19	315.83	38.25	90.00	11.70	-	98.36	-	-	-	-
Nov-19	117.50	37.36	-	11.69	-	2.71	-	-	-	-
Dec-19	605.43	38.15	-	12.21	26.92	-	-	-	-	-
Jan-20	310.00	89.50	610.00	12.31	-	3.10	-	-	-	-
Feb-20	347.50	36.14	100.00	11.61	-	2.10	-	-	-	-
Mar-20	126.75	38.63	135.00	11.63	-	6.40	-	-	347.00	101.54
Total	**2,756.57**	**397.90**	**1,205.00**	**98.64**	**226.92**	**126.13**	**629.60**	**-**	**347.00**	**101.54**

54. 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, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
(1) Loans and advances availed by the non banking financials company inclusive of interest accrued thereon but not paid :				
a) Debentures				
i) Secured	**2,043.98**	2,247.69	**346.72**	-
[Inclusive of interest accrued but not due ₹ 112.11 crore, and interest accrued & due ₹ 119.80 crore as at March 31, 2020]				
[Inclusive of interest accrued but not due ₹ 129.03 crore, and interest accrued & due ₹ Nil as at March 31, 2019]				
ii) Unsecured	**88.98**	285.55	**6.33**	-
[Inclusive of interest accrued but not due ₹ 1.66 crore, and interest accrued & due ₹ 6.33 crore as at March 31, 2020]				
[Inclusive of interest accrued but not due ₹ 4.55 crore, and interest accrued & due ₹ Nil as at March 31, 2019]				
(Other than falling within the meaning of public deposits)				
b) Deferred Credits	**-**	-	**-**	-
c) Term Loans	**5,693.85**	5,638.95	**3,154.48**	291.75

(₹ in crore)

Particulars	Amount Outstanding		Amount Overdue	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
[Inclusive of interest accrued but not due ₹ 19.53 crore, and interest accrued & due ₹ 397.91 crore as at March 31, 2020]				
[Inclusive of interest accrued but not due ₹ 17.78 crore, and interest accrued & due ₹ Nil as at March 31, 2019]				
d) Inter-corporate Loans and Borrowing	**994.63**	364.68	**448.54**	-
[Inclusive of interest accrued but not due ₹ 3.19 crore, and interest accrued & due ₹ 101.54 crore as at March 31, 2020]				
e) Commercial Paper	**664.67**	611.28	**629.60**	-
[Inclusive of interest accrued but not due ₹ 35.07 crore, and interest accrued & due ₹ Nil crore as at March 31, 2020]				
f) Other Loans -				
- Cash Credit	**1,303.92**	1,370.21	**1,303.64**	-
[Inclusive of interest accrued but not due ₹ 0.28 crore, and interest accrued & due ₹ 98.68 crore as at March 31, 2020]				
- Preference Share	**0.14**	0.14	**-**	-
Total Borrowings	**10,790.16**	10,518.50	**5,889.32**	291.75

Assets Side :

(₹ in crore)

Particulars	Amount Outstanding	
	As at March 31, 2020	As at March 31, 2019
(2) Break up of loans and advances including bills receivable other than those included in (3) below (Gross Amount)(Refer Note below)		
a) Secured	**10,159.37**	12,411.75
b) Unsecured	**281.21**	348.96
	10,440.58	12,760.71

Note :

In case of loans & advances given in para (2) above, Provision for NPA & Doubtful Debts ₹ 965.68 crore and Contingent provision against standard assets ₹ 301.84 crore as on March 31, 2020 (Previous year ₹ 152.77 crore and ₹ 384.08 crore respectively) is not considered.

3) Break up of leased assets and stock on hire and other assets counting towards AFC activities:

(₹ in crore)

Particulars	Amount Outstanding	
	As at March 31, 2020	As at March 31, 2019
(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 :

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
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	-	-
Long term investments	-	-
1) Quoted	-	-
i) Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii) Debentures and bonds	-	-
iii) Units of Mutual fund	-	-
iv) GOI securities	-	-
v) Others	-	-
Unit of AIF	-	-
2) Unquoted	-	-
i) Shares	-	-
a) Equity * Rs. 10	-	-
b) Preference	-	-
ii) Debentures and bonds	-	-
iii) Units of Mutual fund	-	-
iv) GOI securities	-	-
v) Others	-	-
Security Receipts	-	-
Total	-	-

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

(₹ in crore)

Particulars	Secured		Unsecured		Total	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
a) Related parties						
i) Subsidiaries	-	-	0.33	-	0.33	-
ii) Companies in the same group	-	-	-	-	-	-
b) Other than related parties	**10,159.37**	12,411.75	**280.88**	348.96	**10,440.25**	12,760.71
Total	**10,159.37**	12,411.75	**281.21**	348.96	**10,440.58**	12,760.71

6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted excluding stock in trade)

(₹ in crore)

Particulars	Market value / Fair Value or NAV		Book Value (Net of provisions)	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
a) Related parties				
i) Subsidiaries (@ Rs. 49,990)	**@**	0.01	**@**	0.01
ii) Companies in the same group	**2.18**	-	**2.18**	-
b) Other than related parties	**987.14**	147.57	**987.14**	147.57
Total	**989.32**	147.58	**989.32**	147.58

7) Other information (₹ in crore)

Particulars		As at March 31, 2020	As at March 31, 2019
a)	**Gross Non Performing Assets**		
	1) Related Parties	**-**	-
	2) Other than Related Parties	**5,697.37**	909.75
b)	**Net Non Performing Assets**		
	1) Related Parties	**-**	-
	2) Other than Related Parties (net of provision)	**4,731.69**	756.98

55. 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, 2020	As at March 31, 2019
i)	CRAR (%)	**-89.04%**	-49.03%
ii)	CRAR - Tier I capital (%)	**-89.04%**	-49.03%
iii)	CRAR - Tier II capital (%)	**0.00%**	0.00%
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;

		March 31, 2020	March 31, 2019
1)	**Value of Investments**		
i)	Gross Value of Investments		
	a) In India	989.32	147.58
	b) Outside India	-	-
ii)	Provisions for Depreciation		
	a) In India	-	-
	b) Outside India	-	-
iii)	Net Value of Investments		
	a) In India	989.32	147.58
	b) Outside India	-	-
2)	**Movement of provisions held towards depreciation of investments**		
i)	Opening Balance	-	16.00
ii)	Add: Provisions made during the year	-	-
iii)	Less: Write-off / write-back of excess provisions during the year	-	16.00
iv)	Closing balance	-	-

(₹ in crore)

Particulars		As at March 31, 2020	As at March 31, 2019
c)	**Derivatives;**		
	Outstanding Derivative Financial Instrument	**0.10**	0.01

d) Disclosures relating to Securitisation & Assignment; (₹ in crore)

Sr. No.	Particulars	Securitisation 2019-20	Securitisation 2018-19	Assignment 2019-20	Assignment 2018-19
1	No. of SPVs sponsored by the Company for Securitisation/ Assignement Transactions (Nos.)	**3**	6	**73**	77
2	Total amount of securitised assets as per books of the SPVs sponsored by the Company	**679.58**	1,817.31	**749.58**	1,507.27
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	**-**	-	**-**	-

d) Disclosures relating to Securitisation & Assignment; (₹ in crore)

Sr. No.	Particulars	Securitisation 2019-20	Securitisation 2018-19	Assignment 2019-20	Assignment 2018-19
	• Others	**-**	-	**-**	-
	b) On-balance sheet exposures				
	• First loss	**-**	-	**120.56**	154.59
	• Others	**-**	-	**-**	-
4	Amount of exposures to securitisation/ assignement 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	**0.65**	0.37	**-**	-
	b) On-balance sheet exposures				
	i) Exposure to own Securitisation / Assignment				
	• First loss	**337.60**	394.08	**-**	-
	• Others	**11.89**	73.80	**-**	-
	ii) Exposure to third party Securitisation				
	• First loss	**-**	-	**-**	-
	• Others	**-**	-	**-**	-
	ii) Exposure to third party securitizations				
	• First loss	**-**	-	**-**	-
	• Others	**-**	-	**-**	-

e) Details of Financial Assets Sold to Securitisation/ Reconstruction Company for Assets Reconstruction (₹ in crore)

	Particulars	2019-20	2018-19
(i)	No. of accounts (Nos)	**-**	1
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	**-**	-
(iii)	Aggregate consideration	**-**	4.29
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	**-**	-
(v)	Aggregate gain / loss over net book value	**-**	4.29

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
(ii)	Aggregate Outstanding (net of provisions)	-	-
(iii)	Aggregate consideration received	-	4.29

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	**4,059.07**	**50.83**	**157.08**	**362.24**	**925.66**	**907.77**	**18.75**	**-**	**6,481.40**
	(509.00)	(59.17)	(271.07)	(556.79)	(1,706.32)	(3,701.48)	(187.12)	-	(6,990.95)
Market Borrowings	**1,203.52**	**-**	**-**	**-**	**45.18**	**1,003.87**	**554.67**	**605.33**	**3,412.57**
	(202.96)	(363.19)	(335.00)	(611.99)	(23.39)	(255.87)	(930.40)	(651.33)	(3,374.13)
Assets									
Loans / Advances	**1,598.06**	**4.82**	**10.80**	**50.58**	**164.74**	**419.72**	**1,773.70**	**5,150.64**	**9,173.06**
	(2,318.76)	(168.59)	(190.11)	(718.33)	(2,903.32)	(3,606.28)	(829.55)	(1,488.92)	(12,223.86)
Investments	**562.09**	**-**	**-**	**-**	**-**	**-**	**401.40**	**25.82**	**989.32**
	(0.01)	(3.16)	-	-	-	-	(26.46)	(117.95)	(147.58)

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) All overdue borrowings have been included in 'Upto 30-31 days

(d) Amounts in Bracket (-) denotes previous years figures i.e. financial year 2018-19.

i) Exposures;

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

Category	As at March 31, 2020	As at March 31, 2019
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	**0.83**	3.65
ii) Commercial Real Estate	**763.68**	798.69

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

Category	As at March 31, 2020	As at March 31, 2019
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	-	-
b) Commercial Real Estate	-	-
Total Exposure to Real Estate Sector	**764.51**	802.34

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, 2020	As at March 31, 2019
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)	**2.18**	0.01
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;	-	-
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	**2.18**	**0.01**

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

Particulars	2019-20	2018-19
There are no parent Company products which are financed by the Company during the year.	-	-

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

	As at March 31, 2020			As at March 31, 2019		
	Exposure	**Limit**	**Excess**	Exposure	Limit	Excess
	-	-	-	-	-	-

Note :

1. The Commercial Finance division has demerged from Reliance Capital Limited and merged with the Company w.e.f. March 24, 2017. Hence all the sanctions were benchmarked with the net worth of Reliance Capital Limited. Post demerger the Company the process of downsizing the sanction limits to ensure compliance with the prudencial norms of RBI.
2. During the year the Company's networth has been eroded due to substantial losse incurred, resultants at the year end, 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.

l Unsecured Advances (₹ in crore)

Category	**As at March 31, 2020**	As at March 31, 2019
Advances against Securities of Intangible Assets	-	-
Total Advances against Securities of Intangible Assets	**-**	**-**

m 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

Rating agency	**Borrowings type**	**Rating**	**Dated**
i) Credit Analysis & Research Limited (CARE)	Long Term Bank Borrowings of Rs. 12,500 crore	CARE D	20 March 2020
ii) Credit Analysis & Research Limited (CARE)	Long Tem Debt of Rs. 1,000 crore	CARE D	20 March 2020
iii) Credit Analysis & Research Limited (CARE)	Long Term NCDs of Rs. 1000 crore	CARE D	20 March 2020
iv) Credit Analysis & Research Limited (CARE)	Long Term NCDs of Rs. 2500 crore	CARE D	20 March 2020
v) Credit Analysis & Research Limited (CARE)	Long Term NCDs of Rs. 200 crore	CARE D	20 March 2020
vi) Brickwork Ratings India Pvt Ltd	Long Term NCD of Rs. 2,000 crore	BWR D	19 September 2019
vii) Credit Analysis & Research Limited (CARE)	Subordinate Debt - Tier II Unsecured Debt of Rs. 500 crore	CARE D	20 March 2020
viii) Brickwork Ratings India Pvt Ltd	Subordinate Debt - Tier II Unsecured Debt of Rs. 500 crore	BWR D	19 September 2019

Rating agency	Borrowings type	Rating	Dated
ix) Brickwork Ratings India Pvt Ltd	Short Term Debt [CP] of Rs. 3,000 crore	BWR D	19 September 2019
x) ICRA Limited	Short Term Debt [CP] of Rs. 3,000 crore	ICRA D	03 May 2019
xi) ICRA Limited	Short Term Debt [TL] of Rs. 1,000 crore	ICRA D	03 May 2019
xii) Credit Analysis & Research Limited (CARE)	Market Linked Debentures of Rs. 200 crore	CARE PP - MLD D	20 March 2020
xiii) Brickwork Ratings India Pvt Ltd	Market Linked Debentures of Rs. 100 crore	BWR PP MLD D	19 September 2019

Note : The above credit ratings are based on the Credit Ratings obtained from Credit Rating Agencies upto March 31, 2020.

5. Remuneration of Directors (₹ in crore)

	2019-20	2018-19
Transactions with the Non-Executive Directors		
Director Sitting Fees Non-Executive Directors	**0.14**	0.16
	0.14	0.16

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

n. Additional Disclosures

1. Provisions and Contingencies (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Provision for depreciation on Investments	**-**	-
b) Provision for NPA & Doubtful Debts	**965.68**	152.77
c) Provision made towards Income tax	**142.17**	142.17
d) Other Provisions and Contingencies (with details)		
Provision for impairment loss	**6.45**	6.45
e) Contingent provision against standard assets	**301.84**	384.08
	1,416.14	685.47

2. Concentration of Advances

Total Advances to twenty largest borrowers	**5,518.78**	5,674.55
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	**52.86%**	44.47%

3. Concentration of Exposures

Total Exposure to twenty largest borrowers	**5,518.78**	5,674.55
Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company	**48.28%**	43.96%

4. Concentration of NPAs

Total Exposure to top four NPA accounts	**1,247.95**	493.16

5. Sector-wise NPAs (₹ in crore)

Particulars	Percentage of NPAs to total advances in that sector	
	2019-20	2018-19
Agriculture & allied activities	**29.68%**	7.16%
MSME	**56.61%**	5.50%
Corporate borrowers	**50.08%**	11.71%

Services	**57.06%**	11.42%
Unsecured personal loans	**-**	-
Auto loans	**21.11%**	2.76%
Other personal loans	**33.98%**	8.40%

6. **Movement of NPAs**

(₹ in crore)

Particulars	**As at March 31, 2020**	As at March 31, 2019
Net NPAs to Net Advances (%)	**51.58%**	6.19%
(a) Opening Balance	**909.75**	727.52
(b) Additions during the year	**5,033.28**	838.93
(c) Reductions during the year	**(245.65)**	(656.69)
(d) Closing balance	**5,697.37**	909.75
Movement of Net NPAs		
(a) Opening Balance	**756.98**	218.44
(b) Additions during the year	**4,180.92**	705.80
(c) Reductions during the year	**(206.20)**	(167.26)
(d) Closing balance	**4,731.69**	756.98
Movement of provisions for NPAs		
(a) Opening Balance	**152.77**	509.07
(b) Additions during the year	**852.36**	133.13
(c) Write-off	**(39.45)**	(489.43)
(d) Closing balance	**965.68**	152.77

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 certified by the management)**

Particulars	**As at March 31, 2020**	As at March 31, 2019
(a) No. of complaints pending at the beginning of the year	**4**	3
(b) No. of complaints received during the year/ Pursuant to scheme of arrangement	**108**	131
(c) No. of complaints redressed during the year	**106**	130
(d) No. of complaints pending at the end of the year	**6**	4

10. **Other information**

Items	**2019-20**	2018-19
Area, country of operation	**India**	India
Joint venture partners with regard to Joint ventures and Overseas subsidiaries	**None**	None

56. 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					Other					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 2019-20																				
	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
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31 of the FY 2019-20																				
	No. of borrowers	1	-	-	-	1	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1
	Amount outstanding	34.35	-	-	-	4.35	-	-	-	-	-	-	-	-	-	-	34.35	-	-	-	4.35
	Provision thereon	0.21	-	-	-	0.21	-	-	-	-	-	-	-	-	-	-	0.21	-	-	-	0.21

57. A comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 as required by RBI Circulare dated March 13, 2020 vide RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20

(₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	4,308.77	250.33	4,058.44	404.93	(154.60)
	Stage 2	434.44	51.51	382.93	10.17	41.34
Subtotal		**4,743.21**	**301.84**	**4,441.37**	**415.10**	**(113.26)**
Non-Performing Assets (NPA)						
Substandard	Stage 3	5,415.21	915.55	4,499.66	556.12	359.43
Doubtful - up to 1 year	Stage 3	188.16	34.50	153.66	46.16	(11.66)
1 to 3 years	Stage 3	28.37	4.95	23.43	10.59	(5.65)
More than 3 years	Stage 3	2.66	0.44	2.22	1.33	(0.89)
Subtotal for doubtful		**219.19**	**39.89**	**179.31**	**58.09**	**(18.20)**
Loss	Stage 3	62.98	10.25	52.72	61.04	(50.78)
Subtotal for NPA		**5,697.37**	**965.68**	**4,731.69**	**675.24**	**290.44**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	4,308.77	250.33	4,058.44	404.93	(154.60)
	Stage 2	434.44	51.51	382.93	10.17	41.34
	Stage 3	5,697.37	965.68	4,731.69	675.24	290.44
	Total	**10,440.58**	**1,267.52**	**9,173.06**	**1,090.34**	**177.18**

58. Going Concern:

During the year the Company has incurred losses amounting to ₹ 1,440.80 crore (Previous year ₹1,892.12 crore) and as on March 31, 2020 it has accumulated losses of ₹ 3,332.92 crore (Previous year ₹ 1,892.12 crore). Pursuant to Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 vide RBI circular dated June 7, 2019, the Company has entered into a Inter-Creditor Agreement (ICA) on July 6, 2019 for the resolution of its debt. The timeline of 180 days given in the Circular were expired on January 3, 2020. In the Lender's meeting held on January 16, 2020 all lenders had agreed to extend the ICA period till March 31, 2020 and it is further extended till June 30, 2020 in lenders meeting held on March 26, 2020. The Company is confident of implementing its Resolution Plan within the said extended period. In view of the steps taken by the Company as mentioned above, the accounts of the Company have been prepared on "Going Concern" basis.

Inter Creditor Agreement (ICA)

Lenders of Reliance Commercial Finance Limited ("Company" or "RCFL") have entered into an Inter-Creditor Agreement ("ICA") dated 6 July 2019 under the framework of the circular issued by the Reserve Bank of India on "Prudential Framework for Resolution of Stressed Assets" dated June 7, 2019 ("June 7 Circular"). Lenders have, pursuant to a meeting dated 26 March 2020 extended the period under the ICA till 30 June 2020, considering the present situation in the country due to the ongoing Covid-19 pandemic, to enable the Company to come up with a viable resolution plan for the interest of all its creditors. All the current operations of RCFL, including the cashflows, are being directed, reviewed and managed under the supervision of the RCFL Lenders and RCFL Lenders are jointly deciding over the operational and strategic aspects of RCFL. RCFL has been directed by the lenders led by Bank of Baroda not to service debt obligation considering the cash position of the company. In view of the same, delay in making payment to lenders /bond holders shall continue until the arrival on resolution plan.

59. 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 Ministry of Corporate Affairs (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. This matter is still pending with the MCA.

60. "The SARS-CoV-2 virus responsible for COVID -19 continuous to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial market and a significant decrease in global and local economic activities. A national lockdown was declared by Government of India with effect from March 24, 2020 as a result of the recent outbreak of Coronavirus, a virus causing potentially deadly respiratory tract infections (the 'pandemic'). Among various measure announced to mitigate the economic impact arising from the pandemic, the Reserve Bank of India issued a guideline relating to COVID-19 Regulatory Package dated March 27, 2020 ('RBI Guideline') allowing lending institutions to offer a moratorium to its customers on payment of all instalments and/ or interest falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted, the assets classification shall remain stand still during the moratorium period (I.e. the number of days past due shall excludes the moratorium period for the purposes of assets classification under the Income Recognition, Assets Classification and Provisioning norms) The Company's Board has approved policy to extend the moratorium to its borrowers in accordance with the RBI Guideline. As at March 31, 2020 the Company has recorded a provision for expected credit loss against the potential impact of COVID-19 considering the reasonable and supportable information available up to the date of these financial statements.

61. The Company has adopted Ind-AS 116, "Leases", effective from April 1, 2019 using modified restrospective method of transition, adoption of this Standard did not have any material effect on the standalone financial statements of the Company for the year ended March 31, 2020.

62. 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.

63. The Company had given General Purpose Corporate Loan/Working Capital Term Loan to certain bodies corporate in the ordinary course of business, the terms of which are at arms' length basis. None of these loans constitute as transactions with related parties. However, in few cases, the Company's borrowers had 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. These loans are secured and in few cases its further guaranteed by the Group Companies.

Considering the end use of loans given, the Company has considered the below loans amounting to ₹ 5,171.73 crore (Previous year ₹ 5,192.89 crore), as 'Exposure to group companies' for the purpose of various regulatory disclosures.

(₹ in crore)

Sr. No	Party Name	Total Exposure Outstanding as at March 31, 2020	Total Exposure Outstanding as at March 31, 2019
1	Aashish Power Plant Equipment Private Limited	**185.00**	210.40
2	Accura Productions Private Limited	**350.46**	304.87
3	Adhar Project Management & Consultancy Private Limited	**65.09**	32.16
4	Celebrita Mediahouse Private Limited	**158.60**	90.70
5	Crest Logistics & Engineers Private Limited	**286.90**	323.36
6	Edrishti Movies Private Limited	**125.00**	128.05
7	Gamesa Investment Management Private Limited	**122.70**	48.26

(₹ in crore)

Sr. No	Party Name	**Total Exposure Outstanding as at March 31, 2020**	Total Exposure Outstanding as at March 31, 2019
8	Hirma Power Limited	**222.41**	237.33
9	Indian Agri Services Private Limited	**30.00**	106.35
10	Kalai Power Private Limited	**260.80**	264.68
11	Kunjbihari Developers Private Limited	**108.75**	122.94
12	Medybiz Private Limited	**118.00**	126.20
13	Mohanbir Hi-Tech Build Private Limited	**20.44**	6.12
14	Nationwide Communication Private Limited	**28.48**	25.09
15	Reliance Big Entertainment Private Limited	**310.92**	278.83
16	Reliance Broadcast Network Limited	**37.96**	-
17	Reliance Cleangen Limited	**270.49**	291.91
18	RPL Aditya Power Private Limited	**45.40**	41.34
19	RPL Solaris Power Private Limited	**188.00**	210.15
20	Skyline Global Trade Private Limited	**290.00**	327.37
21	Species Commerce & Trade Private Limited	**235.50**	247.80
22	Summit Ceminfra Private Limited	**300.00**	340.06
23	Thwink Big Content Private Limited	**350.00**	367.22
24	Tulip Advisors Private Limited	**297.95**	337.60
25	Vinayak Ventures Private Limited	**61.80**	54.76
26	Worldcom Solutions Limited	**401.08**	353.16
27	Zapak Digital Entertainment Limited	**300.00**	316.18
	Total	**5,171.73**	**5,192.89**

64. 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.

65. Previous year figures have been regrouped / rearranged wherever necessary.

This is the standalone 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
May 7, 2020

For and on behalf of the Board of Directors

Sushil Kumar Agrawal (Director)

Rashna Khan (Director)

Dhananjay Tiwari (Executive Director)

Arpit Malaviya (Chief Financial Officer)

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

Qualified 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") and its Associates which comprise the consolidated Balance Sheet as at March 31, 2020 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, 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 including the Indian Accounting Standards ("Ind AS"), of the consolidated state of affairs of the Group as at March 31, 2020, its consolidated profit and loss (including other comprehensive income), consolidated changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

We draw attention to Note No. 59 of the consolidated Ind AS financial statements with regards to the loan sanctioned under the Corporate Loan book with significant deviations to certain bodies corporate including group companies and outstanding as at March 31, 2020 aggregating to ₹ 5,171.73 crore and secured by charge on current assets of borrowers. As stated in the said note, in certain cases the corporate borrowers of Company's have undertaken onward lending transactions and end use of the borrowings from the Company included borrowings by or for repayment of financial obligation to some of the group companies. These exposures to borrowers are secured against charge on current assets including in certain cases it's further guaranteed by the Group Companies. The recovery against these loan is dependent on the recovery of onward lending of the borrowers which further depends on external factors not wholly within control of the Company/borrower. We were unable to obtain sufficient audit evidence about the recoverability of the aforesaid loans. Accordingly, we were unable to determine the consequential implications arising therefrom and it may have implications of adjustments, disclosures or compliances on certain elements in the accompanying consolidated Ind AS financial statements of the Group.

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 Group 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 qualified opinion.

Going Concern

We draw attention to Note No. 54 of the consolidated Ind AS financial statements which sets out the fact that, the Group has incurred losses of ₹ 1,443.00 crore (31 March 2019 : ₹ 1,892.12 crore) and accumulated losses of ₹ 3,335.12 crore (31 March 2019 : ₹ 1,892.12 crore). The Company is 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. Resolution of Inter-Creditor Agreement (ICA) frame work for its debt depend on agreement with lenders and other external factors. In view of the steps taken by the Company along with Inter-Creditor Agreement (ICA), accordingly, the consolidated Ind AS financial statements of the Group have been prepared on a going concern basis. The Company's ability to meet its obligations is significantly dependent on material uncertain events including restructuring of loans and achievement of debt resolution under Inter-Creditor Agreement (ICA) frame work that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note No. 55 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 financial year. 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. 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 Basis for Qualified Opinion section, 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.

Key audit matter	How the matter was addressed in our audit
Assessment of Going Concern as a basis of accounting: (Refer Note No. 54 to the consolidated Ind AS financial statements) The Group has incurred losses during the current year and in earlier year. Its net worth is eroded and the current liabilities exceed its current assets as at that March 31, 2020. These may create a doubt regarding the Company's ability to continue as a going concern. However, the consolidated Ind AS financial statements have been prepared on a going concern basis as the Company is engaged with all its lenders to enter into an Inter-Creditor Agreement (ICA) for the resolution of its debt events including restructuring of loans and achievement of debt resolution under Inter-Creditor Agreement (ICA) frame work which would enable the Company to meet its financial obligations as and when they fall due. We considered this to be a key audit matter because management's assessment is largely dependent on material uncertain events including restructuring of loans and achievement of debt resolution under Inter-Creditor Agreement (ICA).	**Our procedures included the following :** • Obtained the management assessment of appropriateness of Going Concern basis of accounting. • Discussed with the management on future business and their plans to ensure that the Company is able to meet its financial obligations in the foreseeable future. • Read the minutes of board of directors meeting for discussion on future business plans and on liquidating certain assets to ensure availability of liquid funds. • Verified the financial ability of the Holding Company to support the Company from the latest audited financial statements of the Holding Company **Conclusion** Based on above procedure performed we are in view that management assessment largely dependent on uncertain events of restructuring of loans and achievement of debt resolution with lenders so we have given emphasis of matter paragraph on going concern in audit report.

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 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 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 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 Consolidated 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 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 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 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 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 a subsidiary, whose unaudited financial statements reflect total assets of ₹ 0.34 crore as at 31 March, 2020, total revenues of ₹ Nil for year ended, and total net loss after tax of ₹ 0.02 crore for year ended and net cash outflow amounting to ₹ (0.007) crore for the year ended 31 March, 2020 respectively, as considered in the Statement, which have been certified by the management. The Statement also includes Group's share of net loss of ₹ 2.18 crore for the period ended, as considered in the Statement, in respect of two associates, whose financial statements/financial information have been certified by the management. The financial statements of these entities have been furnished to us by the management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the financial statements certified by the management and the procedures performed by us are as stated in section above. Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the work done and the financial information certified by the Board of Directors.

Report on Other Legal and Regulatory Requirements

(1) As required by the Section 143(11)(3) of the Act, based on our audit and on the consideration of management certified financial statements of such subsidiary and associates, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit, except for the matter described in the Basis for Qualified Opinion paragraph;

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 including the statement of Other Comprehensive Income, 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. Except for the effects of the matter described in the Basis for Qualified Opinion section of our report, 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 Company, as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the company with reference to consolidated Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to 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 to the best of our information and according to the explanations given to us, and supported by legal opinion, 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 Group has disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements – Refer Note No. 43(a)(ii) on Contingent Liabilities to the consolidated Ind AS financial statements;

(ii) The Group has made provision as at March 31, 2020, 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. 58 to 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 Group during the year ended March 31, 2020.

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

Ajay Vastani
Partner
Membership Number: 132265
UDIN : 20132265AAAAAE9419

Mumbai
MAY 7, 2020

Annexure "A" to the Independent Auditor's Report on Consolidaed Financial Statements

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, 2020

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, 2020 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 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 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 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, 2020:

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. We have not received sufficient audit evidences for other controls and we are unable to comment on operating effectiveness of that. The effects on the consolidated Ind AS financial statements for aforesaid material weakness of controls have not been determined.

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.

Qualified Opinion

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 financial statements were operating effectively as of March 31, 2020, 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, 2020 consolidated Ind AS financial statements of the Company, and the effects on the consolidated Ind AS financial statements for aforesaid material weakness of controls have not been determined and the qualification has affected our opinion on the consolidated Ind AS financial statements of the Company and we have issued a qualified 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 : 20132265AAAAAE9419

Mumbai
May 7, 2020

Consolidated Balance Sheet as at March 31, 2020

(₹ in crore)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
1 Financial assets			
(a) Cash & cash equivlants	4	**102.18**	34.28
(b) Bank balance other than cash & cash equivlants	5	**40.57**	396.33
(c) Derivative financial Instruments	6	**0.10**	0.01
(d) Receivables			
- Trade receivables	7	**13.22**	5.55
- Other receivables	8	**3.71**	2.98
(e) Loans	9	**9,172.69**	12,223.86
(f) Investments	10	**987.48**	147.57
(g) Other Financial assets	11	**133.54**	181.57
Sub total of financial assets		**10,453.49**	12,992.15
2 **Non - financial assets**			
(a) Current tax assets (Net)	12	**172.24**	136.44
(b) Deferred tax assets (Net)	13	**-**	-
(c) Property, plant and equipment	14	**144.99**	156.34
(d) Intangible assets under development	15	**-**	3.63
(e) Goodwill	15	**160.14**	160.14
(f) Other Intangible assets	15	**21.51**	25.47
(g) Other Non - financial assets	16	**34.37**	30.14
Sub total of non - financial assets		**533.25**	512.16
Total Assets		**10,986.74**	13,504.31
Liabilities and Equity			
1 **Financial liabilities**			
(a) Payables			
- Trade payables	17		
(i) total outstanding dues of micro enterprises and small enterprises		**0.06**	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**1.19**	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 enterprises		**735.81**	1,921.80
(b) Debt Securities	19	**1,812.08**	2,318.66
(c) Borrowings	20	**8,000.90**	7,965.42
(d) Subordinated liabilities	21	**81.14**	81.14
(e) Other Financial liabilities	22	**896.04**	336.27
Sub total of financial liabilities		**11,527.22**	12,623.92
2 **Non- financial liabilities**			
(a) Provisions	23	**34.46**	43.40
(b) Other Non-financial liabilities	24	**62.52**	31.16
Sub total of non - financial liabilities		**96.98**	74.56
3 **Equity**			
(a) Equity share capital	25	**135.33**	135.33
(b) Preference share capital	25	**400.00**	400.00
(c) Other Equity	26 & 27	**(1,172.79)**	270.50
Sub total of equity		**(637.46)**	805.83
Total Liabilities & Equity		**10,986.74**	13,504.31

See accompanying notes to the consolidated financial statements '1 to 63'

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
May 7, 2020

For and on behalf of the Board of Directors

Sushil Kumar Agrawal (Director)

Rashna Khan (Director)

Dhananjay Tiwari (Executive Director)

Arpit Malaviya (Chief Financial Officer)

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

(₹ in crore)

Particulars	Note No.	2019-20	2018-19
Revenue from operations			
(a) Interest Income	28	748.94	1,700.70
(b) Fees & Commission Income	29	7.88	16.14
(c) Net gain on derecognition of financial instruments	30	36.98	48.33
(d) Rent Income		6.00	6.03
(e) Other operating income	31	64.72	8.70
Total Revenue from operations (I)		864.52	1,779.90
Other Income (II)	32	0.07	0.96
Total Income III = (I) + (II)		864.59	1,780.86
Expenses			
Finance cost	33	1,232.01	1,219.24
Fees & commission expenses	34	20.28	23.12
Impairment on financial instruments	35	882.03	2,104.27
Employee benefits expense	36	61.31	118.26
Depreciation, amortisation & impairment	14-15	16.76	19.56
Other expenses	37	93.04	150.04
Total Expenses (IV)		2,305.43	3,634.49
Loss Before Tax (V) = (III - IV)		(1,440.84)	(1,853.63)
Tax Expense (VI) :	40		
(a) Current Tax		-	-
(b) Deferred Tax/ (Credit)		-	38.49
Loss After Tax before Share of profit of Associates & Non controlling Interest (VII) = (V-VI)		(1,440.84)	(1,892.12)
Non controlling interest (VIII)		(0.02)	-
Share of Loss of Associates (IX)		(2.18)	-
Loss After Tax (X) = (VII-VIII+IX)		(1,443.00)	(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	(0.29)	(1.29)
Income tax relating to items that will not be reclassified to profit or loss		-	-
Other Comprehensive Income for the year (XI)		(0.29)	(1.29)
Total Comprehensive Income for the year (XII) = (X + XI)		(1,443.29)	(1,893.41)
Loss attributable to:			
(a) Owners of the parent		(1,442.98)	(1,892.12)
(b) Non controlling interest		(0.02)	-
		(1,443.00)	(1,892.12)
Other Comprehensive Income attributable to:			
(a) Owners of the parent		(0.29)	(1.29)
(b) Non controlling interest		-	-
		(0.29)	(1.29)
Total Comprehensive Income attributable to:			
(a) Owners of the parent		(1,443.27)	(1,893.41)
(b) Non controlling interest		(0.02)	-
		(1,443.29)	(1,893.41)
Earnings/(Loss) Per Equity Share (XIII)	42		
(Face value of ₹ 10 each fully paid up)			
Basic (₹)		(106.47)	(139.83)
Diluted (₹)		(100.53)	(132.02)

See accompanying notes to the consolidated financial statements '1 to 63'

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
May 7, 2020

For and on behalf of the Board of Directors

Sushil Kumar Agrawal (Director)

Rashna Khan (Director)

Dhananjay Tiwari (Executive Director)

Arpit Malaviya (Chief Financial Officer)

Consolidated Statement of Changes in Equity for the Year Ended March 31, 2020

(₹ in crore)

	Particulars	Nos.	Amount
a)	**Equity Shares of ₹ 10 each**		
	As at March 31, 2019	13 53 25 700	135.33
	Issue of Share Capital	-	-
	As at March 31, 2020	**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 April 1, 2018	**2,077.62**	**0.39**	**100.86**	**41.87**	**(0.77)**	**2,219.98**
	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)
	- Transfers to Statutory reserve fund	-	-	-		-	-
	As at March 31, 2019	**2,078.11**	**-**	**100.86**	**(1,906.41)**	**(2.06)**	**270.50**
	Profit/(loss) for the year	-	-	-	(1,443.00)	-	(1,443.00)
	Other comprehensive income	-	-	-	-	(0.29)	(0.29)
	Total comprehensive income for the year	-	-	-	(1,443.00)	(0.29)	(1,443.29)
	Transactions with owners in their capacity as owners:						
	- Transfers to:						
	Statutory reserve fund	-	-	-	-	-	-
	As at March 31, 2020	**2,078.11**	**-**	**100.86**	**(3,349.41)**	**(2.35)**	**(1,172.79)**

See accompanying notes to the consolidated financial statements '1 to 63'

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
May 7, 2020

For and on behalf of the Board of Directors

Sushil Kumar Agrawal
(Director)

Rashna H. Khan
(Director)

Dhananjay Tiwari
(Executive Director)

Arpit Malaviya
(Chief Financial Officer)

Consolidated Statement of Cash Flows for the year ended March 31, 2020

(₹ in crore)

Particulars		2019-20		2018-19
(a) Cash flow from operating activities :				
Profit/(Loss) before tax:		**(1,440.84)**		(1,853.63)
Adjustments :				
Depreciation & amortisation	**16.76**		19.56	
Impairment on financial instruments	**881.15**		2,097.98	
Net (gain) / loss on financial instruments at FVTPL (Net)	**0.89**		6.29	
Net (gain) / loss on Sale of financial instruments (Net)	**(7.94)**		(11.90)	
Net (gain) / loss on disposal of property, plant and equipment (Net)	**1.86**		0.48	
Finance cost	**1,232.01**		1,219.24	
Interest on investments	**(1.13)**		(2.47)	
		2,123.60		3,329.18
Operating profit before working capital changes		**682.76**		1,475.55
Adjustments for (increase)/ decrease in operating assets:				
Trade receivables & other receivables	**(8.39)**		(8.76)	
Fixed deposits with banks	**355.76**		(297.54)	
Loans	**1,144.20**		1,213.00	
Other financial assets	**48.03**		5.99	
Other Non - financial assets	**(3.85)**		32.90	
Adjustments for increase/ (decrease) in operating liabilities				
Trade payables & other payables	**(47.95)**		(36.33)	
Other financial liabilities	**(182.99)**		(32.55)	
Other non-financial liabilities	**31.42**		(70.96)	
		1,336.23		805.75
Cash generated from operations		**2,018.99**		2,281.30
Less : Interest paid	**(322.76)**		(1,108.64)	
Less : Income taxes paid (net of refunds)	**(35.80)**		(56.64)	
		(358.56)		(1,165.28)
Net cash generated from operating activities (a)		**1,660.43**		1,116.02
(b) Cash flow from investing activities :				
Purchase of investments	**(895.89)**		(3.01)	
Sale of investments	**62.05**		25.78	
Purchase of property, plant and equipments	**(0.38)**		(1.23)	
Sale of property, plant and equipments	**2.43**		0.18	
Purchase of intangible assets	**(13.91)**		(8.16)	
Interest on investments	**4.58**		0.85	
		(841.12)		14.41
Net cash (used in)/generated from investing activities (b)		**(841.12)**		14.41

Consolidated Statement of Cash Flows for the year ended March 31, 2020

(₹ in crore)

Particulars		2019-20		2018-19
(c) Cash flow from financing activities :				
(Repayment)/Issue of debt securities (Net)	**(354.00)**		(671.47)	
(Repayment)/Borrowings from banks & financial institutions (Net)	**(732.40)**		(1,850.00)	
(Repayment)/Issue of commercial papers (Net)	**(10.40)**		427.16	
ICD taken (Net)	**345.39**		363.19	
Dividend paid (including dividend distribution tax)	**-**		(8.16)	
		(751.41)		(1,739.28)
Net cash (used in)/generated from financing activities (c)		**(751.41)**		(1,739.28)
Net increase/(decrease) in cash and bank balances (a + b+ c)		**67.90**		(608.85)
Add : cash and cash equivalents at beginning of the year		**34.28**		643.13
Cash and cash equivalents at end of the year		**102.18**		34.28

This is the consolidated statement of cashflows referred to our report of even date

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

Ajay Vastani
Partner
Membership No.: 132265

Mumbai
May 7, 2020

For and on behalf of the Board of Directors

Sushil Kumar Agrawal
(Director)

Rashna H. Khan
(Director)

Dhananjay Tiwari
(Executive Director)

Arpit Malaviya
(Chief Financial Officer)

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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, loans to commercial vehicles and two wheelers, 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

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.

a. Basis of Preparation of 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 financial statements have been prepared on a going concern basis. The Company uses accrual basis of accounting except in case of significant uncertainties. These financial statements are presented in Indian rupees rounded off to the nearest crore upto two decimal places except otherwise stated. The aforesaid consolidated financial statements of Reliance Commercial Finance Limited ("the Parent Company" or "the Company"), its subsidiary i.e. Gullfoss Enterprises Private Limited (together referred to as the ""Group"") and its associates i.e., Global Wind Power Limited (w.e.f. June 18, 2019) and Reinplast Advanced Composites Private Limited (w.e.f. April 24, 2019)"

(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. This is since the Company does not supply goods or services within a clearly identifiable operating cycle, therefore making such presentation more relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note No. 48(i)

(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.

b. 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, Loan Re-chedulement 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) Secursitation 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.

c. 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'.

d. 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.

e. 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.

f. 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. 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.

Gains and losses on equity investments at FVPL are included in the statement of profit or loss.

(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 stage3 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 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.

g. 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.

h. 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 thehigher 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.

i. 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.

j. 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'.

k. 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.

l. 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.

m. 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.

n. 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.

o. 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.

p. 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 01, 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.

q. 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 Compnay has elected to continue with the carrying value of all of intangible assets recognised as at April 01, 2017 measured as per the previous GAAP and use that carrying valueas the deemed cost of intangible assets.

r. 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.

s. 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.

t. 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 theextent 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.

u. 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 (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

v. Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses..

w. Rounding of amounts

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

3. 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:**

3.1 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 no. 49.

3.2 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.

3.3 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.

3.4 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.

3.5 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

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in crore)

Particulars	As at March 31, 2020		As at March 31, 2019	
4. Cash & cash equivalents				
Cash on hand		**0.28**		0.38
Balance with Banks				
- in Current Accounts	**101.90**		17.47	
- in In deposits with original maturity of 3 months or less	**-**		16.43	
		101.90		33.90
		102.18		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/ Direct Assignment	**6.00**		394.08	
- For Others	**34.57**		2.25	
		40.57		396.33
		40.57		396.33
6. Derivative Financial Instruments				
Net gain on derivative financial instruments		**0.10**		0.01
		0.10		0.01
7. Trade receivables (Unsecured)				
Receivables considered good		**-**		-
Receivables - credit impaired	**19.67**		12.00	
Less: Provision for impairment loss	**(6.45)**		(6.45)	
		13.22		5.55
		13.22		5.55
8. Other receivables (Unsecured)				
Receivables considered good		**3.71**		2.98
Receivables which have significant increase in Credit Risk		**-**		-
Receivables - credit impaired		**-**		-
		3.71		2.98

(₹ in crore)

Particulars		As at March 31, 2020		As at March 31, 2019
9. Loans				
a) Loans (Refer Note 48: Credit Risk Section)				
(i) Secured				
- Related Party	-		-	
- Others	4,824.44		11,624.38	
		4,824.44		11,624.38
(ii) Unsecured				
- Related Party	-		-	
- Others	185.49		347.04	
		185.49		347.04
b) Installments due				
(i) Secured		4,675.15		166.45
(ii) Unsecured		38.34		1.92
c) Interest accrued on loans				
(i) Secured		659.78		577.75
(ii) Unsecured		57.01		43.17
Total Gross credit exposure		10,440.21		12,760.71
Less : Expected credit loss				
- Contingent provision against standard assets	(301.84)		(384.08)	
- Provision for NPA & doubtful debts	(965.68)		(152.77)	
		(1,267.52)		(536.85)
Total Net credit exposure		9,172.69		12,223.86
Loans - At amortised cost				
Secured by tangible assets		10,159.37		12,411.75
Unsecured		280.84		348.96
Total (a) - Gross		10,440.21		12,760.71
Less : Impairment loss allowance		1,267.52		536.85
Total - Net		9,172.69		12,223.86
Loans in India				
- Public sector		-		-
- Others		10,440.21		12,760.71
Total (b) - Gross		10,440.21		12,760.71
Less: Impairment loss allowance		1,267.52		536.85
Total (b) - Net		9,172.69		12,223.86

(₹ in crore)

Particulars	Quantity	At amortised cost	At fair value through: Other compre-hensive income	At fair value through: Profit and loss	At fair value through: Subtotal	Total
10 Investments						
As at March 31, 2020						
(a) Equity Shares valued at fair value unless stated otherwise						
Unquoted, fully paid-up						
- Associate Company - at carrying cost						
Global Wind Power Limited	**1 04 61 745**	-	-	-	-	**-**
Reinplast Advance Composites Private Limited	**3 30 000**	-	-	0.33	0.33	**0.33**
- 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 Microfin Limited	**2 229**	-	-	#	-	**-**
(c) Debentures & Bonds valued at fair value unless stated otherwise						
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						
Reliance ARC Trust 026 -30 Dec.2016	**5 02 153**	-	-	69.80	69.80	**69.80**
(e) Unit of Mutual Fund valued at fair value unless stated otherwise						
Quoted*, fully paid-up						
Nippon India Liquid Fund - Direct Plan Growth Plan - Growth Option	**8 35 309**	-	-	405.18	405.18	**405.18**
Kotak Mutual Fund	**2 60 121**	-	-	104.44	104.44	**104.44**
Baroda Liquid Fund - Plan B Growth	**2 29 264**	-	-	52.49	52.49	**52.49**
(f) Unit of Mutual Fund valued at fair value unless stated otherwise						
Quoted*, fully paid-up						
(Investments not in the name of Company, held by the Trustee as credit enhancement towards Securitisation Transaction)						
Nippon India Liquid Fund - Direct Plan Growth Plan - Growth Option	**6 83 622**	-	-	331.60	331.60	**331.60**
Total (a) - Gross	**-**	**-**	**-**	**987.48**	**987.48**	**987.48**
(Less): Impairment loss allowance		-	-	-	-	**-**
Total (A) - Net		**-**	**-**	**987.48**	**987.48**	**987.48**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(₹ 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
Investments outside India		-	-	-	-	-
Investments in India		-	-	987.48	987.48	987.48
Total (B) - Gross		**-**	**-**	**987.48**	**987.48**	**987.48**
(Less): Impairment loss allowance		-	-	-	-	-
Total (B) - Net		**-**	**-**	**987.48**	**987.48**	**987.48**

(₹ 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
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 Microfin Limited	**2 229**	-	-	#	-	#
(c) Debentures & Bonds valued at fair value unless stated otherwise						
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						
Unquoted, fully paid-up	**1 98 900**	-	-	13.15	13.15	13.15
Suraksha ARC Trust 002-22 Dec.2016	**26 350**	-	-	2.62	2.62	2.62
Suraksha ARC Trust 003 -22 Dec.2016	**5 61 344**	-	-	78.54	78.54	78.54
Reliance ARC Trust 026 -30 Dec.2016						
(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
Kotak Mutual Fund						
Baroda Liquid Fund - Plan B Growth						
(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**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(₹ 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
Investments outside India		-	-	-	-	-
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**

Notes :

1 * for units of AIF/Mutual Fund, net assets value (NAV) is taken as Market Value

2 # Investments written off

3 Investments in unit of Mutual Fund of Reliance Short Term Fund-Direct Plan -Growth Plan have been pledged with National Securities Clearing Corporation Limited (NSCCL) to comply with margin requirements.

(₹ in crore)

Particulars		**As at March 31, 2020**		As at March 31, 2019
11. Other financial assets				
Security Deposits - Unsecured, considered good		**11.55**		14.30
Excess Interest Spread Receivable		**53.84**		89.00
Receivable :				
- Securitisation / Assignment (Net)	**55.24**		-	
- Credit enhancement towards Securitisation	**11.89**		73.80	
		67.13		73.80
Interest accrued on :				
- Investments	**-**		0.95	
- Fixed Deposits with Banks	**1.02**		3.52	
		1.02		4.47
		133.54		181.57
12. Current tax assets				
Unsecured, considered good				
Taxes Paid (TDS & advance Income Tax) (Net of Income Tax Provision ₹142.17 crore as at March 31, 2020 and March 31, 2019)		**172.24**		136.44
		172.24		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		**29.44**		34.78
(ii) Unamortised Brokerage & DSA Expenditure		**-**		13.69
(iii) Fair Value of Investments		**5.96**		6.53
(iv) Excess Interest Spread Receivable		**18.81**		31.10
(v) Interest on Collateral Deposits		**-**		0.16
		54.21		86.26
b) Deferred tax asset				
(i) Disallowance under the Income Tax Act, 1961		**0.55**		(1.02)
(ii) Expected Credit Loss		**(49.18)**		(68.95)
(iii) Unamortised Processing Fees		**(5.58)**		(16.29)
(iv) Tax Lossess		**-**		-
		(54.21)		(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**								
	Deemed cost as at April 1, 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**
	Additions during the year	–	–	0.24	0.01	0.13	–	–	0.38
	Deduction during the year	–	–	8.14	5.79	7.06	0.02	–	21.01
	Carrying amount as at March 31, 2020	**84.42**	**64.11**	**4.98**	**4.09**	**24.89**	**4.50**	**2.39**	**189.38**
b)	**Accumulated depreciation**								
	Accumulated depreciation as at April 1, 2018	–	3.31	5.21	7.03	26.98	0.98	0.98	44.49
	Add : For the year	–	3.31	1.21	1.32	3.52	0.87	0.30	10.53
	Less : Deduction during the year	–	–	0.11	0.07	1.17	–	–	1.35
	Accumulated depreciation as at March 31, 2019	**-**	**6.62**	**6.31**	**8.28**	**29.33**	**1.85**	**1.28**	**53.67**
	Add: For the year	–	3.31	1.05	0.96	1.17	0.78	0.17	7.44
	Less: Deduction during the year	–	–	4.78	5.49	6.46	–	–	16.73
	Accumulated depreciation as at March 31, 2020	**-**	**9.93**	**2.58**	**3.75**	**24.04**	**2.63**	**1.45**	**44.39**
c)	**Net carrying amount**								
	As at March 31, 2019	84.42	57.49	6.57	1.59	2.49	2.67	1.11	156.34
	As at March 31, 2020	**84.42**	**54.18**	**2.39**	**0.34**	**0.85**	**1.87**	**0.94**	**144.99**

(₹ 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, 2018	2.53	160.14	58.82	221.49
	Add: Additions during the year	5.56	–	2.61	8.17
	Less: Deduction during the year	(4.46)	–	–	(4.46)
	Add: Transfer from	–	–	4.46	4.46
	Carrying amount as at March 31, 2019	**3.63**	**160.14**	**65.89**	**229.66**
	Add : Additions during the year	–	–	1.72	1.72
	Less : Deduction during the year	(3.63)	–	–	(3.63)
	Add : Transfer from	–	–	3.63	3.63
	Carrying amount as at March 31, 2020	**-**	**160.14**	**71.24**	**231.38**
b)	**Accumulated depreciation**				
	Accumulated depreciation as at April 1, 2018	–	–	31.39	31.39
	Add : For the year	–	–	9.03	9.03
	Less : Deduction during the year	–	–	–	-
	Accumulated depreciation as at March 31, 2019	**-**	**-**	**40.42**	**40.42**
	Add : For the year	–	–	9.31	9.31
	Less : Deduction during the year	–	–	–	-
	Accumulated depreciation as at March 31, 2020	**-**	**-**	**49.73**	**49.73**
c)	**Net carrying amount**				
	As at March 31, 2019	3.63	160.14	25.47	189.24
	As at March 31, 2020	**-**	**160.14**	**21.51**	**181.65**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in crore)

	Particulars		As at March 31, 2019		As at March 31, 2019
16.	**Other non- financial assets**				
	Sundry Advances				
	- Considered good	**4.47**		2.88	
	- Considered doubtful	**-**		-	
			4.47		2.88
	Repossessed assets held for sale	**3.89**		3.60	
	Less : Provision for impairment loss	**1.83**		2.21	
			2.06		1.39
	Interest on collateral		**-**		0.45
	Prepaid expenses		**15.59**		13.68
	Goods and service tax input credit		**12.25**		11.74
			34.37		30.14
17.	**Trade payables**				
	Total outstanding dues of :				
	- Micro enterprises and small enterprises		**0.06**		**-**
	- Creditors other than micro enterprises and small enterprises				
	(i) Due to related party (*₹ 23,701)	**0.65**		*	
	(ii) Due to others	**0.54**		0.63	
			1.19		0.63
			1.25		0.63

Note:

Disclosures pursuant to requirement of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

(i)	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	**0.06**	-
(ii)	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	**-**	-
(iii)	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year"	**-**	-
(iv)	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year"	**-**	-
(v)	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	**-**	-
(vi)	Interest due and payable towards suppliers registered under MSMED Act, for payments already made"	**-**	-
(vii)	Further interest remaining due and payable for earlier years	**-**	-

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		**54.76**		104.49
	Interest on Collateral		**1.47**		-
	Liabilities towards Securitisation transactions		**679.58**		1,817.31
			735.81		1,921.80

(₹ in crore)

Particulars		As at March 31, 2020		As at March 31, 2019
19. Debt securities				
Non Convertible Debentures (Refer Note No. 51 & 53)				
- Secured (Refer note "a" below)	**1,739.13**		2,050.93	
- Unsecured	**-**		200.00	
		1,739.13		2,250.93
Market Link Debentures				
- Secured (Refer note "a" below)		**72.95**		67.73
Total Debt Securities (a)		**1,812.08**		2,318.66
Debt securities in India				
Debt securities outside India		**1,812.08**		2,318.66
Total Debt Securities (b)		**-**		-
		1,812.08		2,318.66
20. Borrowings				
From Banks / Financial Institutions				
- Secured at amortised cost (Refer Note No. 52 & 53)				
(i) Term Loan -(Refer Note "b" below)	**5,276.40**		5,621.17	
(ii) Cash Credit facilities -(Refer Note "c" below)	**1,205.00**		1,369.78	
		6,481.40		6,990.95
From Related Parties (Refer Note No. 47)				
- Unsecured - Inter corporate deposits		**526.71**		-
From Others				
- Unsecured				
(i) Commercial Papers (Refer note "d")	**629.60**		611.28	
(ii) Inter corporate deposits	**363.19**		363.19	
		992.79		974.47
Total Borrowings (a)		**8,000.90**		7,965.42
Borrrowings in India		**8,000.90**		7,965.42
Borrowings outside India		**-**		-
Total Borrowings (b)		**8,000.90**		7,965.42

Notes:

a) Security clause in respect to debentures

Rated, Listed, Secured, Redeemable, Non-convertible Debentures (including MLD) ("Secured NCDs") amounting to ₹ 1,812.08 crore (March 31, 2019 - ₹2,118.66 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 amounting to ₹ 4,288.90 crore (March 31, 2019 - ₹ 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 amounting to ₹ 987.50 crore (March 31, 2019 - ₹ 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 (March 31, 2019 - 1,160.31 crore).

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

Cash credit amounting to ₹ 1,205 crore (March 31, 2019 - ₹ 1,369.78) 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 ₹629.60 crore (March 31, 2019 - ₹ 889.47 crore).

e) Period and amount of default as on the balance sheet date in repayment of borrowings and interest, refer Note No. 53.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in crore)

Particulars		As at March 31, 2020		As at March 31, 2019
21. Subordinated liabilities				
- Unsecured (Refer Note No. 51)				
Non-Convertible Tier II Debentures		**81.00**		81.00
Preference Share Capital				
- 13,80,851 Preference share of ₹ 1 Each		**0.14**		0.14
(As at March 31, 2019 13,80,851 Preference share of ₹ 1 Each)				
Total Subordinated liabilities (a)		**81.14**		81.14
In India		**81.14**		81.14
Outside India (# ₹994)		**#**		#
Total Subordinated liabilities (b)		**81.14**		81.14
22. Other financial liabilities				
Payable under Securitisation / Assignment (Net)		**-**		182.99
Interest accrued but not due		**171.82**		153.28
Interest accrued and due		**724.22**		-
Unpaid Dividend (*₹ 272)		*****		*
		896.04		336.27
23. Provisions				
Employee benefits	**1.11**		2.44	
- Gratuity (Refer Note No. 46)	**0.48**		0.48	
- Leave Encashment		**1.59**		2.92
Provision for expenses		**32.87**		40.48
		34.46		43.40
24. Other non-financial liabilities				
Advance receipts from borrowers		**50.49**		20.31
Statutory dues payables		**4.37**		3.86
Other Payable		**7.66**		6.99
		62.52		31.16

25. Share capital - Equity & Preference

(₹ in crore)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos.	**Value**	Nos.	Value
Authorised				
Equity shares of ₹ 10 each	**60 00 00 000**	**600.00**	60 00 00 000	600.00
Preference shares of ₹ 10 each	**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

(₹ in crore)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos.	Value	Nos.	Value
Issued, subscribed & paid-up				
Equity share capital				
Equity shares of ₹ 10 each	**13 53 25 700**	**135.33**	13 53 25 700	135.33
		135.33		135.33
Preference share capital				
Preference shares of ₹ 10 each	**40 00 00 000**	**400.00**	40 00 00 000	400.00
		400.00		400.00

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**	13 53 25 700	135.33
Shares issued during the year	**-**	**-**	-	-
Outstanding at the end of the year	**13 53 25 700**	**135.33**	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 par 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, 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

Equity shareholders	As at March 31, 2020		As at March 31, 2019	
	Nos.	%	Nos.	%
Reliance Capital Limited	**13 53 25 694**	**100.00%**	13 53 25 694	100%
Reliance Capital Ltd. and its nominees	**6**	**0.00%**	6	0%
	13 53 25 700	**100.00%**	13 53 25 700	100%

e) Details of shareholders holding more than 5% of the shares in the Company

Equity shareholders	As at March 31, 2020 Nos.	%	As at March 31, 2019 Nos.	%
Reliance Capital Limited	**13 53 25 694**	**100.00%**	13 53 25 700	100%
	13 53 25 694	**100.00%**	13 53 25 700	100%

(₹ in crore)

	Particulars	As at March 31, 2020		As at March 31, 2019	
26.	**Other equity**				
	Reserves and surplus				
i)	**Securities Premium Account**				
	As per last balance sheet	**2,078.11**		2,077.62	
	Add : On MLD issued during the year	**-**		0.49	
			2,078.11		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**		100.86	
	Add : Transfer from Retained Earning during the year	**-**		-	
			100.86		100.86
iv)	**Retained Earning**				
	As per last balance sheet	**(1,908.47)**		41.10	
	Add : Transfer from Statement of Profit & Loss	**(1,443.29)**		(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)	
			(3,351.76)		(1,908.47)
	TOTAL		**(1,172.79)**		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 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			2019-20		2018-19
28.	**Interest income**				
	On financial assets measured at amortised costs:				
	Interest Income on :				
	- Loans	**730.67**		1,689.51	
	- Fixed Deposits	**17.14**		8.72	
	- Investmenst	**1.13**		2.47	
			748.94		1,700.70
			748.94		1,700.70
29	**Fees & Commission Income**				
	Brokerage & Commission		**2.57**		9.32
	Servicing Fee income		**5.31**		6.82
			7.88		16.14
30	**Net gain on derecognition of financial instruments**				
	At a mortised cost				
	Foreclosure & Other Operating Charges		**29.16**		30.15
	Profit on Loans sold to Other NBFC		**-**		6.00
	Profit/(Loss) on Sale of Investments (Net)				
	- Current	**7.94**		11.90	
	- Long Term	**-**		-	
			7.94		11.90
	At Fair value through Profit & Loss				
	Profit/(Loss) on Sale of Derivatives (Net)		**(0.12)**		0.28
			36.98		48.33
31	**Other operating income**				
	Bad Debts Recovered		**64.72**		8.70
			64.72		8.70
32	**Other income**				
	Miscellaneous Income		**0.07**		0.96
			0.07		0.96
33	**Finance cost**				
	On financial liabilities measured at amortised cost:				
	Interest on :				
	- Borrowings from banks & financial institutions	**719.90**		788.81	
	- Debt securities	**242.38**		313.73	
	- Subordinated liabilities	**-**		7.33	
	- Body Corporates	**103.24**		1.62	
	- Securitisation deal	**102.64**		47.44	
			1,168.16		1,158.93
	Amortised :				
	- Discount on Commercial Papers	**61.03**		56.77	
	- Processing Charges	**2.82**		3.54	
			63.85		60.31
			1,232.01		1,219.24

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in crore)

Particulars		2019-20		2018-19	
34.	**Fees and commission expenses**				
	Credit Cost		**0.41**		1.45
	Collection Cost		**19.87**		21.67
			20.28		23.12
35.	**Impairment on financial instruments**				
	At amortised cost:				
	- Loans				
	(i) Bad Debts Written Off	**150.85**		2,277.80	
	(ii) Provision/(Reversal) for NPA & Doubtful Debts	**812.91**		(356.30)	
	(iii) Contingent provision against standard assets	**(82.24)**		241.57	
	(iv) Provision for impairment loss	**-**		(79.83)	
	(v) (Profit)/ Loss on Sale of Repossessed Assets	**(0.38)**		(0.21)	
			881.14		2,083.03
	- Investments				
	(i) Investments Written Off	**-**		30.95	
	(ii) (Reversal)/Provision for Dimunition In Value of Investments	**-**		(16.00)	
			-		14.95
	At Fair value through Profit & Loss				
	(i) Net gain / (Loss) on MLD at fair value through profit or loss	**5.22**		2.96	
	(ii) Net (gain) / Loss on Investments at fair value through profit or loss	**(4.33)**		3.33	
			0.89		6.29
			882.03		2,104.27
36.	**Employee Benefits Expense**				
	- Salaries and wages		**57.20**		108.53
	- Contrfbution to Provident fund and other Funds		**3.28**		5.51
	- Staff Welfare & other amenities		**0.83**		4.22
			61.31		118.26
37.	**Other expenses**				
	Auditor's Remuneration (Refer Note No. 38)		**0.15**		0.57
	Bank Charges		**0.56**		1.48
	Corporate Social Responsibility Expenditures (Refer Note No. 39)		**-**		4.31
	Directors' Sitting Fees		**0.14**		0.16
	Legal & Professional Fees		**41.79**		47.88
	Loss on Assets Discarded		**0.96**		-
	Management Expenses		**1.64**		6.54
	Miscellaneous Expenses/(Income)		**5.17**		3.44
	Postage,Telegram & Telephone		**0.80**		1.56
	Professional Tax (* ₹ 2,500)		*****		*
	Printing and Stationary		**0.86**		3.71
	Rent		**11.44**		12.81
	Rates and Taxes		**1.26**		3.25
	Repairs & Maintenance - Others		**23.77**		27.26
	Travel & Conveyance		**1.37**		6.78
	Marketing Expenses		**1.27**		29.81
	Loss on sale of fixed assets		**1.86**		0.48
			93.04		150.04

(₹ in crore)

Particulars	2019-20	2018-19
38. Auditors' remuneration		
Audit fees	**0.12**	0.24
Certification Charges	**0.02**	0.32
Other Services	**-**	-
Out-of-pocket expenses	**0.01**	0.01
Total	**0.15**	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 ₹ Nil crore (Previous year ₹ 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 made a contribution of ₹ Nil crore (Previous year ₹ 4.31 crore by contributing for health camps and support for education.

40. Income tax

(₹ in crore)

Particulars	2019-20	2018-19
a) The components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are as under :		
Current tax	**-**	-
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, 2020 and March 31, 2019 is, as follows:

(₹ in crore)

Particulars	2019-20	2018-19
Accounting profit before tax	**(1,440.84)**	(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% (previous year 21.55%)	**-**	-
Tax effect of the amount which are not taxable in calculating taxable income :		
- Ind AS Effect of transition period	**6.09**	6.09
- Provision for Dimunition in the Value Investments / MTM	**-**	(3.45)
- Provision for NPA & Doubtful Debts	**175.17**	(76.78)
- Provision for Reposseseed Assets	**(0.08)**	(0.05)
- Contingent provision against standard assets	**(17.72)**	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	**0.00%**	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 April 1, 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 liability 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 Asset total (b)	**(251.04)**	**164.79**	**-**	**(86.26)**
Net deferred tax liabilities/(asset) (a) - (b)	**(38.49)**	**38.49**	**-**	**-**

(₹ in crore)

Particulars	As at April 1, 2019	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31,2020
a) Deferred tax liability :				
Property, plant and equipment	34.78	(5.34)	-	29.44
Unamortised expenditure	13.69	(13.69)	-	-
Fair Value of Investments	6.53	(0.57)	-	5.96
Excess Interest Spread Receivable	31.10	(12.29)	-	18.81
Interest on Collateral Deposits	0.16	(0.16)	-	-
Deferred tax liability total (a)	**86.26**	**(32.05)**	**-**	**54.21**
b) Deferred tax asset :				
Disallowance under the Income Tax Act, 1961	(1.02)	1.57	-	0.55
Expected Credit Loss	(68.95)	19.77	-	(48.18)
Unamortised Processing Fees	(16.29)	10.71	-	(5.58)
Tax losses and unabsorbed depreciation	-	-	-	-
Deferred tax Asset total (b)	**(86.26)**	**32.05**	**-**	**(54.21)**
Net Deferred Tax Liabilities/(Asset) (a) - (b)	**-**	**-**	**-**	**-**

(₹ in crore)

	Particulars	2019-20	2018-19
d)	**Tax losses**		
	Unused tax losses for which no deferred tax asset has been recognised	**2,548.00**	2,877.17

(₹ in crore)

Particulars	2019-20	2018-19
41. Dividend paid and proposed during the year		
(i) Declared and paid during the year		
Dividends on ordinary shares:		
Final dividend for F.Y. 2019 - Nil per share (Previous year Final dividend for F.Y. 2018 - ₹ 0.50 per share)	**-**	6.77
Dividends on Preference shares:		
(*Previous year ₹ 39,348 for F.Y. 2018 ₹ 0.10 per share on prorata basis)	**-**	*
Total dividends paid	**-**	**6.77**
(ii) Proposed for approval at Annual General Meeting (Not Recongised as a liability as at March 31, 2020)	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 profits/(loss) for the year attributable to equity holders of the Company by the weighed average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profits/(loss) for the year attributable to equity holders of the Company by the weighed 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 diluted 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	2019-20	2018-19
a) The basic earnings/(loss) per share has been calculated based on the following:		
Net loss after tax available for equity shareholders (₹)	**(1,440.84)**	(1,892.12)
Weighted average number of equity shares (Nos.) -Basic	**13 53 25 700**	13 53 25 700
Weighted average number of equity shares (Nos.) -Diluted	**14 33 25 700**	14 33 25 700
b) The reconciliation between the basic and the diluted earnings per share is as follows:		
Basic earnings per share (₹)	**(106.47)**	(139.83)
Diluted earnings per share (In ₹)	**(100.53)**	(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 Diluted EPS (Nos.)	**13 53 25 700**	13 53 25 700
Weighted average number of shares for computation of Diluted EPS (Nos.)	**14 33 25 700**	14 33 25 700

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
43. Contingent liabilities & Capital commitments		
(a) Contingent liabilities		
(i) Guarantees to banks and financial institutions	**0.65**	0.37
(ii) Claims against the Company not acknowledges as debt	**3.27**	3.46
(b) Capital commitments		
(i) Estimated amount of contracts remaining to be executed on capital account (net of advances)	**1.68**	2.71
(ii) Undrawn committed credit lines	**-**	205.25

44. Events occurring after the reporting period

i) 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, 2020	As at March 31, 2019
Tier I capital	**(5,332.38)**	(4,317.48)
Tier II capital	**-**	-
Total capital	**(5,332.38)**	(4,317.48)
CRAR (%)	**-89.04%**	-49.03%
CRAR - Tier I capital (%)	**-89.04%**	-49.03%
CRAR - Tier II capital (%)	**-**	-
Amount of subordinated debt considered as Tier II capital	**81.00**	81.00
Amount raised by issue of perpetual debt instruments	**-**	-

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. (Refer Note No. 59).

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	2019-20	2018-19
Employer's contribution to provident fund	**2.15**	3.18
Employer's contribution to superannuation fund	**0.02**	0.05
Employer's contribution to pension scheme	**-**	1.13
Employer's contribution to Gratuity Fund	**1.11**	2.44
Total	**3.28**	6.80

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 March 31, 2018			
Present Value of Benefit Obligation at the beginning of the period	4.61	2.85	1.76
Current service cost	1.01	-	1.01
Interest expense/(income)	0.37	0.23	0.14
Liability Transferred In/Acquistions	-	-	-
Assets Transferred In/Acquistions	-	-	-
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
Employer contributions	-	1.76	(1.76)
Benefit payments	(2.65)	(2.65)	-
As at March 31, 2019	**4.49**	**2.05**	**2.44**
Current service cost	0.93	-	0.93
Interest expense/(income)	0.35	0.16	0.19
Return on plan assets	-	(0.10)	0.10
Acturial loss / (gain) arising from change in financial assumptions	0.17	-	0.17
Acturial loss / (gain) arising from change in demographic assumptions	0.00	-	0.00
Acturial loss / (gain) arising on account of experience changes	0.01	-	0.01
Reversal of the liability	-	-	-
Employer contributions	-	2.74	(2.74)
Benefit payments	(4.15)	(4.16)	0.01
As at March 31, 2020	**1.80**	**0.69**	**1.11**

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of plan liabilities	1.80	4.49
Fair value of plan assets	0.69	2.05
Plan liability net of plan assets	**1.11**	2.44

ii) **Statement of Profit and Loss** (₹ in crore)

Particulars	2019-20	2018-19
Employee Benefit Expenses:		
Net Interest cost	0.19	0.14
Current s ervice cost	0.93	1.01
Total	1.12	1.15
Finance cost	-	-
Net impact on the profit before tax	**1.12**	1.15
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	0.10	0.14
Actuarial gains/(losses) arising from changes in financial assumptions	0.19	1.15
Actuarial gains/(losses) arising from changes in experience	-	-
Actuarial gains/(losses) arising from changes in experience	-	-
Net impact on the other comprehensive income before tax	**0.29**	1.29

iii) **Defined benefit plans assets**

Category of assets (% allocation)	As at March 31, 2020	As at March 31, 2019
Insurer managed funds		
- Government securities	-	-
- Deposit and money market securities	**100.00**	100.00
- Debentures / bonds	-	-
- Equity shares	-	-
Total	**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, 2020	As at March 31, 2019
Discount rate (%)	**6.56%**	**7.79%**
Salary escalation rate* (%)	**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, 2020	**Change in assumption**	**Impact on defined benefit obligation**	
		Increase	**Decrease**
Discount rate	**1.00%**	**0.14**	**0.16**
Salary escalation rate	**1.00%**	**0.16**	**0.15**
Employee Turnover rate	**1.00%**	**0.00**	**0.00**

(₹ in crore)

As at March 31, 2019	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	1.00%	0.54	0.63
Salary escalation rate	1.00%	0.64	0.55
Employee Turnover rate	1.00%	0.07	0.08

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.

vii) **Maturity**

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

Particulars	**As at March 31, 2020**	As at March 31, 2019
1st Following Year	**0.09**	0.06
2nd Following Year	**0.09**	0.07
3rd Following Year	**0.10**	0.07
4th Following Year	**0.10**	0.16
5th Following Year	**0.18**	0.09
Sum of 6 to 10	**0.72**	1.16
Sum of Year 11 and above	**2.13**	-

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 management estimation 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 ₹ Nil (Previous year ₹ 0.19 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) Associate Company

1. Global Wind Power Limited (w.e.f. June 18, 2019)
2. Reinplast Advanced Composites Private Limited (w.e.f. April 24, 2019)

iii) Subsidiaries of Holding Company / Fellow Subsidiaries

1. Reliance Capital Pension Fund Limited
2. Reliance Capital AIF Trustee Company Private Limited (Ceased w.e.f. September 27, 2019)
3. Reliance Capital Trustee Company Limited (ceased w.e.f. September 27, 2019)
4. Reliance Commodities Limited
5. Reliance Exchangenext Limited
6. Reliance Financial Limited
7. Reliance General Insurance Company Limited
8. Reliance Home Finance Limited (ceased w.e.f. March 5, 2020)
9. Reliance Nippon Life Insurance Company Limited
10. Reliance Health Insurance Limited (w.e.f. May 4, 2017)
11. Reliance Money Precious Metals Private Limited
12. Reliance Money Solutions Private Limited
13. Reliance Securities Limited
14. Reliance Corporate Advisory Services Limited
15. Reliance Wealth Management Limited
16. Reliance Underwater Systems Private Limited (w.e.f. August 16, 2019)
17. Quant Capital Private Limited
18. Quant Broking Private Limited
19. Quant Securities Private Limited
20. Quant Investment Services Private Limited

iv) Associates of Holding Company

1. Reliance Nippon Life Asset Management Limited (ceased w.e.f. September 27, 2019)
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 (ceased w.e.f. September 27, 2019)
2. Reliance Asset Management (Singapore) Pte Ltd. (ceased w.e.f. September 27, 2019)
3. Reliance Asset Management (Mauritius) Limited (ceased w.e.f. September 27, 2019)
4. Ashban Company Limited (w.e.f. June 18, 2019)
5. Global Wind Infrastructure and Services Private Limited (w.e.f. June 18, 2019)
6. Global Wind Power Italy S.R.L.(w.e.f. June 18, 2019)

vi) Trust of Holding Company

1. Reliance ARC-SBI Mansarovar Trust
2. RARC CUB Trust 2014
3. RARC CUB HL & SME 2014
4. RARC - 004 Trust
5. RARC - 007 Trust
6. Reliance ARC – ALPLUS Trust
7. Reliance ARC 061 Trust

vii) Key management personnel

1. Shri Dhananjay Tiwari - Executive Director
2. Shri Sachin Bora - Whole Time Director (w.e.f. June 17, 2019 and ceased w.e.f. January 24, 2020)
3. Shri Sandeep Khosla - Chief Financial Officer (ceased w.e.f. November 15, 2019)
4. Shri Arpit Malaviya Chief Financial Officer (w.e.f. February 4, 2020)
5. Smt. Ekta Thakurel - Company Secretary (ceased w.e.f. August 14, 2019)
6. Smt. Saumya Suvarna - Company Secretary (w.e.f. October 24, 2019 and ceased w.e.f. March 5, 2020)

B. Transactions during the year with related parties:

(₹ in crore)

Particulars		Holding Company	Associates of Holding Company	Fellow Subsidiaries	Key Management Personnel	Total
With Reliance Capital Limited						
Equity Share Capital						
Balance as at March 31, 2020		**135.33**	**-**	**-**	**-**	**135.33**
		(135.33)	(-)	(-)	(-)	(135.33)
Preference Share Capital						
Balance as at March 31, 2020		**400.00**	**-**	**-**	**-**	**400.00**
		(400.00)	(-)	(-)	(-)	(400.00)
Securities Premium Received on Issue of Equity Shares						
Balance as at March 31, 2020		**2,078.01**	**-**	**-**	**-**	**2,078.01**
		(2,078.01)	(-)	(-)	(-)	(2,078.01)
Dividend Paid						
Dividend Paid		**-**	**-**	**-**	**-**	**-**
		(6.77)	(-)	(-)	(-)	(6.77)
Inter - Corporate Loans						
a)	Loan Received/Adjusted	**550.41**	**-**	**-**	**-**	**550.41**
		(-)	(-)	(-)	(-)	(-)
b)	Loan Repaid	**23.70**	**-**	**-**	**-**	**23.70**
		(-)	(-)	(-)	(-)	(-)
c)	Outstanding Loan Balance	**526.71**	**-**	**-**	**-**	**526.71**
		(-)	(-)	(-)	(-)	(-)
Income						
a)	Reimbursement of Expenses received	**-**	**-**	**-**	**-**	**-**
		(-)	(-)	(-)	(-)	(-)
Expenses						
a)	Management Fees	**1.62**	**-**	**-**	**-**	**1.62**
		(7.08)	(-)	(-)	(-)	(7.08)
b)	Interest Paid on ICD's	**48.83**	**-**	**-**	**-**	**48.83**
		(-)	(-)	(-)	(-)	(-)
c)	Reimbursement of expenses paid	**2.48**	**-**	**-**	**-**	**2.48**
		(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						
	Interest Paid on ICD's	**-**	**-**	**-**	**-**	**-**
		(-)	(-)	(0.13)	(-)	(0.13)

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in crore)

Particulars		Holding Company	Associates of Holding Company	Fellow Subsidiaries	Key Management Personnel	Total
Inter - Corporate Loans						
a)	Loan Given	–	–	–	–	–
		(–)	(–)	(58.00)	(–)	(58.00)
b)	Loan Refund received	–	–	–	–	–
		(–)	(–)	(58.00)	(–)	(58.00)
c)	Loan Received	–	–	–	–	–
		(–)	(–)	(50.00)	(–)	(50.00)
d)	Loan Repaid to	**-**	**-**	–	–	–
		(–)	(–)	(50.00)	(–)	(50.00)
With Reliance General Insurance Company Limited						
Income						
	Reimbursement of Expenses received	**-**	**-**	**0.62**	**-**	**0.62**
		(–)	(–)	(1.06)	(–)	(1.06)
Expenses						
	Insurance Premium Paid	**-**	**-**	**2.19**	**-**	**2.19**
		(–)	(–)	(0.96)	(–)	(0.96)
With Reliance Nippon Life Assets Management Company Limited						
Income						
	Reimbursement of Expenses received	–	–	–	–	–
		(–)	(–)	(0.01)	(–)	(0.01)
With Reliance Nippon Life Insurance Company Limited						
Income						
	Reimbursement of Expenses received	**-**	**-**	**0.05**	**-**	**0.05**
		(–)	(–)	(0.25)	(–)	(0.25)
Expenses						
a)	Insurance Premium Paid	**-**	**-**	**2.74**	**-**	**2.74**
		(–)	(–)	(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/-)	**-**	**-**	**0.06**	**-**	**0.06**
		(–)	(–)	(*)	(–)	(*)
Expenses						
a)	Brokerage Expenses paid	**-**	**-**	**-**	**-**	**-**
	(*₹15,127/-)	(–)	(–)	(*)	(–)	(*)
b)	Distribution fees paid	–	–	0.42	–	0.42
		(–)	(–)	(–)	(–)	(–)
With Reliance Asset Reconstruction Company Limited						
Income						
a)	Reimbursement of Expenses received	**-**	**0.20**	**-**	**-**	**0.20**
		(–)	(0.01)	(–)	(–)	(0.01)

(₹ in crore)

Particulars		Holding Company	Associates of Holding Company	Fellow Subsidiaries	Key Management Personnel	Total
Receivables as on March 31, 2020						
a)	Reliance General Insurance Co Ltd	**-**	**-**	**1.26**	**-**	**1.26**
		(-)	(-)	(1.05)	(-)	(1.05)
b)	Reliance Securities Ltd	**-**	**-**	**0.13**	**-**	**0.13**
		(-)	(-)	(0.11)	(-)	(0.11)
c)	Reliance Home Finance Ltd	**-**	**-**	**0.15**	**-**	**0.15**
		(-)	(-)	(0.15)	(-)	(0.15)
d)	Reliance Asset Reconstruction Company Limited	**-**	**0.17**	**-**	**-**	**0.17**
		(-)	(0.01)	(-)	(-)	(0.01)
e)	Reliance Nippon Life Insurance Company Limited	**-**	**-**	**0.30**	**-**	**0.30**
		(-)	(-)	(0.25)	(-)	(0.25)
f)	Reliance Nippon Life Asset Management Limited (*₹ 49,150)	**-**	**-**	**-**	**-**	**-**
Trade Payables as on March 31, 2020						
a)	Reliance Capital Limited	**0.63**	**-**	**-**	**-**	**0.63**
		(-)	**(-)**	**(-)**	**(-)**	**(-)**
Reliance General Insurance Co. Ltd.		**-**	**-**	**-**	**0.02**	**0.02**
(* ₹ 23,701)		**(-)**	**(-)**	**(-)**	**(*)**	**(*)**
Employee Benefit Expenses						
a)	Shri Dhananjay Tiwari	**-**	**-**	**-**	**1.41**	**1.41**
		(-)	(-)	(-)	(-)	(-)
b)	Shri Sachin Bora	**-**	**-**	**-**	**1.21**	**1.21**
		(-)	(-)	(-)	(-)	(-)
c)	Shri Sandeep Khosla	**-**	**-**	**-**	**1.07**	**1.07**
		(-)	(-)	(-)	(0.38)	(0.38)
d)	Shri Arpit Malaviya	**-**	**-**	**-**	**0.10**	**0.10**
		(-)	(-)	(-)	(-)	(-)
e)	Smt. Ekta Thakurel	**-**	**-**	**-**	**0.14**	**0.14**
		(-)	(-)	(-)	(0.18)	(0.18)
f)	Smt. Saumya Suvarna	**-**	**-**	**-**	**0.06**	**0.06**
		(-)	(-)	(-)	(-)	(-)

Notes :

1. Transaction values are including taxes and duties (after netting off input credit), if any.
2. Amounts in bracket : (-) denote previous years figures i.e. financial year 2018-19.
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 associate company during the year .

48 Risk management objectives and policies

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 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.

48 Risk management objectives and policies (Contd.)

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, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
1. Financial assets						
(a) Cash and cash equivalents	**102.18**	**-**	**102.18**	34.28	-	34.28
(b) Bank balance other than cash and cash equivalents above	**34.57**	**6.00**	**40.57**	246.33	150.00	396.33
(c) Derivative financial instruments	**0.10**	**-**	**0.10**	0.01	-	0.01
(d) Receivables						
- Trade receivables	**9.83**	**3.39**	**13.22**	-	5.55	5.55
- Other receivables	**-**	**3.71**	**3.71**	2.98	-	2.98
(e) Loans	**6,503.07**	**2,669.62**	**9,172.69**	6,299.11	5,924.75	12,223.86
(f) Investments	**562.10**	**425.38**	**987.48**	3.16	144.41	147.57
(g) Other financial assets	**23.19**	**110.35**	**133.54**	32.95	148.62	181.57
2. Non-financial assets						
(a) Current tax assets (Net)	**-**	**172.24**	**172.24**	-	136.44	136.44
(b) Deferred tax assets (Net)	**-**	**-**	**-**	-	-	-
(c) Property, plant and equipment	**-**	**144.99**	**144.99**	-	156.34	156.34
(d) Intangible assets under development	**-**	**-**	**-**	-	3.63	3.63
(e) Goodwill	**-**	**160.14**	**160.14**	-	160.14	160.14
(f) Other intangible assets	**-**	**21.51**	**21.51**	-	25.47	25.47
(g) Other non-financial assets	**-**	**34.37**	**34.37**	-	30.14	30.14
Total assets	**7,235.04**	**3,751.70**	**10,986.74**	**6,618.82**	**6,885.49**	**13,504.31**
1. Financial liabilities						
(a) Payables						
- Trade payables	**1.25**	**-**	**1.25**	0.63	-	0.63
- Other payables	**256.92**	**478.89**	**735.81**	826.15	1,095.65	1,921.80
(b) Debt securities	**255.91**	**1,556.17**	**1,812.08**	560.50	1,758.16	2,318.66
(c) Borrowings (Other than debt securities)	**6,547.68**	**1,453.22**	**8,000.90**	5,432.68	2,532.74	7,965.42
(d) Subordinated liabilities	**0.14**	**81.00**	**81.14**	0.14	81.00	81.14
(e) Other financial liabilities	**896.04**	**-**	**896.04**	152.80	183.47	336.27
2. Non-financial Liabilities						
(a) Provisions	**34.46**		**34.46**	43.40	-	43.40
(b) Other non-financial liabilities	**62.52**	**-**	**62.52**	-	31.16	31.16
Total liabilities	**8,054.92**	**3,569.28**	**11,624.20**	7,016.30	5,682.18	12,698.48
Net	**(819.88)**	**182.42**	**(637.46)**	(397.48)	1,203.31	805.83

(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>

48 **Risk management objectives and policies (Contd.)**

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)

	As at March 31, 2020			Total	As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Gross Carrying Value	**4,088.41**	**432.34**	**5,638.62**	**10,159.37**	8,409.75	3,108.87	893.13	12,411.75
Allowance for ECL	**249.16**	**51.31**	**952.92**	**1,253.39**	71.81	309.75	144.61	526.17
ECL Coverage ratio	**6.09%**	**11.87%**	**16.90%**		0.85%	9.96%	16.19%	
Net Carrrying Value	**3,839.25**	**381.03**	**4,685.70**	**8,905.98**	**8,337.94**	**2,799.12**	**748.52**	**11,885.58**

(ii) Unsecured lending (₹ in crore)

	As at March 31, 2020			Total	As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Gross Carrying Value	**220.01**	**2.08**	**58.75**	**280.84**	318.08	14.26	16.62	348.96
Allowance for ECL	**1.17**	**0.20**	**12.76**	**14.13**	2.02	0.49	8.16	10.68
ECL Coverage ratio	**0.53%**	**9.62%**	**21.72%**		0.64%	3.43%	49.13%	
Net Carrrying Value	**218.84**	**1.88**	**45.99**	**266.71**	**316.05**	**13.77**	**8.45**	**338.28**

(iii) Total lending (₹ in crore)

	As at March 31, 2020			Total	As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Gross Carrying Value	**4,308.42**	**434.42**	**5,697.37**	**10,440.21**	8,727.83	3,123.13	909.75	12,760.71
Allowance for ECL	**250.33**	**51.51**	**965.68**	**1,267.52**	73.84	310.24	152.77	536.85
ECL Coverage ratio	**5.81%**	**11.86%**	**16.95%**		0.85%	9.93%	16.79%	
Net Carrrying Value	**4,058.09**	**382.91**	**4,731.69**	**9,172.69**	**8,653.99**	**2,812.89**	**756.98**	**12,223.86**

C **Analysis of changes in the gross carrying amount of term loans** (₹ in crore)

	As at March 31, 2020			Total	As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	**8,728.26**	**3,122.69**	**909.76**	**12,760.71**	12,728.82	977.87	727.52	14,434.22
New assets originated or purchased	**579.16**	**1.84**	**213.52**	**794.52**	5,393.83	2,262.96	737.30	8,394.09
Assets derecognised or repaid	**(2,855.98)**	**(106.45)**	**(1.74)**	**(2,964.17)**	(7,549.14)	(240.66)		(7,789.80)
Transfers to Stage 1	**13.48**	**(10.48)**	**(2.99)**	**-**	272.31	(264.86)	(7.45)	-
Transfers to Stage 2	**(310.32)**	**402.34**	**(92.02)**	**-**	(747.38)	749.55	(2.17)	-
Transfers to Stage 3	**(1,841.60)**	**(2,978.16)**	**4,819.76**	**-**	(1,370.19)	(362.17)	1,732.36	-
Amounts written off during the year	**-**	**-**	**(150.85)**	**(150.85)**	-	-	(2,277.80)	(2,277.80)
Closing balance	**4,313.00**	**431.78**	**5,695.43**	**10440.21**	**8,728.26**	**2,373.15**	**909.76**	**12,760.71**

D Reconciliation of ECL balance (₹ in crore)

	As at March 31, 2020			Total	As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	**73.75**	**310.33**	**152.77**	**536.85**	87.42	55.09	509.07	651.58
New assets originated or purchased	**19.16**	**0.13**	**43.32**	**62.61**	28.85	223.44	37.38	289.67
Assets derecognised or repaid	**516.19**	**187.84**	**(35.97)**	**668.06**	77.43	5.26	(487.11)	(404.42)
Transfers to Stage 1	**0.27**	**(0.21)**	**(0.07)**	**-**	0.25	(0.24)	(0.01)	0.00
Transfers to Stage 2	**(44.10)**	**47.52**	**(3.42)**	**-**	(78.68)	78.90	(0.13)	0.09
Transfers to Stage 3	**(314.95)**	**(494.09)**	**809.05**	**-**	(41.52)	(52.12)	93.57	(0.07)
Closing balance	**250.32**	**51.52**	**965.68**	**1,267.52**	**73.75**	**310.33**	**152.77**	**536.85**

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. The Company has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, short term loans, floating rate loans, investments in equity instruments designated at FVOCI, trade payables, short term debts, borrowings, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

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, 2020

As at March 31, 2020 (₹ in crore)

Assets and liabilities measured at fair value - recurring fair value measurements	**Carring Value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Investment	987.48	893.71	93.44	(0.01)	987.13
Total financial assets	**987.48**	**893.71**	**93.44**	**(0.01)**	**987.13**
Financial liabilities					
Debentures	72.95	72.95	-	-	72.95
Total financial liabilities	**72.95**	**72.95**	**-**	**-**	**72.95**

As at March 31, 2020 (₹ in crore)

Assets and liabilities measured at amortised cost for which fair values are disclosed	**Carring Value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Cash & cash equivlants	102.18	-	-	102.18	102.18
Bank balance other than cash & cash equivlants	40.57	-	-	40.57	40.57
Derivative financial instruments	0.10	-	-	0.10	0.10
Receivables					
- Trade receivables	13.22	-	-	13.22	13.22
- Other receivables	3.71	-	-	3.71	3.71
Loans	9,172.69	-	-	9,278.69	9,278.69
Other financial assets	133.54	-	-	133.54	133.54
Total financial assets	**9,466.01**	**-**	**-**	**9,572.01**	**9,572.01**
Financial liabilities					
Payables					
- Trade payable	1.25	-	-	1.25	1.25
- Other payable	735.81	-	-	735.81	735.81
Debt securities	1,739.13	-	-	1,775.50	1,775.50
Borrowings	8,000.90	-	-	8,000.90	8,000.90
Subordinated liabilities	81.14	-	-	79.06	79.06
Other financial liabilities	896.04	-	-	896.04	896.04
Total financial liabilities	**11,454.27**	**-**	**-**	**11,488.56**	**11,488.56**

As at March 31, 2019 (₹ in crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Carring Value	Level 1	Level 2	Level 3	Total
Financial assets					
Investment	147.57	29.62	117.96	-	147.58
Total financial assets	**147.57**	**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	Carring Value	Level 1	Level 2	Level 3	Total
Financial assets					
Cash & cash equivlants	34.28	-	-	34.28	34.28
Bank balance other than cash & cash equivlants	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
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**

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, Tradereceivables, 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, 2020			As at March 31, 2019		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
(a) Cash and cash equivalents	-	-	102.18	-	-	34.28
(b) Bank balance other than cash and cash equivalents above	-	-	40.57	-	-	396.33
(c) Derivative financial instruments	-	-	0.10	-	-	0.01
(d) Receivables			-			
– Trade receivables	-	-	13.22	-	-	5.55
– Other receivables	-	-	3.71	-	-	2.98
(e) Loans	-	-	9,172.69	-	-	12,223.86
(f) Investments	987.48	-	-	147.57	-	-
(g) Other financial assets	-	-	133.54	-	-	181.57
Total financial assets	987.48	-	9,466.01	147.57	-	12,844.58
Financial liabilities						
(a) Payables						
– Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	0.06	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	1.19	-	-	0.63
– 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	-	-	735.81	-	-	1,921.80
(b) Debt securities	72.95	-	1,739.13	67.73	-	2,250.93
(c) Borrowings (Other than debt securities)	-	-	8,000.90	-	-	7,965.42
(d) Subordinated liabilities	-	-	81.14	-	-	81.14
(e) Other financial liabilities	-	-	896.04	-	-	336.27
Total financial liabilities	72.95	-	11,454.27	67.73	-	12,556.19

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 Group'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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

As at March 31, 2020 (₹ 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	102.18	-	-	-	-	102.18
Bank balance other than cash and cash equivalents above						
- Principal	-	-	34.57	6.00	-	40.57
- Interest	-	0.51	1.52	2.33	-	4.36
Derivative financial instruments	0.10	-	-	-	-	0.10
Receivables						-
(I) Trade receivables	-	1.93	7.90	3.39	-	13.22
(II) Other receivables		-	-	3.71	-	3.71
Loans						
- Principal	4,124.08	2,015.96	363.03	1,533.94	1,135.68	9,172.69
- Interest	-	157.77	284.31	854.28	454.27	1,750.63
Investments	562.10		-	401.39	23.99	987.48
Other financial assets		7.90	15.29	104.84	5.51	133.54
Total financial assets	4,788.46	2,184.07	706.62	2,909.88	1,619.45	12,208.48
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	0.06	-	-	-	0.06
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	1.19	-	-	-	1.19
(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	132.23	64.34	60.35	239.22	239.67	735.81
Debt securities						
- Principal	226.93	-	28.98	1,031.84	524.33	1,812.08
- Interest				273.97	369.57	643.54
Borrowings (Other than debt securities)						
- Principal	4,938.17	305.41	1,304.10	1,453.22	-	8,000.90
- Interest		79.78	183.89	64.89	-	328.56
Subordinated liabilities						
- Principal	0.14		-	-	81.00	81.14
- Interest		-	-	-	55.24	55.24
Other financial liabilities	724.22	-	171.82	-	-	896.04
Total financial liabilities	6,021.69	450.78	1,749.14	3,063.14	1,269.81	12,554.56
Net	(1,233.23)	1,733.29	(1,042.52)	(153.26)	349.64	(346.08)

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	1,488.93	12,223.86
- Interest	-	345.11	655.25	1,304.72	316.82	2,621.90
Investments	-	-	97.46	-	50.11	147.57
Other financial assets	-	4.47	-	162.80	14.30	181.57
Total financial assets	17.86	3,043.47	4,629.21	6,053.35	1,870.16	15,614.05
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
(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	594.16	2,318.66
- Interest	-	7.25	-	355.05	451.65	813.95
Borrowings (Other than debt securities)						
- Principal	-	841.55	4,591.14	2,532.73	-	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**	**5,272.62**	**1,482.84**	**14,269.67**
Net	**17.86**	**1,140.22**	**(981.75)**	**780.73**	**387.32**	**1,344.38**

Note: The Contractual maturities of assets and liabilities may differ basis outcome of lender led resolution (Refer Note No. 54)

51. Maturity profile and Rate of interest of Non Convertible Debentures are as set out below:

(₹ in crore)

Rate of Interest	Overdue	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Total
MLD	26.92	29.07	16.96	-	-	-	-	-	-	72.95
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%	200.00	23.20	-	-	-	-	-	-	-	223.20
9.23%	-	-	-	-	-	-	-	-	489.95	489.95
9.40%	-	-	-	-	-	-	-	-	38.00	38.00
9.50%	-	-	-	-	483.57	-	-	-	-	483.57
TOTAL	**226.92**	**52.27**	**32.16**	**407.81**	**498.77**	**69.20**	**5.00**	**-**	**600.95**	**1,893.07**

Debt securities

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
At amotised cost through profit and loss - (Secured / unsecured)		
- Secured Debentures		
Market Linked Debenture (MLD) at fair value	**72.95**	67.73
8.52% Debenture	**54.00**	54.00
8.66% Debenture	**35.00**	35.00
8.80% Debenture		
9.03% Debenture	**392.61**	392.61
9.10% Debenture	**60.80**	60.80
9.15% Debenture	**223.20**	535.00
9.23% Debenture	**489.95**	489.95
9.50% Debenture	**483.57**	483.57
- 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
Total (A)	**1,893.08**	2,399.66
Debt securities in India	**1,893.08**	2,399.66
Debt securities outside India	**-**	-
Total (B)	**1,893.08**	2,399.66

52. Maturity profile of term loans from banks & FIs are as set out below:

(₹ in crore)

Overdue	Overdue	2020-21	2021-22	2022-23	2023-24	Total
Term loan from banks / financial institutions	2,756.57	1,594.43	739.50	168.50	17.40	5,276.40

53. Period and amount of default as on the balance sheet date in repayment of borrowings and interest :

(₹ in crore)

Period of default	Term Loans		Cash Credit		NCDs/MLDs		Commercial Papers		ICDs	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Mar-19	128.00	-	-	-	-	-	-	-	-	-
Apr-19	30.00	-	-	-	-	-	-	-	-	-
May-19	33.33	-	-	-	-	-	-	-	-	-
Jun-19	200.98	-	-	-	-	-	-	-	-	-
Jul-19	405.00	44.16	-	3.83	-	-	-	-	-	-
Aug-19	17.50	38.35	-	11.96	-	-	-	-	-	-
Sep-19	118.75	37.36	270.00	11.70	200.00	13.46	629.60	-		-
Oct-19	315.83	38.25	90.00	11.70	-	98.36	-	-	-	-
Nov-19	117.50	37.36	-	11.69	-	2.71	-	-	-	-
Dec-19	605.43	38.15	-	12.21	26.92	-	-	-	-	-
Jan-20	310.00	89.50	610.00	12.31	-	3.10	-	-	-	-
Feb-20	347.50	36.14	100.00	11.61	-	2.10	-	-	-	-
Mar-20	126.75	38.63	135.00	11.63	-	6.40	-	-	347.00	101.54
Total	**2,756.57**	**397.90**	**1,205.00**	**98.64**	**226.92**	**126.13**	**629.60**	**-**	**347.00**	**101.54**

54. Going Concern :

During the year the Group has incurred losses amounting to ₹ 1,443 crore (Previous year ₹ 1,892.12 crore) and as on March 31, 20120 it has accumulated losses of ₹ 3,335.12 crore (Previous year ₹ 1,892.12 crore). Pursuant to Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 vide RBI circular dated June 7, 2019, the Company has entered into a Inter-Creditor Agreement (ICA) on July 6, 2019 for the resolution of its debt. The timeline of 180 days given in the Circular were expired on January 3, 2020. In the Lender's meeting held on January 16, 2020 all lenders had agreed to extend the ICA period till March 31, 2020 and it is further extended till June 30, 2020 in lenders meeting held on March 26, 2020. The Company is confident of implementing its Resolution Plan within the said extended period. In view of the steps taken by the Company as mentioned above, the accounts of the Group have been prepared on "Going Concern" basis.

Inter Creditor Agreement (ICA)

Lenders of Reliance Commercial Finance Limited ("Company" or "RCFL") have entered into an Inter-Creditor Agreement ("ICA") dated 6 July 2019 under the framework of the circular issued by the Reserve Bank of India on "Prudential Framework for Resolution of Stressed Assets" dated June 7, 2019 ("June 7 Circular"). Lenders have, pursuant to a meeting dated 26 March 2020 extended the period under the ICA till 30 June 2020, considering the present situation in the country due to the ongoing Covid-19 pandemic, to enable the Company to come up with a viable resolution plan for the interest of all its creditors. All the current operations of RCFL, including the cashflows, are being directed, reviewed and managed under the supervision of the RCFL Lenders and RCFL Lenders are jointly deciding over the operational and strategic aspects of RCFL. RCFL has been directed by the lenders led by Bank of Baroda not to service debt obligation considering the cash position of the company. In view of the same, delay in making payment to lenders /bond holders shall continue until the arrival on resolution plan.

55. 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 Ministry of Corporate Affairs (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. This matter is still pending with the MCA.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

56. The SARS-CoV-2 virus responsible for COVID -19 continuous to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial market and a significant decrease in global and local economic activities. A national lockdown was declared by Government of India with effect from March 24, 2020 as a result of the recent outbreak of Coronavirus, a virus causing potentially deadly respiratory tract infections (the 'pandemic'). Among various measure announced to mitigate the economic impact arising from the pandemic, the Reserve Bank of India issued a guideline relating to COVID-19 Regulatory Package dated March 27, 2020 ('RBI Guideline') allowing lending institutions to offer a moratorium to its customers on payment of all instalments and/ or interest falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted, the assets classification shall remain stand still during the moratorium period (I.e. the number of days past due shall excludes the moratorium period for the purposes of assets classification under the Income Recognition, Assets Classification and Provisioning norms). The Company's Board has approved policy to extend the moratorium to its borrowers in accordance with the RBI Guideline. As at March 31, 2020 the Company has recorded a provision for expected credit loss against the potential impact of COVID-19 considering the reasonable and supportable information available up to the date of these financial statements.

57. The Company has adopted Ind-AS 116, "Leases", effective from April 1, 2019 using modified restrospective method of transition, adoption of this Standard did not have any material effect on the consolidated financial statements of the Company for the year ended March 31, 2020.

58. 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.

59. The Company had given General Purpose Corporate Loan/Working Capital Term Loan to certain bodies corporate in the ordinary course of business, the terms of which are at arms' length basis. None of these loans constitute as transactions with related parties. However, in few cases, the Company's borrowers had 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. These loans are secured and in few cases its further guaranteed by the Group Companies.

Considering the end use of loans given, the Company has considered the below loans amounting to ₹ 5,171.73 crore (Previous year ₹ 5,192.89 crore), as 'Exposure to group companies' for the purpose of various regulatory disclosures.

(₹ in crore)

Sr. No	Party Name	**Total Exposure Outstanding as at March 31, 2020**	Total Exposure Outstanding as at March 31, 2019
1	Aashish Power Plant Equipment Private Limited	**185.00**	210.40
2	Accura Productions Private Limited	**350.46**	304.87
3	Adhar Project Management & Consultancy Private Limited	**65.09**	32.16
4	Celebrita Mediahouse Private Limited	**158.60**	90.70
5	Crest Logistics & Engineers Private Limited	**286.90**	323.36
6	Edrishti Movies Private Limited	**125.00**	128.05
7	Gamesa Investment Management Private Limited	**122.70**	48.26
8	Hirma Power Limited	**222.41**	237.33
9	Indian Agri Services Private Limited	**30.00**	106.35
10	Kalai Power Private Limited	**260.80**	264.68
11	Kunjbihari Developers Private Limited	**108.75**	122.94
12	Medybiz Private Limited	**118.00**	126.20
13	Mohanbir Hi-Tech Build Private Limited	**20.44**	6.12
14	Nationwide Communication Private Limited	**28.48**	25.09
15	Reliance Big Entertainment Private Limited	**310.92**	278.83
16	Reliance Broadcast Network Limited	**37.96**	-
17	Reliance Cleangen Limited	**270.49**	291.91
18	RPL Aditya Power Private Limited	**45.40**	41.34
19	RPL Solaris Power Private Limited	**188.00**	210.15
20	Skyline Global Trade Private Limited	**290.00**	327.37
21	Species Commerce & Trade Private Limited	**235.50**	247.80
22	Summit Ceminfra Private Limited	**300.00**	340.06
23	Thwink Big Content Private Limited	**350.00**	367.22
24	Tulip Advisors Private Limited	**297.95**	337.60

25	Vinayak Ventures Private Limited	**61.80**	54.76
26	Worldcom Solutions Limited	**401.08**	353.16
27	Zapak Digital Entertainment Limited	**300.00**	316.18
	Total	**5,171.73**	5,192.89

60. Segment Reporting

The Group is mainly engaged in the commercial finance business and all other activities revolve around the main business of the Group. 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.

61. Interests in other entities

a) Subsidiary :

As on March 31, 2020 the Group has only a subsidiary company i.e. Gullfoss Enterprises Private Limited, which is incorporated in India on January 24, 2019. As on February 20, 2019 the Company has acquired 100% equity of the same and at the year end the Company holds 49.99% equity share. Persuant to Voting Agreement dated April 26, 2019 the Reliance Capital Limited and Reliance Commercial Finance Limited (both jointly as well as severally) has control the Composition of the Board of Directors of the Gullfoss Enterprises Private Limited accordingly the Reliance Commercial Finance Limited is a holding company of the Company.

b) Associate/ Joint venture

As on March 31, 2020 the Company has two associates, incorporated in India, i.e. Global Wind Power Limited (w.e.f. June 18, 2019), the Company hold 21.83% equity stake and Reinplast Advanced Composites Private Limited (w.e.f. April 24, 2019)

62. 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 profit or loss	Profit/(loss) after Taxation Amount
A	**Parent**				
1	Reliance Commercial Finance Limited	100%	(637.43)	100%	(1,440.80)
B	**Subsidiaries**				
	(i) Indian				
	Gullfoss Enterprises Private Limited	0%	(0.03)	0%	(0.02)
B	**Associates**				
	(i) Indian				
	Global Wind Power Limited	0%	-	0%	(2.18)
	Reinplast Advanced Composites Private Limited	0%	-	0%	-
		100%	**(637.46)**	**100%**	**(1,443.00)**

63. Previous year figures have been regrouped / rearranged wherever necessary.

This is the consolidated notes to accounts referred to in our report of even date

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

Ajay Vastani
Partner
Membership No.: 132265

Mumbai
May 7, 2020

For and on behalf of the Board of Directors

Sushil Kumar Agrawal (Director)

Rashna H. Khan (Director)

Dhananjay Tiwari (Executive Director)

Arpit Malaviya (Chief Financial Officer)

(Pursuant to first proviso to sub section (3) of Section 129 of the Act read with rule 5 of the Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

(in ₹)

Sl. No.	Name	The date since when subsidiary was acquired	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend (Excluding Dividend Tax)	Extent of shareholding (in %)
1	Gullfoss Enterprise Private Ltd.	20-Feb-19	1 00 000	(4 41 689)	33 73 253	37 14 942	33 00 000	-	(4 41 689)	-	(4 41 689)	-	50.00

Notes:

1. Reporting period for the subsidiary concerned - January 24, 2019 to March 31, 2020
2. Names of subsidiaries which are yet to commence operations. - Nil
3. Names of subsidiaries which have been liquidated or sold during the year. - Nil

Part "B": Associates

(in ₹)

Sr. No.	Name of Associates	Latest audited Balance Sheet Date	Shares of Associate held by the Company on the year end			Description of how there is significant influence	Reason why the associate / joint venture is not consolidated	Networth attributable to shareholding as per latest audited Balance Sheet	Profit / (loss) for the year	
			No.	Amount of Investment in Associate / Joint Venture	Extend of Holding %	Refer Note 1 below			i. Considered in Consolidation	i. Not Considered in Consolidation
1	Global Wind Power Ltd.	31.03.2020	1 04 61 745	2 18 23 200	21.83	-	-	(557 45 38 176)	2 18 23 200	27 38 67 779
2	Reinplast Advance Composites Pvt Ltd.	31.03.2020	3 30 000	33 00 000	26.00	-	-	-	-	-

Notes:

1. There is significant influence due to percentage (%) of share capital.
2. The Company does not have any joint venture during the year.
3. Name of associates which are yet to commence operations – There is no associate which is yet to commence operation.

For and on behalf of the Board of Directors

Sushil Kumar Agrawal
(Director)

Rashna H. Khan
(Director)

Dhananjay Tiwari
(Executive Director)

Arpit Malaviya
(Chief Financial Officer)

Mumbai
May 7, 2020