

Ref: STEC NSE/BSE 101/2020

July 6, 2020

The Secretary,  
**BSE Ltd**  
P J Towers,  
Dalal St,  
Mumbai 400 001

The Manager  
**National Stock Exchange of India Ltd**  
Exchange Plaza, 5th Floor  
Plot No.C/1, G Block  
Bandra- Kurla Complex Bandra (E)  
Mumbai 400 051

Sir,

**ISIN – INE722A01011**

**Ref: Scrip Code: BSE – 532498 and NSE – SHRIRAMCIT**

As required under Regulation 34 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, please find enclosed the Annual Report of the Company for the financial year ended March 31, 2020 alongwith the 34<sup>th</sup> Annual General Meeting (“AGM”) Notice together with the explanatory statement which is being sent to the members of the Company by electronic mode.

The 34<sup>th</sup> AGM of the Company will be held on Friday, July 31, 2020 at 10.00 am IST at Chennai through Video Conferencing / Other Audio Visual Means.

We request you to kindly take the above information on records.

Thanking you,

Yours faithfully,  
For Shriram City Union Finance Limited,

  
C R Dash  
Company Secretary



Encl:a..a

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**Shriram City Union Finance Limited**

Business Solution Centre, 144, Santhome High Road, Mylapore, Chennai – 600 004. Ph: +91 44 4392 5300, Fax: +91 44 4392 5430

Regd. Office: 123, Angappa Naicken Street, Chennai - 600 001. Ph : +91 44 2534 1431

E-mail : shriramcity@shriramcity.in Website : www.shriramcity.in  
Corporate Identification Number (CIN) L65191TN1986PLC012840

**SHRIRAM CITY UNION FINANCE LIMITED**

CIN: L65191TN1986PLC012840

Regd. office: 123, Angappa Naicken Street, Chennai 600 001,  
Tamil Nadu. Telephone No + 91 44 2534 1431

Secretarial Office: 144, Santhome High Road, Mylapore, Chennai-600 004.

Telephone No +91 44 4392 5300

Website: www.shriramcity.in ; Email: sect@shriramcity.in

**NOTICE OF THE THIRTY FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS**

Notice is hereby given to the members of Shriram City Union Finance Limited, Corporate Identification Number - L65191TN1986PLC012840 ("Company") that Thirty Fourth Annual General Meeting ("AGM") of the members of the Company will be held on Friday, July 31, 2020 at 10 a m IST through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") at Chennai to transact the following business.

**ORDINARY BUSINESS:****Item no - 1: Adoption of standalone financial statements**

To receive consider and adopt the audited standalone financial statements of the Company for the financial year ended March 31, 2020 together with the Reports of the Board of Directors and Auditors thereon.

**"RESOLVED THAT** the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Board of Directors and the Auditors thereon be and are hereby considered and adopted."

**Item no - 2: Adoption of consolidated financial statements**

To receive consider and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2020 together with the report of the Auditors thereon.

**"RESOLVED THAT** the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020, together with the Report of the Auditors be and are hereby considered and adopted."

**Item no - 3 : Declaration of dividend**

To confirm the declaration /payment of interim dividend @ ₹ 6.00 per equity share of ₹ 10 each of the Company.

**"RESOLVED THAT** the Members of the Company record and confirm payment of Interim Dividend of ₹ 6 (Rupees six only) per equity share of face value of ₹ 10 each aggregating to an amount of ₹ 39,59,76,132/- (Rupees Thirty nine crores fifty nine lacs seventy six thousand one hundred and thirty two) including total dividend distribution tax amount of ₹ 8,13,94,058 (Rupees Eight crores thirteen lacs ninety four thousand and fifty eight), for the financial year ended March 31, 2020 paid on November 18, 2019.

**Item no - 4 : Remuneration of Auditors**

To fix remuneration of Auditors of the Company.

**"RESOLVED THAT** pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), and the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment thereof, for the time being in force, the Company fixes the remuneration of Auditors of the Company for FY 2020-2021, M/s G.D.Apte & Co, Chartered Accountants, Firm Registration No-100515W ("GDA") who were appointed as the Auditors of the Company to hold office from the conclusion of the 31st Annual General Meeting till the conclusion of the 36th Annual General Meeting to an amount totalling to ₹ 30,25,000 /- (Rupees Thirty lacs and twenty five thousand only) excluding reimbursement of expenses, applicable taxes, remuneration for other services provided and subject to deduction of applicable taxes at source as recommended by the Audit and Risk Management Committee to the Board of Directors in consultation with M/s G.D. Apte & Co."

**Item no - 5 : Director retires by rotation**

To consider and if thought fit, to pass the following resolution as an ORDINARY RESOLUTION

To appoint a Director in place of Sri Shashank Singh (holding Director Identification Number 02826978) who retires by rotation under Section 152 (6) of the Companies Act, 2013 and being eligible seeks re-appointment.

**"RESOLVED THAT** the approval of members of the Company be and hereby accorded, pursuant to Section 152 and other applicable provisions of Companies Act, 2013 to the re-appointment of Sri Shashank Singh (holding Director Identification Number 02826978) as a Director liable to retire by rotation."

**SPECIAL BUSINESS:****Item no - 6 : Appointment of Sri Ignatius Michael Viljoen (DIN – 08452443) as a Non Independent Director**

To consider and if thought fit, to pass the following resolution as an ORDINARY RESOLUTION.

**"RESOLVED THAT** pursuant to the provisions of section 149, 161 and all other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Articles of Association of the Company and Regulation 19 (4) read with

Part D of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, regulations, notifications and circulars of Reserve Bank of India and other applicable laws, Sri Ignatius Michael Viljoen (Director Identification Number - 08452443), who was appointed as an Additional Director of the Company with effect from July 29, 2019 by the Board of Directors pursuant to Section 161 of the Act and as recommended by the Nomination and Remuneration Committee and who holds office only upto the date of the ensuing Annual General Meeting of the Company and in respect of whom the Company has received notice in writing from a member under Section 160 of the Act proposing the candidature of Sri Ignatius Michael Viljoen for the office of Director be and is hereby appointed as a Non Executive, Non-Independent Director of the Company liable to retire by rotation."

**Item no - 7 : Appointment of Sri Debendranath Sarangi (DIN – 01408349) as an Independent Director**

To consider and if thought fit, to pass the following resolution as a SPECIAL RESOLUTION.

**"RESOLVED THAT** pursuant to the provisions of section 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Articles of Association of the Company and Regulation 19 (4) read with Part D of Schedule II of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, as amended from time to time, Sri Debendranath Sarangi (Director Identification Number - 01408349) as recommended by the Nomination and Remuneration Committee and by the Board of Directors and who has declared his independence in terms of Section 149 (6) of the Act and Regulation 16 (1) (b) of LODR and expressed his desire to act as a Director for second term and in respect of whom the Company has received notice in writing from a member under Section 160 of the Act, proposing the candidature of Sri Debendranath Sarangi for the office of Director be and is hereby appointed as a Non-Executive, Independent Director of the Company to hold office for the second term upto March 31, 2025, not liable to retire by rotation.

**Item no - 8 : Appointment of Ms Maya S Sinha (DIN – 03056226) as an Independent Director**

To consider and if thought fit, to pass the following resolution as a SPECIAL RESOLUTION.

**"RESOLVED THAT** pursuant to the provisions of section 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Articles of Association of the Company and Regulation 19 (4) read with Part D of

Schedule II of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, as amended from time to time, Ms Maya S Sinha (Director Identification Number - 03056226) as recommended by the Nomination and Remuneration Committee and the Board of Directors and who has declared her independence in terms of Section 149 (6) of the Act and Regulation 16 (1) (b) of LODR and expressed her desire to act as a Director for second term and in respect of whom the Company has received notice in writing from a member under Section 160 of the Act, proposing the candidature of Ms Maya S Sinha for the office of Director be and is hereby appointed as a Non-Executive, Independent Director of the Company to hold office for the second term upto March 31, 2025, not liable to retire by rotation."

**Item no - 9 : Borrowing Powers of the Board**

To consider and if thought fit, to pass the following resolutions as SPECIAL RESOLUTION(S).

**"RESOLVED THAT** in supersessions of the Special resolutions passed at the Thirty third Annual General Meeting of the Company held on July 29, 2019 and pursuant to Section 180 (1) (c), 42, 62, 71 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and relevant Rules prescribed under the Act, (including any statutory modifications and re-enactment thereof for the time being in force) applicable regulations of Securities and Exchange Board of India, Reserve Bank of India and any other applicable regulations, if any, the approval of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called "Board", which term shall be deemed to include any duly authorised Committee thereof, which the Board may have constituted or hereinafter constitute from time to time by whatever name called to exercise its power including the power conferred by this resolution) to borrow for the purpose of the business of the Company from time to time any sum(s) of money(s), long term or short term, fund based or non-fund based, in Indian Rupee or in any foreign currency, unsecured or secured by mortgage, charge, hypothecation, lien, pledge or otherwise of the Company's assets and properties for and on behalf of the Company by way of loan(s), financial assistance(s), commercial paper(s), senior note(s), rupee denominated bonds, off shore markets, issuance of bond(s) in whatever name called from bank(s), banking company(ies), financial institution(s), body (ies) corporate(s), person(s) **AND** by way of invitation, offer, issue and allotment of redeemable non convertible debenture(s), subordinated debt(s), security(ies), debt security(ies), bond(s), any paper(s) convertible or non convertible or partly convertible at premium or at discount, in one or more tranches on private placement basis as well as by public issue from any or all the Entity(ies) [the term "Entity" shall be deemed to include, individuals, persons, Banks, Institutional Investors, Foreign Institutional Investors ("FIIs"), Foreign Portfolio Investors ("FPIs"), Qualified Institutional Buyers ("QIBs"), Financial Institutions ("FIs"), Statutory Corporations, Statutory Bodies, Trusts, Provident Funds, Pension Funds, Superannuation

Funds, Gratuity Funds, Alternate Investment Funds, Insurance Companies, Companies, Societies, Educational Institutions, Association of Persons, Body of Individuals, Scientific and Research Organisations/Associations, Partnerships, Firms, Limited Liability Partnerships, Resident Individuals, Non Resident Individuals ("NRIs"), High Net worth Individuals ("HNIs"), Hindu Undivided Families ("HUFs"), Shareholders, Members, Employees, Director(s)/Key Managerial Personnel(s) ("KMP"), Relation(s) of Director(s)/ KMP(s), Related Party(ies) any person/institution as the Board may decide from time to time] separately or any combination thereof by any permissible methods as the Board may decide including but not limited to shelf prospectus, prospectus, information memorandum, shelf disclosure document, offer document, any other document or otherwise **AND** by way of acceptance of deposits/loans from any or all of the Entity(ies) referred above, any combination thereof **AND** by way of any other permissible instruments or methods of borrowings on such terms and conditions as the Board may deem fit notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company, apart from temporary loans obtained and/or to be obtained from the Company's bankers in the ordinary course of business will or may exceed the aggregate of the paid up share capital, free reserves and securities premium of the Company so that the total amount borrowed and outstanding at any point of time shall not exceed ₹ 40,000 crores (Rupees Forty thousand crores).

**RESOLVED FURTHER THAT** for the purpose of giving effect to the foregoing resolution and without being required to seek further consent or approval of the Members or otherwise for this purpose that they shall be deemed to have given their approval thereto expressly by authority of this resolution, the Board be and is hereby authorised to do all acts, deeds, matters and things to give full effect to the aforesaid resolution, settle and clarify any question or difficulty, finalise the form, content, extent and manner of documents and deeds, whichever applicable and execute all deeds, documents, instruments and writing, for the purpose mentioned in the aforesaid resolution in consultation with the Entities referred in aforesaid resolution and for reserving the aforesaid right."

By Order of the Board  
 For Shriram City Union Finance Limited

Place : Chennai  
 Date : June 11, 2020

**C R Dash**  
 Company Secretary

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

### Item No 6

Sri Ignatius Michael Viljoen (DIN-08452443), was appointed as an Additional Director by the Board in accordance with the Articles of Association and Section 161 of the Act with effect from July 29, 2019. As per Section 161 of the Act, Sri Ignatius Michael Viljoen holds office upto the date of the Thirty fourth AGM. The Board of Directors of the Company based on the recommendation of the Nomination and Remuneration Committee, performance evaluation carried out during his directorship in the Company, appointed Sri Ignatius Michael Viljoen (DIN – 08452443) as an Additional Director with effect from July 29, 2019. The Company has received requisite notice in writing from a member under Section 160 of the Act signifying the candidature of Sri Ignatius Michael Viljoen to be appointed as a Non-Executive and Non Independent Director liable to retire by rotation. Sri Ignatius Michael Viljoen has consented to and declared himself as qualified for such appointment, if made. He meets the criteria as mentioned in the Policy for Appointment Remuneration and Diversity of board and the regulations of RBI including fit and proper criteria for directorship as prescribed under Master Direction - Non-Banking Financial Company - Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. Sri Ignatius Michael Viljoen possesses requisite knowledge, experience and skill for the position of Director. The Board on receipt of the said notice from a member and on the recommendation of it's Nomination and Remuneration Committee and subject to approval of members in this AGM has accorded its consent, to appoint Sri Ignatius Michael Viljoen as a Non-Executive and Non Independent Director liable to retire by rotation.

The profile and other directorships of Sri Ignatius Michael Viljoen are as under.

Sri Ignatius Michael Viljoen joined Sanlam Capital Markets in 2003 as a senior credit analyst and was subsequently appointed as a South Africa-focused credit portfolio manager, a position he held from 2008 to 2013. He was involved in the management of Sanlam Capital Markets' Africa (excluding South Africa) credit portfolio from 2013, a role which included the establishment of Sanlam Africa Credit Investments Limited, a Mauritius-domiciled corporate loan fund focusing on providing loans to corporates and financial institutions, operating in Sub Saharan Africa. He is the senior portfolio manager and a director at Sanlam Credit Fund Advisor Proprietary Limited. He served as a member of the Sanlam Capital Markets Sub-Cred Committee, a management sub-committee of the Sanlam Group's Central Credit Committee, from December 2010 to June 2016. In 2019 he was appointed as the credit portfolio manager at Sanlam Pan Africa Portfolio Management. He serves on a number of Boards and is a member of the Botswana Insurance Fund Management Limited



Credit Committee. Prior to joining Sanlam he was employed at ABSA Bank and the Standard Bank of South Africa. He has a Masters Degree in Economics from the University of the Free State in South Africa. Sanlam Emerging Markets (Mauritius) Limited (Sanlam) in exercise of its right pursuant to shareholders agreement entered among Sanlam, Shriram Ownership Trust and Shriram Financial Ventures (Chennai) Private Limited has nominated Sri Ignatius Michael Viljoen to hold office of Non-Executive Non-Independent Director on the Board of directors of the Company vide their letter.

The Board considers his appointment as director in the Company will be beneficial in view of his knowledge and experience in the areas of Financial, Human Resource, Management, Leadership. His directorship is in the interest of the Company.

He holds directorships in 1. M/s Sanlam Credit Fund Advisor (Pty) Limited, 2. M/s Shriram Transport Finance Company Limited, 3. M/s Letshego Holdings Limited, 4. M/s African Life Holdings Limited, 5. M/s African Life Financial Services Zambia Ltd and 6. M/s Aflife Properties Limited. His Chairmanship/ Membership of the Committees of other Companies in which he is a Director are Member – Investment Committee – M/s Sanlam Credit Fund Advisor (Pty) Limited.

Further details required under Regulation 36 (3) of the Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 (General Meeting on appointment and re-appointment of Directors) are provided in Annexure.

Except Sri Ignatius Michael Viljoen, no other Director, Key Managerial Personnel of the Company and their relatives thereof are interested or concerned financial or otherwise in the proposed resolution. He is not related to any director, inter se of the Company and does not hold any share in Company. The Board of Directors recommend passing of the resolution set out in Item No - 6 of the Notice.

#### **Item No. 7**

Sri Debendranath Sarangi was appointed as an Independent and Non Executive Director for a period of 5 years by the members of the Company at the Annual General Meeting of the Company held on July 28, 2015. The Board of Directors of the Company based on the recommendation of the Nomination and Remuneration Committee, performance evaluation carried out during his directorship in the Company, appointed Sri Debendranath Sarangi (DIN – 01408349) as a Director for second term in accordance with the Articles of Association, Policy on Appointment Remuneration and Diversity of Board and applicable provisions of Companies Act from July 28, 2020. Sri Debendranath Sarangi holds office upto July 27, 2020. Sri Debendranath Sarangi is eligible to be appointed as an Independent Director for second term upto five consecutive years as per Section 149 (10) of the Companies Act, 2013. The Company has received requisite notice in writing from a member under Section 160 (1) of the Act signifying the candidature of Sri Debendranath Sarangi to be appointed

as an Independent Director not liable to retire by rotation. Sri Debendranath Sarangi has consented by way of form DIR-2 (in terms of Rule 8 of the Companies Appointment & Qualification of Directors Rules 2014) to act as a Director, if appointed. He has declared himself as not being disqualified by way of form DIR-8 yearly disclosure and for such appointment. Sri Sarangi has declared that he meets the criteria of independence prescribed under Regulation 16 (1) (b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 (“LODR”) and RBI regulations. Sri Debendranath Sarangi is independent of the management, possesses requisite knowledge, experience and skill for the position of Director and fulfils the condition for appointment as an independent director as specified in the Act and the LODR. Sri Debendranath Sarangi meets the criteria of fit and proper for directorship as prescribed under Master Direction - Non-Banking Financial Company - Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The Board on receipt of the said notice from a member and on the recommendation of it's Nomination and Remuneration Committee and subject to approval of members in this AGM, has accorded its consent, to appoint Sri Debendranath Sarangi as Non-Executive and Independent Director not liable to retire by rotation for second term of 5 years upto March 31, 2025. He would continue on the Board as a director based on his performance evaluation.

The Board considers the continuance of his directorship in the Company will be of immense benefit to the Company in view of his knowledge and experience in the areas of Regulatory affairs, Planning, Decision making, Human Resource Management, Leadership. His directorship is in the interest of the Company.

Copy of the draft appointment letter to Independent Director(s) stating the terms and conditions of appointment in the Company as an independent director would be available on the website of the Company at [https://www.nseprimeir.com/z\\_SHRIRAMCIT/pdf-files/Terms\\_and\\_conditions\\_of\\_appointment\\_of\\_Independent\\_Directors.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/pdf-files/Terms_and_conditions_of_appointment_of_Independent_Directors.zip)

The profile and other directorships of Sri Debendranath Sarangi are as under.

Sri Debendranath Sarangi (holding Director Identification Number 01408349) holds M A (Political Science) from the University of Delhi and M Sc (Economics) from the University of Swansea U K. Sri Sarangi is an IAS (1977 Batch), Tamilnadu cadre.

Sri Sarangi started his career in Indian Administrative Service (IAS), Tamilnadu Cadre as a Sub-Collector & retired as Chief Secretary, Govt of Tamilnadu. He also acted as the Advisor to the Government of Tamilnadu for few months after his retirement as Chief Secretary. In his 35 years of career as

an IAS, he held the positions of Additional Secretary/ Joint Secretary/ Deputy Secretary in various departments of Govt of Tamilnadu i.e. Food & Civil Supplies Co-operation, Transport, Revenue, Labour & Employment, Housing & Urban Development, Small Industries (now called as MSME), Forest & Environment, Youth Affairs & Sports. He also held positions of Commissioner of Commercial Taxes, Chairman of Tamilnadu Industrial Development Corporation, Chairman of State Transport Corporations in Tamilnadu (7 such corporations in the state).

He was the key person in making and implementation of policies for housing, urban transportation, airport, seaport, railway modernisation, urban planning, urban infrastructure investment, SEZ promotion, investment through joint venture, labour and factory laws, revenue rules, provisions regarding land acquisition & compensation fixation, rehabilitation of the affected.

He holds directorships in : 1. M/s Etica Developers Pvt Limited, 2. M/s Rohini Industrial Electricals Limited, 3. M/s Southern Petrochemical Industries Corporation Limited, 4. M/s Tamilnadu Petroproducts Limited, 5. M/s Universal Comfort Products Limited and 6. M/s Voltas Limited. His Chairmanship/ Membership of the Committees of other Companies in which he is a Director are Member – Audit Committee, Nomination & Remuneration Committee - M/s Rohini Industrial Electricals Limited, Member – Audit Committee – M/s Voltas Limited, Member – Risk Management Committee – M/s Voltas Limited and Member – Audit Committee – M/s Universal Comfort Products Ltd.

Further details required under Regulation 36 (3) of the (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Secretarial Standard 2 (General Meeting on appointment and re-appointment of Directors) are provided in Annexure.

Except Sri Debendranath Sarangi, no other Director, Key Managerial Personnel of the Company and their relatives thereof are interested or concerned financial or otherwise in the proposed resolution. He is not related to any director, inter se of the Company and does not hold any share in Company. The Board of Directors recommend passing of the resolution set out in Item No -7 of the Notice.

#### **Item No.8**

Ms Maya S Sinha was appointed as an Independent and Non Executive Director for a period of 5 years by the members of the Company at the Annual General Meeting of the Company held on July 28, 2015. The Board of Directors of the Company based on the recommendation of the Nomination and Remuneration Committee and performance evaluation carried out during her directorship in the Company, appointed Ms Maya S Sinha (DIN – 03056226) as Director for second term in accordance with the Articles of Association, Policy on Appointment Remuneration and Diversity of Board and applicable provisions of the Companies Act, from July 28, 2020. Ms Maya S Sinha holds office upto July 27, 2020. Ms Maya S Sinha is eligible to be appointed as an Independent

Director for second term upto five consecutive years as per Section 149 (10) of the Companies Act, 2013. The Company has received requisite notice in writing from a member under Section 160 (1) of the Act signifying the candidature of Ms Maya S Sinha to be appointed as an Independent Director not liable to retire by rotation. Ms Maya S Sinha has consented by way of form DIR-2 (in terms of Rule 8 of the Companies Appointment & Qualification of Directors Rules 2014), declared herself as not being disqualified by way of form DIR-8 yearly disclosure and for such appointment declared and has declared that she meets the criteria of independence prescribed under Regulation 16 (1) (b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("LODR") and RBI regulations. Ms Maya S Sinha is independent of the management, possesses requisite knowledge, experience and skill for the position of Director and fulfils the condition for appointment as an independent director as specified in the Act and the LODR. Ms Maya S Sinha meets the criteria of fit and proper for directorship as prescribed under Master Direction - Non-Banking Financial Company - Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The Board on receipt of the said notice from a member and on the recommendation of it's Nomination and Remuneration Committee and subject to approval of members in this AGM, has accorded its consent, to appoint Ms Maya S Sinha as an Independent Director not liable to retire by rotation for second term of 5 years upto March 31, 2025. She would continue on the Board as a director based on her performance evaluation.

The Board considers the continuance of her directorship in the Company will be beneficial in view of her knowledge and experience in the areas of Financial, Regulatory affairs, Business analysis, Investor Servicing. Her directorship is in the interest of the Company.

Copy of the draft appointment letter to Independent Director(s) stating the terms and conditions of appointment in the Company as an independent director would be available on the website of the Company at [https://www.nseprimeir.com/z\\_SHRIRAMCIT/pdf-files/Terms\\_and\\_conditions\\_of\\_appointment\\_of\\_Independent\\_Direcors.zip](https://www.nseprimeir.com/z_SHRIRAMCIT/pdf-files/Terms_and_conditions_of_appointment_of_Independent_Direcors.zip)

The profile and other directorships of Ms Maya S Sinha are as under.

Ms Maya S Sinha (holding Director Identification Number 03056226) is a graduate B A (Honours) in Economics and Mathematics from Lady Shri Ram College, Delhi University and holds a Masters' degree from the Delhi School of Economics, Delhi University specialised in Econometrics, Monetary Finance and Public Economics. She is founder Director of Clear Maze Consulting (Pvt) Limited, which is a consultancy firm in the area of PPPs since July 2013. She is also the Founder Director of M/S CMC Skills Pvt Ltd, engaged in the implementation of Govt funded and CSR funded projects for Skill Development. Prior to commencing her entrepreneurial

journey, Mrs Sinha was a member of the IRS, 1981 Batch. She took VRS in 2010. In her almost 30 year career in the Govt of India, she served for about 23 years in the Income Tax Dept. She worked for a considerable time in the Investigation Wing in New Delhi and Mumbai, apart from handling assessment and appeals of large corporates.

She was on deputation as the Commissioner of Khadi and Village Industries Commission, a Govt of India Undertaking engaged in employment generation through promotion of rural entrepreneurship. Her last assignment before taking VRS was as Deputy Chairman of the Jawaharlal Nehru Port Trust. From June 2010 to June 2013 she was Executive Director of M/s Core Education and Technologies Limited ("CETL") a listed company, engaged in providing technology based solutions to educational institutions in the areas of Teaching, Learning, Assessment and Governance. CETL had grown fast globally both inorganically and organically under her leadership.

Ms Maya S Sinha serves on the Boards of following Companies.

1. M/s Clear Maze Consulting Private Limited, 2. M/s Shreyas Shipping and Logistics Limited 3. M/s CMC Skills Private

Limited 4. M/s Airasia (India) Limited, 5. M/s Mitcon Megaskill Centres Pvt Limited, 6. M/s Tata Boeing Aerospace Limited, 7. M/s Tata Advanced Systems Limited, 8. M/s Eternal Building Assets Pvt Limited, 9. M/s Prabhat Properties Pvt Limited and 10. M/s Tata Lockheed Martin Aero Structures Limited. Her Chairmanship/ Membership of the Committees of other Companies in which she is a Director are Member – Corporate Social Responsibility Committee - M/s Shreyas Shipping and Logistics Limited.

Further details required under Regulation 36 (3) of the (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Secretarial Standard 2 (General Meeting on appointment and re-appointment of Directors) are provided in Annexure.

Except Ms Maya S Sinha, no other Director, Key Managerial Personnel of the Company and their relatives thereof are interested or concerned financial or otherwise in the proposed resolution. She is not related to any director, inter se of the Company and does not hold any share in Company. The Board of Directors recommend passing of the resolution set out in Item No - 8 of the Notice.

# ANNEXURE

Information required under Regulation 36 (3) of the LODR & SS2

<b>Name of the Director</b>	<b>Sri Shashank Singh</b>	<b>Sri Ignatius Michael Viljoen</b>	<b>Sri Debendranath Sarangi</b>	<b>Ms Maya S Sinha</b>
Citizenship	Indian	South African	Indian	Indian
Date of Birth/ Age	June 3, 1976/43 yrs	January 14, 1973/47 yrs	January 1, 1953/67 yrs	March 9, 1959/61 yrs
DIN	02826978	08452443	01408349	03056226
Date of first appointment on the Board of Directors	October 28, 2015	July 29, 2019	January 29, 2015	May 28, 2015
Qualifications	MBA from Harvard Business School, an MA in Economics from Cambridge University	Bachelor of Economics, Bachelor of Economics (Honours) and Master of Economics	M.A. (Political Science), M.Sc (Economics) from University of Swansea, U K	M.A.(Econometrics, Monetary Finance and Public Economics )
Nature of Expertise in specific functional areas	Financial, Regulatory affairs, Business analysis, Investor Servicing.	Financial, Capital Market/ Treasury, Risk Management Human Resource, Management, Leadership.	Regulatory affairs, Planning, Decision making, Human Resource Management, Leadership	Financial, Regulatory affairs, Business analysis, Investor Servicing.
Number of Meetings attended	5 out of 5 meetings	3 out of 3 meetings held from his date of appointment	5 out of 5 meetings	5 out of 5 meetings
Shareholding in the Company	Nil	Nil	Nil	Nil
Remuneration Paid during FY20 (₹ in lacs)	N A	N A	7.5	4.5
Remuneration payable (₹ in lacs)	N A	N A	As per Policy on Appointment, Remuneration and Diversity of the Board	

Number of Meetings attended: Number of Board Meetings of the Company attended during FY20. FY20: Financial year ending March 31, 2020. During FY20, there were five meetings of the Board of Directors of the Company held.



**Item No: 9**

The Company is a Non-Banking Finance Company engaged in providing retail and business loans. Borrowing is one of the source of funding for the Company. At the Thirty third AGM held on July 29, 2019 Board of Directors was authorised under Section 180 (1) (c) of the Act to borrow upto a limit of ₹ 40,000 crores apart from temporary loans obtained/to be obtained from the bankers (by way of cash credit limits and working capital demand loans) in the ordinary course of business. Section 180 (1) (c) of the Act provides that the Board of Directors of a Company shall only with the consent of the Company by a special resolution borrow money together with money already borrowed (apart from temporary loans obtained and /or to be obtained from Company's bankers in ordinary course of business) in excess of share capital, free reserves and securities premium. In addition to the Act, Regulations of SEBI and Regulations of RBI may apply for borrowing. The expression temporary loans for this purpose means loans payable on demand or within six months from date of loan such as short term, cash credit arrangements, the discounting of bills, etc.

The borrowings may be done under different methods as it depends upon different factors at the time of borrowing including Public Issue of NCDs/Securities. The Board proposes to have the borrowing limits at ₹ 40,000 crores with no increase in the borrowing limits as approved by the members in the 33rd Annual General Meeting of the Company apart from the temporary loans obtained/to be obtained from the Company's bankers in the ordinary course of business. The Company will continue to maintain capital adequacy ratio, which is related to borrowings, as per the regulatory requirement of the Reserve Bank of India.

As per Section 180 (1) (c) of the Act, the approval of Members is required to borrow funds exceeding aggregate of paid up capital, free reserves and securities premium of the Company. The borrowings are proposed to be not exceeding ₹ 40,000 crores, which is in excess of the limit set under Section 180 (1) (c) of the Act. Different borrowings may be with different terms and conditions. Each borrowing would have terms and conditions. The availing of borrowings type of borrowing, the lender to borrow from, the amount of borrowing within the specified limit, time of borrowing, terms and conditions of each borrowing and other matters related thereto are proposed to be left to the Board and Committee or any person authorized by the Board/ Committee. The Borrowings would require execution of different agreements with the LENDER(S) by the Company. LENDER(S) would require securities for such borrowings. The securities to be offered are expected to be 1.25 times of the borrowings, which would amount to ₹ 50,000 crores in favour of the LENDER(S). The securities offered by the Company for such borrowings may require registration of charge with Registrar of Companies or any other authority or Government. The borrowings and creation or registration of charge would require different documents to be executed with such LENDER(S) by the Company. The documents to be executed for the purpose may contain a provision to take over the substantial assets of the Company in certain events.

As per Circular no. SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018 issued by the Securities and Exchange Board of India ("SEBI Circular"), a Large Corporate is mandatorily required to raise at least 25% of its incremental borrowing during the financial year subsequent to the financial year in which it is identified as a Large Corporate, by way of issuance of debt securities. The Company is a Large Corporate and thus the Circular of SEBI for this applies to the Company. The Company is required to file an initial disclosure and annual disclosure to this effect with Exchanges every financial year before April 30 every year. The timeline for filing these declarations was extended till June 30 on account of COVID – 19 lockdown. These confirmation would be filed in due course. The incremental borrowing may be in excess of prescribed limit depending upon the growth of business of the Company. The Company may also issue the NCDs at discount or premium depending upon debt market conditions prevailing on the date of issue of the NCDs and relevant regulatory requirements, i.e. number of ISINs maturing per financial year. The funds raised through proceeds of the issue of NCDs will be utilized for various financing, lending, and investments, repaying the existing liabilities/loans, business operations, capital expenditure, working capital requirements, issue expenses and general corporate purposes of the Company and for the purposes mentioned in the Shelf Prospectus, Prospectus, Tranche Prospectus, Shelf Disclosure Document, Information Memorandum and any other document under which issue is made. Further, passing of this resolution is also necessary in order to enable the Company to comply with the SEBI Circular.

None of the Directors, Key Managerial Personnel of the Company and their relatives thereof are interested or concerned financial or otherwise in the proposed resolution except to the extent of their holdings in securities of the Company, if any. The Board of Directors recommend passing of the Resolution(s) set out in item no - 9 of the Notice as Special Resolution(s).

By Order of the Board  
 For Shriram City Union Finance Limited

Place : Chennai  
 Date : June 11, 2020

**C R Dash**  
 Company Secretary

**NOTES FORMING A PART OF THE NOTICE:**

1. The explanatory statement as required under Section 102 of the Companies Act, 2013 ("Act") with respect to ordinary/special business set out in item no.6 to 9 of the Notice is annexed hereto.
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA circulars") permitted the holding of the Annual General Meeting ("AGM") through VC/OVAM without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"),

SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 ("LODR") and MCA circulars, the AGM of the Company will be held through VC/OAVM.

3. As this AGM will be held through VC/OAVM pursuant to as per above said MCA Circulars the facility to appoint proxy(ies) to attend and cast vote for the members will not be available for this AGM and hence the proxy form and attendance slip are not annexed to this Notice.
4. Authorised representatives of corporate members are requested to send certified copies of such authorisation of their Board to the Company, authorising their representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting to the Scrutiniser by email at [sriram@prowiscorporate.com](mailto:sriram@prowiscorporate.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
5. Additional information, pursuant to Regulation 36 of the LODR in respect of the directors seeking appointment/re-appointment at the AGM forms a part of this Notice. The directors have furnished consent/declaration for their appointment/re-appointment as required under the Act and the Rules thereunder.
6. The Notice along with the Annual Report for the year ended March 31, 2020 will be sent to all the Members by electronic mode, whose names appear in the Register of Members as on June 30, 2020 in compliance with the MCA Circulars and SEBI Circular dated May 12, 2020. This Notice can be accessed on the web site of the Company at [https://nseprimeir.com/ir\\_download/PPN\\_Corp\\_Announcements/AGM\\_NOTICE\\_2020.pdf](https://nseprimeir.com/ir_download/PPN_Corp_Announcements/AGM_NOTICE_2020.pdf), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of CDSL <https://www.evotingindia.com>
7. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
8. The members can cast their votes by way of remote e-voting provided by the Company through CDSL in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date July 24, 2020. Any person, who acquires shares of the Company

and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [cdstd@integratedindia.in](mailto:cdstd@integratedindia.in). However, if he/she is already registered with CDSL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

9. Pursuant to section 91 of the Act and Regulation 42 of the LODR, the Register of Members and Share Transfer Books will remain closed from Saturday, July 25, 2020 to Friday, July 31, 2020 (both days inclusive) for the purpose of AGM.
10. Please update Bank Account numbers, Income Tax Permanent Account Number ("PAN") and other details by submitting the relevant documents to your DP or RTA.
11. As per Regulation 40 of SEBI LODR, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Shareholders holding shares in physical form under multiple folios are requested to consolidate their holdings in a single folio enabling the Company to serve effectively.
12. Please address all correspondence including dividend matters to the RTA.
13. Pursuant to the provisions of section 124 and 125 of the Companies Act, 2013, the dividends which remain unclaimed for a period of 7 years will be transferred by the Company to the "Investor Education and Protection Fund" ("IEPF") established by the Central Government as and when they fall due for transfer. Shareholders who have not encashed their dividend warrants/payment instrument(s) so far are requested to make their claim to the RTA before transfer to IEPF. The following table shows the details of due date of transfer of unclaimed dividend to IEPF.

Year ending on March 31	Due Date of Transfer to IEPF		Year ending March 31	Due Date of Transfer to IEPF	
	Final Dividend	Interim Dividend		Final Dividend	Interim Dividend
2013	August 30, 2020		2017	August 4, 2024	December 1, 2023
2014	September 1, 2021	November 30, 2020	2018	August 27, 2025	December 4, 2024
2015	September 1, 2022	December 5, 2021	2019	September 2, 2026	November 29, 2025
2016	September 2, 2023	December 4, 2022	2020		November 29, 2026

The company is required to transfer the shares to IEPF Authority, the shares in respect of which the dividend is not claimed/ remains unpaid for seven consecutive years or more and such dividend/shares can be claimed by respective members from IEPF authority by following the prescribed procedures.

14. Members can update their nominations by submitting respective forms to RTA or respective DP as the case may be.
15. Since the AGM will be held through VC/OAVM, the route map is not furnished in this Notice.
16. Shareholders seeking any information with regard to accounts are requested to write to the Company Secretary of the Company at the Secretarial Office of the Company at least 7 days in advance of the date of the AGM, so as to keep the information ready at the AGM.
17. The members, who have casted their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again.
18.
  - i. Members who are holding shares in physical form and have not registered their email address with the company, may get the same registered by providing necessary details like Folio No, Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN), Aadhar (self attested scanned copy) to the email address of the Company/RTA.
  - ii. Members who are holding shares in Demat form: and have not registered their email address, may get the same registered by providing details like demat account details (CDSL – 16 digit beneficiary ID or NSDL – 16 digit DP ID+ Client ID), Name, client master or copy of consolidated account statement, PAN (self attested scanned copy of PAN), Aadhar (self attested scanned copy) to the email address of the Company/RTA. However, Members holding shares in demat mode are requested to contact their Depository Participant (DP) for updation of their email ID in their demat account permanently.
19. The remote e-voting period shall commence from Tuesday, July 28, 2020 at 10 a m and shall close of Thursday, July 30, 2020 at 5 p m. During this period of remote e-voting, the Members of the Company, as on July 24, 2020 i.e. cut-off date, holding shares either in physical form or in dematerialized form may cast their vote electronically. The remote e-voting module will be disabled for voting thereafter. Those members who will attend the AGM through VC/OAVM facility and have not casted their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in live streaming session during the AGM.
20. If any votes are cast by the shareholders through remote e-voting and if same shareholders have participated in the meeting through VC/OAVM, then cast their votes during the live session of AGM then the votes cast by such shareholder through remote e-voting shall be considered valid and the vote casted at the live session of the AGM shall be considered invalid.
21. Sri P Sriram (Membership No FCS 4862) a practicing Company Secretary, Chennai as consented by him was appointed by the Company as the scrutiniser for conducting the e-voting process in accordance with the provisions of law and rules made thereunder in a fair and transparent manner.
22. In order to e-vote, you need to Log in and then vote. The followings state the Login process.
  - (i) Log on to the e-voting website : [www.evotingindia.com](http://www.evotingindia.com)
  - (ii) Click on “Shareholders/Member” tab.
  - (iii) Enter following user ID and the Capcha  
NSDL Demat account holder (8 character DP ID followed by 8 digit client ID), CDSL Demat account holder (16 digit beneficiary ID), shares held in physical form (EVSN followed by registered folio number with the Company)
  - (iv) Enter your Password (existing password if already registered for e-voting, PAN and Bank Account Number or Date of Birth if e-voting for first time with password of your choice in the new password field). For PAN, please enter your 10 digit alpha-numeric PAN issued by Income Tax / Reference Number provided in the communication sent to shareholders. Kindly note that the Members who have not updated their PAN with the Company/ Depositories are requested to use the Reference Number which has been generated by using first two letters of their name followed by a 8 digit number.  
If Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system
  - (v) After entering these details appropriately, click on “SUBMIT” tab.
  - (vi) Click on the number below EVSN for Shriram City Union Finance Limited.
  - (vii) Resolution Description, Choice etc. will be displayed. Against each resolution both the choices “YES/NO” would be there for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - (viii) Click on the “Resolutions File Link” for resolution details, if you desire.
  - (ix) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else click on “CANCEL” and modify your vote.
  - (x) After “CONFIRM” the vote on the resolution will not be allowed to modify.

- (xi) "Click here to print" option will print voting done.
- (xii) Votes can also be casted by using mobile app of CDSL by downloading mobile app from Google Play Store., Windows and Apple smart phones by following instructions as prompted therein.
- (xiii) Institutional Members (i.e. other than individuals, HUF, NRI etc.) who wish to cast their votes through remote e-voting should send a scanned copy of the Registration form bearing the stamp and signature of the authorized person of the entity, the list of accounts and scanned copy (PDF format) of the relevant Board Resolution and Power of Attorney (POA) etc to helpdesk.evoting@cdslindia.com.
- (xiv) You may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or by writing email to helpdesk.evoting@cdslindia.com or contact Sri Nitin Kunder (022- 23058738 ) or Sri Mehboob Lakhani (022-23058543) or Sri Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Sri Rakesh Dalvi, Manager (CDSL), Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai 400 013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

- (xv) The Scrutiniser shall after the conclusion of the voting at the AGM, first count the votes casted during the AGM, thereafter unblock the votes casted through remote e-voting and make not later than 48 hours of conclusion of the AGM, Scrutiniser's Report to the Chairperson or a person authorised by him.
23. The results of the voting along with the report of the Scrutiniser would be declared by displaying it on the website of the Company on or before August 2, 2020 and will also be intimated to Stock Exchanges after declaration of results.

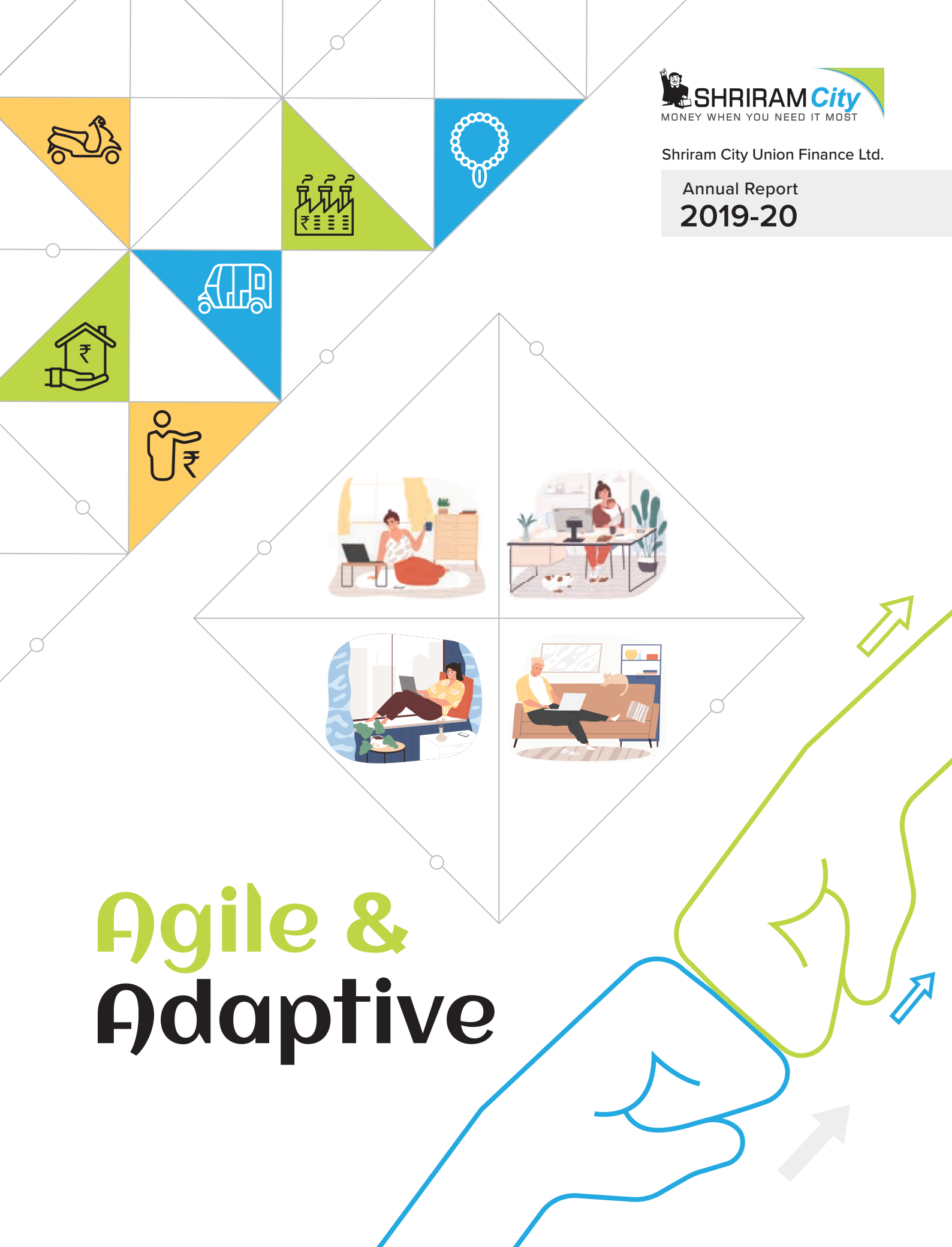
#### INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THOROUGH VC/OVAM ARE AS UNDER

1. Shareholders will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/ Members login where the EVSN of the Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. The members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the meeting by following procedure mentioned in the Notice. The facility of participating the AGM through VC/OAVM will be made available to members on first come first served basis.
6. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to meeting i.e. (on or before July 20, 2020) from their registered email id mentioning their name, demat account number/folio no, PAN, mobile no at sect@shriramcity.in. Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance at least 10 days prior to meeting mentioning the their details at sect@shriramcity.in. These queries will be replied to by the Company suitably at the live session of the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

By Order of the Board  
For Shriram City Union Finance Limited

Place : Chennai  
Date : June 11, 2020

**C R Dash**  
Company Secretary



**Agile &  
Adaptive**



## Across the pages

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Please find our online version at  
<https://www.shriramcity.in/investors/index>



Or simply scan  
to download

### KPIs of 2019-20:

₹ **29,085.20**  
crores

\*AUMs

₹ **3,747.08**  
crores

\*\*NII

**20.07** %

Yield

**7.63** %

Pre-Provision Profits

#### Investor information

Market Capitalisation as at March 31, 2020	₹ 4,940 crores
CIN	L65191TN1986PLC012840
BSE Code	532498
NSE Symbol	SHRIRAMCIT
Bloomberg Code	SCUF:IN
Dividend Declared and paid	₹ 6 per share
AGM Date	July 31, 2020

#### Disclaimer

This document contains statements about expected future events and financials of Shriram City Union Finance Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis of this Annual Report.

# The current crisis has tested the resilience of organisations the world over.

It has tested the agility and the adaptability of the business models and operating cultures, with significant importance on the technology quotient.

The theme for this year best defines the Company:

## Agile & Adaptive

Shriram City's decades of experience, differentiated business model, strong network, comprehensive product suite, prompt customer service orientation and execution-oriented team mindset are the key enablers for the Company to adapt the evolving new normal.

While we delivered consistent performance, we continued with our digital transformation, making us more stronger and more agile, and allowing us to perform at our full potential despite challenging work environment.

₹ **5,887.29**  
crores

Total Income

₹ **1,355.00**  
crores

Profit Before Tax

**12.77** %

Net Interest Margin

**4.23** %

\*\*\*Net NPA

**27.69** %

Capital Adequacy Ratio

\*Assets Under Management

\*\*Net Interest Income

\*\*\*Non-Performing Asset

# Agile & Adaptive Organisation

**Shriram City Union Finance (Shriram City), is a part of country's premier financial service chain Shriram Group. It offers wide gamut of products through a strong delivery network.**

Shriram City, since the time it came into being, in the year 1986, has always been at the forefront in serving financial needs of the customers across rural and semi-urban areas. It continues to be most preferred NBFC led by its decades of experience and expertise that enables them to comprehend the financing needs of the customers.

The Company offers a comprehensive range of products, specialising in retail financing that are best aligned with requirement of the customers. It comprises Small and Medium Enterprise (MSME) loans, two-wheeler loans, gold loans and personal loans, among others. With its cutting-edge technology, wide distribution network and energetic workforce, the Company continues to stay ahead of competition.



# What made us agile and adaptive?

- ▶ Market leadership in the under-served retail segment
- ▶ Strong parentage and established track record
- ▶ Diversification-led growth
- ▶ Sound balance sheet with adequate liquidity
- ▶ State-of-the-art technology
- ▶ Competent workforce
- ▶ Digitalisation
- ▶ Cashless collection and disbursement

₹ **22,711.64**  
crores

Total Loan Disbursed  
in 2019-20

**947**

Total Branches as on  
March 31, 2020

**41 Lacs**

Active Customer Base  
as on March 31, 2020

**28,699**

Employee Strength  
as on March 31, 2020

## Vision

- ▶ Serving the underserved
- ▶ Creating value at the bottom of the pyramid

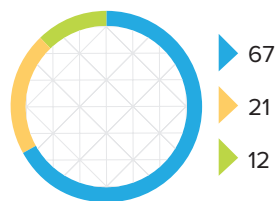
## Mission

Striving to serve the largest number of common people through quality non-banking financial services.

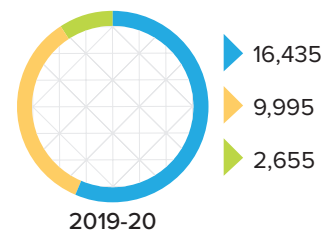
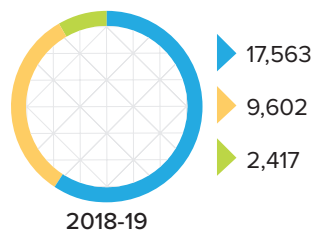
## Geographic break up of:

▶ South ▶ West ▶ North

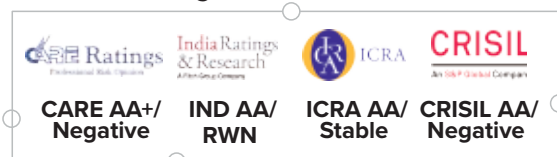
## Branch Network (%)



## AUMs (₹ in crores)

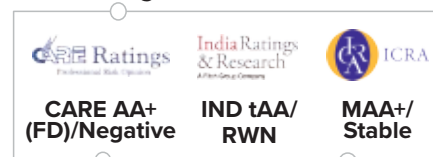


## Credit ratings

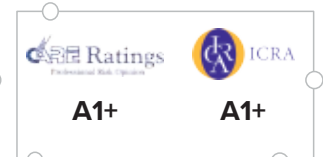


## Long Term

## FD ratings



## Short Term





# Being Agile & Adaptive through well-diversified product offerings

The well diversified  
portfolio of AUMs  
has led us to deliver  
steady results.







₹ **29,085.20**  
crores  
AUMs in 2019-20

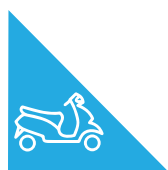


## MSME Financing

The Company is one of the leading small enterprise  
finance company in the small loans segment.

**57** %  
AUM

	<b>Year of Establishment:</b>	2006
	<b>Target Audience:</b>	Caters to underbanked and unbanked micro, small and medium enterprises, out of which 85% of the loans are collateralised
	<b>Footprints:</b>	Strong foothold in Andhra, Telangana, Tamil Nadu and Maharashtra
	<b>Ticket Size:</b>	₹ 10 to 15 lacs
	<b>Tenor:</b>	36 to 60 months
	<b>Yield Band:</b>	14-22%



## Two-Wheeler Loans

The Company leads this segment with 20% market share.

**21** %  
AUM

	<b>Year of Establishment:</b>	2002
	<b>Target Audience:</b>	Provides loans majorly to self-employed customers in rural and semi-urban markets
	<b>Footprints:</b>	Established market leadership in South with penetration into newer geographies across West, North and Central India
	<b>Ticket Size:</b>	₹ 40,000 to 45,000
	<b>Tenor:</b>	24 to 30 months
	<b>Yield Band:</b>	21-26%
	<b>Loan-to-Value (LTV):</b>	75%





## Loan Against Gold

The Company offers product through existing regional network, infrastructure and systematised controls.

# 11 %

AUM



<b>Year of Establishment:</b>	2007
<b>Target Audience:</b>	Provides gold loans to individuals who do not have access to formal loan.
<b>Footprints:</b>	Recognized player in Tamil Nadu, Maharashtra, Telangana, Andhra Pradesh and Karnataka
<b>Ticket Size:</b>	₹ 40,000 to 50,000
<b>Tenor:</b>	Upto 12 months
<b>Yield Band:</b>	14-18%
<b>Loan-to-Value (LTV):</b>	75%



## Personal Loans

The Company offers personal loans to salaried and self-employed individuals.

# 6 %

AUM



<b>Year of Establishment:</b>	2002
<b>Target Audience:</b>	Cross-sell products to the existing customers with good credit score for improved operating leverage and as well all the 2-wheeler customers.
<b>Footprints:</b>	Strong foothold in Andhra, Telangana, Tamil Nadu and Maharashtra
<b>Ticket Size:</b>	₹ 75,000
<b>Tenor:</b>	18 to 36 months
<b>Yield Band:</b>	22-28%



## Auto Loans

The Company does relationship-based lending to existing and past customers.

# 5 %

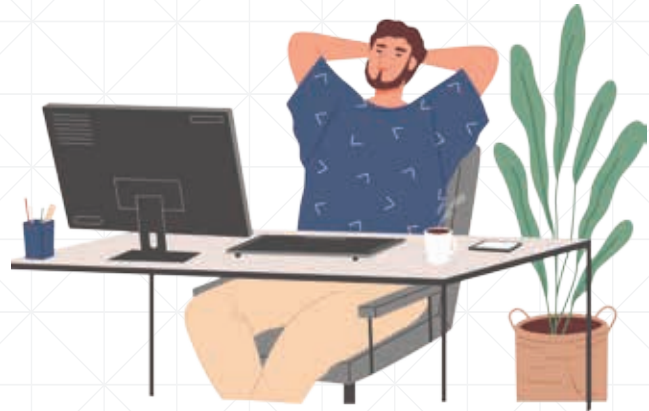
AUM



<b>Year of Establishment:</b>	2006
<b>Target Audience:</b>	Offers finance for purchasing new and used passenger and commercial vehicles
<b>Footprints:</b>	Telangana, Andhra Pradesh, Maharashtra and Tamil Nadu
<b>Ticket Size:</b>	₹ 1.25 to 1.5 lacs
<b>Tenor:</b>	24 to 48 months
<b>Yield Band:</b>	18-24%
<b>Loan-to-Value (LTV):</b>	60-80%

# Being Agile & Adaptive with robust processes and technologies

**The Covid-19 has impacted drastically the way the organisation functions. Our agile and adaptive nature is further backed by strong processes and continuous technology transformation.**



Our robust and secure processes aid in de-risking the portfolio amidst increasing formal credit penetration in the market. Our adaptive credit assessment models further augment business processes, leading to lower NPAs and better liquidity position.

Technology continues to play a bigger role in helping enterprises to adapt the new technologies differentiating themselves. During the year, we undertook the following steps on technology which kept us more agile amidst the pandemic:

### IT infra enhancements

- ▶ Installed VDI solutions in the employees' devices, enabling work from remote locations any time
- ▶ Provided end point devices like laptops/thin clients (hard drive where customers data is stored) and Wi-Fi facilities to the employees for smooth work from home
- ▶ Protected all the devices with Endpoint Detection and Response (EDR) and Next Gen Anti-malware solutions to ensure data protection from malware attack
- ▶ Configured e-mail gateways with threat prevention solutions to quarantine costly breaches caused by advanced attacks
- ▶ Monitored branch network and firewall & ISPs across India through automated tool
- ▶ Tracked logs and monitored events occurred in server and firewall through SIEM tool
- ▶ Reduced physical servers by adopting server virtualisation solution (VMware)

### Integration with BBPS (Bharat Bill Payment system)

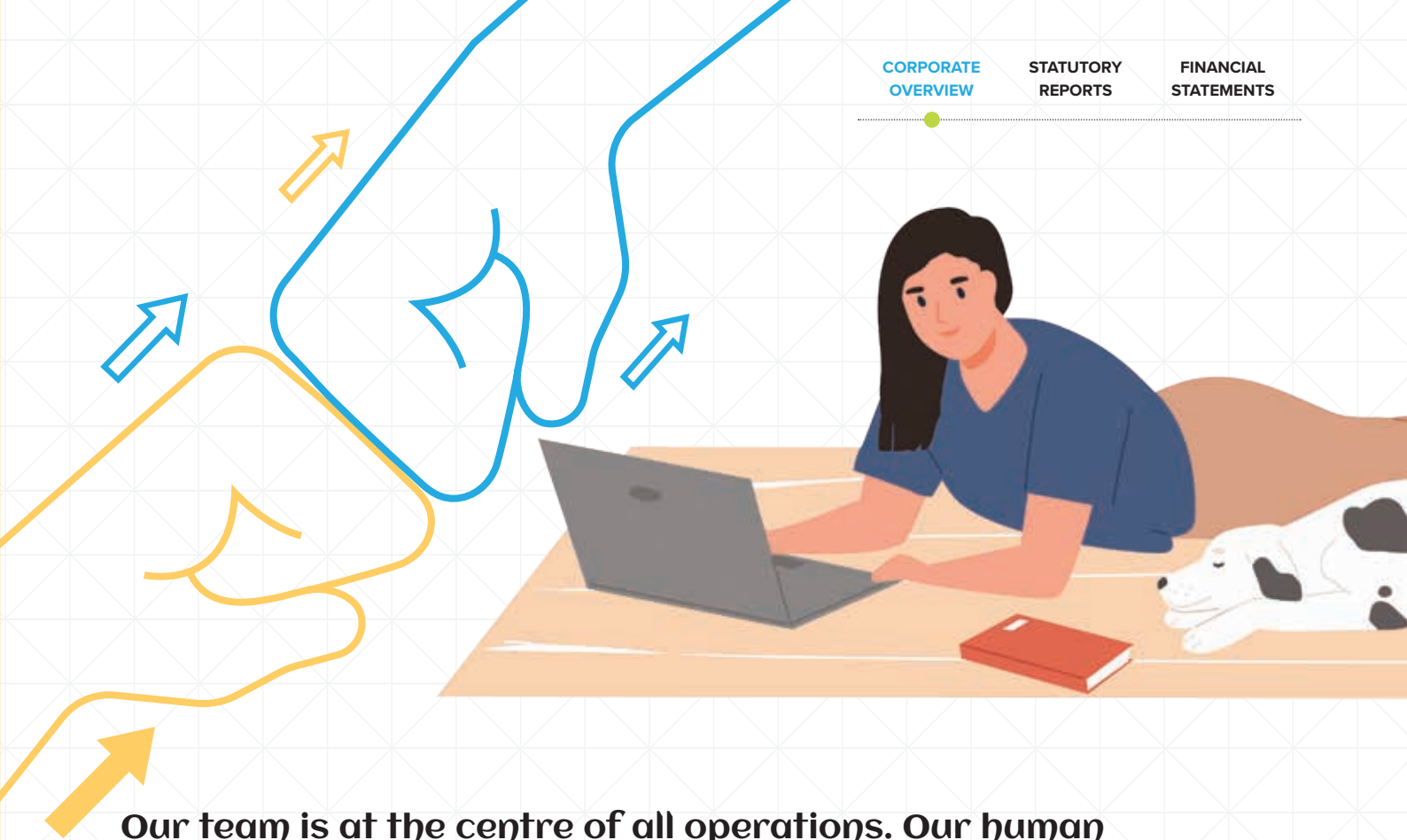
An end-to-end simple, secure, configurable and robust utility bill payment system which allows customers/corporates to make bill payment anytime, from anywhere with instant confirmation of payment through seamless integration with multiple billers. We have partnered with leading banks

to offer our customer seamless experience in making EMI payments. The customers can use their net banking credentials to directly transfer the money into our account, while using any leading payment wallet apps. We also tied up with leading banks to provide UPI facility.

### Documents Upload through Mobile

Customer were provided the facility of digitally uploading their data/documents on our document management system. A link was sent to customers through SMS, for uploading the required documents, which were then stored in our system.

# Being Agile & Adaptive through sustained team efforts



**Our team is at the centre of all operations. Our human resources practices form one of the key focus points of our success strategy. Our commitment remains strong to extend a safe working environment for our people. In response to the uncertainties presented by Covid-19, we managed to run the 'business-as-usual' by shifting gears and adopting work from home practices.**

Our emphasis on automation and digitalisation has further created opportunities for developing new skill sets. To that end, we helped our employees upgrade their skills through various training and development programmes. Some of the key initiatives during the year include:

- ▶ Enhanced existing HR systems and processes
- ▶ Adopted digital tools and enhanced employee skillsets through digital learning platforms for accelerated development
- ▶ Initiated programs to prepare the employees to manage the digital era and change in work styles

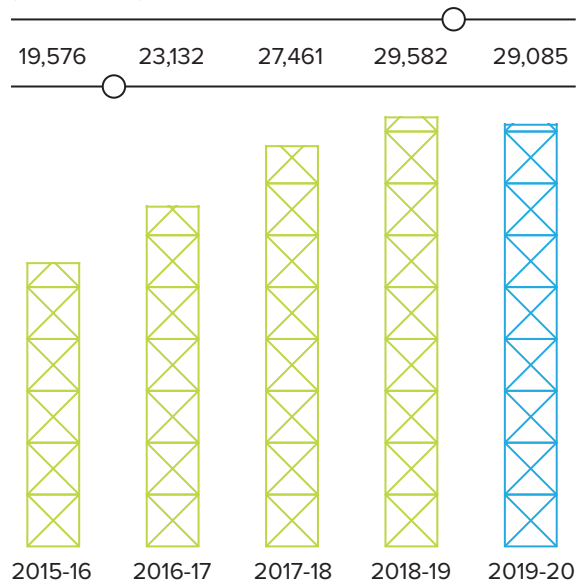
**Today, we have built a corporate culture that aims high and an organisation that can thrive amidst challenges. We are well-positioned to leverage the market opportunities of the future with right skill sets, capabilities, backed by technology, and serve our customers.**



# Financial Highlights

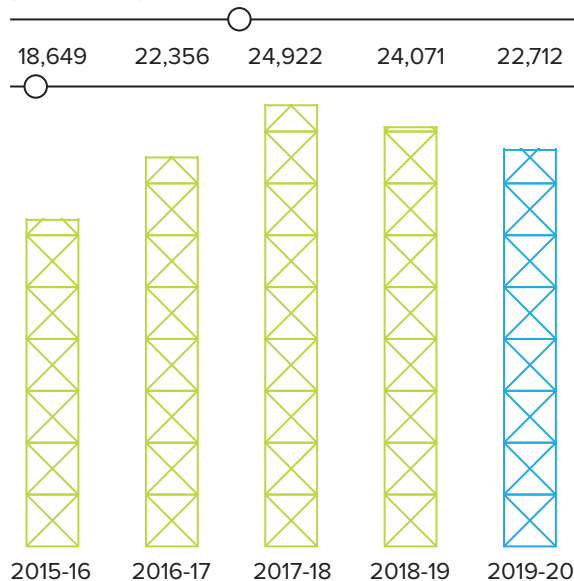
## Asset Under Management

(₹ in crores)



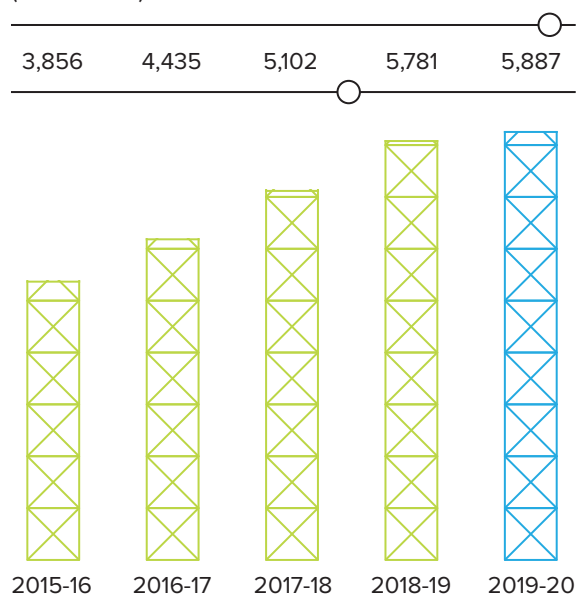
## Disbursement

(₹ in crores)



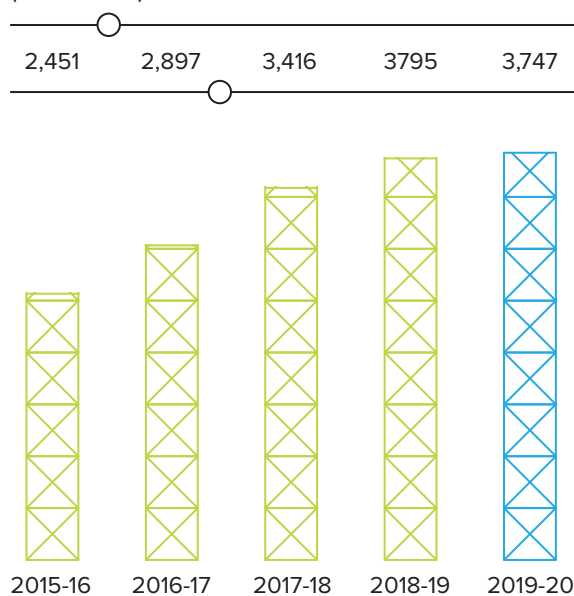
## Total Income

(₹ in crores)



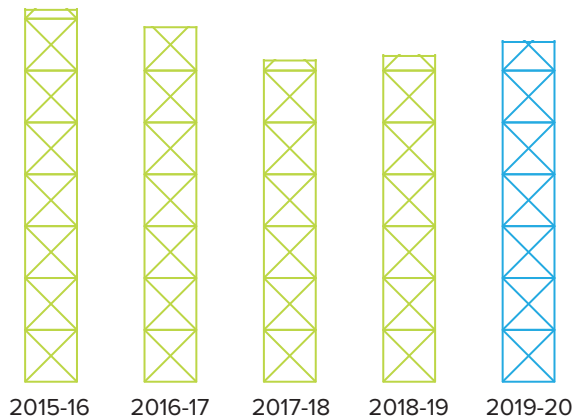
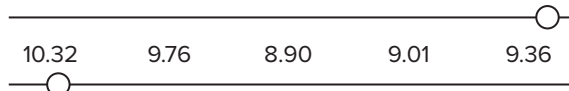
## Net Interest Income

(₹ in crores)

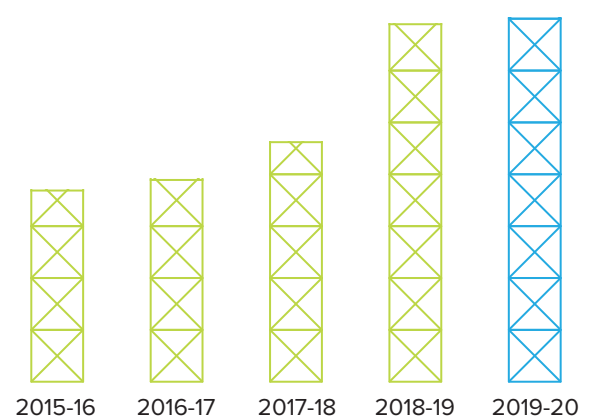


**Average Cost of Borrowing**

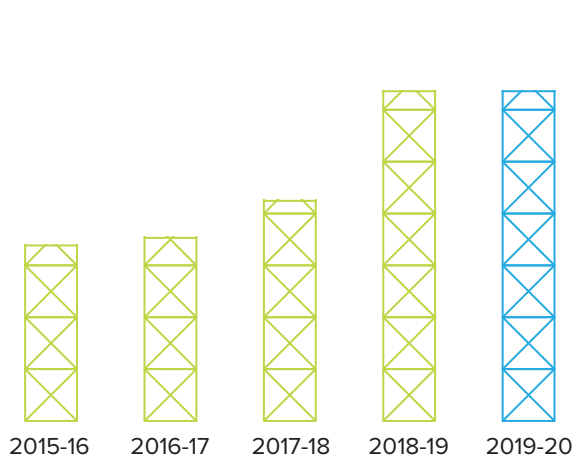
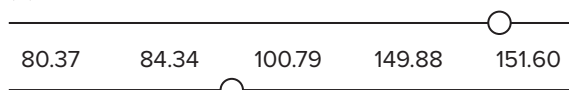
(%)

**PAT**

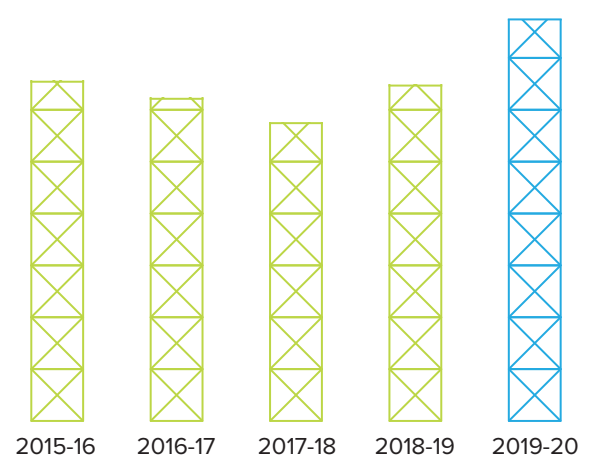
(₹ in crores)

**Earnings per Share**

(₹)

**Capital Adequacy Ratio Tier- I**

(%)



# Corporate Information

## ► Board of Directors

### **Sri Debendranath Sarangi**

Chairperson, Non-Executive, Independent

### **Sri Y S Chakravarti**

Managing Director and Chief Executive Officer\*, Executive, Non-Independent

### **Sri C R Muralidharan**

Director, Non-Executive, Independent

### **Sri Diwakar B Gandhi**

Director, Non-Executive, Independent

### **Sri Duruvasan Ramachandra**

Director, Non-Executive, Non Independent \*\*

### **Sri Gerrit Lodewyk Van Heerde**

Director, Non-Executive, Non-Independent (Retired and not re-appointed\*\*)

### **Sri Ignatius Michael Viljoen**

Additional Director, Non Executive, Non Independent\*\*

### **Ms Maya S Sinha**

Director, Non-Executive, Independent

### **Sri Pranab Prakash Pattanayak**

Director, Non-Executive, Independent

### **Sri Ranvir Dewan**

Director, Non-Executive, Non-Independent (resigned w.e.f. December 2, 2019)

### **Sri Shashank Singh**

Director, Non-Executive, Non-Independent

### **Sri Venkataraman Murali**

Director, Non-Executive, Independent

## ► Chief Financial Officer

### **Sri Ramasubramanian Chandrasekar**

## ► Company Secretary

### **Sri C R Dash**

\*with effect from July 1, 2019,

\*\* with effect from July 29, 2019

## ► Banks

Axis Bank Ltd.  
Bank of Baroda  
Bank of India  
Bank of Maharashtra  
Canara Bank  
DCB Bank Ltd  
ICICI Bank Ltd  
Indian Bank  
Indian Overseas Bank  
Indusind Bank Ltd.  
Kotak Mahindra Bank Ltd.  
Punjab National Bank  
RBL Bank Ltd  
SBM Bank (Mauritius) Ltd  
Standard Chartered Bank  
State Bank of India  
The Catholic Syrian Bank Ltd  
The Federal Bank Ltd  
The HDFC Bank Ltd.  
The Hongkong & Shanghai Banking Corporation Ltd  
The Lakshmi Vilas Bank Ltd  
The South Indian Bank Ltd  
Union Bank of India  
Canara Bank (Erstwhile Syndicate Bank)  
Indian Bank (Erstwhile Allahabad Bank)  
Punjab National Bank (Erstwhile Oriental Bank of Commerce)  
Union Bank of India (Erstwhile Andhra Bank)

## ► Institutions

Bajaj Finance Ltd  
National Bank for Agriculture and Rural Development  
Small Industries Development Bank of India

## ► Auditors

**G D Apte & Co.**  
Chartered Accountants  
GDA House, First Floor  
Plot No 85, Bhusari Colony (Right)  
Paud Road, Pune 411 038

## ► Listed at

BSE Limited  
National Stock Exchange of India Limited

## ► Registered Office

123, Angappa Naicken Street,  
Chennai 600 001  
Phone No. + 91 44 2534 1431

## ► Secretarial Office

No. 144, Santhome High Road,  
Mylapore, Chennai 600 004  
Phone No. + 91 44 43925300  
Fax No. + 91 44 43925430

## ► Share Transfer Agents

### **Integrated Registry Management Services Pvt Ltd**

2nd Floor, Kences Towers  
No. 1, Ramakrishna Street,  
Off North Usman Road, T. Nagar  
Chennai 600 017  
Phone No. + 91 44 2814 0801 – 03

## ► Debenture Trustees

### **IDBI Trusteeship Services Ltd**

Asian Building, Ground Floor  
17, R Kamani Marg, Ballard Estate  
Mumbai 400 001

### **Catalyst Trusteeship Ltd**

GDA House, First Floor  
Plot No 85, Bhusari Colony (Right)  
Paud Road, Pune 411 038

# REPORT OF THE BOARD OF DIRECTORS

To,

The Members of Shriram City Union Finance Limited

Dear Members,

The Board of Directors ("Board") is pleased to present this Report with the audited standalone as well as consolidated financial statements of the Company for the financial year ended March 31, 2020 ("FY20"). The consolidated financial statements presented pursuant to section 129 (3) of the Companies Act 2013 ("Act") and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR"). The report on corporate governance, management discussion and analysis and other annexures referred to form a part of this Report.

## 1. RESULTS OF OPERATION

The summary of standalone and consolidated financial performance of the Company for FY20 is as under. The details of financials are provided in the annual financial statements.

₹ in crores

Particulars	Standalone		Consolidated	
	Year Ended March 31		Year Ended March 31	
	2020	2019	2020	2019
<b>Total Income</b>	<b>5,887.29</b>	<b>5,781.30</b>	<b>6,239.30</b>	<b>6,047.60</b>
<b>Finance Charges</b>	2,140.21	1,986.19	2,303.02	2,112.15
<b>Depreciation</b>	82.16	31.20	89.58	33.53
<b>Total expenses</b>	<b>4,532.29</b>	<b>4,260.98</b>	<b>4,832.21</b>	<b>4,502.21</b>
<b>Profit before tax ("PBT")</b>	<b>1,355.00</b>	<b>1,520.32</b>	<b>1,406.48</b>	<b>1,545.39</b>
<b>Total Tax expenses</b>	<b>354.48</b>	<b>531.44</b>	<b>373.27</b>	<b>539.86</b>
<b>Profit after Taxation ("PAT")</b>	<b>1,000.52</b>	<b>988.88</b>	<b>1,033.21</b>	<b>1,005.53</b>
Paid up equity share capital (Face value of ₹ 10/- per share)	66.00	65.99	66.00	65.99
Earning per equity share (Face value of ₹ 10/- each)				
(i) Basic	151.60	149.88	154.95	151.83
(ii) Diluted	151.57	149.83	154.92	151.78
<b>Appropriation(s)/Transfers:</b>				
Profit available for appropriation	3,509.77	2,955.77	3,608.52	3,034.96
General reserve	(100.10)	(99.90)	(100.10)	(99.90)
Statutory reserve	(200.20)	(199.80)	(207.41)	(202.41)
Debenture redemption reserve	(29.31)	(3.66)	(29.31)	(3.66)

The Board at the meeting held on June 11, 2020 has proposed to transfer/carry amounts mentioned above to different reserves for FY20 in compliance with the requirements of regulations of Reserve Bank of India ("RBI") and the Act. No details for loans made, guarantee given or security provided in ordinary course of business as required under Section 186 of the Act are mentioned here as the Company being as NBFCs registered with the RBI is exempted from applicability of this. Loans, guarantees and investments forms a part of the Annual Financial Statements provided in this Annual Report. There were no material changes and commitments affecting financial position of the Company occurring between March 31, 2020 and the date of this report.

## REPORT OF THE BOARD OF DIRECTORS (Contd.)

### 2. DIVIDEND

The Board formulated Dividend Distribution Policy as required under LODR. This policy is attached as Annexure - 13 and is displayed on the website of the Company (web link : refer Table 1). Dividends are recommended and paid in line with the Dividend Distribution Policy of the Company. The Board in the meeting held on June 11, 2020 has proposed for no final dividend for the year. The table below shows the details of dividend for FY19 and FY20

Dividend on equity shares of ₹ 10 each	No of Shares	Per share (₹)	Dividend Payout Ratio (%)	Dividend Pay out (₹ in crores)	Date of payment
Interim (FY20)	6,59,96,022	6.00	4.77	47.74	November 18, 2019
<b>Total</b>		<b>6.00</b>		<b>47.74</b>	
Interim (FY19)	6,59,84,382	6.00	17.69	47.73	November 20, 2018
Final (FY19)	6,59,95,122	16.00		127.30	August 19, 2019
<b>Total</b>		<b>22.00</b>		<b>175.03</b>	

FY– Financial year ending March 31

Dividend payout is inclusive of dividend distribution tax. No of shares indicate the numbers of shares existed on respective record date for payment of dividend. There were no delay in payment of dividend/interim dividend during FY20. Considering the external factors like impact of COVID-19 and to retain the earnings in the business, the Board has not recommended final dividend and the interim dividend declared and paid shall be the dividend for the year.

### 3. CONTRACT OR ARRANGEMENT WITH RELATED PARTY AND ANNUAL RETURN

All the transactions during FY20 with related parties referred to in Section 188 of the Act, were on arm's length basis in ordinary course of business with requisite approval of the Audit and Risk Management Committee. The Company has formulated an approved policy on related party transactions, which is displayed on the web site of the Company (refer Table-1) in compliance with regulations of RBI, the Act and LODR. The details of and transactions with the related parties as required under Regulation 34(3) and 53(f) of the LODR appear in note no. 46 of the notes to financial statements. During FY20, the Audit and Risk Management Committee, approved the related party transactions requiring it's approval. The details of Related Party Transactions were filed with both BSE Ltd ("BSE") and National Stock Exchange of India Ltd ("NSE") on half yearly basis on or before the respective due dates during FY20. There were no material related party transactions during FY20 with promoters, directors, key managerial personnel or other designated persons in potential conflict with the interest of the Company at large and this information were filed with both BSE and NSE on quarterly basis on or before respective due dates during FY20. The extract of the Annual Return in the form MGT - 9 as required under Section 92 (3) and 134 (3) of the Act is attached to this Report as Annexure – 6 and is also displayed on the web site of the Company (refer Table -1)

### 4. STATE OF AFFAIRS

The Company is a deposit taking Non-Banking Finance Company ("NBFC") registered with the RBI. The Company provides loans to customers and has multiple product offering i.e. Enterprise Finance/MSME Finance, Two wheeler loans, Loan against Gold, Auto Finance, Personal loans. The Company also accepts and renews deposits from public and the same continued during FY20. There was no change in business of the Company during FY20. The business involves sourcing borrowers, understanding their loan requirement, providing them appropriate finance, documentation, recovery. The business outlets of the Company are concentrated in semi-urban and rural areas. Our customer centric approach continues to bring us more number of customers resulting in higher business. 14.90 lacs number of customers were added during FY20. Total number of customers and total number of branches/ business outlets were 40.75 lacs and 947 respectively as on March 31, 2020.

Total disbursements of loans under different products were 22,711.64 crores during FY20 (FY19 : ₹ 24,071.40 crores). Income from operations for the year grew by 1.8% to ₹ 5,884 crores (FY19: ₹ 5,779 crores) resulting in a profit before tax of ₹ 1,355 crores for the year (FY19 : ₹ 1,520 crores). As at March 31, 2020 the total assets under management stood at ₹ 29,085.20 crores (March 31, 2019 : ₹ 29,581.81 crores).



**REPORT OF THE BOARD OF DIRECTORS (Contd.)**

During FY20, the total consolidated disbursements of loans under different products were ₹ 23,838.64 crores (FY19 : ₹ 24,830.22 crores). Consolidated Income from operations in FY20 grew by 3.1 % to ₹ 6,233 crores (FY19 : ₹ 6,045 crores) and the same resulted in a profit before tax of ₹ 1,406 crores in FY20 (FY19 : ₹ 1,545 crores). As at March 31, 2020 the consolidated assets under management stood at ₹ 31,390.90 crores (March 31, 2019 : ₹ 31,429.47 crores).

The Company borrows money in order to lend and to meet other requirements. Borrowing by the Company are made from banks/institutions, individuals and others through public issue/private placement of non convertible debentures ("NCDs"), acceptance/renewal of fixed deposits, issue of commercial papers, cash credit/working capital loans and other loans. The summary of borrowings by the Company is as under.

₹ in crores

At the year ended March 31,	Deposits	Privately placed NCDs	Public issue of NCDs	Term loans	Others	Total
<b>2020</b>	4,012.07	3,618.73	849.55	8,531.74	6,153.75	<b>23,165.84</b>
<b>2019</b>	3,119.41	3,573.13	113.77	9,863.64	5,931.54	<b>22,601.49</b>

Balance outstanding on cash credit as on March 31, 2020 was ₹ 480.38 crores (March 31, 2019: ₹ 1,581.87 crores), Working capital demand loans as on March 31, 2020 was ₹ 1,544.89 crores (March 31, 2019: ₹ 766.85 crores), Commercial Papers as on March 31, 2020 was ₹ 111.64 crores (March 31, 2019: ₹ 1,785.83 crores) Subordinate Debts as on March 31, 2020 was ₹ 239.24 crores (March 31, 2019: ₹ 653.71 crores) and Securitisation linked Term Loan as on March 31, 2020 was ₹ 3,777.60 crores (March 31, 2019: ₹ 1,143.28 crores).

The Company serviced all its repayments and interests for different borrowings due during FY20 on respective due dates. The deposits and debentures issued/allotted in non-dematerialised form were redeemed on submission of the claim with documents. 8,138 number of deposits amounting to ₹ 109.84 crores were outstanding to be claimed or renewed on maturity as on March 31, 2020. Subsequent follow-up by the Company for repayments/renewals brought it to 4,830 number of deposits amounting to ₹ 59.08 crores on the date of this report. There were no deposits which had matured and claimed, but were not paid by the Company. The Company takes steps to arrange for repayment/renewal of these unclaimed deposits.

The Company is required to be rated by any of the rating agencies in India for its different kinds of borrowings. Such ratings were undertaken and the ratings obtained are mentioned in notes to financial statements.

There are no significant and material orders passed by the regulators or courts or tribunals impacting going concern status and Company's operation in future. The business of the Company was impacted due to COVID 19 lock down and the same may also impact the business of the Company for FY21.

During FY20, frauds amounting to ₹ 36.50 lacs were detected and reported to RBI. The details and status of frauds detected are reported in notes to financial statements. The Audit and Risk Management Committee ("ARMC") and the Board had discussed about the status of the frauds committed and existing. The Company has formulated whistle blower and vigil mechanism policy for, in addition to other matters, bringing frauds to light by the whistle blowers.

**5. CAPITAL, LISTING AND IEPF**

As on March 31, 2020, the paid up capital was ₹ 66.003 crores with an increase of ₹ 0.011 crores on the paid up capital on March 31, 2019 due to allotment of 10,605 number (FY19 : 26,555) of shares on exercise of options under Employees Stock Options Scheme 2006 by the eligible employees on exercise of their options under ESOP Scheme 2006. The ESOP Scheme titled SCUF ESOP Scheme 2013 as approved by the members in the Extraordinary General Meeting held on May 31, 2013 has not been implemented. The required disclosures on ESOP as on March 31, 2020 under SEBI Regulations are set out in Annexure - 7 to this report. The Company has

## REPORT OF THE BOARD OF DIRECTORS (Contd.)

received the certificate as attached in Annexure - 8 from the auditors of the Company certifying that the ESOP Scheme is implemented in accordance with the SEBI Guidelines and in accordance with the resolution passed by the members. There was no buy back of its shares and no issue of equity by the Company during FY20.

In compliance with Section 124 (5) of the Act, the Company transfers the dividend that has remained unclaimed for a period of seven years from the date of its transfer to unpaid dividend account to Investor Education and Protection Fund ("IEPF"). An amount of ₹ 0.93 crores (2018-19: ₹ 0.92 crores) is lying in unpaid equity dividend account of the Company. The unpaid dividends till March 31, 2013 were transferred to IEPF. The Company as provided under Section 124(6) of the Act, transferred all shares in respect of which unclaimed dividends were transferred to IEPF during FY20. In compliance with section 125 (2) of the Act, matured deposits, matured debentures and interest accrued on these that had remained unclaimed/unpaid for a period of seven years from the date it became due for payment were transferred to IEPF during FY20 as mentioned below.

₹ in crores

Year	Dividend	Deposits	Debentures	Equity shares in nos.
<b>FY 20</b>	0.080	0.00	1.465	3,032
FY 19	0.090	0.00	0.664	52,794

The Company has displayed the details of unpaid dividend on its web site (refer table no-1). The Company also posted individual letters to the last known address of the share holder on August 7, 2019 and September 9, 2019 and advertised in news papers on August 8, 2019 and September 11, 2019 respectively. There will be no claim lie on the Company on account of dividend, debentures and deposits which were transferred to IEPF. However the investors can claim it from IEPF Authority by following the required process.

The unclaimed equity shares existing in physical form available with the Company/RTA, are dematerialised when required to be transferred to IEPF Authorities as required under Regulation 34 (3) read with para F

Schedule V of the LODR. The status of the same is as under.

₹ in crores

S. No	Particulars	No of equity shares holders	No of unclaimed equity shares
1	Unclaimed equity shares as on April 1, 2019	9	500
2	Shares claimed by shareholders during the Year	-	-
3	Transfer of unclaimed equity shares to IEPF during the Year as per IEPF Rules	1	25
4	Unclaimed equity shares as on March 31, 2020	8	475

The voting rights for the above said unclaimed equity shares shall remain frozen till the concerned shareholders claim the shares. No equity shares were issued with differential rights to voting, dividend or otherwise.

The listing fees to BSE and NSE for the Year were paid on time. The shares of the Company continue to be listed on BSE Ltd and National Stock Exchange of India Limited.

## 6. HUMAN RESOURCE

Our people are our most valuable resource. We are committed to provide the right opportunities to employees to realise their potential. We are pleased to report that in an increasingly competitive market for talent, we continue to be successful in engaging and retaining the right manpower resources. We conduct periodic reskilling and skill-enhancing programs for our business teams, besides according rewards and recognition to keep them motivated. We lay emphasis on localisation of our workforce and encourage executive growth up the organisational ladder within respective geographies. The relations between the Company and its employees have always been based on mutual respect, openness, honesty, co-operation, trust and continued in this manner during FY20. The Company has formulated a policy on Prevention of Sexual Harassment

**REPORT OF THE BOARD OF DIRECTORS (Contd.)**

of women employees in the work place. The Company has also constituted an Internal Complaints Committee as required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There were no complaints received during FY20. As on March 31, 2020, we had 28,699 employees. The Company added 10,788 employees during FY20. As required under Section 197(12) of the Act read with Rule - 5 (1) and 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014, the information on remuneration is given in table 2.1 of the Corporate Governance Report and other details are attached as Annexure – 1 to this Report.

**7. SUBSIDIARY AND CONSOLIDATED FINANCIAL STATEMENTS**

M/s Shriram Housing Finance Ltd CIN - U65929TN2010PLC078004) ("SHFL") is the unlisted subsidiary of the Company with 77.25% holding by the Company in the equity of SHFL. SHFL is a housing finance company registered with National Housing Bank ("NHB") (Registration Number-08.0094.11) with registered office at Chennai. There was no entity which became or ceased to become subsidiary during FY20. The entities shown in the Notes to Accounts under Related party disclosures as Associates are treated as "associates" as per paragraph 9(b)(ii) of IndAS24. The equities of SHFL are not listed on any stock exchange, but has debt securities listed on BSE. SHFL follows April to March as the financial year. SHFL provides housing loans of larger mass consisting of self employed in the lower and middle income class in mostly Tier 2 and Tier 3 locations in India with 65 branches. SHFL has 11,051 customers with loans in its portfolio as on March 31, 2020. The total employee strength of SHFL as on March 31, 2020 was 798.

SHFL provides home loans, loans against property and finances housing projects. The CAGR of loan disbursement of SHFL over last five years was 17.51 % with total disbursement during the Year being ₹ 1,126.64 crores. The total borrowings of SHFL as on March 31, 2020 was ₹ 1,929.02 crores, out of which ₹ 384.97 crores was from allotment of NCDs and the balance amount

was from borrowings from Bank, National Housing Bank (NHB) and securitisation through bank.

As prescribed under section 129(3) of the Act, the Consolidated financial statements of the Company for FY20 were prepared in accordance with provisions of the Act and LODR, which were audited by the statutory auditors of the Company. The consolidated financial statements along with the report of the auditors of the Company thereon are attached to this Report. Statement containing salient features of the financial statements for FY20 in form AOC- 1 is attached to the financial statements of the Company.

The annual accounts, annual reports and the related detailed information on SHFL shall be made available to the shareholders of the Company and to the shareholders of SHFL seeking such information at any point of time. In accordance with Section 136 of the Act, audited annual financial statements, consolidated financial statements and related information of the Company and the audited financial statements of SHFL are displayed on the Company's web site (Refer Table -1) and the same shall be kept at the respective Registered Office of the Company and SHFL for inspection by any shareholder during business hours. Shriram Capital Limited and SHFL continued as promoter and subsidiary of the Company respectively.

**8. RESERVE BANK OF INDIA DIRECTIONS/ GUIDELINES**

The Company is regulated by the applicable regulations of the RBI, being a deposit accepting NBFC. The Company continues to comply with all applicable regulations of RBI. The details of registration with RBI appear in note no - 1 of notes to the financial statements. The Board confirms that the Company followed the corporate governance standards prescribed by the RBI. The note nos 47, 50 to 81 and other notes of the notes to financial statements contain the information required to be reported under the regulations of the RBI. The disclosure under the Act with respect to deposits is not applicable to our Company as our Company is a NBFC regulated by RBI. The Company

## REPORT OF THE BOARD OF DIRECTORS (Contd.)

accepts/ renews deposits as per regulations of RBI. The followings are the indicators of acceptance of deposits.

Description	March 31	
	2020	2019
Capital Adequacy and Reserve Ratio ("CRAR")*	27.69%	22.94%
Net owned funds (₹ in crores)	6,786.76	6,321.54
Statutory Liquidity Ratio	18.37%	17.35%
Deposits including maturity payable (₹ in crores)	4,121.90	3 235,23

\* The RBI prescribes the maintenance of CRAR 15 percent and above.

Our principal source of liquidity are cash, cash equivalent, current investments and cash flow from operations. We maintain sufficient cash to meet strategic and operational needs. We understand that the liquidity in the Balance sheet need to balance between return and risk. We believe that our working capital is adequate to meet our current requirements.

### 9. CORPORATE GOVERNANCE

The Company follows the corporate governance practices and standards prescribed under LODR, regulations of RBI and other regulations. Report on corporate governance as required under Regulation 34(3) of LODR together with a certificate for the purpose from the auditors of the Company confirming the compliance with the corporate governance is attached to this Report (Annexure - 2). As required under Regulation 34(2)(e) and 34(3) of LODR, the Management Discussion and Analysis on the business of the Company is attached as Annexure – 3. As required under Regulation 17 (8) of the LODR, a compliance certificate, duly signed by the Managing Director & Chief Executive Officer and Chief Financial Officer on the financial statements of the Company for FY20, was submitted to the Board at their meeting held on June 11, 2020 (Annexure - 4). The relevant provisions of the voluntary guidelines are adopted in the areas deemed appropriate.

### 10. BUSINESS RESPONSIBILITY REPORT ("BRR")

Regulation 34(2)(f) of the LODR requires top 500 listed entities based on market capitalisation as on March 31, 2020 to include BRR as a part of the Annual Report. The Company being one such entity, has included BRR in this Annual Report (Annexure - 14).

### 11. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Company constituted a CSR Committee consisting of three Directors including two independent directors as required under Section 135 of the Act. The details of the CSR Committee appear on the Annual Report on CSR. Annual Report on CSR activities as required under Rule 9 of the Companies CSR Policy Rules, 2014 of the Act is attached to this report as Annexure – 10. The CSR policy of the Company as recommended by the CSR Committee, was reviewed and approved by the Board and is displayed on the website of the Company (refer table 1). The CSR policy contains the areas of activities of CSR and other detail as required under Section 134 (3) (o) of the Act. During FY20, the Company undertook CSR Projects on health, education, skill development through implementing Agent. The spend on CSR amounting to ₹ 11.75 crores (FY19 : ₹ 4.50 crores) during FY20 were approved by the Board of the Company as recommended by the CSR Committee. The Board affirms that the CSR activities are implemented in accordance with CSR Policy of the Company.

### 12. BOARD AND COMMITTEES

The Company had optimum number of Directors. Board met 5 times during FY20 and interval between two meetings did not exceed 120 days. Members of the Board possess requisite knowledge and experience to steer the Company. The brief profile of each director appear on the website of the Company (Refer Table 1). Details of meetings of the Board and committees held and the details about appointment, induction, training, retirement and resignation of Directors/KMPs during FY20 are mentioned in the Corporate Governance report (Annexure – 1). The Company complied with Secretarial Standards issued by the Institute of Company Secretaries of India. The Board has Audit and Risk Management

**REPORT OF THE BOARD OF DIRECTORS (Contd.)**

Committee ("ARMC") and Nomination and Remuneration Committee ("NRC") as specified under Section 177 and 178 of the Act respectively. As required under Section 149 (7) and 134(3) (d) of the Act, the Company received necessary declaration from each independent director about his/her meeting the criteria of independence as laid down under of the Act and LODR. A statement by the Managing Director confirming receipt of this declaration from each independent director of the Company is attached as Annexure - 11. There is no change in the circumstances affecting their status as Independent Directors of the Company. The Company received required deed of covenant at the time of appointment of directors and declaration during the Year from the Directors as required under regulations of RBI. The Board on the recommendation of NRC has formulated a policy for selection, appointment and remuneration of directors, senior management personnel as required under Section 178 (3) and 134 (3) (e) of the Act, the details of which appear in the Annexure – 13 and the same is displayed on the web site of the Company (refer table 1). As required under section 134(3)(p) of the Act and LODR, annual performance evaluation of its own, the Committees, Chairman of the Board and individual directors based on the criteria and frame work adopted by the Board was carried out during FY20 consisting of participation, attendance, duties, obligations, contribution for effectiveness and related matters of Board/Committee. The outcome of such evaluation done during FY20 was discussed by the NRC/Board and both found it satisfactory. Each Director has given his/her declaration to the Company for not holding any shares in the Company and having no relation inter se with any Director. Independent Directors attend familiarisation programme on joining the Board and annually the details of which is displayed on the web site (refer table 1). Sri Ignatius Michael Viljoen (DIN - 08452443) who was appointed as additional director with effect from July 29, 2019 who hold office until the conclusion of 34th AGM has expressed his intention and confirmed his eligibility to be appointed as Director of the Company. Sri Debendranath Sarangi (DIN – 01408349) and Smt Maya S Sinha (DIN – 03056226) will complete their term on July 27, 2020. They have expressed their intention and confirmed their eligibility to be appointed as Directors of the Company. The details on their appointment as

directors forms a part of the Notice of the ensuing AGM. It would be the second term as independent directors, if Sri Debendranath Sarangi and Smt Maya S Sinha are appointed in the ensuing AGM. Sri Yalamati Srinivasa Chakravarti (DIN – 00052308) was appointed as the Managing Director (MD) and Chief Executive Officer (CEO) and Key Managerial Personnel (KMP) from July 1, 2019. Sri Duruvasan Ramachandra (DIN - 00223052) resigned as the MD, CEO and KMP w.e.f June 30, 2019. As per provisions of the Act and Articles of Association of the Company, Sri Shashank Singh (DIN – 02826978) will retire by rotation and being eligible has sought for re-appointment at the ensuing AGM. He has expressed his intention and confirmed his eligibility to continue as Director of the Company if appointed at the ensuing AGM. In compliance with requirements under section 149(7) of the Act and Regulation 16(1) of the LODR the Board has received the declaration from all the Independent Directors about their independence and the Board is satisfied about it

**13. DIRECTORS' RESPONSIBILITY STATEMENT**

The financial statements were prepared by following Indian Accounting Standard ("Ind AS") prescribed under Section 133 (3) of the Act and relevant rules and guidelines issued by Securities Exchange Board of India ("SEBI"). Pursuant to Sections 134 (3) (c) and 134 (5) of the Act with respect to Directors' responsibility statement, the Directors of the Company hereby confirm, in the preparation of annual accounts for FY20 that :

- (i) the applicable accounting standards have been followed and proper explanations have been made in notes to accounts for material departures, if any;
- (ii) the accounting policies have been selected and applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and statement of the profit and loss of the Company for the year ended on that date;
- (iii) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



## REPORT OF THE BOARD OF DIRECTORS (Contd.)

- (iv) the annual accounts have been prepared on a going concern basis.
- (v) internal financial controls to be followed were laid down, which were adequate and were operating effectively and
- (vi) proper systems had been devised to ensure compliance with provisions of applicable laws, which were adequate and were operating effectively

### 15. AUDIT AND AUDITORS

Internal audits were conducted periodically during FY20 and the reports thereon were presented to ARMC on quarterly basis. The Internal Auditor is appointed and reporting to ARMC. In addition to others matters, internal audit consisted of independent and objective assessment to monitor adequacy, effectiveness and adherence to the internal controls, processes and procedures. Internal audit also checked compliance with extant regulations. Internal audit conducted followed a Risk-based approach of Internal Audit (RBIA) by taking into account the RBI guidelines and established practices. The ARMC regularly reviewed the audit findings and the adequacy and effectiveness of the internal control measures.

The Company has documented its internal financial controls considering the essential components of various processes, physical and operational. This includes its design, implementation and maintenance along with periodical internal review of operational effectiveness and sustenance which commensurate with the nature of business and the size of its operations of the Company. This ensures conducting business in orderly and efficiently by adhering to the Company's policies, safeguarding assets, preventing errors with accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The internal financial controls with reference to the financial statements were adequate and operating effectively.

The auditors of the Company, M/s G.D. Apte & Co. Firm Registration No – 100515W Chartered Accountants ("GDA") have submitted to the members of the Company the attached Independent Auditors Reports for FY20 on standalone financials and consolidated financials. Both the reports are unqualified, without any reservation or adverse remark or disclaimer and thus the Board

does not have any explanation or comment. M/s P. Sriram & Associates, Company Secretaries in practice, Chennai ("PSA") appointed by the Company as the secretarial auditors pursuant to Section 204 of the Act have conducted audit and have submitted their report as attached in Annexure - 15 to the Members, which is unqualified, without any reservation or adverse remark or disclaimer. Therefore, Board does not have any explanation or comment on such Secretarial Audit Report. Maintenance of Cost records and conducting of cost audits specified under section 148(1) of the Act are not applicable for the business activities carried out by the Company. During the Year neither GDA nor PSA reported to ARMC under Section 143(12) of the Act any instances of fraud committed by officers or employees of the Company. The Board appointed PSA as secretarial auditor of the Company for FY21.

GDA was appointed by the members as the auditors of the Company from 32nd AGM till conclusion of 36th AGM of the Company. GDA have confirmed their eligibility and have communicated their willingness to continue as auditors. Necessary resolution to fix remuneration of GDA as Auditors is proposed at the ensuing AGM. The details of payment of Statutory Auditors fees appear in financial statements.

### 16. MANAGEMENT OF RISK

The risk management function of the Company help in identifying, analysing, assessing, mitigating, monitoring and governing risks. The Company has a risk management policy. A separate section in this report titled "Management Discussion and Analysis" discusses about risk and its mitigating factors and the matters required under Section 134 (n) of the Act. In the opinion of the Board, there is no risk existing to threaten the existence of the Company. Report on risk assessment is presented to ARM at its meeting by the Chief Risk Officer of the Company appointed w.e.f August 1, 2019 by the Board at its meeting held on July 29, 2019.

### 17. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUT GO

Section 134 (3) (m) of the Act read with Rule 8 of the Companies (Accounts) Rules 2014 specify the information to be furnished on conservation of energy, absorption of



**REPORT OF THE BOARD OF DIRECTORS (Contd.)**

technology and foreign exchange earnings/outgo, which for the Year are furnished below.

The operations of the Company are not energy intensive. However, adequate measures for conservation of energy, usage of alternate sources of energy and investments for energy conservation, wherever required were taken. The Company did not absorbed any technology. There was foreign exchange earnings of ₹ 1.71 crores (FY19 : ₹ 1.67 crores ). The outgo of foreign exchange was Nil (FY19 : ₹ 0.25 crores)

**18. ACKNOWLEDGEMENT**

We thank our customers, share holders, investors, bankers, employees, trustees, vendors, auditors, deposit holders and debentureholders. The directors regret the loss of life and resource due to COVID- 19 pandemic and are deeply grateful and have immense respect for every person who risked his/her life and safety to fight this pandemic. The Board expresses its appreciation and gratitude for the guidance and cooperation extended to the Company by RBI, statutory authorities and regulators. The Board acknowledges the guidance of M/s GDA and M/s PSA to the Company. The Board records the commitment and dedication of employees.

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

Place : Chennai  
Date : June 11, 2020

**Debendranath Sarangi**  
Chairperson

# REPORT ON CORPORATE GOVERNANCE

## ANNEXURE 1

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

The philosophy of the Company on Corporate Governance aims at enhancing the stake holders' value by efficiently conducting business, meeting obligation to stake holders by being guided by the principles of transparency, accountability, compliance with regulations and integrity.

### 2. BOARD OF DIRECTORS

#### 2.1 Composition and appointment

The Board of Directors of the Company ("Board") consist of Executive, Non-Executive, Independent and Non Independent Directors to ensure independent functioning of the Board. We feel that this is appropriate mix of executive, non executive and independent Directors to maintain independence and separate the functions of governance and management. Total number of Directors as on March 31, 2020 was ten. Six out of ten Directors, which is more than half of the number of members of the Board are Independent. One Independent Director is Woman. The Independent Directors meet the criteria of independence specified in Regulation 16 (1) (b) and other applicable regulations of LODR and each Independent Director is independent of the management. The Independent Directors meet the criteria for appointment formulated by the Nomination

and Remuneration Committee ("NRC") as approved by the Board. NRC has formulated a Policy on Appointment, Remuneration and Diversity of Board (Annexure – 13 ), which is displayed on the web site of the Company (Refer table 1). This ensures diversity of qualification, skill, experience, expertise, gender and age of the Board. The appointment of Directors is made through a transparent process as specified in the policy. Directors appointed are issued with appointment letters. The format of such appointment letter is displayed on the web site of the Company (Refer table 1). The Board periodically evaluates the need for change in size and composition of the Board. Independent Directors were appointed for a fixed period of five years from the date of their respective appointments and their appointments were approved by the members in respective meetings. Non Independent Directors were appointed as per provisions of law. On appointment, and during the year each Independent Director is familiarised with the Company, business, industry, roles and responsibilities, the details of which are displayed on the website of the Company (Refer table 1). The chairperson presides over BMs and meetings of the share holders. The MD and CEO acts as a link between the Board and the management team. The following chart or matrix identified by the Board as the required skills/ expertise/ competencies identified by the Board in the context of the NBFC sector and the Company.

## REPORT ON CORPORATE GOVERNANCE ANNEXURE 1(Contd.)

Sl. No.	Name of the Director	Skills / Expertise / Competencies identified by Board												
		Financial	Regulatory affairs	Capital market/ treasury	Sales/ Marketing / Recovery	Technology	Risk Management	Planning	Business Analysis	Investor servicing	Decision making	Diversifying the products	Human Resource Management / Leadership	Mergers and Acquisitions
1	Debendranath Sarangi		✓					✓			✓		✓	
2	Yalamati Srinivasa Chakravarti	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	C R Muralidharan	✓	✓			✓	✓			✓				
4	Diwakar B Gandhi	✓	✓	✓				✓	✓	✓	✓		✓	
5	Duruvasan Ramachandra			✓	✓				✓			✓		
6	Ignatius Michael Viljoen	✓		✓			✓						✓	
7	Maya S Sinha	✓	✓						✓	✓				
8	Pranab Prakash Pattanayak	✓	✓	✓			✓		✓					
9	Ranvir Dewan	✓		✓			✓	✓	✓					✓
10	Shashank Singh	✓		✓				✓	✓					✓
11	Venkataraman Murali	✓	✓				✓			✓				

All Directors are required to declare holding of equity shares or convertible instruments in their name or on beneficial basis by them in the Company as per para C (2) (f) of Schedule V of LODR. Accordingly all Directors declared no such holding by them. All Directors have made declaration about their category of directorships in the Company at the time of their appointment and make this declaration annually. All such annual declarations for FY21 were placed before the Board Meeting ("BM") held on June 11, 2020. None of the Directors is related inter se in terms of 'relative' defined under the Act. Monitoring and managing misuse of Company's assets, potential conflicts of interest of management, board members and shareholders, and related party transactions are done by the Board on quarterly basis.



## 2.1 DETAILS OF DIRECTORS

S No	Name of the Director	DIN	Category of Directorships	Position	Name of the listed entities	Chairmanship of Committees	Membership of Committees	BM	ALCO	ARMC	BSMC	CSR	ITS	NRC	SRC	IDM	AGM #	*	**	***	Remuneration (₹ in crores)	Percentage of increase during FY20	Ratio of remuneration of each Director/ to median remuneration of employees
1	Sri Debendranath Sarangi	01408349	NE	Chairperson	Voltas Ltd - Non Executive, Independent Director	-	CSR, NRC	5	1	1	2	4	1	1	1	1	Present	6	3	-	0.075	42.86	4.85
2	Sri Y S Chakravarti	00052308	E	MD and CEO	-	-	ALCO, CSR, IT Strategy Committee	3	4	2	2	-	-	-	-	-	Present	3	-	-	0.488	-	31.53
3	Sri C R Muralidharan	02443277	NE	Director	GMR Infrastructure Ltd - Non Executive, Independent Director	SRC, IT Strategy Committee	ARMC, SRC	5	3	3	1	1	1	1	1	1	Present	4	-	-	0.058	-	3.75
4	Sri Divakar B Gandhi	00298276	NE	Director	-	NRC	SRC	5	-	-	-	-	-	-	-	-	Present	9	-	-	0.055	-	3.55
5	Sri Durvasan Ramachandra	00223052	NE	Director	CES Ltd - Non Executive, Independent Director	-	-	5	-	24	-	-	-	-	-	-	Present	3	2	-	0.292	-	18.86
6	Sri Gerrit Lodewyk Van Heerde	06870337	NE	Director	-	-	-	1	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-
7	Sri Ignatius Michael Viljoen	08452443	NE	Additional Director	Shriram Transport Finance Company Limited - Non Executive, Non Independent Director	-	NRC	3	-	-	-	-	-	1	-	NA	6	-	-	-	-	-	-
8	Smt Maya S Sinha	03056226	NE	Director	Shreyas Shipping and Logistics Ltd - Non Executive, Independent Director	CSR	SRC	3	1	1	1	1	1	2	1	1	Present	10	3	1	0.045	13.92	2.91
9	Sri Pranab Prakash Pattanayak	00506007	NE	Director	-	ALCO	ARMC	4	2	2	-	-	-	-	-	-	Not present	1	-	-	0.045	13.92	2.91
10	Sri Ranvir Dewan	01254350	NE	Director	-	-	ARMC	3	-	-	-	-	-	-	-	-	Present	5	2	-	-	-	-
11	Sri Shashank Singh	02826978	NE	Director	Zensar Technologies Ltd - Non Executive, Non Independent Director	-	-	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Sri Venkataraman Murali	00730218	NE	Director	Take Solutions Ltd - Non Executive, Independent Director	ARMC	SRC	5	3	3	-	-	-	-	1	1	Present	3	1	1	0.055	0.92	3.55

BM - Board Meeting, ALCO - Asset Liability Management Committee, ARMC - Audit and Risk Management Committee, BSMC - Banking and Securities Management Committee, CSR - Corporate Social Responsibility Committee, ITS - Information Technology (IT) Strategy Committee, NRC - Nomination and Remuneration Committee, SRC - Stakeholders Relationship Committee, IDM - Independent Directors Meeting, AGM - Annual General Meeting

Sri Y S Chakravarti was appointed as Managing Director & CEO w.e.f. July 1, 2019

Sri Durvasan Ramachandra was appointed as an Additional Director w.e.f. July 1, 2019 and Director w.e.f. July 29, 2019. He was MD till June 30, 2019.

Sri Gerrit Lodewyk Van Heerde retired and not re-appointed w.e.f. July 29, 2019

Sri Ranvir Dewan resigned from the Company w.e.f. December 2, 2019

ALCO was reconstituted with Sri Pranab Prakash Pattanayak as the Chairperson, Sri Y S Chakravarti and Sri Ramasubramanian Chandrasekar as Members of the Committee w.e.f. August 1, 2019

ARMC was reconstituted with Sri Venkataraman Murali as the Chairperson, Sri Pranab Prakash Pattanayak and Sri C R Muralidharan as Members of the Committee w.e.f. December 5, 2019

CSR was reconstituted with Ms Maya S Sinha as the Chairperson, Sri Debendranath Sarangi and Sri Y S Chakravarti as Members of the Committee w.e.f. August 1, 2019

BSMC was reconstituted with Sri Ramasubramanian Chandrasekar as the Chairperson, Smt Krithika Doraiswamy and Sri R Jayaraman as Members of the Committee w.e.f. August 1, 2019

NRC was reconstituted with Sri Divakar B Gandhi as the Chairperson, Sri Debendranath Sarangi and Sri Ignatius Michael Viljoen as Members of the Committee w.e.f. August 1, 2019

ITS was reconstituted with Sri C R Muralidharan as Chairperson, Sri Y S Chakravarti, Sri Ramasubramanian Chandrasekar, Smt Anitha S, Sri R Jayaraman and Sri M Karthikeyan as Members of the Committee w.e.f. August 1, 2019

Sri Ramasubramanian Chandrasekar is member of the ALCO but not member of the Board

Sri Ramasubramanian Chandrasekar, Smt Anitha, Sri R Jayaraman and Sri M Karthikeyan are members of the ITS but not members of the Board

Sri Ramasubramanian Chandrasekar, Smt Krithika Doraiswamy and Sri R Jayaraman are members of the BSMC but not members of the Board

Non - Executive ("NE"), Executive ("E"), Non Independent ("NI"), Managing Director and Chief Executive Officer ("MD and CEO")

**\*Number of directorships held in other companies** (including alternate directorship) held in other companies except Shriram City Union Finance Ltd. **\*\*Membership of the Committees of the Board of Directors of other companies.** **\*\*\*Chairmanship of the Committees of the Board of Directors of other companies.**

**Remuneration** : Independent Directors are paid sitting fees only for being a member and attending respective meetings of ALCO, ARMC, CSR, NRC, SRC, IDM and General Meeting ₹ 50,000 per meeting attended and ₹ 25,000 per meeting for ITS attended. The remuneration of MD and CEO is as per terms of his appointment.

During FY20 four meetings of ALCO/ARMC/NRC, two meetings of SRC and one meeting of ITS/IDM were held.

Percent increase-increase in remuneration in FY20 over FY19

Ratio of remuneration-Ratio of remuneration of each Director/to median remuneration of employees

Name of Other listed entities - Name of other listed entities where directorship is held and category of directorship

## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

#### 2.2 Board process

BM takes place at least once in each calendar quarter with specific agenda to review, in addition to other matters, the performance and financial results. Management team makes presentations on the operations, financial results, strategy, internal audit, risk management and human resource at the meetings of the Board and Committees. Additional BMs are held by giving appropriate notice on specific needs. The maximum time gap between two BMs does not exceed 120 days. The calendar of BMs for the next financial year are decided in advance. Notice and Agenda of each BM is given to each Director in advance. In addition to Directors and Senior Management team, persons who can give insight to respective subjects are invited to the BMs. In special and exceptional circumstances, additional or supplementary item(s) is/are permitted. The Chairperson and Company Secretary draft the agenda for each BM in consultation with MD & CEO and CFO with inputs from Directors and the respective functional heads of the Company. Where it is not practicable to attach any document to the agenda of BM, the same is tabled at the BM. In cases of business exigencies or urgent matters, agenda with required papers and draft of the resolution to be passed are circulated. The information as per the requirement of corporate governance norms are made available to the Board including the information as mentioned in regulation 17 (7) of LODR. The Board is also free to take up any matter for discussion in agreement of specified number of Directors and in consultation with the Chairperson. The required decisions taken in the BM are communicated to the concerned functional heads of the Company and an action taken report is placed at each BM. The Board has complete access to all the information and employees of the Company.

The deliberations and decisions occurring in every BM are entered in the minute book. The draft minutes are circulated within specified time to the members of the Board. The minutes are prepared by suitably incorporating the suggestions and changes given by members and are finalised by the Chairperson. The minutes are signed by the chairperson of the same meeting or by the chairperson of the succeeding meeting within the specified time line. The minutes of the BM are circulated to all the members of the Board.

The process specified above for BMs are followed for the meetings of all the Committees constituted by the Board as far as practicable. The minutes of the meetings of the Committees are placed before the BM for discussion, action if any and noting. The minutes of the subsidiary company of the Company are placed before the BM on quarterly basis. The performance evaluation of all independent directors is done by the entire Board excluding the concerned independent director based on the criteria of performance evaluation laid down by the NRC. The Board also evaluates the fulfillment of the independence criteria as specified in LODR and their independence from the management. The criteria of performance evaluation of independent directors as laid down by the NRC is attached as Annexure - 13.

#### 2.3 Functioning of the Board

The Board is the apex body constituted by share holders for overseeing the overall functioning of the Company. The day to day affairs of the Company is managed by senior management team headed by the Managing Director and Chief Executive Officer, who functions under the overall direction, supervision, and control of the Board. The Board and Committees review and guide on the matters specified in different regulations in addition to strategies, plans, risk management, budgets, setting performance objectives and monitors implementation and corporate performance. The Board monitors the effectiveness of practices with respect to governance, disclosure, communication and compliance with regulatory requirements. Board has constituted committees with specific terms of reference by delegating some of its power, where ever required. Committees constituted are as per requirements of business and as mandated under laws. On constitution of Committees, the Board defines the terms of reference and appoints members and the chairperson of the Committee. Committees are named according to broad term of reference. The Committees are constituted or re-constituted depending on business or regulatory need. The Committees are reconstituted with change in members as the need be. The Board thus exercises close control over the functioning of the Company with a view to enhancing the stakeholder value. The Board periodically reviews the compliance by the Company of all applicable laws, as well as steps taken by the Company to rectify non-compliance, if any. Independent Directors play an important role in the governance process of the Board.



## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

#### 2.4 Board meetings and attendance of Directors

Five BMs were held during FY20 - on April 24, 2019, June 29, 2019, July 29, 2019, October 25, 2019 and January 30, 2020 and the time gap between the two BMs did not exceed 120 days during FY20. The attendance and other relevant details of each Director are mentioned in table 2.1

None of the Directors is a member of more than 10 Committees and Chairman of more than 5 Committees across all listed entities as required under regulation 26 (1) of LODR. Directors submitted their requisite disclosures to the Company regarding their directorship and Committee positions in other Companies. The quorum for the BMs is as per provisions of law. The BMs are attended by in addition to, the members of the Board, senior management team and persons who can give insight to different subjects. Board Members attend the BMs being present personally or through video facilities. The meetings of Committees are held as per provisions of law. The number meetings held during the Year is mentioned in the table 2.1. As far as possible, same process is followed for meetings of Committees as BMs.

#### 2.5 Meeting of Independent Directors

A meeting of Independent Directors was held on October 25, 2019 as required under Regulation 25 (3) of the LODR and Schedule IV of the Act to discuss the matters specified therein. The attendance and other relevant details of each Director are mentioned in table 2.1

#### 2.6 Code of Conduct for Directors and senior management

The Board has laid down "Code of Conduct for Board Members and Senior Management" ('CCBS') for the members of the Board and for designated senior management personnel as required under regulation 17 (5) of the LODR. The CCBS is displayed on the web site of the Company (refer table 1). All the Board members and the designated senior management personnel affirmed compliance with the Code. A declaration to this effect signed by the Managing Director and CEO is attached as Annexure – 12.

#### 2.7 Remuneration of Directors

We affirm that the remuneration of the Directors is governed by the policy of the Company named "Policy on Appointment, Remuneration and Diversity of Board" displayed on the web site of the Company (refer table - 1).

Non Executive Independent Directors get sitting fees for each of the meeting of the Board and Committee (where he/she is a member) attended. Such fees paid to the Directors during FY20 are mentioned in the table 2.1. The Managing Director (MD) and CEO of the Company is paid remuneration as per terms of his appointment approved by the Members. The details of remuneration of the MD and CEO is mentioned in Annexure – 9 and there are no stock option provided to MD and CEO. No other remuneration is paid to the Directors except mentioned above. No member of the Board is granted stock options.

### 3. COMMITTEES OF THE BOARD

The Board has constituted different committees as per guidelines set out in regulation 18, 19, 20, 21 and other applicable regulations of LODR, RBI regulations, the Act and as required for business purposes. The Board defines terms of reference, appoints members and chairperson and make any changes thereof of each committee as and when required. The committees are constituted or reconstituted based on business, regulatory and change requirement. The committees constituted by the Board are Asset Liability Management Committee, Audit and Risk Management Committee, Banking & Securities Management Committee, Corporate Social Responsibility Committee, IT Strategy Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. Brief terms of reference and the number of meetings of the committees held during the Year are provided below. The related attendance of members and composition of each Committee are mentioned in table 2.1.

#### 3.1. Asset Liability Management Committee

This Committee was constituted as required under RBI notification no. DNBS. (PD).CC No. 15/02.01./2000-2001 dated June 27, 2001 applicable to Non Banking Finance Companies.

##### 3.1.1 Brief Terms of Reference

- (i) Formulate, review monitor and recommend Policy on Investment, Asset-Liability Management, Private Placement of NCDs, Securitisation, Interest Rate Approach and Gradation of Risk and other related matters, (ii) Formulation of business strategy in line with the Budget, (iii) provide frame work for measuring, monitoring and managing assets



## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

liabilities/interest risk/liquidity risk/ business risk/ other risk, (iv) decide risk management objectives and ensuring adherence to the limits set by the Board, (v) monitor the asset liability gap, (vi) any other subject as may be specified by RBI from time to time.

#### 3.1.2 Composition and Meetings

Composition of the Committee and attendance are mentioned in the table 2.1. During FY20, the Committee met 4 times on April 24, 2019, July 29, 2019, October 25, 2019 and January 30, 2020.

### 3.2 Audit and Risk Management Committee

The Audit and Risk Management Committee constituted as required under Section 177 of the Act, regulation 18 and 21 of the LODR and regulation of the RBI

#### 3.2.1 Brief description of the terms of reference

(i) Review financial reporting process, financial conditions, financial statements, results of operations and ensure financial statements are correct, sufficient and credible, (ii) Review internal control and its adequacy, financial controls, risk management systems, risk assessment reports, management letters, audit report, (iii) Recommend appointment, re-appointment, terms of appointment/ reappointment and remuneration of statutory auditors and review performance and independence of auditor, (iv) review effectiveness of audit process, adequacy and structure of internal audit, internal audit report, investigation report and follow up action thereon, (v) Review repayment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors and scrutiny of inter-corporate loans, inter corporate investments and if necessary valuation of assets or undertaking, (vi) review and recommend monitor different policies including Risk Management Policy and formulate Related Party Transaction ("RPT") Policy and approve RPTs as required, (vii) review cyber security, (viii) approve appointment of Chief Financial Officer (CFO) and Seek information from employees, obtain legal or professional advice. The Company Secretary of the Company acts as the Secretary for the Committee..

#### 3.2.2 Composition and Meetings

The Composition of the Committee and attendance are mentioned in the table 2.1. The Committee met

4 times during FY20 on April 24, 2019, July 29, 2019, October 25, 2019 and January 30, 2020.

### 3.3 Banking & Securities Management Committee

The Banking and Securities Management Committee is formed for the purpose of banking, borrowing, securities management and other day-to-day business requirement purposes. There were 67 meetings held during FY20.

### 3.4 Corporate Social Responsibility Committee

The Corporate Social Responsibility ("CSR") Committee was constituted as required under section 135 of the Act.

#### 3.4.1 Brief description of the terms of reference

(i) Formulate, amend, change and recommend to the Board CSR Policy, implement and monitor CSR Policy of the Company, (ii) recommend the amount of expenditure and report utilisation of money on CSR projects/programs/activities and approve CSR projects, all the activities thereto and expenditure thereon.

#### 3.4.2 Composition and Meetings

The Committee met 2 times during FY20 on April 24, 2019 and October 25, 2019.

### 3.5 IT Strategy Committee

The Committee was formed as required under RBI/ DNBS/2016-17/53 Master Direction DNBS.PPD. No.04/66.15.001/2016-17 dated June 08, 2017 and other applicable regulations of RBI.

#### 3.5.1 Brief description of terms of reference :

(i) Approve and monitor implementation of IT strategy balancing risk and benefits etc, (ii) Formulate, evaluate and review effectiveness of IT outsourcing policy, contingency plan, (iii) Evaluate IT risks and materiality assessing significant risks and reporting to the Board of such risks, (iv) review independent audit report on IT policies and procedures and action taken on such reports

#### 3.5.2 Composition and Meetings :

The Committee met on November 18, 2019

### 3.6 Nomination and Remuneration Committee

This Committee was constituted as required under Section 178 of the Act, regulation 19 of the LODR and regulations of RBI



## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

#### 3.6.1 Brief description of terms of reference :

(i) Identify fit and proper persons to be directors/ members of senior management and should such a need arise, (ii) recommend removal of director from the Board, (iii) Performance evaluation of directors, Board and Committee on an annual basis, (iv) Scrutiny of the declarations/undertakings by the Directors, (v) Formulation of the attributes for fit & proper person and independence of directors, (vi) Remuneration of directors and key managerial personnel ("KMP"), Management of employee talent, welfare, incentive scheme and stock option scheme.

#### 3.6.2 Composition and Meetings :

The Committee met 4 times during FY20 on April 24, 2019, June 29, 2019, July 29, 2019 and January 30, 2020.

### 3.7 Stakeholders Relationship Committee

The Committee was constituted as required under Section 178 of the Act, regulation 20 of the LODR and regulations of RBI. The Committee looks into redressal of grievances of shareholders, debenture holders, other security holders.

#### 3.7.1 Brief description of terms of reference:

(i) Investor/customer services/relations and resolution of grievances, (ii) Issue and listing of securities, (iii) Investor Education and Protection Fund ("IEPF") matters, (iv) Review of security holding patterns, (v) Monitor Code of Conduct for Insider Trading.

#### 3.7.2 Composition and Meetings :

The Committee had met twice during FY20 on April 24, 2019 and January 30, 2020. There were no outstanding shareholder complaint at the beginning of FY20 and the Company has not received any complaint from the shareholder during FY20. No complaint was pending as on March 31, 2020.

## 4 SUBSIDIARY COMPANY

M/s Shriram Housing Finance Limited, CIN : U65929TN2010PLC078004 ("SHFL") is the only subsidiary of the Company. SHFL is managed by it's Board of Directors consisting of 4 Directors out of which 2 Independent Directors and 2 non Independent Directors. Since, SHFL is an unlisted non material subsidiary, the Company is not required to nominate one of it's

independent directors on the Board of SHFL. However, the Board nominated Sri Venkataraman Murali, an independent director of the Company as a director on the Board of SHFL. The financial statements, in particular the investments made by SHFL were reviewed during FY20 by ARMC of the Company. The minutes of the meetings of BM and ARM of SHFL were placed before the BM and ARMC of the Company quarterly. A statement containing all the significant transactions and arrangements entered into by SHFL was placed before ARMC of the Company. The Policy on Material Subsidiaries and Events and Policy on Preservation and Archival of Documents is available at the website (refer table – 1)

## 5 RELATED PARTY TRANSACTIONS

Related party is determined based on Section 188 of the Act, regulation 23, Part A of Schedule V and other applicable regulations of the LODR, RBI regulations and applicable accounting standard. The ARMC of the Company and the Board have approved policy on RPTs, which is displayed on the web site of the Company (refer table 1). The RPTs were reported to the ARMC and the Board on quarterly basis. Requisite approvals of ARMC and the Board were taken for RPTs. The details of transactions with entity(ies) belonging to promoter/ promoter group which holds 10% or more shareholding in the Company is given in the notes to accounts of the financial statements. There were no material RPTs during FY20. RPTs are reported in the Notes to accounts of the financial statements.

## 6 SHARE HOLDER INFORMATION AND DISCLOSURES

### 6.1 Corporate

The Company was incorporated on March 27, 1986 as Shriram Hire-Purchase Finance Private Limited with Registrar of Companies, Tamil Nadu, Chennai and got fresh certificate of incorporation consequent to change of name to Shriram City Union Finance Limited with effect from April 10, 1990. The Company made an initial public offering in December, 1994. The corporate identification number (CIN) allotted to the Company by Ministry of Corporate Affairs (MCA) is L65191TN1986PLC012840. The Company is registered as a Non Banking Finance Company ("NBFC") with RBI with registration number - 07-00458. The equity shares of the Company are listed in M/s BSE Ltd ("BSE") and M/s National Stock Exchange of India Limited ("NSE").

## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

#### 6.2 Appointment/reappointment of Directors

One third of the Directors liable to retire by rotation, retires by rotation and if eligible seek reappointment at AGM. As per provisions of the Act and Articles of Association of the Company, Sri Shashank Singh holding (DIN – 02826978) will retire by rotation and being eligible has sought for re-appointment at the ensuing AGM. He has expressed his intention and confirmed his eligibility to continue as Director of the Company if appointed at the ensuing AGM. The notice of the AGM contains this. Sri Ignatius Michael Viljoen who was appointed as additional director with effect from July 29, 2019 who hold office until the conclusion of 34th AGM has expressed his intention and confirmed his eligibility to be appointed as Director of the Company. Sri Debendranath Sarangi (DIN – 01408349) and Smt Maya S Sinha (DIN – 03056226) will complete their term on July 27, 2020. Both have expressed their intention and confirmed their eligibility separately to be appointed as Directors of the Company. The details on their appointment as directors forms a part of the Notice of the ensuing AGM. Sri Debendranath Sarangi and Smt Maya S Sinha were appointed for a period of five years as Independent Directors from July 28, 2015. It would be the second term as independent directors, if Sri Debendranath Sarangi and Smt Maya S Sinha are appointed in the ensuing AGM. The details on their appointment as directors form a part of the Notice of the ensuing AGM. The notice of the 34th AGM states details about the appointment of above named Directors.

#### 6.3 General body meetings / Postal Ballots

The date, time and venue of last three AGMs held and special resolutions passed thereat are as follows. No Extraordinary General Meetings (“EGMs”) was held during the last three years.

Year ended March 31	AGM	Location	Date	Time	Special Resolutions passed
2017	31st AGM	Narada Gana Sabha (Mini Hall), No 314 (Old No 254) T T K Road, Alwarpet, Chennai – 600 018	June 30, 2017	10.00 am	*
2018	32nd AGM		July 25, 2018	10.00 am	**
2019	33rd AGM		July 29, 2019	10.00 am	***

\*Borrowing powers under section 180 (1) (c) of the Act for an amount not exceeding ₹ 30,000 crores and private placement of securities.

\*\*Increase in borrowing powers under section 180(1) (c) of the Act for an amount not exceeding ₹ 36,000 crores and private placement of securities

\*\*\* Appointment of Sri Pranab Prakash Pattanayak (DIN- 00506007) as an Independent Director, Appointment of Sri Venkataraman Murali (DIN-00730218) as an Independent Director, Increase in borrowing powers under section 180(1) (c) of the Act for an amount not exceeding ₹ 40,000 crores and private placement of securities

The following special resolutions were passed under Section 180 (1) (a) of the Act through postal ballot for creation of security on the assets/ receivables of the Company and for securitisation.

Type of voting	Votes casted in favour			Votes casted against			Date of declaration of results
	No of shareholders	No of votes	Percentage of votes	No of shareholders	No of votes	Percentage of votes	
E	58	4,17,43,594	97.01	14	12,86,011	2.99	July 28, 2015
PBF	166	12,81,551	99.94	9	553	0.04	
E	72	4,99,04,913	92.14	32	42,46,650	7.84	July 28, 2016
PBF	72	9,777	0.02	7	292	0.00	
E	100	5,85,57,370	99.85	6	80,871	0.14	June 12, 2018
PBF	74	8,009	0.01	5	127	0.00	
E	64	54,781,018	95.30	37	2,697,401	4.69	July 25, 2018
PBF	58	4,074	0.01	4	95	0.00	
E	57	5,50,04,731	94.64	36	31,09,304	5.35	July 29, 2019
PBF	60	5,002	0.01	1	5	0.00	

Electronic (“E”) and Postal Ballot Forms (“PBF”)



## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

Sri P. Sriram, M/s P. Sriram & Associates, Company Secretaries in practice was appointed as the scrutinizer for carrying the process of postal ballot in fair and transparent manner.

All business set out in the notice of 34th AGM shall be conducted through remote e-voting in compliance with sections 108, and other applicable Sections of the Act, relevant rules and regulation 44 (3) of the LODR provided by the Company through CDSL. The notice of 34th AGM state the process of respective voting. The voting rights are based on the number shares of the Company held by the member on the cut off date. The scrutinizer appointed by the Board shall submit his report on results of the respective voting to the Chairperson or any other person authorised by the Chairperson after completion of his scrutiny within permissible time.

#### 6.4 Materially significant related party transactions

During FY20, there were no materially significant RPTs entered into, which were in potential conflict with the interest of the Company at large. The details of RPTs are presented in note no 46 of the financial statements attached hereto.

#### 6.5 Accounting treatment

The details of accounting treatment followed during the Year are mentioned in the Notes to Financial Statements.

#### 6.6 Risk management

Our business is subject to uncertainties and risks. The impact of these risks may impact our performance. If any of the risks materialise, our business, financial and prospectus could be materially and adversely affected. The risk management function of the Company help in identifying, analysing, assessing, mitigating, monitoring and governing risks. The Company has risk management policy. A separate section in this report titled "Management Discussion and Analysis" discusses about risk and its mitigating factors is attached to this report (Annexure - 3). Risk management is reviewed by ARMC of the Company on quarterly basis.

#### 6.7 Details of non-compliance and penalties, strictures imposed

There were no instances of non compliance by the Company on any matter relating to capital market during last three Years. No penalties, strictures were imposed on the Company by stock exchanges or SEBI or any other statutory authority (ies) last 3 years.

#### 6.8 Whistle Blower, Vigil Mechanism and Prohibition of Insider Trading

The Company promotes ethical behaviour in all its business activities. Accordingly, the Company has formulated "Whistle blower and Vigil Mechanism Policy" in line with regulation 22 of the LODR and RBI regulations for employees to report concerns about unethical behavior providing for adequate safeguard against victimisation of directors/employees, who avail of the mechanism. This policy is disclosed in the web site of the Company. No person is denied access to the ARMC. The Company has formulated "Code for Fair Disclosure and Conduct", which is displayed on the web site of the Company.

#### 6.9 Audit of Reconciliation of share Capital

Audit of reconciliation of share capital is mandated under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996. Accordingly, this audit for reconciliation of share capital admitted with NSDL and CDSL with the total issued and listed capital were carried out on a quarterly basis during FY20 by M/s P.Sriram & Associates ("PSA"). PSA was appointed by the Board. The audit reports did not have any adverse comment and the same were submitted quarterly to BSE and NSE within stipulated time.

#### 6.10 Means of communication

Multiple modes are adopted by the Company for communication with shareholders, debenture holders, fixed depositors such as individual letters, publication in news papers, disclosure to BSE/NSE, display on its web site, emails, annual reports etc. The annual and quarterly financial results of FY20 were published in newspaper in English in "Business Standard" and in Tamil in "Makkal Kural" within 48 hours of conclusion of the Board Meetings at which the respective financial results were approved. The same results are displayed at Company's website (Refer table 1). The Company's website contains a separate section "INVESTOR", where shareholder/ security holder information are displayed. The annual report of the Company is also displayed at the same section of the website of the Company (Refer Table -1). The Annual Report of the Company containing director's report, standalone financial statements, consolidated financial statements, auditor's report thereon and other important information are circulated to members and others entitled thereto. The investor complaints are

## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

processed in centralised web based complaints redressal system controlled by SEBI known as SEBI Complaint redress system ("SCORES"). The Investor section of the web site contains specified email ids for investor servicing ,i.e. [sect@shriramcity.in](mailto:sect@shriramcity.in), [scufncd18@shriramcity.com](mailto:scufncd18@shriramcity.com), [customersupport@shriramcity.com](mailto:customersupport@shriramcity.com), [shriramcity@shriramcity.in](mailto:shriramcity@shriramcity.in) The Company has been filing the information related to corporate governance, shareholding pattern, reconciliation of share capital audit and quarterly financial results in the website of NEAPS (National Electronic Application Processing System) viz <https://www.connect2nse.com/LISTING> and on BSE Listing Centre <https://listing.bseindia.com>. The presentations made by the Company to analysts are displayed on the web site of the Company (Refer Table -1). The SRC of the Board examines and redresses grievances of the shareholders and investors. The status of grievances of shareholders and investors are reviewed by the ARMC and Board.

#### 6.11 Details of 34th AGM

a. Date and Time	July 31, 2020 at 10 a.m.
b. Venue	The Company will conduct meeting through VC/OVAM from Chennai pursuant to the MCA circular dated May 5, 2020. For details please refer to the Notice of AGM.
c. Dividend	Interim dividend of ₹ 6.00 per equity share declared by the Board at its meeting held on October 25, 2019 was paid on November 18, 2019. The Board has not recommended any final dividend .The Interim dividend paid during FY20 shall be dividend for the year

#### 6.12 Financial Year

The financial year for FY20 was from April 1, 2019 to March 31, 2020. The next financial year is from April 1, 2020 to March 31, 2021. The financial year of the Company is from April 1 to March 31.

#### 6.13 Details of listing on stock exchanges

The annual listing fees to BSE and NSE and annual custodian fees to NSDL and CDSL for the FY20 for the Company were paid on time. The equity shares of the Company with ISIN – INE722A01011 are listed in BSE with stock code 532498 and NSE with stock code SHRIRAMCIT. The details of listed secured redeemable non-convertible debentures (NCDs) of the Company are displayed on the website of the Company (refer Table -1).The Company submitted the documents/information to the respective Trustees to the issues and allotment of NCDs were made on time during the Year in compliance of Regulation 55 of the LODR.



## REPORT ON CORPORATE GOVERNANCE ANNEXURE 1 (Contd.)

### 6.15 Stock market price data

The volume and market price (high and low) of equity shares of the Company traded during each month during FY20 are given below.

Month	NSE						BSE					
	Per share price (in ₹ of the Company)			NIFTY (in ₹)			Per share price (in ₹ of the Company)			Volume of Shares traded		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Apr-19	1819.9	1652.15	1736.025	11787.15	11575.95	11681.55	1850	1657.35	1753.675	3907	39275.64	38564.88
May-19	1629.45	1415	1522.225	11945.9	11148.2	11547.05	1625	1421.1	1523.05	32090	39831.97	37090.82
Jun-19	1619.95	1349	1484.475	12088.55	11672.15	11880.35	1619.4	1346.85	1483.125	59925	40267.62	38960.79
Jul-19	1583.4	1364.45	1473.925	11946.75	11085.4	11516.08	1581.35	1369.4	1475.375	4559	39908.06	37397.24
Aug-19	1439.9	1308.25	1374.075	11109.65	10741.35	10925.50	1431.25	1312.45	1371.85	1677	37641.27	36472.93
Sep-19	1361.5	1302.85	1332.175	11600.2	10704.8	11152.50	1356.8	1301.65	1329.225	1896	39097.14	36093.47
Oct-19	1349.95	1303.85	1326.9	11877.45	11126.4	11501.93	1352.95	1298.15	1325.55	2707	40129.05	37531.98
Nov-19	1355.2	1320	1337.6	12151.15	11840.45	11995.80	1357.3	1320	1338.65	3200	41130.17	40116.06
Dec-19	1412.9	1350.15	1381.525	12271.8	11856.8	12064.30	1414.4	1351.4	1382.9	1548	41681.54	40239.88
Jan-20	1430.65	1352.65	1391.65	12362.3	11962.1	12162.20	1432.3	1349.7	1391	3069	41952.63	40676.63
Feb-20	1465.3	1345	1405.15	12201.2	11201.75	11701.48	1469.9	1346.15	1408.025	1836	41565.90	38297.29
Mar-20	1427.05	698.25	1062.65	11303.3	7610.25	9456.78	1425	712.15	1068.575	27685	38623.70	25981.24

Average price per share = (High price per share + Low price per share)/2



## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

#### 6.16 Movement of share price of the Company in comparison to NIFTY and SENSEX



## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

#### 6.17 Contact Details

Particulars		Name	Address	Contact person name	Telephone number	Fax Number	E-mail id
Registrar and Transfer Agents (RTA)	Equity Shares & Dividend	Integrated Registry Management Services Private Limited	2nd Floor, Kences Towers , No. 1 Ramakrishna Street, Off North Usman Road, T. Nagar, Chennai – 600 017	Ms. Anusha N	+ 91 44 2814 0801 /02/03	+ 91 44 2814 2479	<a href="mailto:csdstd@integratedindia.in">csdstd@integratedindia.in</a>
	Public issue of NCDs allotted in 2019			Mr. K Balasubramanian			<a href="mailto:csdstd@integratedindia.in">csdstd@integratedindia.in</a> or <a href="mailto:scuf@integratedindia.in">scuf@integratedindia.in</a>
Trustees for NCDs		Catalyst Trusteeship Limited	GDA House, First Floor, Plot No. 85, S No. 94 & 94, Bhusari Colony (Right), Kothrud, Pune – 411 038	Ms. Rakhi Kulkarni	+ 91 20 2528 0081	+ 91 20 2528 0275	<a href="mailto:dt@ctltrustee.com">dt@ctltrustee.com</a> or <a href="mailto:grievance@ctltrustee.com">grievance@ctltrustee.com</a>
		Ministry of Corporate Affairs ("MCA")	'A' Wing, Shastri Bhawan, Rajendra Prasad, New Delhi – 110 001		+91 11 2338 4660/ 2338 4659		
		Securities and Exchange Board of India ("SEBI")	Plot No. C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051		+91 22 2644 9000/ 4045 9000	+91 22 2644 9019 – 22 / 4045 9019-22	<a href="mailto:sebi@sebi.gov.in">sebi@sebi.gov.in</a>
		Reserve Bank of India ("RBI")	16th Floor, Central Office Building Shahid Bhagat Singh Marg, Mumbai – 400 001		+91 22 2260 1000		
Stock Exchanges		National Stock Exchange of India Limited ("NSE")	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051		+91 22 2659 8100 - 8114	+91 22 2659 8120	
		BSE Ltd ("BSE")	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001		+91 22 2272 1233	+91 22 2272 1919	<a href="mailto:corp.comm@bseindia.com">corp.comm@bseindia.com</a>
Depository		National Securities Depository Limited ("NSDL")	Trade World, A wing, 4th floor, Kamala Mills Compound, Lower Parel, Mumbai – 400 013		+91 22 2499 4200 Toll free 1800 222 990	+91 22 2497 6351	<a href="mailto:info@nsdl.co.in">info@nsdl.co.in</a>
		Central Depository Services (India) Limited ("CDSL")	Marathon Futurex, A – wing, 25th floor, N M Joshi Marg, Lower Parel, Mumbai – 400 013		+91 22 2305 8640/8624/8639/ 8663 Toll free 1800 22 5533		<a href="mailto:helpdesk@cdslindia.com">helpdesk@cdslindia.com</a>

## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

#### 6.20 Share transfer system:

Company's shares are held by the holders in dematerialised form and few share holders hold it in physical form. Members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Transfer of shares held in dematerialised form are effected through the depositories with no involvement of the Company. In terms of Regulation 40 of SEBI LODR as amended from time to time, securities can be transferred only in dematerialised form w.e.f. April 1, 2019 except in case of request received for transmission or transposition of securities. Transfer of shares held in physical form are effected through the RTA. Valid transfer requests received on or before March 31, 2019 were processed by the RTA and within stipulated time. The documents for transfer of securities held in physical form can be lodged with respective RTAs. The Board has delegated the authority to approve transfer, transmission etc of shares and securities of the Company to its BSMC. As stipulated under Regulation 40(9) of the LODR, the Company obtained half yearly certificates of compliance with share transfer formalities from M/s P. Sriram & Associates, Company Secretary in practice and filed copies of the said certificates with BSE & NSE during the Year within stipulated time. There were no deviations reported in the said certificates.

#### 6.21 Updation of Demographic Details :

Updation of Nomination, Permanent Account Number ('PAN'), Bank account details and other required details can be made by applying in the specified form with necessary enclosure to the RTA or Depository Participant as the case may be. SEBI has made PAN card as mandatory for transfer/transmission of securities.

#### 6.22 Distribution of shareholding as at March 31, 2020

No. of equity shares held	Shareholders		Shares	
	Number	%	Number	%
UPTO 500	8,041	93.62	4,75,246	0.72
501-1000	259	3.02	1,90,715	0.29
1001-2000	99	1.15	1,45,024	0.22
2001-3000	51	0.59	1,31,240	0.20
3001-4000	18	0.21	61,152	0.09
4001-5000	14	0.16	63,017	0.10
5001-10000	27	0.31	1,89,215	0.29
10001 AND ABOVE	80	0.93	6,47,47,313	98.10
<b>Total</b>	<b>8,589</b>	<b>100.00</b>	<b>6,60,02,922</b>	<b>100.00</b>

#### 6.23 Shareholding pattern (in %) as at March 31, 2020

Promoters	Mutual Funds	Banks and FIs	FII	Bodies Corporate	Individuals	Limited Liability Partnership	Foreign Company	Foreign Portfolio Investor	NRIs	Others	Alternative Investment Fund	Total
33.9198	5.2728	0.0285	0.0125	10.2266	1.9254	0.0304	20.3352	27.3695	0.0928	0.1418	0.6447	<b>100</b>

#### 6.24 Dematerialisation of shares and liquidity

The Company's equity shares are tradable compulsorily in dematerialised form in BSE and NSE, which are managed by NSDL and CDSL. The connectivity with NSDL and CDSL is established through the RTA. As on March 31, 2020, 6,58,73,294 nos of equity shares (99.80% of the shares), existed in dematerialised form. The Company's shares are liquid and are actively traded in both NSE and BSE.

#### 6.25 Outstanding GDR/ADR/Convertible warrants, conversion date and impact on equity

The Company has not issued any GDRs / ADRs. The Company has granted stock options to the eligible employees of the Company under Employees Stock Option Scheme, 2006. The details of the scheme are set out under annexure to Report of Directors.

## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

#### 6.26 Location

The Company is in the business of Non Banking Finance and operates through various offices in India.

#### 6.27 Address for correspondence

Registered Office :123, Angappa Naicken Street, Chennai 600 001, Ph: +91 44 2534 1431

Secretarial Office :144, Santhome High Road, Mylapore, Chennai 600 004.

Ph : +91 44 4392 5300 Fax No : +91 44 4392 5430 Email : [sect@shriramcity.in](mailto:sect@shriramcity.in)

#### 6.28 Calendar for the financial Year 2020 – 2021 (tentative)

Annual General Meeting	September, 2021
Unaudited results for the quarter ending June 30, 2020	Last week of July, 2020
Unaudited results for the quarter / half –Year ending September 30, 2020	Last week of October, 2020
Unaudited results for the quarter ending December 31, 2020	Last week of January, 2021
Audited results for the Year ending March 31, 2021	Last week of May, 2021

#### 6.29 Adoption of Mandatory and Non Mandatory requirements under LODR

The Company has complied with all mandatory requirements and has also adopted the non mandatory requirements deemed appropriate. The report of the auditors of the Company does not contain any qualification on the financial statements. The posts of Chief Executive Officer (“CEO”) and Chairman of the Company are held by two separate persons.

### 7. COMPLIANCE ON FINANCIAL REPORTING

The Company complies with the requirements of Financial Reporting. The MD & CEO and CFO give annual certification on financial reporting and internal control to the Board in terms of regulation 17(8) read with Part B of Schedule II of the LODR. The said certificate issued for FY20 is attached to this report as Annexure - 4. The CEO & MD and CFO also issue certificate on financial results every quarter, while placing the quarterly financial results before the BM in terms of Regulation 33 (2) (a) of the LODR.

### 8. COMPLIANCE WITH CORPORATE GOVERNANCE

We have complied with the requirements of Corporate Governance. A certificate from the auditors of the Company, M/s GDA Apte & Co., Chartered Accountants confirming compliance with the conditions of corporate governance as stipulated under Part E of Schedule V of the LODR is attached to this report (Annexure No - 2).The certificate is without any adverse remarks, reservation

### 9. ELIGIBILITY FOR APPOINTMENT/CONTINUANCE AS A DIRECTOR

Each director has declared to the Company stating that he/she is not disqualified or debarred by the Board / Ministry of Corporate Affairs (“MCA”) or any such statutory authority from being appointed as a director on the board of company or to continue as director of company.

**REPORT ON CORPORATE GOVERNANCE  
ANNEXURE 2****G D Apte & Co.,**  
Chartered Accountants

**To**  
**The Members,**  
**Shriram City Union Finance Limited**

**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

We as the Statutory Auditors of Shriram City Union Finance Limited (the Company) have examined the compliance of conditions of Corporate Governance by, for the year ended March 31, 2020, as stipulated under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (the Regulation)

The compliance of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the Regulations. It is neither an audit nor an expression of opinion on the Financial Statements of the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and in accordance with the explanations given to us, we certify that the Company has at March 31, 2020 complied with the applicable conditions of Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**For G. D. Apte & Co.**  
Chartered Accountants  
Firm Registration No: 100515W  
UDIN : 20121007AAAAAP3931

**Anagha M. Nanivadekar**  
Partner  
Membership No.: 121007  
Place: Chennai  
Date: June 11, 2020

# MANAGEMENT DISCUSSION AND ANALYSIS

## ANNEXURE 3

### GLOBAL ECONOMY

According to World Bank, the global economy grew at 2.4% in 2019 and is estimated to contract sharply by at least 5.2% in 2020. The global slowdown, rising trade barriers, increasing geopolitical tensions and the unexpected Covid-19 pandemic are the key factors that impacted economic activity during the year. Worldwide, countries have implemented containment measures through lockdown and policy initiatives. As a consequence, the growth in the advanced economy group is projected to contract by 7% in 2020. On the other side, Emerging Market and Developing Economies (EMDE) is predicted to contract by 2.5% in 2020 owing to the health crisis, tight global financial conditions and a plunge in commodity prices.

Comprehensive fiscal stimulus will play a significant role in preempting a sharper decline in confidence, lift aggregate demand and prevent deeper downturn. The imperative measures announced by large central banks include monetary stimulus and liquidity infusion to ease overall stress. Thus, ensuring that the economies are better placed to recover as the outbreak fades.

(Source: World Bank)

#### Outlook

Global economy is anticipated to rebound at 4.2% in 2021, as the economic activities normalise backed by a series of policies measures and containment efforts whilst the pandemic fades. The advanced economy group is forecast to grow at 3.9%, while growth for the emerging market group is forecast at 4.6%.

(Source: World Bank)

### INDIAN ECONOMY

India's GDP is registered a muted growth of 4.2% in 2019-20 as against 6.1% in 2018-19 owing to subdued economic activities and the imposed lockdown to contain curb the Covid-19 pandemic (Source: The Economics Times dates May 29, 2020). Factors that impacted growth during the first nine months of the financial year include ongoing credit crunch, sluggish manufacturing growth, muted consumption and the global economic slowdown. The green shoots of recovery in high frequency indicators were visible towards the end of 2019, but it withered due to the inopportune health crisis.

The Government announced an economic stimulus package to the tune of 0.8% of GDP that largely provides income and food support to the poorer and more affected sections of the economy. The Reserve Bank of India (RBI) lowered the repo

rate by 40 basis points (bps) which stands at 4%, the reverse repo rate by 40 bps at 3.35% in off-cycle policy review and the cash reserve ratio by 100 bps, among other liquidity easing measures. To alleviate pressure on borrowers, the RBI's also permitted lenders to offer a three-month moratorium on payment of term loans which is further extended till August 31, 2020. Moreover, allotment of ₹ 10,000 crores to the National Housing Bank will aid the real estate sector reeling under the liquidity crisis. This will help provide capital to Housing Finance Companies (HFC) and ultimately deliver major relief to developers battling liquidity issues in times.

In addition, the RBI announced significant fiscal support to ease the stress owing to the nation-wide lockdown. The measures comprise targeted long-term repo operations or TLTRO worth ₹ 1,00,000 crores to ensure adequate liquidity in the system, especially in the corporate bonds, commercial papers and debentures. Further, it made available ₹ 50,000 crore worth liquidity under TLTRO 2.0 window.

#### Outlook

According to the World Bank, India's economy is projected to contract 3.2% in the 2020-21 and is likely to rebound in fiscal 2022, as the impact of Covid-19 dissipate, and fiscal and monetary policy support pays off. Further, the reduced oil price will lower the outflow of foreign currency, ease inflationary pressure and interest rates.

### INDUSTRY REVIEW

#### Indian Financial Services Sector

The Indian financial services sector is one of the most robust service segments of the Indian economy. It comprises commercial banks, insurance companies, non-banking financial companies (NBFC), co-operatives, pension funds, mutual funds and several other smaller financial entities. The sector is operating in a rapidly evolving regulatory and tax landscape with increasing demand for transparency and efficiency.

Technology has played a significant role in the financial sector's transitions towards delivering enhanced customer service and greater insight than ever before. The advent of smart data analytics allows financial services companies to understand customer needs and serve them better. Digital platforms have also helped organisations develop innovative offerings and processes. The modern approach of adopting multi-cloud creates an ideal platform for the companies to explore emerging technological tools such as AI and blockchain.



## MANAGEMENT DISCUSSION AND ANALYSIS

### ANNEXURE 3 (Contd.)

#### Indian Non-Banking Financial Companies (NBFCs)

NBFCs play a critical role in the development of an economy by providing a fillip to transportation, employment generation, wealth creation, bank credit in rural segments and to support financially weaker sections of the society. They have been leveraging data-driven credit underwriting, customised product offerings, risk-based pricing and advanced technology tools to drive financial inclusion across the country.

Over the past two years, NBFCs have continued to face liquidity concerns. As a corrective action, the borrowing profile of NBFCs significantly changed from capital market instruments to bank borrowings. As on September 30, 2019, 48.4% of the total borrowings were from banks versus 42.3% in June 2018. On the flipside, the share of borrowings through mutual funds reduced from 33% in June 2018 to 25.9% in September 2019.

The Central Bank and the Government took host of measures to support NBFCs since past couple of years to ease the liquidity crunch in the system. Thus, with the better liquidity conditions and solid business franchise, the industry was looking to return to comfortable levels in the second half of 2019-20, but the novel Covid-19 spread clipped the recovery. According to the Financial Stability Report of the RBI, the asset quality of NBFCs weakened throughout the year 2019, with their gross non-performing assets rising to 6.3% in September 2019 from 6.1% in March 2019, whereas, net NPA ratios remained stable at 3.4% between March and September 2019.

*(Source: The Economics Times dated 31st December, 2019)*

The nation-wide lockdown to curb Covid-19 crisis will affect the income of many borrowers for several months. Similarly, the businesses of the self-employed and SME borrowers are likely to be under distress, resulting in increased delinquencies. However, the six months moratorium provided by RBI will temporarily reduce the burden of repayment dues for millions of borrowers in the challenging scenario.

#### Outlook

NBFCs will continue to witness slower credit growth, higher pressure on margins and lesser fund-raising avenues as the outlook for the sector remains weak due to containment measures for Covid-19 pandemic. The overall profitability will moderate across the industry, as the rise in funding cost and decreased lending opportunities would lead to increased margin pressure. However, the measures taken by the Government and RBI will begin to pay off in the medium-to-long term.

#### INDIAN MSME SEGMENT

MSMEs segment plays a significant role in driving the growth of the economy. The development of this segment is vital to meet the financial inclusion and employment generation initiatives of the Government. With around 63.4 million units across India, it contributes around 45% to the overall exports from India. The sector provides employment to over 120 million people and contributes about 25% to the country's GDP from service activities and over 33% to the manufacturing output.

*(Source: Confederation of Indian Industry, Ministry of Micro, Small and Medium Enterprises)*

Empowering MSMEs was one of the key focus areas in the Union Budget 2020 to accelerate growth by making structural changes, enabling ease of doing business and providing tax benefits. Incentives for MSMEs in the Budget consists:

- No audit assessment for organisations with a yearly turnover of up to ₹ 5 crores, with an aim to reduce the compliance burden; however, it will be applicable to only those businesses which carry out less than 5% of their business transactions in cash
- Corporate tax for new organisations in the manufacturing has been reduced to 15%; for existing organisations, the rate has additionally been brought down to 22%
- Dividend Distribution Tax has been removed
- Application based Invoice Financing will be introduced for MSMEs to avoid issues relating to delayed payments and consequential cash flows mismatches



## MANAGEMENT DISCUSSION AND ANALYSIS

### ANNEXURE 3 (Contd.)

- Government e-Marketplace (GeM) will create a Unified Procurement System for providing a single platform for procurement of goods, services and works
- National Logistics Policy will be released soon that will create a single window e-logistics market with emphasis on generation of employment, skills and making MSMEs competitive

According to WTO, the worldwide exchange of goods is anticipated to decrease steeply between 13-32% in 2020 as countries across the world are fighting the pandemic. MSME exporters will be highly impacted on account of Covid-19 pandemic as the sector accounts for over 45% in the total outbound shipments. In order to reduce the impact on the industry, the RBI has eased working capital financing and put off interest payment on working capital facilities without an asset classification downgrade. Additionally, the Government has extended GST payments date till June 2020.

(Source: Bloomberg dated April 8, 2020)

#### Role of NBFC in MSME Financing

NBFCs have been a major credit provider to the MSME segment mainly at the lower end of the pyramid. In-depth knowledge of micro markets, low-cost distribution, credit underwriting tailored to informal and smaller MSMEs have made NBFCs a preferred partner for availing loans.

NBFCs serve MSMEs through:

- Differentiated credit underwriting that considers several sources of data (formal and informal) in the absence of credit ratings, seasonality of cashflows, industry and cluster risks
- Customised products that are best suited for target segment
- Reduced turn-around time from credit appraisal to disbursement with standardised processes and latest technology platforms

#### ROLE OF NBFC IN AUTOMOBILE LOAN FINANCING:

NBFCs caters to both wholesale and retail loan book. The traditional segment, retail loan book comprises vehicle

financing, microfinance, and housing loans, whereas wholesale assets include infrastructure, structured credit and real estate loans, among others. NBFCs have an immense exposure to vehicle financing covering all the segments. The decline in demand and consumption both from the rural and urban markets, and liquidity squeeze in the financial markets affected loan disbursement. However, subdued demand for new products is being offset by the increased sale of used vehicles. The sale of commercial vehicle (CVs) has already been impacted owing to economic slowdown and the transition from BS-IV to BS-VI norms. NBFCs loan sanctions for the CV loans segment dropped by as much as 36% y-o-y during the second quarter of the fiscal year 2019-20 (Source: Financial Express dated November 30, 2019). The Covid-19 pandemic is expected to further weaken the demand and in turn the financial viability of small transport operators.

#### ROLE OF NBFC IN GOLD LOANS

Gold loans are primarily taken by people in rural or semi-urban areas by pledging their household jewellery, as they lack access to institutional credit. According to KPMG report, India's gold loan market is projected to reach ₹ 4,617 billion by 2022 at a five-year compounded annual growth rate (CAGR) of 13.4%. The organised players consists banks, NBFCs and Nidhi companies contributing around 35% of the gold loan market. NBFCs providing gold loans will continue to be frontrunners with faster decision-making, rapid adoption of digital tools and expansion into new markets.

Growth in gold loan segment in coming quarters is expected. Demand for gold loan may surge as many seek refuge by borrowing against gold to deal with financial stress in economy because of biggest lockdown.

#### ROLE OF NBFCs IN HOUSING LOAN

Affordable Housing Segment has been looked upon as growth engines within the housing sector by most of the financial institution. The affordable housing loans are primarily extended to economically weaker section (EWS), middle income group (MIG) and low-income group (LIG) segments

## MANAGEMENT DISCUSSION AND ANALYSIS

### ANNEXURE 3 (Contd.)

in the rural and semi urban areas. Though, the borrowers from these categories do not have the ability to absorb any economic shocks as compared to others. Covid-19 is expected to impact the loan servicing of the borrowers due to restricted scale of operations and limited digitalisation. The collection efficiency of NBFCs is likely to suffer more during the lockdown.

#### Outlook

Developers focusing on the affordable housing segment are expected to experience reduced sales in the near term. However, the Government has taken initiatives to restore the struggling real estate sector, by setting up a stress fund of ₹ 25,000 crores, for all stalled projects at any stage of construction excluding those in liquidation process by NCLT. The scheme will cover 1,600 stalled projects with 4,58,000 dwelling units. The scheme is already set in motion and once the flow of funds for completion of projects begins, the overall sentiments will revive.

(Source: Financial Express dated January 6, 2020)

By lending to informal borrowers, the affordable housing finance segment remains margin accretive and faces moderate competition from banks and lenders. India Ratings and Research (Ind-Ra) has maintained a stable outlook on affordable housing finance companies (HFCs) and a negative outlook on large HFCs for 2020-21.

#### PERSONAL LOAN

Retail borrowing has grown over the years led by psychological shift in consumers' borrowing behavior leading to a significant rise in the demand for personal credit. The dramatic changes in technology and financial theory have accelerated the growth of unsecured personal loans. The unsecured loan comprises personal loan and credit card debt. It has emerged as favourite loan category because of larger reliance on credit bureau data and financial tools to analyse the credibility of the borrowers. The credit card outstanding grew at 40.7% in the third quarter of calendar year 2019 compared with 31.7% a year ago. Personal loan grew at 28% compared with 33.5% in the same period last year due to disruption of economic

activities. It is anticipated that personal loan demands may increase once the lockdown ends to deal with immediate financial stress.

(Source: Bloomberg Quint)

#### COMPANY OVERVIEW

Established in 1986, Shriram City Union Finance Limited ('Company') has developed expertise over the years to capture retail finance industry in a cost-efficient way, ensuring sufficient returns for its shareholders. With presence at pan India level, it has 947 branches and AUM of ₹ 29,085.20 crores as on March 31, 2020. The Company caters wide spectrum of users for offering several loan services. The Company is primarily engaged in providing gold loan, personal loan, loan services to small scale business owners and for purchasing two wheelers, commercial vehicles, passenger vehicles.

#### Asset under management as at March 31 (₹ in crores)

₹ in crores		
2018	2019	2020
27,582	29,582	29,085

#### Product wise performance review (₹ in crores)

₹ in crores		
Loan Type	Disbursement in 2019-20	AUM in 2019-20
MSMEs	7,259	16,653
Two-Wheelers	5,604	6,076
Gold Loans	7,107	3,119
Personal	1,704	1,857
Auto	1,038	1,380
<b>Total</b>	<b>22,712</b>	<b>29,085</b>

CAGR: 2.69%

#### Key highlights 2019-20

- Increased focus on secured business to fulfill the rising demand for collateral backed receivables
- Allocated more funding to the two-wheeler segment
- Opted for the lower corporate tax rate
- Expanded reach across the country by leveraging existing branch network

## MANAGEMENT DISCUSSION AND ANALYSIS

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#### Key Financial Ratios as on March 31

Key Ratios - Ind AS	Year ended FY19	Year ended FY20
Return on Average Total Assets (Annualized)	3.49%	3.31%
Return on Average Net Worth (Annualized)	16.56%	14.71%
Earnings per share (₹) (Basic)	149.88	151.60
Book Value per share (₹)	969	1092
Capital Adequacy Ratio (CRAR)	22.94%	27.69%
Interest Coverage Ratio	1.63	1.77
Debt Equity Ratio	3.54	3.21

#### OPPORTUNITIES AND THREATS

##### Opportunities

- Leader with differentiated position in underprivileged retail markets
- Trusted brand with strong parentage and good track record in financial services
- Comprehensive product range and robust business fundamentals to accelerate growth
- Solid balance sheet with adequate liquidity and healthy capitalisation
- Extensive reach in the rural and semi-urban markets leading to increased customers base
- Government's focus on MSME and Startups aids in increasing the MSMEs portfolio

##### Threats

- Any amendments in regulatory norms can impact NBFC and ancillary sectors
- Rising commoditisation of the product segments offered by competitors pose the greatest threat for Company
- Growing competition from local and global players can adversely affect the margins

#### HUMAN RESOURCES

Attracting the best talent, continuously upgrading their skills and retaining them is imperative in today's dynamic business landscape. SCUF continued its journey towards shaping a culture based on the philosophy that 'Talent is and will be the key differentiator propelling success.'

SCUF is committed to provide best-in-class work environment and create people practices aligned with the organisational goals. Learning and development initiatives plays an essential role by building individual and team capabilities. The HR function creates a roadmap for the growth and development of each team member. This roadmap encompasses robust HR Practices such as Digital learning, mentoring, cross functional knowledge sharing, framework of policies and practices, roles and responsibilities among others. The Company organises various training programs aimed at developing employee skills in conducting essential business operations and adapting to the rapidly changing market. Additionally, it conducts sessions on various compliances including prevention of sexual harassment.

Employees at all the level are incited for honest, constructive and developmental conversations. The idea is to encourage a culture of learning and sharing which strengthens the learning mindset of people. The Company continuously strives to improve employee satisfaction by taking feedback from all the employees. The total number of employees as March 31, 2020 stood at 28,699.

#### RISK MANAGEMENT

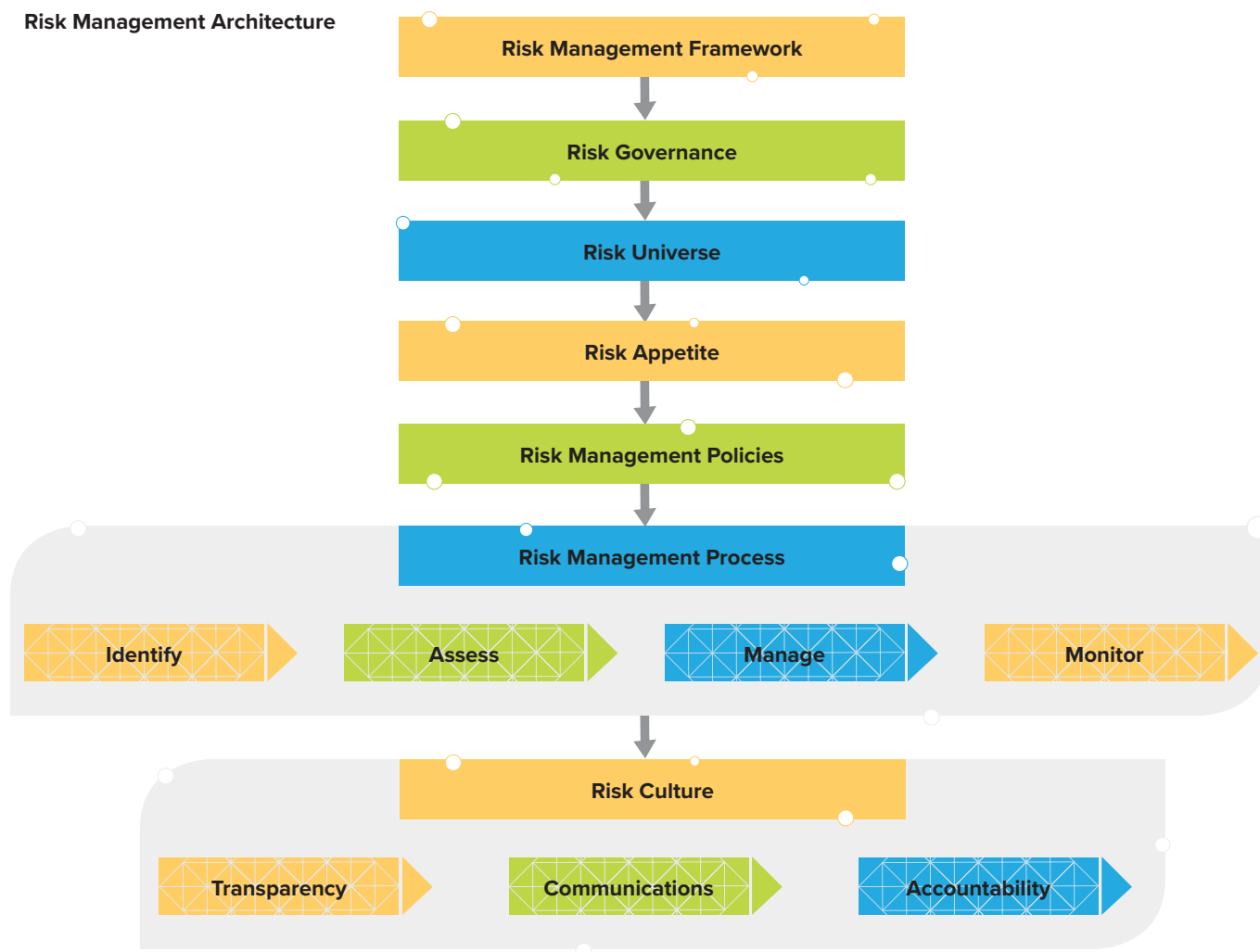
Effective risk management is critical to the overall profitability, competitive market positioning and long-term sustainability of the Company. At SCUF, risk is managed through risk management framework as well as through policies and processes approved by the Committees of the Board and the Senior Management. It encompasses independent identification, assessment and management of risk across businesses verticals. The comprehensive risk management policies and processes help to identify, evaluate and manage the risks that are encountered during conduct of business activities in an effective manner.

The Risk Management Committee periodically reviews the risk management policy, implementation and monitoring of risks along with review of various other measures with a systematic plan. This process aids the Company to examine and focus on the critical risks in a constantly evolving financial sector and customer needs. The Risk Management Committee has grouped all risks into major categories comprising credit, legal & regulatory, operational, liquidity, interest rate, cyber security and information technology risks.

## MANAGEMENT DISCUSSION AND ANALYSIS

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#### Risk Management Architecture



#### Business Continuity Risk

Business Continuity risks arising out of global disruptions like natural disasters, IT outages, lockdown due to pandemic like Covid 19, terror and unrest among others. This will impact the availability and efficiency of people and process, technology and infrastructure.

In such a scenario, the Company has Business Continuity Plan (BCP) to ensure smooth functioning of operations with uninterrupted services to customers. Continuous test and reviews are undertaken to address any discrepancies in the framework and check the effectiveness of the Company's readiness.

It is worthwhile to note that at SCUF, effective business continuity plan is put in place and BCP team quickly evaluated

company's response to outbreak like Covid-19 ensuring employee protection & safety, business continuity through remote working, enabling smooth conduct of business work through digital collections, assessing and formulating business strategy along with required communication, thus ensuring preparedness and availability of key critical business successfully functioning during such crisis period.

#### Credit Risk

Credit risk is the possibility of loss when a counterparty fails to make timely payments, or the credit rating or risk profile otherwise deteriorates. With over three decades of experience, the Company manages credit risk through strict credit norms in retail lending. A robust procedure helps the Company to assess every borrower's credibility before any



## MANAGEMENT DISCUSSION AND ANALYSIS

### ANNEXURE 3 (Contd.)

loan commitment.

#### **Credit Risk Management, Governance and Control:**

The Company has employed a wide range of credit risk management practices and controls, as outlined below:

- Comprehensive credit policies, guidelines and practices across business segments and product offerings
- Sturdy credit approval process for all businesses along with well-defined guidelines for minimising the associated risks
- Comprehensive credit appraisal of the borrowers through tele-verification and field visits
- Loan underwriting on the basis of assessed cash flows of customers and inputs from credit bureaus information reports
- Periodic scenario analysis of the credit portfolio to implement corrective measures
- Mandatory use of established credit quality ratings for portfolio investments; reviewed on a regular basis
- Concentration risk managed by analysing counterparty, industry sector, geographical region, single borrower and borrower group
- Risk-based credit portfolio, counterparty, and sector exposure limits have been established

#### **Market Risk**

The Company is exposed to financial and capital market risk arising from the adverse movement in equity prices, interest rate, credit spreads, commodity prices and foreign-exchange rates among others.

#### **Market Risk Management, Governance and Control:**

The Company has employed a wide range of market risk management practices and controls, as outlined below:

- Regular monitoring and review of market trends and risks by the Asset-Liability Management Committee (ALCO) through efficient practices and strategies
- Stress-testing techniques used to measure the impact of large and sustained adverse market movements
- Sound Market Risk Management System for pro-active management of advanced risks and monitoring of portfolio valuations

#### **Operational Risk**

Operational risk is the risk of loss (financial and non-financial) resulting from inadequate or failed internal processes, people and systems or from external events. Shortcomings or failure in internal processes or systems may have material adverse

impact on the financial position as well as affect the business operation.

A comprehensive Operational Risk Management Framework has been implemented to identify, assess, monitor risks and strengthen controls. The Company has designed training sessions on risk management tools for awareness programs. In addition, management examines various reports to identify any shortcoming with an aim of systemic remediation. Any potential risk with reputational or brand impact is constantly monitored to prevent any legal or compliance complications.

#### **Operational Risk Management, Governance and Control:**

The Company has employed a wide range of operational risk management practices and controls, as outlined below:

- Operational risk governance policies and practices to monitor, review and report to strengthen controls, improve services and minimise losses
- Governance practices, corporate values, Code of Conduct and Company-wide approach to managing risk set the foundation for mitigating operational risks
- Periodically reviewed and updated internal controls and systems, as per the needs
- Regular skill development workshops to ensure a competent workforce throughout the organisation
- Well-defined standard operating procedures for better control over transactions, processes and regulatory compliance
- Risk based audit conducted on regular intervals across all business functions to reduce enterprise exposure
- Frequent tests and audits of the Brief Disaster Recovery (DR) plan and Business Continuity Plan (BCP) in order to determine the effectiveness of the Company's readiness
- DR and BCP ascertain harmonious continuity of operations including services to customers when confronted with adverse events
- Contingency plan to address data recovery in case of a natural disaster

#### **Interest Rate Risk**

It is the risk of financial loss arising from volatility in interest rates for both the lending and treasury operations. This can impact net interest income to decline and adversely impact return on assets and profitability.



## MANAGEMENT DISCUSSION AND ANALYSIS

### ANNEXURE 3 (Contd.)

#### Interest Rate Risk Management, Governance and Control:

The Company has employed a wide range of interest risk management practices and controls, as summarized below:

- Prudent policies and procedures employed for managing the assets and liabilities to ensure exposure within acceptable limits
- Rate-sensitive asset-liability gap analysis used to measure exposure to interest rate fluctuations, providing a static view of the maturity profile of balance sheet positions
- Interest rate gap prepared by categorising all assets and liabilities into several time-period in accordance with contracted maturities or anticipated re-pricing date; the difference in the amount of assets and liabilities maturing, or being repriced in any time period category, indicates the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities

#### Liquidity Risk

Liquidity is the Company's capacity to fund increase in assets and meet both expected and unexpected cash and collateral obligations at a reasonable cost without incurring losses. Liquidity risk is thus, the possibility that the Company is unable to meet all such obligations as they fall due without adversely affecting the financial condition. The entire NBFC sector is witnessing challenging times as a result of the asset-liability mismatch.

#### Liquidity Risk Management Governance and Control:

The Company has employed a wide range of liquidity risk management practices and controls, which are described below:

- Liquidity is managed in accordance with the Asset Liability Management ('ALM') policies and operating guidelines
- ALCO examines diverse liquidity position (Structural and Dynamic) on a regular basis, under multiple scenarios and at various stress levels
- Maturity ladder and calculation of cumulative surplus/deficit of funds at selected maturity dates used as a standard tool for determining the liquidity risk
- Contingency plans maintained for management of liquidity in the event of a crisis
- Active management and monitoring of the capital and asset levels to cover potential funding requirements
- Diverse source of liquidity to facilitate flexibility in meeting funding requirements; funding mainly generated through borrowings from banks, financial institutions, capital

markets and public (fixed) deposits

- Cash Management and asset-liability management programs to support the Company's ability to maintain the financial position

#### Cyber Risk

Cyber threats and the associated risks in the external environment in the age of increased remote working have increased and the Company works continuously to improve processes and controls to mitigate these risks. The Company maintains a secure business environment for its clients, employees and customers' information. This requires an effective and secure information technology system and cybersecurity framework to manage threats. In order to safeguard critical assets from cyber-attacks, the Security Operations Center (SoC) functions on 24/7 basis. Further, to mitigate the risks, SCUF constantly keeps on enhancing its capabilities to assess, manage and respond to the ever-increasing threat landscape.

#### Cyber Risk Management, Governance and Control:

The Company has employed a wide range of cyber risk management practices and controls, as outlined below:

- Continuous investments in technology, processes and cybersecurity professionals enhancements to be better prepared and deal with the dynamic threat landscape
- Security framework and policies include procedures that are aligned with recognized industry standards to protect information at all levels
- Comprehensive security program to increase **employee/ Interested Parties** to increase awareness on incidence of attacks such as **malware, phishing, ransomware, spoofing etc.**
- ISO 27001 certification for Information Security Management System **framing policies and procedures on IT framework and covering all IT processes.**
- Email Threat Prevention (ETP) services to quarantine detected advance e-mail threats.
- Frequent assessment and penetration tests conducted to evaluate susceptibilities in the application and IT infrastructure **and network.**
- Measures for authentication and risk-based transaction constantly monitored to prevent fraud.
- **An effective approach in place to the management of information security incidents including communication, documentation, evidence collection & closure on security events and weaknesses so**



## MANAGEMENT DISCUSSION AND ANALYSIS

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as to provide SCUF an effective way to respond to all incidents so as to minimize information security damages.

#### Information Technology Risk

Today, technology supports virtually all aspects of the Company's business operations. The rapidly changing threat landscape increases the risk of data loss or threats which may lead to financial losses. To manage the risks associated with information technology infrastructure and applications, number of policies, standards and controls have been implemented.

**Information Technology Risk Management, Governance and Control:** The Company has employed a wide range of IT risk management practices and controls, as outlined below:

- **Regular** security drills and employee awareness programs are in place to ensure IT security and increased awareness
- SOC continuously assess and monitors all the attacks and potential threats on its IT infrastructure **and network**. It helps in following attributes:
  - o Detects security threats from within and outside the organization leading to better incident reporting and management
  - o Disaster Recovery Drills conducted on regular intervals to attain better Recovery Point Objective (RPO) and Recovery Time Objective (RTO)
  - o Stringent security tests and reviews done before launching an application to ensure no prospective loss to the users or the organization
- Vulnerability assessment and penetration testing regularly done by internal resources and external experts to improve the control measures
- Contingency plan ensure that crucial business functions are accessible to customers even though one centre is entirely compromised.
- Contingency plan to ascertain that business functions are available to customers even if one hub is compromised.
- **An effective Business Continuity Plan (BCP) in place and tested successfully and proved on crisis situations such as Flood, 'Covid-19' pandemic etc.**
- Privacy Policy to ensure the protection and usage of customers' personal information as per requirements of regulatory authorities

It is also worthwhile to note that Covid-19 outbreak has impacted businesses across the regions. Lockdown imposed

to fight pandemic has posed challenges to businesses along with various risk associated to it. It is important to note that pandemic have contributed to above mentioned risk in one or other way. Management at SCUF is committed to manage all those risk and limits its impact. Various risk and threats are recognized and adequate measures, check and controls are put in place to ensure mitigation and management of such risks

#### INTERNAL AUDIT

The performance of internal audit departments is regularly reviewed by Audit and Risk Committee to analyse audit findings, efficiency of controls measures and compliance with regulatory guidelines. The internal audit is performed within the regulatory guidelines with preparation and the execution of annual internal audit plan. It reviews the effectiveness, adequacy, proficiency of internal control, processes and procedures within the business. This, in turn aids in protecting the Company's assets.

The Company has adopted a Risk-based approach of Internal Audit (RBIA) with main emphasis on risks that has extensive impact. The structure of RBIA is built considering the stringent RBI guidelines and internationally recognised practices.

The internal audit department provides an integrated report to the Audit Committee for effective audit planning and reporting. The important reports are shared with the management teams and the Audit Committee of the Board.

#### INTERNAL CONTROL OVER FINANCIAL REPORTING

The internal control system of the Company is devised to harmonise the complexity of its business operations. Internal control improves the reliability of financial reporting and operational information. This in turn ensures strict adherence to all applicable statutes and regulations governing the business operations.

Internal control systems are driven through various policies, procedures and certifications. An internal committee regularly reviews these processes and controls. Any deviations observed in the process of evaluation are highlighted to the Board, which initiates prompt corrective measures.

The Management had evaluated the structure, adequacy and operating effectiveness of the Internal Financial Controls, broadly in accordance with the standards established under the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO").

## MANAGEMENT DISCUSSION AND ANALYSIS

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#### CAUTIONARY STATEMENT

Statements made in this Management Discussion and Analysis Report may contain certain forward-looking statements based on various assumptions on the Company's present and future business strategies and the environment in which it operates. Actual results may differ substantially or materially from those expressed or implied due to risk and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and abroad, volatility in interest rates and

in the securities market, new regulations and Government policies that may impact the Company's businesses as well as the ability to implement its strategies. The information contained herein is as of the date referenced and the Company does not undertake any obligation to update these statements. The Company has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed.

## COMPLIANCE CERTIFICATE BY CEO / CFO

### ANNEXURE 4

**To**

**The Board of Directors**

**Shriram City Union Finance Limited**

Chennai

We, Y S Chakravarti, Managing Director and Chief Executive Officer and Sri Ramasubramanian Chandrasekar, Executive Director and Chief Financial Officer of M/s Shriram City Union Finance Limited ("Company") pursuant to Regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the best of our knowledge and belief, certify that

- (i) we have reviewed the Balance Sheet as at March 31, 2020 and statement of Profit and Loss for the year ending on same date, Cash Flow statement as on the same date and the notes there to (together known as financial statements).
- (ii) these financial statements do not contain any materially untrue statement or omit any material fact or they contain statements that might be misleading.
- (iii) these financial statements and other financial information included in this report present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (iv) there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (v) we accept responsibility for establishing and maintaining internal controls for financial reporting of the Company.
- (vi) we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting.
- (vii) there are no deficiencies in the design or operation of internal controls which are to be disclosed to the auditors and/or to the Audit and Risk Management Committee.
- (viii) we have indicated to the auditors of the Company and the Audit and Risk Management Committee that there were
  - a) no significant changes in internal control over financial reporting during the year covered by this report;
  - b) no significant changes in accounting policy has been made during the year covered by this report except for adoption of Ind AS 116 –Leases using the modified retrospective approach with the date of initial application being April 1, 2019 ;
  - c) no significant instances of fraud detected during the year except the frauds reported in Notes to Accounts.

**Yalamati Srinivasa Chakravarti**

Managing Director and Chief Executive Officer  
DIN - 00052308

**Ramasubramanian Chandrasekar**

Chief Financial Officer

Place : Chennai

Date : June 11, 2020

**FORM NO. AOC - 2****ANNEXURE 5**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not arm's length basis**

Sl. No.	Particulars	Remarks
a)	Name (s) of the related party and nature of relationship	-
b)	Nature of contracts/arrangements/transactions	-
c)	Duration of the contracts/ arrangements/ transactions	-
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	-
e)	Justification for entering into such contracts or arrangements or transactions	-
f)	Date(s) of approval by the Board	Not applicable
g)	Amount paid as advances, if any	-
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Not applicable

**2. Details of material contracts or arrangements or transactions at arm's length basis**

Sl. No.	Particulars	Remarks
a)	Name (s) of the related party and nature of relationship	-
b)	Nature of contracts/arrangements/transactions	-
c)	Duration of the contracts/ arrangements/ transactions	-
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	-
e)	Date(s) of approval by the Board	Not applicable
f)	Amount paid as advances, if any	-

# FORM NO. MGT - 9

## ANNEXURE 6

### EXTRACT OF ANNUAL RETURN

as on the financial Year ended on March 31, 2020

[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS :

i)	CIN	L65191TN1986PLC012840
ii)	Registration Date	March 27, 1986
iii)	Name of the Company	Shriram City Union Finance Limited
iv)	Category/Sub- Category of the Company	Non Banking Finance Company
v)	Address of the Registered Office and contact details	123, Angappa Naicken Street, Chennai – 600 001, Tel No. +91 44 2534 1431
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Enterprises (India) Limited 2nd Floor, 'Kences Towers', No.1 Ramakrishna Street, North Usman Road, T Nagar, Chennai – 600 017 Tel No.: +91 44 2814 0801 - 03

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Non Banking Financial Services	64990	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable section of the Companies Act, 2013
1	Shriram Housing Finance Limited	U65929TN2010PLC078004	Subsidiary	77.25	2 (87)

#### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE TO TOTAL EQUITY)

##### i) Category-wise share holding

Sl. No.	Category of shareholders	No. of shares held at the beginning of the Year				No. of shares held at the end of the Year				% Change during the Year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A.</b>	<b>Promoters</b>									
<b>1.</b>	<b>Indian</b>									
a)	Individual/ HUF	-	-	-	-	-	-	-	-	-
b)	Central Govt	-	-	-	-	-	-	-	-	-
c)	State Govt (s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	22,268,877		22,268,877	33.74	22,388,077		22,388,077	33.92	-
e)	Banks/FIs	-	-	-	-	-	-	-	-	-
f)	Any other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A) (1)</b>	<b>22,268,877</b>	<b>-</b>	<b>22,268,877</b>	<b>33.74</b>	<b>22,388,077</b>	<b>-</b>	<b>22,388,077</b>	<b>33.92</b>	<b>-</b>



**FORM NO. MGT - 9**  
**ANNEXURE 6 (Contd.)**

Sl. No.	Category of shareholders	No. of shares held at the beginning of the Year				No. of shares held at the end of the Year				% Change during the Year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>2.</b>	<b>Foreign</b>									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other- Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks / FIs	-	-	-	-	-	-	-	-	-
e)	Any other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A) (2)</b>	-	-	-	-	-	-	-	-	-
	<b>Total Shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	<b>22,268,877</b>	<b>-</b>	<b>22,268,877</b>	<b>33.74</b>	<b>22,388,077</b>	<b>-</b>	<b>22,388,077</b>	<b>33.92</b>	<b>-</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>1.</b>	<b>Institutions</b>									
a)	Mutual Funds	38,73,955	-	38,73,955	5.87	34,80,194	-	34,80,194	5.27	(0.60)
b)	Banks / FI	4,633	-	4,633	0.01	5,934	-	5,934	0.01	(0.00)
c)	Central Govt.	-	-	-	-	-	-	-	-	-
d)	State Govt (s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	12,898	-	12,898	0.02	0.02
g)	FIs / FPI	1,72,79,938	-	1,72,79,938	26.18	1,80,72,908	-	1,80,72,908	27.38	1.20
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Others (specify) Qualified Foreign Portfolio Investor									
	Alternative Investment Fund	4,47,353	-	4,47,353	0.68	4,25,548	-	4,25,548	0.64	(0.03)
	<b>Sub-total (B) (1)</b>	<b>2,16,05,879</b>	<b>-</b>	<b>2,16,05,879</b>	<b>32.74</b>	<b>2,19,97,482</b>	<b>-</b>	<b>2,19,97,482</b>	<b>33.33</b>	<b>0.59</b>
<b>2.</b>	<b>Non - Institutions</b>									
a)	Bodies Corporate									
i)	Indian	67,77,042	1,950	67,78,992	10.27	67,47,869	1,950	67,49,819	10.23	(0.04)
ii)	Overseas	-	-	-	-	-	-	-	-	-
b)	Individuals									
i)	Individual shareholders holding nominal Share Capital upto ₹ 1 lac	10,25,727	1,47,080	11,72,807	1.78	8,09,767	1,27,678	9,37,445	1.42	(0.36)
ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lac	4,87,468	-	4,87,468	0.74	3,33,384	-	3,33,384	0.51	(0.23)
<b>c)</b>	<b>Others (specify)</b>									
	Clearing Members	5,352	-	5,352	0.01	37,838	-	37,838	0.06	0.05
	Trusts	-	-	-	-	50	-	50	0.00	0.00
	NRI	1,75,307	-	1,75,307	0.27	61,220	-	61,220	0.09	(0.17)
	Limited Liability Partnership	22,452	-	22,452	0.03	20,042	-	20,042	0.03	0.00
	Corporate Bodies (Foreign Bodies)	1,34,21,889	-	1,34,21,889	20.35	1,34,21,889	-	1,34,21,889	20.34	0.00


**FORM NO. MGT - 9**  
**ANNEXURE 6 (Contd.)**

Sl. No.	Category of shareholders	No. of shares held at the beginning of the Year				No. of shares held at the end of the Year				% Change during the Year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
	Unclaimed Securities Suspense A/c	500	-	500	0.00	475	-	475	0.00	0.00
	IEPF Authority	52,794	-	52,794	0.08	55,201	-	55,201	0.08	0.00
	<b>Sub-total (B) (2)</b>	<b>2,19,68,531</b>	<b>1,49,030</b>	<b>2,21,17,561</b>	<b>33.52</b>	<b>2,14,87,735</b>	<b>1,29,628</b>	<b>2,16,17,363</b>	<b>32.75</b>	<b>(0.76)</b>
	<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	<b>4,35,74,410</b>	<b>1,49,030</b>	<b>4,37,23,440</b>	<b>66.26</b>	<b>4,34,85,217</b>	<b>1,29,628</b>	<b>4,36,14,845</b>	<b>66.08</b>	<b>(0.16)</b>
C.	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	<b>6,58,43,287</b>	<b>1,49,030</b>	<b>6,59,92,317</b>	<b>100.00</b>	<b>6,58,73,294</b>	<b>1,29,628</b>	<b>6,60,02,922</b>	<b>100.00</b>	<b>0.02</b>

**ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the Year			No. of shares held at the end of the Year			% Change in shareholding during the Year
		No. of shares	% of total shares of the Company	% of Share Pledged / Encumbered to total shares	No. of Shares	% of total shares of the Company	% of Share Pledged / Encumbered to total shares	
1.	Shriram Capital Limited	22268877	33.74	-	22371594	33.89	-	0.16
2.	Shriram Financial Ventures (Chennai) Private Limited	-	0.00	-	16483	0.02	-	0.02

**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Name of the shareholder	Shareholding at the beginning (April 1, 2019)/ End of the Year (March 31, 2020)					Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	Date	Increase/ Decrease in shareholding during the Year specifying the reasons	Reasons	No. of Shares	% of total shares of the Company
1	Shriram Capital Limited	22268877	33.74	Apr 1, 2019			22268877	33.74
				Jul 2, 2019	35485	Transfer	22304362	33.79
				Jul 3, 2019	66624	Transfer	22370986	33.89
				Jul 4, 2019	608	Transfer	22371594	33.89
		22371594	33.89	Mar 31, 2020	-	-	22371594	33.89
2	Shriram Financial Ventures (Chennai) Private Limited	-	-	April 1, 2019			-	-
				Jul 3, 2019	16398	Transfer	16398	0.02
				Jul 4, 2019	85	Transfer	16483	0.02
		16483	0.02	Mar 31, 2020	-	-	16483	0.02

**FORM NO. MGT - 9**  
**ANNEXURE 6 (Contd.)**
**iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name of the shareholder	Shareholding at the beginning (April 1, 2019)/ End of the Year (March 31, 2020)					Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	Date	Increase/ Decrease in shareholding during the Year specifying the reasons	Reasons	No. of Shares	% of total shares of the Company
1	Dynasty Acquisition FPI Ltd	13421889	20.354	Apr 1, 2019	-	Acquisition of shares from TPG India Investments I INC in off market transaction	13421889	20.354
		13421889	20.354	Mar 31, 2020			13421889	20.354
2	Piramal Enterprises Limited	6579840	9.978	Apr 1, 2019	-	-	6579840	9.978
		6579840	9.978	Mar 31, 2020	-	-	6579840	9.978
3	East Bridge Capital Master Fund Limited	2562364	3.886	Apr 1, 2019	-	-	2562364	3.886
		2562364	3.886	Mar 31, 2020	-	-	2562364	3.886
4	Matthews India Fund	1873192	2.841	Apr 1, 2019	-	-	1873192	2.841
				Jun 14, 2019	-433	Transfer	1872759	2.840
				Jun 21, 2019	-44887	Transfer	1827872	2.772
				Aug 16, 2019	-36110	Transfer	1791762	2.717
				Aug 30, 2019	-35107	Transfer	1756655	2.664
				Sep 6, 2019	-33631	Transfer	1723024	2.613
				Sep 20, 2019	-70	Transfer	1722954	2.613
				Sep 27, 2019	-84054	Transfer	1638900	2.485
				Sep 30, 2019	-8873	Transfer	1630027	2.472
				Oct 4, 2019	-5831	Transfer	1624196	2.463
				Oct 18, 2019	-15573	Transfer	1608623	2.439
				Oct 25, 2019	-40695	Transfer	1567928	2.378
				Nov 1, 2019	-4585	Transfer	1563343	2.371
				Nov 8, 2019	-2414	Transfer	1560929	2.367
				Mar 20, 2020	8120	Transfer	1569049	2.379
				Mar 31, 2020	-	-	1569049	2.379
5	East Bridge Capital Master Fund I Ltd	1641228	2.489	Apr 1, 2019	-	-	1641228	2.489
		1641228	2.489	Mar 31, 2020	-	-	1641228	2.489
6	WF Asian Reconnaissance Fund Limited	1517945	2.302	Apr 1, 2019	-	-	1517945	2.302
				Apr 19, 2019	11022	Transfer	1528967	2.319
				Apr 26, 2019	72630	Transfer	1601597	2.429
		1601597	2.429	Mar 31, 2020	-	-	1601597	2.429
7	WF Asian Smaller Companies Fund Limited	1516817	2.300	Apr 1, 2019	-	-	1516817	2.300
		1516817	2.300	Mar 31, 2020	-	-	1516817	2.300
8	Cornalina Acquisition (FII) Limited	1223810	1.856	Apr 1, 2019	-	-	1223810	1.854
		1223810	1.856	Mar 31, 2020	-	-	1223810	1.854


**FORM NO. MGT - 9**  
**ANNEXURE 6 (Contd.)**

Sl. No.	Name of the shareholder	Shareholding at the beginning (April 1, 2019)/ End of the Year (March 31, 2020)					Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	Date	Increase/ Decrease in shareholding during the Year specifying the reasons	Reasons	No. of Shares	% of total shares of the Company
9	Aditya Birla Sun Life Trustee Private Limited (under various sub accounts)	1221692	1.853	Apr 1, 2019	-	-	1221692	1.853
				May 3, 2019	5000	Transfer	1226692	1.860
				May 10, 2019	61100	Transfer	1287792	1.953
				May 17, 2019	28500	Transfer	1316292	1.996
				May 24, 2019	34000	Transfer	1350292	2.048
				Jun 7, 2019	9800	Transfer	1360092	2.063
				Jun 14, 2019	1150	Transfer	1361242	2.064
				Oct 4, 2019	8000	Transfer	1369242	2.076
				Nov 8, 2019	-101700	Transfer	1267542	1.922
				Jan 3, 2020	10000	Transfer	1277542	1.937
				Feb 28, 2020	6485	Transfer	1284027	1.947
				Mar 20, 2020	7327	Transfer	1291354	1.958
				Mar 27, 2020	9000	Transfer	1300354	1.972
				Mar 31, 2020	-	-	1300354	1.972
10	Acacia Partners, LP	1000000	1.516	Apr 1, 2019	-	-	1000000	1.516
		1000000	1.516	Mar 31, 2020	-	-	1000000	1.516

**Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name	Shareholding at the beginning (April 1, 2018)/ End of the Year (March 31, 2019)					Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	Date	Increase/ Decrease in shareholding during the Year specifying the reasons	Reasons	No. of Shares	% of total shares of the Company
1	Sri Duruvasan Ramachandra, MD & CEO	-	-	Apr, 2019	-	-	-	-
		-	-	Mar 31, 2020	-	-	-	-
2	Sri Yalamati Srinivasa Chakravarti, MD & CEO	-	-	Apr, 2019	-	-	-	-
		-	-	Mar 31, 2020	-	-	-	-
3	Sri Ramasubramanian Chandrasekar, CFO	-	-	Apr 1, 2019	-	-	-	-
		-	-	Mar 31, 2020	-	-	-	-
4	Sri C R Dash, CS	8172	0.00	Apr 1, 2019			8172	0.00
				Mar 31, 2020			8172	0.00

Sri Duruvasan Ramachandra held the position of MD & CEO upto June 30, 2019 and Sri Yalamati Srinivasa Chakravarti was appointed as the MD & CEO with effect from July 1, 2019.

Managing Director and Chief Executive Officer ("MD & CEO"), Chief Financial Officer ("CFO"), Company Secretary ("CS"). None of the Directors hold any shares in the Company.

**FORM NO. MGT - 9**  
**ANNEXURE 6 (Contd.)****V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in crores

Particulars	Secured Loans	Unsecured Loans excluding deposits	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	16,677.02	2,361.73	2,904.26	21,943.01
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	275.25	168.09	215.14	658.48
<b>Total (i+ii+iii)</b>	<b>16,952.27</b>	<b>2,529.82</b>	<b>3,119.40</b>	<b>22,601.49</b>
Change in Indebtedness during the financial year				
● Addition	15,485.06	737.00	2,002.35	18,224.41
● Reduction	(13,610.16)	(2,847.29)	(1,130.44)	(17,587.89)
● Movement in IND AS Adjustments	(104.33)	2.92	(8.07)	(109.48)
● Change in Interest payable during the year (Net)	80.05	(71.56)	28.83	37.32
Indebtedness at the end of the financial year				
i) Principal Amount	18,447.59	254.35	3,768.10	22,470.04
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	355.30	96.53	243.97	695.80
<b>Total (i+ii+iii)</b>	<b>18,802.89</b>	<b>350.88</b>	<b>4,012.07</b>	<b>23,165.84</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/ or Manager :**

₹ in crores

Sl. No.	Particulars of Remuneration	Sri Duruvasan Ramachandra*	Sri Yalamati Srinivasa Chakravarti#	Total Amount
1.	Gross Salary			
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	0.29	0.49	0.78
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
5.	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>0.29</b>	<b>0.49</b>	<b>0.78</b>

\*Managing Director and CEO upto June 30, 2019

# Managing Director and CEO w.e.f. July 1, 2019


**FORM NO. MGT - 9**  
**ANNEXURE 6 (Contd.)**
**B. Remuneration to other directors:**

₹ in crores

	Particulars of Remuneration	Name of Directors						Total Amount
		Sri Debendranath Sarangi	Sri C R Muralidharan	Sri Diwakar B Gandhi	Smt Maya S Sinha	Sri Pranab Prakash Pattanayak	Sri Venkatarman Murali	
<b>Independent Directors</b>	Fee for attending Board Committee Meetings	0.075	0.058	0.055	0.045	0.045	0.055	<b>0.333</b>
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (I)							
<b>Other Non Executive Directors</b>	Fee for attending Board Committee meetings	-	-	-	-	-	-	-
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (II)	-	-	-	-	-	-	-
	Total (B) = (I+II)	0.075	0.058	0.055	0.045	0.045	0.055	<b>0.333</b>
	Total Managerial Remuneration (A + B)	-	-	-	-	-	-	<b>1.113</b>

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTB**

₹ in crores

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1.	Gross Salary		0.56	0.56	1.12
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961				
(b)	Value of perquisites u/s 17(2) Income Tax Act, 1961		-	-	-
(c)	Profits in lieu of salary under section 17(3) of Income Tax, 1961		-	-	-
2.	Stock Option		-	-	-
3.	Sweat Equity		-	-	-
4.	Commission		-	-	-
5.	Others, please specify		-	-	-
	<b>Total</b>		0.56	0.56	1.12

Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Company Secretary ("CS"). Sri Duruvasan Ramanchandra held the position of Managing Director and CEO of the Company upto June 30, 2019 and Sri Yalamati Srinivasa Chakravarti is the Managing Director and CEO of the Company w.e.f. July 1, 2019. Since the remuneration paid to them is mentioned in table A above, it is not mentioned here again.



**FORM NO. MGT - 9**  
**ANNEXURE 6 (Contd.)**

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of the Penalty/ Punishment/ Compounding/ fees imposed	Authority [RD/ NCLT/ Court]	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty					
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty					
Punishment					
Compounding					
<b>C. Other Officers in default</b>					
Penalty					
Punishment					
Compounding					

NIL

## ANNEXURE 7

### Disclosure pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as at March 31, 2020.

Particulars	SCUF Employees Stock Option Scheme, 2006
Date of shareholder's approval	October 30, 2006
a) Options Granted	13,55,000 equity shares of ₹ 10/- each
Vesting requirements	Options granted shall be vested after the period of one year from the date of grant
b) Exercise price	₹ 35/- per option
Maximum term of options granted	Options granted can be vested after the gap of a one year and the vested options can be exercised within a period of 10 Years
Source of shares	Primary
c) Options vested	13,55,000
d) Options exercised	13,42,040
Number of options outstanding at the beginning of the period	23,565
Number of options granted during the Year	-
Number of options forfeited / lapsed during the Year	-
Number of options vested during the Year	10,605
Number of options exercised during the Year	10,605
e) Number of shares arising as a result of exercise of option	
f) Options lapsed	-
g) Variation of terms of options	-
h) Money realised by exercise of options	₹ 3,71,175
Number of options outstanding at the end of the Year	12,960
Number of options exercisable at the end of the Year	-
i) Total number of options in force	-
j) Employee wise details of options granted to:	
i) Senior Management Personnel	-
ii) Any other employee who receives a grant of option amounting to 5% or more of option granted	-
iii) Identified employees who were granted option equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	-

## ANNEXURE 7 (Contd.)

Particulars	SCUF Employees Stock Option Scheme, 2006
k) Diluted earnings per share (EPS) pursuant to issue of Shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	₹ 151.57
i) Method of calculation of employee compensation cost	Intrinsic value method
ii) Difference between the employee compensation cost so calculated at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options	Fair Value method (Using Black Scholes Model): ₹ 30.82 crores Intrinsic Value method: ₹ 30.69 crores Difference in cost : ₹ 0.13 crores
iii) The impact of this difference on profits and on EPS of the Company	Fair Value method - (Using Black Scholes Model) Intrinsic Value method - Impact on Profit - Impact on Diluted EPS -
l) Weighted average exercise price	₹ 35.00
Weighted average fair value	₹ 227.42
m) Fair value of options based on Black Scholes methodology	
Assumption risk free rate	7.67%
Expected life of options (in Years)	5 Years
Expected volatility (based on Monthly Volatility of the Company's stock price on the NSE)	55.36%
Expected Dividends per share	₹ 3.00
Closing market price of share at NSE on date of option granted	₹ 261.45



## ANNEXURE 8

### **G D Apte & Co.,** Chartered Accountants

The Members,

#### **Shriram City Union Finance Limited**

This is to certify that the 'SCUF Employees Stock Options Scheme 2006' of Shriram City Union Finance Limited (CIN – L65191TN1986PLC012840), has been implemented in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and in accordance with the resolution passed by the company at its Extraordinary General Meeting held on October 30, 2006 wherein the aforesaid scheme was approved by the shareholders.

This Certificate is issued under Regulation 13 of the Securities and Exchange Board of India (Share based Employee benefits) Regulations, 2014.

#### **For G. D. Apte & Co.**

Chartered Accountants

Firm Registration Number: 100515W

UDIN : 20121007AAAAA02312

#### **Anagha M Nanivadekar**

Partner

Membership Number: 121007

Pune, June 11, 2020

**ANNEXURE 9****DISCLOSURE UNDER RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

The remuneration of Sri Ramasubramanian Chandrasekar, Chief Financial Officer (“CFO”) and Sri C R Dash, Company Secretary (“CS”) during Financial Year 2019-20 (“FY20”) was ₹ 0.56 crores and ₹ 0.56 crores respectively. There was an increase of 17% in the remuneration of Sri Ramasubramanian Chandrasekar, CFO and an increase of 18% in the remuneration of Sri C R Dash, CS during FY20.

The percentage increase in the median remuneration of employees in the FY20 was 6% (FY 19:14%)

The total number of employees on the rolls of the Company as on March 31, 2020 was 28,699. (March 31, 2019 : 27,267).

The average percentile decrease in salaries of employees of the Company other than key managerial personnel in FY20 was 4%. Average increase in key managerial remuneration was 17%. There were no exceptional circumstances for increase in the managerial remuneration.

**INFORMATION AS REQUIRED UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

**Employees in receipt of remuneration of not less than ₹ 1.02 crores per annum**

**FY : 2019-20**

Name of the employee	Designation	Remuneration* (₹ in crores)	Nature of employment, whether contractual or otherwise	Qualifications	Experience (in Years)	Date of commencement of employment	Age (in Years)	Last employment held before joining the Company	Relationship with Director/ Manager of the Company
Ramachandran Nair	President	1.06	Permanent	BA, PGDBM	26	12-Mar-2010	51	Fullerton India Credit Co Ltd	No
Siddhartha Pakrasi	President	1.02	Permanent	B.Com, PGDM	22	27-Jun -2011	46	Hong Kong and Shanghai Banking Corporation	No

The above said employees held less than 2% of the equity shares of the Company.

\*includes value of perquisites on exercise of options under Employee Stock Option Scheme of the Company



## ANNEXURE 9 (Contd.)

### Top 10 Employees in terms of remuneration drawn

FY : 2019-20

Sl. No.	Name of the employee	Designation	Remuneration* (₹ in crores)	Nature of employment, whether contractual or otherwise	Qualifications	Experience (in Years)	Date of commencement of employment	Age (in Years)	Last employment held before joining the Company	Relationship with Director/ Manager of the Company
1	Ramachandran Nair	President	1.06	Permanent	BA, PGDBM	26	12-Mar-2010	51	Fullerton India Credit Co Ltd	No
2	Siddhartha Pakrasi	President	1.02	Permanent	B.Com, PGDM	23	27-Jun -2011	46	Hong Kong and Shanghai Banking Corporation	No
3	Lakshmi Narasimhan V	Executive Director	0.79	Permanent	A.C.S,	30	02-Apr- 2015	58	Magma Fincorp	No
4	Monika Kapoor	Senior Vice President	0.74	Permanent	B.Com, LLB, MBA	16.2	07-May -2018	45	Capital First	No
5	Swapneel Patil	Senior Vice President	0.73	Permanent	B.E,	22	25-Mar-2013	46	Fullerton India Credit Company Ltd	No
6	Parikshit Kapoor	Senior Vice President	0.70	Permanent	M.B.A	17	14-Feb-2017	41	ICICI Bank Ltd	No
7	Sameer J Karekatte	Senior Vice President	0.69	Permanent	B.Com, CS-INTER	28	01-Aug-2017	54	Tata Motors Finance Ltd	No
8	Rajesh Tiwari	Senior Vice President	0.66	Permanent	B.Com,M. ComPGDBM.	17	01-Apr-2019	41	Shriram Housing Ltd	No
9	Amit Bhatia	Senior Vice President	0.64	Permanent	B.E	17	16-Jan-2018	41	TATA Teleservices	No
10	Dheeraj Kumar Virendra Kumar Srivastava	Senior Vice President	0.64	Permanent	B.COM	25	29-Aug-2018	46	IDFC First Bank	No



## ANNEXURE 10

### ANNUAL REPORT ON CSR ACTIVITIES

#### 1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. –

Shriram City Union Finance Ltd ("Company") formulated a policy named "Corporate Social Responsibility ("CSR") Policy in line with Section 135 of the Companies Act 2013 ("CA13"), Schedule VII to CA13 and Companies (Corporate Social Responsibility Policy) Rules 2014. The Company's CSR Projects/Activities are carried on by the Company directly or through implementing agency as approved from time to time by the CSR Committee in accordance with CSR policy of the Company.

The CSR spend is planned in advance keeping in view the amount specified under the Companies Act 2013, CSR Policy, scalability and other related matters. The CSR projects of the Company during the financial year 2019-20 were undertaken on education, skill development, livelihood, art and culture. The Company is open to join hands with other implementing agencies for optimal use of resources and skill. The CSR policy of the Company continues to be displayed on the website of the Company (Refer Table – 1)

#### 2. The Composition of the CSR Committee

S No	Name of the Director	DIN	Type of Director	Position
i	Smt Maya S Sinha	03056226	NE, I	Chairperson
ii	Sri Debendranath Sarangi	01408349	NE, I	Member
iii	Sri Yalamati Srinivasa Chakravarti	00052308	E, NI	Member

Executive ("E"), Non Executive ("NE"), Non Independent ("NI"), Independent ("I")

#### 3. Average net profit of the Company for last three financial years : ₹ 1156.46 crores

#### 4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 23.13 crores

#### 5. (a) Details of CSR spent during the financial year 2019-20 : ₹ 11.75 crores

(b) Total amount to be spent for the financial year : ₹ 25.38 crores

(c) Amount unspent if any : ₹ 11.38 crores

(d) Manner in which the amount spent during the financial year is detailed below

(₹ in crores)

Sl. No.	Name of the Program (s)	Name of Project	Location	Total proposed amount ₹ in crores	Amount Spent during the year ₹ in crores	Date of commencement	Purpose	% of progress
1	Shriram Matriculation School- Shriram Foundation	Education Skill Development and Livelihood	Prakash Nagar, Vijayawada, Andhra Pradesh	0.50	0.60	Apr-19	Infrastructure, teacher training and student activities	Ongoing
2	Shriram Matriculation School, Tiruneermalai - Shriram Foundation		Tiruneermalai, Chennai, Tamil Nadu	2.50	1.70	Apr-19	Infrastructure, teacher training and student activities	Ongoing
3	Mission 25 - Shriram Foundation		Krishna District, Andhra Pradesh	1.00	0.70	Apr-19	Infrastructure, teacher training and student activities	Ongoing
4	Two wheeler mechanic program - Pratham Education Foundation		Multiple locations in UP, Chattisgarh and Telengana	3.38	2.73	Apr-19	Two Wheeler Training Program, Hospitality & Health Care sectors for 1500 underprivileged youth from Tamil Nadu, Telangana & all over India.	Ongoing
5	Chennai Mathematical Institute		Tamil Nadu	2.00	-	Apr-19	Corpus fund	

## ANNEXURE 10 (Contd.)

(₹ in crores)

Sl. No.	Name of the Program (s)	Name of Project	Location	Total proposed amount ₹ in crores	Amount Spent during the year ₹ in crores	Date of commencement	Purpose	% of progress
6	South India Club & Ekadaksha Trust	Art and Culture	New Delhi	4.00	3.02	Apr-19	Support for Art and Culture	
7	Promoting Education	Single Teachers School	Rural Tamil Nadu	1.00	-	Nov-19	Promoting Education, Stopping school drop outs	
8	Promoting Education(Educating the Masses and Promotion of Road Safety awareness in all facets of road usage)	Distribution of helmets to department conduct awareness program on Traffic Safety	Hyderabad and Spread all over India	1.00	-	Nov-19	Road Safety	
9	Contribution to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) set up by the Government of India for Corona Virus COVID – 19 Pandemic	COVID-19 (PM cares Fund)	All over India	3.00	3.00	31-Mar-20	To help the Country to fight against COVID-19 Pandemic	Ongoing
10	Contribution to any Fund established by Union Government or State Government or directly by the Company or through any other agency for the purpose of combating alleviating, helping persons requiring help/ assistance COVID-19	COVID-19 (Other)	India	7.00	-	31-Mar-20	To help the Country to fight against COVID-19 Pandemic	Ongoing
<b>Total</b>				<b>25.38</b>	<b>11.75</b>			

Eligible amount of CSR spend for the FY20 is calculated based on the profits appearing in respective financial statements published following Indian Generally Accepted Accounting Practices for FY17 and as per IndAS for FY18 and FY19

### 6. In case the Company has failed to spend the two percent of the average net profit of the last three financial Years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

The Company had spent ₹ 11.75 crores during the year ended March 31, 2020 (March 2019 ₹ 4.50 crores). There was a short spending to the tune of ₹ 11.38 crores during the financial year as the Company could not firm up the projects due to non-availability with the Company, the skills and man power resources.

We hereby affirm that the CSR Policy ("Policy") of the Company as approved by the Board of Directors of the Company is monitored by the CSR Committee and the CSR activities have been implemented in accordance with the Policy.

**Yalamati Srinivasa Chakravarti**

DIN - 00052308

Managing Director

**Maya S Sinha**

DIN – 03056226

Chairperson – CSR Committee

Place : Chennai

Date : June 11, 2020

## ANNEXURE 11

### DECLARATION ON CERTIFICATE OF INDEPENDENCE FROM INDEPENDENT DIRECTORS

I hereby confirm that the Company has received from each of the independent directors namely Sri Debendranath Sarangi, Sri C R Muralidharan, Sri Diwakar B Gandhi, Smt Maya S Sinha, Sri Pranab Prakash Pattanayak and Sri Venkataraman Murali certificate stating his/her independence as required under section 149 (6) of the Companies Act, 2013.

**Yalamati Srinivasa Chakravarti**

DIN - 00052308

Managing Director and CEO

Place : Chennai

Date : June 11, 2020

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

**The Members of**

**SHRIRAM CITY UNION FINANCE LIMITED**

**123, ANGAPPA NAICKEN STREET,**

**CHENNAI – 600001**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Shriram City Union Finance Limited having CIN L65191TN1986PLC012840 and having registered office at 123, Angappa Naicken Street, Chennai – 600001 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl. No.	Name of Director	DIN	Date of Appointment at Current Designation in Company
1.	Debendranath Sarangi	01408349	28/07/2015
2.	Srinivasa Chakravarthy Yalamati	00052308	29/07/2019
3.	Coimbatore Ramarao Muralidharan	02443277	29/07/2019
4.	Diwakar Bhagwati Gandhi	00298276	29/07/2019
5.	Duruvasan Ramachandra	00223052	29/07/2019
6.	Ignatius Michael Viljoen	08452443	29/07/2019
7.	Maya Swaminathan Sinha	03056226	28/07/2015
8.	Pranab Prakash Pattanayak	00506007	29/07/2019
9.	Shashank Singh	02826978	28/07/2016
10.	Venkataraman Murali	00730218	29/07/2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For M/s. P.Sriram & Associates**

**P. Sriram**

Proprietor

Certificate of Practice No - 3310

Membership No-F 4862

UDIN: F004862B000336039

Place: Chennai

Date: June 11, 2020

## ANNEXURE 12

### DECLARATION ON COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT

I hereby confirm that the Company has obtained from all the members of the Board and designated senior management employees of the Company affirmation that they have complied with "Code of Conduct for Board Members and Senior Management" ("Code") of the Company during the year ended March 31, 2020.

**Yalamati Srinivasa Chakravarti**

DIN - 00052308

Managing Director and CEO

Place : Chennai

Date : June 11, 2020

## ANNEXURE 13

### POLICY ON APPOINTMENT, REMUNERATION AND DIVERSITY OF BOARD

#### 1. BACKGROUND :

Companies Act 2013 ("CA13") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") require the Nomination and Remuneration Committee of a company to recommend to the Board and the Board to approve a Policy on Appointment, Remuneration and Diversity of Board ("Policy"). Regulations of Reserve Bank of India ("RBI") also requires NBFCs to have a policy on Fit and Proper criteria for appointment of Directors. Accordingly, the Board of Directors ("Board") of M/s Shriram City Union Finance Ltd ("Company") has approved this policy considering the recommendation of its Nomination and Remuneration Committee ("NRC").

#### 2. APPLICABILITY :

This Policy covers the appointment, remuneration of Directors, Key Managerial Personnel ("KMP"), Senior Management Personnel of the Company and the performance appraisal of the Directors.

#### 3. DEFINITION :

All terms used in the Policy shall have the same meaning as ascribed to them under CA13, SEBI (LODR).

#### 4. OBJECTIVES :

The objective of this policy is to stipulate criteria for

- Appointment, re-appointment, continuance, discontinuance and extension of term of directors KMPs and senior management
- Increase diversity at Board level and to make maximum use of the skills and industry experience of the directors.
- Retain, Promote, motivate and sustain talent in the Company
- Remuneration payable to the Directors, KMP and Senior Management personnel.
- Ensure the remuneration is reasonable, sufficient to attract and retain talents and is proportional to the effort, performance, dedication and achievement relating to the Company's operations of the concerned individual.
- Strike the balance between fixed component and variable incentive of remuneration.

#### 5. CRITERIA FOR APPOINTMENT :

The appointment shall be based on the following criteria.

- Qualification, technical expertise, track record, and relevant experience for the concerned position
- Age, number of years of service, specialised expertise and period of employment or association with the Company.
- Special achievements and operational efficiency which contributed to growth in business in the relevant functional area.
- Constructive and active participation in the affairs of the Company.
- Exercising the responsibilities in a bona fide manner in the interest of the Company.
- Sufficient devotion of time to the assigned tasks.
- Diversity of the Board keeping in view the skills, qualification, experience in varied fields of finance, banking, administrative etc. of directors in different industry and other related matters.
- Having a valid Director Identification Number in case of a director and having name in the data base of the Indian Institute of Corporate Affairs in case of Independent Directors throughout the tenure in the Company.

## ANNEXURE 13 (Contd.)

### **POLICY ON APPOINTMENT, REMUNERATION AND DIVERSITY OF BOARD**

#### **CRITERIA FOR REMUNERATION:**

The remuneration shall be sufficient based on the criteria of appointment mentioned above and shall be subjected to the limits mentioned below.

Category	Remuneration	Remarks
Whole-time Director & Managing Director	Basic Pay, allowances, Perquisites, Retirement benefits, ESOP and reimbursement of expenses incurred in performance of office duties	Subject to the ceiling limits prescribed under the CA13/ approval of Shareholders.
Director (other than Independent Director)	Sitting Fees and reimbursement of reasonable expenses for attending the meetings of Board and Committees, where such director is a member as decided by the Board from time to time.	Sitting Fees are subject to the applicable ceiling limits (not exceeding 1 lakh per meeting) prescribed under CA13.
Independent Directors	Sitting Fees of ₹ 50,000/- per meeting of the Board, per meeting of each Committee	
Senior Management Personnel/ KMP	Basic Pay, allowances, Perquisites, retirement benefits, ESOP reimbursement of expenses incurred in performance of office duties.	To be decided by the Managing Director based on appointee

The Managing Director shall decide about the remuneration of the executives based on the criteria set, subject to ceiling fixed under any applicable law at the time of appointment and shall decide about reasonable annual increase keeping in view the prevailing market condition, statutory requirements objectives/criteria and any other factor.

The following matters shall be brought to the attention of the NRC for evaluation and recommendation.

- Remuneration to any person in excess of Rupees two crore per annum
- Appointment / remuneration of Directors, KMPs, Senior management personnel.

The maximum remuneration payable to all the Directors/managerial personnel shall be capped as provided under Section 197, 198, Schedule V of the Act.

On appointment, the Company shall issue appointment letter.

#### **PROCESS OF EVALUATION:**

The evaluation of the Board, Committee, Director and Chairperson shall be carried out at least once a year. The evaluation of performance of each independent director shall be done by all the directors except the concerned independent director. The evaluation of performance of non-independent directors shall be carried out by the Independent Directors. Independent Directors shall also evaluate the Board as a whole, the Chairperson of the Company, quantity and timeliness of flow of information. The evaluation shall be carried out through an evaluation sheet based on different criteria, i.e. qualification, experience, age, participation, attendance, knowledge, quality of discussion, beneficial contribution etc. The evaluation and the results thereof shall be confidential.

#### **PERFORMANCE EVALUATION OF THE BOARD/COMMITTEE:**

Each director shall be provided with rating sheet on the pre set criteria. The rating sheet shall be filled in by each director with scores awarded by him/her and shall be handed over to the Company Secretary. The total score given by all the directors participating in the evaluation shall be totaled up and averaged out by dividing the total score with number of participating directors. Based on the average score, the Board may decide on the necessary improvemental activities to be undertaken.

#### **PERFORMANCE EVALUATION OF THE DIRECTORS:**

Each director shall be provided with rating sheet on the pre set criteria. The rating sheet shall be filled in by each director for all the directors except himself/herself with necessary details with scores awarded by him/her. The filled in rating sheet shall be handed over to the Company Secretary. The total score given by all the directors participating in the evaluation shall be totaled up and averaged out by dividing the total with number of participating directors.

**ANNEXURE 13 (Contd.)****OUTCOME OF THE EVALUATION**

The outcome of the evaluation shall be placed before the Board, NRC and before the meeting of Independent Directors. The NRC, Meeting of Independent Directors based on their observation of the awarded scores placed before them, can suggest to the Board for action, if any. Based on the recommendation of relevant Committee and based on its own observation, Board can decide about continuance, discontinuance and extension.

**EFFECT AND REVISION:**

This policy shall come into effect from April 1, 2020 and shall remain in force till amended by the Board with recommendation of the Committee. Any regulatory changes affecting this Policy shall prevail over this Policy.

**DIVIDEND DISTRIBUTION POLICY****1. Preamble :**

Dividend is the payment made by a company to its shareholders, usually in the form of distribution of its profits. The profits earned by a company can either be retained in business and or be used for acquisitions, expansion, diversification, business growth or it can be distributed to the shareholders. A company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This Policy aims to balance between these. This Dividend Policy ("Policy") will guide dividend declaration and its pay-out by the Shriram City Union Finance Limited ("Company") in accordance with the provisions of Companies Act 2013 ("CA13"), Rules thereunder ("Rule") Secretarial Standard ("SS"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") and any other applicable rules and regulations. The objective of this policy is to ensure a regular dividend income for the shareholders and long term capital appreciation for all shareholders of the Company. The Board of Directors of the Company ("Board") will refer to the policy for declaring/ recommending dividends. This policy is framed as required under SEBI Circular No. SEBI/ LAD-NRO/GN/2016-17/008 dated July 8, 2016.

**2. Applicability and Review :**

It shall come into force with effect from April 1, 2020. Any change in applicable law, regulation shall prevail over this Policy. This policy shall be reviewed by the Board periodically for any changes or amendments. The Company has issued only Equity Shares and no Preference shares issued by the Company are outstanding.

**3. Definitions :**

- i. Company : Shriram City Union Finance Limited
- ii. Board : Board of Directors of the Company
- iii. Current Financial Year : The financial year for which the dividend is declared/ recommended
- iv. Dividend : Distribution of any sums to Members out of Profits of the Company and included both interim and final dividend
- v. Dividend Pay Out Ratio: The percentage of dividend paid/recommended bears to Profit determined for Dividend purposes.
- vi. Interim Dividend: Dividend declared by the Board
- vii. Final Dividend: Dividend recommended by the Board and declared by the Members at an Annual General Meeting of the Company.

**4. Category of Dividends :**

The CA13 provides for two forms of Dividend - Final and Interim.

**(i) Interim Dividend**

The Board shall have the absolute power to declare interim dividend during a financial year, as and when it considers fit. The Board may endeavor to declare an interim dividend one or more times in a financial year after finalisation of quarterly/half yearly/yearly financial accounts based on the profits of the Company.





## ANNEXURE 13 (Contd.)

### (ii) Final Dividend

The Final dividend shall be recommended to the shareholders/members of the Company by the Board after the annual financial statements are approved by the Board. The Board shall recommend the payment of Final Dividend to the shareholders/members for their approval as an ordinary business item of the Annual General Meeting. **If the Board declares more than one interim dividend in a financial year, the Board may recommend to the shareholder to treat the last interim dividend as a final Dividend.**

### 5. Factors to be considered for declaring Dividend :

The payment/recommendation of dividend is to determine the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The Board will endeavour to take a decision with an objective to enhance shareholders wealth and market value of the shares. The Board considers a stable dividend to constitute an important element of the Company's investment attractiveness and shareholder return. As a leading Non banking finance Company operating in rapidly developing, yet volatile, markets, its primary need is to maintain sufficient resources and financial flexibility to meet financial and operational requirements. The Retained earnings strengthen the Company's net owned funds. It will further help in maintaining Capital Adequacy Ratio (CAR) for the Company. The Board from time to time will decide utilisation of the retained earnings for organic/inorganic growth, market competition, creating long term shareholder value etc. The Board will ensure judicious balancing of these factors in the interest of the Company and its stakeholders. The decision regarding recommendation/declaration of dividend will depend upon various external and internal factors including the following:

#### (i) External Factors:-

**State of Economy** - in case of uncertain or recessionary economic and business conditions, the Board will endeavour to retain larger part of profits to build up reserves to absorb future shocks

**Capital Markets** - when the markets are favourable, dividend pay-out can be liberal. However, in case of unfavourable market conditions, Board may resort to a conservative dividend pay-out in order to conserve cash outflows.

**Statutory and Contractual Restrictions**- The Board needs to keep in mind the restrictions imposed under the Act and any other laws, the regulatory developments with regard to declaration of dividend, the Company's contractual obligations under the loan agreements / debenture trust deed and other agreements, documents, writings limiting / putting restrictions on dividend pay-out

#### (ii) Internal Factors:- In addition to the matters mentioned in CA13, regulations and this Policy, the following factors shall be considered.

Profitability, cash flow, cost of funds, business growth/expansion, diversification, additional investments, acquisition of business, modernisation and any other matter as may be decided by the Board from time to time.

The Shareholders of the Company may or may not expect dividend for a financial year(s) in the circumstances of (a) challenging/sluggish market conditions, (b) tough liquidity position, (c) losses /no profits/inadequate profits.

### 6. QUANTUM OF DIVIDEND :

Dividend shall be recommended/declared by the Board out of profits of the Current Financial Year of the Company .It shall not be recommended/paid out of Free Reserves or Profits of earlier financial years or both .No dividend shall be declared/paid if there is default in redemption of debentures, payment of interest on debentures, creation of debenture redemption reserve, creation of capital redemption reserve, payment of dividend declared. The following matters shall be considered for determining the quantum of dividend. Company shall declare/recommend and disclose the Dividend on per share basis only

- i) Current financial year's profit as determined for the purpose of Dividend in terms of applicable provisions of CA13.
- ii) Transfer to reserves such amount as may be prescribed under the CA13,RBI regulation and other applicable regulation

**ANNEXURE 13 (Contd.)**

The determination of dividend pay-out shall depend upon regulatory, internal and external factors. The Board may maintain a Dividend pay-out ratio (including the applicable dividend distribution tax) in the range of 20 – 25% or such other range as may be decided by the Board from time to time of profits after tax (PAT).

**7. Process Payment of Dividend :**

- The Company will give prior intimation of 2 working days to Stock Exchanges (excluding the date of intimation and the date of the Board meeting) of date of Board Meeting in which the declaration / recommendation of dividend will be considered.
- The Company will inform about the decision taken by Board regarding dividend to Stock Exchange within 30 minutes of the closure of the Board Meeting.
- The Company will fix **Record date** for the purpose of determination for list of shareholders eligible to receive dividend. Persons appearing as members in the register of members or benpose of the Company shall be entitled for Dividend.
- The intimation for fixing **Record date** shall be given to exchange at least seven working days in advance (excluding the date of intimation and the record date).
- Payment of Dividend shall be made through electronic mode or cheques or payable at par warrants. If dividend is payable by at par warrants or cheques they shall be sent by speed post, if it exceeds one thousand five hundred rupees. The Company shall be discharged of its responsibility of payment of Dividend on the amount debited to the Dividend Banking account of the Company with such dividend paying Bank.
- The dividend declared shall be deposited in a scheduled bank in a separate account within five days form the date of declaration of such dividend.

**8. Unclaimed/Unpaid Dividend :**

- Dividend declared by a Company remaining unpaid or unclaimed within 30 days from the date of declaration of Dividend, the Company shall within 7 days from the date of expiry of the said period of thirty days to a special account to be opened by the Company in any Scheduled bank to be called the Unpaid Dividend Account.
- Any money transferred to the Unpaid Dividend Account of a Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company along with Interest accrued, if any, thereon to the Fund established by the Central Government called Investor Education and Protection Fund ("IEPF") and investors can claim refund from IEPF and not from Company.

# BUSINESS RESPONSIBILITY REPORT

## ANNEXURE 14

BUSINESS RESPONSIBILITY REPORT FOR THE YEAR ENDED ON MARCH 31, 2020		
<b>SECTION A : GENERAL INFORMATION ABOUT THE COMPANY</b>		
1	Corporate Identity Number (CIN) of the Company	L65191TN1986PLC012840
2	Name of the Company	Shriram City Union Finance Limited
3	Registered address	123, Angappa Naicken Street, Chennai - 600 001
4	Website	<a href="http://www.shriramcity.in">www.shriramcity.in</a>
5	E-mail id	<a href="mailto:sect@shriramcity.in">sect@shriramcity.in</a>
6	Financial Year reported	2019-2020
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code-64990
8	List three key products/services that the Company manufactures/provides (as on March 31, 2020)	Please refer to page 6 & 7 for product details under heading "Being Agile & Adaptive through well - diversified product offerings".
9	Total number of locations where business activity is undertaken by the Company	
a)	Number of International Locations (Provide details of major 5)	Nil
b)	Number of National Locations	947
10	Markets served by the Company - Local /State/National / International	National
<b>SECTION B : FINANCIAL DETAILS OF THE COMPANY</b>		
1	Paid up Capital (INR in lacs) (Consolidated)	6,600
2	Total Turnover (INR in lacs) (Consolidated)	6,23,930
3	Total profit after taxes (INR in lacs) (Consolidated)	1,03,321
4	Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%)	1.18%
5	List of activities in which expenditure in 4 above has been incurred	Education, Health care, Welfare and Culture and skill development
<b>SECTION C : OTHER DETAILS</b>		
1	Does the Company have any Subsidiary Company / Companies	Yes. M/s Shriram Housing Finance Limited
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company ? If yes, then indicate the number of such subsidiary Company (s)	The Subsidiary does not participate in the BR initiatives of the Company
3	Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? (Less than 30%, 30%-60%, More than 60%)	No other entity participates in the BR initiatives of the Company
<b>SECTION D : BR INFORMATION</b>		
1	Details of Director/Directors responsible for BR	Sri Yalamati Srinivasa Chakravarti, Managing Director, DIN-00052308, Telephone No. +91 44 4392 5300, email id - <a href="mailto:md@shriramcity.com">md@shriramcity.com</a>
a)	Details of the Director/Director responsible for implementation of the BR policy/policies	
b)	Details of BR Head	

## BUSINESS RESPONSIBILITY REPORT

### ANNEXURE 14 (Contd.)

#### 2. Principle-wise (as per NVGs) compliance with BR Policy(ies)

Sl	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders	Y	N	Y	N	N	Y	N	N	N
3	Does the policy conform to any national/ international standards? If yes, specify(50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board ? If yes, has it been signed by MD/ owner/CEO/appropriate Board Director	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board /Director official to oversee implementation of the policy	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online	Refer to the Note below								
7	Has the policy been formally communicated to all relevant internal and external stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy / policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency	Y	Y	Y	Y	Y	Y	Y	Y	Y

Yes ("Y"), No ("N")

P1 Business should conduct and govern themselves with Ethics, Transparency and Accountability

P2 Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 Business should promote the wellbeing of all employees

P4 Business should respect the interest of and be responsive towards all stake holders, especially those who are disadvantaged, vulnerable and marginalised

P5 Business should respect and promote human rights

P6 Business should respect, protect and make efforts to restore the environment

P7 Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 Business should support inclusive growth and equitable development

P9 Business should engage with and provide value to their customers and consumers in a responsible manner

## BUSINESS RESPONSIBILITY REPORT

### ANNEXURE 14 (Contd.)

If answer to the question at serial number 1 against any principle, is 'No', please explain why : (Tick up to 2 options)

Answers to the question at 1 in the above table for all the Principles is Yes. So, explanation is not required.

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The Company has not understood the Principles									
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within next 1 year									
6	Any other reason (please specify)									

Notes for SI no 3 to the above table : The policies are formulated based on applicable regulations/general practices and therefore the policies conform to national standards

Note for SI no 6 to the above table: The web link for the policies of the Company are as follows [https:// www.shriramcity.in/Investors---->Company Information--->Policies](https://www.shriramcity.in/Investors---->Company%20Information--->Policies). The remaining policies are not displayed on the web site as they are internal to the Company

### 3. Governance related to BR

The Business Responsibility Policy constitute different policies of the Company. Those policies were implemented and the compliance of such policies were discussed in the meeting of the Board of Directors of the Company each quarter during FY20 . This report is displayed on the web site of the Company as part of the Annual Report

SECTION E : PRINCIPLE - WISE PERFORMANCE		
1	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group / Joint Ventures / suppliers / Contractors / NGOs / Others?	Yes. It extends to Company only
2	<b>P1</b> How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof in about 50 words or so.	Please refer to notes to accounts
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities	The Company is a NBFC . This is not applicable
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)	Not Applicable
a	Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain	Not Applicable
b	Reduction during usage by customers (energy, water) has been achieved since the previous year	Not Applicable
3	Does the Company have procedures in place for sustainable sourcing (including transportation)	Not Applicable
a	<b>P2</b> If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	Not Applicable
4	Has the Company taken any steps to procure goods and services from local & Small producers, including communities surrounding their place of work	The Company is a NBFC and Procures Goods locally .The Company prefers employing from the same locality
	If yes, what steps have been taken to improve their capacity and capability of local and small vendors	
5	Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	No. Not Applicable.

**BUSINESS RESPONSIBILITY REPORT**  
**ANNEXURE 14 (Contd.)**

	<b>SECTION E : PRINCIPLE - WISE PERFORMANCE</b>	
1	Please indicate the Total number of employees	28,699
2	Please indicate the Total number of employees hired on temporary/ contractual/ casual basis	as on March'20 Consultants on contract 383, Temporary & Casual – NIL.
3	Please indicate the Number of permanent women employees	3,700
4	Please indicate the Number of permanent employees with disabilities	34
5	Do you have an employee associated that is recognised by management	No
6	What percentage of your permanent employees is members of this recognised employee association	Not applicable
7	<b>P3</b> Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on end of the financial year	Nil
8		All New Joinees and, (a) Permanent Employees 51% of existing employees. (b) Permanent Women Employees 58% of existing employees. (c) Casual/ Temporary/Contractual Employees - Nil Employees with disabilities 50% of existing Employees.
1	<b>P4</b> Has the Company mapped its internal and external stakeholders	Yes
2		Yes
3		Yes. Please refer to Note below.
1	<b>P5</b> Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs / Others	Yes. Only to Company
2		Please refer to the notes to accounts
1	<b>P6</b> Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others	Company
2		Yes
3		No
4		No
5		No
6		Not Applicable
7		Nil

## BUSINESS RESPONSIBILITY REPORT

### ANNEXURE 14 (Contd.)

SECTION E : PRINCIPLE - WISE PERFORMANCE		
1	<b>P7</b>	Is your Company a member of any trade and chamber or association ? If yes, Name only those major ones that your business deals with
2		Yes. M/s South India Hire Purchase Association, M/s Madras Chamber of Commerce and Industry
1	<b>P7</b>	Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)
2		Yes. Governance and Administration
1	<b>P8</b>	Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
2		Yes. Refer Note below
1	<b>P8</b>	Are the programmes/projects undertaken through in-house team/own foundation /external NGO/government structures / any other organisation?
2		Programmes/Projects are undertaken by the Company, in house, external NGOs and combination of these.
3	<b>P8</b>	Have you done any impact assessment of your initiative
4		Yes
1	<b>P8</b>	What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken
2		Please refer "ANNUAL REPORT ON CSR"
1	<b>P8</b>	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.
2		Steps have been taken for community development through our lending activities and by our CSR activities
1	<b>P9</b>	What percentage of customer complaints / consumer cases are pending as on the end of financial year.
2		Please refer to the notes to accounts
1	<b>P9</b>	Does the Company display product information on the product label, over and above what is mandated as per local laws
2		Not Applicable
1	<b>P9</b>	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti -competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
2		No
1	<b>P9</b>	Did your Company carry out any consumer survey/ consumer satisfaction trends?
2		No

#### Notes

P4.3: A significant number of our borrowers belong to low income group and persons not having access to formal line of credit. This is our special initiative to identify such borrowers and meet their credit requirement. We also meet the education and welfare need of marginalised persons through our corporate social responsibility activity.

P8.1: The Company is driven by one of it's objective of financial inclusiveness, in which the financial needs of persons not having access to formal banking system are provided with finance. This in turn contributes to inclusive growth and equitable development

#### SECTION E

##### PRINCIPLE -WISE PERFORMANCE

Business Responsibility ("BR") of the Company takes into consideration the principles of National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business ("NVG"). To enable it further, the Company has got Policies, Framework, Codes, Management Systems and Monitoring tools. The BR matters are monitored by the respective functional heads of the Company



## BUSINESS RESPONSIBILITY REPORT

### ANNEXURE 14 (Contd.)

#### **Principle 1: Businesses should conduct and govern themselves with Ethics, transparency and accountability**

The Company is governed with ethics, transparency, accountability and in compliance with applicable laws. Corporate Governance of the Company reflects ethics, transparency and accountability. The Code of Conduct for Board Members and Senior Management ("CCBS") governs the conduct of Directors and Senior Management personnel and they confirm adherence to the CCBS annually. CCBS is reviewed and upgraded regularly. The Company regularly communicates in different modes with its members, security holders, other agencies and public at large. The Whistle Blower Policy of the Company is aimed at bringing out unethical conducts and thereby making transactions ethical and transparent. The Company conducts familiarisation programme for Independent Directors, which together with fair disclosure make activities transparent. The roles of Chairman and CEO are separately held by different individuals and the Chairman is an Independent Director, which bring in transparency and ethics.

#### **Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

The Company is engaged in the business of financing and provides loans to its borrowers and accepts deposits from public. The products and services provided by the Company, not being physical in nature are safe and sustainable. The Company as a whole works towards reducing our environmental foot prints.

#### **Principle 3: Businesses should promote wellbeing of employees**

The Company is an equal opportunity provider to all employees starting from their recruitment irrespective of their caste, creed, gender, race, religion, language, disability or sexual orientation. Our employees belong to all parts of the country and are selected based on individual merit without any discrimination or preference. We encourage the capable employees reaching senior positions and be a part of Company's decision making process. Employee welfare measures on counseling on stress free living, medical and eye checkup, yoga etc. were conducted during the year. We maintain cordial relationship with our employees. We train our employees on upgrading functional and soft skills. In order to ensure healthy working conditions and prevent sexual harassment of women employees, we have constituted Internal Complaint Redressal Committee at various workplaces with a Policy on Prevention of Sexual Harassment at Workplace for Women in force. Employee continuing policies and compliance with regulation have promoted wellbeing of employees.

#### **Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised**

The Company respects the interests of stakeholders. The grievances of share/security/deposit holders, borrowers, customers, regulators, government agencies, lenders others, public and society at large are responded to within stipulated time. In such response the interest of such stakeholders and the Company are considered. Committee of the Board which meets quarterly oversees this. Our policy is to treat all customers in fair and transparent manner. The loan recovery and collection operation are in-house, which ensures relationship based recovery procedures well-suited to our customers. The Company pays dividend, interest, redemption value and other dues on their respective due dates subject to the requirement of process. The award of credit rating, which indicates high, consider these. The Company's CSR programmes are focused on education, skill development for disadvantaged sections of the society.

#### **Principle 5: Businesses should respect and promote human rights**

The Company employs without discrimination and pays fair wages to employees. The employees are given equal opportunity to suggest for betterment. The Company has implemented policy on Prevention of Sexual Harassment of women Employees are treated equally with dignity. We comply and adhere to all the human rights laws and guidelines.



## **BUSINESS RESPONSIBILITY REPORT**

### **ANNEXURE 14 (Contd.)**

#### **Principle 6: Business should respect, protect and make efforts to restore the environment**

The Company has made many of its processes automated making it less paper based information. We appeal to our shareholders, security holders, NCD/FD holders, borrowers for dealing with us electronically (demat, email, direct credit to bank a/c etc), thereby reducing use of paper. We continue to create awareness about environment protection among employees & customers. The Company adheres to all pollution control measures. We use electronic methods of communication within and outside our offices and avoid use of paper as far as possible.

#### **Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

The Company is a member of and actively participates in organisations representing NBFC industry, through which different matters of NBFC industry are represented and influenced. Additionally, the Company also represents business interest of NBFC industry to regulatory authorities in a responsible manner.

#### **Principle 8: Businesses should support inclusive growth and equitable development**

We meet the financial need of persons of areas generally in unbanked/less banked areas with many of our branches at semi urban and rural areas. We also mobilise deposits from these areas. These two promote the 'financial inclusion' which is the focus point of all welfare initiatives of the government. Our CSR activities contribute the development and growth of persons in semi urban and rural areas.

#### **Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

Our customers have derived value by being associated with us in availing finance and keeping money deposited with us. When availing finances have helped in achieving advancement, progress, growth in their business, the deposits have helped them with reasonable return to carry out their objectives. We engage with our customers to understand their need in order to offer a suitable product to them on timely basis. The redressal of customer grievances within reasonable time helps us to serve our customers in responsible manner. Our other services like insurance, settlement of insurance claims, support for housing loans have helped us to value to our services to customers.

# FORM MR-3 (SECRETARIAL AUDIT REPORT)

## ANNEXURE 15

### FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to Section 204(l) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

**THE MEMBERS,**

**SHRIRAM CITY UNION FINANCE LIMITED**

123, ANGAPPA NAICKEN STREET,

CHENNAI -600001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Shriram City Union Finance Limited, Corporate Identification Number L65191TN1986PLC012840 ( "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on my verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions as amended from time to time of:

- 1) The Companies Act, 2013 (the Act) and the rules made there under;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories and Participants Regulations, 2018 and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
- 5) The following Regulations and Guidelines as amended from time to time prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amended from time to time;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015
- 6) Reserve Bank of India Act, 1934
- 7) Master Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007 and circulars of Reserve Bank of India thereon.
- 8) Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016.

## FORM MR-3 (SECRETARIAL AUDIT REPORT) ANNEXURE 15 (Contd.)

9) Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

10) Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Equity Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;
- (iii) The Debt Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

### **I further report that**

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions were carried out with unanimous approval of the Board and there was no instance of dissent voting by any member during the period under review.

I have examined the systems and processes established by the Company to ensure the compliance with general laws including Labour Laws, Employees Provident Funds Act, Employees State Insurance Act & other State Laws, considering and relying upon representations made by the Company and its Officers for systems and mechanisms formed by the Company for compliance under these laws and other applicable sector specific Acts, Laws, Rules and Regulations applicable to the Company and its observance by them.

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

**I further report** that during the audit period, there were no specific events / actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

**For M/s. P.Sriram & Associates**

**P. Sriram**

Proprietor

Certificate of Practice No - 3310

Membership No-F 4862

UDIN: F004862B00033916

Peer Review No. S2011TN155200

Place: Chennai

Date: June 11, 2020

To  
**THE MEMBERS,**  
**SHRIRAM CITY UNION FINANCE LIMITED**

My report of event date is to be read along with this supplementary testimony.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, the Company had followed provide are reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For M/s. P.Sriram & Associates**

**P. Sriram**

Proprietor

Certificate of Practice No - 3310

Membership No-F 4862

UDIN: F004862B00033916

Peer Review No. S2011TN155200

Place: Chennai

Date: June 11, 2020

**TABLE – 1**

TABLE OF WEB LINK FOR POLICIES/OTHERS MATTERS APPEARING IN DIRECTORS REPORT OF THE COMPANY

Sl. No.	Name of the Policies	Web Link
1.	Dividend Distribution Policy	<a href="https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/Dividend_Distribution_Policy.zip">https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/Dividend_Distribution_Policy.zip</a>
2.	Related Party Transaction Policy	<a href="https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/RELATED_PARTY_TRANSACTION_POLICY.zip">https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/RELATED_PARTY_TRANSACTION_POLICY.zip</a>
3.	Whistle Blower and Vigil Mechanism Policy	<a href="https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/WHISTLE_BLOWER_AND_VIGIL_MECHANISM_POLICY.zip">https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/WHISTLE_BLOWER_AND_VIGIL_MECHANISM_POLICY.zip</a>
4.	Policy on Appointment Remuneration and Diversity of Board	<a href="https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/POLICY_ON_APPOINTMENT_REMUNERATION_AND_DIVERSITY_OF_BOARD.zip">https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/POLICY_ON_APPOINTMENT_REMUNERATION_AND_DIVERSITY_OF_BOARD.zip</a>
5.	Terms and conditions of appointment of Independent Director	<a href="https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/Terms_and_conditions_of_appointment_of_Independent_Directors.zip">https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/Terms_and_conditions_of_appointment_of_Independent_Directors.zip</a>
6.	Familiarisation Programme for Independent Directors	<a href="https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/Familiarisation_Programme_for_Independent_Directors.zip">https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/Familiarisation_Programme_for_Independent_Directors.zip</a>
7.	Code of Conduct for Board Members and Senior Management	<a href="https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/CODE_OF_CONDUCT_BOARD_MEMBERS_AND_SENIOR_MANAGEMENT.zip">https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/CODE_OF_CONDUCT_BOARD_MEMBERS_AND_SENIOR_MANAGEMENT.zip</a>
8.	Policy on Material Subsidiary (ies) and Events	<a href="https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/POLICY_ON_MATERIAL_SUBSIDIARY(IES)_AND_EVENTS.zip">https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/POLICY_ON_MATERIAL_SUBSIDIARY(IES)_AND_EVENTS.zip</a>
9.	Policy on Preservation and Archival of Documents	<a href="https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/POLICY_ON_PRESERVATION_AND_ARCHIVAL_OF_DOCUMENTS.zip">https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/POLICY_ON_PRESERVATION_AND_ARCHIVAL_OF_DOCUMENTS.zip</a>
10.	Code for Fair Disclosure and Conduct	<a href="https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/CODE_FOR_FAIR_DISCLOSURE_AND_CONDUCT.zip">https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/CODE_FOR_FAIR_DISCLOSURE_AND_CONDUCT.zip</a>
11.	Corporate Social Responsibility Policy	<a href="https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/CORPORATE_SOCIAL_RESPONSIBILITY_(CSR)_POLICY.zip">https://www.nseprimeir.com/z_SHRIRAMCIT/pdf_files/CORPORATE_SOCIAL_RESPONSIBILITY_(CSR)_POLICY.zip</a>
12.	Extract of Annual Return MGT-9	
13.	Unclaimed Deposits/ Debentures/ Sub Debt	<a href="https://www.nseprimeir.com/z_SHRIRAMCIT/files/SCUF_unclaimeddeposits_debentures_and_sub-ordinated_debts_2019-20.zip">https://www.nseprimeir.com/z_SHRIRAMCIT/files/SCUF_unclaimeddeposits_debentures_and_sub-ordinated_debts_2019-20.zip</a>
14.	Unclaimed/ Unpaid Dividend	<a href="https://www.nseprimeir.com/z_SHRIRAMCIT/files/unclaimed/SCUF_Unclaim_Unpaid_2019-20.zip">https://www.nseprimeir.com/z_SHRIRAMCIT/files/unclaimed/SCUF_Unclaim_Unpaid_2019-20.zip</a>
15.	Standalone and Consolidated Financial Statements	<a href="https://www.nseprimeir.com/ir_download/PPN_AnnualReports/SCUF_Annual_Reports_2019-20.zip">https://www.nseprimeir.com/ir_download/PPN_AnnualReports/SCUF_Annual_Reports_2019-20.zip</a>
16.	Financial Results of the Company	<a href="https://www.nseprimeir.com/pages_new/FinResultSummary.aspx?value=7UgP1ltRM3M600MSHCcMw==">https://www.nseprimeir.com/pages_new/FinResultSummary.aspx?value=7UgP1ltRM3M600MSHCcMw==</a>
17.	Annual Report of the Company	<a href="https://www.nseprimeir.com/ir_download/PPN_AnnualReports/SCUF_Annual_Reports_2019-20.zip">https://www.nseprimeir.com/ir_download/PPN_AnnualReports/SCUF_Annual_Reports_2019-20.zip</a>
18.	Investors Presentation	<a href="https://www.nseprimeir.com/z_SHRIRAMCIT/investor_presentation.aspx?value=7UgP1ltRM3M600MSHCcMw==">https://www.nseprimeir.com/z_SHRIRAMCIT/investor_presentation.aspx?value=7UgP1ltRM3M600MSHCcMw==</a>
	Listed Secured redeemable Non-Convertible Debentures (NCDs)	<a href="https://www.nseprimeir.com/z_SHRIRAMCIT/files/DETAILS_OF_LISTED_SECURED_REDEEMABLE_NCDs.pdf">https://www.nseprimeir.com/z_SHRIRAMCIT/files/DETAILS_OF_LISTED_SECURED_REDEEMABLE_NCDs.pdf</a>

**A. PROMOTER**

Shriram Capital Limited

**B. PROMOTER GROUP**

1. Shriram Financial Ventures (Chennai) Private Limited 2. Shriram Ownership Trust 3. Shriram Asset Management Company Limited 4. Shriram Life Insurance Company Limited 5. Shriram General Insurance Company Limited 6. Shriram Credit Company Limited 7. Shriram Overseas Investments Private Limited 8. Bharat Investments Pte. Limited Singapore 9. Shriram Fortune Solutions Limited 10. Shriram Wealth Advisors Limited 11. Shriram Insight Share Brokers Limited 12. Shriram Financial Products Solutions (Chennai) Private Limited 13. Shriram Transport Finance Company Limited 14. Insight Commodities and Futures Private Limited 15. Shriram Seva Sankalp Foundation 16. Shrelekha Business Consultancy Private Limited 17. SGI Philippines General Insurance Co Inc 18. Shriram Value Services Limited 19. Novac Technology Solutions Pvt Ltd 20. Novac Digital Services Pvt Ltd 21. Snotter Technology Services Private Limited

**C. PERSONS ACTING IN CONCERT (PAC)**

The followings are the entities in PAC as defined under Regulation 10 of SEBI SAST Regulations 2011 as amended from time to time

1. Shriram Housing Finance Limited 2. Sanlam Emerging Markets (Mauritius) Ltd 3. Sanlam Life Insurance Limited 4. Shriram Mutual Fund 5. Sri Subramanian Krishnamurthy (Trustee of SMF) 6. Sri V N Sivasankar (Trustee of SMF) 7. Dr. Qudsia Gandhi (Trustee of SMF) and 8. Sri Mani Sridhar (Trustee of SMF).

- D.** Except Shriram Capital Limited and Shriram Financial Ventures (Chennai) Private Limited none of the entities mentioned above holds shares in Shriram City Union Finance Limited (TC)
- E.** All the entities mentioned above are PG and PACs for not less than three years except the entities under Sl. No. 18,19,20 and 21 under head B. Promoter Group (PG).





# INDEPENDENT AUDITOR'S REPORT

## The Members of Shriram City Union Finance Limited

### REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

#### 1. Opinion

We have audited the accompanying standalone financial statements of Shriram City Union Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the statement of Profit and Loss, statement of Changes in Equity and statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### 2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder and we have fulfilled our

other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 3. Emphasis of Matter

Attention is invited to the Note No. 71 to the financial statements:

- i. In accordance with the Board approved moratorium policy relating to COVID-19 - Regulatory Package announced by Reserve Bank of India (RBI), the Company has granted moratorium up to three months on the payment of instalments falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers and has continued recognition of interest income. In view of the management, this relaxation does not trigger any significant increase in credit risk.
- ii. The provision in respect of expected credit losses on loans and advances consequent to COVID 19 pandemic has been made on the basis of estimation of probable defaults and future business estimates. These estimates would be periodically reviewed based on the future business scenario. However, actual results are uncertain and could be different from such estimates.

Our opinion is not modified in respect of the above matters.

#### 4. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

**INDEPENDENT AUDITOR'S REPORT (Contd.)**

<b>Sr. No.</b>	<b>Key Audit Matter</b>	<b>Auditor's Response</b>
<b>1</b>	<b>Impairment and Write-offs</b> The Recognition and Measurement of Impairment and Write-off of Loans and Advances involves estimates, management judgements and appropriate processing of information from the IT systems because of which the same has been identified as a key audit matter.	Our key audit procedures included: <ul style="list-style-type: none"> <li>● We test checked the computation of the Probable default (PD) which denotes the statistical pattern of occurrence of defaults in individual accounts over a period of five years.</li> <li>● We also test checked the computation of the ratio of Loss Given Default (LGD) which denotes the non-recoveries (after considering the collections) till the date of Balance Sheet.</li> <li>● We reviewed the changes made by the management in estimating the PD and the LGD on the background of COVID 19 outbreak and additional ECL provisions made on the basis of above revisions.</li> <li>● We examined the computation of Impairment Losses by application of PD and LGD and ensured that the entire pool of Loans and advances has been considered for the same.</li> <li>● We reviewed the Internal financial controls over data extraction and data validation from the ERP system controls over data extraction and data validation from the ERP system for computation of PD and LGD with the participation of our internal IT expert.</li> <li>● We performed analytical procedures for ascertaining of reasonableness of Impairment provisions.</li> <li>● We carried out a combination of procedures involving enquiry and observation, re-performance on a test basis and inspection of evidence in respect of computation of provisions including considering the situations where additional impairment was required for individual accounts and review of procedures and practices, justification notes and approvals in case of Bad Debts written off.</li> </ul>

**5. Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, the Report of the Board of Directors and the Report on the Corporate Governance but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during

the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**6. Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the



## INDEPENDENT AUDITOR'S REPORT (Contd.)

provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

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

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

### 7. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope

**INDEPENDENT AUDITOR'S REPORT (Contd.)**

and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**8. Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1," a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e) On the basis of the written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 (16) of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 45 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For G. D. Apte & Co**

Chartered Accountants

Firm Registration Number: 100515W

UDIN:20121007AAAAAR3816

**Anagha M. Nanivadekar**

Partner

Membership Number: 121007

Pune, June 11, 2020



## ANNEXURE 1 REFERRED TO IN PARAGRAPH 8 UNDER THE HEADING 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF THE COMPANY FOR THE YEAR ENDED MARCH 31, 2020.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management and based on our verification, we report that, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- (ii) The Company's business does not involve inventories and accordingly, the requirements under paragraph 3 (ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, and based on the audit procedures conducted by us, we report that the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) Based on the audit procedures conducted by us and according to the information and explanations given to us, we are of the opinion that the provisions of section 185 of the Act have been complied with by the Company and the provisions of section 186 of the Act are not applicable to the Company.
- (v) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of section 73 to 76 and other relevant provisions of the Act and the rules framed there under, to the extent applicable, have been complied with. We were informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) According to the information and explanations given to us, the Central Government has not specified the maintenance of cost records under section 148 (1) of the Act.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, value added tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us and from the records of the company, there were no undisputed statutory dues as at the last day of the financial year which were outstanding for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, the dues outstanding of income-tax, value added tax and service tax dues of the Company which have not been deposited on account of dispute, are as follows:

Name of Statute	Nature of dues	Amount (₹ In Lacs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax Demands	7,687.17	April 2008 to September 2014	Customs, Excise and Service Tax Appellate Tribunal
Kerala Value Added Tax, 2003	Value Added Tax	4.65	AY 2007-08	Dy. Commissioner (Appeals) Ernakulum, Kerala
Income Tax Act, 1961	Income Tax	864.14	AY 2016-17	Commissioner of Income Tax (Appeals)

**ANNEXURE 1 (Contd.)**

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer. Further, monies raised by the Company by way of debt instruments and term loans were applied for the purpose for which those were raised, though funds which were not required for immediate utilization were invested during intervening period.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, we report that no fraud by the Company or fraud on the Company by the officers, employees and customers of the Company has been noticed or reported during the year except fraud of Rs. 36.50 Lakhs in the nature of misappropriation of funds and availing loans by submitting forged documents by employees and customers against whom the company has initiated legal course of action.
- (xi) According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company.
- (xiii) According to the information and explanations given to us, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, we report that the Company has registered with Reserve Bank of India as required under section 45-IA of the Reserve Bank of India Act, 1934.

**For G. D. Apte & Co**

Chartered Accountants

Firm Registration Number: 100515W

UDIN:20121007AAAAAR3816

**Anagha M. Nanivadekar**

Partner

Membership Number: 121007

Pune, June 11, 2020





## **ANNEXURE-2** REFERRED TO IN PARAGRAPH 8(F) UNDER THE HEADING 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR REPORT ON EVEN DATE ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

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

We have audited the internal financial controls over financial reporting of Shriram City Union Finance Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (Guidance Note) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be



**ANNEXURE-2 (Contd.)**

detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial

reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

**For G. D. Apte & Co**

Chartered Accountants

Firm Registration Number: 100515W

UDIN:20121007AAAAAR3816

**Anagha M. Nanivadekar**

Partner

Membership Number: 121007

Pune, June 11, 2020



# STANDALONE BALANCE SHEET

AS AT MARCH 31, 2020

(₹ in lacs)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
<b>I ASSETS</b>			
<b>1 Financial Assets</b>			
Cash and Cash Equivalents	8	2,09,182.78	98,136.94
Bank balance other than above	9	97,053.53	30,281.81
Receivables			
(I) Trade Receivables	10	89.76	-
(II) Other than Trade Receivables		-	-
Loans	11	26,61,252.96	26,98,910.93
Investments	12	73,413.97	86,965.30
Other Financial Assets	13	6,352.82	3,442.49
<b>2 Non-Financial Assets</b>			
Current Tax Assets (net)	38	13,069.56	4,224.50
Deferred Tax Assets (net)	38	5,072.77	4,840.74
Property, Plant and Equipment	14	7,241.02	7,924.47
Intangible Assets	15	193.18	157.36
Right of Use Assets	16	15,487.33	-
Other Non-Financial Assets	17	9,015.32	6,640.55
<b>Total Assets</b>		<b>30,97,425.00</b>	<b>29,41,525.09</b>
<b>II LIABILITIES AND EQUITY</b>			
<b>1 Financial Liabilities</b>			
Derivative Financial Instruments	18	-	297.39
Payables			
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(II) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	19	6,077.83	5,509.89
Debt Securities	20	4,46,827.65	3,68,689.96
Borrowings (other than debt securities)	21	14,44,625.56	15,14,147.34
Deposits	22	4,01,206.80	3,11,940.61
Subordinated Liabilities	23	23,923.91	65,370.95
Other Financial Liabilities	24	47,848.62	32,382.09
<b>2 Non-Financial Liabilities</b>			
Provisions	25	3,926.79	2,527.25
Other Non-Financial Liabilities	26	2,192.27	1,527.16
<b>Total Liabilities</b>		<b>23,76,629.43</b>	<b>23,02,392.64</b>
<b>3 Equity</b>			
Equity Share Capital	27	6,600.29	6,599.23
Other Equity	28	7,14,195.28	6,32,533.22
<b>Total Equity</b>		<b>7,20,795.57</b>	<b>6,39,132.45</b>
<b>Total Liabilities and Equity</b>		<b>30,97,425.00</b>	<b>29,41,525.09</b>

See accompanying notes forming part of the financial statements.

As per our report of even date

**For G D Apte & Co**

Chartered Accountants

Firm Registration No. 100515W

**Anagha M. Nanivadekar**

Partner

Membership No. 121007

Pune, June 11, 2020

Place: Chennai

Date: June 11, 2020

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

**Shriram City Union Finance Limited**

**Yalamati Srinivasa Chakravarthi**

Managing Director & CEO

DIN: 00052308

**C R Dash**

Company Secretary

**Venkataraman Murali**

Director

DIN: 00730218

**R Chandrasekar**

Chief Financial Officer

# STANDALONE STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lacs)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>REVENUE FROM OPERATIONS</b>			
(i) Interest income	29	5,69,715.83	5,65,641.77
(ii) Dividend income		171.21	166.76
(iii) Fee and commission income	30	1,369.08	1,147.16
(iv) Net gain on fair value changes	31	238.73	890.40
(v) Net gain on derecognition of financial instruments under amortised cost category		2,241.46	2,224.91
(vi) Bad debts recovery		14,657.28	7,806.53
<b>I Total revenue from operations</b>		<b>5,88,393.59</b>	<b>5,77,877.53</b>
<b>II Other income</b>	32	335.14	252.25
<b>III Total income (I+II)</b>		<b>5,88,728.73</b>	<b>5,78,129.78</b>
<b>EXPENSES</b>			
(i) Finance cost	33	2,14,021.03	1,98,619.09
(ii) Fees and commission expenses		13,026.94	15,481.11
(iii) Impairment on financial instruments	34	11,847.86	13,467.86
(iv) Bad Debts Written Off		76,523.26	64,737.84
(v) Employee benefit expenses	35	84,767.10	83,791.07
(vi) Depreciation, amortisation and impairment	36	8,215.79	3,119.55
(vii) Royalty		6,417.14	6,301.61
(viii) Professional Charges		12,095.25	10,477.00
(ix) Other expenses	37	26,314.26	30,102.39
<b>IV Total expenses</b>		<b>4,53,228.63</b>	<b>4,26,097.52</b>
<b>V Profit/(loss) before exceptional items and tax (III - IV)</b>		<b>1,35,500.10</b>	<b>1,52,032.26</b>
<b>VI Exceptional items</b>		-	-
<b>VII Profit/(loss) before tax (V- VI)</b>		<b>1,35,500.10</b>	<b>1,52,032.26</b>
<b>VIII Tax expense:</b>			
(1) Current tax	38	34,240.38	49,637.03
(2) Income tax of the earlier years	38	1,324.24	-
(3) Deferred tax (credit)	38	(116.52)	3,507.43
<b>IX Profit/(loss) for the period (V-VIII)</b>		<b>1,00,052.00</b>	<b>98,887.80</b>
<b>X Other comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) on defined benefit plan		(340.60)	(1,404.93)
Gain/(Loss) on Fair valuation of quoted investments in equity shares		(664.10)	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		(115.51)	(491.00)
<b>Subtotal (A)</b>		<b>(889.19)</b>	<b>(913.93)</b>
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Subtotal (B)</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive income (A+B)</b>		<b>(889.19)</b>	<b>(913.93)</b>
<b>XI Total Comprehensive Income for the year (IX+ X)</b>		<b>99,162.81</b>	<b>97,973.87</b>
<b>XII Earnings per equity share</b>			
Basic (₹)	39	151.60	149.88
Diluted (₹)	39	151.57	149.83

See accompanying notes forming part of the financial statements.

As per our report of even date

**For G D Apte & Co**

Chartered Accountants

Firm Registration No. 100515W

**Anagha M. Nanivadekar**

Partner

Membership No. 121007

Pune, June 11, 2020

Place: Chennai

Date: June 11, 2020

**For and on behalf of the Board of Directors of****Shriram City Union Finance Limited****Yalamati Srinivasa Chakravarthi**

Managing Director &amp; CEO

DIN: 00052308

**C R Dash**

Company Secretary

**Venkataraman Murali**

Director

DIN: 00730218

**R Chandrasekar**

Chief Financial Officer



# STANDALONE CASH FLOW STATEMENT

## FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before Tax	1,35,500.10	1,52,032.26
<b>Adjustments for :</b>		
Depreciation, amortisation and impairment	8,215.79	3,119.55
Loss on sale of fixed assets (net)	33.18	50.62
Bad Debts Written Off	76,523.26	64,737.84
Impairment of financial instruments	11,847.86	13,467.85
Financial Guarantee obligation	(15.65)	(15.60)
Premium on Govt Securities	123.94	123.60
Dividend Income	(171.21)	(166.76)
Interest on Lease Liabilities	1,610.59	-
Net (Gain)/Loss on sale of investments and Fair value changes of Investment/ Derivative	(238.73)	(891.14)
Net (gain)/Loss of derecognition of financial instruments under amortised cost category	(424.37)	(1,306.61)
<b>Operating profit before working capital changes</b>	<b>2,33,004.76</b>	<b>2,31,151.61</b>
<b>Movements in Working capital:</b>		
(Increase) / decrease in loans and advances	(50,615.69)	(1,98,386.91)
(Increase) / decrease in other non financial assets	(2,370.32)	(2,432.77)
(Increase) / decrease in other financial assets	(2,910.33)	(252.03)
(Increase) / decrease in Bank Deposits	(66,770.79)	(10,124.14)
Increase / (decrease) in other financial liabilities	(681.78)	10,027.44
Increase / (decrease) in other non financial liabilities	665.11	(111.11)
Increase / (decrease) in other Payables	567.94	(1,493.48)
Increase / (decrease) in other Provisions	964.86	(1,318.82)
(Increase) / decrease in receivables	(93.12)	-
(Increase) / decrease in Derivative Financial Instruments	(379.00)	-
(Increase) / decrease in investments - T Bills (SLR Investment)	(8,404.13)	8,048.05
<b>Cash generated from operations</b>	<b>1,02,977.51</b>	<b>35,107.84</b>
Direct taxes paid (net of refunds)	(44,409.68)	(49,355.67)
<b>Net Cash from/(used in) operating activities (A)</b>	<b>58,567.83</b>	<b>(14,247.83)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed including intangible assets	(2,465.27)	(3,407.79)
Sale of Investment in Mutual Funds	20,235.50	(19,930.62)
Sale of Investment in Shares	1,252.24	-
Capital advance for assets	(4.45)	(19.40)
Proceeds from sale of fixed assets	44.19	45.57
Dividend Income	171.21	166.76
<b>Net Cash from/(used in) investing activities (B)</b>	<b>19,233.43</b>	<b>(23,145.48)</b>

## STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital including securities premium and share application money	3.44	9.29
Increase/(Decrease) of debt securities	78,137.69	1,38,038.32
Increase/(Decrease) of Borrowings	(69,521.78)	25,991.94
Increase/(Decrease) of Deposits	89,266.19	2,380.74
Increase/(Decrease) of Subordinated liabilities	(41,447.04)	(49,907.06)
Payment of Lease Liabilities	(5,690.52)	-
Dividend paid	(14,518.98)	(11,875.90)
Tax on Dividend	(2,984.42)	(2,441.00)
<b>Net Cash from/(used in) financing activities (C)</b>	<b>33,244.58</b>	<b>1,02,196.33</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>1,11,045.84</b>	<b>64,803.02</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>98,136.94</b>	<b>33,333.92</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,09,182.78</b>	<b>98,136.94</b>

(₹ in lacs)

Components of cash and cash equivalents	As at March 31, 2020	As at March 31, 2019
Cash on hand	885.21	8,384.79
Balances with Banks		
- in current accounts	28,208.80	48,007.30
- in deposit accounts having original maturity less than three months	1,80,088.77	41,744.85
<b>Total</b>	<b>2,09,182.78</b>	<b>98,136.94</b>

### Notes

- 1) The above cash- flow statement have been prepared under the indirect method set out in Indian Accounting Standard (IND AS) -7, 'Statement of Cash Flow' as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- 2) Direct Taxes paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- 3) All figures in brackets indicate cash outflow.

See accompanying notes forming part of the financial statements.

As per our report of even date

**For G D Apte & Co**  
Chartered Accountants  
Firm Registration No. 100515W

**Anagha M. Nanivadekar**  
Partner  
Membership No. 121007  
Pune, June 11, 2020

Place: Chennai  
Date: June 11, 2020

**For and on behalf of the Board of Directors of  
Shriram City Union Finance Limited**

**Yalamati Srinivasa Chakravarthi**  
Managing Director & CEO  
DIN: 00052308

**C R Dash**  
Company Secretary

**Venkataraman Murali**  
Director  
DIN: 00730218

**R Chandrasekar**  
Chief Financial Officer



**STANDALONE STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

Particulars	Reserves and Surplus							Other Comprehensive Income	Total
	Statutory Reserve	Share Options Outstanding	Securities Premium Account	Debt Redemption Reserve	Capital Redemption Reserve	General Reserve	Capital Reserve	Retained Earnings	
<b>Balance as at March 31, 2019</b>	<b>1,08,411.30</b>	<b>53.37</b>	<b>1,75,492.24</b>	<b>2,844.29</b>	<b>2,328.98</b>	<b>85,339.27</b>	<b>7,871.88</b>	<b>2,50,924.56</b>	<b>6,32,533.22</b>
Profit/ (Loss) for the period	-	-	-	-	-	-	-	1,00,052.00	1,00,052.00
Remeasurement Gain/ (loss) on defined benefit plan	-	-	-	-	-	-	-	-	(340.60)
Gain/(Loss) on Fair valuation of quoted investments in equity shares	-	-	-	-	-	-	-	-	(664.10)
Income Tax on Remeasurement Gain/ (loss) on defined benefit plan and Gain/(Loss) on Fair valuation of quoted investments in equity shares	-	-	-	-	-	-	-	-	115.51
Transferred from Retained Earnings up to August 16, 2019	-	-	-	2,930.90	-	-	-	(2,930.90)	-
Amount transferred to General Reserve on Redemption of Non convertible Debentures up to August 16, 2019	-	-	-	(2,911.54)	-	2,911.54	-	-	-
Amount transferred to General Reserve upon dispensation of requirement of DRR by MCA vide notification dated August 16, 2019	-	-	-	(2,863.65)	-	2,863.65	-	-	-
Share Premium received during the year on exercise of ESOPs	-	-	26.67	-	-	-	-	-	26.67
Adjustment on Exercise of ESOPs	-	(24.02)	-	-	-	-	-	-	(24.02)
Final Equity Dividend FY 2018-19	-	-	-	-	-	-	-	(10,559.22)	(10,559.22)
Tax on Final Equity Dividend FY 2018-19	-	-	-	-	-	-	-	(2,170.48)	(2,170.48)
Interim Equity Dividend FY 2019-20	-	-	-	-	-	-	-	(3,959.76)	(3,959.76)
Tax on Interim Equity Dividend FY 2019-20	-	-	-	-	-	-	-	(813.94)	(813.94)
Transfer to Statutory Reserve	20,020.00	-	-	-	-	-	-	(20,020.00)	-
Transfer to General Reserve	-	-	-	-	-	10,010.00	-	(10,010.00)	-
<b>Balance as at March 31, 2020</b>	<b>1,28,431.30</b>	<b>29.35</b>	<b>1,75,518.91</b>	<b>-</b>	<b>2,328.98</b>	<b>1,01,124.46</b>	<b>7,871.88</b>	<b>3,00,512.26</b>	<b>7,14,195.28</b>

See accompanying notes forming part of the financial statements.

As per our report of even date

**For G D Apte & Co**

Chartered Accountants

Firm Registration No. 100515W

**Anagha M. Nanivadekar**

Partner

Membership No. 121007

Pune, June 11, 2020

Place: Chennai

Date: June 11, 2020

**For and on behalf of the Board of Directors of  
Shriram City Union Finance Limited**

**Yalamati Srinivasa Chakravarthi**

Managing Director & CEO

DIN: 00052308

**C R Dash**

Company Secretary

**Venkataraman Murali**

Director

DIN: 00730218

**R Chandrasekar**

Chief Financial Officer





## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### 1. CORPORATE INFORMATION

Shriram City Union Finance Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on BSE Limited and National Stock Exchange of India Limited. The Company is primarily engaged in the business of financing small and medium enterprises, two-wheelers and pledged jewels. It also provides personal loans and auto loans. The Company is a Deposit Accepting Non-Banking Finance Company (NBFC) registered as a Loan Company with the Reserve Bank of India (RBI) and Ministry of Corporate Affairs. The registration details are as follows:

RBI 07-00458

Corporate Identity Number (CIN)  
L65191TN1986PLC012840

Shriram Capital Limited is the promoter of the Company. The registered office of the Company is at No.123, Angappa Naicken Street, Chennai – 600 001. The principal place of business is at No.144, Santhome High Road, Mylapore, Chennai – 600 004. The financial statements of the Company for the year ended March 31, 2020 were approved for issue in accordance with the resolution of the Board of Directors on June 11, 2020.

### 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ('the Act') read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, other relevant provisions of the Act and the RBI guidelines/regulations to the extent applicable on an accrual basis.

The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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. Accounting policies have been consistently applied to all periods presented, unless otherwise stated except

where a newly – issued accounting standards is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach, under which there is no impact as at April 1, 2019 consequent to the transition and the comparative information has not been restated.

Except for the above, the Company has consistently applied accounting policies while preparing these Standalone Financial Statements.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 6 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lacs, except when otherwise indicated.

### 3. PRESENTATION OF FINANCIAL STATEMENT

The Balance Sheet, Statement of Profit and Loss and Statement of changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Companies Act, 2013 ("the Act"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS. Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

the parties intend to settle on a net basis in the following circumstances:

- i. The normal course of business
- ii. The event of default
- iii. The event of insolvency or bankruptcy of the Company and/or its counterparties

Derivative assets and liabilities with master netting arrangements (e.g. International Swaps and Derivative Association Arrangements) are presented net if all the above criteria are met.

### 4. STATEMENT OF COMPLIANCE

These standalone or separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards notified under section 133 of the Companies Act, 2013 ('the Act') read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and the other relevant provisions of the Act.

### 5. SIGNIFICANT ACCOUNTING POLICIES

#### 5.1 Financial instruments

##### i. Classification of financial instruments

##### a. Financial Assets

The Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost (amortised cost)
2. Financial assets to be measured at fair value through other comprehensive income (FVTOCI)
3. Financial assets to be measured at fair value through profit or loss account (FVTPL)

The classification depends on the contractual terms of the financial assets, cash flows and the Company's business model for managing financial assets which are explained below:

##### 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:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- 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)
- 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.
- At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassesses its business models each reporting period to determine whether the business model/(s) have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business model.

##### The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the 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 the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss

### b. Financial Liabilities

The Company classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

### ii. Financial assets measured at amortised cost

Financial assets are measured at amortised cost where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

Financial assets are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

These financial assets comprise bank balances, Loans, investments and other financial assets.

### iii. Financial assets measured at fair value through other comprehensive income

Financial Assets other than equity instruments: These financial assets are measured at fair value through other comprehensive income where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- b) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These financial assets are initially recognised at fair value plus directly attributable transaction costs and

subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit and loss. As at the reporting date the Company does not have any financial instrument other than equity shares measured at fair value through other comprehensive income.

### Equity instruments

Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the Company in a business combination to which Ind AS 103 'Business Combination' applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management and when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation. Such classification is determined on an instrument-by-instrument basis.

Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss.

### iv. Items at fair value through profit or loss

Financial assets which are not classified in any of the above categories are measured at FVTPL.

Items at fair value through profit or loss comprise:

- a. Investments (including equity shares) held for trading;  
A financial instrument is classified as held for trading if it is acquired or incurred principally for selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship.  
Trading derivatives and trading securities are classified as held for trading and recognised at fair value.
- b. Items specifically designated as fair value through profit or loss on initial recognition;

Upon initial recognition, financial instruments may be designated as measured at fair value through profit or loss. A financial asset may only be designated at

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistencies (i.e. eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis. As at the reporting date the Company does not have any financial instruments designated as measured at fair value through profit or loss.

- c. Debt instruments with contractual terms that do not represent solely payments of principal and interest. As at the reporting date the Company does not have any financial instruments measured at fair value through profit or loss.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch or:

- if a host contract contains one or more embedded derivatives; or
- if financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. As at the reporting date, the Company has not designated any financial instruments as measured at fair value through profit or loss.

### v. Investment in subsidiaries

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

### vi. Derivatives

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Company enters into derivative transactions with various counterparties to hedge its foreign currency risks and interest rate risks. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes derivative transactions for hedging on-balance sheet liabilities. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed separately. Changes in the fair value of derivatives are included in net gain on fair value changes.

### vii. Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR).

### viii. Financial guarantees

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss.

- The premium is recognised in the statement of profit and loss on a straight-line basis over the life of the guarantee.



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### ix. 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 company changes its business model for managing financial assets. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities until year ended March 31, 2020.

### x. Recognition and Derecognition of financial assets and liabilities

#### Recognition:

- Loans and Advances are initially recognised when the funds are transferred to the customers' account or delivery of assets by the dealer, whichever is earlier.
- Investments are initially recognised on the settlement date.
- Debt securities, deposits and borrowings are initially recognised when funds reach the Company.
- Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

#### Derecognition of financial assets other than due to substantial modification

#### a) 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 rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset, or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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 continues to recognise the portion retained by it as MRR.

### b) Financial liabilities

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 profit or loss. As at the reporting date the Company does not have any financial liabilities which have been derecognised.

### (xi) Impairment of financial assets

#### Overview of the ECL principles

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on collective/ individual basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has grouped its loan portfolio into Gold Loan, Auto Loans, MSME Loans, Two Wheelers Loans and Personal Loans.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

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

#### Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company classifies all standard advances and advances upto 30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

#### Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.





## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event (for eg. any natural calamity) warrants a provision higher than as mandated under ECL methodology, the Company may classify the financial asset in Stage 3 accordingly.

As required by RBI Circular reference no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020; where impairment allowance under Ind AS 109 is lower than the provisioning required as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) including borrower/beneficiary wise classification, provisioning for standard as well as restructured assets, NPA ageing, etc., the Company shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'.

### Loan commitments:

When estimating expected credit loss for undrawn loan commitments, the Company estimates 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.

### Credit-impaired financial assets:

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;

- The restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

### Financial guarantee contracts

The Company's liability under financial guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Company estimates ECLs by applying a credit conversion factor. The ECLs related to financial guarantee contracts are recognised within Provisions. Currently, the company has not recognised any ECL in respect of financial guarantee based on estimate of expected cash flows.

### ECL on Debt instruments measured at fair value through OCI

The ECLs for debt instruments 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. As at the reporting date the Company does not have any debt instruments measured at fair value through OCI.

### The mechanics of ECL:

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

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

**Probability of Default (PD)** - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

**Exposure at Default (EAD)** - The Exposure at Default is an estimate of the exposure at a future default date.

**Loss Given Default (LGD)** - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

### **Forward looking information**

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

The above calculated PDs, EAD and LGDs are reviewed annually and changes in the forward looking estimates are analysed.

### **Collateral Valuation**

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

### **Collateral repossessed**

In its normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any

surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

### **(xii) Write-offs**

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. 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 subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

### **(xiii) Determination of fair value**

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments (as explained in note 5.1(iii) to 5.1(vi)) at fair value on each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

**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. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

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

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

Difference between transaction price and fair value at initial recognition

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a

valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

### 5.2 Revenue from operations

#### (i) Interest Income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

- As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset
- By considering all the contractual terms of the financial instrument in estimating the cash flows
- Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

#### (ii) Dividend Income

Dividend income is recognised

- When the right to receive the payment is established,

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

- b. it is probable that the economic benefits associated with the dividend will flow to the entity and
- c. the amount of the dividend can be measured reliably

### (iii) Fees & Commission Income

Fees and commissions are recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:

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

### (iv) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes. As at the reporting date the Company does not have any financial instruments measured at FVTPL and debt instruments measured at FVOCI.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

### (v) Recoveries of financial assets written off

The Company recognises income on recoveries of financial assets written off on realisation basis.

## 5.3 Expenses

### (i) Finance costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the amortised cost of the financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

- a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- b. By considering all the contractual terms of the financial instrument in estimating the cash flows
- c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest expense includes issue costs that are initially recognised as part of the carrying value of the financial liability and amortised over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### (ii) Retirement and other employee benefits

#### *Short term employee benefit*

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

#### *Post-employment employee benefits*

##### a) Defined contribution schemes

All the employees of the Company are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

##### b) Defined Benefit schemes

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an

independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

The Company fully contributes all ascertained liabilities to The Trustees – SCUF Employees Group Gratuity Trust. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Companies.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### *Other long-term employee benefits*

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The Company presents the Provision for compensated absences under provisions in the Balance Sheet.

### **(iii) Lease:**

#### *The Company as a lessee*

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the

commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. After the commencement date, the lease liability is adjusted by increasing the carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications. The lease liability is also remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The interest on the lease liability is recognised in the statement of Profit & Loss except to the extent that it can be allocated to any Property, Plant & Equipment.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalised at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### *The Company as a lessor*

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognised on a straight line basis over the term of the relevant lease.

### (iv) Other income and expenses

All Other income and expense are recognised in the period they occur.

### (v) Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### (vi) Taxes

#### *Current Tax*

Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

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 directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### *Deferred tax*

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

#### *Minimum Alternate Tax (MAT)*

Minimum alternate tax (MAT) paid is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

that it will pay normal tax during the specified period.

*Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses*

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- i. When the tax incurred on a purchase of assets or 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
- ii. When receivables and payables are stated with the amount of tax included

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.

### (vii) 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 Companies Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

## 5.4 Foreign currency translation

### (i) Functional and presentational currency

The standalone financial statements are presented in Indian Rupees which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates.

### (ii) Transactions and balances

*Initial recognition:*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

*Conversion:*

Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

## 5.5 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

## 5.6 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes (other than those subsequently recoverable from the tax authorities) and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. 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 related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

### Depreciation

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 which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013 except for Leasehold Improvements which are amortised on a straight-line basis over the period of lease or





## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

estimated period of useful life of such improvement, subject to a maximum period of 60 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. Land is not depreciated.

The estimated useful lives are as follows:

Particulars	Useful life as prescribed by Schedule II of the Companies Act, 2013	Useful life estimated by Company
Building	60 years	60 years
Plant and machinery	15 years	15 years
Electrical equipment	10 years	10 years
Generator	10 years	10 years
Furniture and fixture	10 years	10 years
Air conditioner	10 years	10 years
Electronic equipment	10 years	10 years
Office equipment	5 years	5 years
Refrigerator	10 years	10 years
Motor car	8 years	8 years
Vehicles	10 years	10 years
Server and networking	6 years	6 years
Computer	3 years	3 years

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.

Property plant and equipment 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. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

### 5.7 Intangible assets

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. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 3 years, unless it has a shorter useful life.

The Company's intangible assets consist of computer software with definite life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)****5.8 Provisions**

Provisions are recognised when the enterprise 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 enterprise 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. As at reporting date, the Company does not have any such provisions where the effect of time value of money is material.

**5.9 Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent liabilities are reviewed at each Balance Sheet date.

**5.10 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 not recognised in the financial statements. Contingent assets are disclosed where an inflow of economic benefits is probable.

Contingent assets are reviewed at each Balance Sheet date.

**5.11 Earning Per Share**

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

**6. SIGNIFICANT ACCOUNTING JUDGEMENTS,  
ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period and reported amounts of income and expenses for the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Accounting estimates could change from period to period. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

### 6.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement 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.

### 6.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

### 6.3 Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be

measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### 6.4 Impairment of loans portfolio

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.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more detail in *Note 5.1(x) Overview of ECL principles*.

### 6.5 Contingent liabilities and provisions other than impairment on loan portfolio

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

### 6.6 Effective Interest Rate (EIR) method

The Company's EIR methodology, 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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument

### 6.7 Other estimates:

These include contingent liabilities, useful lives of tangible and intangible assets etc.

### 7. FIRST TIME ADOPTION OF IND AS 116 "LEASES"

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability

at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 10%

### 8. CASH AND CASH EQUIVALENTS

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	885.21	8,384.79
<b>Balances with banks (of the nature of cash and cash equivalents)</b>		
-Current Account	28,208.80	48,007.30
-Bank deposit with original maturity less than three months	1,80,088.77	41,744.85
<b>Total</b>	<b>2,09,182.78</b>	<b>98,136.94</b>

Balances with banks earn interest at fixed rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company and earn interest at the respective short-term deposit rates. The company has not taken bank overdraft, therefore the cash and cash equivalent for cash flow statement is same as cash and for cash equivalent given above and also includes deposits March 31, 2020: Nil (March 31, 2019: ₹ 1,723.10 lacs) towards SLR Debentures requirement.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 9. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Balances with banks</b>		
Unclaimed dividend accounts	92.88	91.95
Bank deposits with original maturity for more than 3 months*	25,185.45	15,566.38
Balances with banks to the extent held as Margin Money or security against the borrowings, guarantees, other commitments.	71,775.20	14,623.48
<b>Total</b>	<b>97,053.53</b>	<b>30,281.81</b>

Fixed deposit and other balances with banks earns interest at fixed rate.

\*Includes deposits March 31, 2020: ₹ 20,181.02 lacs (March 31, 2019: ₹ 15,061.16 lacs) towards SLR requirement for Public Deposits Outstanding and includes deposits March 31, 2020: NIL (March 31, 2019: ₹ 500.48 lacs) as margin for foreign currency derivative contract.

### 10. RECEIVABLES

#### (I) Trade Receivables

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables	93.12	-
Less: Impairment loss allowances	(3.36)	-
<b>Total</b>	<b>89.76</b>	<b>-</b>

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person or from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 days.

(₹ in lacs)

Trade receivables days past due		Current	1-30 days past due	Total
<b>ECL rate</b>		<b>3.60%</b>	<b>3.60%</b>	
<b>March 31, 2020</b>	Estimated total gross carrying amount at default	64.12	29.00	93.12
	ECL - Simplified approach	(2.31)	(1.05)	(3.36)
	<b>Net carrying amount</b>	<b>61.81</b>	<b>27.95</b>	<b>89.76</b>
<b>March 31, 2019</b>	Estimated total gross carrying amount at default	-	-	-
	ECL - Simplified approach	-	-	-
	<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Reconciliation of impairment allowance on trade receivable

(₹ in lacs)

Particulars	Amount
Impairment allowance measured as per simplified approach	
<b>Impairment allowance as per March 31, 2019</b>	<b>-</b>
Add: Addition during the year	(3.36)
(Less): Reduction during the year	
<b>Impairment allowance as per March 31, 2020</b>	<b>(3.36)</b>

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

11. LOANS AND ADVANCES

Particulars	As at March 31, 2020				As at March 31, 2019				(₹ in lacs)	
	At amortised Cost	At fair value			Total	At amortised Cost	At fair value			Total
		Through Other Comprehensive Income	Through profit and loss account	Designated at through profit and loss account			Through Other Comprehensive Income	Through profit and loss account		
(A)										
i) Term loans	28,65,652.55	-	-	-	28,65,652.55	28,91,560.11	-	-	28,91,560.11	
ii) Others	-	-	-	-	-	-	-	-	-	
Total (A) - Gross	28,65,652.55	-	-	-	28,65,652.55	28,91,560.11	-	-	28,91,560.11	
Less: Impairment loss allowance	2,04,399.59	-	-	-	2,04,399.59	1,92,649.18	-	-	1,92,649.18	
Total (A) - Net	26,61,252.96	-	-	-	26,61,252.96	26,98,910.93	-	-	26,98,910.93	
(B)										
i) Secured by tangible assets	24,36,453.02	-	-	-	24,36,453.02	22,04,272.43	-	-	22,04,272.43	
ii) Unsecured	4,29,199.53	-	-	-	4,29,199.53	6,87,287.68	-	-	6,87,287.68	
Total (B) - Gross	28,65,652.55	-	-	-	28,65,652.55	28,91,560.11	-	-	28,91,560.11	
Less : Impairment loss allowance	2,04,399.59	-	-	-	2,04,399.59	1,92,649.18	-	-	1,92,649.18	
Total (B) - Net	26,61,252.96	-	-	-	26,61,252.96	26,98,910.93	-	-	26,98,910.93	
(C)										
Loans in India										
i) Public Sector	-	-	-	-	-	-	-	-	-	
ii) Others										
Corporate	1,09,639.30	-	-	-	1,09,639.30	1,37,496.59	-	-	1,37,496.59	
Retail	27,56,013.25	-	-	-	27,56,013.25	27,54,063.52	-	-	27,54,063.52	
Total - Gross	28,65,652.55	-	-	-	28,65,652.55	28,91,560.11	-	-	28,91,560.11	
Less: Impairment loss allowance	2,04,399.59	-	-	-	2,04,399.59	1,92,649.18	-	-	1,92,649.18	
Total - Net	26,61,252.96	-	-	-	26,61,252.96	26,98,910.93	-	-	26,98,910.93	
Loans outside India										
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-	
Total - Net	-	-	-	-	-	-	-	-	-	
Total (C)	26,61,252.96	-	-	-	26,61,252.96	26,98,910.93	-	-	26,98,910.93	

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 11. LOANS AND ADVANCES (Contd.)

#### Credit Quality of Assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in note 49.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in note 49.2.

(₹ in lacs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
<b>Internal rating grade</b>								
<b>Performing</b>								
High grade	21,30,932.70	-	-	21,30,932.70	20,59,886.65	-	-	20,59,886.65
Standard grade	3,40,429.28	-	-	3,40,429.28	1,15,412.71	-	-	1,15,412.71
Sub-standard grade	-	1,36,241.26	-	1,36,241.26	-	3,82,974.59	-	3,82,974.59
Past due but not impaired	-	31,755.58	-	31,755.58	-	75,617.25	-	75,617.25
Non- performing	-	-	2,26,293.73	2,26,293.73	-	-	2,57,668.91	2,57,668.91
<b>Total</b>	<b>24,71,361.98</b>	<b>1,67,996.84</b>	<b>2,26,293.73</b>	<b>28,65,652.55</b>	<b>21,75,299.36</b>	<b>4,58,591.84</b>	<b>2,57,668.91</b>	<b>28,91,560.11</b>

#### An analysis of changes in the gross carrying amount, as follows:

(₹ in lacs)

Particulars	Year ended March 31, 2020				Year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount opening balance</b>	21,75,299.36	4,58,591.84	2,57,668.91	28,91,560.11	23,21,336.46	1,77,189.34	2,59,385.24	27,57,911.04
New assets originated or purchased	22,01,678.34	46,984.19	22,501.62	22,71,164.15	23,01,011.28	84,116.03	22,012.80	24,07,140.11
Assets derecognised or repaid (excluding write offs)	(18,77,060.54)	(2,49,649.63)	(93,838.28)	(22,20,548.45)	(18,56,863.14)	(2,70,656.73)	(81,298.63)	(22,08,818.49)
Transfers to Stage 1	1,59,130.15	(1,55,330.42)	(3,799.73)	-	39,171.66	(21,760.63)	(17,411.03)	-
Transfers to Stage 2	(1,20,582.98)	1,24,790.35	(4,207.37)	-	(5,28,808.68)	5,31,283.35	(2,474.67)	-
Transfers to Stage 3	(65,703.46)	(51,246.35)	1,16,949.80	-	(96,037.17)	(38,047.92)	1,34,085.09	-
Amounts written off	(1,398.89)	(6,143.14)	(68,981.24)	(76,523.26)	(4,511.06)	(3,531.60)	(56,629.89)	(64,672.55)
<b>Gross carrying amount closing balance</b>	<b>24,71,361.98</b>	<b>1,67,996.84</b>	<b>2,26,293.73</b>	<b>28,65,652.55</b>	<b>21,75,299.36</b>	<b>4,58,591.84</b>	<b>2,57,668.91</b>	<b>28,91,560.11</b>



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 11. LOANS AND ADVANCES (Contd.)

Reconciliation of ECL balance is given below:

(₹ in lacs)

Particulars	Year ended March 31, 2020				Year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowance - opening balance</b>	58,916.21	21,358.29	1,12,374.68	1,92,649.18	49,509.40	7,331.25	1,22,340.68	1,79,181.32
New assets originated or purchased	49,659.61	2,300.18	6,059.59	58,019.38	42,680.60	5,263.21	7,920.79	55,864.60
Assets derecognised or repaid (excluding write offs)	-	-	-	-	-	-	-	-
Transfers to Stage 1	10,238.61	(8,491.18)	(1,747.43)	-	9,940.48	(1,306.77)	(8,633.71)	-
Transfers to Stage 2	(3,403.65)	5,261.92	(1,858.27)	-	(11,464.63)	12,655.37	(1,190.74)	-
Transfers to Stage 3	(2,038.49)	(2,959.43)	4,997.92	-	(2,384.32)	(2,202.19)	4,586.51	-
Impact on year end ECL of exposures transferred between stages during the year	(28,292.86)	(282.75)	58,829.89	30,254.29	(24,854.27)	3,149.02	43,981.06	22,275.81
Amounts written off	(1,398.89)	(6,143.14)	(68,981.24)	(76,523.26)	(4,511.06)	(3,531.60)	(56,629.89)	(64,672.55)
<b>ECL allowance - closing balance</b>	<b>83,680.54</b>	<b>11,043.90</b>	<b>1,09,675.14</b>	<b>2,04,399.59</b>	<b>58,916.21</b>	<b>21,358.29</b>	<b>1,12,374.68</b>	<b>1,92,649.18</b>

Out of loan balances written off during the year ₹ 76,523.26 Lacs (March 31, 2019 ₹ 64,672.55 Lacs), ₹ 66,310.43 Lacs and ₹ 51,854.95 Lacs respectively are subject to enforcement activity by the company.

### 12. INVESTMENTS

(₹ in lacs)

Particulars	Amortised Cost	At Fair value			Sub-total (At Fair Value)	Others (At Cost)	Total
		Through Other Comprehensive Income	Through profit and loss account	Designated at Fair value through profit and loss account			
As at March 31, 2020							
i) Mutual funds	-	-	302.08	-	302.08	-	302.08
ii) Government securities	21,018.89		-	-	-	-	21,018.89
iii) Equity instruments	-	8,917.14	-	-	8,917.14	-	8,917.14
iv) Subsidiary	-	-	-	-	-	16,544.00	16,544.00
v) Subsidiary- Deemed investment in subsidiary	-	-	-	-	-	183.91	183.91
vi) Treasury Bills	26,447.95	-	-	-	-	-	26,447.95
<b>Total Gross (A)</b>	<b>47,466.84</b>	<b>8,917.14</b>	<b>302.08</b>	<b>-</b>	<b>9,219.22</b>	<b>16,727.91</b>	<b>73,413.97</b>
(i) Investments outside India	-	8,917.14		-	8,917.14	-	8,917.14
(ii) Investments in India	47,466.84	-	302.08	-	302.08	16,727.91	64,496.83
<b>Total Gross (B)</b>	<b>47,466.84</b>	<b>8,917.14</b>	<b>302.08</b>	<b>-</b>	<b>9,219.22</b>	<b>16,727.91</b>	<b>73,413.97</b>
Less : Allowance for impairment loss (C)	-	-	-	-	-	-	-
<b>Total - Net D = (A) - (C)</b>	<b>47,466.84</b>	<b>8,917.14</b>	<b>302.08</b>	<b>-</b>	<b>9,219.22</b>	<b>16,727.91</b>	<b>73,413.97</b>



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 12. INVESTMENTS (Contd.)

(₹ in lacs)

Particulars	Amortised Cost	At Fair value			Sub-total (At Fair Value)	Others (At Cost)	Total
		Through Other Comprehensive Income	Through profit and loss account	Designated at Fair value through profit and loss account			
<b>As at March 31, 2019</b>							
i) Mutual funds	-	-	20,366.72	-	20,366.72	-	20,366.72
ii) Government securities	21,142.83	-	-	-	-	-	21,142.83
iii) Equity instruments	-	-	10,684.01	-	10,684.01	-	10,684.01
iv) Subsidiary	-	-	-	-	-	16,544.00	16,544.00
v) Subsidiary- Deemed investment in subsidiary	-	-	-	-	-	183.91	183.91
vi) Treasury Bills	18,043.83	-	-	-	-	-	18,043.83
<b>Total Gross (A)</b>	<b>39,186.66</b>	<b>-</b>	<b>31,050.73</b>	<b>-</b>	<b>31,050.73</b>	<b>16,727.91</b>	<b>86,965.30</b>
(i) Investments outside India	-	-	10,603.97	-	10,603.97	-	10,603.97
(ii) Investments in India	39,186.66	-	20,446.76	-	20,446.76	16,727.91	76,361.33
<b>Total Gross (B)</b>	<b>39,186.66</b>	<b>-</b>	<b>31,050.73</b>	<b>-</b>	<b>31,050.73</b>	<b>16,727.91</b>	<b>86,965.30</b>
<b>Less : Allowance for impairment loss (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total - Net D = (A) - (C)</b>	<b>39,186.66</b>	<b>-</b>	<b>31,050.73</b>	<b>-</b>	<b>31,050.73</b>	<b>16,727.91</b>	<b>86,965.30</b>

More information regarding the valuation methodologies can be found in Note 48.7

The company received dividends of ₹ 171.21 lacs (March 31, 2019: ₹ 166.76 lacs) from its FVTOCI securities (March 31, 2019: FVTPL), recorded as dividend income.

The company has on June 30, 2019, reclassified its investments in Quoted Equity instruments held in Ceylinco Insurance PLC (carrying value as at the date of the transfer ₹ 10,603.97 lacs) from FVTPL to FVTOCI. The reclassification to FVTOCI is irrevocable and was necessitated since the company revised its business model on that date to hold these investments as a long term investment unlike the earlier business model of its disposal in near future. Accordingly, the fair value loss of ₹ 1,022.73 lacs till June 30, 2019 has been recorded through profit and loss and fair value loss of ₹ 664.10 lacs thereafter has been recorded through the other comprehensive income.

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in note 49.2.

(₹ in lacs)

Internal Grade Rating	As at March 31, 2020				As at March 31, 2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
<b>Performing</b>								
High grade	73,413.97	-	-	73,413.97	86,965.30	-	-	86,965.30
Standard grade	-	-	-	-	-	-	-	-
<b>Non-performing</b>								
Individually impaired	-	-	-	-	-	-	-	-
<b>Total</b>	<b>73,413.97</b>	<b>-</b>	<b>-</b>	<b>73,413.97</b>	<b>86,965.30</b>	<b>-</b>	<b>-</b>	<b>86,965.30</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 12. INVESTMENTS (Contd.)

An analysis of changes in gross carrying amount and the corresponding ECLs is as follows:

(₹ in lacs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount – opening balance</b>	86,965.30	-	-	86,965.30	74,018.54	-	-	74,018.54
New assets originated or purchased	7,58,904.13	-	-	7,58,904.13	1,07,850.01	-	-	1,07,850.01
Assets derecognised or matured (excluding write-offs)	(7,70,633.98)	-	-	(7,70,633.98)	(95,941.28)	-	-	(95,941.28)
Amortisation of G-sec Premium	(123.94)	-	-	(123.94)	(123.60)	-	-	(123.60)
Change in fair value								
OCI	(664.10)	-	-	(664.10)	-	-	-	-
Profit & Loss	(1,033.44)	-	-	(1,033.44)	1,161.63	-	-	1,161.63
<b>Closing balance</b>	<b>73,413.97</b>	<b>-</b>	<b>-</b>	<b>73,413.97</b>	<b>86,965.30</b>	<b>-</b>	<b>-</b>	<b>86,965.30</b>

Reconciliation of ECL balance is given below:

(₹ in lacs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance in ECL</b>	-	-	-	-	-	-	-	-
New assets originated or purchased	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Unwind of discount (recognised in interest income)	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-	-
<b>Closing balance in ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

**13. OTHER FINANCIAL ASSETS**

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	2,249.73	2,135.88
Assignment receivable	1,730.97	1,306.61
Less: ECL on Assignment Receivable	(62.32)	-
Other receivables	2,434.44	-
<b>Total</b>	<b>6,352.82</b>	<b>3,442.49</b>

**Reconciliation of impairment allowance on Assignment receivable**

(₹ in lacs)

Particulars	Amount
Impairment allowance measured as per simplified approach	
<b>Impairment allowance as per March 31, 2019</b>	-
Add: Addition during the year	62.32
(Less): Reduction during the year	-
<b>Impairment allowance as per March 31, 2020</b>	<b>62.32</b>

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

14. PROPERTY, PLANT AND EQUIPMENT

Particulars	Land- Freehold	Building	Office equipment	Electrical Installation	Computer Equipment	Furniture & Fixtures	Vehicles	Leasehold Improvement	Total
<b>Cost:</b>									
As at April 01, 2018	2.31	12.94	3,072.54	2,837.03	6,933.52	2,362.35	57.27	11,273.37	26,551.33
Additions	-	-	314.93	571.29	877.74	227.98	0.44	1,257.88	3,250.26
Disposals	-	-	156.63	102.36	551.31	13.42	0.36	66.59	890.67
As at March 31, 2019	2.31	12.94	3,230.84	3,305.96	7,259.95	2,576.91	57.35	12,464.66	28,910.92
Additions	-	-	58.94	385.73	594.37	197.75	13.45	1,044.20	2,294.44
Disposals	-	-	65.20	98.43	351.92	18.86	0.54	89.27	624.22
As at March 31, 2020	2.31	12.94	3,224.58	3,593.26	7,502.40	2,755.80	70.26	13,419.59	30,581.14
<b>Accumulated depreciation and impairment:</b>									
As at April 01, 2018	-	3.68	2,459.09	1,121.58	5,065.35	1,260.88	19.75	9,043.30	18,973.63
Disposals	-	-	140.34	59.15	523.65	12.35	0.34	58.65	794.48
Depreciation charge for the year	-	0.17	237.14	285.94	890.97	189.04	5.97	1,198.07	2,807.30
As at March 31, 2019	-	3.85	2,555.89	1,348.37	5,432.67	1,437.57	25.38	10,182.72	20,986.45
Disposals	-	-	57.23	66.83	333.80	17.24	0.36	71.39	546.85
Depreciation charge for the year	-	0.17	206.71	320.31	955.75	197.27	5.91	1,214.40	2,900.52
As at March 31, 2020	-	4.02	2,705.37	1,601.85	6,054.62	1,617.60	30.93	11,325.73	23,340.12
Net carrying amount as at March 31, 2019	2.31	9.09	674.95	1,957.59	1,827.28	1,139.34	31.97	2,281.94	7,924.47
Net carrying amount as at March 31, 2020	2.31	8.92	519.21	1,991.41	1,447.78	1,138.20	39.33	2,093.86	7,241.02

Carrying value of Property, plant and equipment pledged as collateral for liabilities or commitments as at March 31, 2020 is ₹ 2.31 lacs (March 31 2019: ₹ 2.31 lacs).

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

**15. OTHER INTANGIBLE ASSETS**

(₹ in lacs)

Particulars	Computer Software
<b>Cost:</b>	
<b>As at April 01, 2018</b>	<b>3,728.89</b>
Additions	157.53
Disposals	-
<b>As at March 31, 2019</b>	<b>3,886.42</b>
Additions	170.83
Disposals	-
<b>As at March 31, 2020</b>	<b>4,057.25</b>
<b>Accumulated amortisation and impairment:</b>	
<b>As at April 01, 2018</b>	<b>3,416.81</b>
Disposals	-
Depreciation charge for the year	312.25
<b>As at March 31, 2019</b>	<b>3,729.06</b>
Disposals	-
Depreciation charge for the year	135.01
<b>As at March 31, 2020</b>	<b>3,864.07</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>157.36</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>193.18</b>

**16. RIGHT OF USE ASSETS**

(₹ in lacs)

Sr No.	Class of Underlying Asset	Opening Balance of Right-of-Use assets (Balance as on 01.04.2019)	Recognised on transition as on 01.04.2019 of IND As 116 - Leases	Additions to Right-of-Use Assets, made during the year	Reduction in Right-of-Use Assets due to termination of Lease agreement	Amortisation for the year	Amount of Right-Of-Use Asset as on March 31, 2020
1	Buildings	-	15,630.81	5,656.31	619.53	5,180.26	15,487.33

**17. OTHER NON-FINANCIAL ASSETS**

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Public issue expenses for non-convertible debentures to the extent not written off or adjusted	-	409.79
Deferred lease rental	-	580.57
Goods and Service tax credit (input) receivable	6,055.83	3,361.22
Advances recoverable in cash	1,156.07	966.26
Statutory duties paid under protest	766.66	608.61
Capital advances	71.09	66.64
Prepaid expenses	965.67	647.46
<b>Total</b>	<b>9,015.32</b>	<b>6,640.55</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 18. DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, but the Company has elected not to apply hedge accounting requirements.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

(₹ in lacs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Notional Amounts	Fair Value - Liabilities	Notional Amounts	Fair Value - Liabilities
<b>(i) Currency derivatives:</b>				
-Spots and forwards	-	-	7,098.00	297.39
-Currency futures	-	-	-	-
-Currency swaps	-	-	-	-
<b>Sub total (i)</b>	-	-	<b>7,098.00</b>	<b>297.39</b>
<b>(ii) Interest rate derivatives:</b>				
-Forward rate agreements and interest rate swaps	-	-	-	-
-Futures	-	-	-	-
<b>Sub total (ii)</b>	-	-	-	-
<b>(iii) Credit derivatives:</b>	-	-	-	-
<b>(iv) Equity linked derivatives:</b>	-	-	-	-
<b>(v) Other derivatives:</b>	-	-	-	-
<b>Total derivative financial instruments (i+ii+iii+iv+v)</b>	-	-	<b>7,098.00</b>	<b>297.39</b>

Consequent to the repayment of loan during the year the forward contract is closed.

#### Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 49.

#### Derivatives designated as hedging instruments

The Company has not designated any derivatives as hedging instruments.

#### Derivatives not designated as hedging instruments

The Company uses interest rate swaps to manage its interest rate risk arising from INR denominated borrowings and foreign exchange forward contracts to manage its foreign currency risk arising from borrowings in foreign currencies. The interest rate swaps a hedging relationship and are entered into for periods consistent with exposure of the underlying transactions, generally from 6 to 36 months.



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 18. DERIVATIVE FINANCIAL INSTRUMENTS (Contd.)

Details of the derivative instruments are given below:

(₹ in lacs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Notional Amounts	Fair Value - Liabilities	Notional Amounts	Fair Value - Liabilities
<b>Interest rate risk:</b>				
-Interest rate swaps	-	-	-	-
-Futures	-	-	-	-
<b>Foreign currency risk:</b>	-	-	-	-
-Currency futures				
-Currency swaps	-	-	-	-
-Forward contracts	-	-	7,098.00	297.39
<b>Total</b>	-	-	<b>7,098.00</b>	<b>297.39</b>

### 19. OTHER PAYABLES

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	6,077.83	5,509.89
<b>Total</b>	<b>6,077.83</b>	<b>5,509.89</b>

### 20. DEBT SECURITIES

(₹ in lacs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	At Amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total	At Amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total
<b>Redeemable Non-Convertible Debentures (Secured)</b>								
Public issue	84,955.43	-	-	84,955.43	11,377.18	-	-	11,377.18
Privately placed	3,61,872.22	-	-	3,61,872.22	3,57,312.78	-	-	3,57,312.78
<b>Total</b>	<b>4,46,827.65</b>	-	-	<b>4,46,827.65</b>	<b>3,68,689.96</b>	-	-	<b>3,68,689.96</b>
Debt securities in India	4,46,827.65	-	-	4,46,827.65	3,68,689.96	-	-	3,68,689.96
Debt securities outside India	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,46,827.65</b>	-	-	<b>4,46,827.65</b>	<b>3,68,689.96</b>	-	-	<b>3,68,689.96</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 20. DEBT SECURITIES (Contd.)

#### A. Public Issue of Redeemable Non-Convertible Debentures (NCDs) Secured of ₹ 1,000/- each - Quoted

##### (i) Issued in 2014

(₹ in lacs)

Option Detail	Rate of Interest	As at March 31, 2020	As at March 31, 2019	Redemption Date
Series III	10.85%	-	3,328.38	03-May-19
	11.75%	-	5,574.68	03-May-19
Series VI	10.85%	-	851.44	03-May-19
	11.75%	-	1,622.68	03-May-19
<b>Total</b>		-	<b>11,377.18</b>	

##### Nature of security

The repayment of secured redeemable non convertible debentures of ₹ 1,000/- each at face value on maturity together with interest thereon are secured by mortgage of immovable property and by way of charge on the company's specifically identified assets such as book debts / loan receivables in favour of the Trustees appointed.

The Company had utilised the entire sum of ₹ 19,905.82 lacs raised from public issue (net off expenses) towards financing activities as per the objects stated in the prospectus for the issue.

##### (ii) Issued in 2019

(₹ in lacs)

Tranche I Series	Rate of Interest	As at March 31, 2020	As at March 31, 2019	Redemption Date
Series I	9.55%	41,656.21	-	30-Apr-21
Series II	9.54%	2,650.23	-	30-Apr-21
Series III	9.65%	6,910.72	-	30-Apr-22
Series IV	9.26%	3,986.74	-	30-Apr-22
Series V	9.64%	2,615.41	-	30-Apr-22
Series VI	9.75%	7,020.61	-	30-Apr-24
Series VII	9.35%	3,407.24	-	30-Apr-24
Series VIII	9.75%	2,216.93	-	30-Apr-24
		<b>70,464.09</b>	-	

(₹ in lacs)

Tranche II Series	Rate of Interest	As at March 31, 2020	As at March 31, 2019	Redemption Date
Series I	9.55%	3,069.75	-	25-Sep-21
Series II	9.55%	558.28	-	25-Sep-21
Series III	9.70%	1,636.06	-	25-Sep-22
Series IV	9.30%	1,305.02	-	25-Sep-22
Series V	9.71%	850.15	-	25-Sep-22
Series VI	9.85%	5,401.17	-	25-Sep-24
Series VII	9.45%	1,088.07	-	25-Sep-24
Series VIII	9.88%	582.84	-	25-Sep-24
		<b>14,491.34</b>	-	
<b>Grand Total - Tranche I and II</b>		<b>84,955.43</b>		

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 20. DEBT SECURITIES (Contd.)

#### Nature of security

The repayment of secured redeemable non convertible debentures of ₹ 1,000/- each at face value on maturity together with interest thereon are secured by mortgage of immovable property and by way of charge on the company's specifically identified assets such as book debts / loan receivables in favour of the Trustees appointed.

The Company has utilised the entire sum of ₹ 78,200.81 lacs raised from public issue (net off expenses) towards financing activities as per the objects stated in the prospectus for the issue, and will have the flexibility in deploying the net proceeds and pending utilization, if any, in temporarily investment in mutual funds, deposits with banks/institutions.

Secured redeemable non- convertible debentures may be bought back subject to applicable statutory and/ or regulatory requirements, upon the terms and conditions as may be decided by the Company.

#### B. Redeemable Non-Convertible Debentures - Secured

##### (i) Privately Placed Redeemable Non-Convertible Debenture -Institutional

Details of Privately Placed Redeemable Non-Convertible Debenture (NCDs) of ₹ 1,000,000/- each - Quoted and for two INEs - INE722A07AG5 and INE722A07AH3, the face value is ₹ 1,00,000/- each\*\*

(₹ in lacs)			
Rate of Interest	As at March 31, 2020	As at March 31, 2019	Redemption Date
8.33%	-	40,074.32	23-Jul-19
9.31%	-	10,469.76	27-Sep-19
8.25%	-	10,394.15	07-Oct-19
9.70%	-	26,704.62	18-Dec-19
9.72%	-	26,700.47	18-Mar-20
8.20%	14,645.08	13,614.06	16-Apr-20
8.15%	43,630.87	40,531.49	27-May-20
9.30%	5,366.91	5,364.13	17-Jun-20
9.30%	5,358.07	5,359.38	22-Jun-20
8.15%	623.85	579.26	30-Jun-20
7.97%	24,174.40	22,444.49	06-Oct-20
7.97%	31,002.56	30,974.81	27-Oct-20
9.40%	23,734.92	23,730.23	30-Dec-20
10.75% *	100.68	200.25	04-Feb-21
9.80%	63,017.54	62,942.76	21-Sep-21
9.70%**	54,173.67	-	05-Mar-22
9.90%	9,390.72	8,488.71	04-Apr-22
9.90%	10,013.85	9,032.10	29-Sep-22
8.09%	8,201.41	8,197.49	05-Dec-22
9.25%	49,515.13	-	28-Feb-23
9.25%**	2,460.66	-	05-Mar-23
8.90%	11,511.94	11,510.30	27-Mar-23
9.25%	4,949.96	-	28-May-24
<b>Total</b>	<b>3,61,872.22</b>	<b>3,57,312.78</b>	

\* Repaid in installments.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 20. DEBT SECURITIES (Contd.)

#### Nature of security

The redemption of principal amount of secured redeemable non- convertible debentures with all interest thereon are secured by a mortgage on the specified immovable property and by way of charge on the Company's specifically identified assets such as book- debts/ loan receivables in favour of the trustee appointed.

These secured redeemable non-convertible debentures are redeemable at par over a period of 12 months to 122 months from the date of allotment depending on the terms of the agreement.

Out of the above, the following INE722A07AEO, INE722A07AF7 and INE722A07AG5 totalling to ₹ 56,925.75 lacs (March 31, 2019 :Nil ) having put option facility, as may be subject to applicable statutory and/ or regulatory requirements, upon the terms and conditions as may be decided by the Company.

### 21. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in lacs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	At amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total	At amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total
<b>Secured</b>								
Term Loan								
from bank in foreign currency	-	-	-	-	7,103.45	-	-	7,103.45
from bank in INR	7,89,133.69	-	-	7,89,133.69	9,39,640.88	-	-	9,39,640.88
from financial institution/ NBFC in INR	64,040.47	-	-	64,040.47	30,593.05	-	-	30,593.05
from bank in INR- Securitisation	58,553.69	-	-	58,553.69	-	-	-	-
from financial institution/ NBFC in INR- Securitisation	3,19,206.50	-	-	3,19,206.50	1,14,327.54	-	-	1,14,327.54
Loans repayable on demand				-				-
Cash credit / Overdraft facilities from banks	48,037.90	-	-	48,037.90	1,58,186.86	-	-	1,58,186.86
Working Capital demand loan from banks	1,54,488.98	-	-	1,54,488.98	76,685.16	-	-	76,685.16
<b>Unsecured</b>								
Term Loan from Banks - INR	-	-	-	-	9,026.93	-	-	9,026.93
Commercial Papers	11,164.33	-	-	11,164.33	1,78,583.47	-	-	1,78,583.47
<b>Total</b>	<b>14,44,625.56</b>	<b>-</b>	<b>-</b>	<b>14,44,625.56</b>	<b>15,14,147.34</b>	<b>-</b>	<b>-</b>	<b>15,14,147.34</b>
Borrowings in India	14,44,625.56	-	-	14,44,625.56	15,07,043.89	-	-	15,07,043.89
Borrowings outside India	-	-	-	-	7,103.45	-	-	7,103.45
<b>Total</b>	<b>14,44,625.56</b>	<b>-</b>	<b>-</b>	<b>14,44,625.56</b>	<b>15,14,147.34</b>	<b>-</b>	<b>-</b>	<b>15,14,147.34</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 21. BORROWINGS (OTHER THAN DEBT SECURITIES) (Contd.)

#### Term Loan from Bank in foreign currency-Secured

Outstanding as at March 31, 2020 : ₹ Nil

#### Terms of Repayment as at March 31, 2019

(₹ in lacs)

Tenor (from the date of Balance Sheet date)	Rate of Interest	Repayment Details	Total Amount
Upto 12 months	9.85%	Bullet Repayment	7,103.45

#### Nature of Security

Term Loans from banks are secured by an exclusive charge by way of hypothecation of specific assets under financing.

#### Term Loan from Bank in Indian currency-Secured

#### Terms of Repayment as at March 31, 2020

(₹ in lacs)

Tenor (from the date of Balance Sheet date)	Rate of Interest	Repayment Details	Total Amount
Upto 12 Months	8.80%-10.85%	2 to 12 installments of quarterly, Half yearly and annual frequency	1,59,251.37
12-24 Months	8.55%-10.85%	3 to 24 installments of monthly, quarterly, Half yearly frequency	2,88,843.96
24-36 Months	9.55%-10.60%	4 to 36 installments of monthly, quarterly frequency	1,84,151.96
36-48 Months	9.20%-10.75%	11 to 19 installments of quarterly frequency	1,56,886.41
<b>Total</b>			<b>7,89,133.69</b>

#### Terms of Repayment as at March 31, 2019

(₹ in lacs)

Tenor (from the date of Balance Sheet date)	Rate of Interest	Repayment Details	Total Amount
12 to 24 Months	9.20%	Bullet Repayment	21,010.47
24 to 36 Months	8.40% to 9.56%	1 to 36 installments of bullet, quarterly and half yearly frequency	18,214.93
36 to 48 Months	8.35% to 10.25%	1 to 48 installments of bullet, quarterly and half yearly frequency	7,45,475.25
48 to 60 Months	8.60% to 10.75%	1 to 60 installments of quarterly, half yearly and yearly frequency	1,54,940.24
<b>Total</b>			<b>9,39,640.88</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 21. BORROWINGS (OTHER THAN DEBT SECURITIES) (Contd.)

#### Nature of Security

Term Loans from banks are secured by an exclusive charge by way of hypothecation of specific assets under financing.

#### Term Loan from Financial Institutions/ NBFC-Secured

##### Terms of Repayment as at March 31, 2020

(₹ in lacs)

Tenor (from the date of Balance Sheet date)	Rate of Interest	Repayment Details	Total Amount
24 to 36 Months	8.65% to 10.00%	Quarterly Repayment	20,922.83
48 to 60 Months	10.50%	Half Yearly Repayment	43,117.64
<b>Total</b>			<b>64,040.47</b>

##### Terms of Repayment as at March 31, 2019

(₹ in lacs)

Tenor (from the date of Balance Sheet date)	Rate of Interest	Repayment Details	Total Amount
Upto 12 Months	8.35%	Bullet Repayment at the end of 1 year	10,685.61
48 to 60 Months	9.15%	1 to 20 installments of quarterly frequency	19,907.44
<b>Total</b>			<b>30,593.05</b>

#### Nature of security

Term loans from institutions are secured by an exclusive charge by way of hypothecation of specific assets under financing.

#### Term loan from banks - INR -Securitisation

##### As at March 31, 2020

#### Terms of repayment

(₹ in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
Above 60 Months	9.10% to 10.00%	1 to 67 installments of monthly frequency	58,553.69
			<b>58,553.69</b>

Outstanding as at March 31, 2019 : ₹ Nil

#### Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 21. BORROWINGS (OTHER THAN DEBT SECURITIES) (Contd.)

Term loan from Financial Institutions/ NBFC - INR -Securitisation

Terms of Repayment as at March 31, 2020

(₹ in lacs)

Tenor (from the date of Balance Sheet date)	Rate of interest	Repayment details	Amount
12-24 Months	7.05% to 10.65%	1 to 21 installments of monthly frequency	28,631.34
24-36 Months	8.50% to 10.55%	1 to 29 installments of monthly frequency	1,36,482.01
36-48 Months	10.25%	1 to 46 installments of monthly frequency	9,744.04
48-60 Months	10.25% to 10.30%	1 to 60 installments of monthly frequency	66,043.16
Above 60 Months	9.00% to 10.25%	1 to 65 installments of monthly frequency	78,305.94
<b>Total</b>			<b>3,19,206.50</b>

Terms of Repayment as at March 31, 2019

(₹ in lacs)

Tenor (from the date of Balance Sheet date)	Rate of interest	Repayment details	Amount
24 to 36 Months	7.05%	1 to 33 installments of monthly frequency	3,076.70
Above 60 Months	10.25% to 10.30%	1 to 72 installments of monthly frequency	1,11,250.84
<b>Total</b>			<b>1,14,327.54</b>

#### Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

#### Loans repayable on demand-Secured

#### Cash Credit from Banks

(₹ in lacs)

Particulars	Rate of Interest	As at March 31, 2020	As at March 31, 2019
Secured with exclusive charge by way of hypothecation of specific assets under financing.	7.60% to 11.80%	48,037.90	1,58,186.86
<b>Total</b>		<b>48,037.90</b>	<b>1,58,186.86</b>



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 21. BORROWINGS (OTHER THAN DEBT SECURITIES) (Contd.)

#### Working capital Demand loan from Banks

(₹ in lacs)

Particulars	Rate of Interest	As at March 31, 2020	As at March 31, 2019
Secured with exclusive charge by way of hypothecation of specific assets under financing.	8.00% to 11.05%	1,54,488.98	76,685.16
<b>Total</b>		<b>1,54,488.98</b>	<b>76,685.16</b>

#### Term Loan from Bank in Indian currency-Unsecured

Outstanding as at March 31, 2020 : ₹ Nil

#### Terms of Repayment as at March 31, 2019

(₹ in lacs)

Tenor (from the date of Balance Sheet date)	Rate of Interest	Repayment Details	Total Amount
Upto 12 Months	9.10%	Bullet Repayment	9,026.93

#### Commercial Papers-Unsecured

(₹ in lacs)

Rate of Interest	Tenor (from the date of Balance Sheet date)	Repayment Details	As at March 31, 2020	As at March 31, 2019
7.40% to 9.45%	Upto 12 Months	Bullet Repayment	11,164.33	1,78,583.47
<b>Total</b>			<b>11,164.33</b>	<b>1,78,583.47</b>

### 22. DEPOSITS

(₹ in lacs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	At amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total	At amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total
Deposits								
Public deposits	4,01,206.80	-	-	4,01,206.80	3,11,940.61	-	-	3,11,940.61
<b>Total</b>	<b>4,01,206.80</b>	<b>-</b>	<b>-</b>	<b>4,01,206.80</b>	<b>3,11,940.61</b>	<b>-</b>	<b>-</b>	<b>3,11,940.61</b>

Deposits issued to director : Nil (March 31, 2019: Nil)

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 22. DEPOSITS (Contd.)

#### Details of Public Deposits - Unsecured

#### Terms of Repayment as at March 31, 2020

(₹ in lacs)

Redeemable at par (from the date of Balance Sheet Date)	Rate of interest			Total
	>= 6% < 8%	>= 8% < 10%	>= 10% < 12%	
Upto 12 months	73,326.28	48,075.09	82.00	1,21,483.37
12-24 months	12,598.21	88,697.07	-	1,01,295.28
24-36 months	9,590.74	1,10,306.60	-	1,19,897.34
36-48 months	1,014.82	18,843.11	-	19,857.93
48-60 months	-	38,672.87	-	38,672.87
<b>Total</b>	<b>96,530.05</b>	<b>3,04,594.75</b>	<b>82.00</b>	<b>4,01,206.80</b>

#### Terms of Repayment as at March 31, 2019

(₹ in lacs)

Redeemable at par (from the date of Balance Sheet Date)	Rate of interest			Total
	>= 6% < 8%	>= 8% < 10%	>= 10% < 12%	
Upto 12 months	55,835.95	46,146.78	11,458.83	1,13,441.56
12-24 months	53,197.69	25,763.80	81.68	79,043.17
24-36 months	10,647.91	72,068.85	-	82,716.76
36-48 months	9,462.13	10,811.22	-	20,273.35
48-60 months	958.87	15,506.90	-	16,465.77
<b>Total</b>	<b>1,30,102.55</b>	<b>1,70,297.55</b>	<b>11,540.51</b>	<b>3,11,940.61</b>

### 23. SUBORDINATED LIABILITIES

(₹ in lacs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	At amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total	At amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total
Subordinated Debts (Unsecured)	23,923.91	-	-	23,923.91	65,370.95	-	-	65,370.95
<b>Total</b>	<b>23,923.91</b>	<b>-</b>	<b>-</b>	<b>23,923.91</b>	<b>65,370.95</b>	<b>-</b>	<b>-</b>	<b>65,370.95</b>
Subordinate liabilities in India	23,923.91	-	-	23,923.91	65,370.95	-	-	65,370.95
Subordinate liabilities outside India	-	-	-	-	-	-	-	-
<b>Total</b>	<b>23,923.91</b>	<b>-</b>	<b>-</b>	<b>23,923.91</b>	<b>65,370.95</b>	<b>-</b>	<b>-</b>	<b>65,370.95</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 23. SUBORDINATED LIABILITIES (Contd.)

#### Terms of repayment as at March 31, 2020

##### (i) Privately Placed Subordinated Debts of ₹ 1,000/- Each - Unquoted

(₹ in lacs)

Redeemable at par (from the date of Balance Sheet Date)	Rate of interest	
	>= 10% < 12%	Total
Upto 12 months*	23,923.91	23,923.91
<b>Total</b>	<b>23,923.91</b>	<b>23,923.91</b>

\* Includes ₹ 4.70 lacs issued to related parties

#### Terms of repayment as at March 31, 2019

##### (i) Privately Placed Subordinated Debts of ₹ 1,000/- Each - Unquoted

(₹ in lacs)

Redeemable at par (from the date of Balance Sheet Date)	Rate of interest	
	>= 10% < 12%	Total
Upto 12 months*	35,925.82	35,925.82
12-24 months*	21,759.25	21,759.25
<b>Total</b>	<b>57,685.07</b>	<b>57,685.07</b>

\* Includes ₹ 226.43 lacs issued to related parties

##### (ii) Privately Placed Subordinated Debts of ₹ 1,000,000/ each - Quoted

(₹ in lacs)

Redeemable at par (from the date of Balance Sheet Date)	Rate of Interest	
	>=10%<12%	Total
Upto 12 months*	7,685.88	7,685.88
<b>Total</b>	<b>7,685.88</b>	<b>7,685.88</b>

### 24. OTHER FINANCIAL LIABILITIES

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Investor education and protection fund shall be credited by the following amounts (as and when due) #		
- Unpaid dividend	92.88	91.95
- Unclaimed matured deposits and interest thereon	10,983.54	11,582.21
- Unclaimed matured debentures and interest thereon	756.21	943.77
- Unclaimed matured subordinate debts and interest accrued thereon	5,486.68	4,329.92
Application money received for allotment of securities to the extent refundable and interest accrued thereon	-	0.27
Payable on account of Assignment	6,992.62	4,902.75
Royalty payable	1,554.29	1,552.50
Financial guarantee obligation	117.13	132.78
Creditors for Supply & Services	185.23	1,177.01
Employee related payables	5,702.66	7,668.93
Lease Liability	15,977.38	-
<b>Total</b>	<b>47,848.62</b>	<b>32,382.09</b>

# There are no amounts due to be transferred to Investor Education and Protection Fund (IEPF)

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 24. OTHER FINANCIAL LIABILITIES (Contd.)

#### Financial Guarantee Obligation

##### Credit quality of exposure

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial guarantee obligation	2,500.00	2,500.00
<b>Total</b>	<b>2,500.00</b>	<b>2,500.00</b>

An analysis of changes in the gross carrying amount in relation to financial guarantee exposure is, as follows:

##### Gross exposure reconciliation

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Opening Balance of outstanding exposure</b>	<b>2,500.00</b>	<b>2,500.00</b>
Additions	-	-
Deletions	-	-
<b>Closing Balance of outstanding exposure</b>	<b>2,500.00</b>	<b>2,500.00</b>

No ECL has been provided for financial guarantee obligation based on past history.

#### Lease Liability

(₹ in lacs)

Class of Underlying Asset	Opening Balance of Lease Liabilities (Balance as on 01.04.2019)	Recognised on transition as on 01.04.2019 of IND As 116 - Leases	Additions to Lease Liabilities, made during the year	Reduction in Lease Liabilities due to termination of Lease agreement	Finance Cost Accrued during the period	Payment of lease Liabilities during the year	Amount of Lease Liabilities as on March 31, 2020
Buildings	-	15,467.61	5,215.62	625.93	1610.59	5690.52	15,977.38

The table below provides details regarding the contractual maturities of lease liabilities as on March 31, 2020

(₹ in lacs)

Particulars	Undiscounted Basis	Discounted Basis
Not later than one year	5,525.59	4,138.94
Later than one year but not later than five years	11,851.56	9,417.04
Later than 5 years	2,841.87	2,421.40
<b>Total</b>	<b>20,219.02</b>	<b>15,977.38</b>

#### Disclosure on Lease Liability

##### Qualitative Disclosures - Lease Liability:

The leased building premises are used to carry out business operations and related support activities. The future cash outflows on lease payments are fixed in nature, subject to escalations. The lease agreements tenor extensions and termination conditions are subject to respective lease agreements. No restrictions or covenants are imposed by lease agreements.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 25. PROVISIONS

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Employee benefit		
- Gratuity	1,133.36	134.14
- Provision for compensated absences	2,761.66	2,393.11
For Others		
- Undrawn loan commitment	31.77	-
<b>Total</b>	<b>3,926.79</b>	<b>2,527.25</b>

#### Loan Commitment

##### Credit quality of exposure

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 49.2 along policies on whether ECL allowances are calculated on an individual or collective basis.

(₹ in lacs)

Particulars	As at March 31, 2020 Stage 1 Collective	As at March 31, 2019 Stage 1 Collective
<b>Internal Rating Grade</b>		
<b>Performing</b>		
High Grade	691.57	-
<b>Total</b>	<b>691.57</b>	<b>-</b>

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other undrawn loan commitments is, as follows:

#### Gross exposure reconciliation

(₹ in lacs)

Particulars	Year ended March 31, 2020 Stage 1	Year ended March 31, 2019 Stage 1
<b>Opening balance of outstanding exposure</b>	-	-
New exposures	691.57	-
Exposures derecognised or matured/repaid (excluding write offs)	-	-
<b>Closing balance of outstanding exposure</b>	<b>691.57</b>	<b>-</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 25. PROVISIONS (Contd.)

Reconciliation of ECL balance in relation to other undrawn loan commitments is given below:

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Stage 1	Stage 1
<b>ECL allowance - opening balance</b>	-	-
New exposures	31.77	-
Exposures derecognised or matured/repaid (excluding write offs)	-	-
<b>ECL allowance - closing balance</b>	<b>31.77</b>	-

### 26. OTHER NON-FINANCIAL LIABILITIES

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues payable	2,155.19	1,455.02
Retention money and other sundry liabilities	37.08	72.14
<b>Total</b>	<b>2,192.27</b>	<b>1,527.16</b>

### 27. EQUITY SHARE CAPITAL

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Authorised:</b>		
118,500,000 (March 31, 2019: 118,500,000) equity shares of ₹ 10/- each	11,850.00	11,850.00
4,000,000 (March 31, 2019: 4,000,000) cumulative redeemable preference shares of ₹ 100/- each	4,000.00	4,000.00
<b>Total</b>	<b>15,850.00</b>	<b>15,850.00</b>
<b>Issued share capital</b>		
6,60,02,922 (March 31, 2019 : 65,992,317) equity shares of ₹ 10/- each	6600.29	6,599.23
<b>Subscribed share capital</b>		
6,60,02,922 (March 31, 2019 : 65,992,317) equity shares of ₹ 10/- each	6600.29	6,599.23
<b>Paid up (fully paid up)</b>		
6,60,02,922 (March 31, 2019 : 65,992,317) equity shares of ₹ 10/- each	6600.29	6,599.23
<b>Total Equity</b>	<b>6600.29</b>	<b>6,599.23</b>
<b>Issued, Subscribed and fully paid up Equity Shares</b>		
6,60,02,922 (March 31, 2019 : 65,992,317) equity shares of ₹ 10/- each	6600.29	6,599.23
<b>Total Equity</b>	<b>6600.29</b>	<b>6,599.23</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 27. EQUITY SHARE CAPITAL (Contd.)

#### a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the period

Particulars	No. of Shares	₹ in lacs
<b>As at April 1, 2018</b>	6,59,65,762	6,596.58
Issued during the year	26,555	2.65
<b>As at March 31, 2019</b>	<b>6,59,92,317</b>	<b>6,599.23</b>
Issued during the year	10,605	1.06
<b>As at March 31, 2020</b>	<b>6,60,02,922</b>	<b>6,600.29</b>

#### b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders in the ensuing annual general meeting. During the year ended March 31, 2020, the amount of per equity share dividend proposed in total for distributions to equity shareholders is ₹ 6.00 (March 31, 2019 : ₹ 22.00). Out of the said total dividend proposed for the year ended March 31, 2020, amount of interim dividend paid during the year was ₹ 6.00 (March 31, 2019 : ₹ 6.00) per equity share and amount of final dividend proposed by the Board of Directors is Nil (March 31, 2019: ₹ 16.00) per equity share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

The Company has issued total 97,310 (March 31, 2019 : 128,045) equity shares during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP), wherein a part of the consideration was received in form of employee service.

#### d. Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Shriram Capital Limited	2,23,71,594	33.89	2,22,68,877	33.74
Dynasty Acquisition FPI Limited	1,34,21,889	20.34	1,34,21,889	20.34
Piramal Enterprises Limited	65,79,840	9.97	65,79,840	9.97

As per the records of the company, including its register of shareholders/members and other declarations received from shareholders/members regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**Refer note 47 - Capital for the company's objectives, policies and processes for managing capital**



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 28. OTHER EQUITY

(₹ in lacs)	
Particulars	Amount
<b>Securities Premium Account</b>	
<b>As at April 01, 2018</b>	<b>1,75,425.47</b>
Add: Premium on shares issued under ESOP during the year	66.77
<b>As at March 31, 2019</b>	<b>1,75,492.24</b>
Add: Premium on shares issued under ESOP during the year	26.67
<b>As at March 31, 2020</b>	<b>1,75,518.91</b>
<b>Share Option Outstanding</b>	
<b>As at April 01, 2018</b>	<b>113.50</b>
Deductions during the year on exercise of ESOP	(60.13)
<b>As at March 31, 2019</b>	<b>53.37</b>
Deductions during the year on exercise of ESOP	24.02
<b>As at March 31, 2020</b>	<b>29.35</b>
<b>Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934</b>	
<b>As at April 01, 2018</b>	<b>88,431.30</b>
Add: Amount transferred from Retained Earnings	19,980.00
<b>As at March 31, 2019</b>	<b>1,08,411.30</b>
Add: Amount transferred from Retained Earnings	20,020.00
<b>As at March 31, 2020</b>	<b>1,28,431.30</b>
<b>Debenture Redemption Reserve</b>	
<b>As at April 01, 2018</b>	<b>4,486.03</b>
Add: Amount transferred from Retained Earnings	366.14
Less: Amount transferred to General Reserve on redemption of debentures	(2,007.88)
<b>As at March 31, 2019</b>	<b>2,844.29</b>
Add: Amount transferred from Retained Earnings	2,930.90
Less: Amount transferred to General Reserve on redemption of debentures	(2,911.54)
Less: Amount transferred to General Reserve as DRR is not required vide MCA notification dated August 16, 2019	(2,863.65)
<b>As at March 31, 2020</b>	<b>-</b>
<b>General Reserve</b>	
<b>As at April 01, 2018</b>	<b>73,341.39</b>
Add: Amount transferred from Retained Earnings	9,990.00
Add: Transfer from Debenture redemption reserve on redemption of debentures	2,007.88
<b>As at March 31, 2019</b>	<b>85,339.27</b>
Add: Amount transferred from Retained Earnings	10,010.00
Add: Transfer from Debenture redemption reserve on redemption of debentures	5,775.19
<b>As at March 31, 2020</b>	<b>1,01,124.46</b>
<b>Capital Reserve</b>	
<b>As at April 01, 2018</b>	<b>7,871.88</b>
<b>As at March 31, 2019</b>	<b>7,871.88</b>
<b>As at March 31, 2020</b>	<b>7,871.88</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 28. OTHER EQUITY (Contd.)

(₹ in lacs)	
Particulars	Amount
<b>Capital Redemption Reserve</b>	
As at April 01, 2018	2,328.98
As at March 31, 2019	2,328.98
As at March 31, 2020	2,328.98
<b>Other Comprehensive Income</b>	
As at April 01, 2018	181.26
Remeasurement gain/ (loss) on defined benefit plan	(1,404.93)
Income Tax Provision/ (Reversal) on above	491.00
As at March 31, 2019	(732.67)
Remeasurement gain/ (loss) on defined benefit plan	(340.60)
Gain/(Loss) on Fair valuation of quoted investments in equity shares	(664.10)
Income Tax Provision/ (Reversal) on above	115.51
As at March 31, 2020	(1,621.86)
<b>Retained Earnings</b>	
As at April 01, 2018	1,96,689.19
Add: Profit for the year	98,887.80
Add/(Less): Appropriations and other Adjustments	-
Transfer to/(from) debenture redemption reserve	(366.14)
Final Dividend on Equity Shares FY 2017-18	(7,916.23)
Tax on Final Dividend on Equity Shares FY 2017-18	(1,627.20)
Interim Equity Dividend FY 2018-19	(3,959.06)
Tax on Interim Dividend on Equity Shares FY 2018-19	(813.80)
Transfer to Statutory Reserve	(19,980.00)
Transfer to General reserve	(9,990.00)
As at March 31, 2019	2,50,924.56
Add: Profit for the year	1,00,052.00
Add/(Less): Appropriations and other Adjustments	-
Transfer to/(from) debenture redemption reserve	(2,930.90)
Final Dividend on Equity Shares FY 2018-19	(10,559.22)
Tax on Final Dividend on Equity Shares FY 2018-19	(2,170.48)
Interim Equity Dividend FY 2019-20	(3,959.76)
Tax on Interim Dividend on Equity Shares FY 2019-20	(813.94)
Transfer to Statutory Reserve	(20,020.00)
Transfer to General reserve	(10,010.00)
As at March 31, 2020	3,00,512.26
<b>Total other equity</b>	
As at April 01, 2018	5,48,869.00
As at March 31, 2019	6,32,533.22
As at March 31, 2020	7,14,195.28

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 28. OTHER EQUITY (Contd.)

#### Proposed Dividend on equity shares

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>The Board proposed dividend on equity shares</b>		
Proposed dividend on equity shares for the year ended on March 31, 2020: Nil (March 31, 2019: ₹ 16.00 per share)	-	10,558.76
Tax on Dividend Proposed	-	2,170.38
<b>Total</b>	<b>-</b>	<b>12,729.15</b>

#### Nature and purpose of reserve

**Securities Premium Reserve:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

**Capital Reserve:** Capital reserve is the excess of net assets taken over cost of consideration paid during amalgamation. This is not available for distribution of dividend.

**Capital Redemption Reserve:** The Company has recognised Capital Redemption Reserve on redemption of Non-Convertible Redeemable Preference Shares from its retained earnings. The amount in Capital Redemption Reserve is equal to nominal amount of the Non-Convertible Redeemable Preference Shares redeemed. The Company may issue fully paid up bonus shares to its members out of the capital redemption reserve account.

**Debenture Redemption Reserve:** Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued date June 19, 2016 issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the outstanding debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture Redemption Reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date.

In respect of the debentures issued through public issue, the Company has created DRR of ₹ Nil (March 31, 2019: 366.14 lacs)- as DRR is not required vide MCA notification dated August 16, 2019. The Company has deposited a sum of ₹ Nil (March 31, 2019: ₹ 1,722.00 lacs) with scheduled banks, as there are no debentures issued through public issue, which are due for redemption within one year from the balance sheet date.

**General Reserve:** Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

**Statutory Reserve:** Every year the Company transfers a of sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934. The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) in The Reserve Bank of India Act, 1934:

- (1) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 28. OTHER EQUITY (Contd.)

- (2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal:

Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twenty-one days by such further period as it thinks fit or condone any delay in making such report.

- (3) Notwithstanding anything contained in sub-section (1) the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order:

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC.

**Retained earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve, debenture redemption reserve, general reserve, dividends distributions paid to shareholders and transfer from debenture redemption reserve.

**Other Comprehensive Income:** Other comprehensive income consists of remeasurement of net defined benefit liability/ asset, FVTOCI financial liabilities and financial assets and currency translation.

**Share Option Outstanding:** The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 40 for further details of these plans.

### 29. INTEREST INCOME

(₹ in lacs)

Particulars	Year ended March 31, 2020				Year ended March 31, 2019			
	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Interest income on Financial Assets classified at FVTPL	Total	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Interest income on securities classified at FVTPL	Total
Interest on Loans	-	5,59,283.18	-	5,59,283.18	-	5,57,217.47	-	5,57,217.47
Interest income from investments	-	2,827.05	-	2,827.05	-	3,230.39	-	3,230.39
Interest on deposits with Banks								
- Margin money deposit	-	2,384.22	-	2,384.22	-	195.01	-	195.01
- Other deposits	-	5,221.38	-	5,221.38	-	4,998.90	-	4,998.90
<b>Total</b>	-	<b>5,69,715.83</b>	-	<b>5,69,715.83</b>	-	<b>5,65,641.77</b>	-	<b>5,65,641.77</b>



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 30. FEE AND COMMISSION INCOME

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Income from commission services	781.98	-
Income from collection services	571.45	1,131.56
Financial Guarantee Income	15.65	15.60
<b>Total</b>	<b>1,369.08</b>	<b>1,147.16</b>

#### Revenue from contracts with customers

Set out below is the revenue from contracts with customers and reconciliation to profit and loss account

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Type of Services or Service</b>		
Fee and commission income	1,353.43	1,131.56
<b>Total revenue from contract with customers</b>	<b>1,353.43</b>	<b>1,131.56</b>
<b>Geographical markets</b>		
India	1,353.43	1,131.56
Outside India	-	-
<b>Total revenue from contract with customers</b>	<b>1,353.43</b>	<b>1,131.56</b>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	1,353.43	1,131.56
Services transferred over time	-	-
<b>Total revenue from contracts with customers</b>	<b>1,353.43</b>	<b>1,131.56</b>

#### Contract Balance

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Trade Receivables	93.12	-
Less: Impairment loss allowances	(3.36)	-
<b>Net Trade Receivables</b>	<b>89.76</b>	-
Contract Assets	-	-
<b>Total</b>	<b>89.76</b>	-

The Company does not have any contract assets or liability, hence disclosures related to it has not been presented.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 31. NET GAIN/(LOSS) ON FAIR VALUE CHANGES

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net gain/ (loss) on financial instruments at fair value through profit or loss		
- Investments	320.34	1,187.79
- Derivatives	(81.61)	(297.39)
<b>Total Net gain/(loss) on fair value changes</b>	<b>238.73</b>	<b>890.40</b>
Fair Value changes:		
- Realised	1,309.64	26.16
- Unrealised	(1,070.91)	864.24
<b>Total Net gain/(loss) on fair value changes</b>	<b>238.73</b>	<b>890.40</b>

### 32. OTHER INCOME

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gain on sale of Property, plant & equipment	14.24	17.99
Miscellaneous income	320.90	234.26
<b>Total</b>	<b>335.14</b>	<b>252.25</b>

### 33. FINANCE COST

(₹ in lacs)

Particulars	Year ended March 31, 2020			Year ended March 31, 2019		
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	Total	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	Total
<b>Interest expense on:-</b>						
Fixed Deposits	-	31,490.80	31,490.80	-	26,461.61	26,461.61
Subordinated liabilities	-	5,619.14	5,619.14	-	12,353.22	12,353.22
Borrowings (other than debt securities)						
-Loans from Banks	-	85,793.17	85,793.17	-	86,979.69	86,979.69
-Loans from Financial Institution/ NBFC	-	6,054.09	6,054.09	-	5,037.85	5,037.85
-Loans from Financial Institution/ NBFC- Securitisation	-	21,312.39	21,312.39	-	2,024.79	2,024.79
-Loans from Banks- Securitisation	-	1,208.38	1,208.38	-	-	-
-Working Capital Demand Loans	-	13,624.44	13,624.44	-	10,104.63	10,104.63
-Cash Credit	-	4,012.56	4,012.56	-	6,853.20	6,853.20
-Commercial Paper	-	7,327.90	7,327.90	-	20,399.31	20,399.31



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 33. FINANCE COST (Contd.)

(₹ in lacs)

Particulars	Year ended March 31, 2020			Year ended March 31, 2019		
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	Total	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	Total
Debt securities	-	35,874.20	35,874.20	-	28,340.53	28,340.53
Interest on Tax Liability	-	83.19	83.19	-	4.04	4.04
Interest on Defined Benefit Plans	-	10.18	10.18	-	60.22	60.22
Finance Cost on Lease liability	-	1,610.59	1,610.59	-	-	-
<b>Total</b>	<b>-</b>	<b>2,14,021.03</b>	<b>2,14,021.03</b>	<b>-</b>	<b>1,98,619.09</b>	<b>1,98,619.09</b>

### 34. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in lacs)

Particulars	Year ended March 31, 2020			Year ended March 31, 2019		
	On Financial instruments measured at Fair Value through OCI	On Financial instruments measured at Amortised cost	Total	On Financial instruments measured at Fair Value through OCI	On Financial instruments measured at Amortised cost	Total
Loans and advances to customers	-	11,750.41	11,750.41	-	13,467.86	13,467.86
Others						
- Undrawn Commitments	-	31.77	31.77	-	-	-
- Trade Receivables	-	3.36	3.36	-	-	-
- Assignment Receivables	-	62.32	62.32	-	-	-
<b>Total</b>	<b>-</b>	<b>11,847.86</b>	<b>11,847.86</b>	<b>-</b>	<b>13,467.86</b>	<b>13,467.86</b>

The table below shows the ECL charges on financial instruments for the year recorded in the profit and loss based on evaluation stage:

#### Year ended March 31, 2020

(₹ in lacs)

Particulars	General Approach				Simplified Approach	Total
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	POCI		
Loans and advances to customers	24,764.15	(10314.53)	(2,699.21)	-	-	11,750.41
Others						
- Undrawn Commitments	-	-	-	-	31.77	31.77
- Trade Receivables	-	-	-	-	3.36	3.36
- Assignment Receivables	-	-	-	-	62.32	62.32
<b>Total impairment loss</b>	<b>24,764.15</b>	<b>(10314.53)</b>	<b>(2,699.21)</b>	<b>-</b>	<b>97.45</b>	<b>11,847.86</b>



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 34. IMPAIRMENT ON FINANCIAL INSTRUMENTS (Contd.)

Year ended March 31, 2019

(₹ in lacs)

Particulars	General Approach				Simplified Approach	Total
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	POCI		
Loans and advances to customers	9,406.81	14,027.04	(9,965.99)	-	-	13,467.86
Others						
- Undrawn Commitments	-	-	-	-	-	-
- Trade Receivables	-	-	-	-	-	-
- Assignment Receivables	-	-	-	-	-	-
<b>Total impairment loss</b>	<b>9,406.81</b>	<b>14,027.04</b>	<b>(9,965.99)</b>	<b>-</b>	<b>-</b>	<b>13,467.86</b>

### 35. EMPLOYEE BENEFIT EXPENSES

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, other allowances and bonus	77,589.19	76,587.44
Contribution to provident and other funds	5,387.96	5,775.51
Staff welfare expenses	1,187.72	1,027.51
Gratuity expenses	602.23	400.61
<b>Total</b>	<b>84,767.10</b>	<b>83,791.07</b>

### 36. DEPRECIATION, AMORTISATION AND IMPAIRMENT

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of tangible assets	2,900.52	2,807.30
Amortisation of intangible assets	135.01	312.25
Depreciation on right of use assets	5,180.26	-
<b>Total</b>	<b>8,215.79</b>	<b>3,119.55</b>



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 37. OTHER EXPENSES

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rent	-	5,859.50
Power and fuel	993.93	955.94
Repairs and maintenance		
- Buildings	1,197.71	1,375.50
- Office equipments	45.64	42.51
Office expenses	1,341.86	1,126.13
Rates and taxes	1,903.40	1,603.70
Printing and stationery	2,820.11	2,329.17
Travelling and conveyance	3,853.89	3,931.66
Advertisement	608.05	444.31
Business promotion	4,547.28	3,596.43
Directors' sitting fees	36.24	32.75
Insurance	403.37	393.57
Communication expenses	2,935.36	2,994.11
Bank charges	1,551.59	1,244.66
Legal and Professional Fees	1,085.24	1,057.07
Loss on sale of fixed assets	47.42	68.61
Public issue expenses for non-convertible debentures	0.83	120.01
CSR expenses	1,036.39	850.00
Miscellaneous expenses	1,843.88	2,013.26
Auditor fees		
(a) Audit Fees	39.57	35.97
(b) Tax Audit Fees	6.59	11.45
(c) Certification Fees	6.70	6.00
(d) Out of Pocket	9.21	10.08
<b>Total</b>	<b>26,314.26</b>	<b>30,102.39</b>

#### Details of CSR expenditure:

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a) Gross amount required to be spent by the Company during the year	2,281.33	1,803.97
b) Amount spent during the year	1,036.39	850.00
(On purposes Other than construction/acquisition of any asset)		

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 38. INCOME TAX

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

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax	34,240.38	49,637.03
Income tax of earlier years	1,324.24	-
Deferred tax relating to origination and reversal of temporary differences	(116.52)	3,507.43
<b>Total tax charge</b>	<b>35,448.10</b>	<b>53,144.46</b>

#### Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the periods ended March 31, 2020 and March 31, 2019 is, as follows:

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Accounting profit before tax</b>	<b>1,35,500.10</b>	<b>1,52,032.26</b>
At India's statutory income tax rate of 25.168% (2019: 34.944%)	33,838.89	53,126.15
Tax at special rate on Capital Gain of ₹ : 1,048.04 lacs @ 22.88%	239.79	-
<b>Total Tax</b>	<b>34,078.69</b>	<b>53,126.15</b>
Corporate social responsibility expenditure not allowable for tax purpose	260.84	297.02
Deduction under chapter VIA of the Income Tax Act, 1961 (2019: section 80G and 80JJAA)	(384.33)	(78.62)
Income tax of earlier year	1,324.24	-
Others	168.66	(200.09)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>35,448.10</b>	<b>53,144.46</b>

The effective income tax rate for March 31, 2020 is 26.16% (March 31, 2019 is 34.96%)

#### Deferred Tax

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

(₹ in lacs)

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	As at March 31, 2020	As at March 31, 2020	Year ended March 31, 2020	Year ended March 31, 2020
Property, plant and equipment and intangible assets	1,722.57	-	470.77	-
Net Right to use Asset and future rent liability	123.33	-	(123.33)	-
Expenses allowable for tax purpose when paid	2,473.42	-	(249.48)	51.63
EIR impact on debt instrument measured at Amortised Cost	-	94.71	(313.64)	-

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 38. INCOME TAX (Contd.)

(₹ in lacs)

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	As at March 31, 2020	As at March 31, 2020	Year ended March 31, 2020	Year ended March 31, 2020
Impact of Fair valuation on Investments measured at Fair value through Profit and loss Account	241.67	25.69	(347.11)	(167.14)
Impact of amortisation of processing fees on Loans and Advances	437.10	-	540.62	-
Other temporary differences	224.57	29.49	(94.35)	-
<b>Total</b>	<b>5,222.66</b>	<b>149.89</b>	<b>(116.52)</b>	<b>(115.51)</b>

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

(₹ in lacs)

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	As at March 31, 2019	As at March 31, 2019	Year ended March 31, 2019	Year ended March 31, 2019
Property, plant and equipment and intangible assets	2,193.34	-	(251.07)	-
Expenses allowable for tax purpose when paid	2,766.51	490.94	39.37	(490.94)
Provision for expected credit loss	-	-	3,319.89	-
EIR impact on debt instrument measured at Amortised Cost	-	408.35	(572.98)	-
Impact of Fair valuation on Investments measured at Fair value through Profit and loss Account	-	298.27	404.89	-
Impact of amortisation of processing fees on Loans and Advances	977.72	-	728.00	-
Impact of Recognition of Interest on assignment and securitisation	-	-	(54.38)	-
Other temporary difference	118.89	18.15	(106.29)	-
<b>Total</b>	<b>6,056.46</b>	<b>1,215.71</b>	<b>3,507.43</b>	<b>(490.94)</b>

#### Amount recognised in respect of current tax/ deferred tax directly in equity:

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Amount recognised in respect of current tax/ deferred tax directly in equity	-	-

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 38. INCOME TAX (Contd.)

#### Tax losses and Tax credits

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unused Capital Gains tax losses for which no deferred tax asset has been recognised	-	-
Unused Tax Credits-MAT credit entitlement	-	-

#### CURRENT TAX ASSETS (NET)

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax (net of provision for tax) [provision for income tax March 31, 2020: ₹ 3,19,606.36 lacs March 31, 2019: ₹ 2,84,041.73 lacs]	13,069.56	4,224.50
<b>Total</b>	<b>13,069.56</b>	<b>4,224.50</b>

### 39. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of the company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of company (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares and issue of Employee Stock Options.

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net Profit after tax as per Statement of Profit and Loss (₹ in lacs) (A)	1,00,052.00	98,887.80
<b>Weighted average number of equity shares for calculating basic earnings per share (₹ in lacs) (B)</b>	<b>659.97</b>	<b>659.78</b>
Effect of dilution:		
Stock options granted under ESOP (Nos. in lacs)	0.12	0.23
<b>Weighted average number of equity shares for calculating diluted earnings per share (₹ in lacs) (C)</b>	<b>660.10</b>	<b>660.01</b>
<b>Earnings per share</b>		
Basic earnings per share (₹) (A/B)	151.60	149.88
Diluted earnings per share (₹) (A/C)	151.57	149.83

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 40. EMPLOYEE STOCK OPTION PLAN

40.1 The Company provides share-based payment schemes to its Employees. For the period ended March 31, 2020 an Employee Stock Option Plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below:

Date of Shareholder's approval	:	October 30, 2006
Date of grant	:	October 19, 2007
Date of Board Approval	:	October 19, 2007
Number of options granted	:	1,355,000
Method of Settlement (Cash/Equity)	:	Equity
Graded vesting period :		
After 1 years of grant date	:	10% of options granted
After 2 years of grant date	:	20% of options granted
After 3 years of grant date	:	30% of options granted
After 4 years of grant date	:	40% of options granted
Exercisable period	:	10 years from vesting date
Vesting Conditions	:	On achievement of pre-determined targets

The details of Series 1 have been summarised below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Weighted Average Exercise Price per share (in ₹)	Number of Shares	Weighted Average Exercise Price per share (in ₹)
Outstanding at the beginning of the year	23,565	35.00	50,120	35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	10,605	35.00	26,555	35.00
Less: Expired during the year	-	-	-	-
Outstanding at the end of the period	12,960	35.00	23,565	35.00
Exercisable at the end of the period	-	-	-	-
Weighted average remaining contractual life (in years)	-	0.55	-	1.55
Weighted average fair value of options granted	-	227.42	-	227.42

The details of exercise price for stock options outstanding at the end of the period are:

As at March 31,	Range of exercise prices per share (in ₹)	No. of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average Exercise Price per share (in ₹)
2020	35	12,960	0.55	35
2019	35	23,565	1.55	35

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 40. EMPLOYEE STOCK OPTION PLAN (Contd.)

#### STOCK OPTIONS GRANTED

The weighted average fair value of stock options granted was ₹ 227.42. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

Particulars	2006	2007	2008	2009
Exercise Price (₹)	35.00	35.00	35.00	35.00
Expected Volatility (%)	55.36	55.36	55.36	55.36
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (₹)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	7.70	7.67	7.66	7.67
Expected dividend rate (%)	0.84	0.84	0.84	0.84

The expected volatility was determined based on historical volatility data equal to the NSE volatility rate of Bank NIFTY which is considered as a comparable peer group of the Company. To allow for the effects of early exercise it was assumed that the employees would exercise the options within six months from the date of vesting in view of the exercise price being significantly lower than the market price.

Effect of the employee share-based payment plans on the profit and loss account and on its financial position:

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Compensation cost pertaining to equity-settled employee share-based payment plan included above	-	-
Liability for employee stock options outstanding as at end of period	29.35	53.37
Deferred compensation cost	Nil	Nil

**Since the company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:**

In March 2005, the ICAI issued a guidance note on "Accounting for Employees Share Based Payments" applicable to Employee based share plan, the grant date in respect of which falls on or after April 1 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note the impact on the reported net profit and earnings per share would be as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit as reported (₹ in lacs)	1,00,052.00	98,887.75
Add: Employee stock compensation under intrinsic value method (₹ in lacs)	-	-
Less: Employee stock compensation under fair value method (₹ in lacs)	-	-
Proforma profit (₹ in lacs)	1,00,052.00	98,887.75
Less: Preference Dividend	-	-
Proforma Net Profit for Equity Shareholders (₹ in lacs)	1,00,052.00	98,887.75



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 40. EMPLOYEE STOCK OPTION PLAN (Contd.)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Earnings per share		
Basic (₹)		
- As reported	151.60	149.88
- Proforma	151.60	149.88
Diluted (₹)		
- As reported	151.57	149.83
- Proforma	151.57	149.83

40.2 A new ESOP scheme "SCUF Employees Stock Option Scheme 2013" was approved at an EGM on May 31, 2013. Accordingly 2,627,000 equity shares @ ₹ 10 each have been reserved under this scheme with an exercise price of ₹ 300 per option and with a maximum vesting period of five years from the date of grant. These shares are not yet granted to employees by the company.

### 41. INVESTMENT IN SUBSIDIARY

Subsidiary of the Company is:

Name of the subsidiary	Country of Incorporation	Principal place of business	Principal activities	For the year	No of Equity	% equity interest
				ending	Shares Held (FV of ₹ 10 /- each)	
Shriram Housing Finance Limited	India	Mumbai	Housing Finance	March 31, 2020	16,54,40,000	77.25%
				March 31, 2019	16,54,40,000	77.25%

### 42. RETIREMENT BENEFIT PLAN

#### Defined Contribution Plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The Company makes Provident Fund, Employee State Insurance Scheme contributions, National Pension scheme contributions and Labour welfare Fund contributions which are defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 4,068.99 lacs (March 31, 2019: ₹ 4,225.08 lacs) for Provident Fund contributions, ₹ 1,235.21 lacs (March 31, 2019: ₹ 1,492.88 lacs) for Employee State Insurance Scheme contributions, ₹ 13.16 lacs (March 31, 2019: ₹ 10.45 lacs) for Labour welfare Fund contributions and ₹ 56.20 lacs (March 31, 2019: ₹ 47.10 lacs) for National Pension scheme in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

#### Defined Benefit Plan

The Company has a defined benefit gratuity plan (funded). The Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972 (the Act). 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 last drawn salary. The fund is managed by third party fund managers. Each year the level of funding in the gratuity plan is reviewed. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The contribution is decided based on the results of annual review. Generally, it aims to have a portfolio mix of equity instruments, property and debt instruments. Generally equity instruments and property should not exceed 30% of total

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 42. RETIREMENT BENEFIT PLAN (Contd.)

portfolio. The Aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

#### Risk associated with defined benefit plan

Gratuity is a defined benefit plan and company is exposed to the following Risks:

**Interest Risk:** A fall in the discount rate which is linked to the Govt. Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

**Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**Investment Risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**Asset Liability Matching Risk:** The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of the Income Tax Rules, 1962, this generally reduces ALM risk.

**Mortality Risk:** Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**Concentration Risk:** Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

#### Characteristics of defined benefit plans

During the year, there were no plan amendments, curtailments and settlements.

#### Compensated absences

The company has a policy on compensated absences which is accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using Projected Unit Credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. The Company recognised expense amounting ₹ 641.42 lacs (March 31, 2019: ₹ 925.63 Lacs ) for Leave encashment.

The following table summarises the components of net benefit expense recognised in statement of profit and loss and funded status and amounts recognised in balance sheet for the gratuity plan

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 42. RETIREMENT BENEFIT PLAN (Contd.)

Amount recognised in the statement of profit and loss in respect of the defined benefit plan are as follows:

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Amounts recognised in statement of profit and loss in respect of defined benefit plans are as follows :</b>		
Current Service Cost	602.23	400.61
Interest expense	365.01	230.21
Interest Income	(354.82)	(170.00)
Past service cost	-	-
<b>Components of defined benefit costs recognised in profit or loss (A)</b>	<b>612.41</b>	<b>460.82</b>
<b>Remeasurement of gains/(losses) in other comprehensive income :</b>		
Return on plan assets (excluding amounts included in net interest expense)	(16.35)	(20.45)
actuarial changes arising from changes in demographic assumptions	(12.69)	116.34
actuarial changes arising from changes in financial assumptions	170.48	876.54
Experience adjustments	199.17	432.50
<b>Components of defined benefit costs recognised in other comprehensive income (B)</b>	<b>340.61</b>	<b>1,404.93</b>
<b>Total (A+B)</b>	<b>953.02</b>	<b>1,865.75</b>

Movement in the present value of the defined benefit obligation are as follows :

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Change in the obligation during the year ended</b>		
Present value of defined obligation at the beginning of the year	4,809.03	3,045.11
<b>Expenses recognised in the statement of profit and loss:</b>		
Current Service Cost	602.23	400.60
Interest expense/(income)	365.01	230.21
Recognised in other comprehensive income remeasurement (gains)/Loss.	356.95	1,425.38
Past service cost	-	-
Net Liabilities transferred out/ Divestments	46.21	(28.33)
Benefits paid from the fund	(362.60)	(263.94)
<b>Present value of defined obligation at the end of the year</b>	<b>5,816.83</b>	<b>4,809.03</b>

Change in the Fair value of plan assets :

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Fair value of plan assets at the beginning of the year</b>	<b>4,674.89</b>	<b>2,248.63</b>
Interest Income	354.82	169.99
Contributions by the Employer	-	2,499.76
Benefits paid from the fund	(362.60)	(263.94)
Return on plan assets excluding interest income	16.35	20.45
<b>Fair value of plan assets at the end of the year</b>	<b>4,683.46</b>	<b>4,674.89</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 42. RETIREMENT BENEFIT PLAN (Contd.)

#### Calculation of benefit liability/(asset) :

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Defined benefit obligation	5,816.83	4,809.03
Fair value of plan assets	4,683.46	4,674.89
<b>Benefit liability</b>	<b>1,133.37</b>	<b>134.14</b>

#### The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Expected return on Plan assets	6.84%	7.59%
Rate of discounting	6.84%	7.59%
Expected rate of salary increase	0% p.a for the next 1 year and 7% p.a. thereafter starting from the 2nd year	7.00%
Rate of employee turnover	For service 4 years and below 29.00% p.a & For service 5 years and above 3.00% p.a	For service 4 years and below 31.00% p.a & For service 5 years and above 4.00% p.a
Mortality rate during employment	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
Mortality rate after employment	NA	NA

#### Investments quoted in active markets:

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Investment Funds	4,683.47	4,674.89
<b>Total</b>	<b>4,683.47</b>	<b>4,674.89</b>

#### Sensitivity Analysis

(₹ in lacs)

Assumptions	Discount rate		Future salary increases		Attrition rate	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation for FY 19-20	(642.39)	778.40	766.43	(598.93)	(20.35)	22.26
Impact on defined benefit obligation for FY 18-19	(477.08)	571.82	565.14	(479.48)	17.73	(22.19)

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 42. RETIREMENT BENEFIT PLAN (Contd.)

#### Maturity Analysis of Benefit Payments from the fund

(₹ in lacs)

Expected payment for future years	As at March 31, 2020	As at March 31, 2019
Within the next 12 months (next annual reporting period)	587.01	486.28
2nd following Year	223.96	216.82
3rd following Year	243.53	276.80
4th following Year	289.35	266.73
5th following Year	282.91	317.05
sum of years 6 to 10	1,480.38	1,504.15
sum of years 11 and above	13,404.36	11,035.45
<b>Total expected payments (Undiscounted)</b>	<b>16,511.51</b>	<b>14,103.28</b>

The Company expects to contribute ₹ 1,133.36 lacs to the fund in the next financial year.

The weighted average duration of the defined benefit obligation as at 31 March 2020 is 14 years (March 31 2019: 13 years)

#### Asset Liability Matching Strategies

The Company has purchased insurance policy, which is a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

### 43. 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 lacs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Assets</b>						
<b>Financial assets</b>						
Cash and cash equivalents	2,09,182.78	-	2,09,182.78	98,136.94	-	98,136.94
Bank Balance other than above	97,053.53	-	97,053.53	27,766.65	2,515.16	30,281.81
Receivables						
- Trade Receivables	89.76		89.76	-	-	-
- Other than Trade Receivables	-		-	-	-	-
Loans	14,05,728.59	12,55,524.37	26,61,252.96	13,70,940.12	13,27,970.81	26,98,910.93
Investments	39,350.11	34,063.86	73,413.97	39,010.63	47,954.67	86,965.30
Other financial assets	3,513.35	2,839.47	6,352.82	2,948.52	493.97	3,442.49

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 43. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Contd.)

(₹ in lacs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Non-financial Assets</b>						
Current tax asset	-	13,069.56	13,069.56	-	4,224.50	4,224.50
Deferred tax assets (net)	-	5,072.77	5,072.77	-	4,840.74	4,840.74
Property, plant and equipment	-	7,241.02	7,241.02	-	7,924.47	7,924.47
Other intangible assets	-	193.18	193.18	-	157.36	157.36
Right of Use Assets	-	15,487.33	15,487.33	-	-	-
Other non financial assets	165.21	8,850.11	9,015.32	1,193.61	5,446.95	6,640.55
<b>Total assets</b>	<b>17,55,083.33</b>	<b>13,42,341.67</b>	<b>30,97,425.00</b>	<b>15,39,996.47</b>	<b>14,01,528.63</b>	<b>29,41,525.09</b>
<b>Liabilities</b>						
<b>Financial Liabilities</b>						
Derivative financial liabilities	-	-	-	297.39	-	297.39
Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	6,077.83	-	6,077.83	5,509.89	-	5,509.89
Debt Securities	1,57,961.69	2,88,865.96	4,46,827.65	1,32,129.99	2,36,559.97	3,68,689.96
Borrowings (other than debt security)	8,14,152.90	6,30,472.66	14,44,625.56	8,29,312.47	6,84,834.87	15,14,147.34
Deposits	1,21,486.63	2,79,720.17	4,01,206.80	1,12,993.25	1,98,947.36	3,11,940.61
Subordinated Liabilities	23,923.91	-	23,923.91	43,541.66	21,829.29	65,370.95
Other Financial liabilities	31,754.11	16,094.51	47,848.62	32,249.31	132.78	32,382.09
<b>Non-financial Liabilities</b>						
Provisions	1,603.89	2,322.90	3,926.79	134.14	2,393.11	2,527.25
Other non-financial liabilities	2,187.45	4.82	2,192.27	1,454.17	72.99	1,527.16
<b>Total Liabilities</b>	<b>11,59,148.41</b>	<b>12,17,481.02</b>	<b>23,76,629.43</b>	<b>11,57,622.27</b>	<b>11,44,770.37</b>	<b>23,02,392.64</b>
<b>Net</b>	<b>5,95,934.92</b>	<b>1,24,860.65</b>	<b>7,20,795.57</b>	<b>3,82,374.20</b>	<b>2,56,758.26</b>	<b>6,39,132.45</b>



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 44. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

#### Changes in liabilities arising from financing activities during FY 2019-20

(₹ in lacs)

Particulars	As at March 31, 2019	Cash Flows	Exchange difference	Other *	As at March 31, 2020
<b>At Amortised Cost</b>					
Debt Securities					
-NCD Public Issue	11,377.17	75,282.55	-	(1,704.29)	84,955.43
-NCD Retail	(0.01)	0.01	-	-	-
-NCD Institutional	3,57,312.78	6,585.82	-	(2,026.38)	3,61,872.22
Subordinated Liabilities		-		-	
- Sub Debt Retail	57,685.07	(34,033.43)	-	272.27	23,923.91
- Sub Debt Institutional	7,685.88	(7,705.28)	-	19.40	-
Borrowings other than debt securities		-		-	
- Term Loan from Banks	9,55,771.26	(1,65,566.62)	-	(1,070.95)	7,89,133.69
- Term Loan from Institution	30,593.06	33,593.25	-	(145.84)	64,040.47
- Commercial paper	1,78,583.47	(1,67,419.14)	-	-	11,164.33
- Cash Credit from Banks	1,58,186.86	(1,10,148.96)	-	-	48,037.90
- Working Capital Demand Loans	76,685.16	77,803.82	-	-	1,54,488.98
- Term Loan from Bank- Securitisation	-	59,507.38	-	(953.69)	58,553.69
- Term Loan from financial Institution/ NBFC- Securitisation	1,14,327.54	2,09,299.40	-	(4,420.44)	3,19,206.50
Deposits		-		-	
-Public Deposits	3,11,940.60	90,073.35	-	(807.15)	4,01,206.80
<b>Total</b>	<b>22,60,148.84</b>	<b>67,272.16</b>	<b>-</b>	<b>(10,837.08)</b>	<b>23,16,583.92</b>

\* Represents adjustments on account of processing fees and other transaction cost.

#### Changes in liabilities arising from financing activities during FY 2018-19

(₹ in lacs)

Particulars	As at March 31, 2018	Cash Flows	Exchange difference	Other *	As at March 31, 2019
<b>At Amortised Cost</b>					
Debt Securities					
-NCD Public Issue	20,920.73	(9,543.56)	-	-	11,377.17
-NCD Retail	639.59	(640.29)	-	0.69	(0.01)
-NCD Institutional	2,08,541.94	1,48,874.28	-	(103.44)	3,57,312.78
Subordinated Liabilities					
- Sub Debt Retail	89,327.13	(32,049.87)	-	407.81	57,685.07
- Sub Debt Institutional	28,234.63	(20,681.07)	-	132.32	7,685.88
Borrowings other than debt securities					
- Term Loan from Banks	9,81,353.93	(25,085.47)	165.46	(662.66)	9,55,771.26
- Term Loan from Institution	48,500.36	(17,907.84)	-	0.54	30,593.06
- Commercial paper	2,18,831.02	(40,247.55)	-	-	1,78,583.47



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 44. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (Contd.)

(₹ in lacs)

Particulars	As at March 31, 2018	Cash Flows	Exchange difference	Other *	As at March 31, 2019
- Cash Credit from Banks	1,46,418.70	11,768.16	-	-	1,58,186.86
- Working Capital Demand Loans	80,626.03	(3,940.87)	-	-	76,685.16
- Term Loan from financial Institution/ NBFC- Securitisation	10,224.25	1,04,103.29	-	-	1,14,327.54
Deposits					
-Public Deposits	3,07,365.14	4,875.35	-	(299.89)	3,11,940.60
<b>Total</b>	<b>21,40,983.45</b>	<b>1,19,524.56</b>	<b>165.46</b>	<b>(524.63)</b>	<b>22,60,148.84</b>

\* Represents adjustments on account of processing fees and other transaction cost.

### 45. CONTINGENT LIABILITIES AND COMMITMENTS

#### (A) Contingent Liabilities

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
a. In respect of Income tax demands where the Company has filed appeal before various authorities	116.45	1,468.18
b. VAT demand where the Company has filed appeal before various Appellate	259.95	266.45
c. Service tax demand	8,019.29	3,802.12
d. Guarantees given for subsidiary	2,500.00	2,500.00
<b>Total</b>	<b>10,895.69</b>	<b>8,036.75</b>

Future cash outflows in respect of (a), (b) and (c) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The Company is of the opinion that above demands are not sustainable and expects to succeed in its appeals. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

The company has issued a guarantee for ₹ 2,500.00 lacs against refinance obtained by subsidiary, Shriram Housing Finance Limited for NHB.

#### (B) Commitments not provided for

(₹ in lacs)

Commitments not provided for	As at March 31, 2020	As at March 31, 2019
a. Estimated amount of contracts remaining to be executed on capital account, net of advances	295.37	233.37
b. Commitments related to loans sanctioned but undrawn	691.57	-



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 46. RELATED PARTY DISCLOSURES

Relationship	Name of the party
(i) Enterprises having significant influence over the Company	: Shriram Capital Limited (SCL) Shriram Ownership Trust (SOT) Dynasty Acquisition FPI Limited (DAFL)
(ii) Subsidiary	: Shriram Housing Finance Limited (SHFL)
(iii) Associates *	: Insight Commodities and Futures Private Limited (ICFPL) Shriram Asset Management Company Limited (SAMCL) Shriram Credit Company Limited (SCCL) Shriram Financial Products Solutions (Chennai) Private Limited (SFPSP) Shriram Financial Ventures (Chennai) Private Limited (SFVPL) Shriram Fortune Solutions Limited (SFSL) Shriram General Insurance Company Limited (SGICL) Shriram Insight Share Brokers Limited (SISBL) Shriram Life Insurance Company Limited (SLICL) Shriram Overseas Investments Private Limited (SOIPL) Shriram Wealth Advisors Limited (SWAL) Shriram Value Services Limited (SVSL) Bharath Investments Pte. Ltd., Singapore (BIPL) SGI Philippines General Insurance Co. Inc. (SGIPGICL) Novac Technology Solutions Pvt. Ltd (NTSPL) Novac Digital Services Pvt Limited (formerly Techfactory Services Pvt. Ltd.) (NDSPL) Snottor Technology Services Private Limited
(iv) Key Management Personnel	: Mr. Y.S. Chakravarti, Managing Director (Appointed w.e.f 01.07.2019) Mr. R Duruvasan, Director (Ceased from Managing Director w.e.f 30.06.2019) Mr. Debendranath Sarangi, Chairperson Mr. Khushru Burjor Jijina, Director (Ceased w.e.f 07.05.18) Mr. Subramaniam Krishnamurthy, Director (Ceased w.e.f 31.03.19) Mr. Vipin Kapur , Director (Ceased w.e.f 31.03.19) Mr. C R Muralidharan, Director (Appointed w.e.f 01.04.2019) Mr. Diwakar Bhagwati Gandhi, Director (Appointed w.e.f 01.04.2019) Mr. Gerrit Lodewyk Van Heerde, Director (Ceased w.e.f. 29.07.2019) Ms. Maya S Sinha, Director Mr. Sri Pranab Prakash Pattanayak, Director (Reappointed w.e.f 01.04.2019) Mr. Ranvir Dewan, Director (Ceased w.e.f. 02.12.2019) Mr. Shashank Singh, Director Mr. Venkataraman Murali, Director (Reappointed w.e.f 01.04.2019) Mr. R Chandrasekar, Chief Financial Officer Mr. C R Dash, Company Secretary Mr. Ignatius Michael Viljoen, Director (Appointed w.e.f 29.7.2019)

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 46. RELATED PARTY DISCLOSURES (Contd.)

Relationship	Name of the party
(v) Relatives of Key Management Personnel	: Relatives of Mr. R Duruvasan, Director (Ceased from Managing Director & CEO w.e.f 30.06.2019)
	Late Mr. Ayneni Ramachandra Naidu (Father)
	Late Ms. Ayneni Ammayamma (Mother)
	Ms. A Komaleeswari (Spouse)
	Mr. Ayneni Vamshi Krishna (Son)
	Mr. R Perumal (Brother)
	Ms. P Padmaja (Brother's Wife)
	Ms. S Usha Rani (Sister)
	Mr. R Selvam (Sister's Husband)
	Relatives of Mr. Y.S. Chakravarti, Managing Director & CEO (Appointed w.e.f 01.07.2019)
	Late Mr. Satyanarayana Y (Father)
	Ms. Rajamannar (Mother)
	Ms. Sujata Yalamati (Spouse)
	Mr. Sree Bhargav (Son)
	Ms. Nayana Sri (Daughter)
	Ms. Aruna S (Sister)
	Ms. Rama Devi D (Sister)
	Mr. S R Krishna (Sister's husband)
	Mr. Venkateswara Rao D (Sister's husband)
	Mr. M S R Choowdary (Brother of spouse)

\*- The Company neither holds any shares in the following entities nor these entities hold any shares in the Company except Shriram Financial Ventures (Chennai) Private Limited (SFVPL) . However these entities are “subsidiaries” of Shriram Capital Limited and hence these entities are treated as “associates” as per paragraph 9(b)(ii) of IND- AS 24 and transactions made with these entities are disclosed.

There are no transactions with relatives of Key Management Personnel for the year ended March 31, 2020.



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 46. RELATED PARTY DISCLOSURES (Contd.)

#### Related party transactions during the year

Particulars	Enterprises having significant influence over the Company		Subsidiary Company		Associates		Key Management Personnel		Total	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Payments/Expenses</b>										
Royalty to SOT	3,246.30	6,301.60	-	-	-	-	-	-	3,246.30	6,301.60
Royalty to SVSL	-	-	-	-	3,170.84	-	-	-	3,170.84	-
Commission & Other expenses- SFPSPL	-	-	-	-	2,311.44	1,943.61	-	-	2,311.44	1,943.61
Commission & Other expenses- SFSL	-	-	-	-	2,800.01	1,271.60	-	-	2,800.01	1,271.60
Commission & Other expenses- SISBL	-	-	-	-	59.39	39.63	-	-	59.39	39.63
Interest Expenses- SFPSPL	-	-	-	-	54.57	-	-	-	54.57	-
Interest Expenses- SFPSPL	-	-	-	-	423.72	133.72	-	-	423.72	133.72
Insurance - SGICL	-	-	-	-	402.08	414.04	-	-	402.08	414.04
Insurance - SLICL	-	-	-	-	577.91	461.59	-	-	577.91	461.59
IT Services & Other expenses- SVSL	-	-	-	-	1,339.39	4,194.57	-	-	1,339.39	4,194.57
Professional Charges to NTSPL	-	-	-	-	3,812.26	-	-	-	3,812.26	-
Reimbursement of Rent and other expenses-SCL	14.61	195.09	-	-	-	-	-	-	14.61	195.09
Fees to SCL	1,842.24	1,754.52	-	-	-	-	-	-	1,842.24	1,754.52
Rent and other expenses to SHFL	-	-	326.60	326.96	-	-	-	-	326.60	326.96
Payment for Assignment to SHFL	-	-	1,137.74	-	-	-	-	-	1,137.74	-
<b>"Payments to Key Managerial Personnel (MD, CFO &amp; CS)"</b>										
Short-term employee benefits	-	-	-	-	-	-	165.12	148.62	165.12	148.62
Post-employment pension (defined contribution)	-	-	-	-	-	-	29.90	29.61	29.90	29.61
Other long term employee benefits	-	-	-	-	-	-	46.56	9.39	46.56	9.39
Directors Sitting Fees	-	-	-	-	-	-	36.24	30.05	36.24	30.05
Equity dividend to SCL	4,921.75	4,008.40	-	-	-	-	-	-	4,921.75	4,008.40
Equity dividend to DAFL	2,952.82	2,415.94	-	-	-	-	-	-	2,952.82	2,415.94
Equity dividend to SFVPL	-	-	-	-	3.63	-	-	-	3.63	-
Equity dividend to KMP	-	-	-	-	-	-	1.80	1.47	1.80	1.47

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

46. RELATED PARTY DISCLOSURES (Contd.)

(₹ in lacs)

Particulars	Enterprises having significant influence over the Company		Subsidiary Company		Associates		Key Management Personnel		Total	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Receipts/Income</b>										
Reimbursement of expenses from SHFL	-	-	15.35	154.68	-	-	-	-	15.35	154.68
Receipt for Assignment from SHFL	-	-	9,784.26	-	-	-	-	-	9,784.26	-
Commission- SGICL	-	-	-	-	247.82	-	-	-	247.82	-
Commission - SLICL	-	-	-	-	458.26	-	-	-	458.26	-
Interest on loan from SHFL	-	-	-	255.92	-	-	-	-	-	255.92
Interest income from Financial Guaranteee-SHFL	-	-	15.65	15.60	-	-	-	-	15.65	15.60
Rent Income - SFSL	-	-	-	-	15.06	18.29	-	-	15.06	18.29
Rent Income - SISBL	-	-	-	-	4.50	12.77	-	-	4.50	12.77
Rent Income - SLICL	-	-	-	-	3.69	19.25	-	-	3.69	19.25
Rent Income - SHFL	-	-	45.83	7.05	-	-	-	-	45.83	7.05
<b>Electricity, Telephone and other charges Received</b>										
Expenses reimbursement -SFSL	-	-	-	-	8.16	11.23	-	-	8.16	11.23
Expenses reimbursement -SISBL	-	-	-	-	1.56	1.83	-	-	1.56	1.83
Expenses reimbursement -SLICL	-	-	-	-	1.92	27.29	-	-	1.92	27.29
<b>Balance outstanding as at</b>										
Share Capital held by SCL	2,237.16	2,226.89	-	-	-	-	-	-	2,237.16	2,226.89
Share Capital held by DAFL	1,342.19	1,342.19	-	-	-	-	-	-	1,342.19	1,342.19
Share Capital held by SFVPL	-	-	-	-	1.65	-	-	-	1.65	-
Share Capital held by KMP	-	-	-	-	-	-	0.82	0.82	0.82	0.82
Investment of SCL	4.70	226.43	-	-	-	-	-	-	4.70	226.43
Investment in Shares (including deemed investment) of SHFL	-	-	16,727.91	16,727.91	-	-	-	-	16,727.91	16,727.91
Security deposits with SHFL	-	-	275.32	275.32	-	-	-	-	275.32	275.32



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 46. RELATED PARTY DISCLOSURES (Contd.)

Particulars	Enterprises having significant influence over the Company		Subsidiary Company		Associates		Key Management Personnel		Total	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Expense Payable to SHFL	-	-	47.32	32.64	-	-	-	-	47.32	32.64
Receivable from SHFL	-	-	24.74	16.57	-	-	-	-	24.74	16.57
Interest Payable to SCL	1.08	183.17	-	-	-	-	-	-	1.08	183.17
Royalty Payable to SOT	-	1,552.50	-	-	-	-	-	-	-	1,552.50
Royalty Payable to SVSL	-	-	-	-	-	-	-	-	-	-
Expenses payable to SCL	456.34	-	-	-	-	-	-	-	1,554.29	-
Expense Payable to SFPSPL	-	-	-	-	-	-	-	-	456.34	-
Expense Payable to SFSL	-	-	-	-	-	0.35	-	-	80.48	0.35
Expense Payable to SISBL	-	-	-	-	-	211.83	-	-	211.83	-
Expense Payable to SVSL	-	-	-	-	-	0.08	-	-	4.39	0.08
Expense Payable to NTSPL	-	-	-	-	-	14.16	-	-	1.15	14.16
Expense Payable to SLICL	-	-	-	-	-	11.78	-	-	11.78	-
Expense Payable to SFPSPL	-	-	-	-	-	4.33	-	-	0.03	4.33
Outstanding Payable to SFPSPL	-	-	-	-	-	1,034.77	-	-	1,034.77	-
Outstanding Payable to SLICL	-	-	-	-	-	6,444.54	-	-	6,444.54	1,501.34
Receivable from SFSL	-	-	-	-	-	6.07	-	-	-	6.07
Receivable from SGIC	-	-	-	-	-	86.90	-	-	86.90	-
Receivable from SISBL	-	-	-	-	-	1.00	-	-	1.00	-
Receivable from SLICL	-	-	-	-	-	0.68	-	-	0.68	2.59
Receivable from NTSPL	-	-	-	-	-	0.32	-	-	0.32	-
Receivable from SCL	4.25	-	-	-	-	-	-	-	4.25	-
Receivable from SFPSPL	-	-	-	-	-	3.00	-	-	32.36	3.00
Receivable from SVSL	-	-	-	-	-	7.03	-	-	30.56	7.03

(₹ in lacs)

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 47. CAPITAL

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the company ensures to maintain a healthy CRAR at all the times.

#### 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.

(₹ in lacs)

Regulatory capital	As at March 31, 2020	As at March 31, 2019
Tier 1 Capital	6,78,676.35	6,32,153.78
Tier 2 Capital	-	2,854.56
<b>Total capital funds</b>	<b>6,78,676.35</b>	<b>6,35,008.34</b>
<b>Risk weighted assets (₹ in Lacs)</b>	<b>24,50,549.66</b>	<b>27,68,179.28</b>
Tier 1 capital ratio	27.69%	22.84%
Other Tier 2 capital ratio	0.00%	0.10%
<b>Total capital ratio</b>	<b>27.69%</b>	<b>22.94%</b>

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, retained earnings including current year profit less accrued dividends. Certain adjustments are made to Ind AS-based results and reserves, as prescribed by the Reserve Bank of India. The other component of regulatory capital is other Tier 2 Capital Instruments, which includes contingent convertible bonds.

The Company is meeting the capital adequacy requirements of Reserve Bank of India (RBI) of India.

### 48. FAIR VALUE MEASUREMENT

#### 48.1 Valuation Principle

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in Note 48.3.





## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 48. FAIR VALUE MEASUREMENT (Contd.)

#### 48.2 Fair Value Hierarchy of assets and liabilities

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at March 31, 2020

(₹ in lacs)

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
<i>Financial assets held for trading</i>				
Mutual funds	-	302.08	-	302.08
Equity instruments	8,917.14	-	-	8,917.14
<b>Total financial assets held for trading</b>	<b>8,917.14</b>	<b>302.08</b>	<b>-</b>	<b>9,219.22</b>
<b>Total assets measured at fair value on a recurring basis</b>	<b>8,917.14</b>	<b>302.08</b>	<b>-</b>	<b>9,219.22</b>
<i>Liabilities measured at fair value on a recurring basis</i>				
<i>Derivative financial instruments</i>				
Currency Forward	-	-	-	-
<b>Total derivative financial instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total financial liabilities measured at fair value on a recurring basis</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at March 31, 2019

(₹ in lacs)

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
<i>Financial assets held for trading</i>				
Mutual funds	-	20,366.72	-	20,366.72
Equity instruments	10,603.97	-	80.04	10,684.01
<b>Total financial assets held for trading</b>	<b>10,603.97</b>	<b>20,366.72</b>	<b>80.04</b>	<b>31,050.73</b>
<b>Total assets measured at fair value on a recurring basis</b>	<b>10,603.97</b>	<b>20,366.72</b>	<b>80.04</b>	<b>31,050.73</b>
<i>Liabilities measured at fair value on a recurring basis</i>				
<i>Derivative financial instruments</i>				
Currency Forward	297.39	-	-	297.39
<b>Total derivative financial instruments</b>	<b>297.39</b>	<b>-</b>	<b>-</b>	<b>297.39</b>
<b>Total financial liabilities measured at fair value on a recurring basis</b>	<b>297.39</b>	<b>-</b>	<b>-</b>	<b>297.39</b>

#### 48.3 Valuation techniques

##### Equity instruments

Quoted equity instruments on recognised stock exchanges are valued at Level 1 hierarchy being the unadjusted quoted price as at the reporting date.

Unquoted equity instruments are valued at Level 3 hierarchy being unobservable inputs that are significant to the measurement as a whole. Accordingly, the valuation technique involves the net worth of the investee company.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 48. FAIR VALUE MEASUREMENT (Contd.)

#### Mutual Funds

Units held in funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are generally Level 2.

#### Foreign exchange contracts

Foreign exchange contracts include foreign exchange forward and swap contracts, interest rate swaps and over-the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Company classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

During the year there were no transfers between level 1 and level 2. Similarly, there were no transfers from or transfer to level 3.

#### Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value. Transfers from Level 3 to Level 2 occur when the market for some securities became more liquid, which eliminates the need for the previously required significant unobservable valuation inputs. Since the transfer, these instruments have been valued using valuation models incorporating observable market inputs. Transfers into Level 3 reflect changes in market conditions as a result of which instruments become less liquid. Therefore, the Company requires significant unobservable inputs to calculate their fair value.

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in lacs)

Particulars	Equity instruments	
	As at March 31, 2020	As at March 31, 2019
<b>Opening Balance</b>	<b>80.04</b>	<b>50.67</b>
Purchases	-	-
Sales	(1,252.24)	-
Issuances	-	-
Settlements	-	-
Transfers into Level 3	-	-
Transfers from Level 3	-	-
Net interest income, net trading income and other income	1,172.20	-
Other comprehensive income	-	-
<b>Closing Balance</b>	<b>-</b>	<b>80.04</b>
<b>Unrealised gains and losses related to balances held at the end of the year</b>	<b>-</b>	<b>29.37</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 48. FAIR VALUE MEASUREMENT (Contd.)

#### 48.4 Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Company's Level 3 assets and liabilities. The range of values indicates the highest and lowest level input used in the valuation technique and, as such, only reflects the characteristics of the instruments as opposed to the level of uncertainty to their valuation. Relationships between unobservable inputs have not been incorporated in this summary.

(₹ in lacs)

Particulars	Fair value		Valuation technique	Significant unobservable inputs
	Level 3 Assets	Level 3 Liabilities		
	As at March 31, 2020	As at March 31, 2020		
Equity Instruments	-	-	NA	NA

(₹ in lacs)

Particulars	Fair value		Valuation technique	Significant unobservable inputs
	Level 3 Assets	Level 3 Liabilities		
	As at March 31, 2019	As at March 31, 2019		
Equity Instruments	80.04	-	Based on the net worth of the investee company	net worth of the investee company

#### 48.5 Sensitivity of fair value measurements to changes in unobservable market data

The table below describes the effect of changing the significant unobservable inputs to reasonable possible alternatives. All changes would be reflected in the Statement of profit and loss. Sensitivity data are calculated using a number of techniques, instruments classified as FVTPL would be reflected in the Statement of profit and loss. Sensitivity data are calculated using a number of techniques, including analysing price dispersion of different price sources, adjusting model inputs to reasonable changes within the fair value methodology.

The ranges are not comparable or symmetrical as the model inputs are usually not in the middle of the favourable/unfavourable range.

The table below shows data in relation to Level 3 inputs that are already aggregated on the underlying product levels without assuming any potential diversification effect, but including potential off-sets from economic or accounting hedge relationships in place. The Company is of the opinion that, whilst there may be some diversification benefits, incorporating these would not be significant to the analysis.

(₹ in lacs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Equity instrument	-	-	29.37	-

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 48. FAIR VALUE MEASUREMENT (Contd.)

#### 48.6 Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non financial liabilities.

(₹ in lacs)

As at March 31, 2020	Carrying Amount	Fair Value			
		Level-1	Level-2	Level-3	Total
<b>Financial assets:</b>					
Cash and cash equivalents	2,09,182.78	2,09,182.78	-	-	2,09,182.78
Bank balance other than cash and cash equivalents	97,053.53	92.88	96,960.65	-	97,053.53
Trade Receivables	89.76	-	-	89.76	89.76
Loans	26,61,252.96	-	-	26,98,555.01	26,98,555.01
Investments	64,194.75	48,166.31	38,739.91	-	86,906.22
Other financial assets	6,352.82	-	-	6,352.82	6,352.82
<b>Total financial assets</b>	<b>30,38,126.60</b>	<b>2,57,441.97</b>	<b>1,35,700.56</b>	<b>27,04,997.59</b>	<b>30,98,140.12</b>
<b>Financial liabilities:</b>					
Derivative financial instruments	-	-	-	-	-
Other Payables	6,077.83	-	-	6,077.83	6,077.83
Debt securities	4,46,827.65	-	4,17,301.02	-	4,17,301.02
Borrowings (other than debt securities)	14,44,625.56	-	14,54,280.78	-	14,54,280.78
Deposits	4,01,206.80	-	-	3,91,532.19	3,91,532.19
Subordinated liabilities	23,923.91	-	-	23,923.91	23,923.91
Other financial liabilities	47,848.62	-	-	47,848.62	47,848.62
<b>Total financial liabilities</b>	<b>23,70,510.37</b>	<b>-</b>	<b>18,71,581.80</b>	<b>4,69,382.55</b>	<b>23,40,964.36</b>

(₹ in lacs)

As at March 31, 2019	Carrying Amount	Fair Value			
		Level-1	Level-2	Level-3	Total
<b>Financial assets:</b>					
Cash and cash equivalents	98,136.94	98,136.94	-	-	98,136.94
Bank balance other than cash and cash equivalents	30,281.81	91.95	30,189.86	-	30,281.81
Trade Receivables	-	-	-	-	-
Loans	26,98,910.93	-	-	26,95,565.82	26,95,565.82
Investments	55,914.57	39,699.37	35,185.34	-	74,884.71
Other financial assets	3,442.49	-	-	3,442.49	3,442.49
<b>Total financial assets</b>	<b>28,86,686.74</b>	<b>1,37,928.26</b>	<b>65,375.20</b>	<b>26,99,008.31</b>	<b>29,02,311.77</b>
<b>Financial liabilities:</b>					
Derivative financial instruments	297.39	-	297.39	-	297.39
Other Payables	5,509.89	-	-	5,509.89	5,509.89
Debt securities	3,68,689.96	-	3,69,937.76	-	3,69,937.76
Borrowings (other than debt securities)	15,14,147.34	-	15,10,901.92	-	15,10,901.92
Deposits	3,11,940.61	-	-	3,07,777.37	3,07,777.37
Subordinated liabilities	65,370.95	-	-	83,617.95	83,617.95
Other financial liabilities	32,382.09	-	-	32,382.09	32,382.09
<b>Total financial liabilities</b>	<b>22,98,338.23</b>	<b>-</b>	<b>18,81,137.07</b>	<b>4,29,287.30</b>	<b>23,10,424.37</b>



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 48. FAIR VALUE MEASUREMENT (Contd.)

#### Note:

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

#### 48.7 Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions.

##### Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, Trade receivables, other receivables, balances other than cash and cash equivalents and trade payables without a specific maturity. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

##### Loans and advances to customers

The fair values of loans and receivables are estimated by discounted cash flow models based on contractual cash flows using actual or estimated yields.

##### Pass through certificates

These instruments include asset backed securities. The market for these securities is not active. Therefore, the Company uses a variety of valuation techniques to measure their fair values. Expected cash flow levels are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including prepayment rates, default rates and other economic drivers such as loan-to-value ratios, emergence period estimation, indebtedness and rental income levels. Securities with no significant unobservable valuation inputs are classified as Level 2, while instruments with no comparable instruments or valuation inputs are classified as Level 3.

##### Financial assets at amortised cost

The fair values of financial assets held-to-maturity investments are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

##### Issued debt

The fair value of issued debt is estimated by a discounted cash flow model incorporating the Company's own credit risk. The Company estimates and builds its own credit spread from market-observable data such as secondary prices for its traded debt and the credit spread on credit default swaps and traded debt of itself.

##### Borrowings

The fair value of issued debt is estimated by a discounted cash flow model incorporating the Company's own credit risk. The Company estimates and builds its own credit spread from market-observable data.

##### Off-balance sheet positions

Estimated fair values of off-balance sheet positions are based on market prices for similar instruments or on discounted cash flow models, as explained above, which incorporate the credit risk element through the discount factor.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 49. RISK MANAGEMENT

Whilst risk is inherent in the Company's activities, it is managed through an integrated risk management framework including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

#### 49.1 Introduction and Risk Profile

##### 49.1.1 Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Board has constituted the Risk Management Committee which is responsible for monitoring the overall risk process within the Company.

The Risk Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Management Committee is responsible for managing risk decisions and monitoring risk levels.

The Chief Risk officer is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The Risk Owners within each department will report to the Risk Committee.

The Risk Owners are responsible for monitoring compliance with risk principles, policies and limits across the Company. Each department has its Risk owner who is responsible for the control of risks, including monitoring the actual risk of exposures against authorised limits and the assessment of risks.

The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

The Company's policy is that risk management processes throughout the Company are audited annually by the Internal Audit function, which examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to Risk Management Committee.

##### 49.1.2 Risk mitigation and risk culture

As part of its overall risk management, the Company can use derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies associated with foreign currency transactions.

##### 49.1.3 Risk measurement and reporting systems

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment, as necessary.

The Company's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the departments is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the Risk Management Committee and the head of each department. The Risk Management Committee receives a comprehensive risk report once a quarter which is designed to provide all the necessary information to assess and conclude on the risks of the Company.



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 49. RISK MANAGEMENT (Contd.)

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to that they decide to take on. The Company's continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

#### 49.1.4 Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on spreading its lending portfolio across all the states with a cap on maximum limit of exposure for a state and also for an individual/Group.

#### 49.2 Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

Credit risk is monitored by the credit department of the Company. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties. Credit risk consists of line credit managers who are responsible for their business lines and manage specific portfolios and experts who support both the line credit manager, as well as the business with tools like credit risk systems, policies, models and reporting.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The Company's internal credit rating grades on days past due (dpd) basis:

Internal rating grade	Internal rating description
High grade	0 dpd
Standard grade	1 to 30 dpd
Sub-standard grade	31 to 60 dpd
Past due but not impaired	61 to 89 dpd
Non-performing	90+ dpd

#### 49.2.1 Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

With gross-settled derivatives, the Company is also exposed to a settlement risk, being the risk that the Company honours its obligation, but the counterparty fails to deliver the counter value.



**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)****49. RISK MANAGEMENT (Contd.)****49.2.2 Impairment assessment****49.2.2.1 Definition of default**

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.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- The borrower requesting emergency funding from the company
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- A covenant breach not waived by the Company
- The debtor (or any legal entity within the debtor's Company) filing for bankruptcy application/protection
- All the facilities of a borrower are treated as Stage 3 when one of his facility becomes 90 days past due i.e. credit impaired.

**49.2.2.2 PD estimation process**

It is an estimate of the likelihood of default over a given time horizon. PD estimation process is done based on historical internal data available with the Company. While arriving at the PD, the Company also ensures that the factors that affects the macro economic trends are considered to a reasonable extent, wherever necessary. Company calculates the 12 month PD by taking into account the past historical trends of the portfolio and its credit performance. In case of assets where there is a significant increase in credit risk, lifetime PD has been applied which is computed based on survival analysis. For credit impaired assets, a PD of 100% has been applied.

**49.2.2.3 Exposure at Default (EAD)**

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL.

For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

In case of undrawn loan commitments, a credit conversion factor of 100% is applied for expected drawdown.

**49.2.2.4 Loss Given Default (LGD)**

LGD is an estimate of the loss arising in case where a default occurs. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any security.

**49.2.2.5 Significant increase in credit risk**

The Company continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or lifetime ECL. The Company assesses whether there has been an event which could cause a significantly increase in the credit risk of the underlying asset or the customers ability to pay and accordingly change the 12 month ECL to a lifetime ECL.

In certain cases, the Company may also consider that events explained in Note 49.2.2.1 are a significant increase in credit risk as opposed to a default. Regardless of the above, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 49. RISK MANAGEMENT (Contd.)

When estimating ECLs on a collective basis for a Company of similar assets (as set out in Note 49.2.2.6), the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

#### 49.2.2.6 Grouping financial assets measured on a collective basis

As explained in Note dependant on the factors below, the Company calculates ECLs only on a collective basis

The Company segments the exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans as described below.

1. Gold Loans
2. Auto Loans
3. MSME Loans
4. Two wheelers Loans
5. Personal Loans

#### 49.2.3 Analysis of risk concentration

The maximum credit exposure to any individual client or counterparty as of March 31, 2020 was ₹ 3,597.57 lacs (March 31, 2019 ₹ 4,500 lacs)

#### Credit risk exposure analysis

(₹ in lacs)

Particulars	As at March 31, 2020				
	Stage 1 Collective	Stage 2 Collective	Stage 3	POCI	Total
Normal	24,71,361.98	1,67,996.84	2,24,452.51	-	28,63,811.33
Reposessed	-	-	1,841.22	-	1,841.22
<b>Total</b>	<b>24,71,361.98</b>	<b>1,67,996.84</b>	<b>2,26,293.73</b>	<b>-</b>	<b>28,65,652.55</b>

(₹ in lacs)

Particulars	As at March 31, 2019				
	Stage 1 Collective	Stage 2 Collective	Stage 3	POCI	Total
Normal	21,75,299.36	4,58,591.84	2,56,487.39	-	28,90,378.59
Reposessed	-	-	1,181.52	-	1,181.52
<b>Total</b>	<b>21,75,299.36</b>	<b>4,58,591.84</b>	<b>2,57,668.91</b>	<b>-</b>	<b>28,91,560.11</b>

#### 49.3 Liquidity risk and funding management

In assessing the company's liquidity position, consideration shall be given to: (1) present and anticipated asset quality (2) present and future earnings capacity (3) historical funding requirements (4) current liquidity position (5) anticipated future funding needs, and (6) sources of funds.

The Company maintains a portfolio of marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Company also enters into securitisation deals (direct assignment as well as pass through certificates) of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash, short-term bank deposits and investments in mutual fund available for immediate sale, less issued securities and borrowings due to mature within the next month.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 49. RISK MANAGEMENT (Contd.)

Borrowings from banks and financial institutions, issue of debentures and bonds and acceptance of public deposits are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

#### 49.3.2. Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31. All derivatives used for hedging and natural hedges are shown by maturity, based on their contractual undiscounted payment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that many customers will not request repayment on the earliest date it could be required to pay and the table does not reflect the expected cash flows indicated by its deposit retention history.

#### Maturity pattern of assets and liabilities as on March 31, 2020:

(₹ in lacs)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
<b>Financial assets</b>							
Cash and cash equivalents and Other Bank Balances	2,13,548.88	18,699.40	78,479.42	-	-	-	3,10,727.69
Trade Receivables	89.76	-	-	-	-	-	89.76
Loans	4,94,033.84	5,28,052.99	8,28,557.77	11,75,523.91	3,75,962.40	1,72,582.72	35,74,713.63
Financial investments at amortised cost	12,794.82	81.18	27,879.79	1,519.16	8,784.54	124.52	51,184.00
Financial investments at FVTPL	302.08	-	-	-	-	-	302.08
Financial investments at FVTOCI	-	-	-	-	-	8,917.14	8,917.14
Financial investments at Cost	-	-	-	-	-	16,727.91	16,727.91
Other Financial Assets	366.82	341.17	2,805.38	1,443.09	939.20	457.17	6,352.82
<b>Total undiscounted financial assets</b>	<b>7,21,136.19</b>	<b>5,47,174.73</b>	<b>9,37,722.35</b>	<b>11,78,486.16</b>	<b>3,85,686.13</b>	<b>1,98,809.46</b>	<b>39,69,015.03</b>
<b>Financial liabilities</b>							
Derivative Financial Instruments	-	-	-	-	-	-	-
Deposits	31,783.76	33,963.96	60,674.91	2,62,758.11	82,504.67	-	4,71,685.42
Debt securities	78,272.58	11,867.35	88,225.16	3,08,519.19	29,099.26	-	5,15,983.54
Borrowings (other than debt securities)	3,00,593.32	2,33,027.39	3,86,677.48	6,17,955.12	66,346.76	379.27	16,04,979.35
Subordinated Liabilities	13,943.15	10,640.32	1.07	-	-	-	24,584.54
Other Financial Liabilities	26,722.84	51.01	4,980.25	-	-	16,094.52	47,848.62
<b>Total undiscounted financial liabilities</b>	<b>4,51,315.66</b>	<b>2,89,550.02</b>	<b>5,40,558.88</b>	<b>11,89,232.42</b>	<b>1,77,950.69</b>	<b>16,473.79</b>	<b>26,65,081.47</b>
<b>Net undiscounted financial assets/(liabilities)</b>	<b>2,69,820.53</b>	<b>2,57,624.71</b>	<b>3,97,163.47</b>	<b>(10,746.26)</b>	<b>2,07,735.44</b>	<b>1,82,335.67</b>	<b>13,03,933.55</b>



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 49. RISK MANAGEMENT (Contd.)

#### Maturity pattern of assets and liabilities as on March 31, 2019:

(₹ in lacs)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
<b>Financial assets</b>							
Cash and cash equivalents and Other Bank Balances	98,377.90	4.91	15,332.41	17,138.64	-	-	<b>1,30,853.86</b>
Trade Receivables	-	-	-	-	-	-	-
Loans	5,05,180.17	4,93,208.86	8,07,735.05	11,68,667.75	3,95,782.31	2,98,975.65	<b>36,69,549.79</b>
Financial investments at amortised cost	1,386.33	89.74	20,069.81	13,709.37	9,248.64	125.61	<b>44,629.50</b>
Financial investments at FVTPL	20,366.72	-	-	-	-	10,684.01	<b>31,050.73</b>
Financial investments at FVTOCI	-	-	-	-	-	-	-
Financial investments at Cost	-	-	-	-	-	16,727.91	<b>16,727.91</b>
Other Financial Assets	-	-	3,442.49	-	-	-	<b>3,442.49</b>
<b>Total undiscounted financial assets</b>	<b>6,25,311.12</b>	<b>4,93,303.51</b>	<b>8,46,579.76</b>	<b>11,99,515.76</b>	<b>4,05,030.95</b>	<b>3,26,513.18</b>	<b>38,96,254.28</b>
<b>Financial liabilities</b>							
Derivative Financial Instruments	-	-	297.39	-	-	-	<b>297.39</b>
Deposits	32,591.37	27,196.30	53,575.91	1,94,413.60	51,741.61	-	<b>3,59,518.79</b>
Debt securities	15,184.77	73,152.11	71,173.93	2,38,399.09	45,810.44	-	<b>4,43,720.34</b>
Borrowings (other than debt securities)	4,54,700.37	1,47,255.83	3,30,396.30	6,90,096.65	95,647.53	1,158.42	<b>17,19,255.10</b>
Subordinated Liabilities	8,425.13	6,630.37	30,419.33	25,975.26	-	-	<b>71,450.09</b>
Other Financial Liabilities	32,382.09	-	-	-	-	-	<b>32,382.09</b>
<b>Total undiscounted financial liabilities</b>	<b>5,43,283.73</b>	<b>2,54,234.61</b>	<b>4,85,862.86</b>	<b>11,48,884.60</b>	<b>1,93,199.58</b>	<b>1,158.42</b>	<b>26,26,623.80</b>
<b>Net undiscounted financial assets/(liabilities)</b>	<b>82,027.39</b>	<b>2,39,068.90</b>	<b>3,60,716.90</b>	<b>50,631.16</b>	<b>2,11,831.37</b>	<b>3,25,354.76</b>	<b>12,69,630.49</b>

The table below shows the contractual expiry by maturity of the company's contingent liabilities and commitments: Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

(₹ in lacs)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
<b>As at March 31, 2020</b>							
In respect of Income tax demands where the Company has filed appeal before various authorities	-	-	-	-	-	116.45	<b>116.45</b>
VAT demand where the Company has filed appeal before various Appellate	-	-	-	-	-	259.95	<b>259.95</b>
Service tax demand	-	-	-	-	-	8,019.29	<b>8,019.29</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 49. RISK MANAGEMENT (Contd.)

(₹ in lacs)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Guarantees and counter guarantees	-	-	-	-	-	2,500.00	2,500.00
Estimated amount of contracts remaining to be executed on capital account, net of advances	295.37	-	-	-	-	-	295.37
Commitments related to loans sanctioned but undrawn	691.57	-	-	-	-	-	691.57
<b>Total commitments</b>	<b>986.94</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,895.69</b>	<b>11,882.63</b>
<b>As at March 31, 2019</b>							
In respect of Income tax demands where the Company has filed appeal before various authorities	-	-	-	-	-	1,468.18	1,468.18
VAT demand where the Company has filed appeal before various Appellate	-	-	-	-	-	266.45	266.45
Service tax demand	-	-	-	-	-	3,802.12	3,802.12
Guarantees and counter guarantees	-	-	-	-	-	2,500.00	2,500.00
Estimated amount of contracts remaining to be executed on capital account, net of advances	233.57	-	-	-	-	-	233.57
Commitments related to loans sanctioned but undrawn	-	-	-	-	-	-	-
<b>Total commitments</b>	<b>233.57</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,036.75</b>	<b>8,270.32</b>

#### 49.4 Market Risk

Market risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately.

##### 49.4.1 Total market risk exposure

(₹ in lacs)

Particulars	As at March 31, 2020			As at March 31, 2019			Primary risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
<b>Assets</b>							
Cash and cash equivalents and other bank balances	3,06,236.31	-	3,06,236.31	1,28,418.75	-	1,28,418.75	interest rate
Trade Receivables	89.76	-	89.76	-	-	-	interest rate
Loans	26,61,252.96	-	26,61,252.96	26,98,910.93	-	26,98,910.93	interest rate
Financial investments at amortised cost	47,466.84	-	47,466.84	39,186.66	-	39,186.66	interest rate
Financial investments at FVTPL	302.08	302.08	-	31,050.73	31,050.73	-	interest rate and equity price



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 49. RISK MANAGEMENT (Contd.)

(₹ in lacs)

Particulars	As at March 31, 2020			As at March 31, 2019			Primary risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
Financial investments at FVTOCI	8,917.14	8,917.14	-	-	-	-	interest rate and equity price
Financial investments at Cost	16,727.91	-	16,727.91	16,727.91	-	16,727.91	interest rate
Other financial assets	6,352.82	-	6,352.82	3,442.49	-	3,442.49	interest rate
<b>Total</b>	<b>30,47,345.82</b>	<b>9,219.22</b>	<b>30,38,126.60</b>	<b>29,17,737.47</b>	<b>31,050.73</b>	<b>28,86,686.74</b>	
<b>Liabilities</b>							
Derivative financial instruments	-	-	-	297.39	-	297.39	interest rate/FX
Other Payables	6,077.83	-	6,077.83	5,509.89	-	5,509.89	interest rate
Debt securities	4,46,827.65	-	4,46,827.65	3,68,689.96	-	3,68,689.96	interest rate
Borrowings (other than debt securities)	14,44,625.56	-	14,44,625.56	15,14,147.34	-	15,14,147.34	interest rate
Deposits	4,01,206.80	-	4,01,206.80	3,11,940.61	-	3,11,940.61	interest rate
Subordinated liabilities	23,923.91	-	23,923.91	65,370.95	-	65,370.95	interest rate
Other financial liabilities	47,848.62	-	47,848.62	32,382.09	-	32,382.09	interest rate
<b>Total</b>	<b>23,70,510.37</b>	<b>-</b>	<b>23,70,510.37</b>	<b>22,98,338.23</b>	<b>-</b>	<b>22,98,338.23</b>	

50. Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
The principal amount remaining unpaid to supplier as at the end of the year	-	-
The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year 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 enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

**51.** In addition to the auditors remuneration shown under note 37 other expenses, the Company has also incurred auditors remuneration in connection with audit and related statutory services to be performed by auditors in connection with public issue of non-convertible debentures March 31, 2020 ₹ 20.71 lacs (March 31, 2019: Nil) [including out-of-pocket expenses of March 31, 2020: Nil (March 31, 2019: Nil)] amortised portion of which is included in note 33 Finance Costs under interest on debentures and unamortised portion of which is included in note 20 Debt securities under Redeemable non-convertible debentures - Secured -Public issue.

**52.** The Company is primarily engaged in the business of financing and there are no separate reportable segments identified as per the Ind AS 108 - Segment Reporting.

**53.** Expenditure in foreign currency : Nil (March 31, 2019: Nil)

**54.** The company had no discontinuing operations during the year ended March 31, 2020.

### **55. EVENTS AFTER REPORTING DATE**

There have been no events after the reporting date that require disclosure in these financial statements.

**56.** In accordance with the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 dated August 25, 2016, the Company has created a floating charge on the statutory liquid assets comprising of investment in government securities, treasury bills & deposit (face value) to the extent of ₹ 20,200 lacs, ₹ 26,205.11 lacs and ₹ 19,988.99 lacs respectively (March 31, 2019 ₹ 20,200, ₹ 17,850.01 lacs and ₹ 15,000.00 lacs respectively) in favour of trustees representing the public deposit holders of the Company.

### **57. DISCLOSURE ON LOAN AGAINST GOLD AS ON MARCH 31, 2020 VIDE RBI NOTIFICATION DNBS.CC.PD.NO.265/03.10.01/2011-12 DATED 21ST MARCH, 2012**

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Asset under Management	28,65,652.55	28,91,560.11
Total Loan against Gold	3,11,888.26	2,71,208.49
Percentage of Gold Loan on Total Assets (On Book)	10.88%	9.38%

### **58. TRANSFERRED FINANCIAL ASSETS THAT ARE NOT DERECOGNISED IN THEIR ENTIRETY**

The following table provides a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Securitisations</b>		
Carrying amount of transferred assets measured at amortised cost (Held as collateral)	3,60,074.75	1,11,251.12
Carrying amount of associated liabilities (Borrowings (other than debt securities)- measured at amortised cost)	3,77,760.19	1,14,327.54
Fair value of assets	3,75,611.72	1,20,323.84
Fair value of associated liabilities	3,87,415.42	1,14,158.54
Net position at FV	(11,803.70)	6,165.30



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 59. DISCLOSURE RELATING TO SECURITISATION

The information on securitisation of the Company as an originator in respect of securitisation transaction done during the year is given below

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total number of transactions under par structure	15	2
Total book value of assets	3,99,923.33	1,16,057.25
Sale consideration received	3,99,923.33	1,16,057.25

#### 59.1 Disclosure Relating to Securitisation (Contd.)

The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

(₹ in lacs)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	No. of SPVs sponsored by the company for securitisation transactions ( in No.)	18	3
2	Total amount of securitised assets as per books of the SPVs sponsored by the company	3,60,074.75	1,11,251.12
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	70,520.71	14,469.00
	Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
a)	Off-balance sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
b)	On-balance sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

60.

### 60.1 Disclosure Relating Assignment

- (i) The information on Direct Assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below

(₹ in lacs)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	No. of transactions Assigned by the Company	7	3
2	Total amount of Outstanding	47,619.99	74,003.06
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	4,752.87	7,382.22
4	Amount of exposures to Assigned transaction other than MRR		
a)	Off-Balance Sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
b)	On-Balance Sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

- (ii) Direct Assignment of the Company as an originator in respect of outstanding amount of assets assigned under premium:  
Nil (March 31, 2019: Nil)

60.2 No financial assets are sold to Securitisation/Reconstruction company for asset reconstruction as on March 31, 2020 and March 31, 2019.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 60. (Contd.)

#### 60.3 Details of Assignment transactions undertaken by the Company

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
No. of accounts	4,24,909.00	2,80,648.00
Aggregate value (net of provision) of account sold	1,45,361.90	88,204.33
Aggregate consideration	1,45,361.90	88,204.33
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-

Pursuant to the directives dated March 13, 2020 from the Reserve Bank of India, the Board of Directors have approved the policy for sales out of amortised cost business model portfolios. The company has assigned loans (earlier measured at amortised cost) by way of direct assignment. Since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the company's Balance Sheet.

#### 60.4 The Company has not purchased/sold non-performing assets for the year ended March 31, 2020 and March 31, 2019

### 61. INVESTMENTS

(₹ in lacs)

	As at March 31, 2020	As at March 31, 2019
<b>(1) Value of investments</b>		
(i) Gross value of investments		
(a) In India	64,496.83	76,361.33
(b) Outside India,	8,917.14	10,603.97
(ii) Provisions for depreciation		
(a) In India	-	-
(b) Outside India,	-	-
(iii) Net value of investments		
(a) In India	64,496.83	76,361.33
(b) Outside India,	8,917.14	10,603.97
<b>(2) Movement of provisions held towards depreciation on investments</b>		
(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	-	-

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 62. DERIVATIVES

#### 62.1 Forward rate agreement/Interest rate swap

(₹ in lacs)

	As at March 31, 2020	As at March 31, 2019
(i) The notional principal of forward agreements	-	7,098.00
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
(iii) Collateral required by the NBFC upon entering into forwards	-	500.00
(iv) Concentration of credit risk arising from the forward	-	-
(v) The fair value of the forward book	-	7,098.00

#### 62.2 Exchange Traded interest rate (IR) derivatives : Nil

#### 62.3 Disclosures on risk exposure of derivatives

##### Qualitative disclosures

The Company has a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes derivative transactions for hedging on-balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Asset Liability Management Committee and Risk Management Committee closely monitors such transactions and reviews the risks involved.

##### Quantitative Disclosures

(₹ in lacs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Currency derivatives	Interest rate derivatives	Currency derivatives	Interest rate derivatives
(i) Derivatives (Notional principal amount)				
For hedging	-	-	7,098.00	-
(ii) Marked to market positions [1]				
a) Asset (+)	-	-	-	-
b) Liability (-)	-	-	297.39	-
(iii) Credit exposure [2]	-	-	-	-
(iv) Unhedged exposures	-	-	-	-



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 63. RATING ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR

Rating Agency	Rating Instrument	As at March 31, 2020	As at March 31, 2019
India Ratings	Long-Term (NCDs)	IND AA/ Stable	IND AA/ Stable
	Short-Term (CP)	IND A1+	IND A1+
	Bank Loan Ratings	IND AA/ Stable	IND AA/ Stable
	Fixed deposit	IND tAA/ Stable	IND tAA/ Stable
CARE	Long-Term (NCDs)	CARE AA+ /Stable	CARE AA+ /Stable
	Short-Term (CP)	CARE A1+	CARE A1+
	Subordinate Debt	CARE AA+ /Stable	CARE AA+ /Stable
	Fixed deposit	CARE AA+ (FD) / Stable	CARE AA+ (FD) / Stable
ICRA	Long-Term (NCDs)	ICRA AA / Stable	ICRA AA / Stable
	Short-Term (CP)	ICRA A1+	ICRA A1+
	Fixed deposit	MAA+ / Stable	MAA+ / Stable
CRISIL	Long-Term (NCDs)	CRISIL AA / Stable	CRISIL AA / Stable
	Short-Term (CP)	CRISIL A1+	NA
	Subordinate Debt	CRISIL AA / Stable	CRISIL AA / Stable

### 64. EXPOSURE TO REAL ESTATE SECTOR

(₹ in lacs)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
i)	<b>Residential Mortgages</b> - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	1,21,103.00	41,607.66
ii)	<b>Commercial Real Estate</b> - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi- purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	66,799.12	51,929.37
iii)	<b>Investments in Mortgage Backed Securities(MBS) and other securitised exposures -</b>		
	Residential	-	-
	Commercial Real Estate	-	-
	<b>Total Exposure to Real Estate Sector</b>	<b>1,87,902.12</b>	<b>93,537.03</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 65. EXPOSURE TO CAPITAL MARKET

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	25,947.13	47,778.64
(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;	-	4,014.92
(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)	-	-
<b>Total exposure to capital market</b>	<b>25,947.13</b>	<b>51,793.56</b>

### 66. DETAILS OF FINANCING OF PARENT COMPANY PRODUCTS

The Company does not have any Parent Company, hence not applicable.

### 67. DETAILS OF SINGLE BORROWER LIMIT (SGL) / GROUP BORROWER LIMIT (GBL) EXCEEDED BY THE NBFC

The Company has not exceeded the prudential exposure limits for Single Borrower Limit (SGL) / Group Borrower Limit (GBL).

### 68. UNSECURED ADVANCES

The Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses or authority.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 69. PROVISIONS AND CONTINGENCIES

(₹ in lacs)

Break up of 'Provisions and contingencies' shown under the head expenditure in Profit and Loss account	Year ended March 31, 2020	Year ended March 31, 2019
Provisions for depreciation on investments	-	-
Provision towards NPA#	(2,699.21)	(9,965.98)
Provision made towards income tax	35,448.10	53,144.47
Provision for Standard Assets##	14,449.61	23,433.85
Provision towards impairment of financial instruments other than provision for stage 3 assets	97.45	-

# Provision for stage 3 assets

## Provision for standard assets is included in provision towards impairment of financial instruments other than provision for stage 3 assets

### 70. DRAW DOWN FROM RESERVES

The draw down from reserves was ₹ Nil.

### 71. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAS

#### 71.1 Concentration of deposits (for deposit taking NBFCs)

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total deposits of twenty largest depositors	11,139.38	7,992.67
Percentage of deposits of twenty largest depositors to total deposits of the NBFC	2.78%	2.56%

#### 71.2 Concentration of advances

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total advances to twenty largest borrowers	36,697.71	45,831.51
Percentage of advances to twenty largest borrowers to total advances of the NBFC	1.28%	1.59%

#### 71.3 Concentration of exposures

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total exposure to twenty largest borrowers/customers	30,081.83	39,148.78
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/customers	1.05%	1.35%



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 71. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAS (Contd.)

#### 71.4 Concentration of NPAs #

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to top four NPA accounts	5,549.65	5,387.04

# NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under IND-AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

#### 71.5 Sector-wise NPAs #

S. No.	Sector	As at March 31, 2020	As at March 31, 2019
		Percentage of NPAs to Total Advances in that sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	-	-
2	MSME / Corporate borrowers	8.33%	9.24%
3	Services	-	-
4	Unsecured personal loans	11.59%	11.17%
5	Auto loans	-	-
i)	Auto Loans	5.42%	11.63%
ii)	Two wheeler	8.12%	9.61%
6	Other personal loans	-	-
i)	Consumer Durable	-	-
ii)	Pledged Jewel	4.37%	2.34%
7	Others	0.84%	1.94%

# NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under IND-AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

#### 71.6 Movement of NPAs #

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(i) Net NPAs to Net Advances (%)	4.23%	5.23%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	2,57,668.91	2,59,384.94
(b) Additions during the year	1,11,806.13	1,31,196.11
(c) Reductions during the year	1,43,181.31	1,32,912.14
(d) Closing balance	2,26,293.73	2,57,668.91

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 71. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAS (Contd.)

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(iii) Movement of Net NPAs		
(a) Opening balance	1,45,294.56	1,37,044.91
(b) Additions during the year	59,044.65	74,039.67
(c) Reductions during the year	87,720.62	65,790.02
(d) Closing balance	1,16,618.58	1,45,294.56
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	1,12,374.35	1,22,340.03
(b) Provisions made during the year	52,761.48	57,156.44
(c) Write-off / write-back of excess provisions	55,460.69	67,122.12
(d) Closing balance	1,09,675.14	1,12,374.35

# NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under IND-AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

**71.7 Comparison between provisions required under IRACP and Impairment Allowances made under IND AS 109 as required vide Circular No. RBI/ 2019-20/ 170 dated March 13, 2020 issued by Reserve Bank of India**

For the year ended March 31, 2020

(₹ in lacs)

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)
Standard	Stage 1	24,71,361.98	83,680.54	23,87,681.44	25,592.61	58,087.93
	Stage 2	1,67,996.84	11,043.90	1,56,952.94	7,216.78	3,827.12
<b>Subtotal</b>		<b>26,39,358.82</b>	<b>94,724.44</b>	<b>25,44,634.38</b>	<b>32,809.39</b>	<b>61,915.05</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	1,65,755.67	79,864.32	85,891.35	83,449.16	(3,584.84)
Doubtful - up to 1 year	Stage 3	46,409.56	23,351.06	23,058.50	39,213.69	(15,862.63)
1 to 3 years	Stage 3	14,128.49	6,459.77	7,668.73	13,025.51	(6,565.74)
More than 3 years	Stage 3	-	-	-	-	-
<b>Subtotal for doubtful</b>		<b>60,538.05</b>	<b>29,810.82</b>	<b>30,727.23</b>	<b>52,239.20</b>	<b>(22,428.37)</b>
Loss	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>2,26,293.73</b>	<b>1,09,675.14</b>	<b>1,16,618.58</b>	<b>1,35,688.35</b>	<b>(26,013.21)</b>
<b>Total</b>	<b>Stage 1</b>	<b>24,71,361.98</b>	<b>83,680.54</b>	<b>23,87,681.44</b>	<b>25,592.61</b>	<b>58,087.93</b>
	<b>Stage 2</b>	<b>1,67,996.84</b>	<b>11,043.90</b>	<b>1,56,952.94</b>	<b>7,216.78</b>	<b>3,827.12</b>
	<b>Stage 3</b>	<b>2,26,293.73</b>	<b>1,09,675.14</b>	<b>1,16,618.58</b>	<b>1,35,688.35</b>	<b>(26,013.21)</b>
	<b>Total</b>	<b>28,65,652.55</b>	<b>2,04,399.59</b>	<b>26,61,252.96</b>	<b>1,68,497.74</b>	<b>35,901.84</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 71. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAS (Contd.)

#### 71.8 Disclosure as per the circular no DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 issued by Reserve Bank of India on "COVID 19 regulatory package - Asset Classification and provisioning"

- i Amounts in SMA/overdue categories where moratorium/deferement was extended in terms of paragraph 2 and 3 of the above circular

(₹ in lacs)

SMA category	Amount
SMA 0	1,23,292.19
SMA 1	2,87,621.77
SMA 2	34,125.15
<b>Total</b>	<b>4,45,039.10</b>

- ii Respective amount where asset classification benefit is extended : ₹ 552,556.40 lacs
- iii Provisions made during quarter ended March 31, 2020 in terms of paragraph 5 of the above circular :
- The provision made by the Company as per the ECL model is more than the provision required as per IRAC norms which is inclusive of additional 5% provision of ₹ 22,251.96 lacs as per the above circular
- iv Provisions adjusted against the respective accounting periods for slippages and residual provisions in terms of paragraph 6 of the above circular : Not applicable

The spread of SARS-CoV-2 virus (referred as 'COVID-19') across the globe and in India has contributed to a significant decline and volatility in global and Indian financial markets and a shrink in the economic activities. The Government of India declared 21-day nation-wide lock-down to contain the pandemic COVID-19 with effect from March 25, 2020. The Government then extended the lockdown till May 31, 2020. However, the government relaxed the lock-down in certain essential areas including plying commercial vehicles for transportation of essential and non-essential goods across the country. In terms of COVID-19 regulatory package announced by Reserve Bank of India ( RBI ) on March 27, 2020 and in accordance with the Scheme approved by the Board of directors of the Company, the Company has extended the moratorium to the eligible borrowers for installments falling due between March 1, 2020 and May 31, 2020. Further, pursuant to RBI notification dated May 23, 2020, the moratorium is given to eligible borrowers for a further period of three months upto August 31, 2020. Extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory package of the RBI by itself is not considered to result in significant increase in credit risk as per Ind AS 109 for staging of accounts. The staging of accounts as on March 31, 2020 with respect to assets which were overdue though standard and to whom moratorium has been granted is based on the days past due as on February 29, 2020 keeping it at standstill. Further, estimates and associated assumptions applied in preparing the financial statements, especially in respect of credit loss on loans, are based on historical experience and other emerging/ forward looking factors including those arising on account of the COVID-19 pandemic.

The Company has used relevant indicators of moratorium, considering various measures taken by Government and other authorities along with an estimation of potential stress on probability of defaults and loss given defaults due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit loss on loans, including on account of potential macro economic conditions. Based on such assessment, the Company has made additional expected credit loss provision of ₹ 42,603.67 lacs on account of COVID-19 impact in the financial statement. The impairment loss provided for on account of COVID-19 pandemic is based on the assessment of current situation and the actual impairment loss could be different due to uncertainty over duration of pandemic and restoration of normalcy.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 72. OVERSEAS ASSETS (FOR THOSE WITH JOINT VENTURES AND SUBSIDIARIES ABROAD)

The Company does not have any joint venture or subsidiary abroad, hence not applicable.

### 73. OFF-BALANCE SHEET SPVS SPONSORED (WHICH ARE REQUIRED TO BE CONSOLIDATED AS PER ACCOUNTING NORMS)

The Company has not sponsored any off-balance sheet SPV which are required to be consolidated as per accounting norms.

### 74. CUSTOMER COMPLAINTS

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Number of complaints pending at the beginning of the year	20	223
(b) Number of complaints received during the year	2,521	3,396
(c) Number of complaints redressed during the year	2,516	3,599
(d) Number of complaints pending at the end of the year	25	20

### 75. AUCTION DETAILS

The Company Auctioned 1,799 loan accounts (March 31, 2019: 3,304 accounts) during the financial year and the outstanding dues on these loan accounts were ₹ 313.65 lacs (March 31, 2019: ₹ 1,077.39 lacs) till the respective dates of auction. The company realised ₹ 306.51 lacs (March 31, 2019 : ₹ 1,042.24 lacs) on auctioning of gold jewellery taken as security on these loans. The company confirms that none of its sister concerns participated in the above auctions.

### 76. PENALTIES:

No penalties have been levied by any regulator on the Company.

### 77. RESTRUCTURED ACCOUNTS

Restructured Accounts : Nil (March 31, 2019: Nil)

### 78. DISCLOSURE OF FRAUDS REPORTED DURING THE YEAR ENDED MARCH 31, 2020

Vide DNBS. PD. CC NO. 256/03.10.042/2011-12 dated 02 March, 2012

Instances of fraud for the year ended March 31, 2020:

(₹ in lacs)

Particulars	Less than ₹ 1 Lac		₹ 1 lacs to ₹ 25 Lacs		Greater than ₹ 25 lacs		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
<b>A) Person involved</b>								
Staff	-	-	-	-	-	-	-	-
Staff & Customer	-	-	7	25.50	-	-	7	25.50
Customer	-	-	1	11.00	-	-	1	11.00
Customer & Outsider	-	-	-	-	-	-	-	-
Staff, Customer & Outsider	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	8	36.50	-	-	8	36.50

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 78. DISCLOSURE OF FRAUDS REPORTED DURING THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ in lacs)

Particulars	Less than ₹ 1 Lac		₹ 1 lacs to ₹ 25 Lacs		Greater than ₹ 25 lacs		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
<b>B) Type of Fraud</b>								
Misappropriation and Criminal breach of trust	-	-	7	25.50	-	-	7	25.50
Fraudulent encashment/ manipulation of books of accounts	-	-	-	-	-	-	-	-
Unauthorised credit facility extended	-	-	-	-	-	-	-	-
Cheating and Forgery	-	-	1	11.00	-	-	1	11.00
<b>Total</b>	-	-	8	36.50	-	-	8	36.50

- "represents Nil

### 79. ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

As at March 31, 2020

(₹ in lacs)

Particulars	Upto 30/31 Days	Over 1 month upto 2 Months	Over 2 months upto 3 months	Over 3 months & up to 6 months	Over 6 Months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	9,781.80	10,148.78	11,456.95	32,897.45	57,201.65	2,21,190.03	58,530.14	-	4,01,206.80
Advances	1,34,634.65	92,295.93	1,33,812.50	4,02,934.02	6,42,051.49	9,22,596.53	2,21,426.10	1,11,501.74	26,61,252.96
Investments	582.85	-	12,310.74	8.57	26,447.95	-	8,100.00	25,963.86	73,413.97
Borrowings	67,930.59	81,656.53	96,664.08	1,72,021.24	5,77,766.07	8,34,338.78	84,412.75	587.09	19,15,377.12
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

As at March 31, 2019

(₹ in lacs)

Particulars	Upto 30/31 Days	Over 1 month upto 2 Months	Over 2 months upto 3 months	Over 3 months & up to 6 months	Over 6 Months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	12,444.77	10,967.57	11,039.25	27,697.66	50,850.49	1,62,052.31	36,888.56	-	3,11,940.61
Advances	1,48,235.68	1,13,446.88	1,15,257.82	3,73,781.32	6,20,218.44	8,92,286.87	2,45,507.61	1,90,176.31	26,98,910.93
Investments	20,647.50	-	310.74	8.57	18,043.82	12,000.00	8,100.00	27,854.67	86,965.30
Borrowings	1,76,900.56	88,473.91	1,77,455.21	1,84,383.30	3,77,771.13	8,15,459.17	1,24,995.46	(4,333.94)	19,41,104.80
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	7,103.45	-	-	-	7,103.45



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 80. PREVIOUS YEAR COMPARATIVES

Previous year's figures have been regrouped/reclassified wherever necessary, to confirm to current year's classification.

As per our report of even date

**For G D Apte & Co**  
Chartered Accountants  
Firm Registration No. 100515W

**Anagha M. Nanivadekar**  
Partner  
Membership No. 121007  
Pune, June 11, 2020

Place: Chennai  
Date: June 11, 2020

**For and on behalf of the Board of Directors of  
Shriram City Union Finance Limited**

**Yalamati Srinivasa Chakravarthi**  
Managing Director & CEO  
DIN: 00052308

**C R Dash**  
Company Secretary

**Venkataraman Murali**  
Director  
DIN: 00730218

**R Chandrasekar**  
Chief Financial Officer

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

As required in terms of paragraph 19 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

### Schedule to the Balance Sheet

(₹ in lacs)

Particulars		As at March 31, 2020	
<b>Liabilities side :</b>			
<b>(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>		<b>Amount outstanding</b>	<b>Amount overdue</b>
(a) Debenture : Secured		4,46,827.65	-
: Unsecured		-	-
(b) Deferred Credits			
(c) Term Loans		8,53,174.16	-
(d) Inter-corporate loans and borrowing		-	-
(e) Commercial Paper		11,164.33	-
(f) Public Deposits		4,01,206.80	-
(g) Other Loans - Subordinated debts		23,923.91	-
- Cash Credit/WCDL		2,02,526.88	-
- Securitisation Loan		3,77,760.19	-

(₹ in lacs)

<b>(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>	<b>Amount outstanding</b>	<b>Amount overdue</b>
(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	4,01,206.80	-

### Assets side :

(₹ in lacs)

<b>(3) Break-up of loans and advances including bills receivables (other than those included in (4) below):</b>	<b>Amount outstanding</b>
(a) Secured	22,66,132.55
(b) Unsecured	3,95,120.41





## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ in lacs)

(4)	<b>Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities</b>	<b>Amount outstanding</b>
(i)	Lease assets including lease rentals under sundry debtors :	
(a)	Financial lease	-
(b)	Operating lease	-
(ii)	Stock on hire including hire charges under sundry debtors :	
(a)	Assets on hire	-
(b)	Repossessed Assets	-
(iii)	Other loans counting towards asset financing activities :	
(a)	Loans where assets have been repossessed	-
(b)	Loans other than (a) above	-
€	The Company has not furnished the asset financing activities details under loans and advances as the RBI has merged asset finance companies, loan companies and investment companies vide its circular number DNBR (PD) CC.No.097/03.10.001/2018-19 dated February 22, 2019.	

(₹ in lacs)

(5)	<b>Break-up of investments :</b>	<b>Amount outstanding</b>
	Current investments :	
1.	Quoted :	
(i)	Shares : (a) Equity	-
	(b) Preference	-
(ii)	Debenture and bonds	-
(iii)	Units of mutual funds	302.08
(iv)	Government securities	8,406.38
(v)	Others (Please specify)	
	Treasury Bills	26,447.95
2.	Unquoted :	
(i)	Shares: (a) Equity	-
	(b) Preference	-
(ii)	Debentures and bonds	-
(iii)	Units of mutual funds	-
(iv)	Government securities	-
(v)	Others (Please specify)	
(a)	Debentures	-
(b)	Mutual Funds	-

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

(₹ in lacs)

(5)	Break-up of investments :	Amount outstanding
	Long term investments :	
	1. Quoted :	
	(i) Shares : (a) Equity	8,917.14
	(b) Preference	-
	(ii) Debentures and bonds	-
	(iii) Units of mutual funds	-
	(iv) Government securities	12,612.51
	(v) Others (Please specify)	-
	2. Unquoted :	
	(i) Shares: (a) Equity	16,727.91
	(b) Preference	-
	(ii) Debentures and bonds	-
	(iii) Units of mutual funds	-
	(iv) Government securities	-
	(v) Others -Venture capital fund	-
	Investment in PTC	-
	Certificate of deposits	-
	Pass through certificates (unquoted)	-
	Investment in subordinated debts	-

(₹ in lacs)

(6)	Borrower group-wise classification of assets, financed as in (3) and (4) above : Please see note 2 below		
	Category	Amount ( Net of provisions )	
		Secured	Unsecured
	1. Related Parties **		
	(a) Subsidiary	-	-
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
	2. Other than related parties	22,66,132.55	3,95,120.41

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

(₹ in lacs)

<b>(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b> Please see note 3 below			
Category	Market Value / Break up or fair value or NAV*	Book Value (Net of Provisions)	
1. Related Parties **			
(a) Subsidiary #	16,727.91	16,727.91	
(b) Companies in the same group	-	-	
(c) Other related parties	-	-	
2. Other than related parties	56,686.06	56,686.06	
<b>Total</b>	<b>73,413.97</b>	<b>73,413.97</b>	

\* Disclosure is made in respect of available information.

\*\* As per Indian Accounting Standard issued by MCA (Please see note 3)

# The Investment in Subsidiary is recorded at cost.

(₹ in lacs)

<b>(8) Other information</b>		
Particulars	Amount	
(i) Gross non-performing assets **	2,26,293.73	
(a) Related parties	-	
(b) Other than related parties	2,26,293.73	
(ii) Net non-performing assets **	1,16,618.58	
(a) Related parties	-	
(b) Other than related parties	1,16,618.58	
(iii) Assets acquired in satisfaction of debt	-	



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

\*\* NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under IND AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

### Notes :

1. As defined in point xxvi of paragraph 3 of Chapter II of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
2. Provisioning norms shall be applicable as prescribed in Indian Accounting Standards by MCA.
3. All Indian Accounting Standards 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 should be disclosed irrespective of whether they are classified as long term or current in (5) above.





## FORM AOC-1

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

Statement containing salient features of the financial statement of subsidiaries

### Part A: Subsidiaries

(₹ in lacs)

Sr. No.	Particulars	Shriram Housing Finance Limited
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA
3	Capital	21,416.00
4	Reserves	29,885.27
5	Total assets	2,49,926.78
6	Total liabilities	1,98,625.52
7	Investment included in total assets	15,632.11
8	Turnover	36,289.10
9	Profit before taxation	6,530.95
10	Provision for taxation	1,879.05
11	Profit after taxation	4,651.90
12	Dividend including dividend distribution tax	-
13	% of shareholding	77.25%

# INDEPENDENT AUDITOR'S REPORT

## The Members of Shriram City Union Finance Limited

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Opinion

We have audited the accompanying consolidated financial statements of Shriram City Union Finance Limited (hereinafter referred to as the "Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### 2. Basis for Opinion

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

in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### 3. Emphasis of Matter

Attention is invited to the Note No. 70 included in the financial statements:

- i. In accordance with the Board approved moratorium policy relating to COVID-19 - Regulatory Package announced by Reserve Bank of India (RBI), the Group has granted moratorium up to three months on the payment of instalments falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers and has continued recognition of interest. In view of the management, this relaxation does not trigger any significant increase in credit risk.
- ii. The provision in respect of expected credit losses on loans and advances consequent to COVID 19 pandemic has been made on the basis of estimation of probable defaults and future business estimates. These estimates would be periodically reviewed based on the future business scenario. However, actual results are uncertain and could be different from such estimates.

Our opinion is not modified in respect of the above matters.

#### 4. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We did not audit the financial statements of the subsidiary, Shriram Housing Finance Limited as at and for the year ended on March 31, 2020, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report has been furnished to us by the Management and our identification and reporting of the Key Audit Matters, in so far as it relates to the subsidiary, is based solely on the report of the other auditor.



## INDEPENDENT AUDITOR'S REPORT (Contd.)

We have determined the matters described below to be the Key Audit Matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<b>Impairment and Write-offs</b> The Recognition and Measurement of Impairment and Write-off of Loans and Advances involves estimates, management judgements and appropriate processing of information from the IT systems because of which the same has been identified as a key audit matter.	Our key audit procedures included: <ul style="list-style-type: none"> <li>● We test checked the computation of the Probable default (PD) which denotes the statistical pattern of occurrence of defaults in individual accounts over a period of five years.</li> <li>● We also test checked the computation of the ratio of Loss Given Default (LGD) which denotes the non-recoveries (after considering the collections) till the date of Balance Sheet.</li> <li>● We examined the computation of Impairment Losses by application of PD and LGD and ensured that the entire pool of Loans and advances has been considered for the same.</li> <li>● We reviewed the changes made by the management in PD and LGD on the background of COVID 19 outbreak and additional ECL provisions made on the basis of above revisions.</li> <li>● We reviewed the Internal financial controls over data extraction and data validation from the ERP system controls over data extraction and data validation from the ERP system for computation of PD and LGD with the participation of our internal IT expert.</li> <li>● We performed analytical procedures for ascertaining of reasonableness of Impairment provisions.</li> <li>● We carried out a combination of procedures involving enquiry and observation, re-performance on a test basis and inspection of evidence in respect of computation of provisions including considering the situations where additional impairment was required for individual accounts and review of procedures and practices, justification notes and approvals in case of Bad Debts written off.</li> </ul>
2	<b>Accuracy of Recognition, measurement, presentation and disclosures of Leases and other related balances in view of adoption of Ind AS 116 "leases", in respect of a subsidiary:</b> The application of the new lease accounting standard involves certain key judgments relating to assessment of whether a contract contains a lease and allocation of the consideration to the lease component on the basis of their relative standalone prices. The company has applied Ind AS 116 using the modified retrospective method w.e.f. 1st April, 2019. The accounting policy adopted by the company is disclosed in Notes to financial statements.	<b>Principal Audit Procedures by the other auditor:</b> We have assessed the Company's process to identify the impact of adoption of the new lease accounting standard. Our audit approach consisted of following substantive audit procedures: <ul style="list-style-type: none"> <li>● Evaluated the design of internal controls relating to implementation of the new lease accounting standard</li> <li>● Reviewed the changes made to the accounting policy of the company to be in accordance with the requirements of Ind AS 116.</li> <li>● Analyzed the terms and conditions of various contracts entered by the company in order to classify it under the lease contract in accordance with Ind AS 116.</li> <li>● Reviewed the terms and conditions of the lease contracts based on which lease contract were classified into various types of leases such as finance lease, operating lease, short term, low value lease etc. for proper classification and recognition of lease contracts.</li> <li>● Verified the various inputs such as discounting rate, lease terms i.e. period of lease, lease payments in order to ascertain the correctness of initial recognition of "right of use assets" and "lease liabilities".</li> <li>● Verified the subsequent measurement of Right of use assets and lease liability; to ensure whether Right of use asset is depreciated from the date of commencement of lease to the earlier of the end of useful life of the right of use asset or end of the lease term.</li> <li>● Lease liability is measured correctly by using discount rate by accounting for interest on lease liability, lease payments made and adjustments on account of any reassessment or modification to lease contracts,</li> </ul> We have verified that the disclosures made in the financial statements as per the requirements of Ind AS 116.

## INDEPENDENT AUDITOR'S REPORT (Contd.)

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion & Analysis, Director's Report and Corporate Governance Report but does not include the Consolidated Financial Statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### 6. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134 (5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Holding company and the subsidiary and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant

to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Holding Company's and the subsidiary's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Holding company and/or the subsidiary or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of those companies.

### 7. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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





## INDEPENDENT AUDITOR'S REPORT (Contd.)

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143 (3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Holding Company and/or the subsidiary to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Holding Company and/or the subsidiary to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Holding Company and the subsidiary to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### 8. Other Matters

- We did not audit the financial statements of the subsidiary, Shriram Housing Finance Limited whose financial statements reflect total assets of Rs. 2,49,810 lakhs as at March 31, 2020, total revenue of Rs. 36,600 lakhs, Group's share of total net profit after tax of Rs. 4,668 lakhs and net cash inflows of Rs. 13,423 lakhs for the year ended on March 31, 2020 as considered in the Consolidated Financial Statements, which have been audited by its independent auditor. These financial statements have been audited by the other auditor

**INDEPENDENT AUDITOR'S REPORT (Contd.)**

whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

- b. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

**9. Report on Other Legal and Regulatory Requirements**

As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company, none of the directors of the Group companies is disqualified as on March 31, 2020 from being

appointed as a director in terms of Section 164 (2) of the Act.

- f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure to this report.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company and the subsidiary to its directors during the year is in accordance with the provisions of section 197 (16) of the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group— Refer Note 44 to the consolidated financial statements.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2020.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India during the year ended March 31, 2020.

**For G. D. Apte & Co**

Chartered Accountants

ICAI Firm registration number: 100515W

UDIN:20121007AAAAAS6644

**Anagha M. Nanivadekar**

Partner

Membership No.: 121 007

Pune, June 11, 2020

## **ANNEXURE REFERRED TO IN PARAGRAPH 9 (F) TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SHRIRAM CITY UNION FINANCE LIMITED**

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

We have audited the internal financial controls over financial reporting of Shriram City Union Finance Limited (hereinafter referred to as "Holding Company") as of March 31, 2020 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The respective Board of Directors of the Holding Company and its subsidiary, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (Guidance Note) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Holding Company and its subsidiary, which are companies incorporated in India based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

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

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future



## ANNEXURE (Contd.)

periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reporting of other auditors as mentioned in Other Matter paragraph, the Holding Company and its Subsidiary, which are companies incorporated in India, have in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### OTHER MATTER

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to the subsidiary, which is company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

**For G. D. Apte & Co**

Chartered Accountants

ICAI Firm registration number: 100515W

UDIN:20121007AAAAAS6644

**Anagha M. Nanivadekar**

Partner

Membership No.: 121 007

Pune, June 11, 2020

# CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2020

(₹ in lacs)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
<b>I ASSETS</b>			
<b>1 Financial Assets</b>			
Cash and cash equivalents	9	2,24,053.78	99,584.06
Bank balance other than above	10	97,859.03	30,419.46
Receivables			
(I) Trade Receivables	11	89.76	-
(II) Other than Trade Receivables	11	0.65	4.07
Loans	12	28,60,101.36	28,81,075.06
Investments	13	72,318.17	92,092.40
Other financial assets	14	11,601.04	3,520.10
<b>2 Non-Financial Assets</b>			
Current tax assets (net)	39	15,136.41	5,629.57
Deferred tax assets (net)	39	5,072.77	4,840.74
Property, plant and equipment	15	7,790.02	8,622.48
Intangible Assets	16	768.63	487.40
Right of Use Assets	17	16,578.78	-
Other Non-Financial Assets	18	17,524.27	15,676.45
<b>Total Assets</b>		<b>33,28,894.66</b>	<b>31,41,951.79</b>
<b>II LIABILITIES AND EQUITY</b>			
<b>1 Financial Liabilities</b>			
Derivative financial instruments	19	-	297.39
Payables			
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(II) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	20	8,096.32	6,535.73
Debt securities	21	4,85,324.94	4,26,704.75
Borrowings (other than debt securities)	22	15,99,030.53	16,25,015.74
Deposits	23	4,01,206.80	3,11,940.61
Subordinated liabilities	24	23,923.91	65,370.95
Other Financial liabilities	25	49,945.42	32,673.91
<b>2 Non-Financial Liabilities</b>			
Provisions	26	4,115.46	2,664.40
Deferred tax liabilities	39	886.48	117.23
Other non-financial liabilities	27	2,379.14	1,646.51
<b>Total Liabilities</b>		<b>25,74,909.00</b>	<b>24,72,967.22</b>
<b>3 Equity</b>			
Equity share capital	28	6,600.29	6,599.23
Other equity	29	7,35,755.92	6,51,830.49
<b>Equity attributable to equity holders of the parent</b>		<b>7,42,356.21</b>	<b>6,58,429.72</b>
<b>Non-Controlling interest</b>		<b>11,629.45</b>	<b>10,554.85</b>
<b>Total Equity</b>		<b>7,53,985.66</b>	<b>6,68,984.57</b>
<b>Total Liabilities and Equity</b>		<b>33,28,894.66</b>	<b>31,41,951.79</b>

See accompanying notes forming part of the consolidated financial statements.

As per our report of even date

**For G D Apte & Co**

Chartered Accountants

Firm Registration No. 100515W

**Anagha M. Nanivadekar**

Partner

Membership No. 121007

Pune, June 11, 2020

Place: Chennai

Date: June 11, 2020

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

**Shriram City Union Finance Limited**

**Yalamati Srinivasa Chakravarthi**

Managing Director & CEO

DIN: 00052308

**C R Dash**

Company Secretary

**Venkataraman Murali**

Director

DIN: 00730218

**R Chandrasekar**

Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lacs)			
Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>REVENUE FROM OPERATIONS</b>			
(i) Interest income	30	5,97,482.90	5,93,428.12
(ii) Dividend income		171.21	166.76
(iii) Fee and commission income	31	1,353.43	1,131.56
(iv) Net gain on fair value changes	32	1,080.88	1,178.75
(v) Net gain on derecognition of financial instruments under amortised cost category		7,706.75	-
(vi) Bad debts recovery		14,823.11	7,984.01
(vii) Other Operating income		665.98	580.19
<b>I Total revenue from operations</b>		<b>6,23,284.26</b>	<b>6,04,469.39</b>
<b>II Other income</b>	33	645.60	290.99
<b>III Total income (I+II)</b>		<b>6,23,929.86</b>	<b>6,04,760.38</b>
<b>EXPENSES</b>			
(i) Finance cost	34	2,30,302.30	2,11,214.62
(ii) Net loss on derecognition of financial instruments under amortised cost category		-	1,691.26
(iii) Fees and commission expenses		13,509.92	15,798.26
(iv) Impairment on financial instruments	35	13,106.41	11,669.22
(v) Bad Debts Written Off		77,823.82	65,198.10
(vi) Employee benefit expenses	36	91,137.37	89,683.31
(vii) Depreciation, amortisation and impairment	37	8,958.28	3,352.51
(viii) Royalty		6,774.69	6,437.45
(ix) Professional Charges		13,228.05	12,300.54
(x) Other expenses	38	28,440.60	32,876.10
<b>IV Total expenses</b>		<b>4,83,281.44</b>	<b>4,50,221.37</b>
<b>V Profit/(loss) before exceptional items and tax (III - IV)</b>		<b>1,40,648.42</b>	<b>1,54,539.01</b>
<b>VI Exceptional items</b>		-	-
<b>VII Profit/(loss) before tax (V- VI)</b>		<b>1,40,648.42</b>	<b>1,54,539.01</b>
<b>VIII Tax expense:</b>			
(1) Current tax	39	35,661.16	49,544.09
(2) Income tax of the earlier years	39	1,325.99	-
(3) Deferred tax	39	340.01	4,442.23
<b>IX Profit/(loss) for the period (VII-VIII)</b>		<b>1,03,321.26</b>	<b>1,00,552.69</b>
<b>X Other comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) on defined benefit plan		(331.11)	(1,315.85)
Gain/(Loss) on Fair valuation of quoted investments in equity shares		(664.10)	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		(112.75)	(461.23)
<b>Subtotal (A)</b>		<b>(882.46)</b>	<b>(854.62)</b>
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Subtotal (B)</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive income (A+B)</b>		<b>(882.46)</b>	<b>(854.62)</b>
<b>XI Total Comprehensive Income for the year (IX+ X)</b>		<b>1,02,438.80</b>	<b>99,698.07</b>
<b>XII Profit/ (Loss) for the period attributable to</b>			
- Owners of the Company		<b>1,02,262.95</b>	<b>1,00,173.93</b>
- Non - Controlling Interests		<b>1,058.31</b>	<b>378.76</b>
<b>XIII Other Comprehensive Income/ (Loss) for the period attributable to</b>			
- Owners of the Company		<b>(883.99)</b>	<b>(868.14)</b>
- Non - Controlling Interests		<b>1.53</b>	<b>13.52</b>
<b>XIV Total Comprehensive Income/ (Loss) for the period attributable to</b>			
- Owners of the Company		<b>1,01,378.96</b>	<b>99,305.79</b>
- Non - Controlling Interests		<b>1,059.84</b>	<b>392.28</b>
<b>XV Earnings per equity share</b>			
Basic (₹)	40	154.95	151.83
Diluted (₹)	40	154.92	151.78

See accompanying notes forming part of the consolidated financial statements.

As per our report of even date

**For G D Apte & Co**  
Chartered Accountants  
Firm Registration No. 100515W

**Anagha M. Nanivadekar**  
Partner  
Membership No. 121007  
Pune, June 11, 2020

Place: Chennai  
Date: June 11, 2020

**For and on behalf of the Board of Directors of  
Shriram City Union Finance Limited**

**Yalamati Srinivasa Chakravarthi**  
Managing Director & CEO  
DIN: 00052308

**C R Dash**  
Company Secretary

**Venkataraman Murali**  
Director  
DIN: 00730218

**R Chandrasekar**  
Chief Financial Officer





# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before Tax	1,40,648.42	1,54,539.01
<b>Adjustments for :</b>		
Depreciation, amortisation and impairment	8,958.27	3,352.04
(Profit)/Loss on sale of fixed assets (net)	44.85	73.14
Bad Debts Written Off	77,823.81	65,198.09
Impairment of financial instruments	13,106.41	11,669.18
Premium on Govt Securities	123.94	123.60
Interest on Lease Liabilities	1,735.64	-
Dividend Income	(171.21)	(166.76)
Net (Gain)/Loss on sale of investments and Fair value changes of Investment/ Derivative/ Others	(1,048.93)	(1,200.07)
Net (gain)/Loss of derecognition of financial instruments under amortised cost category	(7,373.39)	2,609.56
<b>Operating profit before working capital changes</b>	<b>2,33,847.81</b>	<b>2,36,197.81</b>
<b>Movements in Working capital:</b>		
(Increase) / decrease in loans and advances	(65,719.10)	(2,07,531.88)
(Increase) / decrease in other non financial assets	(2,063.44)	(4,830.18)
(Increase) / decrease in other financial assets	(1,535.24)	(213.43)
(Increase) / decrease in Bank Deposits	(67,372.60)	(10,126.70)
Increase / (decrease) in other financial liabilities	239.48	9,340.77
Increase / (decrease) in other non financial liabilities	732.94	(125.10)
Increase / (decrease) in other Payables	543.44	(1,469.09)
Increase / (decrease) in other Provisions	974.35	(1,229.63)
(Increase) / decrease in receivables	(93.12)	-
(Increase) / decrease in Derivative Financial Instruments	(379.00)	-
(Increase) / decrease in investments - T Bills (SLR Investment)	(8,402.88)	8,050.49
<b>Cash generated from operations</b>	<b>90,772.64</b>	<b>28,063.06</b>
Direct taxes paid (net of refunds)	(46,184.42)	(51,679.93)
<b>Net Cash from/(used in) operating activities (A)</b>	<b>44,588.22</b>	<b>(23,616.87)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed including intangible assets	(2,860.06)	(3,817.52)
Sale of Investment in Mutual Funds	20,235.50	(19,930.62)
Sale of Investment in Shares	7,788.46	(12,077.80)
Capital advance for assets	(4.45)	(19.40)
Proceeds from sale of fixed assets	48.65	52.14
Dividend Income	171.21	166.76
Proceeds from sale of Security Deposits	530.52	444.66
<b>Net Cash from/(used in) investing activities (B)</b>	<b>25,909.83</b>	<b>(35,181.77)</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital including securities premium and share application money	3.44	9.29
Increase/(Decrease) of debt securities	59,634.49	1,30,121.55
Increase/(Decrease) of Borrowings	(29,784.77)	56,223.82
Increase/(Decrease) of Deposits	89,266.19	2,380.79
Increase/(Decrease) of Subordinated liabilities	(41,447.04)	(49,906.71)
Payment of Lease Liabilities	(6,197.24)	-
Dividend paid on equity shares	(14,518.98)	(11,875.90)
Tax on Dividend Paid	(2,984.42)	(2,441.00)
<b>Net Cash from/(used in) financing activities (C)</b>	<b>53,971.67</b>	<b>1,24,511.84</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>1,24,469.72</b>	<b>65,713.20</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>99,584.06</b>	<b>33,870.86</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,24,053.78</b>	<b>99,584.06</b>

(₹ in lacs)

Components of cash and cash equivalents	Year ended March 31, 2020	Year ended March 31, 2019
Cash on hand	888.66	8,387.55
Balances with Banks		
- in current accounts	28,228.92	49,451.66
- in deposit accounts having original maturity less than three months	1,94,936.20	41,744.85
<b>Total</b>	<b>2,24,053.78</b>	<b>99,584.06</b>

### Notes

- 1) The above cash- flow statement have been prepared under the indirect method set out in Indian Accounting Standard (IND AS) -7, 'Statement of Cash Flow' as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- 2) Direct Taxes paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- 3) All figures in brackets indicate cash outflow.

See accompanying notes forming part of the financial statements.

As per our report of even date

**For G D Apte & Co**  
Chartered Accountants  
Firm Registration No. 100515W

**Anagha M. Nanivadekar**  
Partner  
Membership No. 121007  
Pune, June 11, 2020

Place: Chennai  
Date: June 11, 2020

**For and on behalf of the Board of Directors of  
Shriram City Union Finance Limited**

**Yalamati Srinivasa Chakravarthi**  
Managing Director & CEO  
DIN: 00052308

**C R Dash**  
Company Secretary

**Venkataraman Murali**  
Director  
DIN: 00730218

**R Chandrasekar**  
Chief Financial Officer





**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

Particulars	Reserves and Surplus							Non Controlling Interest	Total		
	Statutory reserve	Share options outstanding	Securities premium account	Debt redemption reserve	Capital Redemption Reserve	General Reserve	Capital reserve			Retained Earnings	Other Comprehensive Income
Transferred from Retained Earnings upto August 16, 2019	-	-	-	2,930.90	-	-	-	(2,930.90)	-	-	-
Amount transferred to General Reserve on Redemption of Non Convertible Debentures upto August 16, 2019	-	-	-	(2,911.54)	-	2,911.54	-	-	-	-	-
Amount transferred to General Reserve upon dispensation of requirement of DRR by MCA vide notification dated August 16, 2019	-	-	-	(2,863.65)	-	2,863.65	-	-	-	-	-
Share Premium received during the year on exercise of ESOPs	-	-	26.67	-	-	-	-	-	-	26.67	-
Employee Stock option expenses	-	47.22	-	-	-	-	-	-	-	47.22	-
Adjustment on Exercise of ESOPs/Employee Stock option expenses	-	(24.02)	-	-	-	-	-	-	-	(24.02)	14.76
Final Equity Dividend FY 2018-19	-	-	-	-	-	-	-	(10,559.22)	-	(10,559.22)	-
Tax on Final Equity Dividend FY 2018-19	-	-	-	-	-	-	-	(2,170.48)	-	(2,170.48)	-
Interim Equity Dividend FY 2019-20	-	-	-	-	-	-	-	(3,959.76)	-	(3,959.76)	-
Tax on Interim Equity Dividend FY 2019-20	-	-	-	-	-	-	-	(813.94)	-	(813.94)	-
Transfer to Statutory Reserve	20,740.58	-	-	-	-	-	-	(20,740.58)	-	-	-
Transfer to General reserve	-	-	-	-	-	10,010.00	-	(10,010.00)	-	-	-
Balance as at March 31, 2020	1,31,313.87	89.06	1,84,927.96	-	2,328.98	1,01,124.46	7,871.88	3,09,666.82	(1,567.11)	7,35,755.92	11,629.45
											7,47,385.37

See accompanying notes forming part of the consolidated financial statements.

As per our report of even date

**For G D Apte & Co**

Chartered Accountants

Firm Registration No. 100515W

**Anagha M. Nanivadekar**

Partner

Membership No. 121007

Pune, June 11, 2020

Place: Chennai

Date: June 11, 2020

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

**Shriram City Union Finance Limited**

**Yalamati Srinivasa Chakravarthi**

Managing Director & CEO

DIN: 00052308

**C R Dash**

Company Secretary

**Venkataraman Murali**

Director

DIN: 00730218

**R Chandrasekar**

Chief Financial Officer



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### 1. CORPORATE INFORMATION

Shriram City Union Finance Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on BSE Limited and National Stock Exchange of India Limited. The Company is primarily engaged in the business of financing small and medium enterprises, two-wheelers and pledged jewels. It also provides personal loans and auto loans. The Company is a Deposit Accepting Non-Banking Finance Company (NBFC) registered as a Loan Company with the Reserve Bank of India (RBI) and Ministry of Corporate Affairs. The registration details are as follows:

RBI 07-00458

Corporate Identity Number (CIN)  
L65191TN1986PLC012840

Shriram Capital Limited is the promoter of the Company. The registered office of the Company is at No.123, Angappa Naicken Street, Chennai – 600 001. The principal place of business is at No.144, Santhome High Road, Mylapore, Chennai – 600 004. The financial statements of the Group for the year ended March 31, 2020 were approved for issue in accordance with the resolution of the Board of Directors on June 11, 2020.

### 2. BASIS OF PREPARATION

The Consolidated Financial Statements relates to M/s. Shriram City Union Finance Limited (the “Company”) and its subsidiary (together hereinafter referred to as “Group”). The Consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (‘the Act’) read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, other relevant provisions of the Act and the RBI guidelines/regulations to the extent applicable on an accrual basis.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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. Accounting policies have been consistently applied to all periods presented, unless otherwise stated except where a newly – issued accounting standards is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Group has adopted Ind AS 116 ‘Leases’ with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Group has applied Ind AS 116 using the modified retrospective approach, under which there is no impact as at April 1, 2019 consequent to the transition and the comparative information has not been restated. Except for the above, the Group has consistently applied accounting policies while preparing these Consolidated Financial Statements.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group are discussed in Note 7 - Significant accounting judgements, estimates and assumptions.

The consolidated financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lacs, except when otherwise indicated.

### 3. BASIS OF CONSOLIDATION

- (i) The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2020 and are prepared based on the accounting policies consistent with those used by the Company.
- (ii) The consolidated financial statements of the Group have been prepared in accordance with the Ind AS 110- ‘Consolidated Financial Statements’ as per the

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Act and the other relevant provisions of the Act.

(iii) The Consolidated Financial Statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary has been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions have been fully eliminated except where losses are realised.
- b) The excess of cost to the Company of its investments in the subsidiary over its share of equity of the subsidiary, at the dates on which the investments in the subsidiary is made, is recognised as 'Goodwill' being an asset in the Consolidated Financial Statements. Alternatively, where the share of equity in the subsidiary as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the Consolidated Financial Statements.
- c) The difference between the proceeds from disposal of investment in subsidiary and the carrying amount of its assets and liabilities as of the date of disposal is recognised in the Statement of Profit and Loss as profit or loss on disposal of subsidiary.
- d) Non-controlling interest, if any, in the net assets of consolidated subsidiary consists of the amount of equity attributable to the non-controlling shareholders at the dates on which investments are made by the Company in the subsidiary and further movements in their share in the equity, subsequent to the dates of investments as stated above.

(iv) The subsidiary considered in the Consolidated Financial Statements are as below

Name of the subsidiary	Country of incorporation	Share of ownership interest as at March 31, 2020
Shriram Housing Finance Limited (SHFL)	India	77.25%

### 4. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Statement of changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Companies Act, 2013 ("the Act"). The Consolidated Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS. Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- i. The normal course of business
- ii. The event of default
- iii. The event of insolvency or bankruptcy of the Group and/or its counterparties

Derivative assets and liabilities with master netting arrangements (e.g. International Swaps and Derivative Association Arrangements) are presented net if all the above criteria are met.

### 5. STATEMENT OF COMPLIANCE

These consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards notified under section 133 of the Companies Act, 2013 ("the Act") read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and the other relevant provisions of the Act.

### 6. SIGNIFICANT ACCOUNTING POLICIES

#### 6.1 Financial instruments

##### i. Classification of financial instruments

##### a. Financial Assets

The Group classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost (amortised cost)
2. Financial assets to be measured at fair value through other comprehensive income (FVTOCI)
3. Financial assets to be measured at fair value through profit or loss account (FVTPL)



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

The classification depends on the contractual terms of the financial assets, cash flows and the Group's business model for managing financial assets which are explained below:

### Business model assessment

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

The Group'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:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- 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)
- The expected frequency, value and timing of sales are also important aspects of the Group'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 Group's original expectations, the Group 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.
- At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassesses its business models each reporting period to determine whether the business model(s) have changed since the preceding period. For the current and prior reporting period the Group has not identified a change in its business model.

### The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the 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 the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

#### b. Financial Liabilities

The Group classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

#### ii. Financial assets measured at amortised cost

Financial assets are measured at amortised cost where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

Financial assets are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

These financial assets comprise bank balances, Loans, investments and other financial assets.

#### iii. Financial assets measured at fair value through other comprehensive income

Financial Assets other than equity instruments: These financial assets are measured at fair value through other comprehensive income where they have:

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- b) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These financial assets are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the consolidated statement of profit and loss. As at the reporting date the Group does not have any financial instrument other than equity shares measured at fair value through other comprehensive income.

### *Equity instruments*

Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the Group in a business combination to which Ind AS 103 'Business Combination' applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management and when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation. Such classification is determined on an instrument-by-instrument basis.

Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss.

### **iv. Items at fair value through profit or loss**

Financial assets which are not classified in any of the above categories are measured at FVTPL.

Items at fair value through profit or loss comprise:

- a. Investments (including equity shares) held for trading;  
A financial instrument is classified as held for trading if it is acquired or incurred principally for selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship.

Trading derivatives and trading securities are classified as held for trading and recognised at fair value.

- b. Items specifically designated as fair value through profit or loss on initial recognition;

Upon initial recognition, financial instruments may be designated as measured at fair value through profit or loss. A financial asset may only be designated at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistencies (i.e. eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis. As at the reporting date the Group does not have any financial instruments designated as measured at fair value through profit or loss.

- c. Debt instruments with contractual terms that do not represent solely payments of principal and interest. As at the reporting date the Group does not have any financial instruments measured at fair value through profit or loss.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the consolidated statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the consolidated statement of profit and loss as they arise.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch or:

- if a host contract contains one or more embedded derivatives; or
- if financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. As at the reporting date, the Group has not designated any financial instruments as measured at fair value through profit or loss.





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### v. Derivatives

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Group enters into derivative transactions with various counterparties to hedge its foreign currency risks and interest rate risks. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Group undertakes derivative transactions for hedging on-balance sheet liabilities. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed separately. Changes in the fair value of derivatives are included in net gain on fair value changes.

### vi. Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR).

### vii. Financial guarantees

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the consolidated statement of profit and loss.

- The premium is recognised in the consolidated statement of profit and loss on a straight-line basis over the life of the guarantee.

### viii. Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition apart from the exceptional circumstances in which Group changes its business model for managing financial assets. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities until year ended March 31, 2020.

### ix. Recognition and Derecognition of financial assets and liabilities

#### Recognition:

- a) Loans and Advances are initially recognised when the funds are transferred to the customers' account or delivery of assets by the dealer, whichever is earlier.
- b) Investments are initially recognised on the settlement date.
- c) Debt securities, deposits and borrowings are initially recognised when funds reach the Group.
- d) Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

#### Derecognition of financial assets other than due to substantial modification

#### a) 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 rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- i. The Group has transferred its contractual rights to receive cash flows from the financial asset, or
- ii. It retains the rights to the cash flows, but has assumed an obligation to pay the received cash

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

flows in full without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- i. The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- ii. The Group cannot sell or pledge the original asset other than as security to the eventual recipients
- iii. The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- i. The Group has transferred substantially all the risks and rewards of the asset, or
- ii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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 consolidated statement of profit and loss.

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the consolidated statement of profit and loss as per Ind AS 109. Also, the Group 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 Group is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continues to recognise the portion retained by it as MRR.

### b) Financial liabilities

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 profit or loss. As at the reporting date the Group does not have any financial liabilities which have been derecognised.

### (x) Impairment of financial assets

#### Overview of the ECL principles

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on collective/ individual basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has grouped its loan portfolio into Gold Loan, Auto Loans, MSME Loans, Two Wheelers Loans, Personal Loans and Housing Loans.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

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

### Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all standard advances and advances upto 30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

### Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

### Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event (for eg. any natural calamity) warrants a provision higher than as mandated under ECL methodology, the Group may classify the financial asset in Stage 3 accordingly.

As required by RBI Circular reference no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020; where impairment allowance under Ind AS 109 is lower than the provisioning required as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) including borrower/beneficiary wise classification, provisioning for standard as well as restructured assets, NPA ageing, etc., the Group shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'.

### Loan commitments:

When estimating expected credit loss for undrawn loan commitments, the Group estimates 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.

### Credit-impaired financial assets:

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

- c) The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) The disappearance of an active market for a security because of financial difficulties.

### Financial guarantee contracts

The Group's liability under financial guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the consolidated statement of profit and loss, and the ECL provision. For this purpose, the Group estimates ECLs by applying a credit conversion factor. The ECLs related to financial guarantee contracts are recognised within Provisions. Currently, the Group has not recognised any ECL in respect of financial guarantee based on estimate of expected cash flows.

### ECL on Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the consolidated 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. As at the reporting date the Group does not have any debt instruments measured at fair value through OCI.

#### The mechanics of ECL:

The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

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

**Probability of Default (PD)** - The Probability of Default 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.

**Exposure at Default (EAD)** - The Exposure at Default is an estimate of the exposure at a future default date.

**Loss Given Default (LGD)** - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

#### Forward looking information

While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Group based on its internal data. While the internal estimates of PD, LGD rates by the Group may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

The above calculated PDs, EAD and LGDs are reviewed annually and changes in the forward looking estimates are analysed.

#### Collateral Valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

#### Collateral repossessed

In its normal course of business whenever default occurs, the Group may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the consolidated balance sheet.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### (xi) Write-offs

The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the consolidated statement of profit and loss.

### (xii) Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments (as explained in note 6.1(iii) to 6.1(vi)) at fair value on each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

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 Group has access to at the measurement date. The Group 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. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

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

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

Difference between transaction price and fair value at initial recognition

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

### 6.2 Revenue from operations

#### (i) Interest Income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

- As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset
- By considering all the contractual terms of the financial instrument in estimating the cash flows
- Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

#### (ii) Dividend Income

Dividend income is recognised

- When the right to receive the payment is established,
- it is probable that the economic benefits associated with the dividend will flow to the entity and
- the amount of the dividend can be measured reliably.

#### (iii) Fees & Commission Income

Fees and commissions are recognised when the Group satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:

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 Group 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 Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

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

#### (iv) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Group on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the consolidated statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes. As at the reporting date the Group does not have any financial instruments measured at FVTPL and debt instruments measured at FVOCI.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Consolidated Statement of Profit and Loss.

### (v) Recoveries of financial assets written off

The Group recognises income on recoveries of financial assets written off on realisation basis.

## 6.3 Expenses

### (i) Finance costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the amortised cost of the financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

- As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- By considering all the contractual terms of the financial instrument in estimating the cash flows
- Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

### (ii) Retirement and other employee benefits

#### *Short term employee benefit*

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services

rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

#### *Post-employment employee benefits*

##### a) Defined contribution schemes

All the employees of the Group are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Group contribute monthly at a stipulated rate. The Group has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

##### b) Defined Benefit schemes

The Group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

The Group fully contributes all ascertained liabilities to The Trustees – SCUF Employees Group Gratuity Trust and Shriram Housing Finance Company Employees Group Gratuity Fund. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Companies.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

### *Other long-term employee benefits*

Group's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Consolidated Statement of Profit and Loss.

The Group presents the Provision for compensated absences under provisions in the Consolidated Balance Sheet.

### **(iii) Lease:**

#### *The Group as a lessee*

The Group's lease asset classes primarily consist of leases for buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. After the commencement date, the lease liability is adjusted by increasing the carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications. The lease liability is also remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The interest on the lease liability is recognised in the consolidated statement of Profit & Loss except to the extent that it can be allocated to any Property, Plant & Equipment.

In the comparative period, leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the consolidated statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

### *The Group as a lessor*

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-

of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

### (iv) Other income and expenses

All Other income and expense are recognized in the period they occur.

### (v) Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### (vi) Taxes

#### *Current Tax*

Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

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 directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### *Deferred tax*

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

### *Minimum Alternate Tax (MAT)*

Minimum alternate tax (MAT) paid is charged to the consolidated statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the consolidated statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

### *Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses*

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- i. When the tax incurred on a purchase of assets or 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
- ii. When receivables and payables are stated with the amount of tax included

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.

### **(vii) Dividends on ordinary shares**

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

## **6.4 Foreign currency translation**

### **(i) Functional and presentational currency**

The consolidated financial statements are presented in Indian Rupees which is also functional currency of the Group and the currency of the primary economic environment in which the Group operates.

### **(ii) Transactions and balances**

#### *Initial recognition:*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

#### *Conversion:*

Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognised in the Consolidated Statement of Profit and Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 6.5 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

### 6.6 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes (other than those subsequently recoverable from the tax authorities) and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. 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 related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

#### Depreciation

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 which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013 except for Leasehold Improvements which are amortised on a straight-line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period of 60 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. Land is not depreciated.

The estimated useful lives are as follows:

Particulars	Useful life as prescribed by Schedule II of the Companies Act, 2013	Useful life estimated by Group
Building	60 years	60 years
Plant and machinery	15 years	15 years
Electrical equipment	10 years	10 years
Generator	10 years	10 years
Furniture and fixture	10 years	10 years
Air conditioner	10 years	10 years
Electronic equipment	10 years	10 years
Office equipment	5 years	5 years
Refrigerator	10 years	10 years
Motor car	8 years	8 years
Vehicles	10 years	10 years
Server and networking	6 years	6 years
Computer	3 years	3 years

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.

Property plant and equipment 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 consolidated statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

### 6.7 Intangible assets

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 Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the consolidated statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the consolidated Statement of Profit and Loss from / upto the date of acquisition/sale.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 3 years, unless it has a shorter useful life.

The Group's intangible assets consist of computer software with definite life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the consolidated Statement of Profit and Loss when the asset is derecognised.

**6.8 Provisions**

Provisions are recognised when the enterprise 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 enterprise 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 consolidated statement of profit and loss net of any reimbursement. As at reporting date, the Group does not have any such provisions where the effect of time value of money is material.

**6.9 Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent liabilities are reviewed at each Balance Sheet date.

**6.10 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 Group. Contingent assets are not recognised in the financial statements. Contingent assets are disclosed where an inflow of economic benefits is probable.

Contingent assets are reviewed at each Balance Sheet date.

**6.11 Earning Per Share**

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

### 7. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period and reported amounts of income and expenses for the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Accounting estimates could change from period to period. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

#### 7.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group 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 Group 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 Group'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.

#### 7.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

#### 7.3 Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### 7.4 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more detail in *Note 6.1(x) Overview of ECL principles*.

### 7.5 Contingent liabilities and provisions other than impairment on loan portfolio

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

### 7.6 Effective Interest Rate (EIR) method

The Group's EIR methodology, 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 expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

### 7.7 Other estimates:

These include contingent liabilities, useful lives of tangible and intangible assets etc.

## 8. FIRST TIME ADOPTION OF IND AS 116 "LEASES"

Effective April 1, 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 10%

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 9. CASH AND CASH EQUIVALENTS

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	888.66	8,387.55
<b>Balances with bank (of the nature of cash and cash equivalents)</b>		
-Current Account	28,228.92	49,451.66
-Bank deposit with original maturity less than three months	1,94,936.20	41,744.85
<b>Total</b>	<b>2,24,053.78</b>	<b>99,584.06</b>

Balances with banks earn interest at fixed rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the group and earn interest at the respective short-term deposit rates. The group has not taken bank overdraft, therefore the cash and cash equivalent for cash flow statement is same as cash and for cash equivalent given above, and also includes deposits March 31, 2020: Nil (March 31, 2019: ₹ 1,723.10 lacs) towards SLR Debentures requirement.

### 10. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Balances with Banks</b>		
Unclaimed dividend accounts	92.88	91.95
Bank deposits with original maturity for more than 3 months*	25,214.95	15,704.03
Balance with banks to the extent held as Margin Money or security against the borrowings, guarantees, other commitments.**	72,551.20	14,623.48
<b>Total</b>	<b>97,859.03</b>	<b>30,419.46</b>

Fixed deposit and other balances with banks earns interest at fixed rate.

\*Includes deposits March 31, 2020: ₹ 20,181.02 lacs (March 31, 2019: ₹ 15,061.16 lacs) towards SLR requirement for Public Deposits Outstanding and includes deposits March 31, 2020: NIL (March 31, 2019: ₹ 500.48 lacs) as margin for foreign currency derivative contract and includes Deposit under lien for Bank Guarantee purpose to the extent for March 31, 2020: Rs 25 Lacs (March 31, 2019: ₹ 25 lacs) and also includes deposit under lien with bank pending completion of formalities relating to a borrower to the extent of March 31, 2020: ₹ 110 lacs (March 31, 2019: ₹ 110 lacs).

\*\* Fixed Deposit is under lien to the extent of ₹ 647.50 Lacs marked in favour of IDBI Trusteeship Services Limited in respect to securitisation as cash collateral.

### 11. RECEIVABLES

#### (I) Trade Receivables

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables	93.12	-
Less: Impairment loss allowances	(3.36)	-
<b>Total</b>	<b>89.76</b>	<b>-</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 11. RECEIVABLES (Contd.)

#### (II) Other than Trade Receivables

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Other than Trade receivables	0.65	4.07
<b>Total</b>	<b>0.65</b>	<b>4.07</b>

No trade or other receivable are due from directors or other officers of the group either severally or jointly with any other person or from firms or private companies respectively in which any director is a partner, a director or a member. No ECL is provided on other than trade receivable as the receivables are considered as good.

Trade receivables are non-interest bearing and are generally on terms of 30 days.

(₹ in lacs)

Trade receivables days past due		Current	1-30 days past due	Total
<b>ECL rate</b>		<b>3.60%</b>	<b>3.60%</b>	
<b>March 31, 2020</b>	Estimated total gross carrying amount at default	64.12	29.00	93.12
	ECL - Simplified approach	(2.31)	(1.05)	(3.36)
	<b>Net carrying amount</b>	<b>61.81</b>	<b>27.95</b>	<b>89.76</b>
<b>March 31, 2019</b>	Estimated total gross carrying amount at default	-	-	-
	ECL - Simplified approach	-	-	-
	<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Reconciliation of impairment allowance on trade receivable

(₹ in lacs)

Particulars	Amount
Impairment allowance measured as per simplified approach	
<b>Impairment allowance as per March 31, 2019</b>	-
Add: Addition during the year	(3.36)
(Less): Reduction during the year	-
<b>Impairment allowance as per March 31, 2020</b>	<b>(3.36)</b>





**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

**12. LOANS AND ADVANCES**

Particulars	As at March 31, 2020				As at March 31, 2019			
	At amortised Cost	At fair value			Through Other Comprehensive Income	Through profit and loss account	Designated at through profit and loss account	Total
		Through Other Comprehensive Income	Through profit and loss account	Designated at through profit and loss account				
(A)								
i) Term loans	30,68,089.28	-	-	-	30,68,089.28	30,76,326.30	-	30,76,326.30
ii) Others	-	-	-	-	-	-	-	-
<b>Total (A) - Gross</b>	<b>30,68,089.28</b>	-	-	-	<b>30,68,089.28</b>	<b>30,76,326.30</b>	-	<b>30,76,326.30</b>
Less: Impairment loss allowance	2,07,987.92	-	-	-	2,07,987.92	1,95,251.24	-	1,95,251.24
<b>Total (A) - Net</b>	<b>28,60,101.36</b>	-	-	-	<b>28,60,101.36</b>	<b>28,81,075.06</b>	-	<b>28,81,075.06</b>
(B)								
i) Secured by tangible assets	26,38,889.75	-	-	-	26,38,889.75	23,89,038.62	-	23,89,038.62
ii) Unsecured	4,29,199.53	-	-	-	4,29,199.53	6,87,287.68	-	6,87,287.68
<b>Total (B) - Gross</b>	<b>30,68,089.28</b>	-	-	-	<b>30,68,089.28</b>	<b>30,76,326.30</b>	-	<b>30,76,326.30</b>
Less: Impairment loss allowance	2,07,987.92	-	-	-	2,07,987.92	1,95,251.24	-	1,95,251.24
<b>Total (B) - Net</b>	<b>28,60,101.36</b>	-	-	-	<b>28,60,101.36</b>	<b>28,81,075.06</b>	-	<b>28,81,075.06</b>
(C)								
<b>Loans in India</b>								
i) Public Sector	-	-	-	-	-	-	-	-
ii) Others	-	-	-	-	-	-	-	-
Corporate	1,49,172.21	-	-	-	1,49,172.21	1,64,943.94	-	1,64,943.94
Retail	29,18,917.07	-	-	-	29,18,917.07	29,11,382.36	-	29,11,382.36
<b>Total (C) - Gross</b>	<b>30,68,089.28</b>	-	-	-	<b>30,68,089.28</b>	<b>30,76,326.30</b>	-	<b>30,76,326.30</b>
Less: Impairment loss allowance	2,07,987.92	-	-	-	2,07,987.92	1,95,251.24	-	1,95,251.24
<b>Total (C) - Net</b>	<b>28,60,101.36</b>	-	-	-	<b>28,60,101.36</b>	<b>28,81,075.06</b>	-	<b>28,81,075.06</b>
<b>Loans outside India</b>								
Less: Impairment loss allowance	-	-	-	-	-	-	-	-
<b>Total - Net</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>28,60,101.36</b>	-	-	-	<b>28,60,101.36</b>	<b>28,81,075.06</b>	-	<b>28,81,075.06</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 12. LOANS AND ADVANCES (Contd.)

#### Credit Quality of Assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in note 48.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in note 48.2

(₹ in lacs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
<b>Internal rating grade</b>								
<b>Performing</b>								
High grade	23,07,804.30	-	-	23,07,804.30	22,05,567.82	-	-	22,05,567.82
Standard grade	3,47,513.17	-	-	3,47,513.17	1,28,998.90	-	-	1,28,998.90
Sub-standard grade	-	1,46,597.84	-	1,46,597.84	-	3,90,397.90	-	3,90,397.90
Past due but not impaired	-	34,996.22	-	34,996.22	-	88,527.92	-	88,527.92
Non- performing	-	-	2,31,177.75	2,31,177.75	-	-	2,62,833.76	2,62,833.76
<b>Total</b>	<b>26,55,317.47</b>	<b>1,81,594.06</b>	<b>2,31,177.75</b>	<b>30,68,089.28</b>	<b>23,34,566.72</b>	<b>4,78,925.82</b>	<b>2,62,833.76</b>	<b>30,76,326.30</b>

#### An analysis of changes in the gross carrying amount, as follows:

(₹ in lacs)

Particulars	Year ended March 31, 2020				Year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount opening balance</b>	<b>23,34,566.72</b>	<b>4,78,925.82</b>	<b>2,62,833.76</b>	<b>30,76,326.30</b>	<b>24,68,636.19</b>	<b>1,98,847.35</b>	<b>2,69,434.67</b>	<b>29,36,918.21</b>
New assets originated or purchased	22,97,603.68	47,053.11	22,918.36	23,67,575.14	23,64,784.99	85,714.79	22,330.12	24,72,829.90
Assets derecognised or repaid (excluding write offs)	(19,46,693.64)	(2,55,921.98)	(95,812.38)	(22,98,428.01)	(19,02,571.90)	(2,77,274.62)	(88,758.87)	(22,68,605.39)
Transfers to Stage 1	1,66,467.37	(1,61,884.99)	(4,582.38)	-	42,783.70	(24,851.71)	(17,931.99)	-
Transfers to Stage 2	(1,28,332.84)	1,32,775.89	(4,443.05)	-	(5,36,926.36)	5,39,857.34	(2,930.98)	-
Transfers to Stage 3	(66,710.16)	(52,595.87)	1,19,306.03	-	(97,588.87)	(39,821.54)	1,37,410.41	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Amounts written off	(1,583.66)	(6,757.91)	(69,042.58)	(77,384.15)	(4,551.03)	(3,545.79)	(56,719.60)	(64,816.42)
<b>Gross carrying amount closing balance</b>	<b>26,55,317.47</b>	<b>1,81,594.06</b>	<b>2,31,177.75</b>	<b>30,68,089.28</b>	<b>23,34,566.72</b>	<b>4,78,925.82</b>	<b>2,62,833.76</b>	<b>30,76,326.30</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 12. LOANS AND ADVANCES (Contd.)

Reconciliation of ECL balance is given below:

(₹ in lacs)

Particulars	Year ended March 31, 2020				Year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowance - opening balance</b>	<b>59,815.56</b>	<b>21,945.39</b>	<b>1,13,490.29</b>	<b>1,95,251.24</b>	<b>50,465.47</b>	<b>8,237.33</b>	<b>1,24,846.91</b>	<b>1,83,549.70</b>
New assets originated or purchased	50,341.42	2,418.81	6,613.36	59,373.60	43,070.37	5,484.02	8,588.79	57,143.18
Assets derecognised or repaid (excluding write offs)	(678.92)	(231.84)	(431.59)	(1,342.35)	(630.37)	(516.66)	(1,891.43)	(3,038.45)
Transfers to Stage 1	10,602.02	(8,679.21)	(1,922.81)	-	10,195.05	(1,430.62)	(8,764.43)	-
Transfers to Stage 2	(3,435.87)	5,346.35	(1,910.48)	-	(11,523.72)	12,827.36	(1,303.64)	-
Transfers to Stage 3	(2,044.77)	(3,002.15)	5,046.92	-	(2,395.92)	(2,273.46)	4,669.38	-
Impact on year end ECL of exposures transferred between stages during the year	(28,109.18)	307.44	59,891.34	32,089.60	(24,814.30)	3,163.20	44,064.31	22,413.21
Amounts written off	(1,583.67)	(6,757.91)	(69,042.59)	(77,384.17)	(4,551.03)	(3,545.78)	(56,719.59)	(64,816.40)
<b>ECL allowance - closing balance</b>	<b>84,906.59</b>	<b>11,346.88</b>	<b>1,11,734.44</b>	<b>2,07,987.92</b>	<b>59,815.56</b>	<b>21,945.39</b>	<b>1,13,490.29</b>	<b>1,95,251.24</b>

Out of loan balances written off during the year ₹ 77,384.17 lacs (March 31, 2019 ₹ 64,816.70 lacs), ₹ 66,980.85 Lacs (March 31, 2019 ₹ 52,304.02 lacs) respectively are subject to enforcement activity by the group.

### 13. INVESTMENTS

(₹ in lacs)

Particulars	Amortised Cost	At Fair value			Sub-total (At Fair Value)	Others (At Cost)	Total
		Through Other Comprehensive Income	Through profit and loss account	Designated at Fair value through profit and loss account			
As at March 31, 2020							
i) Mutual funds	-	-	12,767.35	-	12,767.35	-	12,767.35
ii) Government securities	21,018.89	-	-	-	-	-	21,018.89
iii) Equity instruments	-	8,917.14	-	-	8,917.14	-	8,917.14
iv) Pass through certificates	-	1,840.73	-	-	1,840.73	-	1,840.73
v) Security Receipts	-	-	1,327.92	-	1,327.92	-	1,327.92
vi) Treasury Bills	26,447.95	-	-	-	-	-	26,447.95
<b>Total Gross (A)</b>	<b>47,466.84</b>	<b>10,757.87</b>	<b>14,095.27</b>	<b>-</b>	<b>24,853.14</b>	<b>-</b>	<b>72,319.98</b>
(i) Investments outside India	-	8,917.14	-	-	8,917.14	-	8,917.14
(ii) Investments in India	47,466.84	1,840.73	14,095.27	-	15,936.00	-	63,402.84
<b>Total Gross (B)</b>	<b>47,466.84</b>	<b>10,757.87</b>	<b>14,095.27</b>	<b>-</b>	<b>24,853.14</b>	<b>-</b>	<b>72,319.98</b>
Less : Allowance for impairment loss (C)	-	(1.81)	-	-	(1.81)	-	(1.81)
<b>Total - Net D = (A) - (C)</b>	<b>47,466.84</b>	<b>10,756.06</b>	<b>14,095.27</b>	<b>-</b>	<b>24,851.33</b>	<b>-</b>	<b>72,318.17</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 13. INVESTMENTS (Contd.)

(₹ in lacs)

Particulars	Amortised Cost	At Fair value			Sub-total (At Fair Value)	Others (At Cost)	Total
		Through Other Comprehensive Income	Through profit and loss account	Designated at Fair value through profit and loss account			
<b>As at March 31, 2019</b>							
i) Mutual funds	-	-	36,389.75	-	36,389.75	-	36,389.75
ii) Government securities	21,142.83	-	-	-	-	-	21,142.83
iii) Equity instruments	-	-	10,684.01	-	10,684.01	-	10,684.01
iv) Pass through certificates	-	3,978.28	-	-	3,978.28	-	3,978.28
v) Security Receipts	-	-	1,858.44	-	1,858.44	-	1,858.44
vi) Treasury Bills	18,043.83	-	-	-	-	-	18,043.83
<b>Total Gross (A)</b>	<b>39,186.66</b>	<b>3,978.28</b>	<b>48,932.20</b>	<b>-</b>	<b>52,910.48</b>	<b>-</b>	<b>92,097.14</b>
(i) Investments Outside India	-	-	10,603.97	-	10,603.97	-	10,603.97
(ii) Investments in India	39,186.66	3,978.28	38,328.23	-	42,306.51	-	81,493.17
<b>Total Gross (B)</b>	<b>39,186.66</b>	<b>3,978.28</b>	<b>48,932.20</b>	<b>-</b>	<b>52,910.48</b>	<b>-</b>	<b>92,097.14</b>
Less : Allowance for impairment loss (C)	-	(4.74)	-	-	(4.74)	-	(4.74)
<b>Total - Net D = (A) - (C)</b>	<b>39,186.66</b>	<b>3,973.54</b>	<b>48,932.20</b>	<b>-</b>	<b>52,905.74</b>	<b>-</b>	<b>92,092.40</b>

More information regarding the valuation methodologies can be found in Note 47.7

The Group received dividend of ₹ 171.21 lacs (March 31, 2019: ₹ 166.76 lacs) from its FVTOCI securities (March 31, 2019: FVTPL), recorded as dividend income.

The Group has on June 30, 2019, reclassified its investments in Quoted Equity instruments held in Ceylinco Insurance PLC (carrying value as at the date of the transfer ₹ 10,603.97 lacs) from FVTPL to FVTOCI. The reclassification to FVTOCI is irrevocable and was necessitated since the group revised its business model on that date to hold these investments as a long term investment unlike the earlier business model of its disposal in near future. Accordingly, the fair value loss of ₹ 1,022.73 lacs till June 30, 2019, has been recorded through profit and loss and fair value loss of ₹ 664.10 lacs thereafter has been recorded through the other comprehensive income.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in note 48.2.

(₹ in lacs)

Internal Grade Rating	As at March 31, 2020				As at March 31, 2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
<b>Performing</b>								
High grade	70,479.25	-	-	70,479.25	88,118.86	-	-	88,118.86
Standard grade	1,840.73	-	-	1,840.73	3,978.28	-	-	3,978.28
<b>Total</b>	<b>72,319.98</b>	<b>-</b>	<b>-</b>	<b>72,319.98</b>	<b>92,097.14</b>	<b>-</b>	<b>-</b>	<b>92,097.14</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 13. INVESTMENTS (Contd.)

An analysis of changes in gross carrying amount and the corresponding ECLs is as follows:

(₹ in lacs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount – opening balance</b>	<b>92,097.14</b>	-	-	<b>92,097.14</b>	<b>67,231.33</b>	-	-	<b>67,231.33</b>
New assets originated or purchased	22,82,090.13	-	-	22,82,090.13	6,38,982.01	-	-	6,38,982.01
Assets derecognised or matured (excluding write-offs)	(23,00,088.05)	-	-	(23,00,088.05)	(6,15,177.26)	-	-	(6,15,177.26)
Amortisation of G-sec Premium	(123.94)	-	-	(123.94)	(123.60)	-	-	(123.60)
Change in fair value								
OCI	(664.10)	-	-	(664.10)	-	-	-	-
Profit & Loss	(991.20)	-	-	(991.20)	1,184.66	-	-	1,184.66
<b>Closing balance</b>	<b>72,319.98</b>	-	-	<b>72,319.98</b>	<b>92,097.14</b>	-	-	<b>92,097.14</b>

Reconciliation of ECL balance is given below:

(₹ in lacs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance in ECL</b>	<b>4.74</b>	-	-	<b>4.74</b>	<b>19.88</b>	-	-	<b>19.88</b>
New assets originated or purchased	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Unwind of discount (recognised in interest income)	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-	-
Assets derecognised or matured (excluding write offs)	(2.52)	-	-	(2.52)	(9.46)	-	-	(9.46)
ECL assumption changes	(0.41)	-	-	(0.41)	(5.68)	-	-	(5.68)
<b>Closing balance in ECL</b>	<b>1.81</b>	-	-	<b>1.81</b>	<b>4.74</b>	-	-	<b>4.74</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 14. OTHER FINANCIAL ASSETS

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	2,335.64	2,191.84
Assignment receivable	7,050.53	1,306.61
Less: ECL on Assignment Receivable	(247.15)	-
Interest receivable on Pass through certificates	10.85	21.68
Less : Allowance for impairment against interest receivable on PTC	(0.01)	(0.03)
Net Lease Receivable	14.72	-
Less : ECL on Lease Receivable	(0.47)	-
Other receivables	2,436.93	-
<b>Total</b>	<b>11,601.04</b>	<b>3,520.10</b>

### Reconciliation of impairment allowance

(₹ in lacs)

Particulars	Amount		
	Assignment Receivable	Net Lease Receivable	Interest receivable on PTC
Impairment allowance measured as per simplified approach			
<b>Impairment allowance as per March 31, 2019</b>	-	-	0.03
Add: Addition during the year	247.15	0.47	-
(Less): Reduction during the year	-	-	(0.02)
<b>Impairment allowance as per March 31, 2020</b>	<b>247.15</b>	<b>0.47</b>	<b>0.01</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 15. PROPERTY, PLANT AND EQUIPMENT

Particulars	Land- Freehold	Building	Office equipment	Electrical Installation	Computer Equipment	Furniture & Fixtures	Vehicles	Leasehold Improvement	Total
<b>Cost:</b>									(₹ in lacs)
<b>As at April 1, 2018</b>	<b>2.59</b>	<b>12.94</b>	<b>3,076.83</b>	<b>3,037.57</b>	<b>7,296.52</b>	<b>2,446.54</b>	<b>57.27</b>	<b>11,837.62</b>	<b>27,767.88</b>
Additions	-	-	315.37	596.31	919.78	236.99	0.44	1,346.22	3,415.11
Disposals	-	-	156.63	112.32	553.94	18.95	0.36	91.22	933.42
<b>As at March 31, 2019</b>	<b>2.59</b>	<b>12.94</b>	<b>3,235.57</b>	<b>3,521.56</b>	<b>7,662.36</b>	<b>2,664.58</b>	<b>57.35</b>	<b>13,092.62</b>	<b>30,249.57</b>
Additions	-	-	59.41	396.67	623.76	204.67	13.45	1,044.20	2,342.16
Disposals	-	-	65.20	105.35	352.90	25.31	0.54	113.18	662.47
<b>As at March 31, 2020</b>	<b>2.59</b>	<b>12.94</b>	<b>3,229.78</b>	<b>3,812.88</b>	<b>7,933.22</b>	<b>2,843.94</b>	<b>70.26</b>	<b>14,023.64</b>	<b>31,929.27</b>
<b>Accumulated depreciation and impairment:</b>									
<b>As at April 1, 2018</b>	<b>-</b>	<b>3.68</b>	<b>2,459.77</b>	<b>1,155.49</b>	<b>5,282.49</b>	<b>1,275.18</b>	<b>19.75</b>	<b>9,242.59</b>	<b>19,438.95</b>
Disposals	-	-	140.34	60.66	525.44	13.38	0.34	67.98	808.14
Depreciation charge for the year	-	0.17	237.56	307.61	929.77	197.51	5.97	1,317.69	2,996.28
<b>As at March 31, 2019</b>	<b>-</b>	<b>3.85</b>	<b>2,556.99</b>	<b>1,402.44</b>	<b>5,686.82</b>	<b>1,459.31</b>	<b>25.38</b>	<b>10,492.30</b>	<b>21,627.09</b>
Disposals	-	-	57.23	68.90	334.73	19.09	0.36	88.66	568.97
Depreciation charge for the year	-	0.17	207.17	342.62	997.80	205.48	5.91	1,321.98	3,081.13
<b>As at March 31, 2020</b>	<b>-</b>	<b>4.02</b>	<b>2,706.93</b>	<b>1,676.16</b>	<b>6,349.89</b>	<b>1,645.70</b>	<b>30.93</b>	<b>11,725.62</b>	<b>24,139.25</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>2.59</b>	<b>9.09</b>	<b>678.58</b>	<b>2,119.12</b>	<b>1,975.54</b>	<b>1,205.27</b>	<b>31.97</b>	<b>2,600.32</b>	<b>8,622.48</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>2.59</b>	<b>8.92</b>	<b>522.85</b>	<b>2,136.72</b>	<b>1,583.33</b>	<b>1,198.24</b>	<b>39.33</b>	<b>2,298.02</b>	<b>7,790.02</b>

Carrying value of Property, plant and equipment pledged as collateral for liabilities or commitments as at March 31, 2020 is ₹ 2.31 lacs (March 31, 2019: ₹ 2.31 lacs).



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 16. OTHER INTANGIBLE ASSETS

(₹ in lacs)

Particulars	Computer Software
<b>Cost:</b>	
<b>As at April 1, 2018</b>	<b>3,980.32</b>
Additions	401.87
Disposals	-
<b>As at March 31, 2019</b>	<b>4,382.19</b>
Additions	518.29
Disposals	-
<b>As at March 31, 2020</b>	<b>4,900.48</b>
<b>Accumulated amortisation and impairment:</b>	
<b>As at April 1, 2018</b>	<b>3,538.57</b>
Disposals	-
Depreciation charge for the year	356.22
<b>As at March 31, 2019</b>	<b>3,894.79</b>
Disposals	-
Depreciation charge for the year	237.06
<b>As at March 31, 2020</b>	<b>4,131.85</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>487.40</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>768.63</b>

### 17. RIGHT OF USE ASSETS

(₹ in lacs)

Sr No.	Class of Underlying Asset	Opening Balance of Right-of-Use assets (Balance as on 01.04.2019)	Recognised on transition as on 01.04.2019 of IND As 116 - Leases	Additions to Right-of-Use Assets, made during the year	Reduction in Right-of-Use Assets due to termination of Lease agreement	Amortisation for the year	Amount of Right-Of-Use Asset as on March 31, 2020
1	Buildings	-	16,734.06	5,776.21	648.06	5,526.98	16,335.23
2	Furniture, Fittings & Others	-	352.20	12.33	7.88	113.10	243.55
	<b>Total</b>	-	<b>17,086.26</b>	<b>5,788.54</b>	<b>655.94</b>	<b>5,640.08</b>	<b>16,578.78</b>

### 18. OTHER NON-FINANCIAL ASSETS

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Public issue expenses for non-convertible debentures to the extent not written off or adjusted	-	409.79
Deferred lease rental	-	665.08
Goods and Service tax credit (input) receivable	6,317.85	3,591.50
Advances recoverable in cash	1,260.98	1,028.99
Statutory duties paid under protest	766.66	608.61
Capital advances	71.09	66.64
Prepaid expenses	1,817.14	1,363.78
Reposessed House Property	7,290.55	7,927.96
Fair Value of Assets in Excess of Gratuity Provision	-	14.10
<b>Total</b>	<b>17,524.27</b>	<b>15,676.45</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 19. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, but the Group has elected not to apply hedge accounting requirements.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

(₹ in lacs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Notional Amounts	Fair Value - Liabilities	Notional Amounts	Fair Value - Liabilities
<b>(i) Currency derivatives:</b>				
-Spots and forwards	-	-	7,098.00	297.39
-Currency futures	-	-	-	-
-Currency swaps	-	-	-	-
<b>Sub total (i)</b>	<b>-</b>	<b>-</b>	<b>7,098.00</b>	<b>297.39</b>
<b>(ii) Interest rate derivatives:</b>				
-Forward rate agreements and interest rate swaps	-	-	-	-
-Futures	-	-	-	-
<b>Sub total (ii)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(iii) Credit derivatives:</b>	-	-	-	-
<b>(iv) Equity linked derivatives:</b>	-	-	-	-
<b>(v) Other derivatives:</b>	-	-	-	-
<b>Total derivative financial instruments (i+ii+iii+iv+v)</b>	<b>-</b>	<b>-</b>	<b>7,098.00</b>	<b>297.39</b>

Consequent to the repayment of loan during the year the forward contract is closed.

#### Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Group's risk management strategy and how it is applied to manage risk are explained in Note 48.

#### Derivatives designated as hedging instruments

The Group has not designated any derivatives as hedging instruments.

#### Derivatives not designated as hedging instruments

The Group uses interest rate swaps to manage its interest rate risk arising from INR denominated borrowings and foreign exchange forward contracts to manage its foreign currency risk arising from borrowings in foreign currencies. The interest rate swaps a hedging relationship and are entered into for periods consistent with exposure of the underlying transactions, generally from 6 to 36 months.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 19. DERIVATIVE FINANCIAL INSTRUMENTS (Contd.)

Details of the derivative instruments are given below:

(₹ in lacs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Notional Amounts	Fair Value - Liabilities	Notional Amounts	Fair Value - Liabilities
<b>Interest rate risk:</b>				
-Interest rate swaps	-	-	-	-
-Futures	-	-	-	-
<b>Foreign currency risk:</b>	-	-	-	-
-Currency futures	-	-	-	-
-Currency swaps	-	-	-	-
-Forward contracts	-	-	7,098.00	297.39
<b>Total</b>	-	-	<b>7,098.00</b>	<b>297.39</b>

### 20. OTHER PAYABLES

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	8,096.32	6,535.73
<b>Total</b>	<b>8,096.32</b>	<b>6,535.73</b>

### 21. DEBT SECURITIES

(₹ in lacs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	At Amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total	At Amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total
<b>Redeemable Non-Convertible Debentures (Secured)</b>								
Public issue	84,955.43	-	-	84,955.43	11,377.18	-	-	11,377.18
Privately placed	3,92,996.77	-	-	3,92,996.77	4,15,327.57	-	-	4,15,327.57
<b>Redeemable Non-Convertible Debentures (Unsecured)</b>								
Privately placed	7,372.74	-	-	7,372.74	-	-	-	-
<b>Total</b>	<b>4,85,324.94</b>	-	-	<b>4,85,324.94</b>	<b>4,26,704.75</b>	-	-	<b>4,26,704.75</b>
Debt securities in India	4,85,324.94	-	-	4,85,324.94	4,26,704.75	-	-	4,26,704.75
Debt securities outside India	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,85,324.94</b>	-	-	<b>4,85,324.94</b>	<b>4,26,704.75</b>	-	-	<b>4,26,704.75</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 21. DEBT SECURITIES (Contd.)

#### A. Public Issue of Redeemable Non-Convertible Debentures (NCDs) Secured of ₹ 1,000/- each - Quoted

##### (i) Issued in 2014

(₹ in lacs)

Option Detail	Rate of Interest	As at March 31, 2020	As at March 31, 2019	Redemption Date
Series III	10.85%	-	3,328.38	03-May-19
	11.75%	-	5,574.68	03-May-19
Series VI	10.85%	-	851.44	03-May-19
	11.75%	-	1,622.68	03-May-19
<b>Total</b>		-	<b>11,377.18</b>	

##### Nature of security

The repayment of secured redeemable non convertible debentures of ₹ 1,000/- each at face value on maturity together with interest thereon are secured by mortgage of immovable property and by way of charge on the Group's specifically identified assets such as book debts / loan receivables in favour of the Trustees appointed.

The Group has utilised the entire sum of ₹ 19,905.82 lacs raised from public issue (net off expenses) towards financing activities as per the objects stated in the prospectus for the issue.

##### (ii) Issued in 2019

(₹ in lacs)

Tranche I Series	Rate of Interest	As at March 31, 2020	As at March 31, 2019	Redemption Date
Series I	9.55%	41,656.21	-	30-Apr-21
Series II	9.54%	2,650.23	-	30-Apr-21
Series III	9.65%	6,910.72	-	30-Apr-22
Series IV	9.26%	3,986.74	-	30-Apr-22
Series V	9.64%	2,615.41	-	30-Apr-22
Series VI	9.75%	7,020.61	-	30-Apr-24
Series VII	9.35%	3,407.24	-	30-Apr-24
Series VIII	9.75%	2,216.93	-	30-Apr-24
		<b>70,464.09</b>	-	

(₹ in lacs)

Tranche II Series	Rate of Interest	As at March 31, 2020	As at March 31, 2019	Redemption Date
Series I	9.55%	3,069.75	-	25-Sep-21
Series II	9.55%	558.28	-	25-Sep-21
Series III	9.70%	1,636.06	-	25-Sep-22
Series IV	9.30%	1,305.02	-	25-Sep-22
Series V	9.71%	850.15	-	25-Sep-22
Series VI	9.85%	5,401.17	-	25-Sep-24
Series VII	9.45%	1,088.07	-	25-Sep-24
Series VIII	9.88%	582.84	-	25-Sep-24
		<b>14,491.34</b>	-	
<b>Grand Total - Tranche I and II</b>		<b>84,955.43</b>	-	

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 21. DEBT SECURITIES (Contd.)

#### Nature of security

The repayment of secured redeemable non convertible debentures of ₹ 1,000/- each at face value on maturity together with interest thereon are secured by mortgage of immovable property and by way of charge on the Group's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

The Group has utilised the entire sum of ₹ 78,200.81 lacs raised from public issue (net off expenses) towards financing activities as per the objects stated in the prospectus for the issue, and will have the flexibility in deploying the net proceeds and pending utilization, if any, in temporarily investment in mutual funds, deposits with banks/institutions.

Secured redeemable non- convertible debentures may be bought back subject to applicable statutory and/ or regulatory requirements, upon the terms and conditions as may be decided by the Group.

#### B. Redeemable Non-Convertible Debentures - Secured

##### (i) Privately Placed Redeemable Non-Convertible Debenture -Institutional

Details of Privately Placed Redeemable Non-Convertible Debenture (NCDs) of ₹ 1,000,000/- each - Quoted and for two INEs - INE722A07AG5 and INE722A07AH3, the face value is ₹ 1,00,000/- each\*\*

(₹ in lacs)			
Rate of Interest	As at March 31, 2020	As at March 31, 2019	Redemption Date
8.33%	-	40,074.32	23-Jul-19
8.97%	-	9,442.65	12-Sep-19
8.97%	-	10,468.76	19-Sep-19
9.31%	-	10,469.77	27-Sep-19
8.25%	-	10,394.15	07-Oct-19
8.45%	-	1,440.13	25-Nov-19
9.70%	-	26,704.62	18-Dec-19
9.25%	-	4,089.06	26-Dec-19
9.72%	-	26,700.47	18-Mar-20
8.20%	14,645.08	13,614.06	16-Apr-20
8.15%	43,630.87	40,531.49	27-May-20
9.30%	5,366.91	5,364.13	17-Jun-20
9.30%	5,358.07	5,359.38	22-Jun-20
8.15%	623.85	579.26	30-Jun-20
7.97%	24,174.40	22,444.49	06-Oct-20
7.97%	31,002.56	30,974.81	27-Oct-20
9.00%	4,148.82	4,138.43	27-Oct-20
9.40%	23,734.92	23,730.23	30-Dec-20
10.75% *	100.68	200.25	04-Feb-21
9.00%	5,056.62	5,053.97	12-Feb-21
9.50%	2,141.91	2,140.58	01-Jul-21
8.97%	3,539.24	5,053.98	12-Aug-21
9.80%	63,017.54	62,942.76	21-Sep-21
10.25%	4,690.73	4,671.32	10-Oct-21
10.25%	1,561.85	1,554.95	13-Oct-21
9.35%	1,531.78	1,528.24	26-Dec-21

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 21. DEBT SECURITIES (Contd.)

(₹ in lacs)			
Rate of Interest	As at March 31, 2020	As at March 31, 2019	Redemption Date
9.70%**	54,173.67	-	05-Mar-22
9.90%	9,390.72	8,488.71	04-Apr-22
9.90%	10,013.85	9,032.10	29-Sep-22
8.09%	8,201.41	8,197.48	05-Dec-22
9.25%	49,515.13	-	28-Feb-23
9.25%**	2,460.66	-	05-Mar-23
8.90%	11,511.94	11,510.30	27-Mar-23
9.00%	2,695.18	2,689.17	29-Apr-23
9.00%	1,615.98	1,613.70	02-May-23
9.25%	4,949.96	-	28-May-24
10.30%	4,142.43	4,129.85	10-Oct-24
<b>Total</b>	<b>3,92,996.76</b>	<b>4,15,327.57</b>	

\* Repaid in installments.

#### Nature of security

The redemption of principal amount of secured redeemable non-convertible debentures with all interest thereon are secured by a mortgage on the specified immovable property and by way of charge on the Group's specifically identified movable assets such as book- debts/ loan receivables in favour of the trustee appointed.

These secured redeemable non-convertible debentures are redeemable at par over a period of 12 months to 122 months from the date of allotment depending on the terms of the agreement.

Out of the above, the following INE722A07AE0, INE722A07AF7 and INE722A07AG5 are totalling to ₹ 56,925.75 lacs (March 31, 2019 : Nil) having put option facility, as may be subject to applicable statutory and/ or regulatory requirements, upon the terms and conditions as may be decided by the Group.

### C. Redeemable Non-Convertible Debentures - Unsecured

#### (i) Privately Placed Redeemable Non-Convertible Debenture - Institutional

##### Details of Privately Placed Redeemable Non-Convertible Debenture (NCDs) of ₹ 1,000,000/- each - Quoted

(₹ in lacs)			
Rate of Interest	As at March 31, 2020	As at March 31, 2019	Redemption Date
10.60%	2,468.36	-	09-May-21
10.60%	2,455.54	-	09-May-22
10.60%	2,448.84	-	09-May-23
<b>Total</b>	<b>7,372.74</b>	-	

These unsecured redeemable non-convertible debentures are redeemable at par over a period of 24 months to 49 months from the date of allotment depending on the terms of the agreement.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 22. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in lacs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	At amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total	At amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total
<b>Secured</b>								
Term Loan								
from bank in foreign currency	-	-	-	-	7,103.45	-	-	7,103.45
from bank in INR	9,11,703.81	-	-	9,11,703.81	10,30,113.22	-	-	10,30,113.22
from financial institution/ NBFC in INR	77,520.84	-	-	77,520.84	31,412.90	-	-	31,412.90
from bank in INR- Securitisation	62,573.00	-	-	62,573.00	-	-	-	-
from financial institution/ NBFC in INR- Securitisation	3,19,206.50	-	-	3,19,206.50	1,14,327.54	-	-	1,14,327.54
Loans repayable on demand								
Cash credit / Overdraft facilities from banks	58,873.42	-	-	58,873.42	1,72,804.60	-	-	1,72,804.60
Working Capital demand loan from banks	1,57,988.63	-	-	1,57,988.63	76,685.16	-	-	76,685.16
<b>Unsecured</b>								
Term Loan from Banks - INR	-	-	-	-	9,026.93	-	-	9,026.93
Commercial Papers	11,164.33	-	-	11,164.33	1,83,541.94	-	-	1,83,541.94
<b>Total</b>	<b>15,99,030.53</b>	<b>-</b>	<b>-</b>	<b>15,99,030.53</b>	<b>16,25,015.74</b>	<b>-</b>	<b>-</b>	<b>16,25,015.74</b>
Borrowings in India	15,99,030.53	-	-	15,99,030.53	16,17,912.29	-	-	16,17,912.29
Borrowings outside India	-	-	-	-	7,103.45	-	-	7,103.45
<b>Total</b>	<b>15,99,030.53</b>	<b>-</b>	<b>-</b>	<b>15,99,030.53</b>	<b>16,25,015.74</b>	<b>-</b>	<b>-</b>	<b>16,25,015.74</b>

#### Term Loan from Bank in foreign currency-Secured

Outstanding as at March 31, 2020 : ₹ Nil

#### Terms of Repayment as at March 31, 2019

(₹ in lacs)

Tenor (from the date of Balance Sheet date)	Rate of Interest	Repayment Details	Total Amount
Upto 12 months	9.85%	Bullet Repayment	7,103.45

#### Nature of Security

Term Loans from banks are secured by an exclusive charge by way of hypothecation of specific assets under financing.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 22. BORROWINGS (OTHER THAN DEBT SECURITIES) (Contd.)

Term Loan from Bank in Indian currency-Secured

Terms of Repayment as at March 31, 2020

(₹ in lacs)

Tenor (from the date of Balance Sheet date)	Rate of Interest	Repayment Details	Total Amount
Upto 12 Months	7.55%-10.85%	2 to 60 installments of monthly, quarterly, half yearly and annual frequency.	1,61,489.37
12-24 Months	8.35%-10.85%	3 to 24 installments of monthly, quarterly, Half yearly frequency.	2,96,903.68
24-36 Months	8.35%-10.60%	4 to 36 installments of monthly, quarterly and half yearly frequency.	2,32,163.29
36-48 Months	8.60%-10.75%	4 to 19 installments of quarterly and half yearly frequency.	1,71,882.89
48-60 Months	9.00%-10.00%	4 to 18 installments of Quarterly and half yearly frequency	49,264.58
<b>Total</b>			<b>9,11,703.81</b>

Terms of Repayment as at March 31, 2019

(₹ in lacs)

Tenor (from the date of Balance Sheet date)	Rate of Interest	Repayment Details	Total Amount
upto 12 months	9.10%	Bullet Repayment	10,000.00
12-24 Months	9.20%	Bullet Repayment	21,010.47
24-36 Months	8.40% to 9.56%	1 to 36 installments of bullet, quarterly and half yearly frequency	19,715.50
36-48 Months	8.35% to 10.25%	1 to 48 installments of bullet, quarterly and half yearly frequency	7,55,443.77
48-60 Months	8.60% to 10.75%	1 to 60 installments of quarterly, half yearly and yearly frequency	2,16,498.98
Above 60 months	9.05% to 9.80%	1 to 14 installments of half yearly frequency	7,444.50
<b>Total</b>			<b>10,30,113.22</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 22. BORROWINGS (OTHER THAN DEBT SECURITIES) (Contd.)

#### Nature of Security

Term Loans from banks are secured by an exclusive charge by way of hypothecation of specific assets under financing.

#### Term Loan from Financial Institutions/ NBFC-Secured

##### Terms of Repayment as at March 31, 2020

(₹ in lacs)

Tenor (from the date of Balance Sheet date)	Rate of Interest	Repayment Details	Total Amount
24 to 36 months	8.65% to 10.00%	Quarterly Repayment	20,922.83
48 to 60 months	8.80% to 10.50%	Quarterly and Half Yearly Repayment	56,117.64
Above 60 months	9.85% to 9.95%	Quarterly Repayment	480.37
<b>Total</b>			<b>77,520.84</b>

##### Terms of Repayment as at March 31, 2019

(₹ in lacs)

Tenor (from the date of Balance Sheet date)	Rate of Interest	Repayment Details	Total Amount
Upto 12 months	8.35%	Bullet Repayment at the end of 1 year	10,685.61
48 to 60 months	9.15%	1 to 20 installments of quarterly frequency	19,907.44
Above 60 months	8.50% to 9.00%	47 installments of quarterly frequency	819.85
<b>Total</b>			<b>31,412.89</b>

#### Nature of security

Term loans from institutions are secured by an exclusive charge by way of hypothecation of specific assets under financing.

#### Term loan from banks - INR -Securitisation

##### As at March 31, 2020

##### Terms of repayment

(₹ in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
Above 60 Months	9.10% to 10.00%	1 to 227 installments of monthly frequency	62,573.00
<b>Total</b>			<b>62,573.00</b>

Outstanding as at March 31, 2019 : ₹ Nil

#### Terms of repayment

#### Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 22. BORROWINGS (OTHER THAN DEBT SECURITIES) (Contd.)

Term loan from Financial Institutions/ NBFC - INR -Securitisation

Terms of Repayment as at March 31, 2020

(₹ in lacs)

Tenor (from the date of Balance Sheet date)	Rate of interest	Repayment details	Amount
12-24 Months	7.05% to 10.65%	1 to 21 installments of monthly frequency	28,631.34
24-36 Months	8.50% to 10.55%	1 to 29 installments of monthly frequency	1,36,482.01
36-48 Months	10.25%	1 to 46 installments of monthly frequency	9,744.04
48-60 Months	10.25% to 10.30%	1 to 60 installments of monthly frequency	66,043.16
Above 60 Months	9.00% to 10.25%	1 to 65 installments of monthly frequency	78,305.94
<b>Total</b>			<b>3,19,206.50</b>

Terms of Repayment as at March 31, 2019

(₹ in lacs)

Tenor (from the date of Balance Sheet date)	Rate of interest	Repayment details	Amount
24 to 36 Months	7.05%	1 to 33 installments of monthly frequency	3,076.70
Above 60 Months	10.25% to 10.30%	1 to 72 installments of monthly frequency	1,11,250.84
<b>Total</b>			<b>1,14,327.54</b>

#### Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

#### Loans repayable on demand-Secured

#### Cash Credit from Banks

(₹ in lacs)

Particulars	Rate of Interest	As at March 31, 2020	As at March 31, 2019
Secured with exclusive charge by way of hypothecation of specific assets under financing.	7.60% to 11.80%	58,873.42	1,72,804.60
<b>Total</b>		<b>58,873.42</b>	<b>1,72,804.60</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 22. BORROWINGS (OTHER THAN DEBT SECURITIES) (Contd.)

#### Working capital Demand loan from Banks

(₹ in lacs)

Particulars	Rate of Interest	As at March 31, 2020	As at March 31, 2019
Secured with exclusive charge by way of hypothecation of specific assets under financing.	8.00% to 11.05%	1,57,988.63	76,685.16
<b>Total</b>		<b>1,57,988.63</b>	<b>76,685.16</b>

#### Term Loan from Bank in Indian currency-Unsecured

Outstanding as at March 31, 2020 : ₹ Nil

#### Terms of Repayment as at March 31, 2019

(₹ in lacs)

Tenor (from the date of Balance Sheet date)	Rate of Interest	Repayment Details	Total Amount
Upto 12 months	9.10%	Bullet Repayment	9,026.93

#### Commercial Papers-Unsecured

(₹ in lacs)

Tenor (from the date of Balance Sheet date)	Rate of Interest	Repayment Details	As at March 31, 2020	As at March 31, 2019
Upto 12 Months	7.40% to 9.45%	Bullet Repayment	11,164.33	1,83,541.94
<b>Total</b>			<b>11,164.33</b>	<b>1,83,541.94</b>

### 23. DEPOSITS

(₹ in lacs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	At amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total	At amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total
Deposits								
Public deposits	4,01,206.80	-	-	4,01,206.80	3,11,940.61	-	-	3,11,940.61
<b>Total</b>	<b>4,01,206.80</b>	<b>-</b>	<b>-</b>	<b>4,01,206.80</b>	<b>3,11,940.61</b>	<b>-</b>	<b>-</b>	<b>3,11,940.61</b>

Deposits issued to director : ₹ Nil (March 31, 2019: Nil)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 23. DEPOSITS (Contd.)

#### Details of Public Deposits - Unsecured

#### Terms of Repayment as at March 31, 2020

(₹ in lacs)

Redeemable at par within (from the date of Balance Sheet Date)	Rate of interest			Total
	>= 6% < 8%	>= 8% < 10%	>= 10% < 12%	
Upto 12 months	73,326.28	48,075.09	82.00	1,21,483.37
12-24 months	12,598.21	88,697.07	-	1,01,295.28
24-36 months	9,590.74	1,10,306.60	-	1,19,897.34
36-48 months	1,014.82	18,843.11	-	19,857.93
48-60 months	-	38,672.87	-	38,672.87
<b>Total</b>	<b>96,530.05</b>	<b>3,04,594.75</b>	<b>82.00</b>	<b>4,01,206.80</b>

#### Terms of Repayment as at March 31, 2019

(₹ in lacs)

Redeemable at par (from the date of Balance Sheet Date)	Rate of interest			Total
	>= 6% < 8%	>= 8% < 10%	>= 10% < 12%	
Upto 12 months	55,835.95	46,146.78	11,458.83	1,13,441.56
12-24 months	53,197.69	25,763.80	81.68	79,043.17
24-36 months	10,647.91	72,068.85	-	82,716.77
36-48 months	9,462.13	10,811.22	-	20,273.34
48-60 months	958.87	15,506.90	-	16,465.77
<b>Total</b>	<b>1,30,102.55</b>	<b>1,70,297.55</b>	<b>11,540.51</b>	<b>3,11,940.61</b>

### 24. SUBORDINATED LIABILITIES

(₹ in lacs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	At amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total	At amortised cost	At fair value through profit and loss account	Designated at fair value through profit and loss account	Total
Subordinated Debts (Unsecured)	23,923.91	-	-	23,923.91	65,370.95	-	-	65,370.95
<b>Total</b>	<b>23,923.91</b>	<b>-</b>	<b>-</b>	<b>23,923.91</b>	<b>65,370.95</b>	<b>-</b>	<b>-</b>	<b>65,370.95</b>
Subordinate liabilities in India	23,923.91	-	-	23,923.91	65,370.95	-	-	65,370.95
Subordinate liabilities outside India	-	-	-	-	-	-	-	-
<b>Total</b>	<b>23,923.91</b>	<b>-</b>	<b>-</b>	<b>23,923.91</b>	<b>65,370.95</b>	<b>-</b>	<b>-</b>	<b>65,370.95</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 24. SUBORDINATED LIABILITIES (Contd.)

#### Terms of repayment as at March 31, 2020

##### (i) Privately Placed Subordinated Debts of ₹ 1,000/- each - Unquoted

(₹ in lacs)

Redeemable at par (from the date of Balance Sheet Date)	Rate of interest	
	>= 10% < 12%	Total
Upto 12 months*	23,923.91	23,923.91
<b>Total</b>	<b>23,923.91</b>	<b>23,923.91</b>

\* Includes ₹ 4.70 lacs issued to related parties

#### Terms of repayment as at March 31, 2019

##### (i) Privately Placed Subordinated Debts of ₹ 1,000/- each - Unquoted

(₹ in lacs)

Redeemable at par (from the date of Balance Sheet Date)	Rate of interest	
	>= 10% < 12%	Total
Upto 12 months*	35,925.82	35,925.82
12-24 months*	21,759.25	21,759.25
<b>Total</b>	<b>57,685.07</b>	<b>57,685.07</b>

\* Includes ₹ 226.43 lacs issued to related parties

##### (ii) Privately Placed Subordinated Debts of ₹ 1,000,000/ each - Quoted

(₹ in lacs)

Redeemable at par (from the date of Balance Sheet Date)	Rate of Interest	
	>=10%<12%	Total
Upto 12 months	7,685.88	7,685.88
<b>Total</b>	<b>7,685.88</b>	<b>7,685.88</b>

### 25. OTHER FINANCIAL LIABILITIES

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Investor education and protection fund shall be credited by the following amounts (as and when due) #		
- Unclaimed matured deposits and interest thereon	10,983.54	11,582.21
- Unclaimed matured debentures and interest thereon	756.21	943.77
- Unpaid dividend	92.88	91.95
- Unclaimed matured subordinate debts and interest accrued thereon	5,486.68	4,329.92
Application money received for allotment of securities to the extent refundable and interest accrued thereon	-	0.27
Payable on account of Assignment	7,814.04	4,902.75
Royalty payable	1,638.78	1,552.50
Creditors for Supply & Services	281.57	1,427.81
Employee related payables	5,741.39	7,842.73
Lease Liability	17,150.33	-
<b>Total</b>	<b>49,945.42</b>	<b>32,673.91</b>

# There are no amounts due to be transferred to Investor Education and Protection Fund (IEPF)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 25. OTHER FINANCIAL LIABILITIES (Contd.)

#### Lease Liability

(₹ in lacs)

Class of Underlying Asset	Opening Balance of Lease Liabilities (Balance as on 01.04.2019)	Recognised on transition as on 01.04.2019 of IND As 116 - Leases	Additions to Lease Liabilities, made during the year	Reduction in Lease Liabilities due to termination of Lease agreement	Finance Cost Accrued during the period	Payment of lease Liabilities during the year	Amount of Lease Liabilities as on March 31, 2020
Buildings	-	16,551.55	5,329.55	656.04	1,704.04	6,067.32	16,861.79
Furniture, Fixtures & Others	-	386.65	12.48	8.33	31.60	133.86	288.54
<b>Total</b>	<b>-</b>	<b>16,938.20</b>	<b>5,342.03</b>	<b>664.37</b>	<b>1,735.64</b>	<b>6,201.18</b>	<b>17,150.33</b>

The table below provides details regarding the contractual maturities of lease liabilities as on March 31, 2020

(₹ in lacs)

Particulars	Undiscounted Basis	Discounted Basis
Not later than one year	6,030.37	4,552.38
Later than one year but not later than five years	12,608.04	10,071.45
Later than 5 years	2,962.62	2,526.50
<b>Total</b>	<b>21,601.03</b>	<b>17,150.33</b>

#### Disclosures on Lease Liability

##### Qualitative Disclosures: - Lease Liability

The leased building premises are used to carry out business operations and related support activities. The future cash outflows on lease payments are fixed in nature, subject to escalations. The lease agreements tenor extensions and termination conditions are subject to respective lease agreements. No restrictions or covenants are imposed by lease agreements.

### 26. PROVISIONS

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Employee benefit		
- Gratuity	1,154.81	134.14
- Provision for compensated absences	2,799.55	2,490.83
Undrawn loan commitment	161.10	39.43
<b>Total</b>	<b>4,115.46</b>	<b>2,664.40</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 26. PROVISIONS (Contd.)

#### Loan Commitment

#### Credit quality of exposure

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 48.2 along policies on whether ECL allowances are calculated on an individual or collective basis.

(₹ in lacs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
<b>Internal Rating Grade</b>								
<b>Performing</b>								
High Grade	19,229.08	-	-	19,229.08	6,333.17	-	-	6,333.17
Standard Grade	118.20	-	-	118.20	253.82	-	-	253.82
Sub Standard Grade	-	52.31	-	52.31	-	58.71	-	58.71
Past due but not impaired	-	9.96	-	9.96	-	61.70	-	61.70
<b>Non - Performing</b>								
Individually Impaired	-	-	-	-	-	-	-	-
<b>Total</b>	<b>19,347.28</b>	<b>62.27</b>	<b>-</b>	<b>19,409.55</b>	<b>6,586.99</b>	<b>120.41</b>	<b>-</b>	<b>6,707.40</b>

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other undrawn loan commitments is, as follows:

#### Gross exposure reconciliation

(₹ in lacs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
Opening balance of outstanding exposure	6,586.99	120.41	-	6,707.40	8,457.19	78.72	47.13	8,583.04
New exposures	16,814.97	-	-	16,814.97	4,237.95	54.90	-	4,292.85
Exposures derecognised or matured/repaid (excluding write offs)	(4,040.48)	(72.34)	-	(4,112.82)	(6,038.49)	(82.87)	(47.13)	(6,168.49)
Transfer to Stage 1	(14.20)	14.20	-	-	(69.66)	69.66	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-	-	-	-	-
Changes due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
<b>Closing balance of outstanding exposure</b>	<b>19,347.28</b>	<b>62.27</b>	<b>-</b>	<b>19,409.55</b>	<b>6,586.99</b>	<b>120.41</b>	<b>-</b>	<b>6,707.40</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 26. PROVISIONS (Contd.)

Reconciliation of ECL balance in relation to other undrawn loan commitments is given below:

(₹ in lacs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
ECL allowance - opening balance	34.50	4.93	-	39.43	40.01	4.27	12.31	56.59
New exposures	146.14	-	-	146.13	24.29	4.37	-	28.66
Exposures derecognised or matured/repaid (excluding write offs)	(22.86)	(1.60)	-	(24.46)	(29.44)	(4.07)	(12.31)	(45.82)
Transfer to Stage 1	0.89	(0.89)	-	-	(0.36)	0.36	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-	-	-	-	-
Changes due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
<b>ECL allowance - closing balance</b>	<b>158.67</b>	<b>2.44</b>	<b>-</b>	<b>161.10</b>	<b>34.50</b>	<b>4.93</b>	<b>-</b>	<b>39.43</b>

### 27. OTHER NON-FINANCIAL LIABILITIES

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues payable	2,339.94	1,569.10
Retention money and other sundry liabilities	39.20	77.41
<b>Total</b>	<b>2,379.14</b>	<b>1,646.51</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 28. EQUITY SHARE CAPITAL

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Authorised:</b>		
118,500,000 (March 31, 2019: 118,500,000) equity shares of ₹ 10/- each	11,850.00	11,850.00
4,000,000 (March 31, 2019: 4,000,000) cumulative redeemable preference shares of ₹ 100/- each	4,000.00	4,000.00
<b>Total</b>	<b>15,850.00</b>	<b>15,850.00</b>
<b>Issued share capital</b>		
6,60,02,922 (March 31, 2019 : 65,992,317) equity shares of ₹ 10/- each	6,600.29	6,599.23
<b>Subscribed share capital</b>		
6,60,02,922 (March 31, 2019 : 65,992,317) equity shares of ₹ 10/- each	6,600.29	6,599.23
<b>Paid up (fully paid up)</b>		
6,60,02,922 (March 31, 2019 : 65,992,317) equity shares of ₹ 10/- each	6,600.29	6,599.23
<b>Total Equity</b>	<b>6,600.29</b>	<b>6,599.23</b>
<b>Issued, Subscribed and fully paid up Equity Shares</b>		
6,60,02,922 (March 31, 2019 : 65,992,317) equity shares of ₹ 10/- each	6,600.29	6,599.23
<b>Total Equity</b>	<b>6,600.29</b>	<b>6,599.23</b>

#### a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	No. of Shares	₹ in lacs
<b>As at April 1, 2018</b>	6,59,65,762	6,596.58
Issued during the Period	26,555	2.65
<b>As at March 31, 2019</b>	<b>6,59,92,317</b>	<b>6,599.23</b>
Issued during the Period	10,605	1.06
<b>As at March 31, 2020</b>	<b>6,60,02,922</b>	<b>6,600.29</b>

#### b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders in the ensuing annual general meeting. During the year ended March 31, 2020, the amount of per equity share dividend proposed in total for distributions to equity shareholders is ₹ 6.00 (March 31, 2019 : ₹ 22.00). Out of the said total dividend proposed for the year ended March 31, 2020, amount of interim dividend paid during the year was ₹ 6.00 (March 31, 2019 : ₹ 6.00) per equity share and amount of final dividend proposed by the Board of Directors is ₹ Nil (March 31, 2019: ₹ 16.00) per equity share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

The Company has issued total 97,310 (March 31, 2019 : 128,045) equity shares during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP), wherein a part of the consideration was received in form of employee service.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 28. EQUITY SHARE CAPITAL (Contd.)

#### d. Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Shriram Capital Limited	2,23,71,594	33.89	2,22,68,877	33.74
Dynasty Acquisition FPI Limited	1,34,21,889	20.34	1,34,21,889	20.34
Piramal Enterprises Limited	65,79,840	9.97	65,79,840	9.97

As per the records of the company, including its register of shareholders/members and other declarations received from shareholders/members regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Refer note 46 - Capital for the Company's objectives, policies and processes for managing capital

### 29. OTHER EQUITY

Particulars	(₹ in lacs)
<b>Securities Premium Account</b>	<b>Amount</b>
<b>As at April 1, 2018</b>	<b>1,84,834.52</b>
Add: Premium on shares issued under ESOP during the year	66.77
<b>As at March 31, 2019</b>	<b>1,84,901.29</b>
Add: Premium on shares issued under ESOP during the year	26.67
<b>As at March 31, 2020</b>	<b>1,84,927.96</b>
<b>Share Option Outstanding</b>	
<b>As at April 1, 2018</b>	<b>125.75</b>
Adjustment on exercise of ESOP	(60.13)
Employee Stock Options Expenses	0.24
<b>As at March 31, 2019</b>	<b>65.86</b>
Deductions during the year on exercise of ESOP	(24.02)
Employee Stock option expenses/ other expenses	47.22
<b>As at March 31, 2020</b>	<b>89.06</b>
<b>Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934</b>	
<b>As at April 1, 2018</b>	<b>90,332.19</b>
Add: Amount transferred from Retained Earnings	20,241.10
<b>As at March 31, 2019</b>	<b>1,10,573.29</b>
Add: Amount transferred from Retained Earnings	20,740.58
<b>As at March 31, 2020</b>	<b>1,31,313.87</b>
<b>Debenture Redemption Reserve</b>	
<b>As at April 1, 2018</b>	<b>4,486.03</b>
Add: Amount transferred from Retained Earnings	366.14
Less: Amount transferred to General Reserve on redemption of debentures	(2,007.88)
<b>As at March 31, 2019</b>	<b>2,844.29</b>
Add: Amount transferred from Retained Earnings	2,930.90
Less: Amount transferred to General Reserve on redemption of debentures	(2,911.54)
Less: Amount transferred to General Reserve as DRR is not required vide MCA notification dated August 16, 2019	(2,863.65)
<b>As at March 31, 2020</b>	<b>-</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 29. OTHER EQUITY (Contd.)

(₹ in lacs)

Particulars	Amount
<b>General Reserve</b>	
<b>As at April 1, 2018</b>	<b>73,341.39</b>
Add: Amount transferred from Retained Earnings	9,990.00
Add: Transfer from Debenture redemption reserve on redemption of debentures	2,007.88
<b>As at March 31, 2019</b>	<b>85,339.27</b>
Add: Amount transferred from Retained Earnings	10,010.00
Add: Transfer from Debenture redemption reserve on redemption of debentures	5,775.19
<b>As at March 31, 2020</b>	<b>1,01,124.46</b>
<b>Capital Reserve</b>	
<b>As at April 1, 2018</b>	<b>7,871.88</b>
<b>As at March 31, 2019</b>	<b>7,871.88</b>
<b>As at March 31, 2020</b>	<b>7,871.88</b>
<b>Capital Redemption Reserve</b>	
<b>As at April 1, 2018</b>	<b>2,328.98</b>
<b>As at March 31, 2019</b>	<b>2,328.98</b>
<b>As at March 31, 2020</b>	<b>2,328.98</b>
<b>Other Comprehensive Income</b>	
<b>As at April 1, 2018</b>	<b>185.02</b>
Remeasurement gain/ (loss) on defined benefit plan	(1,336.14)
Income Tax Provision/ (Reversal) on above	(468.00)
<b>As at March 31, 2019</b>	<b>(683.12)</b>
Remeasurement gain/ (loss) on defined benefit plan	(333.27)
Gain/(Loss) on Fair valuation of quoted investments in equity shares	(664.10)
Income Tax Provision/ (Reversal) on above	113.38
<b>As at March 31, 2020</b>	<b>(1,567.11)</b>
<b>Retained Earnings</b>	
<b>As at April 1, 2018</b>	<b>2,03,321.76</b>
Add: Profit for the year	1,00,173.93
<b>Add/(Less): Appropriations and other Adjustments</b>	
Share Based Payments - Expenses	6.59
Transfer to/(from) debenture redemption reserve	(366.14)
Final Dividend on Equity Shares FY 2017-18	(7,916.23)
Tax on Final Dividend on Equity Shares FY 2017-18	(1,627.20)
Interim Dividend on Equity Shares FY 2018-19	(3,959.06)
Tax on Interim Dividend on Equity Shares FY 2018-19	(813.80)
Transfer to Statutory Reserve	(20,241.10)
Transfer to General reserve	(9,990.00)
<b>As at March 31, 2019</b>	<b>2,58,588.75</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 29. OTHER EQUITY (Contd.)

(₹ in lacs)	
Particulars	Amount
Add: Profit for the year	1,02,262.95
<b>Add/(Less): Appropriations and other Adjustments</b>	
Transfer to/(from) debenture redemption reserve	(2,930.90)
Final Dividend on Equity Shares FY 2018-19	(10,559.22)
Tax on Final Dividend on Equity Shares FY 2018-19	(2,170.48)
Interim Equity Dividend FY 2019-20	(3,959.76)
Tax on Interim Dividend on Equity Shares FY 2019-20	(813.94)
Transfer to Statutory Reserve	(20,740.58)
Transfer to General reserve	(10,010.00)
<b>As at March 31, 2020</b>	<b>3,09,666.82</b>
<b>Total other equity</b>	
<b>As at April 1, 2018</b>	<b>5,66,827.52</b>
<b>As at March 31, 2019</b>	<b>6,51,830.49</b>
<b>As at March 31, 2020</b>	<b>7,35,755.92</b>

#### Proposed Dividend on equity shares

(₹ in lacs)		
Particulars	As at March 31, 2020	As at March 31, 2019
<b>The Board proposed dividend on equity shares</b>		
Proposed dividend on equity shares for the year ended on March 31, 2020: Nil (March 31, 2019: ₹ 16.00 per share)	-	10,558.76
Tax on Dividend Proposed	-	2,170.38
<b>Total</b>	<b>-</b>	<b>12,729.14</b>

#### Nature and purpose of reserve

**Securities Premium Reserve:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

**Capital Reserve:** Capital reserve is the excess of net assets taken over cost of consideration paid during amalgamation. This is not available for distribution of dividend.

**Capital Redemption Reserve:** The Group has recognised Capital Redemption Reserve on redemption of Non-Convertible Redeemable Preference Shares from its retained earnings. The amount in Capital Redemption Reserve is equal to nominal amount of the Non-Convertible Redeemable Preference Shares redeemed. The Group may issue fully paid up bonus shares to its members out of the capital redemption reserve account.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 29. OTHER EQUITY (Contd.)

**Debenture Redemption Reserve:** Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued date June 19, 2016 issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the outstanding debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture Redemption Reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date.

In respect of the debentures issued through public issue, the Company has created DRR of ₹ Nil (March 31, 2019: 366.14 lacs)- as DRR is not required vide MCA notification dated August 16, 2019. The Company has deposited a sum of ₹ Nil (March 31, 2019: ₹ 1,722.00 lacs) with scheduled banks, as there are no debentures issued through public issue, which are due for redemption within one year from the balance sheet date.

**General Reserve:** Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

**Statutory Reserve:** Every year the Group transfers a sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934.

The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) in The Reserve Bank of India Act, 1934:

- (1) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.
- (2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal:  
Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twenty-one days by such further period as it thinks fit or condone any delay in making such report.
- (3) Notwithstanding anything contained in sub-section (1) the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order:

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC.

**Retained earnings:** Retained earnings are the profits that the Group has earned till date, less any transfers to statutory reserve, debenture redemption reserve, general reserve, dividends distributions paid to shareholders and transfer from debenture redemption reserve.

**Other Comprehensive Income:** Other comprehensive income consists of remeasurement of net defined benefit liability / asset, FVTOCI financial liabilities and financial assets and currency translation.

**Share Option Outstanding:** The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 41 for further details of these plans.





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 30. INTEREST INCOME

(₹ in lacs)

Particulars	Year ended March 31, 2020				Year ended March 31, 2019			
	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Interest income on Financial Assets classified at FVTPL	Total	On Financial Assets measured at FVOCI	On Financial Assets measured at Amortised cost	Interest income on securities classified at FVTPL	Total
Interest on Loans	-	5,86,587.91	-	5,86,587.91	-	5,84,365.19	-	5,84,365.19
Interest income from investments	316.35	2,827.05	-	3,143.40	626.89	3,230.39	-	3,857.28
Interest on deposits with Banks								
- Margin money deposit	-	2,402.72	-	2,402.72	-	195.01	-	195.01
- Other Deposits	-	5,301.90	-	5,301.90	-	5,010.64	-	5,010.64
Other Interest Income	-	46.97	-	46.97	-	-	-	-
<b>Total</b>	<b>316.35</b>	<b>5,97,166.55</b>	<b>-</b>	<b>5,97,482.90</b>	<b>626.89</b>	<b>5,92,801.23</b>	<b>-</b>	<b>5,93,428.12</b>

### 31. FEE AND COMMISSION INCOME

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Income from commission services	781.98	-
Income from collection services	571.45	1,131.56
<b>Total</b>	<b>1,353.43</b>	<b>1,131.56</b>

#### Revenue from contracts with customers

Set out below is the revenue from contracts with customers and reconciliation to profit and loss account

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Type of Services or Service</b>		
Fee and commission income	1,353.43	1,131.56
<b>Total revenue from contract with customers</b>	<b>1,353.43</b>	<b>1,131.56</b>
<b>Geographical markets</b>		
India	1,353.43	1,131.56
Outside India	-	-
<b>Total revenue from contract with customers</b>	<b>1,353.43</b>	<b>1,131.56</b>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	1,353.43	1,131.56
Services transferred over time	-	-
<b>Total revenue from contracts with customers</b>	<b>1,353.43</b>	<b>1,131.56</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 31. FEE AND COMMISSION INCOME (Contd.)

#### Contract Balance

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Trade Receivables	93.12	-
Less: Impairment loss allowances	(3.36)	-
Net Trade Receivables	89.76	-
Contract Assets	-	-
<b>Total</b>	<b>89.76</b>	<b>-</b>

The Group does not have any contract assets or liability, hence disclosures related to it has not been presented.

### 32. NET GAIN/(LOSS) ON FAIR VALUE CHANGES

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net gain/ (loss) on financial instruments at fair value through profit or loss		
- Investments	1,162.49	1,476.14
- Derivatives	(81.61)	(297.39)
<b>Total Net gain/(loss) on fair value changes</b>	<b>1,080.88</b>	<b>1,178.75</b>
Fair Value changes:		
- Realised	2,109.55	291.48
- Unrealised	(1,028.67)	887.27
<b>Total Net gain/(loss) on fair value changes</b>	<b>1,080.88</b>	<b>1,178.75</b>

### 33. OTHER INCOME

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gain on sale of Property, plant & equipment	14.52	17.99
Miscellaneous income	631.08	273.00
<b>Total</b>	<b>645.60</b>	<b>290.99</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 34. FINANCE COST

(₹ in lacs)

Particulars	Year ended March 31, 2020			Year ended March 31, 2019		
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	Total	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	Total
<b>Interest expense on:-</b>						
Fixed Deposits	-	31,490.80	31,490.80	-	26,461.61	26,461.61
Subordinated liabilities	-	5,619.14	5,619.14	-	12,353.22	12,353.22
Borrowings (other than debt securities)						
-Loans from Banks	-	96,349.37	96,349.37	-	93,095.31	93,095.31
-Loans from Financial Institution/ NBFC	-	6,320.63	6,320.63	-	5,132.09	5,132.09
-Loans from Financial Institution/ NBFC- Securitisation	-	21,501.15	21,501.15	-	2,024.79	2,024.79
-Loans from Banks- Securitisation	-	1,208.38	1,208.38	-	-	-
-Working Capital Demand Loans	-	13,624.44	13,624.44	-	10,104.63	10,104.63
-Cash Credit	-	4,012.56	4,012.56	-	6,853.20	6,853.20
-Commercial Paper	-	7,557.63	7,557.63	-	21,293.10	21,293.10
Debt securities	-	40,789.19	40,789.19	-	33,828.97	33,828.97
Interest on Tax Liability	-	79.75	79.75	-	4.04	4.04
Interest on Defined Benefit Plan	-	13.62	13.62	-	63.65	63.65
Finance Cost on Lease liability	-	1,735.64	1,735.64	-	-	-
<b>Total</b>	-	<b>2,30,302.30</b>	<b>2,30,302.30</b>	-	<b>2,11,214.62</b>	<b>2,11,214.62</b>

### 35. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in lacs)

Particulars	Year ended March 31, 2020			Year ended March 31, 2019		
	On Financial instruments measured at Fair Value through OCI	On Financial instruments measured at Amortised cost	Total	On Financial instruments measured at Fair Value through OCI	On Financial instruments measured at Amortised cost	Total
Loans and advances to customers	-	12,736.69	12,736.69	-	11,701.57	11,701.57
Investments	(2.94)		(2.94)	(15.18)	-	(15.18)
Others						
- Undrawn Commitments	-	121.68	121.68	-	(17.17)	(17.17)
- Trade Receivables	-	3.36	3.36	-	-	-
- Lease Receivables	-	0.47	0.47	-	-	-
- Assignment Receivables	-	247.15	247.15	-	-	-
<b>Total</b>	<b>(2.94)</b>	<b>13,109.35</b>	<b>13,106.41</b>	<b>(15.18)</b>	<b>11,684.40</b>	<b>11,669.22</b>

The table below shows the ECL charges on financial instruments for the year recorded in the profit and loss based on evaluation stage:

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 35. IMPAIRMENT ON FINANCIAL INSTRUMENTS (Contd.)

Year ended March 31, 2020

(₹ in lacs)

Particulars	General Approach				Simplified Approach	Total
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	POCI		
Loans and advances to customers	25,091.05	(10,598.51)	(1,755.85)	-	-	12,736.69
Investment	(2.94)	-	-	-	-	(2.94)
Debt instruments measured at FVOCI	-	-	-	-	-	-
Others						
- Undrawn Commitments	92.40	(2.49)	-	-	31.77	121.68
- Trade Receivables	-	-	-	-	3.36	3.36
- Assignment Receivables	184.14	0.69	-	-	62.32	247.15
- Lease Receivables	-	-	-	-	0.47	0.47
<b>Total impairment loss</b>	<b>25,364.65</b>	<b>(10,600.31)</b>	<b>(1,755.85)</b>	<b>-</b>	<b>97.45</b>	<b>13,106.41</b>

Year ended March 31, 2019

(₹ in lacs)

Particulars	General Approach				Simplified Approach	Total
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	POCI		
Loans and advances to customers	9,350.12	13,708.09	(11,356.64)	-	-	11,701.57
Investment	(15.18)	-	-	-	-	(15.18)
Others						
- Undrawn Commitments	(5.50)	0.65	(12.32)	-	-	(17.17)
- Trade Receivables	-	-	-	-	-	-
- Assignment Receivables	-	-	-	-	-	-
<b>Total impairment loss</b>	<b>9,329.44</b>	<b>13,708.74</b>	<b>(11,368.96)</b>	<b>-</b>	<b>-</b>	<b>11,669.22</b>

### 36. EMPLOYEE BENEFIT EXPENSES

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, other allowances and bonus	83,393.14	82,066.17
Contribution to provident and other funds	5,569.59	5,963.08
Staff welfare expenses	1,457.96	1,199.70
Share based payments to employees	58.50	9.87
Gratuity expenses	649.81	444.49
Interest Expenses on Staff Loan	8.37	-
<b>Total</b>	<b>91,137.37</b>	<b>89,683.31</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 37. DEPRECIATION, AMORTISATION AND IMPAIRMENT

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of tangible assets	3,081.13	2,996.29
Amortisation of intangible assets	237.06	356.22
Depreciation on right to use assets	5,640.09	-
<b>Total</b>	<b>8,958.28</b>	<b>3,352.51</b>

### 38. OTHER EXPENSES

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rent	104.77	6,489.08
Power and fuel	1,067.80	1,045.35
Repairs and maintenance		
- Buildings	1,197.71	1,375.50
- Office equipments	45.64	42.51
Office expenses	1,546.28	1,408.46
Rates and taxes	1,992.61	1,617.42
Printing and stationery	2,885.32	2,417.55
Travelling and conveyance	4,340.23	4,428.65
Advertisement	612.30	450.79
Business promotion	4,582.00	3,629.20
Directors' sitting fees	45.74	38.40
Insurance	418.83	409.77
Communication expenses	3,047.01	3,178.11
Bank charges	1,567.76	1,264.72
Legal and Professional Fees	1,628.54	1,590.78
Loss on sale of fixed assets	59.38	91.14
Public issue expenses for non-convertible debentures	0.83	120.01
CSR expenses	1,081.38	851.15
Mortgage Guarantee Fees	202.52	292.48
Miscellaneous expenses	1,930.99	2,051.60
Auditor fees		
(a) Audit Fees	59.51	54.10
(b) Tax Audit Fees	6.59	11.45
(c) Certification Fees	6.70	6.00
(d) Out of Pocket	10.16	11.88
<b>Total</b>	<b>28,440.60</b>	<b>32,876.10</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 39. INCOME TAX

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

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax	35,661.16	49,544.09
Income tax of earlier years	1,325.99	-
Deferred tax relating to origination and reversal of temporary differences	340.01	4,442.23
<b>Total tax charge</b>	<b>37,327.16</b>	<b>53,986.32</b>

#### Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the periods ended March 31, 2020 and March 31, 2019 is, as follows:

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Accounting profit before tax</b>	<b>1,40,648.42</b>	<b>1,54,539.01</b>
At India's statutory income tax rate for Shriram City Union Finance Limited: 25.168% (2019: 34.944%), For Shriram Housing Finance Limited: 29.12% (2019: 33.384%)	35,740.70	53,963.17
Tax at special rate on Capital Gains of Rs: 1,048.04 lacs @ 22.88%	239.79	-
<b>Total Tax</b>	<b>35,980.49</b>	<b>53,963.17</b>
Corporate social responsibility expenditure not allowable for tax purpose	267.99	297.40
Deduction under chapter VIA of the Income Tax Act, 1961 (2019: section 80G and 80JJAA)	(388.79)	(78.62)
Income tax of earlier years	1,324.24	-
Others	143.22	(195.63)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>37,327.15</b>	<b>53,986.32</b>

The effective income tax rate for March 31, 2020 is 26.54% (March 31, 2019 is 34.93%)

#### Deferred Tax

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

(₹ in lacs)

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	As at March 31, 2020	As at March 31, 2020	Year ended March 31, 2020	Year ended March 31, 2020
Property, plant and equipment and intangible assets	1,727.04	-	479.66	-
Net Right to use Asset and future rent liability	147.06	-	(147.06)	-
ECL Provision on undrawn loan commitment & Investment	38.20	-	(23.45)	-
Expenses allowable for tax purpose when paid	2,481.32	-	(212.73)	48.87



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 39. INCOME TAX (Contd.)

(₹ in lacs)

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	As at March 31, 2020	As at March 31, 2020	Year ended March 31, 2020	Year ended March 31, 2020
EIR impact on debt instrument measured at Amortised Cost	-	131.39	(343.60)	-
Impact of Fair valuation on Investments measured at Fair value through Profit and loss Account	241.67	25.69	(347.11)	(167.14)
Impact of amortisation of processing fees on Loans and Advances	490.61	-	623.56	-
MAT Entitlement Credit	210.03	-	309.86	-
Special Reserve u/s 36 1(viii) of Income Tax Act	-	741.64	69.91	-
Other temporary differences	227.53	478.45	240.83	-
<b>Total</b>	<b>5,563.46</b>	<b>1,377.17</b>	<b>649.87</b>	<b>(118.27)</b>

The above includes deferred tax liability of ₹ 886.48 Lacs relating to subsidiary.

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

(₹ in lacs)

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	As at March 31, 2019	As at March 31, 2019	Year ended March 31, 2019	Year ended March 31, 2019
Property, plant and equipment and intangible assets	2,206.70	-	(255.39)	-
Expenses allowable for tax purpose when paid	2,813.92	490.94	5.63	(461.23)
ECL Provision on undrawn loan commitment & Investment	14.75	-	4,403.16	-
EIR impact on debt instrument measured at Amortised Cost	-	474.99	(604.35)	-
Impact of Fair valuation on Investments measured at Fair value through Profit and loss Account	-	298.27	404.89	-
Impact of amortisation of processing fees on Loans and Advances	1,114.17	-	821.98	-
Impact of Recognition of Interest on assignment and securitization	-	-	(54.38)	-
MAT Entitlement Credit	519.89	-	-	-
Special Reserve u/s 36 1(viii) of Income Tax Act	-	671.73	(36.27)	-
Other temporary differences	188.35	198.33	(243.04)	-
<b>Total</b>	<b>6,857.78</b>	<b>2,134.26</b>	<b>4,442.23</b>	<b>(461.23)</b>

The above includes deferred tax liability of ₹ 117.23 Lacs for March 31, 2019 relating to subsidiary.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 39. INCOME TAX (Contd.)

Amount recognised in respect of current tax/ deferred tax directly in equity:

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Amount recognised in respect of current tax/ deferred tax directly in equity	-	-

#### Tax losses and Tax credits

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unused Capital Gains tax losses for which no deferred tax asset has been recognised	-	-
Unused Tax Credits-MAT credit entitlement	-	-

#### CURRENT TAX ASSETS (NET)

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax (net of provision for tax) [provision for income tax March 31, 2020: ₹ 3,26,620.72.lacs March 31, 2019: ₹ 2,89,943.43 lacs]	15,136.41	5,629.57
<b>Total</b>	<b>15,136.41</b>	<b>5,629.57</b>

### 40. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of the group by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of group (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares and issue of Employee Stock Options.

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net Profit after tax as per Statement of Profit and Loss (₹ in lacs)	1,02,262.95	1,00,173.93
<b>Weighted average number of ordinary shares for basic earnings per share (₹ in lacs) (B)</b>	<b>659.97</b>	<b>659.78</b>
Effect of dilution:		
Stock options granted under ESOP (Nos. in lacs)	0.12	0.23
<b>Weighted average number of ordinary shares adjusted for effect of dilution (₹ in lacs) (C)</b>	<b>660.10</b>	<b>660.01</b>
<b>Earnings per share</b>		
Basic earnings per share (₹) (A/B)	<b>154.95</b>	<b>151.83</b>
Diluted earnings per share (₹) (A/C)	<b>154.92</b>	<b>151.78</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 41. INVESTMENT IN SUBSIDIARY

Subsidiary of the Company is:

Name of the subsidiary	Country of Incorporation	Principal place of business	Principal activities	For the year	No of Equity	% equity interest
				ending	Shares Held (FV of ₹ 10 /- each)	
Shriram Housing Finance Limited	India	Mumbai	Housing Finance	March 31, 2020	16,54,40,000	77.25%
				March 31, 2019	16,54,40,000	77.25%

### B. Statement of Net Assets, Profit and Loss and Other Comprehensive Income attributable to owners and Non Controlling Interest as on March 31, 2020

(₹ in lacs)

Name of the Entity	Net Assets, i.e. total assets minus total liabilities		Share in profits / (loss)		Share in Other Comprehensive Income/ (Loss)		Share in total Comprehensive Income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit / (loss)	Amount	As % of Consolidated profit / (loss)	Amount	As % of Consolidated profit / (loss)	Amount
Parent - Shriram City Union Finance Limited	93.18%	7,02,573.25	95.50%	98,669.25	100.76%	(889.19)	95.45%	97,780.06
Indian Subsidiary - Shriram Housing Finance Limited	5.28%	39,782.96	3.48%	3,593.70	-0.59%	5.20	3.51%	3,598.90
Non Controlling Interest	1.54%	11,629.45	1.02%	1,058.31	-0.17%	1.53	1.03%	1,059.84
<b>Total</b>	<b>100%</b>	<b>7,53,985.66</b>	<b>100%</b>	<b>1,03,321.26</b>	<b>100%</b>	<b>(882.46)</b>	<b>100%</b>	<b>1,02,438.80</b>

### 42. 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 lacs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Assets</b>						
<b>Financial assets</b>						
Cash and cash equivalents	2,24,053.78	-	2,24,053.78	99,584.06	-	99,584.06
Bank Balance other than above	97,859.03	-	97,859.03	27,794.30	2,625.16	30,419.46
Receivables						
- Trade Receivables	89.76	-	89.76	-	-	-
- Other than Trade Receivables	0.65	-	0.65	4.07	-	4.07
Loans	14,21,002.04	14,39,099.32	28,60,101.36	13,85,798.20	14,95,276.86	28,81,075.06
Investments	52,145.52	20,172.64	72,318.16	56,751.92	35,340.48	92,092.40
Other financial assets	4,514.41	7,086.63	11,601.04	2,724.39	795.71	3,520.10

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 42. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Contd.)

(₹ in lacs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Non-financial Assets</b>						
Current tax asset	-	15,136.41	15,136.41	-	5,629.57	5,629.57
Deferred tax assets (net)	-	5,072.77	5,072.77	-	4,840.74	4,840.74
Property, plant and equipment	-	7,790.02	7,790.02	-	8,622.48	8,622.48
Other intangible assets	-	768.63	768.63	-	487.40	487.40
Right of Use Assets	-	16,578.78	16,578.78	-	-	-
Other non financial assets	8,118.55	9,405.72	17,524.27	9,723.00	5,953.45	15,676.45
<b>Total assets</b>	<b>18,07,783.74</b>	<b>15,21,110.92</b>	<b>33,28,894.67</b>	<b>15,82,379.92</b>	<b>15,59,571.86</b>	<b>31,41,951.79</b>
<b>Liabilities</b>						
<b>Financial Liabilities</b>						
Derivative financial liabilities	-	-	-	297.39	-	297.39
Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	8,096.32	-	8,096.32	6,535.73	-	6,535.73
Debt Securities	1,68,112.47	3,17,212.46	4,85,324.93	1,58,771.08	2,67,933.67	4,26,704.75
Borrowings (other than debt security)	8,64,061.93	7,34,968.60	15,99,030.53	8,73,412.83	7,51,602.91	16,25,015.74
Deposits	1,21,486.63	2,79,720.17	4,01,206.80	1,12,993.25	1,98,947.36	3,11,940.61
Subordinated Liabilities	23,923.91	-	23,923.91	43,541.66	21,829.29	65,370.95
Other Financial liabilities	33,426.73	16,518.69	49,945.42	32,541.13	132.78	32,673.91
<b>Non-financial Liabilities</b>						
Provisions	1,743.20	2,372.27	4,115.47	377.80	2,286.60	2,664.40
Deferred tax liabilities (net)	-	886.48	886.48	-	117.23	117.23
Other non-financial liabilities	2,374.32	4.82	2,379.14	1,573.52	72.99	1,646.51
<b>Total Liabilities</b>	<b>12,23,225.51</b>	<b>13,51,683.49</b>	<b>25,74,909.00</b>	<b>12,30,044.38</b>	<b>12,42,922.83</b>	<b>24,72,967.22</b>
<b>Net</b>	<b>5,84,558.23</b>	<b>1,69,427.43</b>	<b>7,53,985.66</b>	<b>3,52,335.54</b>	<b>3,16,649.04</b>	<b>6,68,984.57</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 43. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

#### Changes in liabilities arising from financing activities during FY 2019-20

(₹ in lacs)

Particulars	As at March 31, 2019	Cash Flows	Exchange difference	Other *	As at March 31, 2020
<b>At Amortised Cost</b>					
Debt Securities					
-NCD Public Issue	11,377.16	75,282.56	-	(1,704.29)	84,955.43
-NCD Retail	-	-	-	-	-
-NCD Institutional	4,15,327.57	(12,628.52)	-	(2,329.54)	4,00,369.51
Subordinated Liabilities					
- Sub Debt Retail	57,685.07	(34,033.43)	-	272.27	23,923.91
- Sub Debt Institutional	7,685.88	(7,705.28)	-	19.40	-
Borrowings other than debt securities					
- Term Loan from Banks	10,46,243.60	(1,33,161.10)	-	(1,378.69)	9,11,703.81
- Term Loan from Institution	31,412.91	46,253.77	-	(145.84)	77,520.84
- Commercial paper	1,83,541.94	(1,72,377.61)	-	-	11,164.33
- Cash Credit from Banks	1,72,804.60	(1,13,916.66)	-	(14.52)	58,873.42
- Working Capital Demand Loans	76,685.16	81,303.82	-	(0.35)	1,57,988.63
- Term Loan from Bank- Securitisation	-	63,526.69	-	(953.69)	62,573.00
- Term Loan from financial Institution/ NBFC- Securitisation	1,14,327.54	2,09,299.40	-	(4,420.44)	3,19,206.50
Deposits					
- Public Deposits	3,11,940.60	90,073.35	-	(807.15)	4,01,206.80
<b>Total</b>	<b>24,29,032.03</b>	<b>91,916.99</b>	<b>-</b>	<b>(11,462.85)</b>	<b>25,09,486.17</b>

\* Represents adjustments on account of processing fees and other transaction costs

#### Changes in liabilities arising from financing activities during FY 2018-19

(₹ in lacs)

Particulars	As at March 31, 2018	Cash Flows	Exchange difference	Other *	As at March 31, 2019
<b>At Amortised Cost</b>					
Debt Securities					
-NCD Public Issue	20,920.73	(9,543.55)	-	-	11,377.18
-NCD Retail	639.59	(640.29)	-	0.70	-
-NCD Institutional	2,75,499.79	1,40,131.19	-	(303.41)	4,15,327.57
Subordinated Liabilities					
- Sub Debt Retail	89,327.13	(32,049.87)	-	407.81	57,685.07
- Sub Debt Institutional	28,234.63	(20,681.07)	-	132.32	7,685.88
Borrowings other than debt securities					
- Term Loan from Banks	10,34,866.54	11,976.98	165.46	(765.38)	10,46,243.60
- Term Loan from Institution	49,782.31	(18,369.94)	-	0.53	31,412.90
- Commercial paper	2,28,691.45	(45,149.51)	-	-	1,83,541.94
- Cash Credit from Banks	1,62,461.46	10,347.28	-	(4.14)	1,72,804.60

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 43. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (Contd.)

(₹ in lacs)

Particulars	As at March 31, 2018	Cash Flows	Exchange difference	Other *	As at March 31, 2019
- Working Capital Demand Loans	80,626.03	(3,940.87)	-	-	76,685.16
- Term Loan from financial Institution/ NBFC- Securitisation	10,224.25	1,04,103.29	-	-	1,14,327.54
Deposits					
-Public Deposits	3,07,365.14	4,875.35	-	(299.89)	3,11,940.60
<b>Total</b>	<b>22,88,639.05</b>	<b>1,41,058.99</b>	<b>165.46</b>	<b>(831.46)</b>	<b>24,29,032.04</b>

\* Represents adjustments on account of processing fees and other transaction costs

### 44. CONTINGENT LIABILITIES AND COMMITMENTS

#### (A) Contingent Liabilities

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
a. In respect of Income tax demands where the Group has filed appeal before various authorities	194.53	1,517.38
b. VAT demand where the Group has filed appeal before various Appellate	259.95	266.45
c. Service tax demand	8,019.29	3,802.12
d. Guarantees given for subsidiary	2,500.00	2,500.00
e. Bank Guarantees	135.00	135.00
<b>Total</b>	<b>11,108.77</b>	<b>8,220.95</b>

Future cash outflows in respect of (a), (b) and (c) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The Group is of the opinion that above demands are not sustainable and expects to succeed in its appeals. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Group's financial position and results of operations.

The Group has issued a guarantee for ₹ 2,500.00 lacs against refinance obtained by subsidiary, Shriram Housing Finance Limited for NHB.

#### (B) Commitments not provided for

(₹ in lacs)

Commitments not provided for	As at March 31, 2020	As at March 31, 2019
a. Estimated amount of contracts remaining to be executed on capital account, net of advances	306.34	233.37
b. Commitments related to loans sanctioned but undrawn	19,409.55	6,707.40

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 45. RELATED PARTY DISCLOSURES

Relationship	Name of the party
(i) Enterprises having significant influence over the Group	: Shriram Capital Limited (SCL)
	Shriram Ownership Trust (SOT)
	Dynasty Acquisition FPI Limited (DAFL)
	Valiant Mauritius Partners FDI Ltd. (VMPL)
(ii) Subsidiary	: Shriram Housing Finance Limited ( SHFL)
(iii) Associates *	: Insight Commodities and Futures Private Limited (ICFPL)
	Shriram Asset Management Company Limited (SAMCL)
	Shriram Credit Company Limited (SCCL)
	Shriram Financial Products Solutions (Chennai) Private Limited (SFPSPL)
	Shriram Financial Ventures (Chennai) Private Limited (SFVPL)
	Shriram Fortune Solutions Limited (SFSL)
	Shriram General Insurance Company Limited (SGICL)
	Shriram Insight Share Brokers Limited (SISBL)
	Shriram Life Insurance Company Limited (SLICL)
	Shriram Overseas Investments Private Limited (SOIPL)
	Shriram Wealth Advisors Limited (SWAL)
	Shriram Value Services Limited (SVSL)
	Bharath Investments Pte. Ltd., Singapore (BIPL)
	SGI Philippines General Insurance Co. Inc. (SGIPGICL)
	Novac Technology Solutions Pvt. Ltd (NTSPL)
	Novac Digital Services Pvt Limited (formerly Techfactory Services Pvt. Ltd. ) (NDSPL)
	Snotor Technology Services Private Limited
(iv) Key Management Personnel	: Mr. Y.S. Chakravarti, Managing Director (Appointed w.e.f 01.07.2019)
	Mr. R Duruvasan, Director (Ceased from Managing Director w.e.f 30.06.2019)
	Mr. Debendranath Sarangi, Chairperson
	Mr. Khushru Burjor Jijina, Director (Ceased w.e.f 07.05.18)
	Mr. Subramaniam Krishnamurthy, Director (Ceased w.e.f 31.03.19)
	Mr. Vipen Kapur , Director (Ceased w.e.f 31.03.19)
	Mr .C R Muralidharan, Director (Appointed w.e.f 01.04.2019)
	Mr .Diwakar Bhagwati Gandhi, Director (Appointed w.e.f 01.04.2019)
	Mr. Gerrit Lodewyk Van Heerde, Director (Ceased w.e.f. 29.07.2019)
	Ms. Maya S Sinha, Director
	Mr. Sri Pranab Prakash Pattanayak, Director (Reappointed w.e.f 01.04.2019)
	Mr. Ranvir Dewan, Director (Ceased w.e.f. 02.12.2019)
	Mr. Shashank Singh, Director
	Mr. Venkataraman Murali, Director (Reappointed w.e.f 01.04.2019)
	Mr. R Chandrasekar, Chief Financial Officer
	Mr. C R Dash, Company Secretary
	Mr. Ignatius Michael Viljoen, Director (Appointed w.e.f 29.7.2019)
	Ms Lakshminaryanan Priyadarshini , Director

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 45. RELATED PARTY DISCLOSURES (Contd.)

Relationship	Name of the party
	Mr.Subramanian Jambunathan, MD & CEO
	Mr.Kunal Karnani, Chief Financial Officer - DOL 6.9.2019
	Ms Nikita Hule , Company Secretary - DOL 27.07.2019
	Mr.Gauri Shankar Agarwal,, Chief Financial Officer - wef 25.09.2019
	Ms Bhavita Ashiyani - Company Secretary -wef 20.10.2019
(v) Relatives of Key Management Personnel	: Relatives of Mr. R Duruvasan, Director (Ceased from Managing Director & CEO w.e.f 30.06.2019)
	Late Mr. Ayneni Ramachandra Naidu (Father)
	Late Ms. Ayneni Ammayamma (Mother)
	Ms. A Komaleeswari (Spouse)
	Mr. Ayneni Vamshi Krishna (Son)
	Mr. R Perumal (Brother)
	Ms. P Padmaja (Brother's Wife)
	Ms. S Usha Rani (Sister)
	Mr. R Selvam (Sister's Husband)
	Relatives of Mr. Y.S. Chakravarti, Managing Director & CEO (Appointed w.e.f 01.07.2019)
	Late Mr. Satyanarayana Y (Father)
	Ms. Rajamannar (Mother)
	Ms. Sujata Yalamati (Spouse)
	Mr. Sree Bhargav (Son)
	Ms. Nayana Sri (Daughter)
	Ms. Aruna S (Sister)
	Ms. Rama Devi D (Sister)
	Mr. S R Krishna (Sister's husband)
	Mr. Venkateswara Rao D (Sister's husband)
	Mr. M S R Choowdary (Brother of spouse)
	Relatives of Mr. Subramanian Jambunathan, Managing Director & CEO (SHFL)
	Late Mr. Krishnawamy Jambunathan (Father)
	Ms. Padmavathi Jambunathan(Mother)
	Ms. Dharini Mani Subramanian (Spouse)
	Ms. Anusha Subramanian (Daughter)
	Mr. Jambunathan Krishnan (Brother)

\*- The Group neither holds any shares in the following entities nor these entities hold any shares in the Group except Shriram Financial Ventures (Chennai) Private Limited (SFVPL) . However these entities are “subsidiaries” of Shriram Capital Limited and hence these entities are treated as “associates” as per paragraph 9(b)(ii) of IND- AS 24 and transactions made with these entities are disclosed.

There are no transactions with relatives of Key Management Personnel for the year ended March 31, 2020.





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 45. RELATED PARTY DISCLOSURES (Contd.)

#### Related party transactions during the year

Particulars	Enterprises having significant influence over the Group		Associates		Key Management Personnel		Total	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Payments/Expenses</b>								
Royalty to SOT	3,351.69	6,438.79	-	-	-	-	3,351.69	6,438.79
Royalty to SVSL	-	-	3,423.00	-	-	-	3,423.00	-
Commission & Other expenses- SFPSP	-	-	2,311.98	1,944.86	-	-	2,311.98	1,944.86
Commission & Other expenses- SFSL	-	-	2,800.34	1,272.35	-	-	2,800.34	1,272.35
Commission & Other expenses- SISBL	-	-	60.68	40.66	-	-	60.68	40.66
Interest Expenses- SFPSP	-	-	54.57	-	-	-	54.57	-
Interest Expenses- SLICL	-	-	423.72	133.72	-	-	423.72	133.72
Other Expenses - SLICL	-	-	15.67	15.41	-	-	15.67	15.41
Insurance & Other expenses - SGICL	-	-	402.08	431.23	-	-	402.08	431.23
Insurance - SLICL	-	-	577.91	461.59	-	-	577.91	461.59
IT Services & Other expenses- SVSL	-	-	1,386.28	5,404.70	-	-	1,386.28	5,404.70
Professional Charges to NTSPL/Expenses	-	-	4,575.53	-	-	-	4,575.53	-
Reimbursement of Rent and other expenses-SCL	14.61	195.09	-	-	-	-	14.61	195.09
Fees to SCL	1,842.24	1,754.52	-	-	-	-	1,842.24	1,754.52
<b>"Payments to Key Managerial Personnel (MD, CFO &amp; CS)"</b>								
Short-term employee benefits	-	-	-	-	427.93	321.83	427.93	321.83
Post-employment pension (defined contribution)	-	-	-	-	29.90	29.61	29.90	29.61
Other long term employee benefits	-	-	-	-	46.56	9.39	46.56	9.39
Share Based Payment	-	-	-	-	511.9	12.61	511.9	12.61
Directors Sitting Fees	-	-	-	-	44.94	35.25	44.94	35.25
Equity dividend to SCL	4,921.75	4,008.40	-	-	-	-	4,921.75	4,008.40
Equity dividend to DAFL	2,952.82	2,415.94	-	-	-	-	2,952.82	2,415.94
Equity dividend to SFVPL	-	-	3.63	-	-	-	3.63	-
Equity dividend to KMP	-	-	-	-	1.80	1.47	1.80	1.47
<b>Receipts/Income</b>								
Commission- SGICL	-	-	247.82	-	-	-	247.82	-
Commission - SLICL	-	-	458.26	-	-	-	458.26	-
Rent Income - SFSL	-	-	18.84	21.76	-	-	18.84	21.76
Rent Income - SISBL	-	-	4.50	13.34	-	-	4.50	13.34
Rent Income - SLICL	-	-	3.69	19.25	-	-	3.69	19.25
Rent Income - SHFL	-	-	-	-	-	-	-	-

(₹ in lacs)



**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

**45. RELATED PARTY DISCLOSURES (Contd.)**

Particulars	Enterprises having significant influence over the Group		Associates		Key Management Personnel		Total	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Electricity, Telephone and other charges Received</b>								
Expenses reimbursement -SFSL	-	-	8.16	11.23	-	-	8.16	11.23
Expenses reimbursement -SISBL	-	-	1.56	1.92	-	-	1.56	1.92
Expenses reimbursement -SLICL	-	-	4.31	27.29	-	-	4.31	27.29
<b>Balance outstanding as at</b>								
Share Capital held by SCL	2,237.16	2,226.89	-	-	-	-	2,237.16	2,226.89
Share Capital held by DAFL	1,342.19	1,342.19	-	-	-	-	1,342.19	1,342.19
Share Capital held by SFVPL	-	-	1.65	-	-	-	1.65	-
Share Capital held by KMP	-	-	-	-	0.82	0.82	0.82	0.82
Share Capital - VMPL	4,872.00	4,872.00	-	-	-	-	4,872.00	4,872.00
Investment of SCL	4.70	226.43	-	-	-	-	4.70	226.43
Interest Payable to SCL	1.08	183.17	-	-	-	-	1.08	183.17
Royalty Payable to SOT	-	1,552.50	-	-	-	-	-	1,552.50
Royalty Payable to SVSL	-	-	1,646.39	-	-	-	1,646.39	-
Expenses Payable to SOT	-	135.93	-	-	-	-	-	135.93
Expenses payable to SCL	456.34	-	-	-	-	-	456.34	-
Expense Payable to SFPSPL	-	-	80.48	0.49	-	-	80.48	0.49
Expense Payable to SFSL	-	-	211.83	0.06	-	-	211.83	0.06
Expense Payable to SISBL	-	-	4.45	1.27	-	-	4.45	1.27
Expense Payable to SVSL	-	-	1.89	15.89	-	-	1.89	15.89
Expense Payable to NTSPL	-	-	23.12	-	-	-	23.12	-
Expense Payable to SLICL	-	-	0.03	4.33	-	-	0.03	4.33
Outstanding Payable to SFPSPL	-	-	1,034.77	-	-	-	1,034.77	-
Outstanding Payable to SLICL	-	-	6,444.54	1,501.34	-	-	6,444.54	1,501.34
Receivable from SFSL	-	-	0.87	6.38	-	-	0.87	6.38
Receivable from SGICL	-	-	86.90	-	-	-	86.90	-
Receivable from SISBL	-	-	1.00	-	-	-	1.00	-
Receivable from SLICL	-	-	0.68	2.59	-	-	0.68	2.59
Receivable from NTSPL	-	-	0.32	-	-	-	0.32	-
Receivable from SCL	4.25	-	-	-	-	-	4.25	-
Receivable from SFPSPL	-	-	32.36	3.00	-	-	32.36	3.00
Receivable from SVSL	-	-	30.56	7.03	-	-	30.56	7.03

(₹ in lacs)

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## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 46. CAPITAL

The Group maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Group.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the group ensures to maintain a healthy CRAR at all the times.

#### Capital Management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

#### A. Shriram City Union Finance Limited

(₹ in lacs)

Regulatory capital	As at March 31, 2020	As at March 31, 2019
Tier 1 Capital	6,78,676.35	6,32,153.78
Tier 2 Capital	-	2,854.56
<b>Total capital funds</b>	<b>6,78,676.35</b>	<b>6,35,008.34</b>
<b>Risk weighted assets (₹ in Lacs)</b>	<b>24,50,549.66</b>	<b>27,68,179.28</b>
Tier 1 capital ratio	27.69%	22.84%
Other Tier 2 capital ratio	0.00%	0.10%
<b>Total capital ratio</b>	<b>27.69%</b>	<b>22.94%</b>

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, retained earnings including current year profit less accrued dividends. Certain adjustments are made to Ind AS-based results and reserves, as prescribed by the Reserve Bank of India. The other component of regulatory capital is other Tier 2 Capital Instruments, which includes contingent convertible bonds.

The Company is meeting the capital adequacy requirements of Reserve Bank of India (RBI) of India.

#### B. Shriram Housing Finance Limited

(₹ in lacs)

Regulatory capital	As at March 31, 2020	As at March 31, 2019
Tier 1 Capital	49,757.11	45,400.79
Tier 2 Capital	1,529.40	1,486.47
<b>Total capital funds</b>	<b>51,286.51</b>	<b>46,887.26</b>
<b>Risk weighted assets (₹ in Lacs)</b>	<b>1,84,765.64</b>	<b>1,56,629.53</b>
Tier 1 capital ratio	26.93%	28.99%
Other Tier 2 capital ratio	0.83%	0.95%
<b>Total capital ratio</b>	<b>27.76%</b>	<b>29.94%</b>
Amount of subordinated debt raised as Tier - II capital (₹ in Lacs)	-	-
Amount raised by issue of Perpetual Debt Instruments (₹ in Lacs)	-	-

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 46. CAPITAL (Contd.)

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, retained earnings including current year profit. Certain adjustments are made to Ind AS-based results and reserves, as prescribed by the National Housing Bank. The other component of regulatory capital is other Tier 2 Capital, which includes provision for standard assets. The Company is meeting the capital adequacy requirements of National Housing Bank.

### 47. FAIR VALUE MEASUREMENT

#### 47.1 Valuation Principle

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in Note 47.3.

#### 47.2 Fair Value Hierarchy of assets and liabilities

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at March 31, 2020

(₹ in lacs)

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
<i>Financial assets held for trading</i>				
Mutual funds	-	12,767.35	-	12,767.35
Equity instruments	8,917.14	-	-	8,917.14
Security Receipts	-	1,327.92	-	1,327.92
Pass through Certificate	-	1,840.73	-	1,840.73
<b>Total financial assets held for trading</b>	<b>8,917.14</b>	<b>15,936.01</b>	<b>-</b>	<b>24,853.15</b>
<b>Total assets measured at fair value on a recurring basis</b>	<b>8,917.14</b>	<b>15,936.01</b>	<b>-</b>	<b>24,853.15</b>
<i>Liabilities measured at fair value on a recurring basis</i>				
<i>Derivative financial instruments</i>				
Currency Forward	-	-	-	-
<b>Total derivative financial instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total financial liabilities measured at fair value on a recurring basis</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at March 31, 2019

(₹ in lacs)

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
<i>Financial assets held for trading</i>				
Mutual funds	-	36,389.75	-	36,389.75
Equity instruments	10,603.97	-	80.04	10,684.01
Security Receipts	-	1,858.44	-	1,858.44
Pass through Certificate	-	3,973.53	-	3,973.53
<b>Total financial assets held for trading</b>	<b>10,603.97</b>	<b>42,221.73</b>	<b>80.04</b>	<b>52,905.74</b>
<b>Total assets measured at fair value on a recurring basis</b>	<b>10,603.97</b>	<b>42,221.73</b>	<b>80.04</b>	<b>52,905.74</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 47. FAIR VALUE MEASUREMENT (Contd.)

(₹ in lacs)

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
<b>Liabilities measured at fair value on a recurring basis</b>				
<i>Derivative financial instruments</i>				
Currency Forward	297.39	-	-	297.39
<b>Total derivative financial instruments</b>	<b>297.39</b>	<b>-</b>	<b>-</b>	<b>297.39</b>
<b>Total financial liabilities measured at fair value on a recurring basis</b>	<b>297.39</b>	<b>-</b>	<b>-</b>	<b>297.39</b>

#### 47.3 Valuation techniques

##### Equity instruments

Quoted equity instruments on recognised stock exchanges are valued at Level 1 hierarchy being the unadjusted quoted price as at the reporting date.

Unquoted equity instruments are valued at Level 3 hierarchy being unobservable inputs that are significant to the measurement as a whole. Accordingly, the valuation technique involves the net worth of the investee Company

##### Mutual Funds

Units held in funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are generally Level 2.

##### Foreign exchange contracts

Foreign exchange contracts include foreign exchange forward and swap contracts, interest rate swaps and over-the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Group classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

During the year there were no transfers between level 1 and level 2. Similarly, there were no transfers from or transfer to level 3.

##### Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value. Transfers from Level 3 to Level 2 occur when the market for some securities became more liquid, which eliminates the need for the previously required significant unobservable valuation inputs. Since the transfer, these instruments have been valued using valuation models incorporating observable market inputs. Transfers into Level 3 reflect changes in market conditions as a result of which instruments become less liquid. Therefore, the Group requires significant unobservable inputs to calculate their fair value.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 47. FAIR VALUE MEASUREMENT (Contd.)

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in lacs)

Particulars	Equity instruments	
	As at March 31, 2020	As at March 31, 2019
<b>Opening Balance</b>	<b>80.04</b>	<b>50.67</b>
Purchases	-	-
Sales	(1,252.24)	-
Issuances	-	-
Settlements	-	-
Transfers into Level 3	-	-
Transfers from Level 3	-	-
Net interest income, net trading income and other income	1,172.20	-
Other comprehensive income	-	-
<b>Closing Balance</b>	<b>-</b>	<b>80.04</b>
<b>Unrealised gains and losses related to balances held at the end of the year</b>	<b>-</b>	<b>29.37</b>

#### 47.4 Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Group's Level 3 assets and liabilities. The range of values indicates the highest and lowest level input used in the valuation technique and, as such, only reflects the characteristics of the instruments as opposed to the level of uncertainty to their valuation. Relationships between unobservable inputs have not been incorporated in this summary.

(₹ in lacs)

Particulars	Fair value		Valuation technique	Significant unobservable inputs
	Level 3 Assets	Level 3 Liabilities		
	As at March 31, 2020	As at March 31, 2020		
Equity Instruments	-	-	NA	NA

(₹ in lacs)

Particulars	Fair value		Valuation technique	Significant unobservable inputs
	Level 3 Assets	Level 3 Liabilities		
	As at March 31, 2019	As at March 31, 2019		
Equity Instruments	80.04	-	Based on the net worth of the investee Group	net worth of the investee Group

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 47. FAIR VALUE MEASUREMENT (Contd.)

#### 47.5 Sensitivity of fair value measurements to changes in unobservable market data

The table below describes the effect of changing the significant unobservable inputs to reasonable possible alternatives. All changes would be reflected in the Statement of profit and loss. Sensitivity data are calculated using a number of techniques, instruments classified as FVTPL would be reflected in the Statement of profit and loss. Sensitivity data are calculated using a number of techniques, including analysing price dispersion of different price sources, adjusting model inputs to reasonable changes within the fair value methodology.

The ranges are not comparable or symmetrical as the model inputs are usually not in the middle of the favourable/unfavourable range.

The table below shows data in relation to Level 3 inputs that are already aggregated on the underlying product levels without assuming any potential diversification effect, but including potential off-sets from economic or accounting hedge relationships in place. The Group is of the opinion that, whilst there may be some diversification benefits, incorporating these would not be significant to the analysis.

(₹ in lacs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Equity instrument	-	-	29.37	-

#### 47.6 Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non financial liabilities.

(₹ in lacs)

As at March 31, 2020	Carrying Amount	Fair Value			
		Level-1	Level-2	Level-3	Total
<b>Financial assets:</b>					
Cash and cash equivalents	2,24,053.78	2,24,053.78	-	-	2,24,053.78
Bank balance other than cash and cash equivalents	97,859.03	92.88	97,766.15	-	97,859.03
Receivables	90.41	-	-	90.41	90.41
Loans	28,60,101.36	-	-	28,80,681.88	28,80,681.88
Investments	47,463.22	48,166.31	-	-	48,166.31
Other financial assets	11,601.04	-	-	11,601.04	11,601.04
<b>Total financial assets</b>	<b>32,41,168.84</b>	<b>2,72,312.97</b>	<b>97,766.15</b>	<b>28,92,373.33</b>	<b>32,62,452.45</b>
<b>Financial liabilities:</b>					
Derivative financial instruments	-	-	-	-	-
Other Payables	8,096.32	-	-	8,096.32	8,096.32
Debt securities	4,85,324.94	-	4,51,604.79	-	4,51,604.79
Borrowings (other than debt securities)	15,99,030.53	-	16,08,685.75	-	16,08,685.75
Deposits	4,01,206.80	-	-	3,91,532.19	3,91,532.19
Subordinated liabilities	23,923.91	-	-	23,923.91	23,923.91
Other financial liabilities	49,945.42	-	-	49,945.42	49,945.42
<b>Total financial liabilities</b>	<b>25,67,527.92</b>	<b>-</b>	<b>20,60,290.54</b>	<b>4,73,497.84</b>	<b>25,33,788.38</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 47. FAIR VALUE MEASUREMENT (Contd.)

(₹ in lacs)

As at March 31, 2019	Carrying Amount	Fair Value			
		Level-1	Level-2	Level-3	Total
<b>Financial assets:</b>					
Cash and cash equivalents	99,584.06	99,584.06	-	-	99,584.06
Bank balance other than cash and cash equivalents	30,419.46	91.95	30,327.51	-	30,419.46
Receivables	4.07	-	-	4.07	4.07
Loans	28,81,075.06	-	-	28,77,708.07	28,77,708.07
Investments	39,186.66	39,699.37	-	-	39,699.37
Other financial assets	3,520.10	-	-	3,520.10	3,520.10
<b>Total financial assets</b>	<b>30,53,789.41</b>	<b>1,39,375.38</b>	<b>30,327.51</b>	<b>28,81,232.24</b>	<b>30,50,935.13</b>
<b>Financial liabilities:</b>					
Derivative financial instruments	297.39	-	297.39	-	297.39
Other Payables	6,535.73	-	-	6,535.73	6,535.73
Debt securities	4,26,704.75	-	4,27,952.55	-	4,27,952.55
Borrowings (other than debt securities)	16,25,015.74	-	16,21,770.32	-	16,21,770.32
Deposits	3,11,940.61	-	-	3,07,777.37	3,07,777.37
Subordinated liabilities	65,370.95	-	-	83,617.95	83,617.95
Other financial liabilities	32,673.91	-	-	32,673.91	32,673.91
<b>Total financial liabilities</b>	<b>24,68,539.08</b>	<b>-</b>	<b>20,50,020.26</b>	<b>4,30,604.96</b>	<b>24,80,625.22</b>

#### Note:

The management assessed that cash and cash equivalents, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

#### 47.7 Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions.

#### Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, Trade receivables, other receivables, balances other than cash and cash equivalents and trade payables without a specific maturity. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

#### Loans and advances to customers

The fair values of loans and receivables are estimated by discounted cash flow models based on contractual cash flows using actual or estimated yields.

#### Pass through certificates

These instruments include asset backed securities. The market for these securities is not active. Therefore, the Group uses a variety of valuation techniques to measure their fair values. Expected cash flow levels are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including prepayment rates, default rates and other economic drivers such as loan-to-value ratios, emergence period estimation, indebtedness and rental income levels. Securities with no significant unobservable valuation inputs are classified as Level 2, while instruments with no comparable instruments or valuation inputs are classified as Level 3.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 47. FAIR VALUE MEASUREMENT (Contd.)

#### Financial assets at amortised cost

The fair values of financial assets held-to-maturity investments are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

#### Issued debt

The fair value of issued debt is estimated by a discounted cash flow model incorporating the Group's own credit risk. The Group estimates and builds its own credit spread from market-observable data such as secondary prices for its traded debt and the credit spread on credit default swaps and traded debt of itself.

#### Borrowings

The fair value of issued debt is estimated by a discounted cash flow model incorporating the Group's own credit risk. The Group estimates and builds its own credit spread from market-observable data.

#### Off-balance sheet positions

Estimated fair values of off-balance sheet positions are based on market prices for similar instruments or on discounted cash flow models, as explained above, which incorporate the credit risk element through the discount factor.

#### Fair Value Measurement - Non-Financial assets

Reposessed House Property are non-financial assets which are measured at fair value through profit and loss. At the time of initial classification as assets held for sale, these assets are measured at the lower of carrying amount and fair value less cost to sell. The fair value of the assets is determined by an independent valuer. These assets are carried at the fair value determined on initial recognition, unless there are indicators of significant changes in real estate market condition requiring a re-valuation.

The non-recurring fair value measurement for the assets Reposessed House Property has been categorized as a Level 3 fair value based on the inputs to the valuation techniques used.

(₹ in lacs)

Particulars	Fair Value Hierarchy - Level 3	
	As at March 31, 2020	As at March 31, 2019
<b>Non-Financial assets at fair value through profit or loss:</b>		
Reposessed House Property	7,290.55	7,927.96
<b>Total</b>	<b>7,290.55</b>	<b>7,927.96</b>

### 48. RISK MANAGEMENT

Whilst risk is inherent in the Group's activities, it is managed through an integrated risk management framework including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 48. RISK MANAGEMENT (Contd.)

#### 48.1 Introduction and Risk Profile

##### 48.1.1 Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Board has constituted the Risk Management Committee which is responsible for monitoring the overall risk process within the Group.

The Risk Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Management Committee is responsible for managing risk decisions and monitoring risk levels.

The Chief Risk officer is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The Risk Owners within each department will report to the Risk Committee.

The Risk Owners are responsible for monitoring compliance with risk principles, policies and limits across the Group. Each department has its Risk owner who is responsible for the control of risks, including monitoring the actual risk of exposures against authorised limits and the assessment of risks.

The Group's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

The Group's policy is that risk management processes throughout the Group are audited annually by the Internal Audit function, which examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to Risk Management Committee.

##### 48.1.2 Risk mitigation and risk culture

As part of its overall risk management, the Group can use derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies associated with foreign currency transactions.

##### 48.1.3 Risk measurement and reporting systems

The Group's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment, as necessary.

The Group's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the departments is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the Risk Management Committee and the head of each department. The Risk Management Committee receives a comprehensive risk report once a quarter which is designed to provide all the necessary information to assess and conclude on the risks of the Group.

It is the Group's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Group is exposed to that they decide to take on. The Group's continuous training and development emphasises that employees are made aware of the Group's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Group's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 48. RISK MANAGEMENT (Contd.)

#### 48.1.4 Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on spreading its lending portfolio across all the states with a cap on maximum limit of exposure for a state and also for an individual/Group.

#### 48.2 Credit Risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

Credit risk is monitored by the credit department of the Group. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties. Credit risk consists of line credit managers who are responsible for their business lines and manage specific portfolios and experts who support both the line credit manager, as well as the business with tools like credit risk systems, policies, models and reporting.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The Group's internal credit rating grades on days past due (dpd) basis:

Internal rating grade	Internal rating description
High grade	0 dpd
Standard grade	1 to 30 dpd
Sub-standard grade	31 to 60 dpd
Past due but not impaired	61 to 90 dpd
Non-performing	90+ dpd

#### 48.2.1 Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

With gross-settled derivatives, the Group is also exposed to a settlement risk, being the risk that the Group honours its obligation, but the counterparty fails to deliver the counter value.

#### 48.2.2 Impairment assessment

##### 48.2.2.1 Definition of default

The Group 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.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 48. RISK MANAGEMENT (Contd.)

- The borrower requesting emergency funding from the Group
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- A covenant breach not waived by the Group
- The debtor (or any legal entity within the debtor's Group) filing for bankruptcy application/protection
- All the facilities of a borrower are treated as Stage 3 when one of his facility becomes 90 days past due i.e. credit impaired.

#### 48.2.2.2 PD estimation process

It is an estimate of the likelihood of default over a given time horizon. PD estimation process is done based on historical internal data available with the Group. While arriving at the PD, the Group also ensures that the factors that affects the macro economic trends are considered to a reasonable extent, wherever necessary. Group calculates the 12 month PD by taking into account the past historical trends of the portfolio and its credit performance. In case of assets where there is a significant increase in credit risk, lifetime PD has been applied which is computed based on survival analysis. For credit impaired assets, a PD of 100% has been applied.

#### 48.2.2.3 Exposure at Default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12 months ECL.

For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

In case of undrawn loan commitments, a credit conversion factor of 100% is applied for expected drawdown.

#### 48.2.2.4 Loss Given Default (LGD)

LGD is an estimate of the loss arising in case where a default occurs. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the realization of any security.

#### 48.2.2.5 Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or lifetime ECL. The Group assesses whether there has been an event which could cause a significantly increase in the credit risk of the underlying asset or the customers ability to pay and accordingly change the 12 month ECL to a lifetime ECL.

In certain cases, the Group may also consider that events explained in Note 48.2.2.1 are a significant increase in credit risk as opposed to a default. Regardless of the above, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a Group of similar assets (as set out in Note 48.2.2.6), the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

#### 48.2.2.6 Grouping financial assets measured on a collective basis

As explained in Note dependant on the factors below, the Group calculates ECLs only on a collective basis

The Group segments the exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans as described below.

1. Gold Loans
2. Auto Loans
3. MSME Loans

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 48. RISK MANAGEMENT (Contd.)

4. Two wheelers Loans
5. Personal Loans
6. Home Loan

#### 48.2.3 Analysis of risk concentration

The maximum credit exposure to any individual client or counterparty as of March 31, 2020 was ₹ 3,597.57 lacs (March 31, 2019 ₹ 4,500.00 lacs)

#### Credit risk exposure analysis

(₹ in lacs)

Particulars	As at March 31, 2020				
	Stage 1 Collective	Stage 2 Collective	Stage 3	POCI	Total
Normal	26,55,317.47	1,81,594.06	2,29,336.53	-	30,66,248.06
Repossessed	-	-	1,841.22	-	1,841.22
<b>Total</b>	<b>26,55,317.47</b>	<b>1,81,594.06</b>	<b>2,31,177.75</b>	<b>-</b>	<b>30,68,089.28</b>

(₹ in lacs)

Particulars	As at March 31, 2019				
	Stage 1 Collective	Stage 2 Collective	Stage 3	POCI	Total
Normal	23,34,566.72	4,78,925.82	2,61,652.24	-	30,75,144.78
Repossessed	-	-	1,181.52	-	1,181.52
<b>Total</b>	<b>23,34,566.72</b>	<b>4,78,925.82</b>	<b>2,62,833.76</b>	<b>-</b>	<b>30,76,326.30</b>

#### 48.3 Liquidity risk and funding management

In assessing the Group's liquidity position, consideration shall be given to: (1) present and anticipated asset quality (2) present and future earnings capacity (3) historical funding requirements (4) current liquidity position (5) anticipated future funding needs, and (6) sources of funds.

The Group maintains a portfolio of marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Group also enters into securitization deals (direct assignment as well as pass through certificates) of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Group's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group. Net liquid assets consist of cash, short-term bank deposits and investments in mutual fund available for immediate sale, less issued securities and borrowings due to mature within the next month.

Borrowings from banks and financial institutions, issue of debentures and bonds and acceptance of public deposits are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 48. RISK MANAGEMENT (Contd.)

#### 48.3.2. Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities as at March 31. All derivatives used for hedging and natural hedges are shown by maturity, based on their contractual undiscounted payment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many customers will not request repayment on the earliest date it could be required to pay and the table does not reflect the expected cash flows indicated by its deposit retention history.

#### Maturity pattern of assets and liabilities as on March 31, 2020:

(₹ in lacs)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
<b>Financial assets</b>							
Cash and cash equivalents and Other Bank Balances	2,28,519.32	18,712.31	78,530.01	812.85	-	-	3,26,574.49
Trade Receivables	89.76	-	-	-	-	-	89.76
Other than Trade Receivables	0.65	-	-	-	-	-	0.65
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-
Loans	5,05,882.33	5,37,926.30	8,47,756.49	12,48,307.48	4,42,291.91	3,83,043.14	39,65,207.65
Financial investments at amortised cost	12,794.82	81.18	27,879.79	1,519.16	8,784.54	124.52	51,184.00
Financial investments at FVOCI	219.59	100.26	199.78	664.80	660.39	9,738.63	11,583.45
Financial investments at FVTPL	12,767.35	-	-	442.64	442.64	442.64	14,095.27
Other Financial Assets	737.72	693.25	3,491.21	4,254.93	3,077.74	4,439.75	16,694.60
<b>Total undiscounted financial assets</b>	<b>7,61,011.54</b>	<b>5,57,513.30</b>	<b>9,57,857.28</b>	<b>12,56,001.86</b>	<b>4,55,257.22</b>	<b>3,97,788.68</b>	<b>43,85,429.87</b>
<b>Financial liabilities</b>							
Derivative Financial Instruments	-	-	-	-	-	-	-
Deposits	31,783.76	33,963.96	60,674.91	2,62,758.11	82,504.67	-	4,71,685.42
Debt securities	79,125.75	12,361.49	1,00,662.08	3,29,913.66	40,806.03	-	5,62,869.01
Borrowings (other than debt securities)	3,08,206.16	2,49,106.11	4,20,437.47	7,06,943.46	98,462.65	3,460.71	17,86,616.56
Subordinated Liabilities	13,943.15	10,640.32	1.07	-	-	-	24,584.54
Other Financial Liabilities	27,692.80	2,242.19	5,232.18	665.80	421.22	16,248.03	52,502.23
Trade Payables	8,096.32	-	-	-	-	-	8,096.32
<b>Total undiscounted financial liabilities</b>	<b>4,68,847.94</b>	<b>3,08,314.07</b>	<b>5,87,007.72</b>	<b>13,00,281.03</b>	<b>2,22,194.57</b>	<b>19,708.74</b>	<b>29,06,354.08</b>
<b>Net undiscounted financial assets/(liabilities)</b>	<b>2,92,163.59</b>	<b>2,49,199.23</b>	<b>3,70,849.56</b>	<b>(44,279.17)</b>	<b>2,33,062.64</b>	<b>3,78,079.94</b>	<b>14,79,075.79</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 48. RISK MANAGEMENT (Contd.)

#### Maturity pattern of assets and liabilities as on March 31, 2019:

(₹ in lacs)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
<b>Financial assets</b>							
Cash and cash equivalents and Other Bank Balances	99,825.02	32.84	15,332.41	17,138.64	129.42	-	<b>1,32,458.33</b>
Trade Receivables	-	-	-	-	-	-	-
Other than Trade Receivables	4.07	-	-	-	-	-	<b>4.07</b>
Loans	5,16,949.93	5,01,545.07	8,24,411.05	12,35,981.16	4,55,474.26	4,80,273.26	<b>40,14,634.73</b>
Financial investments at amortised cost	1,386.33	89.74	20,069.81	13,709.37	9,248.64	125.61	<b>44,629.50</b>
Financial investments at FVOCI	667.00	470.10	829.23	780.60	652.97	1,788.60	<b>5,188.51</b>
Financial investments at FVTPL	36,389.75	-	-	619.48	619.48	11,303.49	<b>48,932.20</b>
Other Financial Assets	43.73	10.00	3,445.41	53.28	318.00	19.81	<b>3,890.23</b>
<b>Total undiscounted financial assets</b>	<b>6,55,265.84</b>	<b>5,02,147.75</b>	<b>8,64,087.92</b>	<b>12,68,282.53</b>	<b>4,66,442.76</b>	<b>4,93,510.77</b>	<b>42,49,737.57</b>
<b>Financial liabilities</b>							
Derivative Financial Instruments	-	-	297.39	-	-	-	<b>297.39</b>
Deposits	32,591.37	27,196.30	53,575.91	1,94,413.60	51,741.61	-	<b>3,59,518.79</b>
Debt securities	15,542.92	94,040.97	79,486.81	2,66,809.58	51,354.44	4,412.00	<b>5,11,646.73</b>
Borrowings (other than debt securities)	4,64,821.90	1,70,102.58	3,39,733.72	7,39,774.96	1,23,217.97	1,682.72	<b>18,39,333.85</b>
Subordinated Liabilities	8,425.13	6,630.37	30,419.33	25,975.26	-	-	<b>71,450.09</b>
Other Financial Liabilities	26,773.84	113.76	9,381.47	26.79	275.33	21.53	<b>36,592.71</b>
Trade Payables	6,764.54	-	-	-	-	-	6,764.54
<b>Total undiscounted financial liabilities</b>	<b>5,54,919.71</b>	<b>2,98,083.99</b>	<b>5,12,894.62</b>	<b>12,27,000.19</b>	<b>2,26,589.35</b>	<b>6,116.25</b>	<b>28,25,604.10</b>
<b>Net undiscounted financial assets/(liabilities)</b>	<b>1,00,346.13</b>	<b>2,04,063.76</b>	<b>3,51,193.30</b>	<b>41,282.32</b>	<b>2,39,853.41</b>	<b>4,87,394.52</b>	<b>14,24,133.47</b>

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments: Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

(₹ in lacs)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 5 years	Total
<b>As at March 31, 2020</b>					
In respect of Income tax demands where the Group has filed appeal before various authorities	-	-	-	194.53	<b>194.53</b>
VAT demand where the Group has filed appeal before various Appellate	-	-	-	259.95	<b>259.95</b>
Service tax demand	-	-	-	8,019.29	<b>8,019.29</b>
Guarantees and counter guarantees	-	-	-	2,635.00	<b>2,635.00</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 48. RISK MANAGEMENT (Contd.)

(₹ in lacs)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 5 years	Total
Estimated amount of contracts remaining to be executed on capital account, net of advances	306.34	-	-	-	306.34
Commitments related to loans sanctioned but undrawn	19,409.55	-	-	-	19,409.55
<b>Total commitments</b>	<b>19,715.89</b>	<b>-</b>	<b>-</b>	<b>11108.77</b>	<b>30,824.66</b>
<b>As at March 31, 2019</b>					
In respect of Income tax demands where the Group has filed appeal before various authorities	-	-	-	1,517.38	1,517.38
VAT demand where the Group has filed appeal before various Appellate	-	-	-	266.45	266.45
Service tax demand	-	-	-	3,802.12	3,802.12
Guarantees and counter guarantees	-	-	-	2,635.00	2,635.00
Estimated amount of contracts remaining to be executed on capital account, net of advances	-	-	233.57	-	233.57
Commitments related to loans sanctioned but undrawn	1,676.85	2,347.59	2,682.96	-	6,707.40
<b>Total commitments</b>	<b>1676.85</b>	<b>2347.59</b>	<b>2916.53</b>	<b>8220.95</b>	<b>15,161.92</b>

#### 48.4 Market Risk

Market risk is that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Group classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately.

##### 48.4.1 Total market risk exposure

(₹ in lacs)

Particulars	As at March 31, 2020			As at March 31, 2019			Primary risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
<b>Assets</b>							
Cash and cash equivalents and other bank balances	3,21,912.81	-	3,21,912.81	1,30,003.52	-	1,30,003.52	interest rate
Receivables	90.41	-	90.41	4.07	-	-	interest rate
Loans	28,60,101.36	-	28,60,101.36	28,81,075.06	-	28,81,075.06	interest rate
Financial investments at amortised cost	47,466.84	-	47,466.84	39,181.92	-	39,181.92	interest rate
Financial investments at FVTPL	14,095.27	14,095.27	-	40,368.03	40,368.03	-	interest rate and equity price
Financial Investment at FVTOCI	10,757.87	-	10,757.87	12,542.45	-	12,542.45	equity price
Other financial assets	11,601.04	-	11,601.04	3,799.49	-	3,799.49	interest rate
<b>Total</b>	<b>32,66,025.60</b>	<b>14,095.27</b>	<b>32,51,930.33</b>	<b>31,06,974.54</b>	<b>40,368.03</b>	<b>30,66,602.44</b>	



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 48. RISK MANAGEMENT (Contd.)

(₹ in lacs)

Particulars	As at March 31, 2020			As at March 31, 2019			Primary risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
<b>Liabilities</b>							
Derivative financial instruments	-	-	-	297.39	-	-	interest rate/FX
Other Payables	8,096.32	-	8,096.32	6,764.54	-	6,764.54	interest rate
Debt securities	4,85,324.94	-	4,85,324.94	4,26,704.75	-	4,26,704.75	interest rate
Borrowings (other than debt securities)	15,99,030.53	-	15,99,030.53	16,21,939.32	-	16,21,939.32	interest rate
Deposits	4,01,206.80	-	4,01,206.80	3,11,940.61	-	3,11,940.61	interest rate
Subordinated liabilities	23,923.91	-	23,923.91	65,370.95	-	65,370.95	interest rate
Other financial liabilities	49,945.42	-	49,945.42	35,521.51	-	35,521.51	interest rate
<b>Total</b>	<b>25,67,527.92</b>	<b>-</b>	<b>25,67,527.92</b>	<b>24,68,539.07</b>	<b>-</b>	<b>24,68,241.68</b>	

49. Based on the intimation received by the Group, some of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
The principal amount remaining unpaid to supplier as at the end of the year	-	-
The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year 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 enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-

50. In addition to the auditors remuneration shown under note 38 other expenses, the Group has also incurred auditors remuneration in connection with audit and related statutory services to be performed by auditors in connection with public issue of non-convertible debentures of March 31, 2020 ₹ 20.71 lacs (March 31, 2019: ₹ Nil) [including out-of-pocket expenses of March 31, 2020: Nil (March 31, 2019: ₹ Nil)] amortised portion of which is included in note 34 Finance Costs under interest on debentures and unamortised portion of which is included in note 21 Debt securities under Redeemable non-convertible debentures - Secured - Public issue.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

**51.** The Group is primarily engaged in the business of financing and there are no separate reportable segments identified as per the Ind AS 108 - Segment Reporting.

**52.** Expenditure in foreign currency : Nil (March 31, 2019: Nil)

**53.** The Group had no discontinuing operations during the year ended March 31, 2020.

### **54. EVENTS AFTER REPORTING DATE**

There have been no events after the reporting date that require disclosure in these financial statements.

**55.** In accordance with the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 dated August 25, 2016, the Group has created a floating charge on the statutory liquid assets comprising of investment in government securities (face value) to the extent of ₹ 20,200.00 lacs, ₹ 26,205.11 lacs and ₹ 19,988.99 lacs respectively (March 31, 2019 ₹ 20,200.00 lacs, ₹ 17,850.01 lacs and ₹ 15,000.00 lacs respectively) in favour of trustees representing the public deposit holders of the Group.

### **56. DISCLOSURE ON LOAN AGAINST GOLD AS ON MARCH 31, 2020 VIDE RBI NOTIFICATION DNBS.CC.PD.NO.265/03.10.01/2011-12 DATED MARCH 21, 2012:**

Particulars	(₹ in lacs)	
	As at March 31, 2020	As at March 31, 2019
Total Asset under Management	30,68,089.28	30,76,326.30
Total Loan against Gold	3,11,888.26	2,71,208.49
Percentage of Gold Loan on Total Assets (On Book)	10.17%	8.82%

### **57. TRANSFERRED FINANCIAL ASSETS THAT ARE NOT DERECOGNISED IN THEIR ENTIRETY**

The following table provides a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities

#### **Shriram City Union Finance Limited**

Particulars	(₹ in lacs)	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Securitisations</b>		
Carrying amount of transferred assets measured at amortised cost (Held as collateral)	3,60,074.75	1,11,251.12
Carrying amount of associated liabilities (Borrowings (other than debt securities)- measured at amortised cost)	3,77,760.19	1,14,327.54
Fair value of assets	3,75,611.72	1,20,323.84
Fair value of associated liabilities	3,87,415.42	1,14,158.54
Net position at FV	(11,803.70)	6,165.30

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 57. TRANSFERRED FINANCIAL ASSETS THAT ARE NOT DERECOGNISED IN THEIR ENTIRETY (Contd.)

#### Shriram Housing Finance Limited

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Securitisations</b>		
Carrying amount of transferred assets measured at amortised cost (Held as collateral)	3,972.51	-
Carrying amount of associated liabilities (Borrowings (other than debt securities)- measured at amortised cost)	4,019.31	-
Fair value of assets	3,972.15	-
Fair value of associated liabilities	4,019.31	-
Net position at FV	(47.16)	-

### 58. DISCLOSURE RELATING TO SECURITISATION

#### Shriram City Union Finance Limited

The information on securitisation of the Company as an originator in respect of securitisation transaction done during the year is given below

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total number of transactions under par structure	15	2
Total book value of assets	3,99,923.33	1,16,057.25
Sale consideration received	3,99,923.33	1,16,057.25

#### Shriram Housing Finance Limited

The information on securitisation of the Company as an originator in respect of securitisation transaction done during the year is given below

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total number of transactions under par structure	1	-
Total book value of assets	4,464.59	-
Sale consideration received	4,464.59	-

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 58. DISCLOSURE RELATING TO SECURITISATION (Contd.)

#### Shriram City Union Finance Limited

The information on securitisation of the Company as an originator in respect of outstanding amount of securitized assets is given below:

(₹ in lacs)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	No. of SPVs sponsored by the company for securitisation transactions (in No.)	18	3
2	Total amount of securitised assets as per books of the SPVs sponsored by the company	3,60,074.75	1,11,251.12
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	70,520.71	14,469.00
	Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
a)	Off-balance sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
b)	On-balance sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

#### Shriram Housing Finance Limited

The information on securitisation of the Company as an originator in respect of outstanding amount of securitized assets is given below:

(₹ in lacs)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	No. of SPVs sponsored by the company for securitisation transactions (in No.)	1	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the company	4,001.54	-
3	Total amount of exposures retained by the company to comply with MRR as on the date of balance sheet		

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 58. DISCLOSURE RELATING TO SECURITISATION (Contd.)

(₹ in lacs)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
b)	On-balance sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
a)	Off-balance sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
b)	On-balance sheet exposures		
i)	Exposure to own securitisations		
	First loss	647.50	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

### 59.1 DISCLOSURE RELATING TO ASSIGNMENT

#### Shriram City Union Finance Limited

(i) The information on Direct Assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below

(₹ in lacs)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	No. of transactions Assigned by the Company	7	3
2	Total amount of Outstanding	47,619.99	74,003.06
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		

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 59.1 DISCLOSURE RELATING TO ASSIGNMENT (Contd.)

(₹ in lacs)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
	First loss	-	-
	Others	4,752.87	7,382.22
4	Amount of exposures to Assigned transaction other than MRR		
a)	Off-Balance Sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
b)	On-Balance Sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

- (ii) **Direct Assignment of the Company as an originator in respect of outstanding amount of assets assigned under premium: Nil (March 31, 2019: Nil)**

#### Shriram Housing Finance Limited

- (i) **The information on Direct Assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below**

(₹ in lacs)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	No. of transactions Assigned by the Company	6	-
2	Total amount of Outstanding	28,357.19	-
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	4,470.22	-
4	Amount of exposures to Assigned transaction other than MRR		



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 59.1 DISCLOSURE RELATING TO ASSIGNMENT (Contd.)

(₹ in lacs)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Off-Balance Sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
b)	On-Balance Sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

(ii) **Direct Assignment of the Company as an originator in respect of outstanding amount of assets assigned under premium:**  
Nil (March 31, 2019: Nil)

**59.2 No financial assets are sold to Securitisation/Reconstruction company for asset reconstruction as on March 31, 2020 and March 31, 2019.**

### 59.3 Details of Assignment transactions undertaken by the Company

#### Shriram City Union Finance Limited

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
No. of accounts	4,24,909.00	2,80,648.00
Aggregate value (net of provision) of account sold	1,45,361.90	88,204.33
Aggregate consideration	1,45,361.90	88,204.33
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain / (loss) over net book value	-	-

Pursuant to the directives dated March 13, 2020 from the Reserve Bank of India, the Board of Directors have approved the policy for sales out of amortised cost business model portfolios. The company has assigned loans (earlier measured at amortised cost) by way of direct assignment. Since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the company's Balance Sheet.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 59.1 DISCLOSURE RELATING TO ASSIGNMENT (Contd.)

#### Shriram Housing Finance Limited

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
No. of accounts	3,257.00	-
Aggregate value (net of provision) of account sold	29,176.61	-
Aggregate consideration	29,359.79	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain / (loss) over net book value	183.18	-

**59.4 The Company has not purchased/sold non-performing assets for the year ended March 31, 2020 and March 31, 2019**

### 60. INVESTMENTS

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>(1) Value of investments</b>		
(i) Gross value of investments		
(a) In India	63,402.84	81,493.17
(b) Outside India,	8,917.14	10,603.97
(ii) Provisions for depreciation		
(a) In India	(1.81)	(4.74)
(b) Outside India,	-	-
(iii) Net value of investments		
(a) In India	63,401.03	81,488.43
(b) Outside India,	8,917.14	10,603.97
<b>(2) Movement of provisions held towards depreciation on investments</b>		
(i) Opening balance	4.74	19.88
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off/write-back of excess provisions during the year	(2.93)	(15.14)
(iv) Closing balance	1.81	4.74

### 61. DERIVATIVES

#### 61.1 Forward rate agreement/Interest rate swap

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) The notional principal of forward agreements	-	7,098.00
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
(iii) Collateral required by the NBFC upon entering into forwards	-	500.00
(iv) Concentration of credit risk arising from the forward	-	-
(v) The fair value of the forward book	-	7,098.00



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 61. DERIVATIVES (Contd.)

#### 61.2 Exchange Traded interest rate (IR) derivatives : Nil

#### 61.3 Disclosures on risk exposure of derivatives

##### Qualitative disclosures

The Group has a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Group undertakes derivative transactions for hedging on-balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Asset Liability Management Committee and Risk Management Committee closely monitors such transactions and reviews the risks involved.

##### Quantitative Disclosures

(₹ in lacs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Currency derivatives	Interest rate derivatives	Currency derivatives	Interest rate derivatives
(i) Derivatives (Notional principal amount)	-	-	-	-
For hedging	-	-	7,098.00	-
(ii) Marked to market positions [1]	-	-	-	-
a) Asset (+)	-	-	-	-
b) Liability (-)	-	-	297.39	-
(iii) Credit exposure [2]	-	-	-	-
(iv) Unhedged exposures	-	-	-	-

### 62. RATING ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR

#### 62.1 Shriram City Union Finance Limited

Rating Agency	Rating Instrument	As at March 31, 2020	As at March 31, 2019
India Ratings	Long-Term (NCDs)	IND AA/ Stable	IND AA/ Stable
	Short-Term (CP)	IND A1+	IND A1+
	Bank Loan Ratings	IND AA/ Stable	IND AA/ Stable
	Fixed deposit	IND tAA/ Stable	IND tAA/ Stable
CARE	Long-Term (NCDs)	CARE AA+ /Stable	CARE AA+ /Stable
	Short-Term (CP)	CARE A1+	CARE A1+
	Subordinate Debt	CARE AA+ /Stable	CARE AA+ /Stable
	Fixed deposit	CARE AA+ (FD) / Stable	CARE AA+ (FD) / Stable
ICRA	Long-Term (NCDs)	ICRA AA / Stable	ICRA AA / Stable
	Short-Term (CP)	ICRA A1+	ICRA A1+
	Fixed deposit	MAA+ / Stable	MAA+ / Stable
CRISIL	Long-Term (NCDs)	CRISIL AA / Stable	CRISIL AA / Stable
	Short-Term (CP)	CRISIL A1+	NA
	Subordinate Debt	CRISIL AA / Stable	CRISIL AA / Stable

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 62. RATING ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR (Contd.)

#### 62.2. Shriram Housing Finance Limited

Rating Agency	Rating Instrument	As at March 31, 2020	As at March 31, 2019
India Ratings	Long-Term (NCDs)	IND AA / Stable	IND AA / Stable
	Bank Loan Ratings	IND AA / Stable	IND AA / Stable
CARE	Long-Term (NCDs)	CARE AA+	CARE AA+
	Short-Term (CP)	CARE A1+	CARE A1+
	Long-Term Bank Loan Ratings	CARE AA+	NA
	Short-Term Bank Loan Ratings	CARE A1+	NA
	Subordinate Debts	CARE AA+	NA
CRISIL	Bank Loan Ratings	CRISIL AA	NA
	Long-Term (NCDs)	CRISIL AA	NA

### 63. EXPOSURE TO REAL ESTATE SECTOR

(₹ in lacs)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
i)	<b>Residential Mortgages</b> - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	2,95,095.70	2,02,793.12
ii)	<b>Commercial Real Estate</b> - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	92,654.80	72,908.04
iii)	<b>Investments in Mortgage Backed Securities(MBS) and other securitised exposures -</b>		
	Residential	76.57	144.28
	Commercial Real Estate	-	-
	<b>Total Exposure to Real Estate Sector</b>	<b>3,87,827.07</b>	<b>2,75,845.44</b>

### 64. EXPOSURE TO CAPITAL MARKET

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	21,684.49	47,073.76
(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;	-	4,014.92

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 64. EXPOSURE TO CAPITAL MARKET (Contd.)

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
(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)	-	-
<b>Total exposure to capital market</b>	<b>21,684.49</b>	<b>51,088.68</b>

### 65. DETAILS OF FINANCING OF PARENT COMPANY PRODUCTS

The Group does not have any Parent Company, hence not applicable.

### 66. DETAILS OF SINGLE BORROWER LIMIT (SGL) / GROUP BORROWER LIMIT (GBL) EXCEEDED BY THE NBFC

The Group has not exceeded the prudential exposure limits for Single Borrower Limit (SGL) / Group Borrower Limit (GBL).

### 67. UNSECURED ADVANCES

The Group has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses or authority.

### 68. PROVISIONS AND CONTINGENCIES

#### A. Shriram City Union Finance Limited

(₹ in lacs)

Break up of 'Provisions and contingencies' shown under the head expenditure in Profit and Loss account	Year ended March 31, 2020	Year ended March 31, 2019
Provisions for depreciation on investments	-	-
Provision towards NPA#	(2,699.21)	(9,965.98)
Provision made towards income tax	35,448.10	53,144.47
Provision for Standard Assets##	14,449.61	23,433.85
Provision towards impairment of financial instruments other than provision for stage 3 assets	97.45	-

# Provision for stage 3 assets

## Provision for standard assets is included in provision towards impairment of financial instruments other than provision for stage 3 assets

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 68. PROVISIONS AND CONTINGENCIES (Contd.)

#### B. Shriram Housing Finance Limited

(₹ in lacs)

Break up of 'Provisions and contingencies' shown under the head expenditure in Profit and Loss account	Year ended March 31, 2020	Year ended March 31, 2019
Provisions for depreciation on investments##	(2.94)	(15.19)
Provision towards NPA#	943.36	(1,390.63)
Provision made towards income tax	1,422.52	(92.94)
Provision for Standard Assets#	42.93	(375.64)
Other Provision and Contingencies		
Provision for Gratuity	38.09	(45.32)
Provision for Leave benefits	(34.67)	89.87
Provision for Non funded exposures	89.91	(17.16)

# Amount shown is as per expected credit loss(ECL) of loans &amp; non funded exposure as per Ind AS

## Amount shown is as per expected credit loss(ECL) of investment &amp; ECL on interest on investment as per Ind AS

### 69. DRAW DOWN FROM RESERVES

The draw down from reserves was ₹ Nil.

### 70. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAS

#### I. Shriram City Union Finance Limited

##### a) Concentration of deposits (for deposit taking NBFCs)

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total deposits of twenty largest depositors	11,139.28	7,992.67
Percentage of deposits of twenty largest depositors to total deposits of the NBFC	2.78%	2.56%

##### b) Concentration of advances

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total advances to twenty largest borrowers	36,697.71	45,831.51
Percentage of advances to twenty largest borrowers to total advances of the NBFC	1.28%	1.59%

##### c) Concentration of exposures

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total exposure to twenty largest borrowers/customers	30,081.83	39,148.78
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/customers	1.05%	1.35%

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 70. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAS (Contd.)

#### d) Concentration of NPAs #

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to top four NPA accounts	5,549.65	5,387.04

# NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under IND-AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

#### e) Sector-wise NPAs #

S. No.	Sector	As at March 31, 2020	As at March 31, 2019
		Percentage of NPAs to Total Advances in that sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	-	-
2	MSME / Corporate borrowers	8.33%	9.24%
3	Services	-	-
4	Unsecured personal loans	11.59%	11.17%
5	Auto loans		
i)	Auto Loans	5.42%	11.63%
ii)	Two wheeler	8.12%	9.61%
6	Other personal loans		
i)	Consumer Durable	-	-
ii)	Pledged Jewel	4.37%	2.34%
7	Others	0.84%	1.94%

# NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under IND-AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

## II. Shriram Housing Finance Limited

### (i) Concentration of Public Deposits (for Public Deposit taking/holding HFCs)

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Deposits of twenty largest depositors	N.A.	N.A.
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC		

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 70. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAS (Contd.)

#### (ii) Concentration of Loans & Advances

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Loans & Advances to twenty largest borrowers	20,949.10	22,451.60
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	10.48%	12.32%

#### (iii) Concentration of all Exposure (including off-balance sheet exposure)

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to twenty largest borrowers /customers	22,588.89	23,801.26
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	10.34%	12.60%

#### (iv) Concentration of NPAs

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to top ten NPA accounts	1,242.58	1,345.24

# Provision for stage 3 assets

#### (v) Sector-wise NPAs

S. No.	Sector	Percentage of NPAs to Total Advances in that sector
A.	Housing Loans:	
1	Individuals	1.34%
2	Builders/Project Loan	-
3	Corporates	-
4	Others (specify)	-
B.	Non-Housing Loans:	
1	Individuals	1.81%
2	Builders/Project Loan	-
3	Corporates	0.69%
4	Others (specify)	-

# Provision for stage 3 assets

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 70. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAS (Contd.)

#### (vi) Details of non- performing financial assets sold :

(₹ in lacs)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	No. of accounts sold	-	355.00
2	Aggregate outstanding (₹ in lacs)	-	7,692.17
3	Aggregate consideration received (₹ in lacs)	-	3,776.00

#### Movement of NPAs #

##### A. Shriram City Union Finance Limited

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(i) Net NPAs to Net Advances (%)	4.23%	5.23%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	2,57,668.91	2,59,384.94
(b) Additions during the year	1,11,806.13	1,31,196.11
(c) Reductions during the year	1,43,181.31	1,32,912.14
(d) Closing balance	2,26,293.73	2,57,668.91
(iii) Movement of Net NPAs		
(a) Opening balance	1,45,294.56	1,37,044.91
(b) Additions during the year	59,044.65	74,039.67
(c) Reductions during the year	87,720.62	65,790.02
(d) Closing balance	1,16,618.58	1,45,294.56
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	1,12,374.35	1,22,340.03
(b) Provisions made during the year	52,761.48	57,156.44
(c) Write-off / write-back of excess provisions	55,460.69	67,122.12
(d) Closing balance	1,09,675.14	1,12,374.35

# NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under IND-AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 70. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAS (Contd.)

#### B. Shriram Housing Finance Limited

(₹ in lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(i) Net NPAs to Net Advances (%)	1.90%	2.20%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	5,164.84	10,049.42
(b) Additions during the year	2,646.46	3,476.79
(c) Reductions during the year	2,927.29	8,361.37
(d) Closing balance	<b>4,884.01</b>	<b>5,164.85</b>
(iii) Movement of Net NPAs		
(a) Opening balance	4,049.24	7,543.18
(b) Additions during the year	2,043.69	2,773.12
(c) Reductions during the year	2,267.88	6,267.06
(d) Closing balance	<b>3,825.05</b>	<b>4,049.24</b>
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	1,115.58	2,506.24
(b) Provisions made during the year	602.77	750.57
(c) Write-off/write-back of excess provisions	659.41	2,141.21
(d) Closing balance	<b>1,058.94</b>	<b>1,115.61</b>

# NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under IND-AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

The spread of SARS-CoV-2 virus (referred as 'COVID-19') across the globe and in India has contributed to a significant decline and volatility in global and Indian financial markets and a shrink in the economic activities. The Government of India declared 21-day nation-wide lock-down to contain the pandemic COVID-19 with effect from March 25, 2020. The Government then extended the lockdown till May 31, 2020. However, the government relaxed the lock-down in certain essential areas including plying commercial vehicles for transportation of essential and non-essential goods across the country. In terms of COVID-19 regulatory package announced by Reserve Bank of India (RBI) on March 27, 2020 and in accordance with the Scheme approved by the Board of directors of the Group, the Group has extended the moratorium to the eligible borrowers for installment falling due between March 1, 2020 and May 31, 2020. Further, pursuant to RBI notification dated May 23, 2020, the moratorium is given to eligible borrowers for a further period of three months upto August 31, 2020. Extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory package of the RBI by itself is not considered to result in significant increase in credit risk as per Ind AS 109 for staging of accounts. The staging of accounts as on March 31, 2020 with respect to assets which were overdue though standard and to whom moratorium has been granted is based on the days past due as on February 29, 2020 keeping it at standstill. Further, estimates and associated assumptions applied in preparing the financial statements, especially in respect of credit loss on loans, are based on historical experience and other emerging/forward looking factors including those arising on account of the COVID-19 pandemic.





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 70. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAS (Contd.)

The Group has used relevant indicators of moratorium, considering various measures taken by Government and other authorities along with an estimation of potential stress on probability of defaults and loss given defaults due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit loss on loans, including on account of potential macro economic conditions. Based on such assessment, the Group has made additional expected credit loss provision of ₹ 43,603.67 lacs on account of COVID-19 impact in the financial statement. The impairment loss provided for on account of COVID-19 pandemic is based on the assessment of current situation and the actual impairment loss could be different due to uncertainty over duration of pandemic and restoration of normalcy.

### 71. OVERSEAS ASSETS (FOR THOSE WITH JOINT VENTURES AND SUBSIDIARIES ABROAD)

The Group does not have any joint venture or subsidiary abroad, hence not applicable.

### 72. OFF-BALANCE SHEET SPVS SPONSORED (WHICH ARE REQUIRED TO BE CONSOLIDATED AS PER ACCOUNTING NORMS)

The Group has not sponsored any off-balance sheet SPV which are required to be consolidated as per accounting norms.

### 73. CUSTOMER COMPLAINTS

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Number of complaints pending at the beginning of the year	20	223
(b) Number of complaints received during the year	2,792	4,286
(c) Number of complaints redressed during the year	2,787	4,489
(d) Number of complaints pending at the end of the year	25	20

### 74. AUCTION DETAILS

The company auctioned 1799 loan accounts (March 31, 2019: 3,304 accounts) during the financial year and the outstanding dues on these loan accounts were ₹ 313.65 (March 31, 2019: ₹ 1,077.39 lacs) till the respective dates of auction. The company realized ₹ 306.51 (March 31, 2019 : ₹ 1,042.24 lacs) on auctioning of gold jewellery taken as security on these loans. The company confirms that none of its sister concerns participated in the above auctions.

### 75. PENALTIES:

No penalties have been levied by any regulator on the Group.

### 76. RESTRUCTURED ACCOUNTS

Restructured Accounts : Nil (March 31, 2019: Nil)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 77. DISCLOSURE OF FRAUDS REPORTED DURING THE YEAR

Vide DNBS. PD. CC NO. 256/03.10.042/2011-12 dated 02 MARCH, 2012

#### I. Shriram City Union Finance Limited

##### Instances of fraud for the year ended March 31, 2020:

(₹ in lacs)

Particulars	Less than ₹ 1 Lac		₹ 1 Lac to ₹ 25 Lacs		Greater than ₹ 25 Lacs		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
<b>A) Person involved</b>								
Staff	-	-	-	-	-	-	-	-
Staff & Customer	-	-	7	25.50	-	-	7	25.50
Customer	-	-	1	11.00	-	-	1	11.00
Customer & Outsider	-	-	-	-	-	-	-	-
Staff, Customer & Outsider	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	8	36.50	0	0	8	36.50
<b>B) Type of Fraud</b>								
Misappropriation and Criminal breach of trust	-	-	7	25.50	-	-	7	25.50
Fraudulent encashment/ manipulation of books of accounts	-	-	-	-	-	-	-	-
Unauthorised credit facility extended	-	-	-	-	-	-	-	-
Cheating and Forgery	-	-	1	11.00	-	-	1	11.00
<b>Total</b>	-	-	8	36.50	-	-	8	36.50

"- "represents Nil

#### II. Shriram Housing Finance Limited

Instances of fraud for the year ended March 31, 2020: Nil

### 78. TRANSFER TO RESERVE FUND:

As per Section 29C of the National Housing Bank Act, 1987, the Subsidiary is required to transfer at least 20% of net profits every year to Reserve Fund. The Company has transferred an amount of ₹ 932.80 Lacs (Previous Year ₹ 337.99 Lacs).

#### Shriram Housing Finance Limited

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Balance at the beginning of the year</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	761.38	423.39
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act 1987.	2,037.31	2037.31
<b>c) Total</b>	<b>2,798.69</b>	<b>2,460.70</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 78. TRANSFER TO RESERVE FUND: (Contd.)

(₹ in lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Addition / Appropriation / Withdrawal during the period</b>		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	398.08	337.99
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act 1987.	534.72	-
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
<b>Balance at the end of the period</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	1,159.46	761.38
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	2,572.03	2037.31
<b>c) Total</b>	<b>3,731.49</b>	<b>2,798.69</b>

### 79. ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

As at March 31, 2020

(₹ in lacs)

Particulars	Upto 30/31 Days	Over 1 month upto 2 Months	Over 2 months upto 3months	Over 3 months & up to 6 months	Over 6 Months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	9,781.80	10,148.78	11,456.95	32,897.45	57,201.65	2,21,190.03	58,530.14	-	4,01,206.80
Advances	1,37,628.10	93,375.72	1,35,020.48	4,06,351.40	6,47,703.15	9,50,035.19	2,50,403.50	2,39,583.82	28,60,101.36
Investments	13,144.73	52.56	12,328.80	6110	26,558.33	80113	8,986.55	10,384.97	72,318.17
Borrowings	70,359.39	82,484.51	98,453.07	1,84,849.31	6,15,907.29	9,28,263.02	1,24,294.25	3,668.55	21,08,279.39
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

### 79. ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES (Contd.)

As at March 31, 2019

(₹ in lacs)

Particulars	Upto 30/31 Days	Over 1 month upto 2 Months	Over 2 months upto 3months	Over 3 months & up to 6 months	Over 6 Months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	12,444.77	10,967.57	11,039.25	27,697.66	50,850.49	1,62,052.31	36,888.56	-	3,11,940.61
Advances	1,52,335.48	1,14,406.54	1,16,302.89	3,76,607.41	6,26,105.15	9,19,751.22	2,71,341.02	3,04,225.35	28,81,075.06
Investments	36,864.42	197.80	509.71	413.83	18,766.20	13,083.54	9,113.50	13,143.40	92,092.40
Borrowings	1,81,608.72	91,773.06	1,77,841.38	2,10,694.37	4,13,814.83	8,79,378.67	1,54,722.60	154.37	21,09,987.99
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	7,103.45	-	-	-	7,103.45

### 80. PREVIOUS YEAR COMPARATIVES

Previous year's figures have been regrouped/reclassified wherever necessary, to confirm to current year's classification.

As per our report of even date

**For G D Apte & Co**  
Chartered Accountants  
Firm Registration No. 100515W

**Anagha M. Nanivadekar**  
Partner  
Membership No. 121007  
Pune, June 11, 2020

Place: Chennai  
Date: June 11, 2020

**For and on behalf of the Board of Directors of  
Shriram City Union Finance Limited**

**Yalamati Srinivasa Chakravarthi**  
Managing Director & CEO  
DIN: 00052308

**C R Dash**  
Company Secretary

**Venkataraman Murali**  
Director  
DIN: 00730218

**R Chandrasekar**  
Chief Financial Officer

## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.





Shriram City Union Finance Ltd.  
[www.shriramcity.in](http://www.shriramcity.in)