

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of Satin Finserv Limited**

**Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of **Satin Finserv Limited ("the Company")**, which comprise the balance sheet as at 31 March 2019, and 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 financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019 and loss, changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 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.

### **Responsibility of Management for Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the 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 statement that give a true and fair view and are free from material misstatement, 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.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

### **Report on Other Legal and Regulatory Requirements**

- 1> As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure - A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2> As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, Change 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 financial statements comply with the 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 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



**Rajeev Bhatia & Associates**  
Chartered Accountants

1406, RG Trade Tower, Netaji Subhash Place,  
Pitampura, Delhi-110 034  
011-45131008, 9810057854  
info@rajeevbhatiaassociates.com

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

**Place of Signature: Delhi**  
**Date: 2 May 2019**

**For Rajeev Bhatia & Associates**  
**Chartered Accountants**

**Firm's Registration No. – 021776N**



**Rajeev Bhatia**  
**Partner**

**Membership No. 089018**

**Annexure A to the Independent Auditors' Report**

(Referred to in Paragraph 1 under the heading of "Report on other legal and regulatory requirements" of our report of even date of **Satin Finserv Limited** on the financial statements for the period ended 31 March 2019)

**Fixed Assets**

- (i) The Company does not have any fixed assets during the period under audit. Thus, paragraph 3(i) of the Order is not applicable.

**Inventories**

- (ii) The Company is a service company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

**Loans granted by company**

- (iii) The company has not granted loans to any party covered in the register maintained under Section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is not applicable.

**Compliance of Section 185 and 186 of The Act**

- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any loan, guarantee or security and not made any investment during the period under audit. Thus, paragraph 3(iv) of the Order is not applicable.

**Acceptance of Deposits**

- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits, as defined u/s 73 to 76 of the Companies Act 2013, during the period. Thus, paragraph 3(v) of the Order is not applicable.

**Maintenance of Cost records**

- (vi) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for the services of the Company.

**Payment of Applicable Taxes**



**Rajeev Bhatia & Associates**  
Chartered Accountants

1406, RG Trade Tower, Netaji Subhash Place,  
Pitampura, Delhi-110 034  
011-45131008, 9810057854  
info@rajeevbhatiaassociates.com

- (vii) a) According to the information and explanations provided to us and the records of the company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including income-tax, goods and services tax and other statutory dues as applicable with the appropriate authorities in India.

According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, goods and services tax and other statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us and the records of the company examined by us, during the period under audit, there are no dues of income tax, goods and services tax and other statutory dues as applicable which have not been deposited on account of any dispute.

**Dues to a Financial Institution or bank or debenture holder**

- (viii) According to the information and explanations provided to us and the records of the company examined by us, in our opinion, the Company has taken borrowing during the period under audit from a financial institution and there were no default from Company's part have been observed for the period under audit.

**Initial Public Offer**

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the period. Term loans raised from a financial institution during the period were applied for the purpose for which is has been raised.

**Fraud by the Company or on the Company**

- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the period.

**Managerial Remuneration**

- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

**Nidhi Company**

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

**Related Party Transactions**



**Rajeev Bhatia & Associates**  
Chartered Accountants

1406, RG Trade Tower, Netaji Subhash Place,  
Pitampura, Delhi-110 034  
011-45131008, 9810057854  
info@rajeevbhatiaassociates.com

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

**Preferential Allotment or Private Placement**

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any private placement or preferential allotment, u/s 42 of the Companies Act 2013, of shares or convertible debenture during the period. Accordingly, paragraph 3(xiv) of the Order is not applicable.

**Non – Cash Transactions**

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

**Registration with RBI**

- (xvi) The Company has been registered under section 45-IA of the Reserve Bank of India Act 1934 as a Non-Banking Financial Company.

Place of Signature: Delhi  
Dated: 2 May 2019

For Rajeev Bhatia & Associates  
Chartered Accountants  
Firm's Registration No. 021776N



Rajeev Bhatia  
Partner  
M. No. 089018



**Annexure B to the Independent Auditors' Report**

(Referred to in Paragraph 2(f) under the heading of "Report on other legal and regulatory requirements" of our report of even date of **Satin Finserv Limited** on the financial statements for the period ended 31 March 2019)

**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 **Satin Finserv Limited** ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the period 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 control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 Company's 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 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 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, 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 31 March 2019, 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 issued by the Institute of Chartered Accountants of India.

**Place of Signature: Delhi**

**Dated: 2 May 2019**

**For Rajeev Bhatia & Associates**  
**Chartered Accountants**  
**Firm Registration No. 021776N**



**Rajeev Bhatia**  
**Partner**  
**M. No. 089018**



**SATIN FINSERV LIMITED****Balance Sheet as at 31 March 2019**

(All amounts in lakhs, unless otherwise stated)

	Notes	As at 31-Mar-19
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and cash equivalents	4	996.95
Bank balances other than above	5	207.34
Loans	6	1,135.34
Other financial assets	7	0.08
		<b>2,339.71</b>
<b>Non-financial assets</b>		
Current tax assets (net)	8	0.81
Deferred tax assets (net)	9	22.18
Other non-financial assets	10	0.07
		<b>23.06</b>
<b>TOTAL ASSETS</b>		<b>2,362.77</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Financial liabilities</b>		
Borrowings other than debt securities	11	50.00
Other financial liabilities	12	111.23
		<b>161.23</b>
<b>Non-financial Liabilities</b>		
Provisions	13	1.94
Other non-financial liabilities	14	12.77
		<b>14.71</b>
<b>Equity</b>		
Equity share capital	15	2,250.00
Other equity	16	(63.17)
		<b>2,186.83</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,362.77</b>

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached

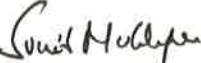
For **Rajeev Bhatia & Associates**

Chartered Accountants

Firm's Registration No.: 021776N



**Rajeev Bhatia**  
Partner  
M No. 089018

For and on behalf of the Board of Directors of  
Satin Finserv Limited


**Sumit Mukherjee**  
DIN: 08369056  
WTD & CEO




**Jitendra Jain**  
Chief Financial Officer

Place : New Delhi  
Dated: 02 May 2019



**Harvinder Pal Singh**  
DIN: 00333754  
Director



**Bhanu Priya**  
Mem No: 36312  
Company Secretary



Place : New Delhi  
Dated: 02 May 2019

**SATIN FINSERV LIMITED****Statement of Profit and Loss for the period ended on 31 March 2019**

(All amounts in lakhs, unless otherwise stated)

	Notes	For the period ended 31-Mar-19
<b>I. Revenue from operations</b>		
Interest income	17	9.94
Fees and commission income	18	0.40
<b>Total Revenue from operations</b>		<u>10.34</u>
Other Income	19	0.04
<b>Total Income</b>		<u><u>10.38</u></u>
<b>II. Expenses</b>		
Finance costs	20	0.36
Impairment on financial instruments	21	4.56
Employee benefit expenses	22	48.53
Other expenses	23	42.28
<b>Total</b>		<u><u>95.73</u></u>
<b>Profit / (loss) before exceptional items and tax</b>		<b>(85.35)</b>
Exceptional items		-
<b>Profit / (loss) before tax</b>		<b>(85.35)</b>
<b>Tax expense:</b>		
Less: - Current tax		-
Add: - Deferred tax charge		22.18
<b>Profit / (loss) after tax for the period</b>		<u><u>(63.17)</u></u>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of the defined benefit plans		-
Equity instruments through other comprehensive income		-
Income tax relating to above items		-
<b>Other comprehensive income</b>		<u><u>-</u></u>
<b>Total comprehensive income</b>		<b>(63.17)</b>
<b>Earnings per equity share</b>	24	
Basic (₹)		(2.49)
Diluted (₹)		(2.49)

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached

For **Rajeev Bhatia & Associates**

Chartered Accountants

Firm's Registration No.: 021776N



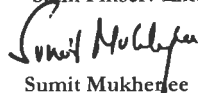
Rajeev Bhatia

Partner

M No. 089018

For and on behalf of the Board of Directors of

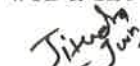
Satin Finserv Limited



Sumit Mukherjee

DIN: 08369056

WTD &amp; CEO



Jitendra Jain

Chief Financial Officer



Harvinder Pal Singh

DIN: 00333754

Director



Bhanu Priya

Mem No: 36312

Company Secretary

Place : New Delhi

Dated: 02 May 2019

Place : New Delhi

Dated: 02 May 2019



**SATIN FINSERV LIMITED**


**Cash flow statement for the period ended March 31, 2019**

(All amounts in lakhs, unless otherwise stated)

	Notes	For the period ended 31-Mar-19
<b>Cash flow from operating activities</b>		
Profit before tax		(85.35)
Adjustments for:		
Provision for expected credit losses	Note 21	4.56
<b>Operating profit before working capital changes</b>		(80.79)
Movements in working capital :		
Increase in other liabilities and provisions		125.94
Increase in term deposits		(207.34)
Increase in financial assets		(1,139.90)
Increase in other assets		(0.15)
<b>Cash used in operations</b>		(1,302.24)
Income taxes paid		(0.81)
<b>Net cash used in operating activities (A)</b>		(1,303.05)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment		-
Purchase of intangible assets		-
Proceeds from sale of property, plant and equipment		-
<b>Net cash used in investing activities (B)</b>		-
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares		2,250.00
Receipt of Long term borrowings		50.00
<b>Net cash from financing activities (C)</b>		2,300.00
<b>Net increase in cash and cash equivalents (A + B + C)</b>		996.95
Cash and cash equivalents at the beginning of the period		-
<b>Cash and cash equivalents at the end of the period</b>		996.95
<b>Components of cash and cash equivalents as at the end of period</b>		
Cash on hand		-
Balance with banks - on current account		996.95
Deposits with original maturity of less than or equal to 3 months		-
<b>Total cash and cash equivalents</b>		996.95

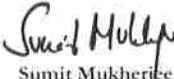
The accompanying notes are an integral part of these financial statements.  
As per our report of even date attached

For **Rajeev Bhatia & Associates**  
Chartered Accountants  
Firm's Registration No.: 021776N


  
Rajeev Bhatia  
Partner  
M No. 089018

Place : New Delhi  
Dated: 02 May 2019


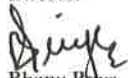
For and on behalf of the Board of Directors of  
Satin Finserv Limited

  
Sumit Mukherjee  
DIN: 08369056

WTD & CEO

  
Jitendra Jain  
Chief Financial Officer

Place : New Delhi  
Dated: 02 May 2019

  
Harvinder Pal Singh  
DIN: 00333754  
Director  
  
Bhanu Parya  
Mem No: 36312  
Company Secretary



**SATIN FINSERV LIMITED****Statement of changes in equity for the period ended 31 March 2019**

(All amounts in lakhs, unless otherwise stated)

**A Equity share capital**

Particulars	Balance as at 01 April 2018	Change in equity share capital during the period	Balance as at 31 March 2019
Equity Share Capital	-	2,250.00	2,250.00
	-	-	-

**B Other equity**

Particulars	Reserves and surplus			Total
	Securities premium	Retained earnings	Other reserves	
Balance as at 01 April 2018	-	-	-	-
Total comprehensive income	-	(63.17)	-	(63.17)
Balance as at 31 March 2019	-	(63.17)	-	(63.17)

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached

**For Rajeev Bhatia & Associates**

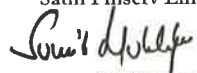
Chartered Accountants

Firm's Registration No.: 021776N

Rajeev Bhatia

Partner

M No. 089018

**For and on behalf of the Board of Directors of  
Satin Finserv Limited**

Sumit Mukherjee

DIN: 08369055

WTD &amp; CEO



Jitendra Jain

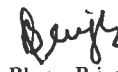
Chief Financial Officer



Harvinder Pal Singh

DIN: 00333754

Director



Bhanu Priya

Mem No: 36312

Company Secretary

Place : New Delhi

Dated: 02 May 2019

Place : New Delhi

Dated: 02 May 2019



## Satin Finserv Limited

### Summary of significant accounting policies and other explanatory information for the period ended March 31, 2019

#### 1. Company Overview / Corporate Information

Satin Finserv Limited ('the Company') is a public limited company and incorporated on August 10, 2018, under the provisions of Companies Act. The Company is a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') and is registered as a Non-Banking Financial Company ('NBFC') with the Reserve Bank of India ('RBI') in January 09, 2019. The main objective of the Company to carry on the business of Non-Banking Financial Company and to undertake and or arrange or syndicate all types of business relating to financing of consumers, individuals, industry or corporates, for all kinds of vehicles, aircrafts, ships, machinery, plants, two-wheelers, tractors and other farm equipments, consumer durables, equipment, renewable energy equipment/infrastructure, construction equipment, housing equipment, capital equipment, office equipment, their spares and components, real estate, infrastructure work or activity, including used/refurbished products, as also services of every kind and description, computers, storage tanks, toll roads, communication satellites, communication lines, factories, rolling stock, moveable and immoveable property, to engage in all forms of securitisation, instalment sale and/or deferred sale relating to goods or materials, to purchase the book debts and receivables of companies and to lend or give credit against the same, to borrow, to transact business as promoters, financiers, monetary agents, to carry out the business of a company established with the object of financing industrial enterprises and to arrange or provide financial and other facilities independently or in association with any person, Government, Financial Institutions, Banks, Industrial Companies or any other agency, in the form of lending or advancing money by way of loan, working capital finance, real estate finance, refinance, project finance or in any other form, whether with or without security, to institutions, bodies corporate, firms, associations, societies, trusts, authorities, industrial enterprises and to arrange or provide facilities for the purposes of infrastructure development work or for providing infrastructure facilities or engaging in infrastructure activities and to raise and provide venture capital and promote or finance the promotion of joint stock companies, to invest in, to underwrite, to undertake matters relating to real estate advisory, to manage the issue of, and to trade in their shares or other securities. The Company is domiciled in India and its registered office is situated at 503, 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, New Delhi – 110033.

#### 2. Basis of preparation

##### (i) Statement of compliance with Indian Accounting Standards (Ind AS)

These Ind AS financial statements ('the Financial Statements') have been prepared in accordance with the Indian Accounting Standards 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

The financial statements for the period ended March 31, 2019 are the first financial statements which has been prepared in accordance with Ind AS and other applicable guidelines issued by the Reserve Bank of India ('RBI').

The financial statements for the period ended March 31, 2019 were authorized and approved for issue by the Board of Directors on May 02, 2019.

##### (ii) Historical cost convention

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities and share based payments which are measured at fair values as explained in relevant accounting policies.



**Satin Finserv Limited**

**Summary of significant accounting policies and other explanatory information for the period ended March 31, 2019**

**3. Summary of significant accounting policies**

The financial statements have been prepared using the significant accounting policies and measurement bases summarised as below.

**a) Revenue recognition**

*Interest and Admin & Other Charges*

Interest income is recorded on accrual basis using the effective interest rate (EIR) method. Additional interest/penal charges are recognised only when it is reasonable certain that the ultimate collection will be made.

*Other Charges related to Operation*

The Company collect other charges i.e. documentation charges, overdue interest, Cheque bounce charges, prepayment charges, conversion charges, document retrieval charges, Foreclosure charges etc from all the borrowers based on event, and recognise this income on collection basis.

*Other Income*

The Company recognise the interest income on fixed deposits and other income on accrual basis.

**b) Borrowing costs**

Borrowing costs directly attributable to the acquisition and/or construction of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the statement of profit and loss as incurred basis the effective interest rate method.

**c) Taxation**

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. 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).

Minimum alternate tax ('MAT') credit entitlement is recognised as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on unrealised tax loss are recognised to the extent that it is probable that the underlying tax loss will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).





**Satin Finserv Limited**

**Summary of significant accounting policies and other explanatory information for the period ended March 31, 2019**

**d) Employee benefits**

**Short-term employee benefits**

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

**Other employee benefits**

The Company also provides the benefit of compensated absences to its employees which are in the nature of employee benefit plan. Liability in respect of compensated absences becoming due and expected to avail has been estimated by the management.

**e) Impairment of non-financial assets**

The Company's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a prorata basis.

An impairment loss in respect of assets for which impairment loss has been recognized in prior periods, the Company reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**f) Impairment of financial assets**

*Loan assets*

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days.



## Satin Finserv Limited

### Summary of significant accounting policies and other explanatory information for the period ended March 31, 2019

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

**Probability of Default (PD)** - The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

**Loss Given Default (LGD)** - LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

**Exposure at Default (EAD)** - EAD is based on the amounts the Company expects to be owed at the time of default. For a revolving commitment, the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

#### *Other financial assets*

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

#### **g) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand (including imprest), demand deposits and short-term highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

#### **Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



**Satin Finserv Limited**

**Summary of significant accounting policies and other explanatory information for the period ended March 31, 2019**

**h) Leases**

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

**Finance leases**

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability

**Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**i) Provisions, contingent assets and contingent liabilities**

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

**j) Financial instruments**

*A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.*

*Initial recognition and measurement*

All the financial assets and financial liabilities are recognised initially at fair value plus, in the case not recorded at fair value through profit and loss, transaction costs that are attributable to acquisition of the financial assets and financial liabilities. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement of financial assets and financial liabilities is described below.



## Satin Finserv Limited

### Summary of significant accounting policies and other explanatory information for the period ended March 31, 2019

#### Non-derivative financial assets

##### *Subsequent measurement*

i. **Financial assets carried at amortised cost** – a financial asset is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

##### *Impairment of financial assets*

The Company recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Statement of Profit and Loss.

##### *De-recognition of financial assets*

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Company has not retained control, it shall also derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

#### Non-derivative financial liabilities

##### *Subsequent measurement*

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

##### *De-recognition of financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.



## Satin Finserv Limited

### Summary of significant accounting policies and other explanatory information for the period ended March 31, 2019

#### k) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### l) Segment reporting

The Company identifies segment basis the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are regularly by the executive management ('chief operating decision maker') in deciding how to allocate resources and in assessing performance. The accounting policies adopted for segment reporting are line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship with the operating activities of the segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Executive Officer (CEO) of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly identified as the chief operating decision maker. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/ expenses/ assets/ liabilities", as the case may be.

#### m) Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

##### *Significant management judgements*

**Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

**Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Expected credit loss ('ECL')** – The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. likelihood of customers defaulting and resulting losses). The Company makes significant judgements with regard to the following while assessing expected credit loss:

- Determining criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.



**Satin Finserv Limited**

**Summary of significant accounting policies and other explanatory information for the period ended March 31, 2019**

**Provisions** – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

*Significant estimates*

**Fair value measurements** – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.





**SATIN FINSERV LIMITED**
**Notes to the financial statements for the period ended 31 March 2019**

(All amounts in lakhs, unless otherwise stated)

	As at 31-Mar-19
<b>Note 4 Cash and cash equivalents</b>	
Balance with banks in current accounts	996.95
<b>Total of cash and cash equivalents</b>	<b>996.95</b>
The Company has not taken bank overdraft, therefore the cash and cash equivalent for cash flow statement is same as cash and cash equivalent given above.	
<b>Note 5 Bank balances other than cash and cash equivalents</b>	
Term deposits with banks having remaining maturity of less than 12 months	207.34
<b>Total</b>	<b>207.34</b>
<b>Note 6 Loans (at amortised cost)</b>	
<b>Secured, considered good</b>	
Portfolio loans	1,139.90
Less: Impairment loss allowance	4.56
	<b>1,135.34</b>
<b>Total</b>	<b>1,135.34</b>
(i) Secured by tangible assets	1,139.90
(ii) Covered by bank/government guarantees	-
(iii) Unsecured	-
<b>Total - Gross</b>	<b>1,139.90</b>
Less: Impairment loss allowance	(4.56)
<b>Total - Net</b>	<b>1,135.34</b>
<b>Loans in India</b>	
(i) Public Sector	-
(ii) Others	1,139.90
<b>Total - Gross</b>	<b>1,139.90</b>
Less: Impairment loss allowance	(4.56)
<b>Total - Net</b>	<b>1,135.34</b>
The above amount includes the interest accrued and exclude unamortised loan processing fees, as follows:	
<b>Particulars</b>	
Interest accrued	1.71
Unamortised loan processing fee	(11.42)
<b>Note 7 Other financial assets</b>	
Security deposit	0.08
	<b>0.08</b>
<b>Note 8 Current tax assets (net)</b>	
Tax deducted at source	0.81
	<b>0.81</b>



**SATIN FINSERV LIMITED**
**Notes to the financial statements for the period ended 31 March 2019**

(All amounts in lakhs, unless otherwise stated)

	As at 31-Mar-19						
<b>Note 9 Deferred tax assets (net)</b>							
<b>(A) Deferred tax assets</b>							
Provision for employee benefits	0.50						
Preliminary expenses	0.93						
Unused tax losses	20.75						
<b>Net deferred tax assets</b>	<b>22.18</b>						
<b>Note 10 Other non-financial assets</b>							
Prepaid expenses	0.07						
<b>Total</b>	<b>0.07</b>						
<b>Note 11 Borrowings other than debt securities</b>							
Loan from related party (At amortised Cost)							
Secured*	50.00						
<b>Total (A)</b>	<b>50.00</b>						
Borrowings in India	50.00						
Borrowings outside India	-						
<b>Total (B)</b>	<b>50.00</b>						
*Secured by way of Hypothecation to the extent of 100% of the value of the loan outstanding.							
Terms of repayment of other borrowings as on March 31, 2019 are as follows :							
	<table><tr><th colspan="2">Due after 4 years</th></tr><tr><th>Repayment</th><th>No. of installments</th></tr><tr><td>Bullet (March 02, 2024)</td><td>1</td></tr></table>	Due after 4 years		Repayment	No. of installments	Bullet (March 02, 2024)	1
Due after 4 years							
Repayment	No. of installments						
Bullet (March 02, 2024)	1						
	<table><tr><th colspan="2">Amount</th></tr><tr><td>Bullet (March 02, 2024)</td><td>50.00</td></tr></table>	Amount		Bullet (March 02, 2024)	50.00		
Amount							
Bullet (March 02, 2024)	50.00						
<b>Note 12 Other financial liabilities</b>							
Interest accrued on borrowings other than debt securities	0.25						
Security deposit received from customers	106.25						
Expense payable	4.73						
<b>Total</b>	<b>111.23</b>						
<b>Note 13 Provisions</b>							
Provision for compensation absences	1.94						
As certified by the management							
	<b>1.94</b>						
<b>Note 14 Other non-financial liabilities</b>							
Deferred income	8.79						
Statutory Dues:							
GST Payable (net of input)	1.09						
TDS Payable	2.89						
<b>Total</b>	<b>12.77</b>						



**SATIN FINSERV LIMITED****Notes to the financial statements for the period ended 31 March 2019**

(All amounts in lakhs, unless otherwise stated)

**Note 15 Equity share capital****As at 31 Mar 2019**  
**Number Amount****Authorised share capital**

Equity share capital of face value of ₹ 10 each

At the beginning of the period

Additions during the period

**Total**

23,000,000	2,300.00
<b>23,000,000</b>	<b>2,300.00</b>

**Issued, subscribed and paid up capital**

Equity share capital of face value of ₹ 10 each

At the beginning of the period

Additions during the period

**Total**

22,500,000	2,250.00
<b>22,500,000</b>	<b>2,250.00</b>

**Reconciliation of number of equity shares outstanding at the beginning and at the end of the period**

Balance at the beginning of the period

Add: Issued during the period

22,500,000	2,250.00
<b>22,500,000</b>	<b>2,250.00</b>

**Equity shares held by Holding Company:**

Satin Creditcare Network Limited

**Total**

<b>Number</b>	<b>%</b>
22,500,000	100
<b>22,500,000</b>	<b>100</b>

The company has only one class of equity shares having par face value of ₹ 10 per share. Each equity shareholder is eligible for one vote per share held. Any dividend, if proposed by the Board of Directors, is subject to the approval of shareholders. Dividend declared and paid would be in Indian rupees. Dividends are subject to corporate dividend tax. In the event of liquidation of the Company, the holders of equity share 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.

Refer Note No. 27 for objectives, policies and processes for managing capital.

**Note 16 Other Equity**

Retained earnings

(63.17)

**Total****(63.17)**

**SATIN FINSERV LIMITED**
**Notes to the financial statements for the period ended 31 March 2019**

(All amounts in lakhs, unless otherwise stated)

		For the period ended 31-Mar-19
Note		
<b>Note 17</b>	<b>Interest income</b>	
	Interest income	1.79
	Interest on fixed deposits	8.15
	<b>Total</b>	<b>9.94</b>
<b>Note 18</b>	<b>Fees and commission income</b>	
	Documentation charges	0.40
	<b>Total</b>	<b>0.40</b>
<b>Note 19</b>	<b>Other Income</b>	
	Miscellaneous income	0.04
	<b>Total</b>	<b>0.04</b>
<b>Note 20</b>	<b>Finance cost (on financial liabilities measured at amortised cost)</b>	
	Interest on borrowings other than debt securities	0.36
	<b>Total</b>	<b>0.36</b>
<b>Note 21</b>	<b>Impairment on financial instruments (on financial assets measured at amortised cost)</b>	
	Allowance for expected credit loss	4.56
	<b>Total</b>	<b>4.56</b>
<b>Note 22</b>	<b>Employee benefit expenses</b>	
	Salary and allowances	48.53
	<b>Total</b>	<b>48.53</b>
<b>Note 23</b>	<b>Other expenses</b>	
	Bank charges	0.01
	Sitting fees paid to directors	1.09
	Travelling expenses	2.51
	Rent, rates & taxes	0.43
	Interest & penalties	0.06
	Software maintenance expenses	1.00
	Payment to auditors*	1.00
	Professional fees	8.28
	Printing and stationery	0.16
	Legal expenses	20.66
	Recruitment expenses	2.62
	Preliminary expenses	4.46
	<b>Total</b>	<b>42.28</b>
	*Remuneration to auditors comprises of:	
	Statutory Audit Fee	1.00
	<b>Total</b>	<b>1.00</b>
<b>Note 24</b>	<b>Earnings per share</b>	
	Net profit attributable to equity shareholders	
	Net profit for the period	(63.17)
	Nominal value of equity share (₹)	10.00
	Weighted average number of equity shares	2,534,247
	<b>Basic earnings per share (₹)</b>	<b>(2.49)</b>
	Nominal value of equity share (₹)	10.00
	Weighted-average number of equity shares used to compute diluted earnings per share	2,534,247
	<b>Diluted earnings per share (₹)</b>	<b>(2.49)</b>



**SATIN FINSERV LIMITED****Notes to the Financial Statements for the period ended 31 March 2019**

(All amounts in lakhs, unless otherwise stated)

**25 Financial instruments****A Financial assets and liabilities**

The carrying amounts of financial instruments by category are as follows:

Particulars	Note	As at March 31, 2019
<b>Financial assets measured at amortised cost</b>		
Bank balances in current accounts	Note 4	996.95
Bank balances other than above	Note 5	207.34
Loans	Note 6	1,135.34
Security deposits	Note 7	0.08
<b>Total</b>		<b>2,339.71</b>
<b>Financial liabilities measured at amortised cost</b>		
Borrowings (other than debt securities but including interest accrued)	Note 11	50.00
Other financial liabilities	Note 12	111.23
<b>Total</b>		<b>161.23</b>

**B Fair values hierarchy**

Financial assets and financial liabilities are measured at fair value in the financial statements and are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

The categories used are as follows:

**Level 1:** Quoted prices (unadjusted) for identical instruments in an active market;

**Level 2:** Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

**Level 3:** Inputs which are not based on observable market data (unobservable inputs).

**Fair value of instruments measured at amortised cost**

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

Particulars	As at March 31, 2019	
	Carrying value	Fair value
<b>Financial assets</b>		
Loans	1,135.34	1,135.34
Security deposits	0.08	0.08
<b>Total</b>	<b>1,135.42</b>	<b>1,135.42</b>
<b>Financial liabilities</b>		
Borrowings (other than debt securities)	50.00	50.00
Other financial liabilities	111.23	111.23
<b>Total</b>	<b>161.23</b>	<b>161.23</b>

The management assessed that fair values of investments, cash and cash equivalents, other bank balances, trade receivables and trade payables approximate their respective carrying amounts, largely due to the short-term maturities of these instruments. The following methods and assumptions were used to estimate the fair values for other assets and liabilities:

(i) The fair values of the Company's fixed interest bearing loans and receivables are determined by applying discounted cash flows ("DCF") method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2019 was assessed to be insignificant.

(ii) The fair values of the Company fixed rate interest-bearing borrowings are determined by applying discounted cash flows ("DCF") method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.



**SATIN FINSERV LIMITED****Notes to the Financial Statements for the period ended 31 March 2019**

(All amounts in lakhs, unless otherwise stated)

**26 Financial risk management****i) Risk Management**

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The Company's risk are managed by a treasury department under policies approved by the board of directors. The board of directors provides written principles for overall risk management. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
Credit risk	Bank balances in current accounts, other bank balances, loans and other financial assets	Ageing analysis	Highly rated bank deposits and diversification of asset base and collaterals taken for assets
Liquidity risk	Borrowings and other financial liabilities	Cash flow forecasts	Committed borrowing (whenever required)
Market risk - interest rate	Variable or fixed rates borrowings	Sensitivity analysis	Negotiation of terms that reflect the market factors

**A) Credit risk**

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, investments, loan assets, trade receivables and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

**a) Credit risk management**

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- (i) Low credit risk
- (ii) Moderate credit risk
- (iii) High credit risk

The company provides for expected credit loss based on the following:

<b>Nature</b>	<b>Assets covered</b>	<b>Basis of expected credit loss</b>
Specific valuation techniques used to value financial instruments include:	Bank balances in current accounts, other bank balances, loans and other financial assets	12 month expected credit loss

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.





**SATIN FINSERV LIMITED**
**Notes to the Financial Statements for the period ended 31 March 2019**

(All amounts in lakhs, unless otherwise stated)

**Financial assets that expose the entity to credit risk**

Particulars	As at March 31, 2019
(i) - Stage 1	
Bank balances in current accounts	996.95
Bank balances other than above	207.34
Loans	1,135.34
Security deposits	0.08
(ii) - Stage 2	
Loans	-
(iii) - Stage 3	
Loans	-

**Bank balances in current accounts and bank deposits**

Credit risk related to bank balances in current accounts and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

**Loans**

Credit risk related to borrower's are mitigated by considering collateral's/bank guarantees/letter of credit, from borrower's. The Company closely monitors the credit-worthiness of the borrower's through internal systems and project appraisal process to assess the credit risk and define credit limits of borrower, thereby, limiting the credit risk to pre-calculated amounts. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. The Company assesses increase in credit risk on an ongoing basis for amounts loan receivables that become past due and default is considered to have occurred when amounts receivable become one year past due.

**b) Credit risk exposure**
**i) Expected credit losses for financial assets other than loans**

Company provides for expected credit losses on financial assets other than loans by assessing individual financial instruments for expectation of any credit losses:

- For bank balances in current accounts and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of bank balances in current accounts, other bank balances and bank deposits is evaluated as very low.

- For loans comprising security deposits paid - Credit risk is considered low because the Company is in possession of the underlying asset.

- For other financial assets - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though the reconciliation of expected credit loss for all sub categories of financial assets (other than loans) are disclosed below:

As at March 31, 2019	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Bank balances in current accounts	996.95	-	996.95
Bank balances other than above	207.34	-	207.34
Security deposits	0.08	-	0.08



**SATIN FINSERV LIMITED****Notes to the Financial Statements for the period ended 31 March 2019**

(All amounts in lakhs, unless otherwise stated)

**ii) Expected credit loss for loans**

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days.

If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days.

If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

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 unlikeliness 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:

- (i) The borrower is deceased
- (ii) A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- (iii) A material decrease in the borrower's turnover or the loss of a major customer
- (iv) The borrower requesting emergency funding from the Company

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

Considering, the Company has started business from January 2019 and does not have history and there are no loan balances which has become 90 days past due and hence, provisioning norms are been used to make provision for loan assets, with a background of management overlay.

**Changes in the gross carrying amount and the corresponding ECL allowances in relation to loans from beginning to end of reporting period:**

Particulars	Stage 1 (0-29 days)	Stage 2 (30-89 days)	Stage 3 (More than 89 Days)
Assets originated or purchased	1,139.90	-	-
Net transfer between stages	-	-	-
Assets derecognised or repaid (excluding write offs)	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-
Write - offs	-	-	-
<b>Gross</b>	<b>1,139.90</b>	<b>-</b>	<b>-</b>



**SATIN FINSERV LIMITED****Notes to the Financial Statements for the period ended 31 March 2019**

(All amounts in lakhs, unless otherwise stated)

**Reconciliation of loss allowance provision from beginning to end of reporting period:**

Reconciliation of loss allowance	Loans	Other financial assets
Increase of provision due to assets originated or purchased during the period	4.56	-
Net transfer between stages	-	-
Loss allowance written back	-	-
Write - offs	-	-
<b>Loss allowance on March 31, 2019</b>	<b>4.56</b>	<b>-</b>

**c) Concentration of loans**

The Company's exposure to credit risk for loans and trade receivables is presented as below. Other financial assets majorly represents loans to employees and deposits given for business purposes.

Particulars	As at March 31, 2019
Agriculture and allied activities	-
MSME	-
Services	-
Corporate borrowers	1,139.90
Others	-
<b>Total</b>	<b>1,139.90</b>

**B) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

The Company maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors the Company's liquidity positions (also comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The Company also takes into account liquidity of the market in which the entity operates.

**(i) Financing arrangements**

The Company had access to the following funding facilities:

As at March 31, 2019	Total facility	Drawn	Undrawn
- Expiring within one year	-	-	-
- Expiring beyond one year	3,000.00	50.00	2,950.00
<b>Total</b>	<b>3,000.00</b>	<b>50.00</b>	<b>2,950.00</b>



**SATIN FINSERV LIMITED**

**Notes to the Financial Statements for the period ended 31 March 2019**

(All amounts in lakhs, unless otherwise stated)

**(ii) Maturities of financial assets and liabilities**

The tables below analyse the Company financial assets and liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows:

As at March 31, 2019	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>					
Bank balances in current accounts	996.95	-	-	-	996.95
Bank balances other than cash and cash equivalents	207.34	-	-	-	207.34
Loans	793.06	504.67	-	-	1,297.73
Other financial assets	-	0.10	-	-	0.10
<b>Total undiscounted financial assets</b>	<b>1,997.35</b>	<b>504.77</b>	<b>-</b>	<b>-</b>	<b>2,502.12</b>
<b>Non-derivatives</b>					
Borrowings other than debt securities (excluding interest accrued)	6.02	6.25	6.25	62.50	81.02
Other financial liabilities	4.98	125.35	-	-	130.33
<b>Total undiscounted financial liabilities</b>	<b>11.00</b>	<b>131.60</b>	<b>6.25</b>	<b>62.50</b>	<b>211.35</b>
<b>Net undiscounted financial assets/(liabilities)</b>	<b>1,986.35</b>	<b>373.17</b>	<b>(6.25)</b>	<b>(62.50)</b>	<b>2,290.77</b>

**C) Market risk**

**a) Interest rate risk**

**i) Liabilities**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At March 31, 2019, the Company is exposed to changes in market interest rates through other borrowings at variable interest rates.

*Interest rate risk exposure*

Below is the overall exposure of the Company to interest rate risk:

Particulars	As at March 31, 2019
<b>Variable rate liabilities</b>	
Borrowings other than debt securities	-
<b>Fixed rate liabilities</b>	
Borrowings other than debt securities	50.00
<b>Total</b>	<b>50.00</b>

*Sensitivity*

Sensitivity, of profit or loss in borrowing having fixed interest rates, is not applicable.

**ii) Assets**

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**27 Capital management**

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to comply with externally imposed capital requirement and maintain strong credit ratings
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Particulars	As at March 31, 2019
Net debt*	50.00
Total equity	2,186.83
<b>Net debt to equity ratio</b>	<b>0.02</b>

\* Net debt includes borrowings (at amortised cost) other than debt securities



**SATIN FINSERV LIMITED****Notes to the Financial Statements for the period ended 31 March 2019**

(All amounts in lakhs, unless otherwise stated)

**28 Related party disclosures****A List of related parties and disclosures****Holding Company:**

Satin Creditcare Network Limited

**Key managerial personnel and their relatives:**

Name of key managerial personnel	Designation	Relatives
Mr. H P Singh	Director	Mr. Satvinder Singh Mrs. Anureet H P Singh
Mr. Sumit Mukherjee	Director & CEO	-
Mr. Ashish Chandorkar*	Director	-
Mr. Jitendra Jain	Chief Financial Officer	-
Mrs. Bhanu Priya	Company Secretary	-

\* resigned from directorship w.e.f February 19, 2019

**B Details of transactions with related parties carried out in the ordinary course of business:**

Name of related party	Nature of transaction	For the period ended
		March 31, 2019
Satin Creditcare Network Limited	Allotment of shares	2,250.00
	Reimbursement of expenses	4.46
	Inter corporate loan received	50.00
	Interest expenses on loan	0.28
	Payment of rent	0.39
Mr. Sumit Mukherjee	Remuneration	8.81
Mr. Ashish Chandorkar	Remuneration	32.12
Mr. Jitendra Jain	Remuneration	3.14
Mrs. Bhanu Priya	Remuneration	2.51

**C Outstanding balances with related parties in ordinary course of business:**

Name of related party	Nature of balance	As at March 31, 2019
Satin Creditcare Network Limited	Inter corporate loan	(50.00)
	Interest on loan	(0.25)

**D Key management personnel remuneration includes the following expenses:**

Particulars	For the period ended
	March 31, 2019
Short-term employee benefits	46.58
Post employment benefits	-
Other long-term benefits	-
Termination benefits	-
Share based payments	-



**SATIN FINSERV LIMITED****Notes to the Financial Statements for the period ended 31 March 2019**

(All amounts in lakhs, unless otherwise stated)

**29 Segment information**

The Company operates in a single business segment i.e. lending to customers who have similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

**30 Leases**

Operating lease where the Company is a lessee

The Company's significant leasing arrangements are in respect of operating leases of office premises (Head office and branch office). The head office premises have been obtained on a lease term of eleven months. There are no sub-leases.

Lease payments during the period are charged to statement of profit and loss.

Particulars	For the period ended March 31, 2019
Operating lease payments recognized in statement of profit & loss	0.43

**31 Contingent liability and capital commitment:**

No contingent liabilities and capital commitment as on March 31, 2019

**32 First time adoption of Ind AS**

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note no 3 have been applied in preparing the financial statements for the period ending March 31, 2019.

**32.1 Estimates**

- a) Impairment of financial assets based on expected credit loss model

**32.2 Classification and measurement of financial assets and liabilities**

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets is measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- a) The effects of the retrospective application or retrospective restatement are not determinable;  
b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period;

The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.





**SATIN FINSERV LIMITED**
**Notes to the Financial Statements for the period ended 31 March 2019**

(All amounts in lakhs, unless otherwise stated)

33 Additional disclosures as required by the Reserve Bank of India -

**(i) Capital to Risk Assets Ratio (CRAR)**

Particulars	As at March 31, 2019
CRAR (%)	187.37
CRAR - Tier I Capital (%)	186.98
CRAR - Tier II Capital (%)	0.39
Amount of subordinated debt raised as Tier-II capital	-
Amount raised by issue of Perpetual Debt Instruments	-

**(ii) Disclosure of investments:-**

Particulars	As at March 31, 2019
<b>Value of Investments</b>	
Gross Value of Investments	
(a) In India	-
(b) Outside India	-
Provisions for Depreciation	
(a) In India	-
(b) Outside India	-
Net Value of Investments	
(a) In India	-
(b) Outside India	-
<b>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	-

**(iii) Derivatives:-**

The Company has no transactions/exposure in derivatives in the current period

**(iv) Disclosure relating to securitization:-**

The Company has no transactions/exposure in securitization in the current period

**(v) Details of assignment transactions undertaken:-**

The Company has no transactions/exposure in assignment transactions in the current period

**(vi) Details of financial asset sold to Securitisation / Reconstruction Company for asset reconstruction:-**

The Company has not sold financial assets to Securitisation / Reconstruction Companies for asset reconstruction in the current period

**(vii) Details of non-performing financial assets purchased / sold:-**

The Company has not purchased/sold non-performing financial asset in the current period

**(viii) Asset Liabilities Management Maturity pattern of certain items of assets and liabilities:-**

Particulars	Up to 30/31 days	Over one Month to 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
<b>Liabilities</b>									
Market Borrowings (other than Banks)	-	-	-	-	-	-	50.00	-	50.00
<b>Assets</b>									
Advances	-	57.35	56.73	175.12	373.36	477.36	-	-	1,139.92
Other advances	996.95	-	-	207.34	-	-	-	-	1,204.29

**(viii) Exposure to real estate sector:-**

The Company has no exposure to real estate sector during the current period

**(ix) Exposure to capital market:-**

The Company has no exposure to capital market during the current period

**(x) Information on instances of fraud:-**

No transaction were reported during the current period

**(xi) Details of single borrower limit exceeded by applicable NBFC:-**

The Company does not have single borrower exceeding the limits

**(xii) Details of financing of parent Company products:-**

The Company does not have such transaction during the period

**(xiii) Registration obtained from other financial sector regulators:-**

The Company is registered with the 'Ministry of Corporate Affairs' (Financial regulators as described by Ministry of Finance)

**(xiv) Disclosure of Penalties imposed by RBI & other regulators:-**

No penalties imposed by RBI and other regulators during current period

**(xv) Concentration of Advances, Exposures and NPAs**

Particulars	As at March 31, 2019
<b>Concentration of Advances</b>	
Total advances to twenty largest borrowers	1,139.90
(%) of advances to twenty largest borrowers to total advances	100%
<b>Concentration of Exposures</b>	
Total exposure to twenty largest borrowers	1,139.90
(%) of exposure to twenty largest borrowers to total exposure	100%
<b>Concentration of NPAs</b>	
Total exposure to top four NPA accounts	-



**SATIN FINSERV LIMITED****Notes to the Financial Statements for the period ended 31 March 2019**

(All amounts in lakhs, unless otherwise stated)

**(xvi) Sector wise NPAs**

During the period, there is no exposure under NPA.

**(xvii) Unsecured advances - refer note 6 of Balance Sheet Notes****(xviii) Provisions & contingencies (shown under Expenses head in statement of profit & loss)**

Particulars	For the period ended March 31, 2019
Provision for standard assets	4.56
Provision for leave benefits	1.94

**(xix) Un-hedged foreign currency**

The Company does not have any foreign currency transaction during the period.

**(xx) Customer complaints:-**

The Company does not have any customer complaints during the period.

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached

**For Rajeev Bhatia & Associates**

Chartered Accountants

Firm's Registration No.: 021776N

  
**Rajeev Bhatia**  
Partner  
M No. 089018




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

**Satin Finserv Limited**

  
**Sumit Mukherjee**  
DIN: 08369056  
WTD & CEO

  
**Jitendra Jain**  
Chief Financial Officer

  
**Harvinder Pal Singh**  
DIN: 00333754  
Director

  
**Bhanu Priya**  
Mem No: 36312  
Company Secretary

Place : New Delhi  
Dated: 02 May 2019

Place : New Delhi  
Dated: 02 May 2019

