Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020

1. CORPORATE INFORMATION

MAS Financial Services Limited (the "Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. It is registered as a systematically important non deposit taking non-banking finance Company ("NBFC") with Reserve Bank of India ("RBI"). The Company is engaged in the business of providing Micro Enterprise loans ("MEL"), Small and Medium Enterprise loans ("SME"), Two Wheeler loans ("TW"), Commercial Vehicle loans ("CV") and loans to NBFCs - to create the underlying assets of MEL, SME, TW and CV. Its shares are listed on two recognised stock exchanges in India i.e. BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

The Company's registered office is at 6, Ground Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad-380009, Gujarat, India.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (the "Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act").

2.2 Basis of measurement

The standalone financial statements have been prepared on historical cost basis except for following assets and liabilities which have been measured at fair value amount:

i) Loans at fair value through other comprehensive income ("FVOCI")

ii) Investment in debt component of optionally convertible preference shares of subsidiary at fair value through profit or loss ("FVTPL")

iii) Defined benefit plans - plan assets

2.3 Functional and presentation currency

The standalone financial statements are presented in Indian Rupees (₹) which is the currency of the primary economic environment in which the Company operates (the "functional currency"). The values are rounded to the nearest Lakhs, except when otherwise indicated.

2.4 Use of estimates, judgements and assumptions

The preparation of the standalone financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Estimation of uncertainties relating to the global health pandemic from novel coronavirus 2019 ("COVID 19"):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of loans. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") 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 reflecting all relevant evidence 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 measured at amortised cost or fair value through other comprehensive income 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. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

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Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Fair value of financial instruments

The fair value of financial instruments 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 another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 3.8 and note 40.

ii) Effective interest rate ("EIR") method

The Company's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises 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 as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

iv) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company

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takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer note 3.17.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

2.5 Presentation of the standalone financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 38.

Financial assets and financial liability are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

i) The normal course of business

ii) The event of default

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

A. EIR method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

B. Interest income

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit impaired assets.

When a financial asset becomes credit impaired and is, therefore, regarded as stage 3, the Company calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

3.2 Financial instrument - initial recognition

A. Date of recognition

All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in Note 3.8), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

i) Amortised cost

ii) FVOCI

iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

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a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows:

i) Financial assets carried at amortised cost ("AC")

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at FVOCI

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVOCI.

iii) Financial assets at FVTPL

A financial asset which is not classified in any of the above categories are measured at FVTPL.

iv) Investment in subsidiaries

The Company has accounted for its investments in subsidiaries at cost.

v) Other equity investments

All other equity investments are measured at fair value, with value changes recognised in other comprehensive income ("OCI").

B. Financial liability

i) Initial recognition and measurement

All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method.

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

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Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended 31 March 2020 and 31 March 2019.

3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

B. Derecognition of financial assets other than due to substantial modification

i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

As per the guidelines of RBI, the Company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continue to recognise the portion retained by it as MRR.

ii) Financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6 Impairment of financial assets

A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets together with loan commitments other than those measured at FVTPL.

Expected credit losses are measured through a loss allowance at an amount equal to:

i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company catagorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant increase in credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2. It also includes upgraded stage 3 loans for which there are no overdue balance.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL.

Stage 3: Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Company estimates

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the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

B. Calculation of ECLs

For retail loans

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD: Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD: Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, expected drawdowns on committed facilities, and accrued interest. Further, the stage 3 EAD for the purpose of the retail ECL computation is considering when loan became Stage 3 for the first time.

LGD: LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

% Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS)

% LGD = 1 – recovery rate

For retail asset channel ("RAC") loan portfolio

For RAC loan portfolio, the Company has developed internal rating based approach for the purpose of ECL. The credit rating framework of the Company consists of various parameters based on which RAC loan portfolio is evaluated and credit rating is assigned accordingly. The credit rating matrix developed by the Company is validated in accordance with its ECL policy.

The Company has developed its PD matrix based on the external benchmarking of various external reports, ratings & Basel norms. This PD matrix is calibrated with its historical data and major events on regular time interval in accordance with its ECL policy.

The LGD has been considered based on Basel-III Framework (International Regulatory Framework of Banks) for all the level of credit rating portfolio.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated EAD and LGDs are reviewed. While at every year end, PDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%. Credit impairment loans are determined at borrower level.

Loan commitments: When estimating ECL for undrawn loan commitments, the Company estimates the amount sanctioned that will be disbursed after the reporting date. The ECL is then calculated using PD and LGD.

Significant increase in credit risk

The Company monitors all financial assets, including loan commitments issued that are subject to impairment requirements, to assess whether there has been a significant increase in credit risk since initial recognition. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information

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that is reasonable and supportable, including historical experience that is available without undue cost or effort. However, when a financial asset becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is classified in Stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Definition of default

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL.

Financial assets in default represent those that are at least 90 DPD in respect of principal or interest and/or where the assets are otherwise considered to be unlikely to pay, including those that are credit-impaired.

C. Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

i) Real GDP (% change pa)

ii) Lending interest rates

iii) Manufacturing (% real change pa)

iv) Services (% of GDP)

3.7 Write-offs

The gross carrying amount of a financial asset is written off when the chances of recoveries are remote. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

- Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

- Level 3 financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 (I) Recognition of other income

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 :

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Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

A. Dividend income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

B. Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms.

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Fees and commission income

Fees and commission income such as stamp and document charges, guarantee commission, service income etc. are recognised on point in time basis.

(II) Recognition of other expense

A. Borrowing costs

Borrowing costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

3.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.11 Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.

Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives as specified under schedule II of the Act. Land is not depreciated.

The estimated useful lives are, as follows:

i) Buildings - 60 years
ii) Office equipment - 3 to 10 years
iii) Furniture and fixtures - 10 years
iv) Vehicles - 8 years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

3.12 Intangible assets

The Company's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

3.13 Impairment of non financial assets - property, plant and equipments and intangible assets

The carrying values of assets / cash generating units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

3.14 Leases

Effective 1 April 2019, the Company has adopted Ind-AS 116 - Leases and applied it to all lease contracts existing on 1 April 2019 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions in the standard, the Company is not required to restate the comparative figures.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

The following policies apply subsequent to the date of initial application, 1 April 2019.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

3.15 Corporate guarantees

Corporate guarantees are initially recognised in the standalone financial statements (within "other non-financial liabilities") at fair value, being the notional commission. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss. The notional commission is recognised in the statement of profit and loss under the head fees and commission income on a straight line basis over the life of the guarantee.

3.16 Retirement and other employee benefits

Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the Company to the Life insurance corporation of India who administers the fund of the Company.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

3.17 Provisions, contingent liabilities and contingent assets

A. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

B. Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

C. Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised not disclosed in the financial statements.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

3.18 Taxes

A. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or equity.

B. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

C. Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.19 Earnings per share

Basic earnings per share ("EPS") is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

3.20 Dividends on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when the it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4 . STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 5. CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Cash on hand	7.43	14.46
Balances with banks:		
In current / cash credit accounts	76,439.38	26,912.60
Bank deposits with original maturity of 3 months or less	26,000.00	8,650.00
Total cash and cash equivalents	**102,446.81**	**35,577.06**

NOTE 6. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
In current accounts (refer note below)	46.23	1,050.00
Unpaid dividend bank balances	2.98	0.49
In fixed deposit accounts:		
Deposits given as security against borrowings and other commitments	141.34	228.26
Total bank balance other than cash and cash equivalents	**190.55**	**1,278.75**

Note: Balance represents balance with banks in earmarked account i.e. "collection and payout account".

NOTE 7. LOANS (AT FVOCI)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
(A) Term loans	333,776.56	321,853.69
(B) (i) Secured by tangible assets	235,153.77	217,910.66
(ii) Unsecured	98,622.79	103,943.03
Total (B)	**333,776.56**	**321,853.69**
(C) (I) Loans in India		
(i) Public sector	-	-
(ii) Private sector	333,776.56	321,853.69
Total (C)-Gross	**333,776.56**	**321,853.69**
(C) (II) Loans outside India	-	-
Total C(I) and C(II)	**333,776.56**	**321,853.69**

Notes:

1. Secured exposures are exposures secured wholly or partly by hypothecation of assets, undertaking to create a security and/or personal guarantee.
2. The Company has not advanced loans to its officer.
3. Refer note no. 31(b) for loans to Company in which directors are interested.

NOTE 7.1 AN ANALYSIS OF CHANGES IN THE GROSS CARRYING AMOUNT OF LOANS IS GIVEN BELOW

(₹ In Lakhs)

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	308,419.88	10,159.84	6,579.60	325,159.32	244,584.23	7,708.58	4,746.91	257,039.72
Changes in opening credit exposures (net of repayment and excluding write off)	(214,197.08)	(3,454.45)	48.12	(217,603.41)	(187,693.68)	(4,862.05)	(1,250.40)	(193,806.13)
New assets originated (net of repayment)*	241,189.38	720.98	379.68	242,290.04	258,270.80	5,881.10	2,994.81	267,146.71
Transfers from Stage 1	(10,768.45)	6,217.20	4,551.25	-	(6,410.18)	3,912.70	2,497.48	-
Transfers from Stage 2	3,092.80	(4,875.85)	1,783.05	-	599.02	(1,353.04)	754.02	-
Transfers from Stage 3	9.18	0.25	(9.43)	-	6.48	8.28	(14.76)	-
Amounts written off	(100.60)	(132.75)	(7,040.42)	(7,273.77)	(936.79)	(1,135.73)	(3,148.46)	(5,220.98)
Gross carrying amount closing balance	**327,645.11**	**8,635.22**	**6,291.85**	**342,572.18**	**308,419.88**	**10,159.84**	**6,579.60**	**325,159.32**

* New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India has issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020 and in accordance therewith, the Company has offered a moratorium of three months on the payment of all principal instalments and / or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 to all eligible borrowers, even if the said amounts were overdue on 29 February 2020. For all such accounts where the moratorium is granted, the Company has excluded the moratorium period from the number of days past due for the purpose of asset classification as per the Company's policy.

NOTE 7.2 RECONCILIATION OF ECL BALANCE IS GIVEN BELOW

(₹ In Lakhs)

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**1,109.09**	**1,136.42**	**1,354.42**	**3,599.93**	**767.54**	**918.97**	**464.57**	**2,151.08**
Changes in opening credit exposures (net of repayment and excluding write off)	(370.14)	724.86	1,316.85	1,671.57	(614.93)	(251.70)	485.48	(381.15)
New assets originated (net of repayment)	1,554.36	95.46	115.46	1,765.28	988.97	720.10	568.40	2,277.47
Transfers from Stage 1	(111.31)	65.06	46.25	-	(33.84)	22.06	11.78	-
Transfers from Stage 2	31.35	(274.92)	243.57	-	5.27	(138.29)	133.02	-
Transfers from Stage 3	0.09	0.04	(0.13)	-	0.03	0.67	(0.70)	-
Amounts written off	(0.57)	(8.70)	(1,171.07)	(1,180.34)	(3.95)	(135.39)	(308.13)	(447.47)
ECL allowance - closing balance	**2,212.87**	**1,738.22**	**1,905.35**	**5,856.44**	**1,109.09**	**1,136.42**	**1,354.42**	**3,599.93**

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is ₹ 7,273.77 Lakhs at 31 March 2020 (31 March 2019 : ₹ 5,220.98 Lakhs).

The increase in ECL was driven by an increase in the gross amount of the portfolio, movements between stages as a result of increase in credit risk, change in probability of default and macro economic factors due to estimated impact of COVID-19 pandemic. The extent to which COVID-19 pandemic will impact current estimates of ECL is uncertain at this point of time. The Company has conducted a qualitative assessment and has considered forecasted macro economic factors and a higher probability of default to factor in the potential impact of COVID-19 on impairment allowances. For further details, refer note no. 42.1.

NOTE 8. INVESTMENTS

(₹ In Lakhs)

	As at 31 March 2020				As at 31 March 2019			
	At amortised cost	At fair value through P&L	Others*	Total	At amortised cost	At fair value through P&L	Others*	Total
Investments								
Debt securities	500.00	-	-	500.00	-	-	-	-
Subsidiary #	-	1,032.77	2,217.26	3,250.03	-	-	2,227.05	2,227.05
Total – Gross (A)	**500.00**	**1,032.77**	**2,217.26**	**3,750.03**	**-**	**-**	**2,227.05**	**2,227.05**
(i) Investments outside India	-	-	-	-	-	-	-	-
(ii) Investments in India	500.00	1,032.77	2,217.26	3,750.03	-	-	2,227.05	2,227.05
Total (B)	**500.00**	**1,032.77**	**2,217.26**	**3,750.03**	**-**	**-**	**2,227.05**	**2,227.05**
Less: Allowance for Impairment Loss (C)	-	-	-	-	-	-	-	-
Total – Net D= (A)-(C)	**500.00**	**1,032.77**	**2,217.26**	**3,750.03**	**-**	**-**	**2,227.05**	**2,227.05**

* As per para 10 of Ind AS 27, the Company has opted to account the investments in subsidiary entity at cost.

Investment in subsidiary

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Investment in equity shares of subsidiary	1,975.00	1,975.00
Investment in debt component of optionally convertible preference shares of subsidiary	540.99	-
Deemed investment in optionally convertible preference shares of subsidiary	491.78	-
Investment in subsidiary on account of:		
Corporate financial guarantee given to bank on behalf of subsidiary	235.46	245.25
Issuance of equity shares to the employees of subsidiary at discount	6.80	6.80
Total	**3,250.03**	**2,227.05**

Note: The Company holds investment in 277 shares of Cosmos Co-operative Bank Limited, having carrying amount of ₹ 6,925 which has been written off during the year ended 31 March 2019.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 9. OTHER FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Security deposits	70.39	56.88
Interest accrued but not due on loans and advances	8,795.62	3,305.63
Interest accrued but not due on bank deposits	31.31	48.59
Interest accrued but not due on investments	2.77	-
Total other financial assets	**8,900.09**	**3,411.10**

NOTE 10. PROPERTY, PLANT AND EQUIPMENTS AND INTANGIBLE ASSETS

(₹ In Lakhs)

	Property, plant and equipment (a)					Intangible assets (b)	
Nature of Assets	Buildings	Office equipment	Furniture and fixtures	Vehicles	Total	Software	Total
Cost							
At 31 March 2018	**662.07**	**221.90**	**189.00**	**136.49**	**1,209.46**	**24.75**	**24.75**
Additions	6.13	58.74	46.80	45.32	156.99	2.02	2.02
Disposals	-	11.35	-	11.00	22.35	-	-
At 31 March 2019	**668.20**	**269.29**	**235.80**	**170.81**	**1,344.10**	**26.77**	**26.77**
Additions	-	114.18	72.06	-	186.24	10.63	10.63
Disposals	-	39.31	27.34	7.24	73.88	-	-
At 31 March 2020	**668.20**	**344.16**	**280.52**	**163.57**	**1,456.46**	**37.40**	**37.40**
Depreciation/Amortisation							
At 31 March 2018	**9.12**	**46.37**	**26.37**	**21.45**	**103.31**	**7.35**	**7.35**
Depreciation/amortization charge	11.37	61.47	22.89	24.50	120.23	8.47	8.47
Disposal	-	11.28	-	9.08	20.36	-	-
At 31 March 2019	**20.49**	**96.56**	**49.26**	**36.87**	**203.18**	**15.82**	**15.82**
Depreciation/amortization charge	11.44	62.50	27.94	25.37	127.25	10.51	10.51
Disposal	-	38.29	27.22	7.03	72.53	-	-
At 31 March 2020	**31.93**	**120.77**	**49.98**	**55.22**	**257.90**	**26.33**	**26.33**
Net block value:							
At 31 March 2018	652.95	175.53	162.63	115.04	1,106.15	17.40	17.40
At 31 March 2019	647.71	172.73	186.54	133.94	1,140.92	10.95	10.95
At 31 March 2020	**636.27**	**223.39**	**230.54**	**108.36**	**1,198.56**	**11.07**	**11.07**

Note: Building under construction amounting to ₹ 4,563.72 Lakhs has been re-classified from property, plant and equipments to capital work in progress.

(c) Right-of-use asset

The details of the right-of-use asset held by the Company is as follows:

(₹ In Lakhs)

Office Premises	
At 01 April 2019	223.14
Additions	10.58
Disposals	13.02
At 31 March 2020	**220.70**
Depreciation	
At 01 April 2019	-
Additions	93.75
Disposals	1.49
At 31 March 2020	**92.26**
Net Block Value:	
At 31 March 2020	**128.44**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(d) Capital work in progress

Capital work in progress includes borrowing costs related to development of building amounted to ₹ 231.57 Lakhs (previous year ₹ 32.56 Lakhs). Borrowing costs are capitalised using rates based on specific borrowing rate i.e. 9.25% to 9.90%.

NOTE 11. OTHER NON-FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Prepaid expenses	24.76	6.84
Advances to employees	11.46	12.48
Re-possessed assets	174.68	136.91
Gratuity fund [Refer note 39(b)]	-	17.23
Other advances	23.64	22.59
Total	**234.54**	**196.05**

NOTE 12. DEBT SECURITIES (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
- 400, 14.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	4,000.00	4,000.00
- 200, 13.50% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	2,000.00	2,000.00
Less: Unamortised borrowing costs	(10.82)	(18.22)
Total	**5,989.18**	**5,981.78**
Debt securities in India	5,989.18	5,981.78
Debt securities outside India	-	-
Total	**5,989.18**	**5,981.78**

NOTE 13. BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
(a) Term loans (refer note no. 13.1)		
(i) from banks	109,044.61	50,489.37
(ii) from other parties (financial institutions)	19,524.40	25,003.86
(b) Loans repayable on demand from banks - cash credit	16,494.45	43,478.04
(c) Short term loans		
(i) from banks	107,800.00	77,500.00
(ii) from other parties (financial institutions)	-	-
Less: Unamortised borrowing costs	(842.12)	(488.28)
Total	**252,021.34**	**195,982.99**
Secured	249,545.92	195,982.99
Unsecured	2,475.42	-
Total	**252,021.34**	**195,982.99**
Borrowings in India	252,021.34	195,982.99
Borrowings outside India	-	-
Total	**252,021.34**	**195,982.99**

Note: Cash credit / short term loans from banks are secured by hypothecation of movable assets of the Company and goods covered under hypothecation ("HP") agreements / Loan cum HP agreements and relative book debts, receivables, loans and advances and entire portfolio outstanding (except specific portfolio generated from various term loans sanctioned by various banks/financial institutions on an exclusive basis) and equitable mortgage/negative lien by deposit of title deeds on some of the Company's immovable properties, as collateral security. The loans are also guaranteed by Mr. Kamlesh Chimanlal Gandhi, Mr. Mukesh Chimanlal Gandhi and Mrs. Shweta Kamlesh Gandhi.

The Company has not defaulted in repayment of borrowings and interest.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 13.1 DETAILS OF TERMS OF REDEMPTION/REPAYMENT AND SECURITY PROVIDED IN RESPECT OF DEBT SECURITIES AND BORROWINGS:

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Debentures				
400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 Lakhs each	4,000.00	4,000.00	Coupon Rate: 13.00% p.a. Coupon Payment frequency: Quarterly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenure Tenure :7 years	N.A.
200, 13.50% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 Lakhs each	2,000.00	2,000.00	Coupon Rate: 13.50% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenure Tenure : 6 years and 6 months	N.A.
Total debentures	**6,000.00**	**6,000.00**		
Term loans from banks				
Term Loan - 1	3,000.00	6,000.00	Repayable in 10 Quarterly installments from 5 December 2018.	Secured by a first charge on hypothecation of present and future loan receivables.
Term Loan - 2	250.00	625.00	Repayable in 20 Quarterly installments from 30 September 2015.	Secured by a first ranking and exclusive charge on standard receivables of the Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 3	150.00	375.00	Repayable in 20 Quarterly installments from 30 September 2015.	Secured by a first ranking and exclusive charge on standard receivables of the Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 4	1,200.00	1,800.00	Repayable in 20 Quarterly installments from 30 September 2016.	Secured by a first ranking and exclusive charge on standard receivables of the Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 5	11.56	1,896.48	Repayable in 36 monthly installments from 7 April 2017.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 6	2,397.16	4,007.58	Repayable in 36 monthly installments from 7 August 2018.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 7	2,537.23	4,135.07	Repayable in 36 monthly installments from 7 September 2018.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 8	2,210.79	2,460.08	Repayable in 96 monthly installments from 7 April 2018.	First and exclusive charge on land, property and commercial property under construction.
Term Loan - 9	3,071.81	-	Repayable in 36 monthly installments from 7 November 2019.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Term Loan - 10	750.00	-	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 11	3,000.00	-	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 12	1,250.00	-	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 13	1,041.67	1,875.00	Repayable in 36 monthly installments from 31 July 2018.	First and exclusive charge by way of hypothecation on the Company's book debts and loan installments receivables.
Term Loan - 14	1,071.81	2,046.62	Repayable in 30 monthly installments from 27 October 2018.	Secured by a first and exclusive charge on specific book debt and future receivables of the Company created/to be created out of the loan availed .
Term Loan - 15	10,416.67	7,500.00	Repayable in 36 monthly installments from 30 April 2019.	First exclusive charge of present and future book debts and receivables of the Company.
Term Loan - 16	7,272.73	10,000.00	Repayable in 11 Quarterly installments from 1 July 2019.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company out of the bank finance.
Term Loan - 17	2,500.00	5,000.00	Repayable in 16 Quarterly installments from 30 June 2017.	Secured by Hypothecation of portfolio of the Company created out of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 18	347.22	1,180.55	Repayable in 36 monthly installments from 1 September 2017.	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 19	888.88	1,555.56	Repayable in 36 monthly installments from 1 August 2018.	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 20	2,083.33	-	Repayable in 12 Quarterly installments from 30 November 2019.	Exclusive charge on specific standard book debts and receivables which are financed / to be financed by the Company out of the bank finance.
Term Loan - 21	6,000.00	-	Repayable in 8 Quarterly installments from 30 September 2020.	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 22	10,000.00	-	Repayable in 12 Quarterly installments from 31 March 2020.	Exclusive charge by way of hypothecation of such of the book debts, which are financed/ to be financed by the Company out of the bank financed to the Company.
Term Loan - 23	8,450.00	-	Repayable in 16 Quarterly installments from 30 September 2019.	Hypothecation of standard portfolio of the Company created out of the term loan.
Term Loan - 24	19,125.00	-	Repayable in 16 Quarterly installments from 29 February 2020.	Hypothecation of standard portfolio of the Company created out of the term loan.
Term Loan - 25	20,000.00	-	Repayable in 18 Quarterly installments from 31 December 2020.	Exclusive charge by the way of hypothecation on specific receivables of the Company
Vehicle Loans - 26	18.75	32.43	Repayable in 36 monthly installments from 5 July 2018.	Secured by hypothecation of the vehicle financed.
Total term loans from banks	**109,044.61**	**50,489.37**		

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Term loans from others				
Term Loans from a Financial Institution - 1	2,202.89	3,352.23	Repayable in 36 monthly installments from 15 March 2019.	Exclusive charge by way of hypothecation of specific standard receivable of the Company.
Term Loans from a Financial Institution - 2	-	2,000.00	Repayable in 12 Quarterly installments from 30 April 2019.	Exclusive charge by way of hypothecation of specific standard receivable of the Company.
Term Loans from a Financial Institution - 3	3,378.95	4,875.45	Repayable in 36 monthly installments from 10 March 2019.	Secured by hypothecation of specific book debts created out of the loan availed.
Term Loans from a Financial Institution - 4	2,146.17	4,094.36	Repayable in 10 Quarterly installments from 18 December 2018.	Exclusive hypothecation charge over receivables/ loan assets/ book debts of the Company.
Term Loans from a Financial Institution - 5	-	181.82	Repayable in 11 quarterly installments from 31 December 2016.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 6	200.00	1,000.00	Repayable in 10 quarterly installments from 31 March 2018.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 7	2,500.00	4,500.00	Repayable in 10 quarterly installments from 31 March 2019.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 8	3,333.33	5,000.00	Repayable in 36 monthly installments from 30 April 2019.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 9	2,430.56	-	Repayable in 36 monthly installments from 31 March 2020.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 10	2,500.00	-	Bullet Repayment on 17 August 2026.	N.A.
Term Loans from a Financial Institution - 11	832.50	-	Repayable in 10 quarterly installments from 10 March 2020.	Exclusive first charge by way of hypothecation of book debts and receivables of secured loans provided by the Borrower.
Total term loans from others	**19,524.40**	**25,003.86**		

NOTE 14. OTHER FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Interest accrued but not due on borrowings	1,213.79	396.02
Interest accrued but not due on others	3,319.54	3,078.89
Dues to the assignees towards collections from assigned receivables	26,149.22	17,922.21
Security deposits received from borrowers	49,730.87	50,878.81
Advances received against loan agreements	10,022.97	-
Unpaid dividend on equity shares	2.98	0.49
Dealer advances	108.05	142.90
Lease liability	146.45	-
Total other financial liabilities	**90,693.87**	**72,419.32**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 15. PROVISIONS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits (Refer note 39)		
Compensated absences	-	15.84
Gratuity	45.65	-
Total provisions	**45.65**	**15.84**

NOTE 16. OTHER NON-FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Statutory remittances	442.68	474.92
Financial guarantee liability	1.76	16.24
Income received in advance	1,414.29	1,447.42
Total other non-financial liabilities	1,858.73	1,938.58

NOTE 17. EQUITY SHARE CAPITAL

(₹ In Lakhs)

		As at 31 March 2020	As at 31 March 2019
Authorized shares:			
64,000,000	Equity Shares of ₹ 10 each (As at 31 March 2019: 64,000,000 Equity Shares of ₹ 10 each)	6,400.00	6,400.00
22,000,000	0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2019: 22,000,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00
22,000,000	13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2019: 22,000,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00
400	9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 100,000 each (As at 31 March 2019: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 100,000 each)	400.00	400.00
		11,200.00	**11,200.00**
Issued, subscribed and fully paid-up shares:			
54,662,043	"Equity Shares of ₹ 10 each fully paid-up (As at 31 March 2019: 54,662,043 Equity Shares of ₹ 10 each)"	5,466.20	5,466.20
		5,466.20	**5,466.20**

NOTE 17.1 RECONCILIATION OF THE NUMBER OF SHARES AND AMOUNT OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING YEAR:

(₹ In Lakhs)

	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
Equity Shares				
Outstanding at the beginning of the year	54,662,043	5,466.20	54,662,043	5,466.20
Issued during the year	-	-	-	-
Outstanding at the end of the year	54,662,043	5,466.20	54,662,043	5,466.20

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 17.2 DETAILS OF SHARES HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES:

(₹ In Lakhs)

Class of shares / Name of shareholder	As at 31 March 2020		As at 31 March 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Shweta Kamlesh Gandhi	16,338,450	29.89%	16,338,450	29.89%
Mukesh C. Gandhi	16,155,814	29.56%	16,155,814	29.56%
Kamlesh C. Gandhi	6,281,583	11.49%	6,264,081	11.46%
Vistra ITCL I Limited Business Excellence Trust III India Business	4,005,737	7.33%	3,990,422	7.30%
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund	2,778,491	5.08%	-	-

Note: 4,250 equity shares were purchased by Kamlesh C. Gandhi (2,250 shares on 30 March 2020 and 2,000 shares on 31 March 2020). However the said shares were not reflected under the BENPOS received from Registrar and Transfer Agent as the same were in transit. Therefore, the same have not been included under the shareholding pattern for the year ended on 31 March 2020.

NOTE 17.3 DETAILS OF BONUS SHARES ISSUED DURING THE FIVE YEARS IMMEDIATELY PRECEDING THE BALANCE SHEET DATE:

2,40,00,188 equity shares of ₹ 10 each fully paid-up were allotted as bonus shares by capitalisation of general reserve and balance from the statement of profit and loss during the year ended 31 March 2017.

NOTE 17.4 TERMS / RIGHTS ATTACHED TO EQUITY SHARES

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

NOTE 18. OTHER EQUITY (REFER NOTE 18.1)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Reserve u/s. 45-IC of RBI Act, 1934		
Outstanding at the beginning of the year	10,957.75	7,915.45
Additions during the year	3,564.26	3,042.30
Outstanding at the end of the year	**14,522.01**	**10,957.75**
Securities premium		
Outstanding at the beginning of the year	42,687.43	42,687.43
Additions during the year	-	-
Outstanding at the end of the year	42,687.43	42,687.43
Retained earnings		
Outstanding at the beginning of the year	27,309.10	17,557.38
Profit for the year	17,821.31	15,211.51
Item of other comprehensive income recognised directly in retained earnings		
On defined benefit plan	(22.21)	(9.51)
Transition impact of Ind AS 116	(10.31)	-
	45,097.89	**32,759.38**
Appropriations:		
Transfer to reserve u/s. 45-IC of RBI Act,1934	(3,564.26)	(3,042.30)
Final dividend on equity shares	(1,967.83)	(1,180.70)
Interim dividend on equity shares	(4,372.96)	(819.93)
DDT on equity dividend	(1,307.26)	(407.35)
Total appropriations	**(11,212.31)**	**(5,450.28)**
Retained earnings	**33,885.58**	**27,309.10**
Other comprehensive income		
Outstanding at the beginning of the year	4,561.22	3,759.60
Equity instruments through other comprehensive income	-	(1.10)
Loans and advances through other comprehensive Income	658.09	(993.77)
Impairment on loans and advances through OCI	2,256.51	1,448.85
Income tax relating to items that will not be reclassified to profit or loss	-	0.38
Income tax relating to items that will be reclassified to profit or loss	(165.64)	347.26
Other comprehensive income for the year, net of tax	7,310.18	4,561.22
Total other equity	**98,405.20**	**85,515.50**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 18.1 NATURE AND PURPOSE OF RESERVE

1 Reserve u/s. 45-IC of the Reserve Bank of India Act, 1934 (the "RBI Act, 1934")

Reserve u/s. 45-IC of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.

2 Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Act.

3 Retained earnings

Retained earnings is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

4 FVOCI equity investments

The Company has elected to recognise changes in the fair value of investments in equity securities (other than investment in subsidiary) in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

5 FVOCI - loans and advances

The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity. The Company transfers amounts from this reserve to the statement of profit and loss when the loans and advances are sold.

6 Remeasurement of the defined benefit liabilities

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.

NOTE 18.2 EQUITY DIVIDEND PAID AND PROPOSED

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Declared and paid during the year		
Dividends on equity shares:		
Final dividend for 31 March 2019: ₹ 3.60 per share (31 March 2018: ₹ 2.16 per share)	1,967.83	1,180.70
Interim dividend for 31 March 2020: ₹ 8 per share (31 March 2019 : ₹ 1.5 per share)	4,372.96	819.93
Total dividends paid	**6,340.79**	**2,000.63**

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Proposed for approval at Annual General Meeting (not recognised as a liability)		
Dividend on equity shares:		
Final dividend for 31 March 2020: Nil per share (31 March 2019: ₹ 3.60 per share)	-	1,967.83
DDT on proposed dividend	-	404.49

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 19. INTEREST INCOME

(₹ In Lakhs)

	Year ended 31 March 2020			Year ended 31 March 2019		
	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total
Interest on loans	52,821.76	-	52,821.76	44,425.83	-	44,425.83
Interest on deposits with banks	-	1,155.47	1,155.47	-	654.11	654.11
Other interest income	719.38	1,220.53	1,939.91	498.68	873.41	1,372.09
Total	**53,541.14**	**2,376.00**	**55,917.14**	**44,924.51**	**1,527.52**	**46,452.03**

NOTE 20. OTHER INCOME

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Rental income	14.40	13.35
Net gain/(loss) on derecognition of property, plant and equipment	(0.82)	1.76
Dividend income	6.33	2.59
Income from debt component of OCPS investment in subsidiary	32.78	-
Income from non-financing activity	9.97	6.98
Interest income from NCD	8.26	-
Gain on derecognition of leased asset	0.83	-
Total	**71.75**	**24.68**

NOTE 21. FINANCE COST (ON FINANCIAL LIABILITIES MEASURED AT AMORTISED COST)

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Interest on borrowings	20,438.14	14,524.52
Interest on debt securities	791.81	796.68
Other interest expense	4,895.94	4,327.99
Other borrowing cost	1,057.95	764.14
Lease liability interest obligation	17.86	-
Total	**27,201.70**	**20,413.33**

NOTE 22. IMPAIRMENT ON FINANCIAL ASSETS (ON FINANCIAL ASSETS MEASURED AT FVOCI)

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Loans		
- Expected credit loss	2,256.51	1,448.85
- Write off (net of recoveries)	6,419.14	4,003.88
Total	**8,675.65**	**5,452.73**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 23. EMPLOYEE BENEFITS EXPENSE

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and wages	4,949.82	4,485.01
Contribution to provident fund and other funds	188.62	149.45
Gratuity expense	38.63	36.59
Staff welfare expenses	63.72	43.58
Total	**5,240.79**	**4,714.63**

NOTE 24. DEPRECIATION AND AMORTISATION

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment	127.25	120.23
Amortisation of intangible assets	10.51	8.47
Right-of-use asset depreciation	93.75	-
Total	**231.51**	**128.70**

NOTE 25. OTHER EXPENSES

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Rent (Refer note no. 33)	126.85	177.35
Rates and taxes	9.78	8.71
Stationery and printing	91.10	78.57
Telephone	64.86	67.16
Electricity	72.83	68.29
Postage and courier	85.40	81.34
Insurance	93.62	123.08
Conveyance	138.45	194.99
Travelling	238.72	263.26
Repairs and maintenance:		
Building	39.72	28.04
Others	127.30	110.66
Professional fees	490.58	625.52
Payment to auditors (Refer note below)	59.51	48.38
Director's sitting fees	7.41	4.04
Legal expenses	154.07	80.70
Bank charges	253.96	131.10
Advertisement expenses	204.04	162.51
Loss on sale of repossessed assets (net)	327.03	200.44
Sales promotion expenses	48.00	51.21
Donation	-	0.15
Recovery contract charges	65.03	90.25
Corporate social responsibility expenditure (Refer note no. 29)	53.91	25.87
Miscellaneous expenses	160.07	129.71
Total	**2,912.24**	**2,751.33**

Note: Payment to auditors (including taxes)

As auditor		
Statutory audit	24.71	22.42
Limited review of quarterly results	29.43	24.78
Other services	2.18	-
Reimbursements of expenses	3.19	1.18
	59.51	**48.38**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 26. TAX EXPENSES

The components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Current tax	6,291.68	8,226.41
Adjustment in respect of current income tax of prior years	(96.10)	8.93
Deferred tax	(569.13)	(53.90)
Total tax charge	**5,626.45**	**8,181.44**
Current tax	6,195.58	8,235.34
Deferred tax	(569.13)	(53.90)

The Taxation Laws (Amendment) Ordinance, 2019 contained substantial amendments in the Income Tax Act, 1961 and the Finance (No. 2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognised the provision for income tax and re-measured the net deferred tax liabilities at the concessional tax rate during the year ended 31 March 2020. Further, the opening net deferred tax liability had been re-measured at lower rate with a one-time impact of ₹ 240.70 Lakhs recognised in the standalone financial statement for the year ended 31 March 2020.

NOTE 26.1 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 31 March 2020 and 31 March 2019 is, as follows:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Accounting profit before tax	23,447.76	23,392.95
Applicable tax rate	25.170%	34.944%
Computed tax expense	**5,901.80**	**8,174.43**
Tax effect of :		
Exempted income	(2.68)	(9.71)
Non deductible items	77.28	9.63
Adjustment on account of change in tax rate	(240.70)	-
Adjustment in respect of current income tax of prior years	(96.10)	8.93
Others	(13.15)	(1.84)
Tax expenses recognised in the statement of profit and loss	**5,626.45**	**8,181.44**
Effective tax rate	23.996%	34.974%

NOTE 26.2 DEFERRED TAX

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Deferred tax asset / liability (net)		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL) (net)	(860.55)	(1,267.20)
Credit / (charge) for loans and advances through OCI	(165.64)	347.26
Credit / (charge) for equity instruments through OCI	-	0.38
Credit / (charge) for remeasurement of the defined benefit liabilities	7.47	5.11
Credit / (charge) to the statement of profit and loss	569.13	53.90
Credit/(Charge) to other equity	3.47	-
At the end of year DTA / (DTL) (net)	**(446.12)**	**(860.55)**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

(₹ In Lakhs)

	As at 31 March 2019	Statement of profit and loss	OCI	Other Equity	As at 31 March 2020
Component of deferred tax asset / (liability)					
Deferred tax asset / (liability) in relation to:					
Difference between written down value of fixed assets as per books of accounts and income tax	(41.43)	5.61	-	-	(35.82)
Deferred tax on fair value of investments	(2.38)	0.67	-	-	(1.71)
Impact of fair value of assets	60.50	(16.93)	(165.64)	-	(122.07)
Income taxable on realised basis	(2121.06)	343.62	-	-	(1,777.44)
Deferred tax on prepaid finance charges	(19.68)	16.17	-	-	(3.51)
Impairment on financial assets	1257.96	216.11	-	-	1,474.07
Recognition of lease liability and right to use asset	-	1.06	-	3.47	4.53
Expenses allowable on payment basis	5.54	2.82	7.47	-	15.83
Total	**(860.55)**	**569.13**	**(158.17)**	**3.47**	**(446.12)**

(₹ In Lakhs)

	As at 31 March 2018	Statement of profit and loss	OCI	Other Equity	As at 31 March 2019
Component of deferred tax asset / (liability)					
Deferred tax asset / (liability) in relation to:					
Difference between written down value of fixed assets as per books of accounts and income tax	(32.98)	(8.45)	-	-	(41.43)
Deferred tax on fair value of investments	(5.45)	2.69	0.38	-	(2.38)
Impact of fair value of assets	(286.76)	-	347.26	-	60.50
Income taxable on realised basis	(1,694.53)	(426.53)	-	-	(2,121.06)
Deferred tax on prepaid finance charges	(25.55)	5.87	-	-	(19.68)
Impairment on financial assets	751.66	506.30	-	-	1,257.96
Expenses allowable on payment basis	26.41	(25.98)	5.11	-	5.54
Total	**(1,267.20)**	**53.90**	**352.75**	**-**	**(860.55)**

NOTE 26.3 CURRENT TAX LIABILITIES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Provision for tax [net of advance tax of Nil (31 March 2019 ₹ 6,614.30 Lakhs)]	-	1,621.04

NOTE 26.4 INCOME TAX ASSETS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Income tax assets [net of provision for tax of ₹ 27,289.09 Lakhs (31 March 2019 ₹ 12,771.00 Lakhs)]	221.38	95.16

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 27. EARNINGS PER SHARE

(₹ In Lakhs)

		Year ended 31 March 2020	Year ended 31 March 2019
(A)	**Basic earnings per share**		
	Net profit for the year attributable to equity shareholders (basic) (numerator)	17,821.30	15,211.50
	Computation of weighted average number of shares (denominator)	Nos.	Nos.
	Weighted average number of equity shares of ₹ 10 each used for calculation of basic earnings per share	54,662,043	54,662,043
	Basic earnings per share of face value of ₹ 10 each (in ₹)	32.60	27.83
(B)	**Diluted earnings per share**		
	Profit attributable to equity shareholders (diluted) (numerator)	17,821.30	15,211.50
	Computation of weighted average number of shares (denominator)	Nos.	Nos.
	Weighted average number of equity shares as above	54,662,043	54,662,043
	Diluted earnings per share of face value of ₹ 10 each (in ₹)	32.60	27.83

NOTE 28. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ In Lakhs)

		As at 31 March 2020	As at 31 March 2019
(A)	**Contingent liabilities**		
I)	Guarantees given on behalf of subsidiary company : (Refer note i)		
	a) To banks		
	Amount of guarantees ₹ 4,300 Lakhs (31 March 2019: ₹ 6,300 Lakhs)		
	Amount of loans outstanding	300.30	1,017.56
	b) To National Housing Bank ("NHB")		
	Amount of guarantees ₹ 500 Lakhs (31 March 2019: ₹ 200 Lakhs)		
	Amount of loan outstanding	168.64	312.01
(B)	**Commitments**		
I)	Estimated amount of contracts remaining to be executed on capital account and not provided for:		
	Property, plant and equipment	-	20.08
II)	Loan commitments for sanctioned but not disbursed amount	200.00	4,000.00

Notes:

i) Guarantees are given by the Company to various banks and NHB on behalf of the subsidiary company for the loan taken and accordingly, the same has been shown as contingent liability.

NOTE 29. CORPORATE SOCIAL RESPONSIBILITY (“CSR”) EXPENSES:

The gross amount required to be spent by the Company during the year towards CSR is ₹ 330.04 Lakhs (31 March 2019: ₹ 228.52 Lakhs) as per section 135 of the Act. Details of amount spent towards CSR as below:

		In cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any assets	**Year ended 31 March 2020**	-	-	-
	(Year ended 31 March 2019)	-	-	-
(ii) On purposes other than (i) above	**Year ended 31 March 2020**	53.91	-	53.91
	(Year ended 31 March 2019)	25.87	-	25.87

NOTE 30. SEGMENT REPORTING:

Operating segment are components of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker (“CODM”) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company is engaged primarily on the business of “Financing” only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Company are in India. All non-current assets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – “Operating segments”.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 31. RELATED PARTY DISCLOSURES:

(a) Related party disclosures as required by Ind AS 24 - Related Party Disclosures.

List of related parties and relationships:

Sr. No.	Nature of relationship	
1	Subsidiary	MAS Rural Housing & Mortgage Finance Limited
2	Key management personnel (where there are transactions)	Mr. Kamlesh C. Gandhi (Chairman and managing director)
		Mr. Mukesh C. Gandhi (Whole time director and chief financial officer)
		Mrs. Darshana S. Pandya (Director and chief executive officer)
		Mr. Bala Bhaskaran (Independent director)
		Mr. Umesh Shah (Independent director)
		Mr. Chetanbhai Shah (Independent director)
		Mrs. Daksha Shah (Independent director)
3	Other related parties (where there are transactions)	Prarthna Marketing Private Limited
		Anamaya Capital LLP
		Mrs. Shweta K. Gandhi
		Mr. Dhvanil K. Gandhi
		Mr. Saumil D. Pandya

Transactions with related parties are as follows:

(₹ In Lakhs)

	Year ended 31 March 2020			
	Subsidiary	Key management personnel	Other related parties	Total
Rent income	14.40	-	-	14.40
Recovery contract charges received	2.40	-	-	2.40
Expenditure reimbursed by	80.25	-	-	80.25
Remittances of collection received on behalf of	29.03	-	-	29.03
Remuneration (including bonus)	-	1,723.80	68.28	1,792.08
Dividend received	6.33	-	-	6.33
Dividend paid	-	2,602.63	2,059.85	4,662.48
Investment	1,000.00	-	-	1,000.00
Sitting fees	-	6.80	-	6.80

(₹ In Lakhs)

	Year ended 31 March 2019			
	Subsidiary	Key management personnel	Other related parties	Total
Rent income	13.35	-	-	13.35
Recovery contract charges received	2.40	-	-	2.40
Expenditure reimbursed by	32.59	-	-	32.59
Remittances of collection received on behalf of	53.31	-	-	53.31
Remuneration (including bonus)	-	1,468.25	54.75	1,523.00
Dividend received	2.58	-	-	2.58
Dividend paid	-	821.03	646.97	1,468.00
Investment	900.00	-	-	900.00
Sitting fees	-	3.70	-	3.70

Balances outstanding from related parties are as follows:

(₹ In Lakhs)

	As at 31 March 2020			
	Subsidiary	Key management personnel	Other related parties	Total
Bonus payable	-	96.38	1.80	98.18
Investment	3,250.03	-	-	3,250.03
Guarantees outstanding	468.94	-	-	468.94

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2019			
	Subsidiary	Key management personnel	Other related parties	Total
Bonus payable	-	159.57	1.57	161.14
Investment	2,227.05	-	-	2,227.05
Guarantees outstanding	1,329.57	-	-	1,329.57

Financial guarantee commission income amounts to ₹ 4.69 Lakhs (31 March 2019: ₹ 13.50 Lakhs) on account of fair valuation of corporate financial guarantee given to bank on behalf of subsidiary.

All transactions with these related parties are priced on an arm's length basis. None of the balances is secured.

Key managerial personnel who are under the employment of the Company are entitled to post employment benefits and other employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements.

Transactions with key management personnel are as follows:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Post-employment benefits	2.48	27.71
Other long term employment benefits	-	14.04
	2.48	**41.75**

The remuneration of key management personnel are determined by the nomination and remuneration committee having regard to the performance of individuals and market trends.

(b) Disclosures as per Regulation 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements Regulations, 2015).

Loans and advances in the nature of loans to companies in which directors are interested as under:

Sr. No.	Name	As at 31 March 2020	Maximum balance out-standing during the year ended 31 March 2020	As at 31 March 2019	Maximum balance out-standing during the year ended 31 March 2019
1	Paras Capfin Company Private Limited	-	-	-	857.75
2	M Power Micro Finance Private Limited	1,300.00	1,300.00	500.00	3,350.97

* The director interested in Paras Capfin Company Private Limited redeemed his holding on 11 May 2018 and hence, the disclosures made are of amount outstanding as on 11 May 2018 and maximum balance outstanding up to that date.

NOTE 32. Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Principal amount payable to suppliers as at year-end	-	-
Interest due thereon as at year end	-	-
Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates	-	-
Amount of delayed payment actually made to suppliers during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 33. NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

The Company has applied the following standards and amendments for the first time for annual reporting period commencing from 1 April 2019.

NOTE 33.1 IND AS 116 : LEASES

Nature of the effect of adoption of Ind AS 116

The Company has lease contracts for office / branch premises. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and trade and other payables, respectively.

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The operating lease commitments as of 31 March 2019 reconciled with lease liabilities as at 1 April 2019 as follows:

(₹ In Lakhs)

Future operating lease commitments as at 31 March 2019	254.53
Weighted average incremental borrowing rate as at 1 April 2019	9.00%
Discounted operating lease commitments at 1 April 2019	208.76
Change in estimate of lease term	-
Lease liabilities as at 1 April 2019	208.76

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.

The effect of adoption Ind AS 116 as at 1 April 2019 [increase/(decrease)] is as follows:

(₹ In Lakhs)

Assets	
Right of use assets	223.14
Deferred tax asset (net)	3.46
Total Assets	**226.60**
Liabilities	
Financial liabilities - lease liabilities	236.91
Other equity	(10.31)
Total liabilities	**226.60**

Amounts recognised in the balance sheet and statement of profit and loss

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the year:

(₹ In Lakhs)

	Right to use of assets Buildings	Lease liabilities
As at 1 April 2019		
Recognition on initial application of Ind AS 116	223.14	236.91
Depreciation and amortisation expenses	(92.26)	-
Interest expenses	-	17.86
(Deductions) / adjustment	(2.44)	(1.77)
Payments	-	(106.55)
As at 31 March 2020	**128.44**	**146.45**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

Set out below, are the amounts recognised in statement of profit or loss:

(₹ In Lakhs)

Post-amendment in Ind AS 116	
Depreciation expense of right-of-use assets	93.75
Interest expense on lease liabilities	17.86
Rent expense - short-term leases and leases of low value assets	126.85
Gain on derecognition of leased asset	(0.83)
Total amounts recognised in profit or loss	**237.63**
Pre-amendment in Ind AS 116	
Rent expense	233.40
Total amount that would have been recognised in profit or loss	**233.40**

NOTE 34. Disclosures required in terms of Annexure XIV of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016 (updated as on 17 February 2020) "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are mentioned as below:

NOTE 34.1 CAPITAL

(₹ In Lakhs)

		As at 31 March 2020	As at 31 March 2019
i)	CRAR (%)	31.97%	29.13
ii)	CRAR - Tier I capital (%)	29.88%	27.40
iii)	CRAR - Tier II capital (%)	2.09%	1.73
iv)	Amount of subordinated debt raised as Tier-II capital (refer note below)	4,500.00	3,200.00
v)	Amount raised by issue of perpetual debt instruments	-	-

Note: These instruments are designated as debt.

NOTE 34.2 INVESTMENTS

(₹ In Lakhs)

				As at 31 March 2020	As at 31 March 2019
1.	Value of investments				
	(i)	Gross value of investments			
		(a)	In India	3,750.03	2,227.05
		(b)	Outside India	-	-
	(ii)	Provisions for depreciation			
		(a)	In India	-	-
		(b)	Outside India	-	-
	(iii)	Net value of investments			
		(a)	In India	3,750.03	2,227.05
		(b)	Outside India	-	-
2.	Movement of provisions held towards depreciation on investments.				
	(i)	Opening balance		-	-
	(ii)	Add : Provisions made during the year		-	-
	(iii)	Less : Write-off / write-back of excess provisions during the year		-	-
	(iv)	Closing balance		-	-

NOTE 34.3 DERIVATIVES

The Company has not entered into any derivative transactions and hence the disclosure required has not been made.

NOTE 34.4 DISCLOSURES RELATING TO SECURITISATION

The Company sells loans through direct assignment transactions.

The information of securitization / direct assignment by the Company as originator as required by RBI circular DNBS. PD. No. 301/ 3.10.01/ 2012-13 dated 21 August 2012 is as under:

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(a) For Securitization Transaction

(₹ In Lakhs)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
1	No of SPVs sponsored by the Company for securitization transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the Company	-	-
3	Total amount of exposures retained by the Company to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
4	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitizations		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitizations		
	• First loss	-	-
	• Others	-	-

(b) For Assignment Transaction

(₹ In Lakhs)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
1	No of SPVs sponsored by the Company for assignment transactions	N.A.	N.A.
2	Total amount of assigned assets as per books of the Company (excluding accrued interest)	289,204.73	225,663.65
3	Total amount of exposures retained by the Company to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	-	-
	• Others	27,985.75	22,792.44
4	Amount of exposures to assignment transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own assignments		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party assignments		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own assignments		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party assignments		
	• First loss	-	-
	• Others	-	-
	Dues to assignees towards collections from assigned receivables	26,149.22	17,922.21

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 34.5 DETAILS OF FINANCIAL ASSETS SOLD TO SECURITISATION / RECONSTRUCTION COMPANY FOR ASSET RECONSTRUCTION

The Company has not sold financial assets to securitisation / reconstruction company for asset reconstruction during the year (previous year Nil)

NOTE 34.6 DETAILS OF ASSIGNMENT TRANSACTIONS UNDERTAKEN BY NBFCS

(₹ In Lakhs)

		As at 31 March 2020	As at 31 March 2019
(i)	No. of accounts	429,305	207,023
(ii)	Aggregate value (net of provisions) of accounts sold	296,366.75	228,341.30
(iii)	Aggregate consideration	296,366.75	228,341.30
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

NOTE 34.7 DETAILS OF NON-PERFORMING FINANCIAL ASSETS PURCHASED / SOLD.

The Company has not purchased or sold non-performing financial assets during the year (previous year Nil).

NOTE 34.8 ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES.

(₹ In Lakhs)

	1 day to 30/31 days (1 month)	Over 1 month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Bank Fixed Deposits	26,000.00	49.28	54.98	8.06	0.91	3.11	-	25.00	26,141.34
Advances	6,125.15	5,565.64	14,611.43	45,756.96	85,861.83	153,003.45	20,064.02	2,788.08	333,776.56
Investments	-	-	-	500.00	-	-	333.33	2,916.70	3,750.03
Borrowings	1,845.61	4,341.54	6,890.03	12,186.31	150,806.67	79,456.73	-	2,483.63	258,010.52
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

NOTE 34.9 EXPOSURE TO REAL ESTATE SECTOR

(₹ In Lakhs)

Category	As at 31 March 2020	As at 31 March 2019
a) Direct exposure		
(i) Residential mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	-	-
(ii) Commercial real estate -		
Lending secured by mortgages on commercial real estates (office building, retail space, multipurpose 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;	2,872.39	972.06
(iii) Investments in Mortgage Backed Securities ("MBS") and other securitised exposures -		
a. Residential	-	-
b. Commercial real estate	-	-

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 34.10 EXPOSURE TO CAPITAL MARKET

(₹ In Lakhs)

		As at 31 March 2020	As at 31 March 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;	1,975.00	1,975.00
(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 equity-oriented 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		**1,975.00**	**1,975.00**

NOTE 34.11 DETAILS OF FINANCING OF PARENT COMPANY PRODUCTS

Not applicable

NOTE 34.12 DETAILS OF SINGLE BORROWER LIMIT (“SGL”) / GROUP BORROWER LIMIT (“GBL”) EXCEEDED BY THE NBFC

i) Loans and advances, excluding advance funding but including off-balance sheet exposures to any single party in excess of 15 per cent of owned fund of the NBFC:

Nil

ii) Loans and advances to (excluding advance funding but including debentures/bonds and off-balance sheet exposures) and investment in the shares of single party in excess of 25 per cent of the owned fund of the NBFC:

Nil

NOTE 34.13 UNSECURED ADVANCES

a) Refer note no. 7(B)(ii) to the financial statements.

b) The Company has not granted any advances against intangible securities (31 March 2019: Nil).

NOTE 34.14 REGISTRATION NUMBER OBTAINED FROM RBI:

B. 01. 00241

NOTE 34.15 DISCLOSURE OF PENALTIES IMPOSED BY RBI AND OTHER REGULATORS

During the financial year ended 31 March 2020, no penalties have been imposed by RBI and other regulators (31 March 2019: Nil).

NOTE 34.16 RELATED PARTY TRANSACTIONS

Refer note no. 31 to the financial statements.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 34.17 RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR

By Acuite Ratings & Research:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities	420,000	ACUITE AA-(Stable)	No migration of rating
Commercial paper issue	30,000	ACUITE A1+	No migration of rating

By ICRA:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Subordinate debt	6,000	ICRA A (stable)	No migration of rating

By Care Ratings:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities	415,000	CARE A+ (Stable)	No migration of rating
Short term bank facilities	10,000	CARE A1+	No migration of rating
Commercial paper programme	25,000	CARE A1+	No migration of rating

NOTE 34.18 REMUNERATION OF DIRECTORS

Refer note no. 31 to the financial statements.

NOTE 34.19 MANAGEMENT

The annual report has a detailed chapter on Management Discussion and Analysis.

NOTE 34.20 NET PROFIT OR LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS AND CHANGE IN ACCOUNTING POLICIES

The Company has applied Ind AS 116 for the first time for annual reporting period commencing from 1 April 2019. Refer note 33 to the financial statements.

NOTE 34.21 REVENUE RECOGNITION

Refer note no. 3.1 to the financial statements.

NOTE 34.22 IND AS 110 - CONSOLIDATED FINANCIAL STATEMENTS (CFS)

All the subsidiaries of the Company have been consolidated as per Ind AS 110. Refer consolidated financial statements.

NOTE 34.23 PROVISIONS AND CONTINGENCIES

The information on all provisions and contingencies is as under:

(₹ In Lakhs)

Break up of 'provisions and contingencies' shown under the head expenditure in the statement of profit and loss	As at 31 March 2020	As at 31 March 2019
Provision for depreciation on investment	-	-
Provision towards non performing assets (Stage 3 loan assets)	550.93	889.85
Provision made towards income tax	6,195.58	8,235.34
Provision towards standard assets (Stage 1 and 2 loan assets)	1,705.58	559.00

NOTE 34.24 DRAW DOWN FROM RESERVES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Draw down from reserves	-	-

NOTE 34.25 CONCENTRATION OF DEPOSITS (FOR DEPOSIT TAKING NBFCS)

Not Applicable

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 34.26 CONCENTRATION OF ADVANCES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Total advances to twenty largest borrowers	116,673.99	82,109.17
Percentage of advances to twenty largest borrowers to total advances of the NBFC	34.96%	25.51%

NOTE 34.27 CONCENTRATION OF EXPOSURES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Total exposure to twenty largest borrowers / customers	116,673.99	83,985.51
Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	34.93%	25.77%

NOTE 34.28 CONCENTRATION OF STAGE 3 ASSETS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Total exposure to top four Stage 3 accounts	718.06	305.44

NOTE 34.29 SECTOR-WISE STAGE 3 ASSETS (GROSS)

(₹ In Lakhs)

Sector	% of Stage 3 assets to Total Advances in that sector as at 31 March 2020	% of Stage 3 assets to Total Advances in that sector as at 31 March 2019
(i) Agriculture and allied activities	3.14	7.31
(ii) MSME	3.52	4.04
(iii) Corporate borrowers	0.06	-
(iv) Services	6.68	3.32
(v) Unsecured personal loans	6.97	5.53
(vi) Auto loans	2.26	2.87
(vii) Other personal loans	1.75	4.06

NOTE 34.30 MOVEMENT OF STAGE 3 ASSETS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
(i) Net stage 3 assets to net advances (%)	1.30%	1.62%
(ii) Movement of stage 3 assets (gross)		
(a) Opening balance	6,579.60	4,746.91
(b) Additions during the year	9,740.88	8,293.74
(c) Reductions during the year	10,028.63	6,461.05
(d) Closing balance	6,291.85	6,579.60
(iii) Movement of net stage 3 assets		
(a) Opening balance	5,225.18	4,282.34
(b) Additions during the year	8,018.75	7,095.06
(c) Reductions during the year	8,857.43	6,152.22
(d) Closing balance	4,386.50	5,225.18
(iv) Movement of provisions for stage 3 assets (excluding provisions on standard assets)		
(a) Opening balance	1,354.42	464.57
(b) Provisions made during the year	1,722.13	1,198.68
(c) Write-off / write-back of excess provisions	1,171.20	308.83
(d) Closing balance	1,905.35	1,354.42

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 34.31 OVERSEAS ASSETS (FOR THOSE WITH JOINT VENTURES AND SUBSIDIARIES ABROAD)

Nil

NOTE 34.32 OFF-BALANCE SHEET SPVS SPONSORED (WHICH ARE REQUIRED TO BE CONSOLIDATED AS PER ACCOUNTING NORMS)

Nil

NOTE 34.33 DISCLOSURE OF CUSTOMERS COMPLAINTS

(₹ In Lakhs)

		As at 31 March 2020	As at 31 March 2019
(a)	No. of complaints pending at the beginning of the year	2	1
(b)	No. of complaints received during the year	7	30
(c)	No. of complaints redressed during the year	9	29
(d)	No. of complaints pending at the end of the year	0	2

NOTE 35. Information as required in terms of Paragraph 19 of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are mentioned as below:

Liabilities side :

NOTE 35.1 LOANS AND ADVANCES AVAILED BY THE NBFCS INCLUSIVE OF INTEREST ACCRUED THEREON BUT NOT PAID.

(₹ In Lakhs)

		Year ended 31 March 2020	
		Amount outstanding	Amount overdue
(a)	Debentures : Secured	-	-
	: Unsecured	6,010.36	-
	(other than falling within the meaning of Public deposits*)		
(b)	Deferred credits	-	-
(c)	Term loans	129,201.59	-
(d)	Inter-corporate loans and borrowing	-	-
(e)	Commercial paper	-	-
(f)	Other loans:		
	From banks	124,865.30	-
	From a company	-	-
	Security deposits	-	-
	Advances received against loan agreements	-	-

*Please see note 1 below

NOTE 35.2

(₹ In Lakhs)

		Year ended 31 March 2020	
		Amount outstanding	Amount overdue
Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid)			
(a)	In the form of unsecured debentures	-	-
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c)	Other public deposits	-	-

*Please see note 1 below

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

Assets side:

NOTE 35.3 BREAK-UP OF LOANS AND ADVANCES INCLUDING BILLS RECEIVABLES (OTHER THAN THOSE INCLUDED IN (4) BELOW)

(₹ In Lakhs)

		Amount outstanding
(a)	Secured	235,153.77
(b)	Unsecured	98,622.79

NOTE 35.4 BREAK UP OF LEASED ASSETS AND STOCK ON HIRE AND OTHER ASSETS COUNTING TOWARDS ASSET FINANCING ACTIVITIES

(₹ In Lakhs)

			Amount outstanding
(i)	Lease assets including lease rentals under sundry debtors:		
	(a)	Financial lease	NA
	(b)	Operating lease	NA
(ii)	Stock on hire including hire charges under sundry debtors :		
	(a)	Assets on hire	NA
	(b)	Repossessed assets	NA
(iii)	Other loans counting towards asset financing activities		
	(a)	Loans where assets have been repossessed	174.68
	(b)	Loans other than (a) above	NA

NOTE 35.5 BREAK-UP OF INVESTMENTS :

(₹ In Lakhs)

				Amount outstanding
Current investments :				
1	**Quoted :**			
(i)	Shares :	(a)	Equity	-
		(b)	Preference	-
(ii)	Debentures and bonds			500.00
(iii)	Units of mutual funds			-
(iv)	Government securities			-
(v)	Others (please specify)			
2	**Unquoted :**			
(i)	Shares :	(a)	Equity	-
		(b)	Preference	-
(ii)	Debentures and bonds			-
(iii)	Units of mutual funds			-
(iv)	Government securities			-
(v)	Others (please specify)			-
Long term investments :				
1	**Quoted :**			
(i)	Shares :	(a)	Equity	-
		(b)	Preference	-
(ii)	Debentures and bonds			-
(iii)	Units of mutual funds			-
(iv)	Government securities			-
(v)	Others (please specify)			-
2	**Unquoted :**			
(i)	Shares :	(a)	Equity	2,217.26
		(b)	Preference	1,032.77
(ii)	Debentures and bonds			-
(iii)	Units of mutual funds			-
(iv)	Government securities			-
(v)	Others (please specify)			-

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 35.6 BORROWER GROUP-WISE CLASSIFICATION OF ASSETS FINANCED AS IN (3) AND (4) ABOVE:

(₹ In Lakhs)

	Amount outstanding		
Please see Note 2 below	Amount net of provisions		
Category	**Secured**	**Unsecured**	**Total**
1. Related parties **			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	235,153.77	98,622.79	333,776.56
Total	**235,153.77**	**98,622.79**	**333,776.56**

NOTE 35.7 INVESTOR GROUP-WISE CLASSIFICATION OF ALL INVESTMENTS (CURRENT AND LONG TERM) IN SHARES AND SECURITIES (BOTH QUOTED AND UNQUOTED) :

Please see note 3 below (₹ In Lakhs)

Category	**Market value / break up or fair value or NAV**	**Book value (net of provisions)**
1. Related parties **		
(a) Subsidiaries (refer note below)	3,693.64	3,250.03
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	500.00	500.00
Total	**4,193.64**	**3,750.03**

** As per Ind AS issued by MCA (refer note 3 below)

Note: Subsidiary company being unlisted, value is derived based upon the net asset value as shown in the subsidiary company balance sheet as on 31 March 2020.

NOTE 35.8 OTHER INFORMATION

(₹ In Lakhs)

	Amount outstanding
(i) Gross non-performing assets	
(a) Related parties	-
(b) Other than related parties	6,291.85
(ii) Net non-performing assets	
(a) Related parties	-
(b) Other than related parties	4,386.49
(iii) Assets acquired in satisfaction of debt	-

Notes:

1. As defined in point xix of paragraph 3 of Chapter - 2 of these Directions.

2. Provisioning norms are applicable as prescribed in the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016.

3. All Ind AS issued by MCA are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 36. INFORMATION AS REQUIRED IN TERMS OF RBI NOTIFICATION NO. DOR (NBFC).CC.PD. NO.109/22.10.106/2019-20 DATED 13 MARCH 2020 ARE MENTIONED AS BELOW:

(₹ In Lakhs)

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	327,645.11	2,212.84	325,432.27	1,496.28	716.56
	Stage 2	8,635.22	1,738.22	6,897.00	450.84	1,287.38
Subtotal		336,280.33	3,951.06	332,329.27	1,947.12	2,003.94
Non-performing assets ("NPA")						
Substandard	Stage 3	6,291.85	1,905.35	4,386.50	758.78	1,146.57
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**6,291.85**	**1,905.35**	**4,386.50**	**758.78**	**1,146.57**
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	200.00	0.03	199.97	-	0.03
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**200.00**	**0.03**	**199.97**	**-**	**0.03**
Total	Stage 1	327,845.11	2,212.87	325,632.24	1,496.28	716.59
	Stage 2	8,635.22	1,738.22	6,897.00	450.84	1,287.38
	Stage 3	6,291.85	1,905.35	4,386.50	758.78	1,146.57
Grand total		**342,772.18**	**5,856.44**	**336,915.74**	**2,705.90**	**3,150.54**

Further, the disclosure requirement of policy for sales out of amortised cost business model portfolios is not applicable to the Company as it has FVOCI business model.

Information as required in terms of RBI notification no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 are mentioned as below:

The details of the accounts on which moratorium has been granted by the Company is as below:

(₹ In Lakhs)

		Amount
(i)	Amounts in SMA / overdue categories, where the moratorium / deferment was extended (refer note 1 below)	17,829.70
(ii)	Amount where asset classification benefits is extended	4,789.08
(iii)	Provisions made during the period	-
(iv)	Provisions adjusted during the periods against slippages and the residual provisions	N.A.

Note:

1. It does not include the overdue customers as of 29 February 2020 who has availed moratorium but on account of receipt of payment against the overdue amount, classified under current bucket as of 31 March 2020.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 37. OFFSETTING

Following table represents the recognised financial assets that are offset, or subject to enforceable master netting arrangements and other similar arrangements but not offset, as at 31 March 2020 and 31 March 2019. The column 'net amount' shows the impact of the Company's balance sheet if all the set-off rights were exercised.

(₹ In Lakhs)

	Effect of offsetting on the balance sheet			Related amount not offset		
	Gross amounts	Gross amount off set in balance sheet (refer note 1)	Net amount presented in balance sheet	Advances received against loan agreements (refer note 1)	Financial instrument collateral (refer note 2 and 3)	Net amount
31 March 2020						
Loans and advances	337,126.21	3,349.65	333,776.56	10,022.97	49,846.92	273,906.67
31 March 2019						
Loans and advances	323,521.95	1,668.26	321,853.69	-	51,076.36	270,777.33

Note:

1. ₹ 13,372.62 Lakhs (31 March 2019: ₹ 1,668.26 Lakhs) represents advances received against loan agreements.
2. ₹ 49,730.87 Lakhs (31 March 2019: ₹ 50,878.81 Lakhs) represents security deposits received from borrowers.
3. ₹ 116.05 Lakhs (31 March 2019: ₹ 197.55 Lakhs) represents deposits given as security against borrowings.

NOTE 38. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

(₹ In Lakhs)

	As at 31 March 2020			As at 31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	102,446.81	-	102,446.81	35,577.06	-	35,577.06
Bank balance other than cash and cash equivalents	162.44	28.11	190.55	1,278.75	-	1,278.75
Loans	157,921.01	175,855.55	333,776.56	178,017.64	143,836.05	321,853.69
Investments	500.00	3,250.03	3,750.03	-	2,227.05	2,227.05
Other financial assets	8,866.78	33.31	8,900.09	3,329.90	81.20	3,411.10
Non-financial assets						
Income tax assets (net)	221.38	-	221.38	95.16	-	95.16
Property, plant and equipment	-	1,198.56	1,198.56	-	1,140.92	1,140.92
Capital work-in-progress	-	4,821.34	4,821.34	-	4,564.43	4,564.43
Right-of-use asset	78.68	49.76	128.44	-	-	-
Other intangible assets	-	11.07	11.07	-	10.95	10.95
Other non-financial assets	234.54	-	234.54	196.05	-	196.05
Total assets	**270,431.64**	**185,247.73**	**455,679.37**	**218,494.56**	**151,860.60**	**370,355.16**
LIABILITIES						
Financial liabilities						
Trade payables						
Total outstanding dues of creditors other than micro enterprises and small enterprises	753.08	-	753.08	553.36	-	553.36
Debt securities	-	5,989.18	5,989.18	-	5,981.78	5,981.78
Borrowings (other than debt securities)	176,070.16	75,951.18	252,021.34	151,412.91	44,570.08	195,982.99
Other financial liabilities	60,525.88	30,167.99	90,693.87	33,897.04	38,522.28	72,419.32
Non-financial liabilities						
Current tax liabilities (net)	-	-	-	1,621.04	-	1,621.04
Provisions	-	45.65	45.65	15.84	-	15.84
Deferred tax liabilities (net)	-	446.12	446.12	-	860.55	860.55
Other non-financial liabilities	1,238.86	619.87	1,858.73	790.15	1,148.43	1,938.58
Total liability	**238,587.98**	**113,219.99**	**351,807.97**	**188,290.34**	**91,083.12**	**279,373.46**
Net	**31,843.66**	**72,027.74**	**103,871.40**	**30,204.22**	**60,777.48**	**90,981.70**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 39. EMPLOYEE BENEFIT PLAN

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

(a) Defined contribution plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Company's contribution to provident fund aggregating ₹ 149.78 Lakhs (31 March 2019: ₹ 86.69 Lakhs) and employee state insurance scheme aggregating ₹ 24.71 Lakhs (31 March 2019: ₹ 40.14 Lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense.

(b) Defined benefit plan:

Gratuity

Financial assets not measured at fair value

The Company operates a defined benefit plan (the "gratuity plan") covering eligible employees. 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/ resignation date.

The defined benefit plans expose the Company to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk. These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

The status of gratuity plan as required under Ind AS-19 is as under:

(₹ In Lakhs)

		As at 31 March 2020	As at 31 March 2019
i.	**Reconciliation of opening and closing balances of defined benefit obligation**		
	Present value of defined benefit obligations at the beginning of the year	217.03	159.13
	Current service cost	41.52	39.99
	Interest cost	16.26	12.04
	Benefit paid	(5.20)	(5.11)
	Re-measurement (or Actuarial) (gain) / loss arising from:		
	Change in demographic assumptions	1.08	-
	Change in financial assumptions	25.65	2.91
	Experience variance (i.e. Actual experience vs assumptions)	(1.58)	8.07
	Present value of defined benefit obligations at the end of the year	**294.76**	**217.03**
ii.	**Reconciliation of opening and closing balances of the fair value of plan assets**		
	Fair value of plan assets at the beginning of the year	234.26	191.55
	Interest income	19.15	16.07
	Return on plan assets excluding amounts included in interest income	(4.53)	(3.64)
	Contributions by the Company	5.43	35.39
	Benefits paid	(5.20)	(5.11)
	Fair value of plan assets at the end of the year	**249.11**	**234.26**
iii.	**Reconciliation of the present value of defined benefit obligation and fair value of plan assets**		
	Present value of defined benefit obligations at the end of the year	294.76	217.03
	Fair value of plan assets at the end of the year	249.11	234.26
	Net asset / (liability) recognized in the balance sheet as at the end of the year	**(45.65)**	**17.23**

iv. Composition of plan assets

100% of plan assets are administered by LIC. Further, exposure of the investment made by LIC in respective securities are as follows:

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
State government security	56.02	49.70
NCD / Bonds	20.94	22.71
Central Government security	19.35	18.75
CBLO, bank balance, etc.	-	4.92
Equity	3.67	3.92
Other approved security	0.01	-
Total	**100.00**	**100.00**

(₹ In Lakhs)

		Year ended 31 March 2020	Year ended 31 March 2019
v.	**Expense recognised during the Year**		
	Current service cost	41.52	39.99
	Interest cost	(2.89)	(4.03)
	Past service cost	-	0.63
	Expenses recognised in the statement of profit and loss	**38.63**	**36.59**
vi.	**Other comprehensive income**		
	Components of actuarial gain/losses on obligations:		
	Due to change in financial assumptions	25.65	2.91
	Due to change in demographic assumption	1.08	-
	Due to experience adjustments	(1.58)	8.07
	Return on plan assets excluding amounts included in interest income	4.53	3.64
	Components of defined benefit costs recognised in other comprehensive income	**29.68**	**14.62**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
vii. Principal actuarial assumptions		
Discount rate (per annum)	6.85%	7.60%
Rate of return on plan assets (p.a.)	6.85%	7.60%
Annual increase in salary cost	8.00%	8.00%
Withdrawal rates per annum		
25 and below	5.00%	3.00%
26 to 35	4.50%	2.50%
36 to 45	3.50%	2.00%
46 to 55	2.50%	1.50%
56 and above	2.00%	1.00%

The discount rate is based on the prevailing market yields of Government of India's bond as at the balance sheet date for the estimated term of the obligations.

viii. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and withdrawal rates. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Defined benefit obligation (Base)	294.76	217.03

(₹ In Lakhs)

	Year ended 31 March 2020		Year ended 31 March 2019	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 0.5%)	313.84	277.28	232.39	203.02
(% change compared to base due to sensitivity	6.48%	-5.93%	7.08%	-6.46%
Salary growth rate (- / + 0.5%)	280.68	309.61	205.93	229.25
(% change compared to base due to sensitivity)	-4.78%	5.04%	-5.11%	5.63%
Withdrawal rate (W.R.) (W.R. x 90% / W.R. x 110%)	295.27	294.24	216.83	217.16
(% change compared to base due to sensitivity)	0.17%	-0.18%	-0.09%	0.06%

ix. Asset liability matching strategies

The Company contributes to the insurance fund based on estimated liability of next financial year end. The projected liability statements is obtained from the actuarial valuer.

x. Effect of plan on the Company's future cash flows

a) Funding arrangements and funding policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) Maturity profile of defined benefit obligation

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

The average outstanding term of the obligations (years) as at valuation date is 12.85 years.

(₹ In Lakhs)

	Cash flows (₹)	Distribution (%)
Expected cash flows over the next (valued on undiscounted basis):		
1st Following Year	10.34	1.30%
2nd Following year	9.54	1.20%
3rd Following Year	27.76	3.50%
4th Following Year	11.44	1.40%
5th Following Year	11.74	1.50%
Sum of years 6 to 10	82.81	10.40%

The future accrual is not considered in arriving at the above cash-flows.

The expected contribution for the next year is ₹ 45.65 Lakhs.

(c) Other long term employee benefits

The liability for compensated absences as at the year ended 31 March 2020 is Nil and as at year ended 31 March 2019 is ₹ 15.84 Lakhs.

NOTE 40. FINANCIAL INSTRUMENT AND FAIR VALUE MEASUREMENT

A. Accounting classifications and fair values

The carrying amount and fair value of financial instruments including their levels in the fair value hierarchy presented below:

(₹ In Lakhs)

As at 31 March 2020	Carrying amount			Fair value			Total
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	
Financial assets measured at fair value							
Loans	-	333,776.56	-	-	-	333,776.56	333,776.56
	-	**333,776.56**	**-**				
Financial assets not measured at fair value[1]							
Cash and cash equivalents	102,446.81	-	-				
Bank balance other than cash and cash equivalents	190.55	-	-				
Investment in subsidiary	2,217.26	-	1,032.77	-	-	3,693.64	3,693.64
Investment in debt securities	500.00	-	-				
Security deposits	70.39	-	-	-	-	66.53	66.53
Interest accrued but not due on loans and advances	8,795.62	-	-				
Interest accrued but not due on bank deposits	31.31	-	-				
Interest accrued but not due on investments	2.77	-	-				
	114,254.71	**-**	**1,032.77**				
Financial liabilities not measured at fair value[1]							
Trade payables	753.08	-	-				
Debt securities	5,989.18	-	-	-	-	6,248.02	6,248.02
Borrowings (other than debt securities)	252,021.34	-	-	-	-	252,942.36	252,942.36
Other financial liabilities	90,693.87	-	-				
	349,457.47	**-**	**-**				

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(₹ In Lakhs)

As at 31 March 2019	Carrying amount			Fair value			Total
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	
Financial assets measured at fair value							
Loans	-	321,853.69	-	-	-	321,853.69	321,853.69
	-	**321,853.69**	**-**				
Financial assets not measured at fair value[1]							
Cash and cash equivalents	35,577.06	-	-				
Bank Balance other than cash and cash equivalents	1,278.75	-	-				
Investment in subsidiary	2,227.05	-	-	-	-	2,780.51	2,780.51
Security deposits	56.88	-	-	-	-	50.35	50.35
Interest accrued but not due on loans and advances	3,305.63	-	-				
Interest accrued but not due on bank deposits	48.59	-	-				
	42,493.96	**-**	**-**				
Financial liabilities not measured at fair value[1]							
Trade payables	553.36	-	-				
Debt securities	5,981.78	-	-	-	-	6,027.90	6,027.90
Borrowings (other than debt securities)	195,982.99	-	-	-	-	196,409.27	196,409.27
Other financial liabilities	72,419.32	-	-				
	274,937.45	**-**	**-**				

[1] The Company has not disclosed the fair values for cash and cash equivalents, bank balances, investment in debt securities, interest accrued but not due on loans and advances, bank deposits and investment, trade payables and other financial liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.

Reconciliation of level 3 fair value measurement is as follows:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
i) Loans		
Balance at the beginning of the year	321,853.69	254,628.00
Gain included in OCI		
- Net change in fair value (unrealised)	658.09	(993.77)
Addition during the year	236,141.96	267,246.57
Amount derecognised / repaid during the year	(217,603.41)	(193,806.13)
Amount written off	(7,273.77)	(5,220.98)
Balance at the end of the year	333,776.56	321,853.69

Sensitivity analysis

(₹ In Lakhs)

	Amount, net of tax	
	Increase	Decrease
31 March 2020		
Loans		
Interest rates (1% movement)	(164.89)	165.08
Investment in OCPS of subsidiary		
Interest rates (1% movement)	0.09	(0.09)
31 March 2019		
Loans		
Interest rates (1% movement)	(145.15)	145.33

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

B. Measurement of fair values

i) Financial instruments - fair value

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurement).

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.

ii) Transfers between levels I and II

There has been no transfer in between level I and level II.

iii) Valuation techniques

Loans

The Company has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last seven days of the year end which is an unobservable input and therefore these has been considered to be fair valued using level 3 inputs.

Security deposits

The Company has fair valued the security deposit using normal market rate of interest as on relevant date using discounted cash flow model.

Investments

The Company has taken NAV of subsidiary company as on the latest available reporting date for computation of fair value of equity investment in subsidiary. For fair value of investment in OCPS of subsidiary, the Company has used market rate of interest and applied discounted cash flow model.

Debt securities and borrowings

The Company has computed fair value for debt securities and borrowings using normal market rate of interest as on relevant date using discounted cash flow model.

NOTE 41. CAPITAL

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

NOTE 41.1 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.

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.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 41.2 REGULATORY CAPITAL

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Tier 1 Capital	96,237.33	86,412.19
Tier 2 Capital	6,712.87	5,445.51
Total Capital	**102,950.20**	**91,857.70**
Risk weighted assets		
Tier 1 Capital Ratio (%)	29.88%	27.40
Total Capital Ratio (%)	31.97%	29.13

Tier 1 capital consists of shareholders' equity and retained earnings excluding unrealised gain but including unrealised loss. Tier 2 capital consists of ECL on stage 1 and subordinated debt (subject to prescribed discount rates and not exceeding 50% of Tier 1).

NOTE 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

NOTE 42.1 CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

(a) Loans and advances

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

The Company's exposure to credit risk for loans and advances by type of counterparty is as follows:

(₹ In Lakhs)

	Carrying Amount	
	As at 31 March 2020	As at 31 March 2019
Retail assets loans	136,498.04	149,497.09
RAC loans	197,278.52	172,356.60
Total	**333,776.56**	**321,853.69**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

(i) Staging:

As per the provision of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the days past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months provision
1-30 Days	Stage 1	12 Months provision
31-60 Days	Stage 2	Lifetime provision
61-90 Days	Stage 2	Lifetime provision
90+ Days	Stage 3	Lifetime provision

(ii) Grouping:

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:

a. TW loan
b. SME loans
c. SRTO loan
d. MSME loan
e. Retail asset channel loans

(iii) ECL:

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

a. Marginal probability of default ("MPD")
b. Loss given default ("LGD")
c. Exposure at default ("EAD")
d. Discount factor ("D")

For RAC loan portfolio, the Company has developed internal rating based approach for the purpose of ECL. The credit rating framework of the Company consists of various parameters based on which RAC loan portfolio is evaluated and credit rating is assigned accordingly. The credit rating matrix developed by the Company is validated in accordance with its ECL policy.

The Company has developed its PD matrix based on the external benchmarking of various external reports, ratings & Basel norms. This PD matrix is calibrated with its historical data and major events on regular time interval in accordance with its ECL policy.

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from internal data of the Company calibrated with forward looking macroeconomic factors.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Company has worked out on PD based on the last five years historical data.

Marginal probability:

The PDs derived from the Vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: upside (11%), downside (21%) and base (68%). This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

LGD:

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. Company has considered workout LGD approach. The following steps are performed to calculate the LGD:

1) Analysis of historical credit impaired accounts at cohort level.
2) The computation consists of five components, which are:
   a) Outstanding balance (POS)
   b) Recovery amount (discounted yearly) by effective interest rate.
   c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using effective interest rate.
   d) Collateral (security) amount

The formula for the computation is as below:

% Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS)
% LGD = 1 – recovery rate

For RAC loan portfolio, the LGD has been considered based on Basel-III Framework (International Regulatory Framework of Banks) for all the level of credit rating portfolio.

EAD:

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. Company has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments.

Company has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. The exposure at default is calculated for each product and for various DPD status after considering future expected assignment which is not at risk. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. Further, the stage 3 EAD for the purpose of the ECL computation is considering when loan became Stage 3 for the first time (for retail loans)."

Discounting:

As per Ind AS 109, retail ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

ECL computation:

Conditional ECL at DPD pool level was computed with the following method:

Conditional retail ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

Conditional RAC ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt)"

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

For RAC loan portfolio, the Company has calculated ECL based on borrower wise assessment of internal credit rating as per the framework of the Company, while for retail loan portfolio, the same has been calculated on collective basis.

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Stage 1	0.68%	0.36%
Stage 2	20.13%	11.19%
Stage 3	30.28%	20.59%
Amount of expected credit loss provided for	**5,856.44**	**3,599.93**

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables.

(iv) Impact assessment on account of COVID-19

The current COVID -19 impact on economic growth of the country is difficult to predict and the extent of negative impact will mainly depend on the future developments in containment of COVID-19, which is highly uncertain. Existing ECL model of the Company was primarily based on historical experiences of the economic conditions, customer behaviour and related factors. Hence, the increased uncertainty about potential future economic scenarios and their impact on credit losses has necessitated to consider additional scenarios while measuring ECLs.

The Company has, based on current available information estimated and applied management overlays based on the policy approved by the Board of Directors for the purpose of determination of the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered internal and external information including credit reports and economic forecasts. Accordingly, the provision for expected credit loss on financial assets as at 31 March 2020 aggregates ₹ 5,856.45 Lakhs (as at March 31 2019, ₹ 3,599.93 Lakhs) which includes potential impact on account of the pandemic of ₹ 2,033.18 Lakhs. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate.

The extent to which the COVID-19 pandemic will impact future results of the Company will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial statements and the Company will continue to closely monitor any material changes to future economic conditions, which will be given effect to in the respective future period.

(b) Cash and cash equivalent and bank deposits

Credit risk on cash and cash equivalent and bank deposits is limited as the Company generally invests in term deposits with banks which are rated AA- to AA+, based on external credit rating agencies.

NOTE 42.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Company manages its liquidity by unutilised cash credit facility, term loans and direct assignment.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of the Company, as on 31 March 2020 is 31.97% against regulatory norms of 15%. Tier I capital is 29.88% as against requirement of 10%. Tier II capital is 2.09% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

The total cash credit limit available to the Company is ₹ 1,79,500 Lakhs spread across 18 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

Majority of the Company's portfolio is MSME loans which qualifies as Priority Sector Lending. Over the years, the Company has maintained around 35% to 40% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Company. This further strengthens the liability management.

The table below summarises the maturity profile of the undiscounted cashflow of the Company's financial liabilities:

(₹ In Lakhs)

	1 day to 30 days (1 month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
As at 31 March 2020									
Debt securities	-	-	129.64	131.07	529.29	6,753.92	-	-	7,543.92
Borrowings	3,525.93	5,717.38	8,048.20	14,937.02	155,308.64	68,742.00	13,943.09	2,552.05	272,774.31
Trade payable	354.41	-	20.70	152.54	225.43	-	-	-	753.08
Lease liability	9.10	8.69	8.04	23.96	45.42	60.75	3.80	-	159.76
Other financial liabilities	30,951.14	842.06	2,107.42	7,246.50	19,293.12	26,543.70	2,949.73	613.75	90,547.42
As at 31 March 2019									
Debt securities	-	-	129.64	131.07	531.10	2,771.78	4,764.74	-	8,328.33
Borrowings	2,735.65	2,085.22	125,943.91	9,505.87	18,559.27	48,821.55	258.55	104.90	208,014.92
Trade payable	553.36	-	-	-	-	-	-	-	553.36
Other financial liabilities	20,267.55	599.65	1,690.23	5,617.04	5,722.57	33,278.05	4,720.59	523.64	72,419.32

NOTE 42.3 MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

The sensitivity analysis have been carried out based on the exposure to interest rates for lending and borrowings carried at variable rate.

(₹ In Lakhs)

	Year ended 31 March 2020	
Change in interest rates	50 bp increase	50 bp decrease
Variable rate lending	197,278.52	197,278.52
Impact on profit for the year	986.39	(986.39)
Variable rate borrowings	236,070.42	236,070.42
Impact on profit for the year	(1,180.35)	1,180.35

B. Foreign currency risk

The Company does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect the Company.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 43. REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to profit and loss account:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Type of income		
Services charges	1,163.19	873.63
Others	406.01	479.72
Total revenue from contracts with customers	**1,569.20**	**1,353.35**
Geographical markets		
India	1,569.20	1,353.35
Outside India	-	-
Total revenue from contracts with customers	**1,569.20**	**1,353.35**
Timing of revenue recognition		
Services transferred at a point in time	1,569.20	1,353.35
Services transferred over time	-	-
Total revenue from contracts with customers	**1,569.20**	**1,353.35**

NOTE 44. EVENTS AFTER THE REPORTING PERIOD

Ind AS 10 'Events after the Reporting Period', requires an entity to evaluate information available after the balance sheet date to determine if such information constitutes an adjusting event, which would require an adjustment to the financial statements, or a non-adjusting event, which would only require disclosure.

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. RBI vide its notification bearing no. RBI/2019-20/244DOR.No.BP.BC.71/21.04.048/2019-20 COVID-19 Regulatory Package dated 23 May 2020 have permitted to grant further moratorium of three months on the payment of all principal amounts and/or interest, as applicable, falling due between 1 June 2020 and 31 August 2020 to its borrowers. The same is considered as non-adjusting event.

NOTE 45. PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED / RECLASSIFIED, WHEREVER FOUND NECESSARY, TO CONFORM TO CURRENT YEAR CLASSIFICATION.

In terms of our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
MAS Financial Services Limited

Sameer Mota
Partner
Membership No: 109928

Darshana S. Pandya
(Director & Chief Executive Officer)
(DIN - 07610402)

Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)

Riddhi B. Bhayani
(Company Secretary & Compliance Officer)
(Membership No: A41206)

Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)

Mumbai
3 June 2020

Ahmedabad
3 June 2020