

Rajeev Bhatia & Associates

Chartered Accountants

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

Independent Auditor's Report

To the Members of Satin Finserv Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Satin Finserv Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and a summary of the 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 Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at March 31, 2020, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing 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 ('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.

Emphasis of Matters

We draw attention to Note No 39 to the financial statements which explains that, the extent to which COVID-19 pandemic will impact, the Company's operations and financial position and performance are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company.

Our opinion is not modified in respect of this matter.



Responsibilities of Management and Those Charged with Governance for the 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 financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS 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 statements 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 is 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 Standards on Auditing 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.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the 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.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also



responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) 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 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.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

Further to our comments in Annexure A, 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 purpose 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;



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(c) the financial statements dealt with by this report are in agreement with the books of account;

(d) in our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act;

(e) on the basis of the written representations received from the directors 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) we have also audited the internal financial controls over financial reporting of the Company as on March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated May 29, 2020 as per Annexure B expressed unmodified opinion; and

(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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

(i) the Company did not have any pending litigations which impacted its financial position as at March 31, 2020;

(ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2020;

(iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.

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


Rajeev Bhatia
Partner

Membership No.: 089018
UDIN - 20089018AAAACE3394



Place: Delhi

Date: June 3, 2020

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 2020)

(i) Fixed Assets

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b) The Fixed Assets of the Company were physically verified on regular interval by the management, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us no material discrepancy was noticed on such verification.
- c) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the Company does not hold any immovable property during the period under audit. Thus, paragraph 3(i)(c) of the Order is not applicable to the Company.

(ii) Inventories

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

(iii) Loans granted by company

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.

(iv) Compliance of Section 185 and 186 of The Act

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.

(v) Acceptance of Deposits

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the period. Thus, paragraph 3(v) of the Order is not applicable.



(vi) Maintenance of Cost records

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.

(vii) Payment of Applicable Taxes

- 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, provident fund, employees' state insurance, 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, provident fund, employees' state insurance and other statutory dues were in arrears as at 31 March 2020 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 service tax, goods and services tax and other statutory dues as applicable which have not been deposited on account of any dispute.

(viii) Dues to a Financial Institution or bank or debenture holder

Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution.

(ix) Initial Public Offer

The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the period. The Company has raised money through term loan from financial institutions and applied for the purpose for which it has been raised.

(x) Fraud by the Company or on the Company

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.

(xi) Managerial Remuneration

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.



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(xii) Nidhi Company

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.

(xiii) Related Party Transactions

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.

(xiv) Preferential Allotment or Private Placement

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 private placement of shares, u/s 42 of the Companies Act 2013, during the period. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) Non – Cash Transactions

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.

(xvi) Registration with RBI

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

For Rajeev Bhatia & Associates

Chartered Accountants

Firm's Registration No.: 021776N


Rajeev Bhatia
Partner

Membership No.: 089018

UDIN - 20089018AAAACE3394



Place: Delhi

Date: June 3, 2020

Annexure B to the Independent Auditor's Report of even date to the members of Satin Finserv Limited on the financial statements for the year ended 31 March 2020

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Satin Finserv Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors 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 ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's 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

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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.

5. 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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



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with generally accepted accounting principles. A company's IFCoFR include 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

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2020, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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


Rajeev Bhatia
Partner



Membership No.: 089018
UDIN - 20089018AAAACE3394

Place: Delhi
Date: June 3, 2020

SATIN FINSERV LIMITED

Balance Sheet as at March 31, 2020

All amounts in Lakhs, unless otherwise stated

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial assets			
Cash and cash equivalents	4	1,807.07	996.95
Bank balances other than cash and cash equivalents	5		207.34
Loans	6	10,294.00	1,135.34
Other financial assets	7	17.03	0.08
		<u>12,764.52</u>	<u>2,339.71</u>
Non-financial assets			
Current tax assets - net	8	1.19	0.81
Deferred tax assets - net	9	15.88	22.18
Property, plant and equipment	10	51.80	
Intangible assets	11	8.99	
Other non-financial assets	12	150.74	0.07
		<u>244.60</u>	<u>23.06</u>
TOTAL ASSETS		<u>13,009.12</u>	<u>2,362.77</u>
LIABILITIES AND EQUITY			
Financial liabilities			
Payables			
Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	13	29.61	4.73
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	14	2,151.04	30.00
Borrowings (other than debt securities)	15	304.00	106.50
Other financial liabilities		<u>3,784.65</u>	<u>161.23</u>
Non-financial Liabilities			
Provisions	16	2.06	1.94
Other non-financial liabilities		<u>0.00</u>	<u>0.00</u>
Equity			
Equity share capital	18	10,250.00	2,250.00
Other equity	19	83.56	63.17
		<u>10,166.44</u>	<u>2,186.83</u>
TOTAL EQUITY AND LIABILITIES		<u>13,009.12</u>	<u>2,362.77</u>

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.N. 089018

Place: Delhi
Dated: June 03, 2020

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

Sumit Mukherjee

Sumit Mukherjee

DIN: 08369056

WTD & CEO

Place: Mumbai

Jitendra Jain

Chief Financial Officer

Place: Gurgaon

Dated: June 03, 2020

Harvinder Pal Singh

DIN: 00533754

Director

Place: Gurgaon

Bhama Priya

Mem No. 16312

Company Secretary

Place: Delhi



SATIN FINSERV LIMITED

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

(All amounts in Lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
I. Revenue from operations			
Interest income	20	1,288.95	9.94
Fees and commission income	21	70.44	0.40
Net gain on fair value changes	22	24.17	
Total Revenue from operations		1,383.56	10.34
Other Income	23	18.28	0.04
Total Income		1,401.84	10.38
II. Expenses			
Finance costs	24	176.27	0.36
Impairment on financial instruments	25	146.14	4.56
Employee benefit expenses	26	666.70	48.53
Depreciation and amortization expense	27	11.45	
Other expenses	28	313.02	42.28
Total		1,313.58	95.73
Profit / (loss) before exceptional items and tax		88.26	(85.35)
Exceptional items			
Profit / (loss) before tax		88.26	(85.35)
Tax expense:			
Less: - Current tax		47.21	
Add: Less: - Deferred tax		22.70	
Profit / (loss) after tax		64.72	(65.17)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Other comprehensive income			
Total comprehensive income		64.72	(65.17)
Earnings per equity share	29		
Basic (₹)		0.10	(2.49)
Diluted (₹)		0.10	(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

Sumit Mukherjee

DIN: 08369056

WTD & CEO

Place : Mumbai

Jitendra Jain

Jitendra Jain

Chief Financial Officer

Place : Gurgaon

Harvinder Pal Singh

DIN: 00333754

Director

Place : Gurgaon

Bhanu Priya

Bhanu Priya

Mem No: 36312

Chartered Accountant

Place : Delhi



Place : Delhi
Dated: June 03, 2020

Dated: June 03, 2020

SATIN FINSERV LIMITED

Statement of changes in equity for the year ended March 31, 2020

(All amounts in Lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Balance as at 01 April 2018	Change during the year	Balance as at March 31, 2019	Change during the year	Balance as at March 31, 2020
Equity Share Capital		2,250.00	2,250.00	8,000.00	10,250.00

B. Other equity

Particulars	Reserves and surplus				Total
	Securities premium	Retained earnings	Statutory reserves	Other reserves	
Balance as at April 01, 2018	-	-	-	-	-
Profit for the period	-	(63.17)	-	-	(63.17)
Balance as at March 31, 2019	-	(63.17)	-	-	(63.17)
Profit for the year	-	64.72	-	-	64.72
Transfer to statutory reserves	-	(12.94)	12.94	-	-
Less: Expense related to issue of equity shares	-	(85.10)	-	-	(85.10)
Balance as at March 31, 2020	-	(96.50)	12.94	-	(83.55)

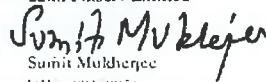
The accompanying notes are an integral part of these financial statements.
As per our report of even date attached

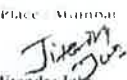
For Rajeev Bhatia & Associates
Chartered Accountants
Firm's Registration No.: 021776N


Rajeev Bhatia
Partner
42, Naraina Road

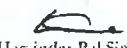
Place : Delhi
Dated: June 03, 2020

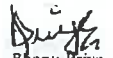
For and on behalf of the Board of Directors of
Satin Finserv Limited


Sumit Mulherjee
DIN: 08362056
WTD & CEO
Place : Mumbai


Jitendra Jam
Chief Financial Officer
Place : Gurgaon

Dated: June 03, 2020


Harinder Pal Singh
DIN: 00333754
Director
Place : Gurgaon


Bharti Priya
Mem No: 36312
Company Secretary
Place : Delhi



SATIN FINSERV LIMITED

Cash flow statement for the year ended March 31, 2020

(All amounts in Lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flow from operating activities			
Profit / (loss) before tax		88.26	(85.35)
Adjustments for:			
Provision for expected credit losses	25	146.14	4.56
Provision for employee benefits		25.72	1.94
Depreciation and amortisation expense		5.56	
Depreciation on ROR assets		3.89	
Interest expense on lease rental assets		1.86	
Effective interest rate adjustment for financial instruments		2.76	
Operating profit before working capital changes		276.19	(78.85)
Movements in working capital			
Increase in other liabilities and provisions		239.98	121.00
Investment in mutual fund			
(Increase) / Decrease in term deposits		207.34	(207.34)
Increase in financial assets		(9,951.29)	(1,139.90)
Increase in other assets		(167.64)	(11.15)
Cash used in operations		(9,395.33)	(1,302.24)
Income taxes paid (net)		(51.63)	(11.81)
Net cash used in operating activities (A)		(9,445.96)	(1,313.05)
Cash flows from investing activities			
Purchase of property, plant and equipment		(19.25)	
Purchase of intangible assets		(9.70)	
Net cash used in investing activities (B)		(28.93)	
Cash flows from financing activities			
Proceeds from issue of equity shares for net issue expenses		9,288.00	2,246.00
Repayment of borrowings		(1,512.45)	
Paid towards lease liability		(6.36)	
Expenses on account of issue of shares		(83.10)	
Net cash from financing activities (C)		10,285.01	2,300.00
Net increase / (decrease) in cash and cash equivalents (A + B + C)		810.12	996.95
Cash and cash equivalents at the beginning of the year / period		996.95	
Cash and cash equivalents at the end of the year / period		1,807.07	996.95
Components of cash and cash equivalents as at the end of year / period			
Cash in hand		1.78	
Balance with banks - on current account		14.19	996.95
Deposits with original maturity of less than or equal to 3 months		1,591.10	
Total cash and cash equivalents		1,807.07	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 : Delhi
Dated: June 03, 2020

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

Sumit Mukherjee

Sumit Mukherjee
DIN: 08369056
WTD & CEO
Place : Mumbai

Jitendra Jain
Jitendra Jain

Place : Gurgaon

Harvinder Pal Singh
Harvinder Pal Singh
DIN: 00333754
Director
Place : Gurgaon

Bhanu Prava
Bhanu Prava

Company Secretary
Place : Delhi

Dated: June 03, 2020



Satin Finserv Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

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 year ended March 31, 2020 are the 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 year ended March 31, 2020 were authorized and approved for issue by the Board of Directors on May 28, 2020.

(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 year ended March 31, 2020

3. Summary of significant accounting policies

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

a) Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Subsequent measurement (depreciation method, useful lives and residual value)

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on a straight-line basis, computed on the basis of useful lives prescribed in Schedule II to the Companies Act, 2013.

Asset class	Useful life
Office equipment	5 years
Computer and accessories – end user devices	3 years
Computer and accessories – network equipment	6 years
Furniture and fixtures	10 years

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit and loss, when the asset is derecognised.

Capital work-in-progress

Capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and advances paid to acquire property, plant and equipment. Assets which are not ready to intended use are also shown under capital work-in-progress.



Satin Finserv Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

b) Revenue recognition

Interest, administration and other charges (for loans)

Interest, administration and other charges received are recorded on accrual basis using the effective interest rate (EIR) method along with the consideration of transaction cost directly attributable to the creation of financial instrument being Loan Asset. Additional interest/overdue 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. login fee, 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.

c) 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.

d) Taxation

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the one 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).



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Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

e) 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.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plans

The Company has a defined contribution plans namely provident fund, pension fund and employees state insurance scheme. The contribution made by the Company in respect of these plans are charged to the Statement of Profit and Loss.

Defined benefit plans

The Company gratuity as defined benefit where the amount that employee will receive on retirement is defined by reference to employee's length of service and last drawn salary. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in other comprehensive income.

Other long-term employee benefits

The Company also provides the benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. Liability in respect of compensated absences becoming due and expected to availed after one year from the Balance Sheet date is estimated in the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

f) 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 cash-generating unit exceeds its 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.



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Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

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.

g) 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.
- 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 as 12-month ECL for Stage 1 loan assets and a 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 assessing whether there has been a significant increase in the risk of a default occurring since the expected date of the financial asset, 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



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Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

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

h) 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.

i) Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

The Company as a lessee

The Company's lease asset classes primarily consist of leases for building for office premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the exclusive 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



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Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

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.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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 in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet.

The Company as a lessor

The company does not have any leases as a lessor.

Transition

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 prospective method and has recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and corresponding right of use asset at the same value. Due to the prospective method applied, the comparatives as at and for the year ended March 31, 2019 will continue to be reported under the accounting policies included as part of our financial statements for year ended March 31, 2019.

Leases in which the lessor does not transfer substantially all the risks and rewards of ownership of an asset to the lessee are classified as operating leases. Lease rental are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensates the lessor for expected inflationary costs.

j) 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.

k) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. 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 year ended March 31, 2020

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.

Investments in mutual funds – Investments in mutual funds are measured at fair value through profit and loss (FVPL).

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.



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Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

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.

l) 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.

m) 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.

n) 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

- Determining criteria for significant increase in credit risk;



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Summary of significant accounting policies and other explanatory information for the year ended March 31, 2020

- 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.

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.

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

o) Standards issued but not yet effective as on date

Amendment to Ind AS 12

The amendment to Ind AS 12 requires the entities to consider recognition and measurement requirements when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability accordingly. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

Amendment to Ind AS 19

The amendment to Ind AS 19 requires the entities to determine current service cost using actuarial assumptions and net interest using discount rate determined at the start of the annual reporting period. However, if an entity re-measures the net defined benefit liability (asset) as per the requirement of the standard, it shall determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to re-measure the net defined benefit liability (asset). The Company is evaluating the requirements of the amendments and their impact on the financial statements.

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SATIN FINSERV LIMITED
Notes to the financial statements for the year ended March 31, 2020

(All amounts in Lakhs, unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
Note 4: Cash and cash equivalents		
Cash in hand	1.78	
Balance with banks in current accounts	304.19	996.95
Deposits with original maturity of less than 3 months	1,501.10	
Total of cash and cash equivalents	1,807.07	996.95

Note 5: Bank balance other than cash and cash equivalents

Deposits for remaining maturity of more than 3 months and upto 12 months

Total

Note 6: Loan portfolio (at amortised cost)
Portfolio loans

Secured	7,510.74	1,139.90
Unsecured	3,580.36	
Less: Impairment loss allowance	(150.70)	(4.56)
Total	10,940.40	1,135.34

Total

(i) Secured by book debts, margin money and property, plant and equipments	7,510.74	1,139.90
(ii) Covered by bank/government guarantees		
(iii) Unsecured	3,580.36	
Total - Gross	11,091.10	1,139.90
Less: Impairment loss allowance	(150.70)	(4.56)
Total - Net	10,940.40	1,135.34

Loans in India

(i) Public Sector		
(ii) Others	11,091.10	1,139.90
Total - Gross	11,091.10	1,139.90
Less: Impairment loss allowance	(150.70)	(4.56)
Total - Net	10,940.40	1,135.34

The above amount includes the interest accrued and exclude unamortised loan processing fees, as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued	190.93	1.71
Unamortised loan processing fee	(118.06)	(11.42)

Note 7: Other financial assets (at amortised cost)

Security deposit	17.05	0.08
Total	17.05	0.08

Note 8: Current tax assets (net)

Advance Tax (net)	4.19	0.81
Total	4.19	0.81



SATIN FINSERV LIMITED
Notes to the financial statements for the year ended March 31, 2020

(All amounts in Lakhs, unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
Note 9: Deferred tax assets (net)		
Deferred tax assets		
Provision for employee benefits	6.92	11.51
Preliminary expenses	11.71	11.93
Allowance for expected credit loss	37.68	-
Difference in written down value as per Companies Act and Income Tax Act	11.58	-
Unused tax losses	-	20.75
Net deferred tax assets	45.88	22.18

Movement in deferred tax assets (net)

Particulars	As at March 31, 2019	(Charged)/ credited to statement of profit and loss	(Charged)/credit ed to other comprehensive income	As at March 31, 2020
Assets				
Provision for employee benefits	11.51	6.42	-	6.92
Difference in written down value as per Companies Act and Income Tax Act	-	11.58	-	11.58
Preliminary expenses	11.93	(11.23)	-	11.71
Allowance for expected credit loss	-	37.68	-	37.68
Liabilities				
Unused tax losses	(20.75)	20.75	-	-
Total (net)	22.18	23.70	-	45.88

Particulars	As at April 01, 2018	(Charged)/ credited to statement of profit and loss	(Charged)/credit ed to other comprehensive income	As at March 31, 2019
Assets				
Difference in written down value as per Companies Act and Income Tax Act	-	11.93	-	11.93
Preliminary expenses	-	-	-	-
Allowance for expected credit loss	-	-	-	-
Liabilities				
Unused tax losses	-	(20.75)	-	(20.75)
Total (net)	-	22.18	-	22.18



SATIN FINSERV LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Lakhs, unless otherwise stated)

Note 10: Property, Plant and Equipment

Particulars	Plant and equipment	Office Equipment	Furniture and fixtures	ROU Assets	Total
Gross carrying value					
At April 1, 2019	-	-	-	-	-
Adjustment on transition to Ind AS 116	-	-	-	26.31	26.31
Addition	12.55	0.91	5.77	-	19.23
Disposals	-	-	-	-	-
As at 31 March 2020	12.55	0.91	5.77	26.31	45.54
Accumulated depreciation					
At April 1, 2019	-	-	-	-	-
Charge for the period	3.59	0.32	0.94	5.89	10.74
Disposals	-	-	-	-	-
As at 31 March 2020	3.59	0.32	0.94	5.89	10.74
Net Carrying value					
At April 1, 2019	-	-	-	-	-
As at 31 March 2020	8.96	0.59	4.83	20.42	34.80

Note 11: Intangible assets

Description	Intangible assets	Total
Gross carrying value		
At April 1, 2019	-	-
Addition	9.70	9.70
Disposals	-	-
As at 31 March 2020	9.70	9.70
Accumulated depreciation		
At April 1, 2019	-	-
Charge for the period	0.71	0.71
Disposals	-	-
As at 31 March 2020	0.71	0.71
Net Carrying value		
At April 1, 2019	-	-
As at 31 March 2020	8.99	8.99



SATIN FINSERV LIMITED
Notes to the financial statements for the year ended March 31, 2020
(All amounts in Lakhs, unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
Note 12: Other non-financial assets		
Prepaid expenses	133.37	40.17
GST Input (Net of Liability)	11.60	
Other advances	0	
Total	150.74	0.07

Note 13: Other payable

Total outstanding dues of micro enterprises and small enterprises

Total outstanding dues of creditors other than micro enterprises and small enterprises

	29.61	4.73
	29.61	4.73

Note 14: Borrowings (other than debt securities)

Term loans from other parties (At amortised Cost)*

Secured

2,429.23

Lease liability on Rental assets

21.81

Loan from related party (At amortised Cost)*

Secured

50.00

Total (A)

2,451.04 50.00

Borrowings in India

2,451.04 50.00

Borrowings outside India

- -

Total (B)

2,451.04 50.00

*Secured by way of of Hypothecation to the extent of 100% of the value of the loan outstanding

*Secured by way of of Hypothecation to the extent of 100% to 110% of the value of the loan outstanding

Reconciliation of liabilities arising from financing activities

The change in the Company's liabilities arising from financing activities can be classified as follows:

Particulars	Borrowings (other than debt)	Liability against leased assets	Total
April 01, 2018			
Cash flows:			
Repayment			
Proceeds from overdraft facility			
Proceeds other than overdraft facility	50.00		50.00
Non cash:			
Conversion of Optionally Convertible, Redeemable Preference Shares			
Foreign exchange			
Amortisation of upfront fees and others			
March 31, 2019	50.00		50.00
Adoption of Ind AS 116		26.31	26.31
Cash flows:			
Repayment	(4,302.48)	(6.36)	(4,308.84)
Proceeds from overdraft facility			
Proceeds other than overdraft facility	6,900.00		6,900.00
Non cash:			
Conversion of Optionally Convertible, Redeemable Preference Shares			
Foreign exchange			
Amortisation of upfront fees and others	(18.29)		(18.29)
Others		1.86	1.86
March 31, 2020	2,429.23	21.81	2,451.04

Note 15: Other financial liabilities

Interest accrued on borrowings other than debt securities

21.20 0.25

Security deposit received from customers

251.63 106.25

Insurance Payable

10.14

Other payable

8.20

Salary payable

12.83

Total

304.00 106.50

Note 16: Provisions

Provision for compensation absences

21.68 1.94

Provision for gratuity

5.98 -

27.66 1.94

Note 17: Other non-financial liabilities

Deferred income

11.15 8.79

Statutory dues

GST payable (net of input)

- 1.09

TDS payable

12.81 2.89

Other statutory dues payable

6.41

Total

30.37 12.77



SATIN FINSERV LIMITED

Notes to the financial statements for the year ended March 31, 2020

* All amounts in Lakhs unless otherwise stated

Note 14A: Terms of principal repayment of borrowings as at March 31, 2020

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due beyond 3 Years		Total
		No. of installment	Amount (in Rupees)	No. of installment	Amount (in Rupees)	No. of installment	Amount (in Rupees)	No. of installment	Amount (in Rupees)	
Monthly	14.00 to 15.00%	12	807.94	12	625.53	12	550.27	12	463.78	2,447.52
Total		12	807.94	12	625.53	12	550.27	12	463.78	2,447.52



SATIN FINSERV LIMITED

Notes to the financial statements for the year ended March 31, 2020

All amounts in Lakhs, unless otherwise stated.

Note 18: Equity share capital

Authorised share capital

Equity share capital of face value of ₹ 10 each

At the beginning of the period

Additions during the period

Total

As at 31 March 2020		As at 31 Mar 2019	
Number	Amount	Number	Amount
2,30,00,000	2,300.00	2,30,00,000	2,300.00
2,30,00,000	2,300.00	2,30,00,000	2,300.00
10,30,00,000	10,300.00	2,30,00,000	2,300.00

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

Number	Amount	Number	Amount
2,25,00,000	2,250.00	*	*
2,25,00,000	2,250.00	2,25,00,000	2,250.00
10,25,00,000	10,250.00	2,25,00,000	2,250.00

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

2,25,00,000	2,250.00		
8,00,00,000	8,000.00	2,25,00,000	2,250.00
10,25,00,000	10,250.00	2,25,00,000	2,250.00

Equity shares held by Holding Company:

Satin Creditcare Network Limited

Total

Number	%	Number	%
10,25,00,000	100	2,25,00,000	100
10,25,00,000	100	2,25,00,000	100

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 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.

As at
March 31, 2020

As at
March 31, 2019

Note 19: Other equity

Other equity reserves

At the beginning of the period

Additions during the period

Total

0.00	0.00
0.00	0.00
(83.56)	(63.17)

Nature and purpose of other reserve

Statutory reserves

The reserve is created as per the provision of Section 45(1C) of Reserve Bank of India Act, 1934. This is a restricted reserve and no appropriation can be made from this reserve fund except for the purpose as may be prescribed by Reserve Bank of India.



SATIN FINSERV LIMITED
Notes to the financial statements for the year ended March 31, 2020

(All amounts in Lakhs, unless otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Note 20: Interest Income (measured at amortised cost)		
	On financial assets measured at amortised cost	On financial assets measured at amortised cost
Interest income on loans	1,277.53	1.79
Interest income on deposits with banks	11.42	8.15
Total	1,288.95	9.94
Note 21: Fees and commission income		
Login Fee Income	66.78	-
Documentation charges	3.66	0.40
Total	70.44	0.40
Note 22: Net gain on fair value changes		
Net gain/ (loss) on financial instruments at fair value through profit or loss		
- Mutual Funds	24.17	-
Total Net gain/(loss) on fair value changes	24.17	-
Fair Value Changes:		
Realised	24.17	-
Unrealised	-	-
Total Net gain/(loss) on fair value changes	24.17	-
Note 23: Other Income		
Miscellaneous income	18.28	0.04
Total	18.28	0.04
Note 24: Finance cost (on financial liabilities measured at amortised cost)		
Interest on borrowings other than debt securities	149.74	0.36
Interest expense on lease rental assets	1.86	-
Other interest expenses	24.67	-
	176.27	0.36
Note 25: Impairment on financial instruments (on financial assets measured at amortised cost)		
Allowance for expected credit loss	146.14	4.56
	146.14	4.56
Note 26: Employee benefit expenses		
Salaries, wages and bonus	632.66	48.53
Contribution to funds	28.18	-
Staff welfare expenses	5.86	-
Total	666.70	48.53
Note 27: Depreciation and amortization expense		
Depreciation on property, plant & equipments	4.85	-
Depreciation on right on use assets	5.89	-
Amortization on Intangible assets	0.71	-



SATIN FINSERV LIMITED
Notes to the financial statements for the year ended March 31, 2020

(All amounts in Lakhs, unless otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Note 28: Other expenses		
Bank charges	1.07	0.01
Business development expenses	1.30	-
Commission expenses	47.82	-
Sitting fees paid to directors	2.83	1.09
Travelling and conveyance	49.08	2.51
Rent expenses	63.58	0.43
Office expenses	20.86	-
Interest & penalties	-	0.06
Software maintenance expenses	62.30	1.00
Payment to auditors	2.43	1.00
Professional fees	31.33	8.28
Printing and stationery	7.94	0.16
Legal expenses	22.48	20.66
Recruitment expenses	-	2.62
Preliminary expenses	-	4.46
Total	313.02	42.28
Remuneration to auditors comprises of:		
As statutory auditor	0.82	1.01
As tax auditor	0.27	-
Other services	1.61	-
Reimbursement of expenses	-	-
	2.70	1.00

Note 29: Earning per Share
Net profit attributable to equity shareholders

Net profit for the period	64.72	(63.17)
Nominal value of equity share (₹)	10.00	10.00
Weighted average number of equity shares	6,30,19,126	25,34,247
Basic earnings per share (₹)	0.10	(2.49)
Nominal value of equity share (₹)	10.00	10.00
Weighted-average number of equity shares used to compute diluted earnings per share	6,30,19,126	25,34,247
Diluted earnings per share (₹)	0.10	(2.49)



SATIN FINSERV LIMITED

Notes to the Financial Statements for the period ended March 31, 2020

(All amounts in Lakhs, unless otherwise stated)

30 Financial instruments

A Financial assets and liabilities

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

Particulars	Note	As at March 31, 2020	As at March 31, 2019
Financial assets measured at amortised cost			
Cash and cash equivalents	Note - 4	1,807.97	996.95
Bank balances other than above	Note - 5	-	207.34
Loans	Note - 6	10,540.40	1,135.34
Secured deposits	Note - 7	17.05	0.08
Total		12,764.52	2,339.71
Financial liabilities measured at amortised cost			
Other payables	Note - 13	29.61	4.73
Borrowings (other than debt securities but including interest accrued)	Note - 14 & 15	2,472.24	50.25
Other financial liabilities	Note - 15	282.80	106.25
Total		2,784.65	161.23

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, 2020		As at March 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	1,807.97	1,807.97	996.95	996.95
Bank balances other than above	-	-	207.34	207.34
Loans	10,540.40	11,490.28	1,135.34	1,135.34
Secured deposits	17.05	17.05	0.08	0.08
Total	12,764.52	13,314.40	2,339.71	2,339.71
Financial liabilities				
Other payables	29.61	29.61	4.73	4.73
Borrowings (other than debt securities)	2,472.24	2,472.24	50.25	50.25
Other financial liabilities	282.80	282.80	106.25	106.25
Total	2,784.65	2,784.65	161.23	161.23

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, 2020 was assessed to be insignificant.

(ii) The fair values of the Company's 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 March 31, 2020**

(All amounts in Lakhs, unless otherwise stated)

31 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's risk management framework. The Company's risks 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.

Risk	Exposure arising from	Measurement	Management
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
Market risk - security price	Investments in equity securities, mutual funds, certificate of deposits and commercial papers	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

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) High credit risk

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

Nature	Assets covered	Basis of expected credit loss
Specific valuation techniques used to value financial instruments include:	Bank balances in current accounts, other bank balances, loans and other financial assets	12 month and life time 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 March 31, 2020

(All amounts in Lakhs, unless otherwise stated)

Financial assets that expose the entity to credit risk		
Particulars	As at March 31, 2020	As at March 31, 2019
Low credit risk		
Cash and cash equivalents	1,80,707	996.95
Bank balances other than above		207.34
Loans	10,823.78	1,135.34
Security deposits	17.05	0.08
Moderate credit risk		
Loans	85.47	
High credit risk		
Loans	31.16	

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents (excluding cash on hand) and bank deposits is managed by only accepting highly rated deposits from banks and financial institutions across the country.

Loans

Credit risk related to borrower's are mitigated by considering collateral/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.

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits, insurance claim receivables and other recoverables. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

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

The Company measures expected credit loss (ECL) for financial assets other than loans, which are bank balances, security deposits, insurance claim receivables and other recoverables.

- 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 these 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, 2020	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	1,80,707		1,80,707
Bank balances other than above			
Security deposits	17.05		17.05
As at March 31, 2019	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	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 March 31, 2020

(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 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:

- (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, LGD and EAD. 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			
Net transfer between stages			
Assets derecognised or repaid (excluding write offs)			
Write offs			
Gross carrying amount as at March 31, 2019	1,139.90		
Assets originated or purchased	10,277.10		
Net transfer between stages	(189.35)	12,100.00	69.35
Assets derecognised or repaid (excluding write offs)	(325.91)		
Write offs			
Gross carrying amount as at March 31, 2020	10,901.75	120.00	69.35



SATIN FINSERV LIMITED

Notes to the Financial Statements for the period ended March 31, 2020

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
	Stage 1	Stage 2	Stage 3	
Increase of provision due to assets originated or purchased during the period	4.56			
Net transfer between stages				
Loss allowance written back				
Write-offs				
Loss allowance on March 31, 2019	4.56	-	-	-
Increase of provision due to assets originated or purchased during the period	146.14			
Net transfer between stages	(73.72)	34.53	38.19	
Loss allowance written back				
Write-offs				
Loss allowance on March 31, 2020	77.98	34.53	38.19	-

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, 2020	As at March 31, 2019
Agriculture and allied activities	838.35	
MISMI	2,954.01	
Services	891.92	
Corporate borrowers	6,123.44	1,139.90
Others	283.39	
Total	11,091.10	1,139.90

d) Loans secured against collateral

Collateral represents loans secured by MISMI assets which are secured against property, plant and equipment, book debts, inventories, margin money and other working capital items. Company's collateral policy is consistent throughout the periods presented. The following table presents the maximum exposure to credit risk.

Particulars	Carrying value
As at March 31, 2020	
MISMI loans secured by property, plant and equipment (including land, building and plots)	5,105.32
MISMI loans secured by book debts, inventories, margin money and other working capital items	2,405.42
As at March 31, 2019	
MISMI loans secured by property, plant and equipment (including land, building and plots)	
MISMI loans secured by book debts, inventories, margin money and other working capital items	1,139.90

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 feasibility 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, 2020	Total facility	Drawn	Undrawn
Expiring within one year			
Expiring beyond one year	5,600.00	2,600.00	3,000.00
Total	5,600.00	2,600.00	3,000.00
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
Total	3,000.00	50.00	2,950.00



SATIN FINSERV LIMITED
Notes to the Financial Statements for the period ended March 31, 2020

(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, 2020	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Cash and cash equivalents	1,307.07				1,307.07
Bank balances other than cash and cash equivalents					
Loans	4,092.75	3,296.37	2,951.74	5,330.08	16,570.94
Other financial assets	10.00	7.05			17.05
Total undiscounted financial assets	6,809.82	3,303.42	2,951.74	5,330.08	18,395.06
Non-derivatives					
Other payables	29.61				29.61
Borrowings other than debt securities	1,118.41	820.85	663.56	499.50	3,102.32
Other financial liabilities	308.16	49.05			357.21
Total undiscounted financial liabilities	1,456.18	869.90	663.56	499.50	3,489.14
Net undiscounted financial assets/(liabilities)	5,353.64	2,433.52	2,288.18	4,830.58	14,905.91

As at March 31, 2019	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Cash and cash equivalents	996.95				996.95
Bank balances other than cash and cash equivalents	207.34				207.34
Loans	793.00	504.67			1,297.67
Other financial assets		0.10			0.10
Total undiscounted financial assets	1,997.35	504.77			2,502.12
Non-derivatives					
Borrowings other than debt securities	6.02	6.25	6.25	62.50	81.02
Other financial liabilities	4.98	125.55			130.53
Total undiscounted financial liabilities	11.00	131.60	6.25	62.50	211.35
Net undiscounted financial assets/(liabilities)	1,986.35	373.17	(6.25)	(62.50)	2,290.77

C) Market risk
i) Interest rate risk
Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long term financing. At March 31, 2020, the Company is exposed to changes in market interest rates through other borrowings at variable interest rates.

Interest rate exposure

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

Particulars	As at March 31, 2020	As at March 31, 2019
Variable rate liabilities		
Borrowings other than debt securities		
Fixed rate liabilities		
Borrowings other than debt securities	2,429.23	50.00
Total	2,429.23	50.00

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.

32 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, 2020	As at March 31, 2019
Total equity	18,166.44	2,190.81
Net debt to equity ratio	0.24	0.02

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



SATIN FINSERV LIMITED
Notes to the Financial Statements for the period ended March 31, 2020

(All amounts in Lakhs, unless otherwise stated)

33 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. Derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities.

Particulars	As at March 31, 2020		As at March 31, 2019	
	Within 12 months	After 12 months	Within 12 months	After 12 months
ASSETS				
Financial assets				
Cash and cash equivalents	1,201.77		996.95	
Bank balances other than cash and cash equivalents			207.34	
Loans	1,334.60	7,933.70	630.67	504.67
Other financial assets	100.00	7.05		0.08
	4,823.77	7,940.75	1,834.96	504.75
Non-financial assets				
Current tax assets (net)	1.19		0.81	
Deferred tax assets (net)	45.88		22.18	
Property, plant and equipment		34.80		
Intangible assets under development		8.99		
Other non-financial assets	130.74		100.07	
	200.81	43.79	23.06	-
TOTAL ASSETS	5,024.58	7,984.55	1,858.02	504.75
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
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	29.61		4.73	
Borrowings (other than debt securities)	815.56	1,635.48		500.00
Other financial liabilities	231.53	72.47	0.25	106.25
	1,076.70	1,707.95	4.98	156.25
Non-financial liabilities				
Other non-financial liabilities	19.22	11.15	3.98	8.79
	40.90	17.13	5.92	8.79
TOTAL LIABILITIES	1,117.60	1,725.08	10.90	165.04
Net equity	3,906.97	6,259.47	1,847.12	339.71



SATIN FINSERV LIMITED
Notes to the Financial Statements for the period ended March 31, 2020

(All amounts in Lakhs, unless otherwise stated)

34 Employee benefits

The Company has adopted Indian Accounting Standard (Ind AS) 19 on Employee Benefits under

A Defined contribution plans
Provident and other funds

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Company has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue.

For the year ended March 31, 2020	For the year ended March 31, 2019
--------------------------------------	--------------------------------------

Employers contribution to provident and other fund*

22.19

B Defined benefit plans
Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The liability of Gratuity is recognized on the basis of actuarial valuation.

Risks associated with plan provisions

Salary increases	Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Investment risk	If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality & disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change in withdrawal rate at subsequent valuation may impact Plan liability.

(i) Amount recognised in the balance sheet is as under:

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of obligation	5.98	
Fair value of plan assets		
Net obligation recognised in balance sheet as provision	5.98	-

(ii) Amount recognised in the statement of profit and loss is as under:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	5.78	
Past service cost including curtailment gains/losses	0.20	
Interest cost on defined benefit obligation		
Interest income on plan assets		
Net impact on profit (before tax)	5.98	-

Amount recognised in the other comprehensive income:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial gain/(loss) unrecognized during the year		



SATIN FINSERV LIMITED
Notes to the Financial Statements for the period ended March 31, 2020

(All amounts in Lakhs, unless otherwise stated)

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
Present value of defined benefit obligation at the beginning of year		
Current service cost	5.78	
Interest cost		
Past service cost including curtailment gains/losses	(0.20)	
Benefits paid		
Actuarial loss/(gain) on obligation		
Actuarial (gain)/loss on arising from change in demographic assumption		
Actuarial (gain)/loss on arising from change in financial assumption		
Actuarial loss on arising from experience adjustment		
Present value of defined benefit obligation as at the end of the year	5.98	-

(iv) Major categories of plan assets (as percentage of total plan assets):

Particulars	As at March 31, 2020	As at March 31, 2019
Total	-	-

(v) Movement in the plan assets recognised in the balance sheet is as under:

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
Fair value of plan assets at beginning of year		
Actual return on plan assets		
Employer's contribution		
Benefits paid		
Specified return on plan assets		
Actuarial loss/(gain) on plan assets		
Fair value of plan assets at the end of the year	-	-

(vi) Actuarial assumptions:

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
Discounting rate	6.76	
Future salary increase	4.00	
Retirement age (years)	58	
Withdrawal rate		
Up to 30 years	5	
From 31 to 44 years	5	
Above 44 years	5	
Weighted average duration	16.96	

Mortality rates inclusive of provision for disability: 100% of IAM (2006-08)

Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used Indian Assured Lives Mortality (2006-08) Ultimate table.

(vii) Sensitivity analysis for gratuity liability:

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
Impact of the change in discount rate		
Present value of obligation at the end of the year	5.98	
Impact due to increase of 0.50%	(0.38)	
Impact due to decrease of 0.50%	0.42	
Impact of the change in salary increase		
Present value of obligation at the end of the year	5.98	
Impact due to increase of 0.50%	0.43	
Impact due to decrease of 0.50%	(0.39)	

Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these is not calculated.

Sensitivities as to rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable.

(viii) Maturity profile of defined benefit obligation (discounted)

year	As at March 31, 2020	As at March 31, 2019
	Amount	Amount
0 to 1 year	0.02	
1 to 2 year	0.03	
3 to 4 year	0.05	
4 to 5 year	0.16	
5 to 6 year	0.16	
6 year onwards	5.52	
Total	5.98	-



SATIN FINSERV LIMITED
Notes to the Financial Statements for the period ended March 31, 2020

(All amounts in Lakhs, unless otherwise stated)

35 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. Sarvinder Singh Mrs. Anvreet H P Singh
Mr. Sumit Mukherjee	Director & CEO	
Mr. Ashish Chandorkar*	Director	
Mr. Jitendra Jain	Chief Financial Officer	
Mrs. Bhana Pava	Company Secretary	

* resigned from directorship w.e.f. February 20, 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	For the period ended
		March 31, 2020	March 31, 2019
Satin Creditcare Network Limited	Allotment of shares	8,00,000	2,25,000
	Reimbursement of expenses		4.46
	Inter corporate loan received	4,30,000	50,000
	Inter corporate loan repaid	4,50,000	
	Interest expenses on loan	43.00	11.28
	Payment of rent for office space sharing	50.93	11.39
Tarashna Financial Services Limited	DSA Commission expenses	18.57	
Mr. Sumit Mukherjee	Remuneration	80.00	8.81
Mr. Ashish Chandorkar	Remuneration		32.12
Mr. Jitendra Jain	Remuneration	25.15	3.14
Mrs. Bhana Pava	Remuneration	7.69	2.51

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

Name of related party	Nature of balance	As at March 31, 2020	As at March 31, 2019
Satin Creditcare Network Limited	Inter corporate loan		(50,000)
	Interest on loan		(11.25)

D Key management personnel remuneration includes the following expenses:

Particulars	For the period ended	For the period ended
	March 31, 2020	March 31, 2019
Short-term employee benefits	112.84	46.58
Post employment benefits	1.74	
Other long term benefits	19.71	
Termination benefits		
Share based payments		



SATIN FINSERV LIMITED
Notes to the Financial Statements for the period ended March 31, 2020

(All amounts in Lakhs, unless otherwise stated)

36 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.

37 Leases

The Company has taken various office premises under lease arrangements. Generally, the lease term varies from 11 months to 60 months and is renewable under mutually agreed terms between lessee and lessor and there is no exclusive right to the company. The company has considered leases having initial lease term of upto 12 months as short term leases as per para 6 of Ind AS 116 and their expenses have been recognised as Rent under note 31.1 or all other leases having lease term of more than 12 months a right of use asset is recognised with a corresponding lease liability. The right of use asset is disclosed under Property, Plant and Equipment and lease liability is disclosed under Borrowings. Further disclosures as on March 31, 2020 are as follows:

The following is a reconciliation of the financial statement line items from Ind AS 17 to Ind AS 116 as at 1st April 2019:

1 The following is a reconciliation of the financial statement line items from Ind AS 17 to Ind AS 116 as at 1st April 2019

Particulars	Property, plant and equipment	Lease liabilities
Carrying amount as at April 1, 2019		
Reclassification		
Re-measurement		
Carrying amount as at April 1, 2019		

2 The following is a reconciliation of total operating lease commitments at 31 March 2019 (as disclosed in the financial statements to 31 March 2019) to the lease liabilities recognised at 1 April 2019:

Particulars	Amount
Total operating lease commitments disclosed at 31 March 2019	
Recognition exemptions	
Leases of low value assets	
Leases with remaining lease term of less than 12 months	
Variable lease payments not recognised	
Operating lease liabilities before discounting	
Discount Rate	
Discounted using incremental borrowing rate	
Operating lease liabilities	
Reasonable certain extension options	
Finance lease obligations	
Total lease liabilities recognised under Ind AS 116 at 1 April 2019	

* Operating lease commitments were Rs Nil as at March 31, 2019, however the same has been recalculated as on April 01, 2019 for adoption of Ind AS 116

3 The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Particulars	Right of use asset Office Premises
Total number of leases	6
Number of leases considered as short term leases	2
No. of right-of-use assets leased	4
Range of remaining term	1 to 25 Months to 50 months
Average remaining lease term	33 months
No. of leases with extension options	4
No. of leases with purchase options	0
No. of leases with variable payments linked to an index	0
No. of leases with termination options	0

4 Additional information on the right-of-use assets by class of assets is as follows:

Particulars	Right of use asset Office Premises
Carrying amount as on March 31, 2019	
Reclassified on account of adoption of Ind AS 116	
Addition	26.31
Depreciation	3.89
Deletion	



SATIN FINSERV LIMITED
Notes to the Financial Statements for the period ended March 31, 2020

(All amounts in Lakhs, unless otherwise stated)

5 Lease liabilities are presented in the statement of financial position as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current	7.62	
Non-current	14.19	
Total	21.81	

6 At 31 March 2020 the Company do not have any committed leases which had not commenced.
7 The undiscounted maturity analysis of lease liabilities at 31 March 2020 is as follows:

Particulars	Lease payments	Finance charges	Net present values
Within 1 year	9.61	1.99	7.62
1-2 years	10.74	1.05	9.69
2-5 years	4.77	0.27	4.50
Total	25.12	3.31	21.81

The Company has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred. The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

8 Operating leases

The Company has taken on lease certain assets under operating lease arrangements. The contractual future minimum lease payment obligation in respect of these leases are as under:

Office premises

Particulars	March 31, 2020
Short term leases	57.25
Variable lease payments	
Total	57.25

9 The Company had total cash outflows for leases of Rs. 63.58 Lakhs in financial year ended on 31 March 2020 (Rs. 0.43 Lakhs in 31 March 2019)
10 The following are the amounts recognised in profit or loss:

Particulars	March 31, 2020	March 31, 2019
Depreciation expense of right of use assets	5.89	
Interest expense on lease liabilities	1.86	
Expense relating to short-term leases (included in other expenses)	37.25	0.43
Expense relating to leases of low-value assets (included in other expenses)		
Variable lease payments (included in other expenses)		
Total amount recognised in profit or loss	65.00	0.43

11 The Company has lease contracts for office buildings used in its operations. Leases of these buildings generally have lease terms between 11 months and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

12 The Company does not have any lease contracts that contains variable payments.
13 Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within five years	More than five years	Total
Extension options expected not to be exercised (Count)			
Termination options expected to be exercised (Count)			
Extension options expected not to be exercised (Amount in Lakhs)			
Termination options expected to be exercised (Amount in Lakhs)			

Since the company has adopted Ind AS 116 w.e.f. April 1, 2019 prospectively, comparative figures are not required to be disclosed in accordance with standard.



SATIN FINSERV LIMITED**Notes to the Financial Statements for the period ended March 31, 2020**

(All amounts in Lakhs, unless otherwise stated)

38 Contingent liability and Capital & other commitments

No contingent liabilities as on 31st March 2020 (previous year NIL). Estimated amount of contracts remaining to be executed on capital account is NIL (previous year NIL). Other commitments is NIL as on 31st March 2020 (previous year NIL).

38.1 Estimates

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

38.2 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.

39 Impact of COVID-19 Pandemic

The SARS-CoV 2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and companies, including the our Company, have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Company.

39A Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of loan receivables & other receivables, property plant & equipment and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related reports of credit rating agencies and other sources. The Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

39B Impact of Covid-19 on loan receivables and Revenue from Operations

The Company has evaluated the impact of COVID - 19. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods. In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Company would be granting a moratorium of three months on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020 for all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

The Company holds provisions as at March 31, 2020 against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the Company are in excess of the RBI prescribed norms.

39C Impact of Covid-19 on Loss allowance for loan receivables and other receivables

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions. In calculating expected credit loss on loan receivables and other receivables, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

39D Impairment assessment of Property plant and equipment, Intangible assets

The Company is engaged primarily in providing loan to the middle and lowest end of the pyramid income customer for their business need. Considering the nature of business the Company does not have major PP&E assets. As at March 31, 2020, the estimated recoverable amount of the CGU exceeded its carrying amount. Reasonable sensitivities in key assumptions consequent to the change in estimated future economic conditions on account of possible effects relating to Covid-19 is unlikely to cause the carrying amount to exceed the recoverable amount of the cash generating unit.

39E Credit risk on cash and cash equivalents

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks. Company also invests in mutual funds and reviews the portfolio on regular basis. Mutual Funds with high quality portfolio are preferred.

Company has considered the latest available credit ratings in view of COVID - 19 as at the date of approval of these financial statements.

39F Contingencies

The economic consequences and uncertainties resulting from the Coronavirus itself or from actions taken by governments and the company to respond to the outbreak may have an impact on contingent liability. Liabilities previously meeting or not meeting the definition of a contingent liability may need to be reconsidered for the purpose of disclosure in financial statement. Same has been duly considered by the management.



SATIN FINSERV LIMITED

Notes to the Financial Statements for the period ended March 31, 2020
All amounts in ₹ Lakhs unless otherwise stated

10. Additional sources of raised funds by the Company in India

(i) Capital to Risk Assets Ratio (CRAR)

Particulars	As at March 31, 2020	As at March 31, 2019
CRAR - For Deposit	1.00	1.00
CRAR - For Risk Assets	1.00	1.00
Amount of subordinated debt issued for the period	0.00	0.00
Amount of subordinated debt issued for the period	0.00	0.00

(ii) Disclosure of investments:-

Particulars	As at March 31, 2020	As at March 31, 2019
Value of Investments		
Cost of Value of Investments		
In India		
Outside India		
Provisions for Depreciation		
In India		
Outside India		
Net Value of Investments		
In India		
Outside India		
Movement of provisions for depreciation on investments		
In India		
Outside India		
Add: Provision for depreciation		
Less: Depreciation		
Balance		

(iii) Derivatives:-

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

(iv) Disclosure relating to securitization:-

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

(v) Details of assignment transactions undertaken:-

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

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

The Company has no sold financial assets to Securitization / Reconstruction Company for asset reconstruction in the current period and previous period.

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

The Company has no purchased / sold non-performing financial assets in the current period and previous period.

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

Particulars	Up to 1 Month	Over 1 Month to 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Liabilities								
Borrowings								
Deposits								
Other								
Assets								
Advances								
Other								
Other								

(viii) Exposure to real estate sector:-

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

(ix) Exposure to capital market:-

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

(x) Information on instances of fraud:-

No transaction were reported during the current period and previous period.

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

The Company does not have single borrower exceeding the limits during the current period and previous period.

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

The Company does not have such transaction during the current period and previous period.

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

The Company is registered with the Ministry of Corporate Affairs. Financial regulations is described by Ministry of Finance.

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

No penalties imposed by RBI and other regulators during the current period and previous period.

(xv) Concentration of Advances, Exposures and NPAs

Particulars	As at March 31, 2020	As at March 31, 2019
Concentration of Advances		
Total exposure to major borrowers		
of exposure to major borrowers		
Concentration of NPAs		
Total exposure to major NPAs		
of exposure to major NPAs		



SATIN FINSERV LIMITED**Notes to the Financial Statements for the period ended March 31, 2020**

(All amounts in Lakhs, unless otherwise stated)

(xvi) Movement of NPAs:-

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
i) Net NPAs to net advance (%)	0.28%	-
ii) Movement of NPAs (Gross)		
a) Opening balance	-	-
b) Addition during the year	69.35	-
c) Reduction/ write off during the year	-	-
d) Closing balance	69.35	-
iii) Movement of NPAs (Net)		
a) Opening balance	-	-
b) Addition during the year	31.16	-
c) Reduction/ write off during the year	-	-
d) Closing balance	31.16	-
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	-	-
b) Addition during the year	38.19	-
c) Reduction/ write off during the year	-	-
d) Closing balance	38.19	-

(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 year ended March 31, 2020	For the year ended March 31, 2019
Provision for standard and non performing assets	146.14	4.56
Provision for gratuity	5.98	-
Provision for compensation absences	19.74	1.94

(xix) Un-hedged foreign currency

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

(xx) Customer complaints:-

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Number of complaints pending at the beginning of the year	-	-
b) Number of complaint received during the year	7	-
c) Number of complaint redressed during the year	7	-
d) Number of complaint pending at the end of the year	-	-



SATIN FINSERV LIMITED

Notes to the Financial Statements for the period ended March 31, 2020

All amounts are in Lakhs unless otherwise stated

(xxx) Disclosure of details as required under notification issued by RBI dated March 13, 2020, RBI/2019/20/170, DOR (NBFC) CC PD No. 09/22.00 106/2019-20

Asset Classification as per RBI Norms	As per Ind AS 109	Unassessing Amount as per Ind AS	Loss Allowances as per Ind AS	Net carrying Amount	Provisions required as per RBI Norms	Difference between Ind AS Provisions and RBI Norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (5) - (6)
Performing Assets						
Standard	Page 1	12,00,77	77,98	10,82,79	6,81	54,37
Special	Page 2	12,00,77	54,47	85,47	0.00	34,05
Subtotal						
Non-Performing Assets (NPA)						
Substandard	Page 1	69,33	38,79	30,54	0.00	30,54
Doubtful	Page 1	NIL	NIL	NIL	NIL	NIL
Loss	Page 1	NIL	NIL	NIL	NIL	NIL
Subtotal for doubtful	Page 1	NIL	NIL	NIL	NIL	NIL
Loss	Page 1	NIL	NIL	NIL	NIL	NIL
Subtotal for NPA						
Other items such as advances, loans, investments, etc. which are in the scope of Ind AS 109 but not covered under current Ind AS 109 notification, RBI Classification and provisioning RBI Norms	Page 2	NIL	NIL	NIL	NIL	NIL
Page 2	Page 2	NIL	NIL	NIL	NIL	NIL
Page 2	Page 2	NIL	NIL	NIL	NIL	NIL
Subtotal						
	Page 1	12,00,77	77,98	10,82,79	43,41	34,37
	Page 2	12,00,77	54,47	85,47	0.00	34,05
	Page 2	69,33	38,79	30,54	6,93	31,20
Total						
	Total	12,00,77	130,70	10,94,41	50,34	99,69

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

As per our report of even date attached

For Rajesh Bhatia & Associates

Chartered Accountants

Place: Delhi

Date: June 03, 2020

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Date: June 03, 2020

For and on behalf of the Board of Directors of

Satin Finserv Limited

Sanjay Mukherjee

Sanjay Mukherjee

WTD & L

Place: Mumbai

Jirendra Jain

Jirendra Jain

Chief Financial Officer

Place: Gurgaon

Place: Gurgaon

Place: Gurgaon

Place: Gurgaon

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