



SATIN CREDITCARE NETWORK LTD.

Reaching out!



Making it HAPPEN

ABOUT THE REPORT

We have taken a conscious step to move towards Integrated Reporting (IR) in line with our continuous commitment to voluntarily disclose more information to our stakeholders on all aspects of our business. In accordance to the same, we have introduced content elements aligned with the International Integrated Reporting Council framework (IIRC) and Securities and Exchange Board of India (SEBI) circular dated February 6, 2017. We will add more of such elements over the years, and keep up with the unwavering trust of our stakeholders. We have also taken into account the GRI Standards of reporting.

(GRI: 102-46, 54)

REPORTING SCOPE AND BOUNDARY

The report for Financial Year 2019-20, covers information on the Company's business segments, along with associated activities that enable short, medium and long-term value creation. The Company's senior management, under supervision of the Chairman and Managing Director, provide assurance on the data presented. The Board members have also provided adequate insights related to the Governance and overall operating context.

(GRI: 102-50, 51, 52)

REPORTING STANDARDS AND FRAMEWORKS

Through this Report, we have attempted to enhance our disclosures and information in the non-statutory section of the Report, following some of the guiding principles of the IIRC recommended framework. The other statutory reports, including the Director's Report, Management Discussion and Analysis (MD&A), Corporate Governance Report and the Business Responsibility Report are as per the Companies Act, (2013), Securities Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements Regulations), 2015 and the prescribed Secretarial Standards.

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Disclaimer

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



Please find our online version at <https://satincreditcare.com/investor-relations-satin-creditcare/annual-report/>



Or simply scan to download



An idea is only as good as its execution.

The ability to get on and do it, is what sets change-makers apart.

AT SATIN CREDITCARE NETWORK LIMITED (SCNL), IT IS ALL ABOUT DREAMING BIG, WORKING HARD AND MAKING THINGS HAPPEN.

We aim at reaching out to the sections of the society who dare to dream but do not have the resources of making their aspirations come to life. Financial inclusion being at the center of our strategies, we serve the underserved section of the society through accessible microcredit support.

With this intent, we have successfully built a world-class technology infrastructure to streamline our business operations. We are now well-positioned as an engine of inclusive growth with robust fundamentals, diverse product suite and digitized processes. We are hence ready to take one step ahead with our commitment to continuously expand reach and meet the financial needs of the underprivileged strata of the society.

In our journey so far, what really drives us is not only the number of customers we serve, but the number of lives we have touched.

While the financial growth is a key imperative, we also take immense pride in being the reason for countless smiles.



3,458,304

ACTIVE CLIENTS AS ON
March 31, 2020

₹ 8,174 Crores

AUM* AS ON
March 31, 2020

₹ 1,503 Crores

REVENUE AS ON
March 31, 2020

₹ 155 Crores

PAT** AS ON
March 31, 2020

*Asset Under Management

**PAT: Profit After Tax

Investor Information

Market Capitalization as at March 31, 2020 : ₹ 332 Crores

CIN : L65991DL1990PLC041796

BSE Code : 539404

NSE Symbol : SATIN

Bloomberg Code : SATIN:IN

AGM Date : August 5, 2020

AGM Mode : Video Conferencing (VC)



Empowering Lives with the Power of Financial Inclusion

Since the genesis in 1990, it has been a journey of milestones, achievements and pioneering initiatives for SCNL. Headquartered at Gurugram, the Company has become one of the leading players in the microfinance industry of India. With an impressive network of 1,383 branches supported by technology, the Company has been taking on the legacy of success directionally.

SCNL intends to increase opportunities by providing financial access to help underserved communities thrive. The Company has a strong financial foundation and an excellent reputation built on its exemplary Joint Liability Group model. The comprehensive bouquet of products addresses the requirements of the economically active women in rural, semi-urban and urban areas. With the right mix of technology and rich human capital, it is also present across Micro, Small & Medium Enterprises (MSMEs) and Housing Finance Sector. In addition, it also offers product financing for the purchase of solar lamps, bicycles, consumer durables, and loans for the development of water connections and sanitation facilities.

The Company is driven by the cardinal purpose of delivering financial inclusion that ignites transformative changes and improves the quality of life of people. With a forward-looking vision, prospective planning and great efficacy in operations, the Company has successfully 'Reached Out' to 23 states, 87,028 villages and 3.5 million customers.



VISION

- To be a 'one-stop solution for the financially excluded households at the bottom of the pyramid for all their financial requirements'
- To be a 'financial-service powerhouse with a range of financial products designed and suited for the financially excluded community'



MISSION

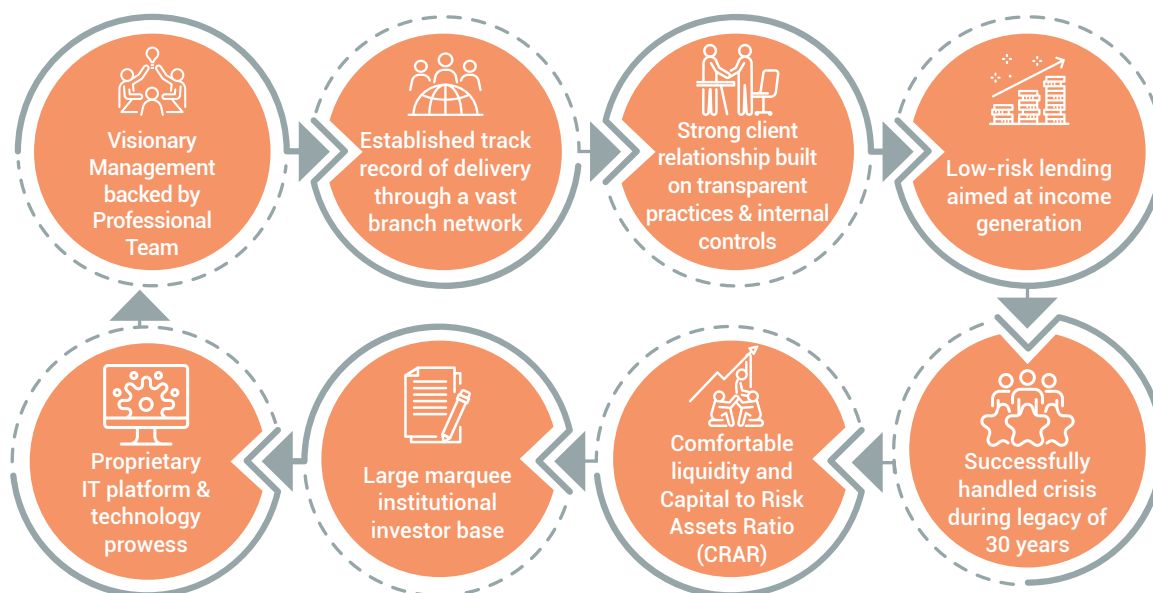
To provide financial assistance to a large number of households who are excluded from the ambit of mainstream financial service providers, so as to enhance their livelihood and promote a productive environment



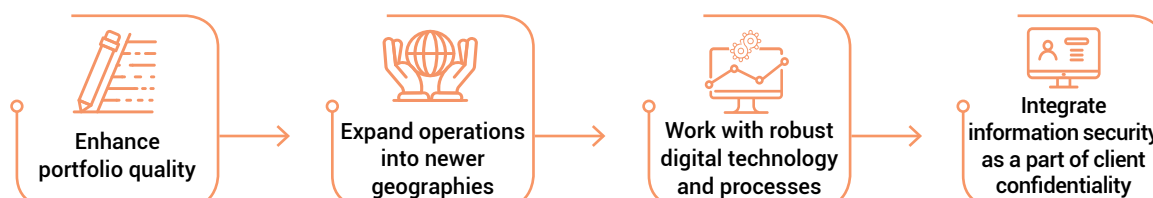
Our Core Values

Seeking Excellence
Accountability & Ownership
Teamwork & Collaboration
Integrity
Nurturing Lives

An Onward Vision towards Growth



Our Strategic Objectives

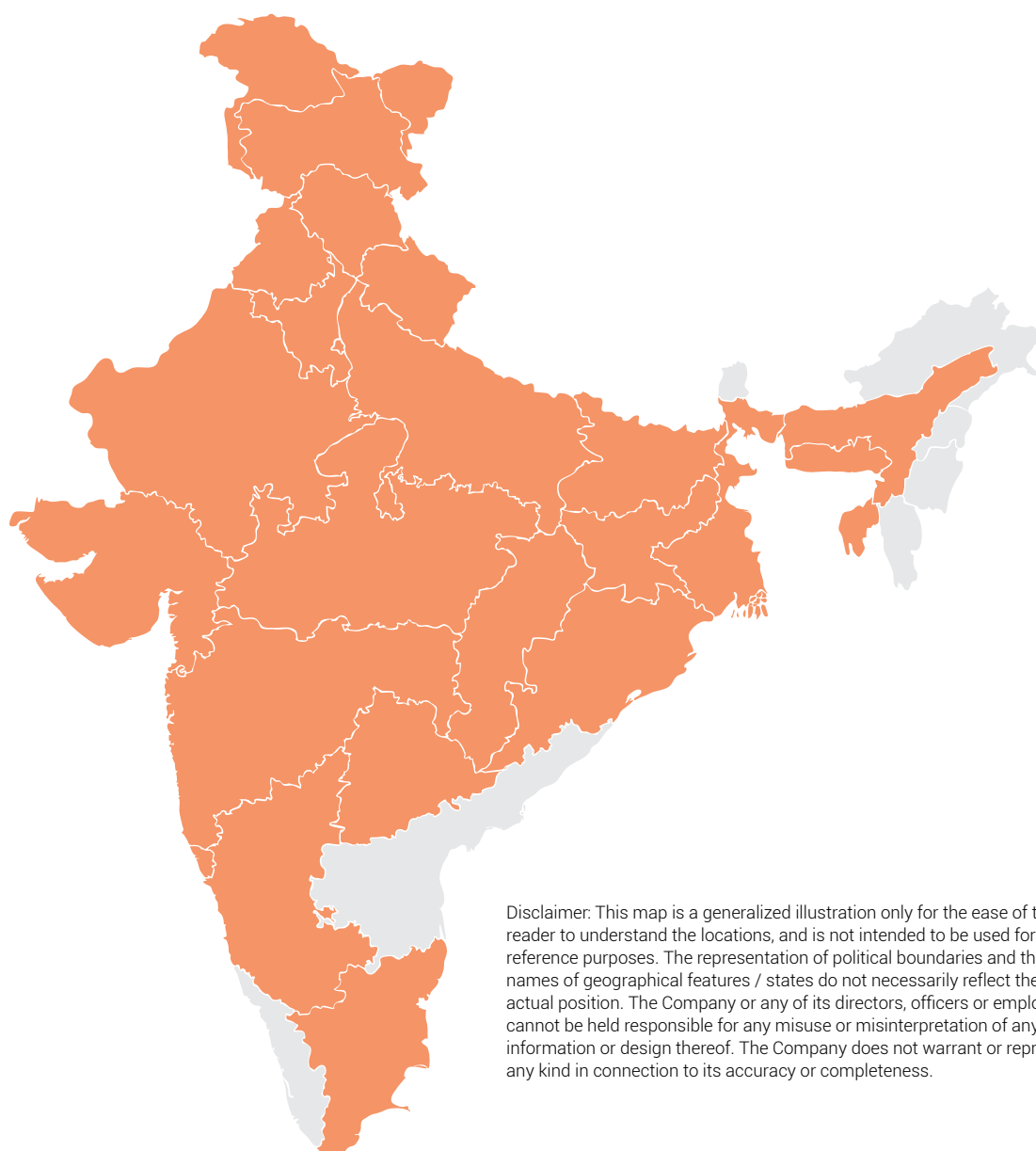


(GRI: 102-1, 2, 3, 4, 16)



Tracing Footprints across the Indian Geography

SCNL is determined to make meaningful difference for its customers by providing them access to micro-credit facilities. Driven by this mindset, it has built a stalwart clientele of 3.5 million, spread across a colossal distribution network of 23 states.



58%



CLIENTS WITH SATIN AS ONLY LENDER*

1,383



BRANCHES

23



STATES & UTS

397



DISTRICTS

87,000+



VILLAGES COVERED

44%



FIRST CYCLE CUSTOMERS*

*At the time of disbursement, data is for JLG Standalone only

**All the figures are on consolidated basis

(GRI: 102-6)

Adding Bricks to the Wall of Eminence

SCNL places emphasis on constructing and nurturing a sustainable business with strong ethos of compliance, governance, transparency and ethics. The testimony of the same is being held by the various cachets received during the financial year 2019-20.

ACCOLADES ADDED TO THE LEADERSHIP'S CREDIT:

- Mr H P Singh, CMD, was conferred the 'Golden Globe Tiger Awards' at an award ceremony in Malaysia
- He was also honoured with 'Exemplary Leader' Award at World HRD Congress held in Mumbai in February 2020

AWARDS AND HONOURS BAGGED BY SCNL:

- Awarded the 'Digital Innovation in Microfinance' in 4th Eastern India Microfinance Summit
- Received first prize in 'Customer Service Index' by MFIN
- Honoured for 'Outstanding contribution to Water and Sanitation Lending' from Sa-Dhan and Water.org
- Moved up in 'Fortune the Next 500'
- Certified as 'Great Place to Work' for the year 2020 with a score of "81" in the trust index
- Conferred 8th Rank in "Dream Companies to Work For" in February 2020 by World HRD congress
- Awarded as 'Company with Great Managers'
- Won the accolade of 'National Best Employer Brands' in the NBFC sector



Value Creation Model



Inputs



Financial Capital

Our equity and debt funding from investors which enables us to maximize stakeholders' value and strengthen the balance sheet.



Service Capital

Our facilities, branches, support centers, physical and technological infrastructure used for providing better services to the customers.



Intellectual Capital

Our market knowledge, proficient research capability, extensive experience used primarily in the areas of credit underwriting, loan management and customer servicing.



Human Capital

Our talented and committed workforce vital for leveraging opportunities and long-term sustainability of the business.



Social and Relationship Capital

Our commitment to uplift and invest in the communities surrounding us. It also represents sustainable relationships with all the stakeholders that are key to our business growth.



Natural Capital

The natural resources on which our operations are dependent, such as land and water. We aim to make our business more sustainable by using them efficiently.

The Process



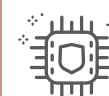
PRODUCTS:

- Income Generating Loans (IGL)
- Long Term Loans (LTL)
- Social Impact Financing of Solar Lamps, Bicycles, Water and Sanitation Facilities
- Housing Finance
- Micro Small & Medium Enterprises (MSME) Loans
- Business Correspondence
- Pragati Loans



JOINT LIABILITY BUSINESS MODEL WITH SOCIAL COLLATERAL

- Easy Access to Financial Credit
- Need-Based Product Delivery



ROBUST TECHNOLOGY PLATFORM

- Cashless Transaction
- Real-Time Loan Sanction
- Real-Time Information Dashboards



PROMOTING SOCIO-ECONOMIC DEVELOPMENT

- Women Empowerment through Sustainable Livelihood



THE RESOLUTE SUPPORT:

- Governance
- Finance
- Risk Management
- Information Technology
- Innovation
- Human Resource



Output Outcome SDGs

Revenue: ₹ 1,503 Crores

EBITDA: ₹ 815 Crores

PAT: ₹ 155 Crores

- Enhanced ROCE
- Consistent Performance



Branches & Customer Touch Points: 1,383

Number of Regional Offices: 68

Number of Centers: 2.6 lakhs

Centralized Processes, eKYC, Real Time Credit Checks

- Expanded Reach
- Improved Data Quality
- Enhanced Productivity



Innovative Financial Products and Services

High Quality Standards

Certified with ISO 27001:2013

- Insightful Business Approach



Customers per loan officer: 449

Low Attrition Rate: 3.5%*

Certified as 'Great Place to Work'

Best Employer Award

- Healthier Working Environment
- Better Employee Engagement
- Enhanced Workforce Demographics
- Higher Retention



Social and Relationship Capital

Number of Active Clients: 3.5 million

- Enhanced Quality of Life
- Better Customer Satisfaction
- Effective Stakeholders' Engagement



Minimal Paper Consumption

Cashless disbursements: 100%

- Mitigating Global Warming



* Monthly

Performance Highlights 2019-20

Financial Capital

₹1,503 Crores
REVENUE

₹155 Crores
PAT

₹917 Crores
NET INTEREST INCOME
(NII)

2.2%
RETURN ON ASSETS

11.9%
RETURN ON EQUITY

**All the above financial figures are as on March 31, 2020 (consolidated basis)

Service Capital

1,383
BRANCHES

23
STATES & UTS

68
REGIONAL OFFICES

2.6 lakhs
CENTERS

₹8-10 Crores
INVESTMENT IN
TECHNOLOGY

98.8%
COLLECTION EFFICIENCY

Intellectual Capital

ISO 27001:2013
CERTIFIED

₹1.5-2 Crores
INVESTMENTS IN R&D

126
TEAM OF IT STAFF

Social and Relationship Capital



₹18 lakhs
SPM SPEND

11,000+ Families
BENEFITTED TILL DATE

34,58,304
ACTIVE CLIENTS

Human Capital



13,005
EMPLOYEES

38,961
TRAINING HOURS

Natural Capital



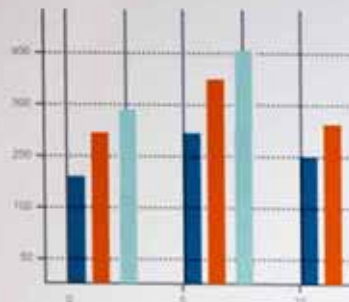
37%
CASHLESS COLLECTIONS

100%
CASHLESS DISBURSEMENT

(GRI: 102-7)

BUSINESS

OPPORTUNITIES TO INCREASE



1,505



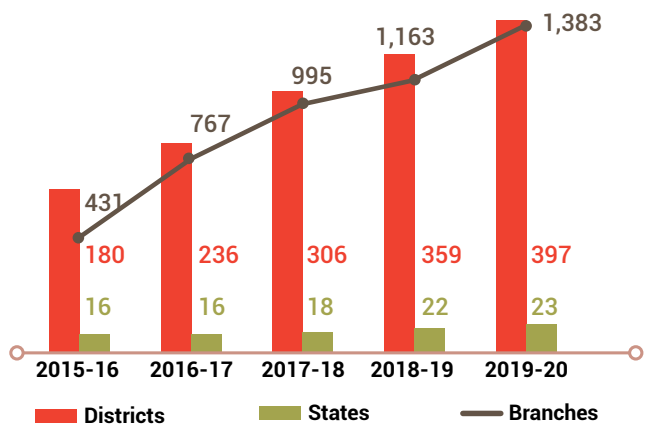
18,321



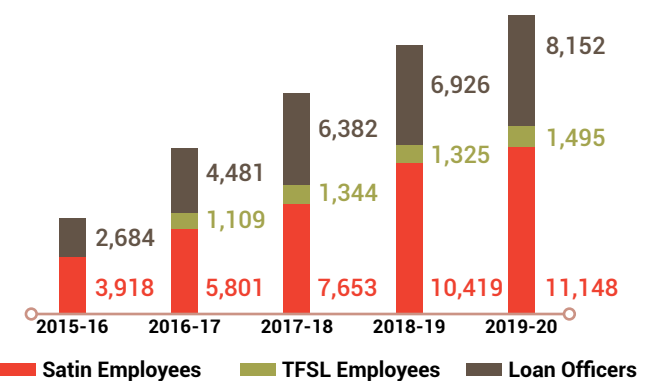
A Growing Consistency

The year-on-year consistency of SCNL's growth, highlights the competence and merit in the Company's practiced leadership and management. Crossing the USD 1 billion AUM mark and retained its place in 'Ivy League of Companies' in the 'Billion Dollar Club', also holds the testimony of efficacious efforts by the adept team of SCNL.

Consolidated Data

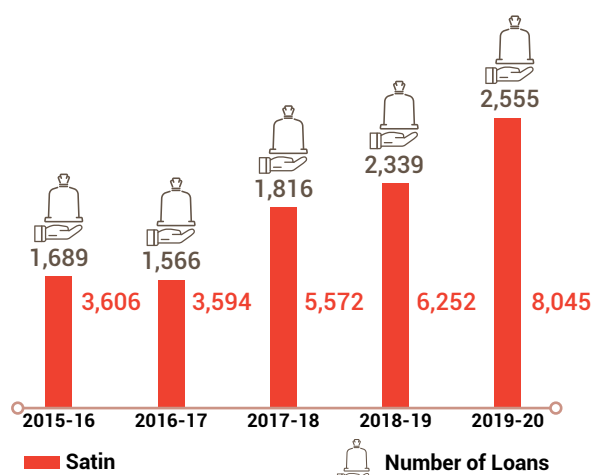


DISTRICTS, STATES AND BRANCHES

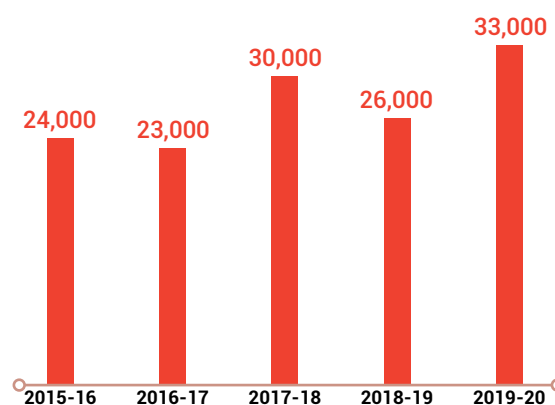


EMPLOYEES AND LOAN OFFICERS

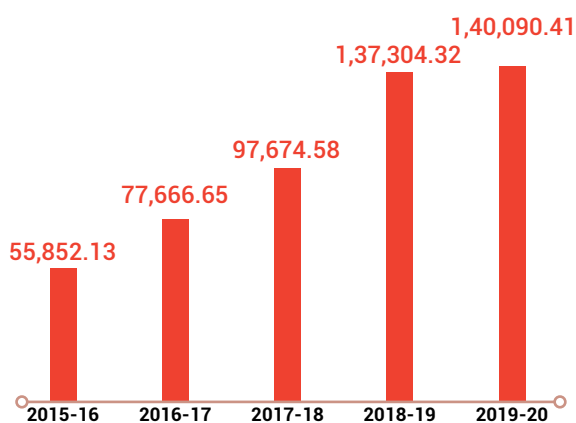
Standalone Data



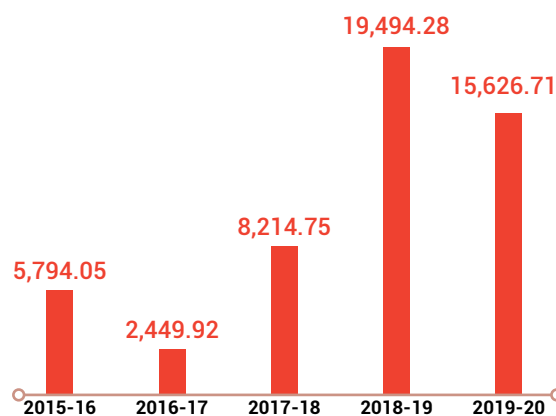
DISBURSEMENT (₹ IN CRORES)
AND NUMBER OF LOANS ('000)



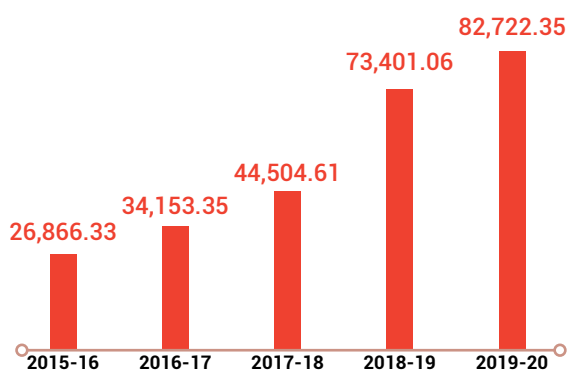
SATIN JLG LOANS -
AVERAGE TICKET SIZE (₹)



TOTAL INCOME (₹ IN LAKHS)



PAT (₹ IN LAKHS)



NII (₹ IN LAKHS)



CMD's Message

2019-20 has been an eventful year for SCNL as we remained strongly focused on executing our well-planned transformational strategies. Thus, setting up stage for an exciting future that we believe will deliver more value to all the stakeholders.

DEAR STAKEHOLDERS,

It gives me great pleasure to state that the Company witnessed steady progress during the financial year 2019-20 with continued execution of its strategic objectives of sustainable growth and improving efficiencies. Even though the external environment turned increasingly volatile, we remained resilient on the back of strong fundamentals and steadfast leadership.

In our journey of about three decades, we have evolved ourselves from providing individual loans to urban shopkeepers for small businesses to becoming a leading and a trusted pan India microfinance player. The journey of our growth does not end here, today we have successfully transfigured our business into a process and technology-driven organization with a powerful human touch. Our enhanced and greatly amplified digital infrastructure has prepared us for the next level of growth which will help in building a strong momentum towards achieving our vision to drive financial inclusion in the country.

The Indian economy continued to face headwinds in the first half of the year due to subdued private consumption and liquidity crisis which got severe in the second half

due to continued global slowdown and the unprecedented Covid-2019 outbreak. The Government intervened by implementing nationwide lockdown in various phases. This resulted in complete halt to the economic activities with significant impact on the incomes and livelihood of people. However, constant support from the Government and Central banks in the form of fiscal stimulus packages and policy rate cuts and improved farm sector performance are expected to revive growth in the future.

Taking a closer look at the microfinance landscape, the industry has become essential for driving the growth of a large section of the underserved and unbanked population in India. The industry faced multiple challenges in 2019-20 owing to liquidity crunch, heavy floods in some states, nationwide protests, Assam crisis and the pandemic. The resultant lockdown reduced loan disbursement activities. According to the MFIN's Micrometer report for the December 2019, the industry served 5.64 Crores unique borrowers, with total loan portfolio standing at ₹ 10.11 Crores, with operations across 36 states and union territories. The industry has witnessed a healthy growth over the years and with this growth the risk associated with portfolio quality also

increases so it is essential for microfinance institutions (MFIs) to conduct more responsible lending through improved credit assessment of borrowers. At SCNL we have always tried to address this issue and have always endeavoured to achieve sustainable growth without hampering our portfolio quality. SCNL has always believed in capitalizing on evolving trends and focus on meeting the growing credit demand in the country by providing affordable financial aid to millions of underserved rural women and their families.

PROCESS RE-ENGINEERING INITIATIVES

Process re-engineering is about making significant changes within business operations for short and long-term viability. All through 2019-20, we have undertaken host of digital transformation activities at a continued pace. We have significantly invested in developing state-of-the-art inhouse digital platform, covering all the business processes i.e. credit underwriting, credit monitoring and collection, which will enable us to provide enhanced customer experience. We have successfully initiated centralized processes, KYC compliance, MFI scorecards and real-time credit bureau checks for greater productivity and supplemented security. During the year we have also implemented auto bank reconciliation using API and geotagged all our borrower's houses, which will help in improving employee productivity via route mapping, while reducing dependability on loan officers. In another initiative to reduce costs, the Company has already started working on digitizing collections which is currently at 37% after reaching 100% cashless disbursements last year.

During the lockdown period, we successfully launched a new 'Customer Service App' to increase digital and financial awareness among customers and helped them getting connected with brand 'SATIN'. All these efforts will significantly reduce the risk of handling cash and also enable us to improve our overall productivity and operational efficiency which in turn will help us build scale, enhance our reach and in turn improve our margins.

OUR PERFORMANCE

We have continued to entrench our presence in the existing states and expanded further beyond exploring new territories. As a result of which the customer base reached 34.6 lakhs in 2019-20 while the branch network expanded by 18.9% from 1,163 in 2018-19 to 1,383 in 2019-20. The Company's NII grew 14.29% from ₹ 803 Crores in 2018-19 to ₹ 917 Crores in 2019-20. During the year 2019-20, the consolidated GLP stood at ₹ 8,174 Crores, while consolidated PAT was ₹ 155 Crores in 2019-20. Also, the collection efficiency level was reported at ~98.8%. All these figures hold the testimony of a strong and coherent operating efficiency and scalability.

Our subsidiaries have grown steadily during the year. Business correspondent services under Taraashna Financial Services Limited reached an AUM of ₹ 704 Crores through 213 operating branches. Satin Housing Finance

Limited reached an AUM of ₹ 139 Crores with 100% retail book comprising of 87% affordable housing loans and 13% of LAP. Focused on secured retail MSME lending, wholesale lending to small NBFC MFI, Satin Finserv Limited made good progress as well with an AUM of ₹ 111 Crores. We launched a new product called 'Pragati Loan' to rebuild borrowers' income generation activities impacted due to Covid-2019 and Cyclone Amphan.

THE PEOPLE EDGE

Our field employees are the mainstay of the Company who contribute in keeping up the consistent growth and thus being the reason behind SCNL's success story. The monthly productivity evaluation done via 'Udaan', constantly helps in improving the proficiency. It aids the team to constantly improvise and make headway to a heartening future. The implementation of robust IT has enabled us to develop in-house HR modules. Also, we have been certified as 'Great Place to Work' for building and sustaining high performance culture, won 'National Best Employer Brand', 'Dream Companies to Work For' which results in a healthy growth rate and higher customer satisfaction.

OUR SUSTAINABLE BUSINESS APPROACH

We are committed to be a responsible corporate that also emphasizes on building healthy and safe environment. Our social initiatives primarily focuses on women empowerment, skill development, education and health awareness. We strive to be transparent in all of our operations by embracing the best practices in our business.

THE NEXT LEVEL OF GROWTH

Even amid challenging environment, we remained resilient underpinned by a strong digital edge, new client acquisitions, small ticket size loans, product financing and operating leverage. We are also witnessing our subsidiaries taking good shape, thus augmenting the growth prospects. We are exploring opportunities in Southern India as well as in states like Rajasthan, Madhya Pradesh and Haryana. Comprehensively, the new avenues seem to be immensely promising, thus opening up several new vectors for the Company, going forward.

CLOSING THOUGHTS


I am truly grateful to my fellow Board members for their support and guidance that remained consistent on all fronts. I would like to conclude by thanking my industrious team at SCNL, our esteemed customers, bankers, channel partners and all the other stakeholders for their unwavering support. We look forward to strengthen our relationship in the future.

Thanking You.
With Warm Regards,

H P Singh
(GRI: 102-14, 23)

Effective Stakeholders' Engagement

Stakeholder engagement is a critical element of our business. Understanding and fulfilling the diverse expectations of our stakeholders is a key imperative in terms of growth translation and sustained profitability of the Company. SCNL has in place, a sound mechanism to engage with the key stakeholders and ensure collective value creation.

 Stakeholders	 Needs and Expectations	 Mode of Engagement	 Value Creation
 CUSTOMERS	<ul style="list-style-type: none"> Responsible financial services and solutions Convenient access to financial solutions (channel of choice), increasingly through digital channels Excellent customer service Information and investment security Trusted financial partner 	<ul style="list-style-type: none"> Consistent engagement across product life cycle through email, SMS, app, calls, postal communication and call center Customer relationship managers Personal support and advice 	<ul style="list-style-type: none"> Diverse and need-based financial assistance Faster and safer transactions by accelerating innovation and digitization Enabling financial inclusion Facilitating financial literacy
 SHAREHOLDERS AND INVESTORS	<ul style="list-style-type: none"> Ethical and sustainable business model Stable return on investment Transparent and timely communication Steady financial performance 	<ul style="list-style-type: none"> Quarterly results Investor presentations Annual Report Annual General Meeting Investor/analysts calls and meet Press releases 	<ul style="list-style-type: none"> Enhanced trust through robust business practices Value creation through sustainable performance Higher RoE
 GOVERNMENT AND REGULATORY BODIES	<ul style="list-style-type: none"> Compliance with regulations Responsible and ethical business operations Financial inclusion Transparent and proactive engagement with regulators and policymakers 	<ul style="list-style-type: none"> Meetings Presentations Written communications 	<ul style="list-style-type: none"> Responsible tax payments Maintaining compliances for a thriving society and sustainable business practices Active contribution to industry and regulatory working groups
 COMMUNITY	<ul style="list-style-type: none"> Community welfare Proactive engagement towards social issues Environment protection 	<ul style="list-style-type: none"> Awareness workshops and campaigns Skill development programs Various education and health initiatives 	<ul style="list-style-type: none"> Socio-economic transformation Empowering marginalized section of the society Improved quality of life
 EMPLOYEES	<ul style="list-style-type: none"> Career development opportunities Regular training to develop new skills Work-life balance Transparent feedback process Competitive remuneration Recognition 	<ul style="list-style-type: none"> Performance reviews Town halls One-to-one communication Training and development workshops Employee welfare initiatives Off-sites 	<ul style="list-style-type: none"> Effective development through coaching and mentoring Performance based remuneration Ownership and empowerment Awards and rewards





Digital Transformation for a Better Tomorrow

Digital transformation isn't just about fast-changing technology or opening new possibilities, it is also about considering people, processes and technology as one.

Innovation and technology are an integral part of our changing world whilst realizing the impact of building a strong connect with customers. We, at SCNL, work with a balanced amalgamation of digital technology with all areas of our business. Our prudent transformation strategy has enabled us to improve efficiency and deliver greater value to customers.

During the year, SCNL has undertaken process re-engineering initiatives to transform the way it conducts business. In the process of doing so, we have deployed various initiatives to constantly improve customer experience.

Making it HAPPEN through Our Digital Edge

 REAL-TIME CREDIT BUREAU CHECKS	Tracks the loan history of the prospective clients and creates its own credit bureau scorecard of individual clients for better screening
 GEO-TAGGING	Helps with event-based mapping of geo location for better control & traceability of workforce
 DATA LOSS PREVENTION (DLP)	Guards against the risk of sensitive data leakage
 DATA CLASSIFICATION	Classifies information automatically and consistently, with a centralized dashboard to analyse data



CENTRALIZED SHARED SERVICE CENTER

- Uniform processes for KYC verification, ensure a stringent quality check and risk mitigation
 - Tele Verification Response (TVR)** report helps in ensuring that all processes and policies are being followed while disbursing the loans and aids to find out deviations, if any
 - Multilingual **Interactive Voice Response System (IVRS)** helps in understanding the complaints, queries and requests made by customers, resulting into lower TAT for issue resolution, enhanced customer experience and brand stickiness



ENDPOINT ENCRYPTION

Protects sensitive information where it is stored and transmitted to another endpoint

Deployment of the latest technology-backed tools and methods has helped in reducing the disbursement journey from 18 days to a few minutes, thus improving the turnaround time of customer acquisition. In addition, it provides significant process controls, increased operational efficiency and information accuracy leading to lowering the operational cost significantly.

The Company will continue to invest in people, processes, and technological advancements for a greater stakeholder value creation. This justifies our digitization strategy that helps in making the customer experience more seamless and fulfilling.

Daily Statistics

₹ 3.75 lakhs



COLLECTIONS

20,000



CREDIT BUREAU
VERIFICATION

12,000



DISBURSEMENTS

20,000



LOAN APPLICATIONS

100%



CASHLESS
DISBURSEMENTS

37%



CASHLESS COLLECTION

100%



GEO-MAPPING FOR KYC SOURCING,
COLLECTION LOCATION, BRANCH
LOCATION AND CENTER LOCATION

Aiding our Customers with Means to Build the Future

At SCNL, we believe that success is found in great partnerships and meaningful relationships. With an onward looking vision of providing our customers with a pathway to live their dreams, the Company works in line with a staunch credo of moral conduct.

We are riveted in understanding the needs of our customers and providing them with accessible financial assistance through small ticket size loans. The ethos of the team is centered in helping customers maximize their financial objective post the detailed evaluation of their needs and giving them a delightful experience. This is what makes us a preferred partner of choice.

Making it HAPPEN with the Right Support



STORY 1: MITARANI BEHERA

MAKING ASPIRATIONS COME TO LIFE

Born in Puruna Balasore, Mitarani Behera led a deprived childhood owing to the financial distress. Her financial hardships stood like a wall between her and her dreams. Despite her fondness for studies, she had to miss out on education leading to her most cherished dream being shattered to smithereens. She didn't wish the same fate for her children as she wanted them to have the brightest of futures similar to the likes of how every parent aspires for the best future for their children. In order to provide them quality education and a secured life, Mitarani and her husband commenced the business of pottery and small oil lamps. As she started with limited capital for pottery

business, she made small oil lamps from the raw material waste of pottery.

In the nascent stage of their business, they made recurrent purchases for raw material in every few days as it was reliant on the income from daily sales which in turn increased their outlay. Thanks to the financial assistance from SCNL. It helped them making bulk purchases and availing the benefit of economies at scale. This led to an increase in the supply of the number of pots, leading to 20% business growth. Today, she earns approximately ₹ 45,000 – ₹ 70,000 per month by selling each pot at ₹ 2.25. Mitarani has gained back her confidence and is ready to take the next step by expanding her business further.



**STORY 2:
JYOTIKA
BORGOHAIN**

INSPIRING WOMEN TO FOLLOW THEIR DREAMS

Jyotika Borgohain lives with her family in Ram Nagar Village, Digboi, Assam. She has faced years of privation as her husband's income was inadequate to meet the family expenses. This led her to borrow money from neighbours and relatives at high interest rates to meet the family needs.

Determined to support her family, she started a pickle business driven by a friend's suggestion of the same after she tasted Jyotika's handmade delectable pickle. However, she had no capital to start the business. However, soon after,

she became aware of SCNL's Digboi branch and their simplified loan process. She thus availed a loan of ₹ 25,000 to start the pickle business from home. Today, she sells around 10 Kg of pickle every day at the rate of ₹ 300 and earns a monthly profit of around ₹ 15,000. Her financial independence has helped in supporting her children's education and further leading a better quality of life. Currently, she is doing well in her business and is looking to scale up by applying for a loan of ₹ 40,000 in the 2nd cycle. She is a true inspiration for many women in her village and for the society.



**STORY 3:
HEMLATA**

SEVEN YEARS OF GLORY WITH SCNL

Hemlata lives with her family at Rajiv Nagar, Khajrana in Indore. She has been associated with SCNL for the last seven years. With an aim to provide for a better future to her children and raise their standard of living, she applied for a loan of ₹ 12,000.

She successfully set up a grocery store in Rajiv Nagar backed by financial assistance from SCNL. Slowly and steadily she started earning well and

repaid the loan instalments. SCNL increased her eligibility to avail a higher loan amount that aided in the expansion of her business. Today, her business is running smoothly, and both her children have access to quality education. With an aspiration to make them responsible citizens, she has proved that planning, dedication and execution are the most important attributes of success. Hemlata believes that SCNL has proved to be a lifeline during difficult times by supporting her to achieve entrepreneurial dreams.



**STORY 4:
SMT.
MUNINARASAMMA**

THE STORY OF PERSEVERANCE

Smt. Muninarasamma used to live in a joint family at Gerehalli, Chikkabalapur. However, as her husband's income didn't suffice to shoulder the financial responsibilities, they went on to live separately. She then decided to contribute to the family income and thus started working as a daily labour. Saving bit by bit, she managed to set up a vegetable shop that helped increase their income. Nonetheless, it wasn't still enough to cope up with the growing trends of inflation and increase in education expenses. Amidst such

challenging times, she came to know about SCNL from one of her neighbours. She purchased organic vegetables from her first loan of ₹ 30,000. As the business progressed, she moved to a rented shop beside the main road at Chikkabalapura (Town). This helped her in becoming a prime earning member of the house and improving her social status.

Smt. Muninarasamma is truly grateful to SCNL as it helped her explore the successful avenues in life, from being a daily wage earner to currently employing two workers in her grocery business. She feels proud when people acknowledge her hard work and the zeal to succeed.



Bringing Out the Best in Our People

Growth never happens in a vacuum. It needs to be accomplished by sustained teamwork that translates strategies into an on-ground reality. SCNL believes in constantly sharpening its human edge, which remains the cornerstone of its transformation blueprint.

Building on the human capital is an essential step in laying the foundation of a long-term development progress. People are our most valuable resource and we are committed in attracting, developing, retaining and rewarding the best talent. By helping them with an exciting infrastructure and safe work environment, we strive to encourage them to further in their development and growth on a personal as well as the organizational front.

Our employees are central in designing and delivering customer experiences and services. The human capital strategy ensures that they consistently stay relevant in their fields of expertise and build their own careers.

Making it HAPPEN through Constant Efforts towards Empowerment

GREAT PLACE TO WORK CERTIFICATION

SCNL was honoured with the certification from the world-renowned Institute of Great Place to Work. We were also recognized as the National Best Employer Brand and moved up from 34th Rank to 8th Rank in the 'Dream Companies to Work For' category. The achievements reflect our constant endeavours to create committed, proactive and innovative development practitioners.

TRAINING AND DEVELOPMENT INITIATIVES

During the year, the Company continuously enhanced capabilities of the employees through numerous in-house training sessions and through certified training organizations. Leveraging the technology platforms, the sessions were conducted through video conferencing/conference call/call modes that resulted in cost and time saving. More than 9,000 field and support employees were certified in the basic course of Microfinance through newly launched e-modules.

RECOGNIZING TALENT THROUGH 'UDAAN

The Company has conceptualized 'UDAAN' for promotion of its field team members in every six months on meeting the specified target of disbursement and collections. This program acts as a key driver in catalyzing the performance of the employees.

ADDRESSING EMPLOYEE GRIEVANCES

With an aim to resolve employee issues through appropriate action and within the specified turnaround time, the Company has dedicated Employee Grievance Redressal Helpdesk by the name of "Atoot Bandhan".

EMPLOYEE ENGAGEMENT INITIATIVES

At SCNL, we believe that celebrations and engagement activities infuse everything our employees do with purpose, energy, and enthusiasm. Occasions such as 'The Foundation Day' along with various festivals and events are celebrated on a large scale throughout the year.

81

TRUST INDEX SCORE



31,636

PARTICIPANTS



12,746

UNIQUE EMPLOYEES OUT OF PARTICIPANTS



3,510

TRAINING SESSIONS



14,542

HOURS OF TRAINING SESSIONS



9

AVERAGE BATCH SIZE OF PARTICIPANTS



1,666

ISSUES RESOLVED AS ON MARCH 31, 2020



Creating Greater Value through an Auxiliary Network

With a common ethos and vision, SCNL's auxiliary partnerships add mileage to the journey of benevolence while creating greater value for all the key stakeholders. Bringing the nation closer, the Company believes in building horizons of better opportunities, and opening new possibilities.



Taraashna Financial Services Limited (TFSL)

YEAR OF INCORPORATION: 2012

AREAS OF OPERATION:

- Acts as a business correspondent with banks and financial institutions to offer various loans comprising of joint liability loans, dairy loans and small business loans
- Low risk and highly capital efficient business model

CATERS TO:

- Rural and urban/semi-urban areas

HIGHLIGHTS FOR THE YEAR 2019-20:

94% CASHLESS DISBURSEMENT
OF TFSL'S TOTAL DISBURSEMENT FOR MAR'20



8
STATES



₹704 Crores
AUM



3.7+ lakhs
ACTIVE LOANS



213
BRANCHES



2,37,122
LOANS DISBURSED





Satin Housing Finance Limited (SHFL)

YEAR OF INCORPORATION: 2017

AREAS OF OPERATION:

- Provides long-term finance for purchase, construction, extension and repair of houses for the retail segment
- Provides loans against residential property, commercial property and plots
- Aspires to be a niche housing finance player in Tier II, III and IV cities and towns while leveraging the brand name of SCNL
- Superior portfolio quality

CATERS TO:

- Middle and low-income groups in peripherals of Tier II cities

HIGHLIGHTS FOR THE YEAR 2019-20:

- Retail book (100%) comprises:
 - Affordable home loans: 87%
 - Loan against property: 13%
- Delinquency since inception: NIL
- CRAR: 125.89%
- Gearing: 1.28
- AUM: ₹ 139 Crores
- Standalone rating: BBB (Stable) from CARE
- Sanction received: 9 active lenders including NHB refinance

4

STATES



1,266

CUSTOMERS



Satin Finserv Limited (SFL)

YEAR OF INCORPORATION: 2018

AREAS OF OPERATION:

- Provides loans to the small business owners (MSMEs) in a manner that is mutually beneficial
- Aims at business owners in manufacturing, trading and services posting an annual turnover of less than ₹ 200 lakhs
- Unique model for credit underwriting and assessment that aids to understand the income source and derive eligibility of the potential customers
- Provides loans in the range of ₹ 2 lakhs to ₹ 15 lakhs to customers falling under the category defined and against an immovable property

CATERS TO:

- Middle and low-income groups
- Non-individuals
- Self-employed non-professionals/professionals
- Business (registered or unregistered)

HIGHLIGHTS FOR THE YEAR 2019-20:

- Focused on secured retail MSME lending, wholesale lending to small NBFC, MFI and others
- Expanded operations to new geographies
- Gross Loan Portfolio: ₹ 111 Crores
- CRAR: 92.06%
- Equity infusion: ₹ 80 Crores

8

STATES



15

BRANCHES



1,113

ACTIVE LOAN CLIENTS





Creating Value for Sustenance

Environmental, Social and Governance Reporting

For SCNL, value creation is based on sustainable environmental, social and governance practices intertwined with our strategic goals. We continuously aim to create value for the communities we conduct operations in, along with our stakeholders.

For a Better World

SCNL remains focused on reducing carbon footprint by providing customized loans to promote use of clean energy, better mobility and household water and sanitation facilities.

The Company constantly strives to reduce the environmental impact while contributing to the realization of a sustainable society. SCNL has partnered with MicroEnergy Credits (MEC) for the Global Carbon Program. The Company's future Certified Emission Reductions (CERs) estimated as on December 2020 are 150-200 CERs. Moreover, SCNL has been certified for excellence in clean energy finance for distributing over 85,579 clean energy products. Thus, impacting the lives of over 4.11 lakhs people and becoming a part of UNFCCC Clean Development Program (CDM).

CLEAN ENERGY LOANS

To reduce the dependence on kerosene oil for lighting purpose in households and businesses

- Provided loans to facilitate access to solar powered home lighting systems and solar lamps to enable the customers spend their time productively

54,704
CLEAN ENERGY LOAN
DISBURSED

BICYCLE LOANS

To provide loans that help customers to move freely between their home and work area.

- Reduced time in travelling enabled customers to work for more hours, resulting in increased income
- Facilitated their daughters to travel safely to school and continue studying

60,265
BICYCLE LOANS DISBURSED

WATER AND SANITATION (WASH) LOANS

To provide affordable financing for safe water and sanitation requirements

- Supported people across four states – Assam, Bihar, Uttar Pradesh and West Bengal
- A shift in the mindset of people has increased the number of families willing to build/repair toilets and thus, improve overall health and hygiene standards

80
DISTRICTS

25,000
VILLAGES

27,017
WASH LOANS DISBURSED



Giving Back with Care

At SCNL, Social Performance Management (SPM) is merely an extension of its vision, mission and values. Through its business and processes, it seeks to uplift and develop the community in an efficient and sustainable way.

Financial inclusion is crucial for the economic development of a nation. The Company's product portfolio with small ticket size affordable loans is designed to provide financial inclusion to the underserved sections of society. The Company extends its business beyond the scope of its offices to include the well-being of community in which it operates. It nurtures the belief that as a good corporate citizen, SCNL has been making an enduring impact through its various initiatives that promote social and economic inclusion.

The Company's social upliftment initiatives focus around financial and digital literacy, center leader workshops, health check-up camps, sanitation drives, supporting local schools and disaster relief work, among others. It facilitates bettering lives and improving the quality of life. It has also been actively donating to non-profits and NGOs that will aid in creating sustainable and long-term socio-economic prosperity. Through these wide range of activities, the Company contributes to the United Nations' Social Development Goals (UN-SDGs).

₹ 18 lakhs



SPM SPEND

Steps of Benevolence for a Better Tomorrow

WOMEN LEADERSHIP EMPOWERMENT WORKSHOPS



To educate and empower women with an objective to strengthen social performance

- Organized six 'Women Leadership Empowerment Workshops' in five states
- Held discussions on various issues such as girl child education, the importance of savings, safe sanitation, financial literacy, enhanced banking behaviour and success stories of the customers among others



HEALTH CHECK-UP CAMPS



To emphasize on health and hygiene concerns of the community

- Organized five health check-up camps in Assam and Odisha, supervised by expert doctors
- Attended by around 300-400 villagers at each location to avail free health examination and medical care



DISASTER RELIEF WORK



To help as many families as possible through relief activities

- Organized flood relief activities and distribution of ration, medicines and blankets for the flood-hit villages in Assam, Bihar and West Bengal
- Developed flood relief plans as per the specific requirements of the victims
- Supported the affected communities in Odisha in the aftermath of Fani Cyclone



FINANCIAL AWARENESS CAMPS



To impart basic financial education that will aid customers in making informed decisions pertaining to financial aspects of their lives

- Organized nine awareness camps in Sivasagar region on Credit Discipline and Financial Literacy, in the wake of Assam microfinance crisis
- Spread awareness on maintaining good credit discipline to an average of 180-200 customers present in each camp



MEDICAL INSURANCE – HOSPICASH



'Hospicash' is an insurance social service initiated in partnership with Tata AIG that provides fixed coverage to customers and their families, on availing this facility.

- Plan includes hospitalization of any nature, accidental death, critical illness and permanent total disability
- Covered a total of 300,000 clients and their families under this facility, as on March 31, 2020

SKILL DEVELOPMENT TRAINING



To provide adequate skill building training and uplift the quality of lives

- Conducted training and development initiatives in partnership with USHA sewing machines in Guwahati and Sivasagar regions of Assam
- Organized six skill development training workshops for customers at branch offices to help them learn tailoring skills and support their families' livelihood



SUPPORTING LOCAL SCHOOLS



To positively build trust between the Company and local communities

- Supported local Government schools by provision of stationary, tree plantation and access to safe water through installation of RO units
- Distributed bags to students in four Government schools situated in Upper Assam (GRI 413-1)



A Governance Framework Designed for Excellence

SCNL's ability to add value is heavily dependent on its reputation, which is embodied in its message, 'Reaching Out'. The governance processes at SCNL are designed to support ethical and effective leadership emanating from Board level and into the various supportive governance structures within the Group. The Company's governance structures, much like its portfolios, have been designed to perpetuate long-term value creation for the stakeholders.

Every aspect of our business rests on a foundation of ethical values, responsibility, accountability, fairness and transparency. Strong governance framework improves decision-making, facilitates access to capital, reduces risk and contributes to adding value. This leads to transparency, better disclosure and helps in providing the opportunity to establish relationships with all stakeholders on fair and more productive terms.

The leadership level system consists Board and its committees at the apex level and the management at the operational level. The Company upholds the

highest possible corporate governance standards by ensuring adherence to all relevant legislative requirements and recognizing that corporate governance goes beyond a set of frameworks, principles, policies and rules. The approach to corporate governance is underpinned in the day-to-day activities of the organization. In addition, Board of Directors are aware that it must also deal with the expectations of all the shareholders.



The Board of Directors



MR H P SINGH

Chairman and Managing Director



MR SATVINDER SINGH

Director



MR RAKESH SACHDEVA




Director

Mr H P Singh, aged 60 years, is the Chairman and Managing Director of the Company and he has been involved with the Company since incorporation. He has a Bachelor's degree in law from Delhi University and is a fellow member of the Institute of Chartered Accountants of India since 1984. He has over 29 years of experience in the finance industry which includes his experience in the field of auditing, accounts, project financing and other advisory services. He has participated in HBS Accion Program on Strategic Leadership for Microfinance conducted at Harvard Business School in 2009 and leadership program organized by Women's World Banking at Wharton Business School, University of Pennsylvania in 2011.

Mr Satvinder Singh, aged 54 years, is a Non-Executive Director of the Company and has been associated with the Company since incorporation. He has a Post-graduate diploma in Business Management from Institute of Management Technology, Ghaziabad. He has over 28 years of experience in consumer marketing and finance.

Mr Rakesh Sachdeva, aged 62 years, is an Independent Director of the Company. He has a degree in commerce from Delhi University. He is also a fellow member of the Institute of Chartered Accountants of India. He has over 37 years of experience in finance, auditing, taxation and accounts. He is currently working with Earth-n-Heaven as Chief Executive Officer and has previously worked at Apollo Tyres Limited and U.K. Paints Group.

 **Audit Committee**
 **Nomination & Remuneration Committee**
 **Asset Liability Management Committee**

 **Corporate Social Responsibility (CSR)**
 **Risk Management Committee**
 **IT Strategy Committee**

 **Stakeholders Relationship Committee**
 **Working Committee**

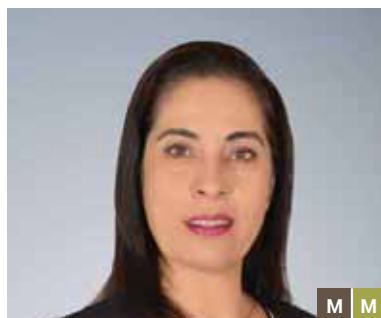
C – Chairman M– Member



MR SUNDEEP KUMAR MEHTA

Director

Mr Sundeep Kumar Mehta, aged 58 years, is an Independent Director of the Company. He holds a Bachelor's degree in science from the University of Rajasthan and Master's degree in humanities from Annamalai University. He has also completed diploma courses in automotive engineering, labour laws, cyber laws and management and a Post-Graduate Diploma in Business Administration from Annamalai University. He has an experience of over 32 years in human resource development, strategy, business management, business transformation strategies, business process re-engineering, employee engagement processes, performance evaluation and enhancement and corporate restructuring. He is currently working with International Quality Management Systems as director and has previously worked at the RKJ group, Escorts Limited, the Panacea Biotech Limited, Bata India Limited and Eicher Good Earth Limited.



MRS SANGEETA KHORANA

Director

Mrs Sangeeta Khorana, aged 56 years, is an Independent Director of the Company. She holds a Doctorate in International Economics from University of St. Gallen in Switzerland, a Master's degree in international law and economics from University of Berne, Switzerland and a Master's degree in economics from Allahabad University, India. She has over 16 years of experience in civil services. She is currently working with Bournemouth University as a professor of economics and has previously worked as an Indian Administrative Officer with the Indian government.



MR GOH COLIN

Director

Mr Goh Colin, aged 52 years, is an Independent Director of the Company. He has a Master's degree in International Management from University of Technology, Sydney and has completed a double course in economics and finance from Curtin University of Technology, Perth. He has an experience of over 22 years in property and charity sector. He is currently the Executive Director of Millet Holdings Pte. Limited, an investment holding company and also acts as a strategic business advisor at Project Innovations Pte Limited.



MR SANJAY KUMAR BHATIA
Director

Mr Sanjay Kumar Bhatia, aged 55 years, is an Independent Director of the Company. He holds a Bachelor's degree in commerce from the University of Delhi and is a qualified Chartered Accountant. He has over 30 years of experience in sales management, strategy formation. He is currently working with Antara Senior Living Limited as head of sales and has previously worked with Max Life Insurance Limited, Max New York Life, Vikas Motors Limited, Dinker Portfolio Private Limited, DMA of Citibank N.A.



MR CHRISTIAN BERNHARD RAMM
Nominee Director

Mr Christian B. Ramm is Investment Director at Nordic Microfinance Initiative (NMI), a public-private partnership investing in microfinance institutions (MFIs) in Asia and Africa.

He has previously experience as Finance Manager at the family office Ferd Social Entrepreneurs and Canal Digital Norway (Telenor Group) and Finance Manager and Country Director for Norwegian People's Aid in Angola. In addition, he has been Managing Director at Schibsted Publishing (Sweden) and held several management positions at the Schibsted Media Group in Norway. He has also worked as a journalist for Finansavisen, a major financial newspaper in Norway.




He holds a Master's degree in Finance from Norwegian School of Economics (NHH) and University Mannheim, Germany and has completed studies in Psychology at the University of Bergen, Norway.



MR ANIL KUMAR KALRA
Director

Mr Anil Kumar Kalra, aged 64 years, is an Independent Director on the Board of the Company. He holds a Bachelor's degree in commerce from Shree Ram College of Commerce, Delhi University. He has a Master's degree in Business Administration with specialization in finance from Faculty of Management Studies (FMS), Delhi University. He has over 32 years of experience in the banking sector. He is currently a professor of finance in the Institute of Technology and Science, Ghaziabad and has previously worked as the Chief Executive Officer in Financial Services Company, London and as senior vice president in a NBFC engaged in providing financial services including asset financing and debt syndication and other financial services.

 **Audit Committee**
 **Nomination & Remuneration Committee**
 **Asset Liability Management Committee**

 **Corporate Social Responsibility (CSR)**
 **Risk Management Committee**
 **IT Strategy Committee**

 **Stakeholders Relationship Committee**
 **Working Committee**

C – Chairman M– Member

The Management Team



C C C M M

MR H P SINGH

Chairman and Managing Director

Mr Singh, aged 60 years, is the Chairman and Managing Director of the Company and he has been involved with the Company since incorporation. He has a Bachelor's degree in law from Delhi University and is a fellow member of the Institute of Chartered Accountants of India since 1984. He has over 29 years of experience in the finance industry which includes his experience in the field of auditing, accounts, project financing and other advisory services. He has participated in HBS Accion Program on Strategic Leadership for Microfinance conducted at Harvard Business School in 2009 and leadership program organized by Women's World Banking at Wharton Business School, University of Pennsylvania in 2011.



M M M

MR JUGAL KATARIA

Group Controller

Mr Kataria is a Cost Accountant, Chartered Accountant and Company Secretary with about 29 years of experience, he is a graduate of the renowned Shree Ram College of Commerce. Aside from completing an Internal Auditors training course for ISO 9000, he was a part of the HBS Accion Program on Strategic Leadership for Microfinance and the leadership program organized by Women's World Banking at Wharton Business School, University of Pennsylvania in 2011. Prior to joining SCNL in 2000, he worked with prestigious brands such as Apollo Tyres and Berger Paints.



MR DEV VERMA

Chief Operating Officer

Mr Verma has done his graduation in B.Com (Hons) from Delhi university and MBA in Marketing from IILM, Delhi. He has 21 years of experience across various industries like Consumer Durables, Financial Services, Insurance and Microfinance sector. He has worked with the likes of National Panasonic India, Citi Financial Consumer Finance and Max Life Insurance; his last assignment before joining the SCNL team was with Bharat Financial Inclusion Limited (formerly SKS Microfinance), as the Company's Vice President. At SCNL, he has spearheaded the transition into new products, policies, processes by leveraging on technology and also entry into new geographies.



MR SANJEEV VIJ

Chief Operating Officer

Mr Vij is a qualified, rank holder Chartered Accountant from ICAI, & an alumni of the prestigious Shriram College of Commerce (SRCC), Delhi University. He has over 29 years of rich corporate work experience in banking & financial services industry with esteemed organizations like Taraashna Financial Services, Tata Motor Finance Solutions, Bajaj Finance, The Royal Bank of Scotland (erstwhile ABN Amro Bank), Citigroup, Alpica Finance, 20th Century Finance, Indbank Merchant Banking Services and RPG Enterprises. He is a result oriented, corporate leader with strong business acumen and brings on board a mix of expertise in turning around organizations, implementing new initiatives, process & controls management and business development with a blend of technical and functional skills acquired with his experience in various leadership roles, across large organizations.



MR K THANGARAJU

Chief Operating Officer

Mr Thangaraju Post-Graduated from Bharathidasan University, has over 20 years of experience in Banking Sector. He possesses strong command in Setting up distribution, retail assets – sales, recovery, credit for NBFCs, Modern and Small Finance Banks. He has worked with Hindustan Financial Management Limited, ING Vysya Bank Limited, Fullerton India Credit Company Limited. his last assignment before coming aboard the SCNL team was with Jana Small Finance Bank as Zonal Head.



MR SANJAY MAHAJAN

Chief Information Officer

Mr Mahajan holds a Master's degree in Math and Post-Graduate degree in Computer Science & applications from Punjab University. He has over 27 years of experience in the Information Technology industry, working with multiple companies across the world. He joined SCNL in January 2016 and has since been instrumental in deploying cost effective IT strategies, as well as leading and establish both new and restructured business solutions. He was previously working as Global IT director with Bata India Limited and his career spans some of India's biggest companies including YUM Restaurants, Procter & Gamble (India & Singapore), Gillette India, Eicher Tractors and Punjab Tractors Limited.

M



MR SUBIR ROY CHOWDHURY

Chief Human Resource Officer (CHRO)

Mr Chowdhury has PGDHRM from IISWBM, Kolkata and a B.Com (Hons) degree from Kolkata University. He has spent 21 years in the HR industry and across its functions. He is also a Gallup certified Strengths Coach. He joined SCNL in April 2016 as Chief Human Resource Officer, prior to which he was working with Magma Fincorp as Business & Corporate HR Head – he was responsible for initiating the competence framework, talent management, succession planning, PMS & Total Rewards at this organization. Before this, he also worked with ICICI Securities, ICICI Prudential Life Insurance, Magma Leasing, Wacker Metroark Chemicals and Kotak Securities.



MR KRISHAN GOPAL

Chief Financial Officer

Mr Krishan has over 14 years of experience across Strategic Planning, Budgeting, Accounting, Auditing, Investor Relations and Fund Raising. He is a member of the Institute of Chartered Accountants of India. He has rich and extensive experience of fund raising through Capital Markets, Banks, Deposits domestic and foreign investors and is well-versed with regulatory compliance framework & Asset liability management. He has worked with Price Waterhouse, Deloitte and his last assignment was with PNB Housing Finance Limited.

M M M

Audit Committee	Corporate Social Responsibility (CSR)	Stakeholders Relationship Committee
Nomination & Remuneration Committee	Risk Management Committee	Working Committee
Asset Liability Management Committee	IT Strategy Committee	

C – Chairman M– Member



MR AMARJIT SINGH

Head Collection

Mr Singh holds an eminent MBA degree in Finance from the prestigious FMS-Delhi and B.Com from SGTB Khalsa College, Delhi. He is a seasoned Banker with more than 29 years of expertise in Operations and Retail Banking. A strategic and enthusiastic business leader having extensive knowledge spread across the horizons of portfolio management, risk management, cross-selling, branch banking, business development and, sales management among others. He is also a motivational speaker.

He has worked with Allahabad Bank, Axis Bank, Janalakshmi Financial Services and Jana Small Finance Bank. He has been associated in multiple leadership roles like Branch Head, Zonal Retail Liability Head, Circle Head-Punjab, Head Business Operations and Distribution Channels for Retail Asset and Credit Card Sales. His former assignment was with Capital Trust Ltd as its Chief Operating Officer.



MR PREM PRAKASH

Chief Risk Officer

Mr Prakash has over 18 years of experience in Banking and Financial services. He is a Science Graduate, holds CAIIB from Indian Institute of Banking and Finance (IIBF) and Certified Financial Risk Manager (FRM) from Global Association of Risk Professionals (GARP). He started his career with State Bank as a Probationary Officer and worked in various capacities in Branch Banking, Retail & SME lending for 6 years. He has also worked with Axis Bank, ICICI Bank, Equitas Small Finance Bank and North East Small Finance Bank in the area of credit, market and operational risk. He was last working with North East Small Finance Bank as Chief Risk Officer and was instrumental in setting up risk governance, risk appetite and integrated risk framework for the Company.



MR ADHISH SWAROOP

Company Secretary & Compliance Officer

Mr Swaroop, is a B.Com (Honor's), LLB and is a Member of the Institute of Company Secretaries of India. He has vast exposure in complying with the requirements of Company Laws, SEBI and RBI related matters. He has overall experience of 18 years in the field of Secretarial Compliances, Corporate Advisory, Corporate Governance, ESOPs and Mergers & Acquisitions.

He has worked as Company Secretary and Compliance Officer of APL Apollo Tubes Limited, Vogue Commercial Company Ltd. and DB (International) Stockbrokers Limited. In the initial phase of career, he was involved in the self-practice for 6 years and carried out the assignment in respect of secretarial, accounts and taxation.



MR PARTHA SENGUPTA

Chief Executive Officer & Whole Time Director (TFSL)

Mr Sengupta is an Alumina of IIM Ahmedabad, ICWAI and PG in Taxation Laws from Punjab University Chandigarh. He has over 23 years of experience and extensive exposure across gamut of areas including strategy & leadership, revenue generation, branch management, people engagement, business development, process improvement and operational excellence. He has been instrumental in deploying risk management frameworks and cost effective strategies for executing complex processes, the structure of audit and compliance with digitization of the process. Mr Sengupta was previously working with Alpice Finance, HDFC Bank, ICICI bank Ltd, Barclays bank PLC, BharatMatrimony.com and Jana Small Finance Bank.



MR AMIT SHARMA

CEO & Whole Time Director (SHFL)

Mr Sharma has over 19 years of rich experience in NBFCs and financial services sector with an exposure into domestic and international markets. He has held key positions across large corporate houses. Prior to Satin Housing, Amit was the Chief Business Officer (CBO) for LAS & Agri Commodity Funding, Commercial Vehicle Finance in Karvy Financial Services Limited. He was instrumental in starting and conceptualizing Home Loans business and played a key business development role in building up Loan Against Shares and Agri Commodities (LAS), Commercial Vehicle Finance, Loan Against Property –SME (Cross-sell) and Structured Financing. His Stint with Karvy was almost 5 years.

Mr Sharma's areas of specialization and in-depth knowledge of the various facets of the business include retail and institutional lending, investment banking, fund raising, treasury, capital markets, legal, international syndication structures, operations, products, risk management, private equity, retail & institutional business (mergers & acquisitions), sales, marketing and building & scaling up businesses.

Mr Sharma has also worked with organization such as Religare Group, P.N.Vijay Financial Services, Abhipra Capital Ltd and the Association of National Exchange Members of India. He is a qualified Company Secretary (CS) from ICSI, LLB from Delhi University, and completed his B.Com (Hons.) from Delhi University. And also has DIFC (Dubai) Certification.



MR SUMIT MUKHERJEE

Chief Executive Officer (SFL)

Mr Mukherjee has over 29 years of experience in the NBFC space and has managed various roles in sales, credit and collections. He has managed large scale businesses and has held a P/L responsibility. His major stints have been with Ashok Leyland Finance (8 years), Citicorp (9 years) and Magma Fincorp Ltd (9 years). In Magma he has managed the ABF business and led a team of 5,000 people and AUM of 13,000 Crores across 250 branches. Prior to joining Satin, Sumit was with Neogrowth Credit Pvt Ltd as the Chief Business Officer.

Audit Committee	Corporate Social Responsibility (CSR)	Stakeholders Relationship Committee
Nomination & Remuneration Committee	Risk Management Committee	Working Committee
Asset Liability Management Committee	IT Strategy Committee	

C – Chairman M– Member

DIRECTORS' REPORT

Dear Members,

It is our immense pleasure to present the thirtieth Directors' Report along with the Audited Standalone and Consolidated Financial Statements of your Company for the financial year ended March 31, 2020.

FINANCIAL SUMMARY/HIGHLIGHTS, STATE OF AFFAIRS

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Revenue	1,40,090.41	1,37,304.32	1,50,343.19	1,44,514.33
Total Expenses	1,17,253.81	1,05,610.73	1,27,426.83	1,11,682.27
Profit before Depreciation and tax	22,836.60	31,693.59	22,916.36	32,832.06
Depreciation and amortization expenses	1,519.84	1,131.89	1,753.72	1,251.12
Profit Before Tax	21,316.76	30,561.70	21,162.64	31,580.94
Tax Expense	5,690.05	11,067.42	5,665.38	11,431.30
Profit after Tax	15,626.71	19,494.28	15,497.26	20,149.64
Other comprehensive income	4,454.43	2,509.87	4,482.47	2,516.19
Total comprehensive income for the year	20,081.14	22,004.15	19,979.73	22,665.83

OPERATIONS, FUND RAISE, PROSPECTS AND FUTURE PLANS

Operational Highlights in brief (Standalone basis)

- The aggregate gross loan portfolio (GLP) of the Company stood at ₹ 7,21,989.65 lakhs as on March 31, 2020. This represents a year on year (YoY) growth of 13.30% as compared to March 31, 2019.
- Loan amount of ₹ 8,04,514.18 lakhs was disbursed in FY 2019-20, representing an increase of 28.70% as compared to FY 2018-19.
- The Company disbursed 25.55 lakhs loans during FY 2019-20, an increase of 9.22 % over FY 2018-19.
- Average loan amount disbursed per account during FY 2019-20 was ₹ 0.33 lakhs, an increase of 17.80% from FY 2018-19.
- The Company has operations spread across 23 states / union territories

During the Financial Year under review, Company saw 19.84% decrease in its profitability with a net profit of ₹ 15626.71 lakhs for the year ended March 31, 2020 as compared to ₹ 19,494.28 lakhs for the year ended March 31, 2019. Profit before tax decreased by 30.25% to ₹ 21,316.76 lakhs. Total Income has increased from ₹ 1,37,304.32 lakhs for the year ended March 31, 2019 to ₹ 1,40,090.41 lakhs for the year ended March 31, 2020 which is mainly due to increase in 13.28% of Assets Under Management (AUM) in the Company. Interest income of the Company decreased to ₹ 1,07,844.38 lakhs from previous year's interest income of ₹ 1,17,950.47 lakhs. Loan Assets Portfolio of the Company increased by

₹ 84,622.94 lakhs during the year reaching ₹ 7,21,989.65 lakhs as on March 31, 2020 as against ₹ 6,37,366.71 lakhs as on March 31, 2019. The Return on Average Loan Assets decreased to 2.25% in FY 2019-20 as compared to 3.01% in FY 2018-19. The cost of funds declined to 11.68% in FY 2019-20 as compared to 12.53% in FY 2018-19. On account of the above, the Net Interest Margin improved to 9.85% in FY 2019-20 as against 9.45% in FY 2018-19. Company's Strong liquidity position provides significant headroom for growth. Company has Long term Credit Rating CARE A- Stable & ICRA A- Stable, Short term rating CARE A1 & ICRA A1 (upgraded from ICRA A2+); Grading MFI 1 (MFI One).

Operation's highlights are hereunder:

Particulars	March 31, 2020	March 31, 2019
Number of branches	1,140	977
Amount disbursed during the year (₹ in lakhs)	8,04,514.18	6,25,192.24
Number of active Clients	30,80,274	31,49,607
Total Assets under management (₹ In lakhs)	7,21,989.65	6,37,366.71

Fund raised during FY 2019-20:

(a) Resource Mobilization:

During the year under review, your company has continued to diversify the sources of funds and raised a sum of ₹ 6,42,649.83 lakhs by way of short-term loans, long-term loans, issue of Non-Convertible Debentures, Securitization & Assignments and Commercial Paper, which has helped the

DIRECTORS' REPORT (Contd.)

Company to achieve its' business target for FY 2019-20. Out of overall borrowings, Company has raised funds through issuance of Non-Convertible Debentures, has successfully completed 2 Issue of Non-Convertible Debentures during FY 2019-20 raising ₹ 18,800.00 lakhs. Company also raised one term loan and one Non-Convertible Debentures through External Commercial Borrowing (ECB) route of ₹ 10,686.00 lakhs and ₹ 6,487.42 lakhs respectively. Company has also raised ₹ 8,005.00 lakhs during the year through Subordinated debts (₹ 20,000.00 lakhs in previous year). Subordinated Debts represents long term source of funds for the Company and the amount outstanding as on March 31, 2020 was ₹ 50,805.00 lakhs.

(b) Bank Finance:

Bank Finance remains an important source of funding for your Company. Commercial Banks continued their support to your Company. As of March 31, 2020, borrowings from banks were ₹ 5,14,082.26 lakhs as against ₹ 3,35,486.08 lakhs in the previous financial year.

Please refer the **Management Discussion and Analysis Report** for more information.

Company's Prospects, Future Plans and Business Overview:

The Company's growth prospects remain positive as re-engineered process and controls enable it to be well-equipped to handle any exigency. We are confident of successfully handling the disruptions due to lockdown owing to COVID-19 and the slowdown thereof. Until normalcy in economic activity returns, it is difficult to estimate a guess on the exact degree of harm caused to the financial system and the reconstruction efforts that will have to be adopted. The primary aim is to consistently improve the portfolio quality while maintaining low delinquency and diversifying revenue sources. Moreover, the Company seeks to continue its efforts to diversify concentration risk by capping the per state exposure to 20% and per district exposure to <2% of AUM. Technology with its last mile connectivity will continue to aid the growth potential by providing competitive edge over others. We have successfully initiated centralized processes, KYC compliance, and real-time credit bureau checks for greater productivity and supplemented security. To minimize the impact of disruptions due to COVID-19 we successfully launched a new "Customer Service App" to increase digital and financial awareness among customers and to help them connect with brand "SATIN". These initiatives will significantly reduce the risk of handling cash and also enable us to improve our overall productivity and operational efficiency which in turn will help us build scale, enhance our reach

and in turn improve our margins. Additionally, the Company will continue to focus on training and development of the workforce to enhance their capabilities and knowledge, thus making them future ready. As, GDP forecast is below 2% for India, plus there have been restrictions on movement due to lockdown, disbursements are expected to be muted around the levels of 2019-20.

The government stimulus package on MSME is promising after redefinition of MSME. The packages for standard, stressed and potential MSMES will ensure that they have the resources to bounce back once the headwinds start tapering. The special liquidity scheme and partial credit guarantee scheme for NBFCs, HFCs and MFIs will ultimately benefit the end consumers, many of which are in the rural and semi-urban areas.

On the MSME front, the Company will continue to pursue its strategic objective of enriching the portfolio quality and expanding operations to newer geographies. In addition, it will focus on secured retail MSME lending, wholesale lending to small NBFC MFI and others, with tightened credit norms. With respect to the housing finance, the Company aims to be a niche housing finance player in tier II, III and IV cities and towns and further emphasize to boost excellent portfolio quality with NIL delinquency. The Company has also started expanding its footprints in the micro housing space, which promises a secured high yield book. The BC arrangement with IndusInd bank will assist in scaling up the operations, as it is a capital efficient model with on tap liquidity. Moreover, the Company will continue to diversify its portfolio through the subsidiaries by capitalizing on the distribution outreach.

Sustenance of the MFI industry depends on how efficiently funds flow in the days to come, since money is our raw material for carrying out business activities. Ultimately, these funds flow through to support the incomes of the underprivileged clients, especially in this critical period. While the present situation has created a high liquidity stress, the MFI industry has always bounced back in the face of adversity. Adaptation and investment on technology will play a pivotal role for the industry in the new normal scenario.

Please refer the **Management Discussion and Analysis Report** for more information on your Company's Business Overview.

Impact of Covid-19

NBFCs have been struggling to keep alive in wake of the pandemic. The financial regulator in India has been taking rigorous steps to counter the impact of the pandemic on the shadow banking sector. The central bank has been continuously tracking the sector in India and has taken a number of steps to support the NBFC sector in India and prevent its collapse. The steps include measures to maintain

DIRECTORS' REPORT (Contd.)

adequate liquidity in the system, facilitate smooth bank credit flow and ease financial strain amidst the deadly virus outbreak. Some of these have been introduced during the last quarter of the FY 2019-20 even before the actual outbreak of the disruption in our country.

Covid-19 is a natural crisis, people have not lost their assets, homes and capital in that sense post lockdown collections will pick up and clients making efforts to restore normalcy, they will find us ready and waiting to help. They will need help to fully avail the RBI moratorium announced till end August, 2020, financial advice to rebuild their lives and additional credit to support their livelihoods. Given the RBI and the government priority in ensuring liquidity, the lending banks will extend support. The Indian microfinance sector can and

will play a major role in ensuring confidence and credit at the grassroots when it is needed the most to rebuild our country.

Over the years, MFIs have proven their resilience. During demonetization, repayment rates recovered from 50% to 80% within a month and settled at upward of 90% within three months. With this as a reference point, we can hope that repayment rates to MFIs will bounce back in the range of 90% within 3-4 months. This may rise further over a time horizon of, say, six months. Slowing down fresh loan disbursements will be an obvious strategy for MFIs, particularly in the first few months, which should allow them some space to manage cash flows. The management of the Company has strong belief and strategic plans to come out with this period of pandemic in positive way like it has done in the past during monetization.

DIVIDEND

Directors of your Company have recommended a final dividend (excluding dividend distribution tax) on Preference shares as stated below:

Sl. No.	Name of Preference Shareholders	Preference Shares	Period of dividend	Recommended amount of Dividend per share
1.	The names will be as reckoned by Registrar and Transfer Agent (RTA) as on cut-off (record) date	2,50,00,000 12.10% Rated, Cumulative, Non-Convertible Compulsorily Redeemable Preference Shares	April 01, 2019 to March 31, 2020	₹ 1.21*

*Amount of dividend is excluding of dividend distribution tax

In order to undertake and carry on future plans, it is necessary to conserve the resources. Your Directors are of the opinion of retaining the profits for the year within the Company, and thus have not recommended any dividend on equity shares for the year ended March 31, 2020.

AMOUNT TRANSFERRED TO RESERVES

An amount of ₹ 3125.34 lakhs, being 20% of the profit after tax (PAT) was transferred to statutory reserve of the Company pursuant to Section 45IC of the Reserve Bank of India Act, 1934.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has duly complied with the provisions of Section 186 of the Companies Act, 2013 and Rules made thereunder. Details on loans, guarantee or investments made during the financial year are mentioned in the notes to the financial statements.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The policies and procedures adopted by your Company take into account the design, implementation and maintenance of adequate internal financial controls, keeping in view the size and nature of the business. The internal financial controls ensure

DIRECTORS' REPORT (Contd.)

the orderly and efficient conduct of its business. The controls encompass safeguarding of your Company's assets, strict adherence to policies, and prevention and detection of frauds and errors against any unauthorized use or disposition of assets and misappropriation of funds. These controls help to keep a check on the accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures. The Audit Committee ensures that all procedures are properly authorized, documented, described and monitored. Job rotation is mandatory across departments to ensure high level of correctness and accuracy. Your Company has in place technologically advanced infrastructure with computerization in all its operations, including accounts and MIS.

Your Company has in place strong internal audit processes and systems which design an annual audit plan to ensure optimum portfolio quality and keep risks at bay. There is a risk based audit methodology for quarterly branch audits which are planned based on various risk based parameters. There is a full-fledged in-house Internal Audit department. The Regional Office Audit and Social Audit takes place on a quarterly basis, while Compliance Audit is done on the basis of feedback from other audits.

The Audit Committee of the Board of Directors, comprising of Independent Directors, periodically reviews the internal audit reports, covering findings, adequacy of internal controls, and ensure compliances. The Audit Committee also meets the Company's Statutory Auditors to ascertain their views on the financial statements, including the financial reporting system, compliance to accounting policies and procedures, adequacy and effectiveness of the internal controls and systems followed by the Company. Information System Security controls enable the Company to keep a check on technology-related risks and also improve business efficiency and distribution capabilities. Your Company is committed to invest in IT systems, including back-up systems, to improve the operational efficiency, customer service and decision-making process.

High standards of your Company's internal control systems is adequately reflected in it receiving ISO 27001:2013 Certification post qualifying two stages of audit by third party certification body - Documentation audit and Control Testing audit. There is also an annual Surveillance Audit conducted by third party ISO Auditors to retain the certification. This indicates your Company has an integrated and robust Information Security Management System (ISMS) in its business processes & exemplifies that information security and client confidentiality are part of the cornerstones of your Company's strategic objectives. This approach also ensures that employees supported by IT systems and processes

throughout the organization maintain a high standard of security.

Your Company has also introduced "Centralized Shared Services Center" within its subsidiary businesses to create a unified support model across the group. This has also enabled to provide more structured, effective & efficient services across Business reporting, End user application support and in Management of Infrastructure support, security & new requirements centrally. This has enabled a professional support model within the organization and has helped restructuring the teams at different level and brought in significant cost optimization.

MATERIAL EVENT RECORDED SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

There are no material changes and commitments affecting the financial position of the Company, which has occurred between the end of the financial year of the Company i.e. March 31, 2020 and the date of the Directors' Report.

DETAILS OF SUBSIDIARY AND ASSOCIATES COMPANIES, AS REQUIRED UNDER RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014

SUBSIDIARY AND ASSOCIATES COMPANIES

The Company has following 3 (Three) Wholly owned subsidiaries and does not have any Associate Company / Joint venture –

1. Taraashna Financial Services Limited (TFSL) – The Company was incorporated on May 22, 2012 originally as private limited company with the name Taraashna Services Private Limited and became Wholly Owned Subsidiary of the Company w.e.f. July 27, 2018. During the year under review, the Company has changed its name from Taraashna Services Limited to Taraashna Financial Services Limited. TFSL is engaged in Business Correspondent activity. As on March 31, 2020, its paid up capital stood at ₹ 16.04 Crores.
2. Satin Housing Finance Limited (SHFL) was incorporated on April 17, 2017, as Wholly Owned Subsidiary of the Company. It is registered with National Housing Bank. SHFL is engaged in providing long-term finance for purchase, construction, extension and repair of houses for the retail segment along with loans against residential property, commercial property and plots. The Company has further infused ₹ 30 Crores by way of equity share capital during the period under review. As on March 31, 2020, its paid up capital stood at ₹ 80 Crores.
3. Satin Finserv Limited (SFL) was incorporated on August 10, 2018 as Wholly Owned Subsidiary of the Company. It is RBI registered Non-Deposit taking Systemically Important Non- Banking Finance Company. SFL is

DIRECTORS' REPORT (Contd.)

engaged in providing business loans to micro, small and medium scale enterprises and to individuals. Further, also engaged in providing corporate loans. During the year under review, your Company has further infused ₹ 80 Crores by way of equity share capital. As on March 31, 2020, its paid up capital stood at ₹ 102.50 Crores.

Business Highlights of Taraashna Financial Services Limited

Taraashna Financial Services Limited (TFSL) has achieved a gross turnover of ₹ 6,977.29 lakhs during the year mainly from business correspondent activity (against total gross turnover of ₹ 6,828.44 lakhs during the previous year). Disbursement for FY 2019-20 is ₹ 74,090 lakhs as against ₹ 63,869 lakhs in FY 2018-19, an increase of 16%. Its Networth stood at ₹ 5,105.11 lakhs as at March 31, 2020. TFSL has 3.76 lakhs unique active customers as at March 31, 2020 and Cost of Funds for FY 2019-20 at 13.75% as against 17% in FY 2018-19. TFSL has partnered with six (6) sectoral banks and three (3) NBFCs and has received the income from all the nine Principal Partners during the FY 2019-20.

In long-run your Company can see bright future of TFSL.

Business Highlights of Satin Housing Finance Limited

Satin Housing Finance Limited SCNL's Wholly owned subsidiary net worth stood at ₹ 7,710.31 lakhs for the year ended March 31, 2020. As on that date regulatory Capital to Risk Assets Ratio (CRAR) was 125.89% which is well above the regulatory requirement of 13%. Further, during the year under review National Housing Board sanctioned ₹ 1,500.00 lakhs under refinance facility to Housing Finance Company. SHFL's total income during the year ended March 31, 2020 is ₹ 2,099.21 lakhs as compared to previous year ended March 31, 2019 is ₹ 707.08 lakhs, a growth of 197% and suffered net loss after tax during the year ended March 31, 2020 is ₹ 94.53

lakhs as compared to previous year ended March 31, 2019 is ₹ 123.36 lakhs, reducing the loss by 23%.

Management of your Company is highly optimistic for bright future of SHFL in the years to come.

Business Highlights of Satin Finserv Limited

Satin Finserv Limited ("SFL") wholly owned subsidiary's net worth stood at ₹ 10,166.44 lakhs as on March 31, 2020. The Capital to Risk Asset ratio in terms of regulatory requirement is 92.06% which is well above the regulatory requirement of 15.00%. During the second year of operations, SFL has shown decent growth in terms of Sanctions & Disbursements of Loans. During the year under review SFL has Disbursed Loans of ₹ 11,877.88 lakhs, and thereby achieved AUM of ₹ 11,026.21 lakhs. SFL reported Total Income during the year ended March 31, 2020 is ₹ 1,401.84 lakhs and net profit after tax of ₹ 64.72 lakhs.

Management of your Company can see a positive outlook of the SFL in the years to come.

Consolidated Financial Statements

In accordance with Section 129(3) of the Companies Act, 2013 and Regulation 34(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Consolidated Financial Statements of the Company including the financial details of all the subsidiary companies, forms part of the Annual Report. The Consolidated Financial Statements have been prepared in accordance with the provisions of Indian Accounting Standards issued by the Institute of Chartered Accountants of India.

Further, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 also form part of the Annual Report. Further, the Company has neither any Associates nor any Joint Ventures as on March 31, 2020.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

As on March 31, 2020, the Board of Directors of your company consist of 10 Directors. Their details are as follows:

Sl. No.	Name of Directors	Category
1	Mr H P Singh (Chairman cum Managing Director)	Executive Promoter Director
2	Mr Satvinder Singh	Non-Executive, Promoter Director
3	Mr Rakesh Sachdeva	Non-Executive Independent Director
4	Mr Sundeep Kumar Mehta	Non-Executive Independent Director
5	Mr Rajeev Kakar	Non-Executive Nominee Director
6	Mrs Sangeeta Khorana	Non-Executive Woman Independent Director
7	Mr Goh Colin	Non-Executive Independent Director
8	Mr Sanjay Kumar Bhatia	Non-Executive Independent Director
9	Mr Arthur Sletteberg	Non-Executive Nominee Director
10	Mr Anil Kumar Kalra	Non-Executive Independent Director

DIRECTORS' REPORT (Contd.)

The Board was duly constituted in compliance with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year ended March 31, 2020 and the changes in the Board during the financial year upto the date of this report are as follows:

A. Appointment

Mr Rajeev Kakar

Pursuant to the Agreements between the Investor, M/s Asian Development Bank ("ADB") and the Company, ADB had recommended name of Mr Rajeev Kakar (DIN: 01888608) as its Nominee Director and liable to retire by rotation, on the Board of the Company. The Board on recommendation of Nomination and Remuneration Committee of the Company has approved his appointment by passing a resolution by circulation dated June 6, 2019.

Mr Christian B. Ramm

Pursuant to the Agreements between the SCNL, promoters of SCNL & Nordic Microfinance Initiative Fund III KS ("NMI") and subsequent to resignation of Mr Arthur Sletteberg, who was Nominee Director of NMI on the Board of your Company, NMI had recommended the name of Mr Christian B. Ramm (DIN: 08096655) as its Nominee Director (representative of NMI) and liable to retire by rotation, on the Board of the Company. The Board on recommendation of Nomination and Remuneration Committee of the Company has approved his appointment by passing a resolution by circulation dated May 30, 2020.

B. Resignation/Cessation

Mr Davis Frederick Golding

Mr Davis Frederick Golding (DIN: 00440024), Independent Director of the Company, resigned from the Company w.e.f. April 12, 2019. The Board place on its record its appreciation for the valuable contribution of Mr Davis Frederick Golding in the sustained growth of the Company during his tenure.

Mr Daniel Simpson Jacobs

Mr Daniel Simpson Jacobs (DIN:07858118), Nominee Director of the Company, resigned from the Company w.e.f. March 3, 2020. The Board placed on its record its appreciation for the valuable contribution of Mr Daniel Simpson Jacobs in the sustained growth of the Company during his tenure.

Mr Rajeev Kakar

Mr Rajeev Kakar (DIN: 01888608), Nominee Director of the Company, resigned from the Company w.e.f. April 30, 2020. The Board place on its record its appreciation for the valuable contribution of Mr Rajeev Kakar in the sustained growth of the Company during his short tenure.

Mr Arthur Sletteberg

Mr Arthur Sletteberg (DIN: 07123647), Nominee Director of the Company, resigned from the Company w.e.f. May 30, 2020. The Board placed on its record its appreciation for the valuable contribution of Mr Arthur Sletteberg in the sustained growth of the Company during his tenure.

C. Retirement by rotation

Mr Satvinder Singh

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr Satvinder Singh, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting to be held on August 5, 2020 and being eligible, offer himself for re-appointment as Director (Non-Executive, Promoter, Non-Independent) of the Company. Brief resume and other details of Mr Satvinder Singh who is proposed to be re-appointed as a Director (Non-Executive, Promoter, Non-Independent) of the Company have been furnished in Notice of the ensuing Annual General Meeting.

D. Key Managerial Personnel

Mr H P Singh, Chairman cum Managing Director, Mr Jugal Kataria, Group Controller, Mr Krishan Gopal, Chief Financial Officer and Mr Adhish Swaroop, Company Secretary & Compliance Officer are the Key Managerial Personnel of your Company in accordance with the provisions of Sections 2(51) and 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The present term of Mr H P Singh as Chairman cum Managing Director of the Company shall expire on September 30, 2020. The Board recommended the re-appointment of Mr H P Singh as Chairman cum Managing Director of the Company effective from October 1, 2020 for a further term of five years.

During the year under review, Mr Krishan Gopal was appointed as Chief Financial Officer and Key Managerial Personnel of the Company in place of Mr Jugal Kataria who had stepped down from the post of CFO and designated as Group Controller and Key Managerial Personnel w.e.f. January 13, 2020. Further, Mr Adhish Swaroop was appointed as Company Secretary & Compliance Officer of the Company w.e.f. October 14, 2019 in terms of Section 203 of the Companies Act, 2013 read with Regulation 6 of SEBI Listing Regulations, in place of Mr Choudhary Runveer Krishanan who has resigned w.e.f. August 26, 2019.

DIRECTORS' REPORT (Contd.)

Meetings of the Board

During the period under review, 6 (Six) Board Meetings were held, the detail of the same have been included in the Corporate Governance Report which forms part of the Annual Report.

PERFORMANCE EVALUATION OF BOARD, COMMITTEES AND DIRECTORS

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 17(10) read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015, the Nomination and Remuneration Committee and the Board of Directors have formulated a policy for performance evaluation (same is covered under the Nomination and Remuneration Policy of the Company) of its own performance, of various mandatory Committees of the Board and of the individual Directors.

Further, SEBI vide its circular (Ref. no. SEBI/HO/CFD/CMD/CIR/P/2017/004) dated January 5, 2017 issued a guidance note on Board Evaluation for listed companies. In view of the same and in terms of Board approved Nomination and Remuneration Policy, the Independent Directors in their separate meeting held on March 21, 2020 under Regulation 25(4) of the SEBI Listing Regulations, 2015 and Schedule IV of the Companies Act, 2013 had:

- (i) reviewed the performance of Non-Independent Directors and the Board as a whole;
- (ii) reviewed the performance of the Chairperson of the Company, taking into account the views of executive and non-executive Directors; and
- (iii) assessed the quality, quantity and timelines of flow of information between the Company management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

Further, in terms of the provisions of Regulation 19(4) read with Part D of Schedule II of the SEBI Listing Regulations, 2015 and Section 178 of the Companies Act, 2013, the performance evaluation process of all the Independent and Non-Independent Directors of the Company was carried out by the Nomination and Remuneration Committee in its meeting held on March 23, 2020.

Further, in terms of Regulations 17(10) of the SEBI Listing Regulations, 2015 and Schedule IV of the Companies Act, 2013, the Board of Directors also in their meeting held on May 15, 2020, carried out the performance evaluation of the Independent Directors (excluding the Director being evaluated) and that of its Committees.

The entire performance evaluation process was completed to the satisfaction of Board.

STATEMENT ON DECLARATION "CERTIFICATE OF INDEPENDENCE" U/S 149 (6) FROM INDEPENDENT DIRECTORS

The Board has Independent Directors and there is an appropriate balance of skills, experience and knowledge in the Board to enable the Board to discharge its functions and duties effectively. The Independent Directors have submitted disclosure that they meet the criteria of independence as provided under Section 149(6) of Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

COMPLIANCE WITH SECRETARIAL STANDARDS

Your Company is in Compliance with the Secretarial Standards on Meeting of the Board of Directors (SS-1) and Secretarial Standards on General Meeting (SS-2) for the financial year ended March 31, 2020.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (5) of the Companies Act, 2013, the Board of Directors of the Company hereby confirm and state that:

1. in the preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2020 and of the profit and loss of the Company for the year ended March 31, 2020;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the annual accounts for financial year ended March 31, 2020 on a going concern basis;
5. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the financial year ended March 31, 2020; and
6. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended March 31, 2020.

DIRECTORS' REPORT (Contd.)

INFORMATION ON MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

During the period under review, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company and its operations in future.

RELATED PARTY TRANSACTIONS

The Company has put in place a policy for Related Party Transactions (RPT Policy), which has been approved by the Board of Directors. The Policy provides for identification, necessary approvals by the Audit Committee/ Board, reporting and disclosure requirements in compliance with the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All transactions entered by the Company during the financial year with related parties were on arms' length basis and in the ordinary course of business. All such RPTs were placed before the Audit Committee/ Board for approval wherever applicable. The Audit Committee reviews all RPTs periodically.

During the year under review, your Company has not entered into any contracts/ arrangement / transaction with related parties which could be considered material in accordance with Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the policy of the Company on materiality of RPTs. The policy for determining material subsidiary, materiality of RPTs, and dealing with RPTs as approved by the Board may be accessed on the website of the Company and the web-link of the same is <https://satincare.com/wp-content/uploads/2019/10/Materiality-policy.pdf>.

Particulars of contracts or arrangements with related parties referred to in Section 188(1) is given in Form AOC-2 as **Annexure-I**. Further, details of Related Party Transactions as required to be disclosed as per Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Companies Act, 2013 are given in the Notes to the Financial Statements.

Furtherance to this, the remuneration paid to Mr H P Singh, Chairman cum Managing Director and sitting fee paid to non-executive Directors (other than Investor's nominee) for each Board/Committee meeting(s) attended shown under Related party disclosures segment under "Notes to the account" of Balance Sheet in terms of Indian Accounting Standard - 24 issued by The Institute of Chartered Accountants of India.

AUDITORS & THEIR REPORTS

Statutory Auditors & their Reports:

M/s Walker Chandio & Co., LLP, Chartered Accountants, bearing Registration No. 001076N/N500013 have been appointed on the recommendation of Audit Committee and

Board of Director's (in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (includes amendments thereto), as the Statutory Auditors of the Company for a period of 5 years from the conclusion of the twenty seventh AGM (for FY 2017-18) till the conclusion of the thirty second AGM (for FY 2021-22) subject to the provisions of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended from time to time. Pursuant to said RBI Notification, the Company is required to rotate the signing partner of the Statutory Auditors in every three years. Based on the said requirement, current signing partner Mr Lalit Kumar of M/s Walker Chandio & Co., LLP, is required to be rotated by replacing him with Mr Manish Gujral, Chartered Accountant as Partner of M/s Walker Chandio & Co., LLP.

Your Company has also received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the Companies Act, 2013 (includes amendments thereto) and the said appointment is in accordance with the applicable provisions of the Companies Act, 2013 and rules framed thereunder.

The Auditors' Reports for the financial year 2019-20 does not contain any qualification, reservation, adverse remark or disclaimer. Further, there were no instances of any fraud reported by the Statutory Auditor to the Board pursuant to Section 143(12) of the Companies Act, 2013.

The Board has placed on record its sincere appreciation for the services rendered by M/s Walker Chandio & Co., LLP, as Statutory Auditors of the Company.

Secretarial Auditors & their Report:

In terms of Section 204 of the Companies Act, 2013 and Rules framed thereunder and based on the recommendation of the Audit Committee, the Board of Directors of the Company has appointed M/s S. Behera & Co. Company Secretaries (ICSI PCS Registration No. 5980) as the Secretarial Auditors of the Company for the financial year 2019-20 in its meeting dated May 8, 2019. The Company provided all the assistance and the facilities to the Secretarial Auditors for conducting the Secretarial Audit. Secretarial Audit Report as provided by M/s S. Behera & Co., Company Secretaries is also annexed to this Report, in the prescribed Form MR-3, as **Annexure-II**. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

The Board has placed on record its sincere appreciation for the services rendered by M/s S. Behera & Co., Company Secretaries, as Secretarial Auditors of the Company.

Internal Auditor & Report:

In accordance with the provisions of Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 138 of Companies Act, 2013

DIRECTORS' REPORT (Contd.)

read with Rule 13 of Companies (Accounts) Rules, 2014 and based on the recommendation of the Audit Committee, the Board of Directors of the Company has appointed Mr Sanjay Vishwanath Choudhary, Chief Audit Officer of the Company as Internal Auditor of the Company in its meeting dated February 12, 2020 to audit the internal systems, controls and procedures and/or such others matters as may be decided by the Audit Committee to whom it shall report upon such matters.

Reporting of Frauds by Auditors

During the period under review, neither the Statutory Auditors nor the Secretarial Auditors have reported to the Audit Committee/ Board or Central Government any instances of material fraud in the Company by its officers or employees under Section 143(12) of the Companies Act, 2013.

However, few instances of misappropriation including embezzlement of cash by the employees amounting to ₹ 127.77 lakhs. The Company has terminated the services of such employees and also initiated legal action against such employees. The Company has recovered ₹ 34.64 lakhs from some employees.

AUDIT COMMITTEE

The Company has an Audit Committee constituted in accordance with the provisions of Section 177 of the Companies Act, 2013, RBI Guidelines and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the members of the Committee have expertise in finance and have knowledge of accounting and financial management. The Chairman of the Committee, Mr Sanjay Kumar Bhatia not attended the last Annual General Meeting held on July 6, 2019 due to his pre-occupation. The scope of the activities of the Audit Committee as set out in Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and read with Section 177 of the Companies Act, 2013 and other applicable laws are approved by Board of Directors of the Company. The composition of the Audit committee and the details of meetings attended by the Committee members are provided in Corporate Governance Report which forms part of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Company has a vision to drive 'holistic empowerment' of the community and carries CSR initiatives through partnering with a trust / foundation, qualified to undertake CSR activities in accordance with Schedule VII of the Companies Act, 2013 (includes amendments thereto). Sustainability and social responsibility are an integral element of corporate strategy of the Company. In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has

established the Corporate Social Responsibility Committee (CSR Committee) and the composition, function and details of meetings attended by the Committee Members are provided in the Corporate Governance Report.

The Board adopted the CSR Policy, formulated and recommended by the CSR Committee, and the same is available at https://satincreditcare.com/wp-content/uploads/2018/06/CSR_Policy_version_2.pdf.

During the period under review, due to the challenging business environment and current situation of the country, the Company was unable to spend CSR expenditure of ₹ 231.45 lakhs and based on the recommendation of CSR Committee, the Board of Directors in their meeting held on May 15, 2020 had carried forward the CSR expenditure of ₹ 231.45 lakhs to the financial year 2020-21. As per the requirement of Rule 8(1) of the Companies (Corporate Social Responsibilities) Rules, 2014 the Annual Report on CSR is annexed as **Annexure - III** to this report and the same is posted on the website of the Company i.e. www.satincreditcare.com.

E-VOTING

To widen the participation of shareholders in Company's decisions pursuant to provisions of Section 108 of Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and in terms of Regulation 44 of the SEBI (Listing Obligations and Disclosures Requirements) Regulation 2015, the Company has provided e-voting facility to its members, in respect of all member's resolutions to be passed at General Meeting(s) of the Company. The Company is providing this facility to enable them to cast their votes electronically on all resolutions set forth in the Notice. The instruction(s) for e-voting for ensuing Annual General Meeting is provided with Notice to members. The Company has signed necessary agreements with National Securities Depository Limited and Central Depository Services (India) Limited to facilitate e-voting for member's approval in their general meetings or through postal ballots.

REGISTER E-MAIL ADDRESS

To contribute towards greener environment, the Company again proposes to send documents like general meeting notices/other notices, annual report, audited financial statements, boards' report, auditors' report or any other document, to members in electronic form at the e-mail address provided by them and/or available to the Company by the Depositories. Members who have not yet registered their e-mail address (including those who wishes to change their already registered e-mail address) may get the same registered/updated either with his / her depository participants or by writing to the Company/ RTA.

DIRECTORS' REPORT (Contd.)

EMPLOYEES STOCK OPTION PLAN

Pursuant to the approval accorded by members at their Annual General Meeting held on July 6, 2017, the Nomination and Remuneration Committee (NRC) of the Company formulated a new scheme 'Satin Employee Stock Option Scheme 2017' (ESOS 2017) in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. ESOS is applicable to all permanent and full-time employees (as defined in the Plan), excluding promoters of the Company.

The eligibility of employees to receive grants under the Plan has to be decided by NRC from time to time at its sole discretion.

Vesting of the options shall take place in the manner determined by NRC at the time of grant provided the vesting period. Vesting of options shall be subject to the condition that the Grantee shall be in continuous employment with the Company and such other conditions as provided under ESOS 2017. The Exercise Price of each grant is determined by NRC at the time of grant.

Presently, stock options have been granted or shares have been issued under the following scheme:

- A. Satin Employee Stock Option Scheme 2009 (ESOS 2009)
- B. Satin Employee Stock Option Scheme 2017 (ESOS 2017)

Details of Options Granted, Vested and Exercise of Options

I. ESOS 2009

Date of Grant of Options	No of Options Granted	Vesting Date	Vesting out of 150000 Options	No of Options Exercised	Vested Option	No of Options Exercised	Vested Option	No of Options Exercised
January 12, 2010	1,50,000	January 12, 2011	50,000	50,000	-	-	-	-
-	-	January 12, 2012	50,000	50,000	-	-	-	-
-	-	January 12, 2013	50,000	50,000	-	-	-	-
December 2, 2013	98,300	December 2, 2014	-	-	29,090	25,824	-	-
-	-	December 2, 2015	-	-	29,100	22,633	-	-
-	-	December 2, 2016	-	-	29,110	27,243	-	-
December 2, 2016	87,900	December 2, 2017	-	-	-	-	22,300	21,100
-	-	December 2, 2018	-	-	-	-	19,300	19,300
-	-	December 2, 2019	-	-	-	-	13,300	13,300

II. ESOS 2017

Date of Grant of Options	No of Options Granted	Vesting Date	Vested Option	No of Options Exercised
August 14, 2017	1,45,200	August 14, 2018	21,400	12,200
		August 14, 2019	15,800	13,500
May 30, 2018	2,26,600	May 30, 2019	1,05,050	20,950

A. Disclosures as per Indian Accounting Standard 102 Share Based Payment issued by ICAI.

1. The Company had 'Nil' share-based payment arrangements during the year ended March 31, 2020.
2. The estimated fair value of each stock option granted in the general employee stock option plan is ₹ 420.75, ₹ 166.98 and ₹ 254.54. This was calculated by applying Black Scholes pricing model. The model inputs were as follows

DIRECTORS' REPORT (Contd.)

Inputs	Grant 3 ESOS 2009	Grant 1 ESOS 2017			Grant 2 ESOS 2017	
	3rd Tranche of Vesting	1st Tranche of Vesting	2nd Tranche of Vesting	3rd Tranche of Vesting	1st Tranche of Vesting	2nd Tranche of Vesting
Date of Grant	December 2, 2016	August 14, 2017	August 14, 2017	August 14, 2017	May 30, 2018	May 30, 2018
Share Price at grant Date (In ₹)	438.40	267.38	267.38	267.38	386.65	386.65
Exercise price (In ₹)	20.00	160.00	160.00	160.00	160.00	160.00
Expected Volatility (%)	60.39	55.86	62.90	62.90	45.31	53.94
Expected Dividends Yield	-	-	-	-	-	-
Contractual Life (in years)	3.08	1.50	2.50	3.50	1.50	2.50
Risk Free Interest Rate (%)	6.03	6.35	6.40	6.45	7.53	7.66

3. Other information regarding employee share-based payment plans is as below:

Particular	Year ended March 31, 2020	Year ended March 31, 2019
Expense arising from employee share-based payment plans (₹ in lakhs)	147.97	317.86

- B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Indian Accounting Standard 33 - Earnings per Share issued by ICAI or any other relevant accounting standards as prescribed from time to time. Diluted EPS is ₹ 30.52.

Effects of Share Options on Diluted Earnings per Share (Accounting year April 01, 2019 to March 31, 2020)

Particulars:	
Net profit for the year ended March 31, 2020 (₹ In lakhs)	15,626.71
Weighted average number of equity shares outstanding during the year ended 2020	5,09,20,738 shares
Average fair value of one equity share during the year ended March 31, 2020 (₹)	420.75, 166.98 & 254.54
Weighted average number of Optionally convertible preference shares under conversion during the year ended March 31, 2020	3,19,305
Weighted average number of share warrants under Conversion during the year ended March 31, 2020	4,25,740
Weighted average number of share options under Conversion during the year ended March 31, 2020	23,461
Exercise price for shares under option during the year ended March 31, 2020 (₹)	20.00 & 160.00

Computation of earnings per share

Particulars	Earnings (₹ In lakhs)	Shares	Earnings Per Share
Net profit for the year ended March 31, 2020	15,626.71	-	-
Weighted average number of shares outstanding during year ended March 31, 2020	-	5,09,20,738	-
Basic earnings per share (₹)	-	-	30.69
Dilutive impact of optionally convertible and redeemable preference shares	149.40	-	-
Number of Optionally convertible preference shares under conversion	-	3,19,305	-
Number of share warrants under conversion	-	4,25,740	-
Number of share options under conversion	-	23,461	-
Diluted earnings per share (₹)	15,776.11	5,16,89,244	30.52

DIRECTORS' REPORT (Contd.)

C. Details related to ESOS

- (i) A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS

Sl. No.	Particular	Satin ESOP 2009 (Remarks)	Satin ESOP I 2010 (Remarks)	Satin ESOP II 2010 (Remarks)	Satin ESOS Scheme 2017
a)	Date of shareholders' approval	June 01, 2009	March 26, 2010	December 15, 2010	July 6, 2018
b)	Total number of options approved under ESOS	4,25,000	1,00,000	1,50,000	3,61,400 and such other unvested options under existing ESOP Schemes
c)	Vesting requirements/ Conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOP Scheme.	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOP Scheme.	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOP Scheme.	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOS Scheme, 2017.
d)	Exercise price or pricing formula	₹ 20/- being the Fair Value of the shares of the Company (Computed on the basis of Audited result FY 2008-09).	₹ 22/- being the Fair Value of the shares of the Company. (Computed on the basis of Audited result FY 2009-10)	₹ 25/- being the Fair Value of the shares of the Company. (Computed on the basis of Audited result FY 2009-10)	Nomination and Remuneration Committee is free to determine the exercise price based on Market Price
e)	Maximum term of options granted	3 Years	3 Years	3 Years	3 years and 2 years or as the Committee may deem fit.
f)	Source of shares (primary, secondary or combination)	Primary	Primary	Primary	Primary
g)	Variation in terms of options	Not Applicable	Not Applicable	Not Applicable	Variations in Terms of Grants can be done by the Nomination and Remuneration Committee

- (ii) Method used to account for ESOS – Fair Value (Black Scholes Model).

DIRECTORS' REPORT (Contd.)

(iii) Option movement during the year (For each ESOS):

Particulars	Satin ESOP 2009 (Remarks)	Satin ESOS Scheme 2017 (Remarks)
Number of options outstanding at the beginning of the period	-	2,51,700
Number of options granted during the year	NA	NA
Number of options forfeited / lapsed during the year	6,000	17,450
Number of options vested during the year	13,300	1,20,850
Number of options exercised during the year	13,300	34,450
Exercise Price (In ₹)	20	160
Number of shares arising as a result of exercise of options	13,300	34,450
Money realized by exercise of options (₹ in lakhs), if scheme is implemented directly by the Company	2.66	55.12
Loan repaid (₹ in lakhs) by the Trust during the year from exercise price received	2.66	6.89
Number of options Shifted to the New ESOS Scheme, 2017	6,000	-
Number of options outstanding at the end of the year	-	1,49,150
Number of options exercisable at the end of the year	-	1,99,800

(iv) Weighted-average exercise prices :

- when the exercise price is equal/exceeds to market price.
- when the exercise price is less than market price
ESOS 2009- ₹ 218.18
ESOS 2017- ₹ 278.20

(v) Weighted-average fair values

- when the exercise price is equal/exceeds to market price.
- when the exercise price is less than market price-
ESOS 2009- ₹ 420.75,
ESOS 2017- ₹ 166.98 and ₹ 254.54

ESOS Schemes Compliance Status

ESOS 2009 and ESOS 2017 is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI ESOS Regulations) and the Companies Act, 2013. The Company has received a certificate from the Statutory Auditors of the Company certifying that ESOS 2009 and ESOS 2017 Scheme of the Company is being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and is in accordance with the resolutions passed by the Members of the Company at a general meeting.

The ESOS Schemes are implemented in accordance with Indian Accounting Standard issued by ICAI and the relevant accounting pronouncements.

Administration of ESOS Schemes

The Nomination and Remuneration Committee of the Board administer the Employee Stock Option Schemes, formulated by the Company from time to time.

POLICIES

Vigil Mechanism/Whistle Blower Policy:

The Company in accordance with the provisions of Section 177(9) of Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") has established a vigil mechanism through Whistle Blower Policy to deal with instances of unethical behaviour, actual or suspected, fraud or violation of Company's code of conduct or ethics policy and details of the same are explained in the Corporate Governance Report. The Policy provides adequate safeguard against victimization to

DIRECTORS' REPORT (Contd.)

the Whistle Blower and enables them to raise concerns and also provides an option of direct access to the Chairman of Audit Committee. During the period under review, none of the personnel have been denied access to the Chairman of the Audit Committee. The Whistle Blower Policy is also available at <https://satincreditcare.com/wp-content/uploads/2019/05/Whistle-blower-Policy.pdf>.

Policy on Nomination & Remuneration for Directors, Key Managerial Personnel (KMP) & Senior Management and Other Employees:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company, to have diversified Board, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time and Rules/Regulations/Guidelines/Notifications issued by Securities and Exchange Board of India (SEBI) from time to time. The policy on nomination and remuneration was modified and approved by the Board of Directors vide its Meeting dated October 14, 2019. The Nomination and Remuneration Policy is also available at <https://satincreditcare.com/wp-content/uploads/2019/10/NRC-ver-2.2.pdf>. Further, the Company periodically conduct familiarization program for the independent Directors, their roles, rights, responsibilities, nature of the industry in which the Company operates and its business model, etc. The details of such familiarization programs is disclosed on the Company's website and the web-link of the same is <https://satincreditcare.com/wp-content/uploads/2019/09/Director-Familiarization.pdf>.

Risk Management Policy:

The Board has adopted the Risk Management Policy based on the recommendation of the Risk Management Committee in order to identify, assess, monitor and manage risk throughout the Company. Risk is an integral part of any business, and sound risk management is critical for the success of any organization. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment to monitor and mitigate the risk through internal audit recommendations including those relating to strengthening of the Company's risk management policies and systems.

Sexual harassment policy for women under The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

Your Company has in place a formal policy for prevention of sexual harassment of its employees at workplace. The Company is in compliance with the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal)

Act, 2013 and has adopted a revised policy on Sexual Harassment (forms part of HR Manual of the Company) on August 14, 2017 (while HR Manual has been last reviewed/ revised by the Board of Directors in their meeting held on November 6, 2019) to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment.

Further, during the year under review, there was no case filed under the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

PARTICULARS OF EMPLOYEES

In terms of Section 197 (12) of the Companies Act, 2013 read with sub-rules (1), (2) and (3) of Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, the necessary disclosures are annexed as **Annexure - IV** with this report.

LISTING WITH STOCK EXCHANGES

The equity shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

EXTRACT OF ANNUAL RETURN

In terms of requirement made under Section 92 and Section 134(3)(a) of the Companies Act, 2013 read with applicable rules of The Companies (Accounts) Rules, 2014, extract of annual return forms part of this Directors' Report and annexed as **Annexure - V**.

PARTICULARS ON CONSERVATION AND ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation and energy, technology absorption, foreign exchange earnings and outgo as required under clause (m) of sub-section (3) of Section 134 of the Companies Act, 2013 read with sub-rule (3) of Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as **Annexure - VI** and forms part of this Directors' Report.

ACKNOWLEDGEMENTS

Your Directors would like to place on record their gratitude for the cooperation received from lenders, our valued customers, regulatory bodies, shareholders and other stakeholders. The Board, in specific, wishes to place on record its sincere appreciation of the contribution made by all the employees towards growth of the Company.

For and on behalf of the Board of Directors

H P Singh

Place: Gurugram
Date: June 15, 2020

Chairman Cum Managing Director
DIN: 00333754

MANAGEMENT DISCUSSION AND ANALYSIS

The Indian Economy

The Indian economy registered GDP growth of 7.2% and 6.8% in 2017-18 and 2018-19, respectively. The current fiscal has witnessed a number of headwinds in the form of credit squeeze, sluggish manufacturing growth and subdued consumption. Economies across the globe have displayed signs of stagnation owing to the rising trade barriers and increasing geopolitical tensions. However, India was well-placed after timely measures taken by the Government such as reduction in the corporate tax rate and income tax rates which indicated some signs of green shoots and steady economic recovery. But the world got badly hit in the last quarter of 2019-20 with an unprecedented Covid-19 pandemic that disrupted the growth prospect of most global economies including India. Despite of these testing times where most of the economies are expected to deliver negative GDP growth, IMF projects India's GDP to grow at 4.2% in 2019-20 amid Coronavirus pandemic.

Our Government and policymakers are providing consistent support to households, firms and financial markets which is critical for a strong recovery. As a major move to boost liquidity in the market, the Reserve Bank of India (RBI) announced several measures to accelerate the economy and facilitate bank credit flows. The Government announced economic stimulus worth ₹ 20 lakhs Crores in May 2020, which is 10% of GDP, focusing on migrant workers, street vendors, self-employed people, small farmers, tax breaks for small businesses and incentives for domestic manufacturing. In addition, reduced repo rate and CRR will enable banks to lend even more. Also, to ease the lack of liquidity that borrowers might face, the RBI allowed offering two phases of three months moratorium on term loan and credit card bill payments.

(Source: Live Mint dated on May 14, 2020)

Economy Outlook:

According to IMF, GDP growth for 2020-21 is estimated at 1.9% before it rebounds to 7.4% in 2021-22 taking into consideration, a significant economic revival and pandemic fading in the second half of 2020. Thus, letting containment efforts to be slowly scaled back as well as restoring consumer and investor confidence is highly imperative. In addition, measures such as promoting access to finance for small enterprises and improving infrastructure can result in productivity gains and boost growth.

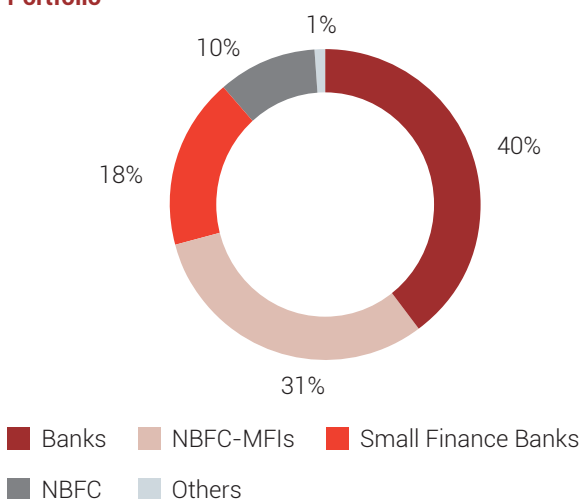
Industry Review

Microfinance Institutions (MFI) Industry Structure and Developments

Over the last few years, India's microfinance industry has seen promising growth on the back of the rapid economic growth. The sector has been instrumental in offering credit facilities to underserved lower and mid-income households and also to micro, small and medium enterprises (MSMEs), thereby increasing the contribution of these segments to India's overall GDP. With penetration of over 30% potential households, especially women, it helps drive financial inclusion for millions in the rural areas.

According to Micro Finance Institution Network (MFIN) Micrometer as on December 31, 2019, banks hold the largest share of portfolio in micro-credit universe followed by NBFC-MFIs (Non-Banking Finance Company-Microfinance Institutions), SFBs (Small Finance Banks), NBFCs (Non-Banking Finance Companies) and others. The three models prevailing in the microfinance lending sector are – Self Help Group (SHG), JLG (Joint Liability Group) and SHG Bank Linkage. The operating model varies in accordance to the different players in the industry whilst the two only groups with loan portfolios primarily inclined towards microcredit are NBFC-MFIs and non-profit MFIs.

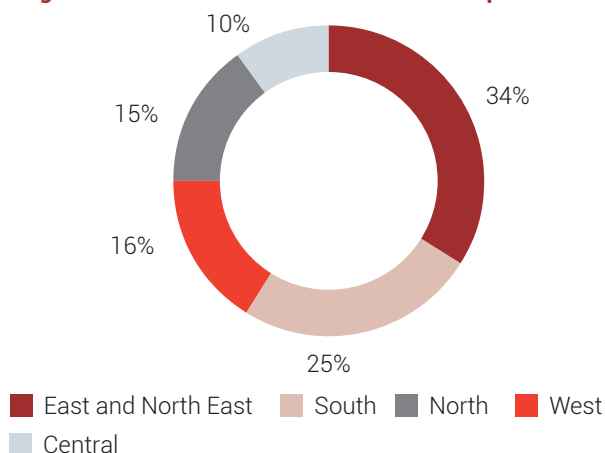
Market Share of Financial Institutions in Outstanding Loan Portfolio



(Source: MFIN Micrometer as on December 31, 2019)

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Regional Distribution of the Total NBFC MFI portfolio



(Source: MFIN Micrometer as on December 31, 2019)

MFIs have extensive presence across 32 states and union territories with an aggregate Gross Loan Portfolio (GLP) of ₹ 67,466 Crores as on December 31, 2019. The top five states; Bihar, Karnataka, Tamil Nadu, Maharashtra and Odisha account for 50% of the GLP with respect to the outstanding loan amount and the top ten states account for 79% of the GLP. In terms of the geographical spread, 75% of the portfolio is rural while 25% is urban. Majority of the loans were disbursed for agriculture (57.4%) followed by trade, services and manufacturing loans (38.4%) and household finance loans (4.2%).

The large MFIs persist to retain a major proportion of the industry outreach. They account for 91% of the industry GLP that is 89.4% of the client base, 91% of loan amount disbursed and 87.3% of debt funding received. As on December 31, 2019, top ten MFIs accounted for 71% of the industry portfolio.

NBFC MFI Industry Overview:

Particulars	Q3 2019-20	Q3 2018-19	Y-o-Y change (%) (2019-20 over 2018-19)
Branches	13,844	10,877	27
Employees	1,12,616	86,225	31
Clients* (Crores)	3.1	2.4	31
Loan accounts (Crores)	3.71	2.82	32
GLP (₹ Crores)	67,466	46,589	45
Loans disbursed during the quarter (Crores)	0.67	0.57	18
Loan amount disbursed during the quarter (₹ Crores)	19,275	14,179	36

*The client's number here is the aggregate of clients of member MFIs. Given some degree of overlaps, it does not reflect the number of 'unique' clients.

(Source: MFIN Micrometer: December 31, 2019)

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Coronavirus Pandemic:

The Corona Virus (COVID-19) pandemic has contributed to a significant decline and volatility in global and Indian markets, and a significant decrease in economic activity. On March 24, 2020, the Government of India announced a nation-wide lockdown till April 14, 2020, which was extended till May 31, 2020 through subsequent announcements, to contain the spread of the virus. From 1st June onwards, further relaxations in lockdown has been granted across the country, which has helped the Company employees to contact the borrowers. This has led to significant disruptions and dislocations for individuals and businesses, impacting the Company's regular operations including lending and collection activities due to inability of employees to physically reach borrowers. The Company has major proportion of its borrowers and AUM in rural geographies, where the impact of COVID-19 has been relatively lower.

However, the impact can be mitigated through adequate measures taken by the RBI and the Government to maintain liquidity in the system. The Government has announced a series of economic relief measures for rural India, which is expected to further support rural borrower's repayment capacity. In addition, the Reserve Bank of India has provided a separate liquidity window for the smaller non-bank lenders including microfinance firms to overcome this distress situation. RBI has also created a special ₹ 50,000 Crores corpus to enable National Bank for Agriculture & Rural Development (NABARD), Small Industrial Development Bank of India (SIDBI) and National Housing Bank to meet sectoral needs to refinance.

Further, pursuant to the Reserve Bank of India measures, allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has extended/will be extending moratorium to its borrowers in accordance with its Board approved policy. In management's view, providing moratorium to borrowers at a large scale based on RBI directives, by itself is not considered to result in a significant increase in credit risk ("SICR") for such borrowers. Accordingly, considering the unique and widespread impact of COVID-19 pandemic, the Company has estimated expected credit loss allowance in its provisions, based on information available at this point in time to reflect among other things, the deterioration in the macro-economic factors. Given the dynamic nature of the pandemic situation, these estimates are based on early indicators, subject to uncertainty and may be affected by the severity and duration of the pandemic. The actual impact of the pandemic, including governmental and regulatory measures, on the business and financial metrics of the Company could be different from estimates.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Natural Disasters: Delinquencies can happen as an outcome of natural disasters like flood, drought and earthquake.

Credit Risk Assessment Mechanisms: Establishing a credit history for most of the customers is a challenge as most of them come from low-income households. This in turn hinders development of efficient underwriting processes and collection models. Factors such as the lack of comprehensive data on customers, decentralized information sources and dependency on borrowers for data disclosure create bars in the process of customer credit profile development. This also impacts functioning of fraud management further affecting the NPA monitoring systems with direct implications on compliance costs and the credibility of the organization.

However, advancements in technology, development of regulatory policies and credit bureau checks have significantly helped the industry to mitigate risk of defaults. MFIs share their daily data with credit bureaus which facilitates better decision making.

Lack of Enough Financial Literacy in the Economy: India being a developing country has a low literacy rate where majority of people in the rural areas fail to understand the basic financial concepts. The lack of awareness of financial services and adequate knowledge is an imperative factor that helps the rural population access MFIs for easy credit to meet their financial needs.

Opportunities – Growth Drivers

In India, microfinance has become essential for driving financial inclusion of a large section of the underserved and unbanked population. It enables greater access to financial products and services along with wider reach across the country.

Collaboration with Fintech and Other Players: Partnering with Fintech players will help the MFIs to reduce the operational cost and reach a larger customer base without having to hire an additional field officer. It will also prove helpful in collections through system integration.

Customer-Centricity: Majority of the population still lacks access to credit from the formal sector and consequently borrows from informal channels. This indicates the scope of micro-lending in achieving financial inclusion and ushering the overall industry growth.

Focus on Digitization: Taking a crucial step towards the digitization goal, the Government announced a proposal to provide ₹ 6,000 Crores to the Bharat net program in 2020-21. This will help increase digital connectivity across the country, thus making micro loans more accessible as well as increasing cashless disbursement and collection.

Massive Growth Potential of MSME Sector: Promoting the growth of small-scale industries and MSME businesses have been among the important priorities of the Government. Hence, placing emphasis on creating growth opportunities for MFIs in providing financial assistance.

Business Correspondent (BC): Banks were permitted to use third-party agents as BCs to offer banking and financial services comprising credit and savings, on their behalf. In this way they would gain from outreach and competent distribution structures of MFIs. On the other side, MFIs can leverage their relationship with the customers to push credit and provide an extensive range of products. This in turn, creates an enormous opportunity for MFIs to tap large number of unbanked people.

Healthy Growth in Affordable Housing Finance Segment: The economically weaker sections who have low levels of income are constrained by factors like access to housing finance, fund mobilization and stringent regulatory framework. MFIs play an active role in lending loans to them.

Industry Outlook

With several positives such as surge in SMEs, lower interest rates and Government initiatives to improve credit lines for the unbanked and under-banked, the sector is estimated to witness a robust double-digit CAGR during 2019-24. Also, for the year gone by, the RBI has raised the limit for annual household income eligibility from ₹ 1 lakh to ₹ 1.25 lakhs in rural areas and from ₹ 1.6 lakhs to ₹ 2 lakhs in urban and semi-urban pockets. Likewise, it has also increased the lending limit to ₹ 1.25 lakhs per eligible borrower from ₹ 1 lakh earlier. With the right steps and support from the RBI and Government, the industry will be back on track as there will be pent-up demand for loans once the Covid-19 crisis subsides.

Company Overview

Satin Creditcare Network Limited (hereafter referred to as 'SCNL' or 'the Company') was incorporated in 1990 with a simple yet forward-looking credo of providing individual loans to urban shopkeepers for small businesses. Today, SCNL has emerged as one of India's leading and trusted MFIs with the purpose of bringing about the key imperative of financial inclusion for the economically disenfranchised. The Company after being registered as an NBFC in the year 1998 attained an NBFC-MFI status in November 2013.

The Company's operations are based on a Joint Liability Group model that enables collateral-free, micro-credit facilities to economically active women in both rural and semi-urban areas. These women have otherwise continued being a spectator than a participant in the periphery of

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

traditional banking network or other channels of finance. It also finances purchase of solar products, bicycles, home appliances, consumer durables and safe water and sanitation facilities, among others. With operations in 23 states and union territories across India and an expanding presence in the Southern part, the Company has 1,183 branches (consolidated basis) as on March 31, 2020.

SCNL has been consistently improving its product basket by onboarding relevant market offerings along with the latest lending practices. The Company introduced new loan products called 'Mid term Loan' and 'Festive Loan' for existing customers to help them meet their add-on business expenses during peak season. Besides, the company has introduced a new loan 'Pragati' loan to help rebuild the livelihood of our clients which was impacted due to lockdown. The Company has also introduced process for disbursement of new loans to existing customers by balance transfer adjustment which ensures smooth cashless flow for high volume transactions.

In addition to the above product offerings, the Company also offers finance to its customers with purchase of solar lamps, bicycles etc. and grants loan for safe water and sanitation facilities. During FY20, around 1 lakh such products were financed by the Company. This includes financing of ~ 85,579 clean energy products, impacting 4.11 lakhs people's lives. Company has been awarded a certificate of excellence in clean energy finance by Micro Energy Credits. Satin has partnered with Micro energy Credits. Satin's clean energy program is an illustration of its dedication to serve the bottom of pyramid section of society by providing customized financial solution. Satin is investing in carbon funds for expanding and improving their clean energy program.

Also, as a part of its expansion strategy, product diversification, capitalizing the distribution outreach and movement from unsecured to secured lending, the Company has three wholly owned subsidiaries namely:

- Taraashna Financial Services Limited: To provide Business Correspondent services in partnership with few leading public and private sector banks
- Satin Housing Finance Limited: To finance customers in the affordable housing segment.
- Satin Finserv Limited: To offer loans to individual businesses, Micro, Small & Medium Enterprises (MSMEs), other corporates and MFI companies.

PROCESS RE-ENGINEERING INITIATIVES

Loan Repayment

SCNL is driving financial inclusion by building an end-to-end digital payment ecosystem for loan disbursement and repayments by collaborating with multiple banks and Fintech partners. The Company accepts loan repayments via digital modes such as Aadhar Pay, UPI, UPI-QR, Debit Card powered by Rupay. These steps have eliminated frauds and risks for customers as well as field staff. As such processes require a shift in customer behavior, SCNL has taken adequate steps to spread financial literacy.

With the best-in-class technology and planning, the Company has also incorporated Holiday Calendar in loan repayment schedule. This ensures that the customers get a repayment flexibility during festivals to avoid extra financial burden.

Cashless Collection

Cashless collection is an imperative step by the Company with Aadhaar Enabled Payment System (AePS) and has led to better control and efficiency. During March 2020, the Company collected 37% of its repayments through cashless mode by 250+ branches via 1,400+ devices. As a result, it saves cost and time of collection whilst the mode being the safest option. It eliminates the risk of frauds or robbery. In addition, the Company has achieved 100% cashless disbursement in the financial year 2019-20.

Geo-tagging

Geo-tagging of branches, centers and customers enable an enhanced control and traceability of the workforce. It assists in 100% event-based mapping of KYC sourcing, collection location, branch location, center location and its customer houses. This helps in abating the huge risk of customer identification and reach, without the need for relying a Community Service Officer (CSO). The handover process is also streamlined and transparent.

Centralized Shared Services

The Company has integrated its well-built technology platform within the BC subsidiary network to help them accelerate business growth. Centralized Shared Service Centers (CSS) was implemented within SCNL and Taraashna Financial Services Limited (BC Business) to ensure uniformity of processes and control across the entire business with back-end quality support. This has resulted in efficient services across business reporting and centrally managed infrastructure support.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

KYC verification process goes through Centralized Shared Services (CSS) to get loan approvals. The credit risk management and data quality maintenance cover all aspects related to comments based on checklist, bank details verification and validation, loan application details, document verification and sanctioning the loan application. As on March 31, 2020 approx. 3 million applications have been processed through CSS with improved efficiency and productivity. This has drastically reduced cost per application from ₹ 81 to ₹ 3, leading to better document quality check and risk mitigation. A noticeable sample (usually, 10% from every branch) of daily disbursements gets verified through TVR (Tele Verification) which measures deviation in process & controls (if any) and ensures adherence to processes & policies.

The Company has moved its Customer Grievance Redressal Mechanism to eight-language Interactive Voice Response System (IVRS) or Sparsh where customers can interact in their own language. This has improved the understanding of issues faced by customers resulting into smaller TAT for issue resolution, enhanced customer experience and brand stickiness. In addition, the customer services follow death verification process and Loan Dost (outgoing calls). These initiatives have led to a professional support model within the organization along with restructuring of teams at different levels and significant cost optimization.

Technology Tools for Newer Subsidiaries (MSME and Housing)

For newer subsidiaries (MSME and Housing), the Company has taken a strategic and tactical direction to move ahead with the industry-established technology platform - OMNIFIN. However, the technology team has already built the MSME Suite in-house and will go-live soon.

Opportunities

The Company constantly identifies potential areas of growth that will enhance market share and brand prominence.

Process Excellence: Leveraging robust technology capabilities along with comprehensive product range would enable the Company to rapidly gain market share.

Deepening Presence: Substantial exposure in the remotest corner of the country presents strong growth potential by increasing footprints and widening reach.

Financially Excluded Community: Large number of unbanked and underserved middle and lower-income families, provide great opportunity to further increase the customer base.

Digital Lending Ecosystem: Robust and secure digital lending platforms holds immense growth potential by transforming customer on boarding experience.

Threats

The Company, on continuous basis assesses potential threats that can hamper the growth owing to evolving macroeconomic factors and consumer perceptions:

Banks and Fintech Companies Entering in Lower Income Segments: The increase in competition as banks and Fintech companies have started offering products and services to the underserved and unbanked people in rural and semi-urban areas.

Economic Volatility and Government Reforms: Reforms in the financial as well as the non-financial sector impact the financial capabilities of customers as well as the economic stability of the country. This in turn impacts growth prospects of the Company with respect to disbursements, credit risk and asset quality.

Issue of Over-Indebtedness: Borrowers very often get short-term credit from various semi-formal and informal money lenders outside the formal economy. Thus, unregulated lending increases the chances of the borrowers defaulting on repayments.

Information Technology (IT)

Advanced technology architecture is the backbone of SCNL's business operations.

The Company has world-class technology systems in place that continues to meet customers' needs and expectations. Digital Transformation Technology (Loan Management System) has been the game changer for SCNL by making operations quick and easy. It also enabled the Company to turn around its customer acquisition to disbursement journey by bringing it down from the earlier 18 days to a few minutes. The digital expansion has given the Company a competitive edge to respond to the rapidly changing business scenario. Various digital platforms with real-time system provide support to the end-to-end lending process. It is well-equipped with comprehensive reporting capabilities, audit trails and logs, detailed information about loan histories, transaction reports, required decision-making reports, numerous management analysis and real-time dashboards. These state-of-the-art digital services help the Company expand its geographical outreach and increase efficacy.

Benefits of Technological Advancement

- All the branches can make cashless disbursements with instant bank account verifications

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

- Advanced processes such as QR Code Scan and other technological advancements have enhanced brand recall value
- The last mile technology penetration launched through TABS presents real-time visibility of loan status and instantly addresses any customer queries/touch points
- Event-based capturing, recording and tracking of geo-location based on business actions is undertaken by the workforce
- The solution provides instant customer identification and bank account verification, real-time CB checks, and SMS notifications with various real-time integration of APIs
- The Borrowing Module gives an integrated solution to manage loans & borrowings with real-time information, multipurpose reporting and better management of accounting details
- The solution has an integration with Fingpay for Cashless Collection and UPI payments; caters to various other integrations with Cross Sell Partners like Hospicash (TATA), D-Light and SolarSunking (for Solar Products).
- It has enabled Centralized Cash Management Integrations with large banks like PNB, SBI, ICICI and Axis bank
- The solution also has a module for quality verification of the KYC Documents through a shared service center wherein the loan application details and documents are verified and approved before it moves to the branch for disbursal

HRMS Suite

The Company has launched another initiative of in-house developed complete suite of HRMS product, which is named as "SATIN ESS". With latest technology stack and Micro Services concept, this product is more agile, scalable, flexible, leading to superior performance. The mobile and web application for HRMS is available on both Google Play Store and App Store. The HRMS suite will come with rich features like attendance and branch visit, leave management, Employee Self Portal, Employee Performance Management. Further, it will have HR Admin Portal, Employee Creation, Confirmation & Employee Dashboard, Employee Exit as well.

Information Security System

The Company has a robust Information Security Management System (ISMS) in place, to secure the information against unauthorized disclosures. It emphasizes on people, processes and technologies covering all departments while constantly enhancing the management systems. SCNL was awarded with ISO 27001:2013 in October 2018; the

certification has 14 domains and 114 controls. It states that ISMS has been incorporated in all the activities and embodies that information security and client confidentiality are integral part of its strategies.

Financial Performance

Particulars	March 31, 2020	March 31, 2019
Gross Yield (1)	20.61%	23.97%
Financial Cost Ratio (2)	8.44%	11.15%
Net Interest Margin (3)	12.17%	12.81%
Operating Expense ratio (4)	6.07%	6.51%
Loan Loss ratio (5)	2.97%	0.96%
RoA (6)	2.25%	3.01%
RoE (8)	12.00%	19.08%
Leverage (Total Debt (7)/ Total Net Worth)	3.72 times	4.55 times
Cost to Income Ratio	49.86%	50.83%

1. Gross Yield represents the ratio of total income in the relevant period to the average AUM
2. Financial Cost Ratio represents the ratio of interest expense in the relevant period to the Average AUM
3. Net Interest Margin represents the difference between the Gross Yield and the Financial Cost Ratio
4. Operating Expenses Ratio represents the ratio of the Operating Expenses (expenses including depreciation but excluding Credit Cost and interest Expense) to the Average AUM
5. Loan Loss Ratio represents the ratio of credit cost (including FLDG on BC) to the Average AUM
6. RoA is annualized and represents ratio of PAT to the Average Total Assets
7. Total Debt includes Securitization and preference shares considered as debt in accordance of IndAS
8. RoE is annualized and represents PAT (Post Preference Dividend) to the average equity (i.e. net worth excluding preference share capital)

Risk Management and Concerns

Being a financial institution, the Company is subjected to risks that are pertaining to lending and its operating environment. Risk management is a vital part of the overall governance process; hence the Company has comprehensive policies and procedures in place that help identify, mitigate and monitor risks at various levels. It takes proactive measures in managing risks to ensure that strategic business objectives are achieved. The objective is to support sustainable growth and generate value for its customers, investors, employees

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

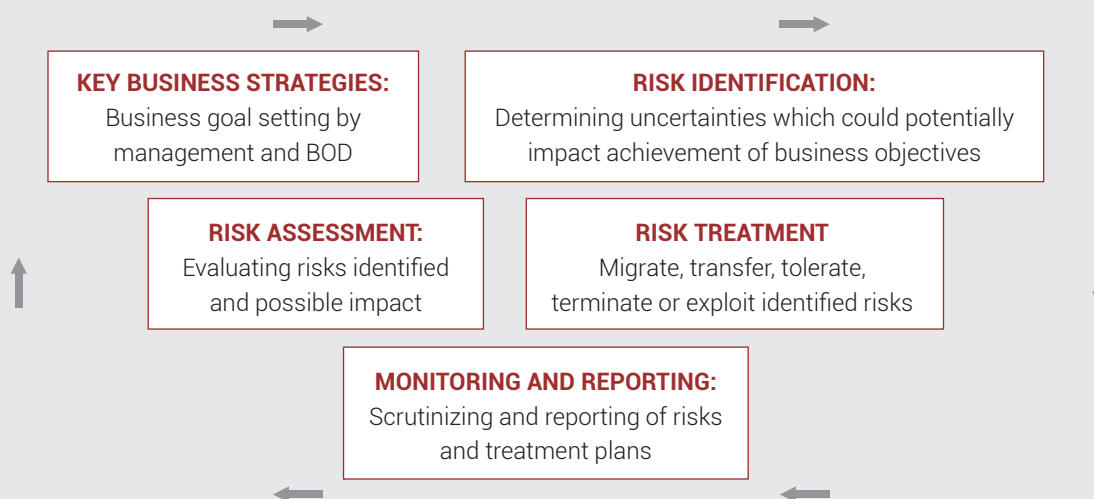
and other stakeholders. Further, the Risk Management Committee monitors the risks, mitigation actions and the key risks are also discussed at the Audit Committee. This is achieved by deploying an effective risk management framework which helps in proactively identifying and responding to emerging challenges in a timely manner. Nonetheless, the intensity of competition and fluctuations in the legal and regulatory environment also contribute to the nature of certain risks. To deal with the same, the Company follows a conservative approach through prudent business and risk management practices.

Risk Management Framework:

The Company follows three line of defense approach for managing its risks. At the first line of defense are various business and support functions, second line is made of Risk and Compliance and the third line is Audit function.

The Board of Directors are responsible for overall governance and oversight of core risk management activities, execution strategy is delegated to the Risk Management Committee of the Board (RMCB) and further sub-delegated to Executive Risk Management Committee (ERMC) and the Asset Liability Management Committee (ALCO).

The Key Process of Framework Comprise:



Material Risk and Mitigations:

Risks	Mitigation Strategies
Credit Risk: Default by borrower to make required payments	The Company's effective business model aids them in reducing this risk. Also, various processes backed by technology, proactively help to identify people with negative intentions.
Market & ALM Risk : Arising due to market variables and mismatch in asset and liability	The Company has well documented Market and ALM risk policy with well-defined risk limits. ALM Department manages liquidity and interest rate risk.
Operational Risk: Arising in the normal course of business	Operations were impacted in North Eastern districts of Assam by some organizations and protests. The Company took several measures, along with SROs viz. MFIN and Sadhan to address the concerns. In addition, the cashless disbursement and collection mitigates cash-based operation risks.
Information Technology / Cyber Security risk: Concerns relating to disruption in services in case of loss of confidential information	SCNL has ISO 27000:2013 certification that states prevalence of robust Information Security Management System (ISMS).
Regulatory Risk: Inability to obtain regulatory approvals and licenses for conducting the business	The Company complies with all the regulatory framework imposed by respective authorities.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Outlook

The Company's growth prospects remain positive as re-engineered processes and controls enable it to be well-equipped to handle any exigency. The primary aim is to consistently improve the portfolio quality while maintaining low delinquency and diversifying revenue sources by growing share of cross-selling income. Moreover, the Company seeks to limit per state exposure to <20% and per district exposure to <1% of AUM. The digital lending app will aid the growth potential by providing competitive edge over others. Additionally, the Company will continue to focus on training and development of the workforce to enhance their capabilities and knowledge thus, making them future ready. As, GDP forecast is below 2% for India, disbursement will be muted or at the same levels as 2019-20.

On the MSME front, the Company will continue to pursue its strategic objective of enriching the portfolio quality and expanding operations to newer geographies. In addition, it will focus on a secured retail MSME lending, wholesale lending to small NBFC MFI and others. With respect to the housing finance, the Company aims to be a niche housing finance player in tier II, III and IV cities and towns and further emphasize to boost excellent portfolio quality with NIL delinquency. The BC arrangement with IndusInd bank, will assist in scaling up the operations, in turn enabling them to broaden their base offerings apart from microfinance. Moreover, the Company will continue to diversify its portfolio through the subsidiaries by capitalizing on the distribution outreach.

Human Resource Management

The Company believes that human resources are the most vital elements contributing to the growth of a business. During the year, SCNL focused on automating HR processes and envisioning efficient and error-free functionalities. With comprehensive and well-designed HR policies, the Company ensures both personal and professional development of employees. The HR team works towards ensuring that the employee goals are aligned with that of the Company. A meritocratic and transparent culture is fostered through score cards and online performance management system (PMS). The launch of UDAAN has set an industry benchmark by creating first line of leaders. It is an appraisal philosophy for the field employees which makes them eligible for bi-annual promotion based on the performance. The establishment of Assessment Development Centers has enabled the promotion of right talent along with the overall development of employees.

During the year 2019-20, all the employees received adequate training as per their roles. Field employees were imparted

a number of learning sessions namely Pride, personality development, promotional trainings as well as refresher sessions. Online training modules were launched for field employees to gain better insights on the industry, products and policies. On the same lines one-hour learning sessions were launched for the entire support staff to enhance their learning curve. The corporate team also attended leadership training and strategic meets to set the impetus right for the planned actionable. Further, third party interventions helped in preparing the next line of leadership through 360-degree detailed assessments and feedback.

Adoption of Geo-fencing technology allows capturing attendance on real-time basis and inculcates discipline among the employees. This has facilitated HR in effective manpower planning and initiating disciplinary actions by constructing a leakage-free system. The Company emphasizes on good governance through well-placed whistle blower and anti-sexual harassment policies. By empowering its people, the Company is committed to provide better customer service and higher employee satisfaction.

SCNL launched in-house developed complete suite of HRMS software, which named as "SATIN ESS". This software comes with rich features like punching online attendance. Also, to instill discipline and understanding the frequency of center visits, geo-tagging of employees on the field is also enabled. Apart from it, this product is capable of handling leaves, employee self-service portal, HR admin portal, confirmation runs, employee dashboards and resignations as well. The software becomes handy in the form of an app available on both Google and Apple store. Employees also enjoy easy access to Employee directory through the web and application.

In the next phase, employee onboarding, transfers module, investment proof declaration and submission will also be managed through it. SCNL was certified as a 'Great Place to Work' with a trust index score as high as '81'. Additionally it was also featured as 'Companies with Great Managers' organized by People Business. The Company was also awarded the title of 'Dream Companies Companies to Work For' and 'Best Employer Brand', which in turn acted as a great way of promoting trust among employees and in driving job satisfaction. It is encouraging a value-driven culture and is building the sense of pride amongst the employees. The Company's number of employees as of March 31, 2020 were 13,005 as compared to 11,831 in the previous year.

Internal Control system and Adequacy

The policies and procedures adopted by the Company take into account the design, implementation and maintenance of adequate internal financial controls, keeping in view the size

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

and nature of the business. The internal financial controls ensure the orderly and efficient conduct of the business. The controls encompass safeguarding of the Company's assets, strict adherence to policies, prevention and detection of frauds and errors against any unauthorized use or disposition of assets and misappropriation of funds. These controls help to keep a check on the accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures. The Audit Committee ensures that all procedures are properly authorized, documented, described and monitored. Job rotation is mandatory across departments to ensure high level of correctness and accuracy. The Company has in place technologically advanced infrastructure with computerization in all its operations, including accounts and MIS.

SCNL has a full-fledged in-house Internal Audit department with processes and systems to design an Annual Audit Plan and ensure optimum portfolio quality, keeping risks at bay. The Regional Office Audit, Branch Audit and Social Audit takes place on a quarterly basis based on the risk-based audit methodology. The Audit team consists of seasoned auditors with good understanding of systems and processes.

The Audit Committee of the Board of Directors, comprising of independent directors, periodically reviews the internal audit reports, covering findings, adequacy of internal controls and ensure compliances. The Audit Committee also meets the Company's Statutory Auditors to ascertain their views on the financial statements, including the financial reporting system, compliance to accounting policies and procedures, adequacy and effectiveness of the internal controls and systems. Information System Security controls enable the Company to keep a check on technology-related risks and also improve business efficiency and distribution capabilities. The Company is committed to invest in IT systems, including back-up systems, to improve the operational efficiency, customer service and decision-making process.

High standards of the Company's internal control systems are adequately reflected in it receiving ISO 27001:2013 Certification post qualifying two stages of audit by third party certification body - Documentation audit and Control Testing audit. This indicates an Integrated and Robust Information Security Management System (ISMS) in the Company's business processes and exemplifies that information security and client confidentiality are part of the cornerstones of the Company's strategic objectives. This approach also ensures that employees supported by IT systems and processes throughout the organization maintain a high standard of security.

Deposits

The Reserve Bank of India in exercise of its powers under The Reserve Bank of India Act, 1934, has granted NBFC-

MFI (Serial No. B-14.01394) status to the Company and the Company is NBFC-NDSI. The Board of Directors of the Company have passed a resolution by circulation declaring that the Company has not accepted any public deposits and will not accept the same during 2020-21.

Reserve Bank of India – Registration and Directions

The Company is always very particular regarding the compliance of the relevant guidelines issued by Reserve Bank of India. Further, the Company has the Capital Adequacy Ratio of 30.49% as on March 31, 2020. The Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) – Directions, 2011 ('NBFC-MFI Directions') were issued in December 2011 by the Reserve Bank of India (RBI) pursuant to the Reserve Bank of India Act, 1934 ('RBI Act'). The Company satisfies the required conditions and was re-classified as a Non-Banking Financial Company - Micro Finance Institution ('NBFC-MFI') on November 6, 2013. This in turn requires the Company to comply with the NBFC-MFI Directions. Qualifying assets criteria, asset classification and provisioning, pricing of credit, capital adequacy, multiple lending, over-borrowing, compliances and fair practices are the directions included in the guidelines. The Company complies with all the conditions and directions issued by RBI regularly.

Corporate Governance

Corporate Governance in the Company goes beyond the fundamentals of the legislative and regulatory compliance. The management strives to entrench an enterprise-wide culture of good corporate governance. With an aim to ensure the same, all the decisions are taken in a fair, transparent manner and within an ethical framework. This promotes the responsible consideration of all stakeholders, while also holding decision-makers appropriately accountable. In line with the philosophy that good governance is an evolving discipline, governance structures, practices and processes are actively monitored and revised from time-to-time to reflect the best ethical practice.

SCNL is subject to the regulations of the RBI ('Reserve Bank of India') and SEBI ('Securities and Exchange Board of India'). The Corporate Governance structures and practices are predominantly impacted by the respective regulations of these ruling bodies. The Compliance Certificate from S. Behera & Co., Company Secretary in Practice regarding compliance of conditions of corporate governance and to certify that none of the directors have been debarred or disqualified from being appointed or continuing as directors of the Companies by the Board /Ministry of Corporate affairs or any such authority, under the SEBI LODR Regulations for 2019-20 is annexed to the Corporate Governance Report which is provided separately in the Annual Report. A report on Corporate Governance forming part of the Directors' Report is also enclosed herewith.

ANNEXURE - I

Form No. AOC-2

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

This form pertains to the disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered during the year ended March 31, 2020, which were not at arm's length basis.

Detail of material contracts or arrangements or transactions at arm's length basis

There were no material contracts or arrangements or transactions entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013. However, the Company has entered into transactions with related parties at arm's length basis, the details of which are given in the notes to financial statements.

For and on behalf of the Board of Directors

H P Singh

Chairman Cum Managing Director
(DIN: 00333754)

Place: Gurugram
Date: June 15, 2020

ANNEXURE - II

SECRETARIAL AUDIT REPORT (FORM MR-3) FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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

To,
The Members,
Satin Creditcare Network Limited
5th Floor, Kundan Bhawan,
Azadpur Commercial Complex
Azadpur, New Delhi-110 033

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SATIN CREDITCARE NETWORK LIMITED (CIN: L65991DL1990PLC041796) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 and made available to us, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - c) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
 - d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi. Employees' Provident Funds & Misc. Provisions Act, 1952;
- vii. Employees' State Insurance Act, 1948 ;
- viii. Maternity Benefit Act, 1961;
- ix. Minimum Wages Act, 1948;
- x. Payment of Bonus Act, 1965

ANNEXURE II (Contd.)

- xi. Payment of Gratuity Act, 1972
- xii. Delhi Shops and Establishments Act, 1954
- xiii. RBI Act, 1934 relating to NBFC's

We have also examined compliance with the applicable clauses of the following (i) Secretarial Standard Issued by the Institute of Company Secretaries of India. (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We report that, during the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, and Guidelines mentioned above.

We further report that, based on the information provided and the representation made by the Company and also on the review of the compliances report of Company Secretary/Chief Financial Officer/Managing Director taken on record by the Board of Directors of the Company, in our opinion, adequate system and process exist in the Company to monitor and ensure compliances with provisions of applicable general laws like labour laws and environmental laws.

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

For **S. Behera & Co.**
Company Secretaries

Shesdev Behera
Company Secretary in practice
CP. No. 5980
M. No. 8428
UDIN: F008428B000274100

Place: New Delhi
Date: May 25, 2020

Note: This report is to be read with our letter of even date which is annexed as Annexure –A and forms an integral part of this report.

ANNEXURE-A

To,
Satin Creditcare Network Limited
5th Floor, Kundan Bhawan,
Azadpur Commercial Complex
Azadpur, New Delhi
PIN – 110033

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on our examination.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records, we believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, and standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. Our Audit is conducted amidst pandemic Covid19 and ongoing lockdown and it covers entire scope of audit and applicable provisions and based on electronic documents/information as provided by the Company and wherever required to be treated accordingly and can be attributed to travel and physical verification of documents.

For **S. Behera & Co.**
Company Secretaries

Shesdev Behera
Company Secretary in practice
CP. No. 5980
M. No. 8428
UDIN: F008428B000274100

Place: New Delhi
Date: May 25, 2020

ANNEXURE - III

THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE DIRECTORS' REPORT (Pursuant to Section 134(3)(O) of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014)

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

(A) A brief outline of the Company's CSR policy:

The Corporate Social Responsibility of SCNL is broadly framed taking into account the following measures:

- Welfare measures for the community at large, so as to ensure the poorer section of the society deriving the maximum benefits.
- Contribution to the society at large by way of social and cultural development, imparting education, training and social awareness especially with regard to the economically backward class for their development and generation of income to avoid any liability of employment.
- Protection and safeguard of environment and maintaining ecological balance.

Overview of the CSR projects undertaken in FY 2019-20:

Considering the present situation of the country in the wake of COVID-19, CSR committee decided to carry forward the allocated CSR amount of ₹ 231.45 lakhs to the FY 2020-21, with the objective of fulfilling its Corporate Social Responsibility goal with intension to spend the amount for COVID -19 under the aegis of applicable guidelines.

(B) Web-link of CSR Policy

The Corporate Social Responsibility policy is disclosed on the website at the below link:-https://satincreditcare.com/wp-content/uploads/2018/06/CSR_Policy_version_2.pdf.

2. The Composition of the CSR Committee. (revised in the meeting held on November 14, 2018)

Name of Committee Member	Designation
Mr H P Singh	Promoter, Executive & Non Independent Director (Chairman)
Mr Goh Colin	Independent Director (Member)
Mrs Sangeeta Khorana	Independent Director (Member)

3. Average net profit of the Company for last three financial years: ₹ 11,572.60 lakhs
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 231.45 lakhs
5. Details of CSR spent during the financial year.
 - a. Total amount spent for the financial year: Nil
 - b. Amount unspent, if any; ₹ 231.45 lakhs (Entire amount carried forward to FY 2020-21)
 - c. Manner in which the amount spent during the financial year is detailed below. - Not Applicable

ANNEXURE III (Contd.)

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

Throughout the year, SCNL scouted for plausible partners and projects to assign funds allocated for CSR expenditure, but was not satisfied with the proposals it received. Thereafter, the CSR Committee members discussed the same and considering the current business environment under COVID-19, it has been decided that the aforesaid amount of ₹ 231.45 lakhs allocated towards CSR expenditure, be carried forward to the FY 2020-21 with intension to spend the amount for COVID -19 under the aegis of applicable guidelines.

Further, the Company has contributed ₹ 10 lakhs towards Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund ("PM CARES Fund") and ₹ 5 lakhs towards Chief Minister Relief Fund in the state of Assam and distributing masks and sanitizers to your borrowers across different regions under Covid – 19.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

We hereby affirm that the CSR policy, as approved by the Board of Directors, has been implemented and the CSR committee monitors the implementation of the CSR projects and activities in compliance with our CSR objectives.

H P Singh

Chairman cum Managing Director &
Chairman Corporate Social Responsibility Committee
(DIN: 00333754)

Place: Gurugram

Date: June 15, 2020

ANNEXURE - IV

Details pertaining to section 197(12) of Companies Act, 2013 read with Rules 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year:

S. No.	Name of Director(s)	Annual Remuneration for FY 2019-20 (in ₹)	Median Annual Remuneration of Employees for the Financial Year 2019-20 (in ₹)	Ratio of remuneration of each director of the median remuneration of the employees for Financial year
1	H P Singh	2,91,88,004	2,01,504	145:1

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year.

Sr. No.	Name of Director(s) Chief Financial Officer, Company Secretary	Annual Remuneration during financial year 2018-19 (In ₹)	Annual Remuneration during financial year 2019-20 (In ₹)	Percentage increase in remuneration since last financial year
1	Mr H P Singh, Chairman cum Managing Director	187,37,960	2,91,88,004	55.77%
2	Mr Jugal Kataria, Chief Financial Officer upto January 12, 2020	91,84,378	10,535,109.00	15%
3	Mr Choudhary Runveer Krishanan, Company Secretary & Compliance Officer upto August 26, 2019	31,01,060	1,611,583.00	-
4	Mr Adhish Swaroop, Company Secretary & Compliance Officer w.e.f. October 14, 2019	-	1,290,541.00	-
5	Mr Krishan Gopal, Chief Financial Officer w.e.f. January 13, 2020	-	1,107,601.00	-

- (iii) The percentage increase in the median remuneration of employees in the financial year:

Median Annual Remuneration (In ₹) of employees for the F/Y 2018-19	Median Annual Remuneration (In ₹) of employees for the F/Y 2019-20	Percentage increase in Median Annual remuneration (In ₹) of employees
4,07,328	2,01,504	-

- (iv) Number of permanent employees on the rolls of the Company – **11,148**
- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration – Not applicable
- (vi) Names of the top ten employees in terms of remuneration drawn and the name of every employee, who-
- If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one Crore and two lakhs rupees:
 - If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakhs and fifty thousand rupees per month:

If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company- **None**

Name of Employee	Designation	Remuneration received (amount in ₹)	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee;	Date of commencement of employment	Age	last employment held by such employee before joining the Company	Percentage of equity shares held by the employee in the Company	Relation with any director or manager of the Company
Mr H P Singh	Chairman cum Managing Director	2,91,88,004	Permanent	CA, LLB	October 16, 1999	59	N.A.		Brother of Mr Satvinder Singh
Mr Jugal Kataria	Chief Financial Officer upto January 12, 2020 / Group Controller w.e.f. January 13, 2020	1,28,53,800	Permanent	ICWA,CS,CA, 28 Years	April 01, 2000	52	Berger Paints Ltd – Rajdoot Division	0.13	None
Mr Dev Verma	Chief Operating Officer	1,15,39,310	Permanent	PGDBM, 22Years	September 14, 2016	48	SKS Microfinance	0.03	None
Mr Sanjay Mahajan	Chief Information Officer	1,18,08,856	Permanent	PGDCA-IT, 26 Years	January 06, 2016	51	Bata India Ltd.	0.006	None
Mr Subir Roy Chowdhury	Chief Human Resource Officer	1,04,28,942	Permanent	PGDM-HR, 22 Years	April 04, 2016	47	Magma Fincorp Limited	0.007	None
Mr Sanjeev Vij	Executive Vice President w.e.f. 14/10/2019	42,79,674	Permanent	C.A 30 Years	October 15, 2019	55	CEO and Whole Time Director-Taraashna Financial Services Limited	0.006	
Mr Krishan Gopal	Chief Financial Officer w.e.f. 13/01/2020	22,88,380	Permanent	CA 14 Years	November 13, 2019	38	Head Treasury & Corporate planning- PNB Housing Finance	-	None
Mr K Thangaraju	Executive Vice President w.e.f. 10/02/2020	10,59,627	Permanent	M.Com 21 Years	February 10, 2020	51	Vice President (Zonal Head for Central Zone), jana Small Finance Bank		None
Mr Anil Gupta	Executive Vice President w.e.f. 01/02/2020	8,83,334	Permanent	MBA 41 Years	February 01, 2020	60	Director & CEO, Niryas Food Products	-	None
Mr Amarjit Singh	Senior Vice President w.e.f. 16/03/2020	2,40,861	Permanent	MBA 30 Years	March 16, 2020	56	Chief Operating Officer, Capital Trust Limited	-	None

The Board hereby affirm and declare that the remuneration being paid to the employees(s), director(s), key managerial personnel(s) is as per the Nomination & Remuneration policy for directors, key managerial personnel (KMP) & senior management and other employees approved by the Board.

For and on behalf of the Board of Directors

H P Singh
Chairman Cum Managing Director
(DIN: 00333754)

Place: Gurugram
Date: June 15, 2020

ANNEXURE - V

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on March 31, 2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company
(Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1.	Corporate Identification Number (CIN)	L65991DL1990PLC041796
2.	Registration Date	October 16, 1990
3.	Name of the Company	Satin Creditcare Network Limited
4.	Category/Sub-category of the Company	Public Limited Company/Limited by Shares
5.	Address of the Registered office & contact details	5th Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, Delhi-110033, Phone: 011-47545000, Fax: 011-23328351
6.	Address of the Corporate office & contact details	1st & 3rd Floor, Plot No. 97, Sector -44, Gurugram-122003, Phone: 0124-4715400
7.	Whether listed company	Listed Company
8.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	<p>a) Equity Shares and Preference Shares: Link Intime India Pvt. Ltd. Noble Heights, 1st floor, plot NH 2, C-1 block ISC, Near savitri market, Janakpuri, New Delhi-110058 Tel No.: +91 11 41410592/93/94 E-mail id : rnt.helpdesk@linkintime.co.in Website : www.linkintime.co.in</p> <p>b) Non-Convertible Debentures: KFin Technologies Private Limited (For NCD's and Commercial Paper) KFintech, Tower-B, Plot No. 31 & 32, Selenium Building, Financial District, Nanakramguda, Gachibowli, Hyderabad-500032 Phone: +91 040 44655041</p>

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the Company shall be stated)

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	TARAASHNA FINANCIAL SERVICES LIMITED (EARLIER KNOWN AS TARAASHNA SERVICES LIMITED) 504, 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, New Delhi-110033	U74140DL2012PLC236314	Wholly owned Subsidiary of Satin Creditcare Network Limited	100.00%	Section 2 (87)
2.	SATIN HOUSING FINANCE LIMITED 505, 5th Floor, Kundan Bhawan Azadpur Commercial Complex Delhi North, Delhi -110033	U65929DL2017PLC316143	Wholly owned Subsidiary of Satin Creditcare Network Limited	100.00%	Section 2 (87)
3	SATIN FINSERV LIMITED 503, 5th Floor, Kundan Bhawan Azadpur Commercial Complex Delhi North Delhi -110033	U65999DL2018PLC337435	Wholly owned Subsidiary of Satin Creditcare Network Limited	100.00%	Section 2 (87)

ANNEXURE V (Contd.)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:

Sl. No.	Category of Shareholders	Shareholding at the beginning of the year March 31, 2020				Shareholding at the end of the year April 01, 2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group	1,35,65,018	-	1,35,65,018	27.74	1,57,08,744	-	1,57,08,744	30.19	2.45
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	17,01,603	-	17,01,603	3.48	12,85,480	-	12,85,480	2.47	(1.01)
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(d)	Any Other (Specify)									
	Bodies Corporate	1,18,63,415	-	1,18,63,415	24.46	1,44,23,264	-	1,44,23,264	27.72	3.46
	Sub Total (A)(1)	1,35,65,018	-	1,35,65,018	27.74	1,57,08,744	-	1,57,08,744	30.19	2.45
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	Sub Total (A)(2)	1,35,65,018	-	1,35,65,018	27.74	1,57,08,744	-	1,57,08,744	30.19	2.45
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	1,35,65,018	-	1,35,65,018	27.74	1,57,08,744	-	1,57,08,744	30.19	2.45
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	93,67,455	-	93,67,455	19.15	99,06,522	-	99,06,522	19.04	(0.12)
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds	-	-	-	-	39,651	-	39,651	0.08	0.08
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investor	72,49,238	-	72,49,238	14.82	39,71,228	-	39,71,228	7.63	(7.19)
(f)	Financial Institutions / Banks	12,38,435	-	12,38,435	2.53	22,14,708	-	22,14,708	4.25	1.72
(g)	Insurance Companies	-	-	-	-	-	-	-	-	-
(h)	Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-
(i)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	Foreign Bank	15,43,187	-	15,43,187	3.15	15,43,187	-	15,43,187	2.96	(0.19)
	Sub Total (B)(1)	1,93,98,315	-	1,93,98,315	39.67	1,76,75,296	-	1,76,75,296	33.97	(5.70)

ANNEXURE V (Contd.)

Sl. No.	Category of Shareholders	Shareholding at the beginning of the year March 31, 2020				Shareholding at the end of the year April 01, 2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
[2]	Central Government/ State Government(s)/ President of India									
	Sub Total (B)(2)	-	-	-	-	-	-	-	-	-
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	20,71,192	1,64,746	22,35,938	4.57	23,58,145	1,55,546	25,13,691	4.83	0.26
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	8,81,754	-	8,81,754	1.80	12,31,105	-	12,31,105	2.36	0.56
(b)	NBFCs registered with RBI	12,178	-	12,178	0.02	10,000	-	10,000	0.02	(0.01)
(c)	Employee Trusts	-	-	-	-	-	-	-	-	-
(d)	Overseas Depositories(holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	Trusts	14,549	-	14,549	0.03	549	-	549	0.0011	(0.03)
	Foreign Nationals	-	3,200	3,200	0.01	-	3,200	3,200	0.01	0.04
	Hindu Undivided Family	1,39,999	-	1,39,999	0.29	1,99,093	-	1,99,093	0.38	0.10
	Foreign Companies	90,70,986	-	90,70,986	18.55	90,70,986	-	90,70,986	17.43	(1.12)
	Non Resident Indians (Non Repat)	1,27,053	-	1,27,053	0.26	1,60,279	-	1,60,279	0.31	0.05
	Non Resident Indians (Repat)	1,95,160	-	1,95,160	0.40	5,87,803	-	5,87,803	1.13	0.73
	Clearing Member	48,908	-	48,908	0.10	98,277	-	98,277	0.19	0.08
	Bodies Corporate	28,02,809	11,300	28,14,109	5.75	44,24,721	5,500	44,30,221	8.51	2.76
	Sub Total (B)(3)	1,53,64,588	1,79,246	1,55,43,834	31.78	1,81,40,958	1,64,246	1,83,05,204	35.18	3.39
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	3,47,62,903	1,79,246	3,49,42,149	71.45	3,58,16,254	1,64,246	3,59,80,500	69.14	(2.31)
	Total (A)+(B)	4,83,27,921	1,79,246	4,85,07,167	99.19	5,15,24,998	1,64,246	5,16,89,244	99.33	0.14
(C)	Non Promoter - Non Public									
[1]	Custodian/DR Holder	-	-	-	-	-	-	-	-	-
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	3,96,700	-	3,96,700	0.81	3,48,950	-	3,48,950	0.67	(0.14)
	Total (A)+(B)+(C)	4,87,24,621	1,79,246	4,89,03,867	100.00	5,18,73,948	1,64,246	5,20,38,194	100.00	

ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares held	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares Held	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Anureet H P Singh	4,85,356	0.99	-	4,84,356	0.93	-	(0.06)
2	H P Singh	4,15,123	0.85	-	-	-	-	(0.85)
3	Harbans Singh	4,06,402	0.83	-	4,06,402	0.78	-	(0.05)
4	Satvinder Singh	2,57,011	0.53	-	2,57,011	0.49	-	(0.04)

ANNEXURE V (Contd.)

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares held	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares Held	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
5	Neeti Singh	1,37,711	0.28	-	1,37,711	0.26	-	(0.02)
6	Trishashna Holdings & Investments Private Limited	1,18,63,415	24.26	22.67	1,43,23,264	27.52	5.90	3.26
7	Wisteria Holdings & Investments Private Limited	1,00,000	0.2	-	1,00,000	0.19	-	(0.01)
	Total	1,36,65,018	27.94	5.90	1,57,08,744	30.17	5.90	2.24

(iii) Change in Promoters' Shareholding:

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares held	% of total Shares of the Company	Date of Transaction	No. of Shares	No of Shares held	% of total Shares of the Company
1	Trishashna Holdings & Investments Private Limited	1,18,63,415	22.80		-	1,18,63,415	22.80
	Purchase	-	-	Jun 21, 2019	4,15,123	1,22,78,548	23.60
	Purchase	-	-	Jun 21, 2019	1,000	1,22,79,548	23.60
	Conversion	-	-	Jun 27, 2019	17,91,044	1,40,70,592	27.04
	Purchase	-	-	Dec 26, 2019	1,00,682	1,41,71,274	27.23
	Purchase	-	-	Dec 27, 2019	1,52,000	1,43,23,264	27.52
	At The End Of The Year	-	-		-	1,43,23,264	27.52
2	Anureet H P Singh	4,85,356	0.93		-	4,85,356	0.93
	Transfer	-	-	Jun 21, 2019	(1,000)	4,84,356	0.93
	At The End Of The Year	-	-		-	4,84,356	0.93
3	H P Singh	4,15,123	0.80		-	4,15,123	0.80
	Transfer	-	-	Jun 14, 2019	(4,15,123)	-	-
	At The End Of The Year	-	-		-	-	-
4	Harbans Singh	4,06,402	0.78		-	4,06,402	0.78
	At The End Of The Year	4,06,402	0.78		-	4,06,402	0.78
5	Satvinder Singh	2,57,011	0.49		-	2,57,011	0.49
	At The End of The Year	2,57,011	0.49		-	2,57,011	0.49
6	Neeti Singh	1,37,711	0.26		-	1,37,711	0.26
	At The End of The Year	1,37,711	0.26		-	1,37,711	0.26
7	Wisteria Holdings & Investments Private Limited	1,00,000	0.19		-	1,00,000	0.19
	At The End of The Year	1,00,000	0.19		-	1,00,000	0.19

- Note:
1. Paid up Share Capital of the Company (Face Value ₹ 10.00) at the end of the year is 5,20,38,194 Shares.
 2. The details of holding has been clubbed based on PAN.
 3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

ANNEXURE V (Contd.)

iv) Shareholding Pattern of top ten Shareholders: (Other than Directors and Promoters):

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares held	% of total Shares of the Company	Date of Transaction	No. of Shares	No of Shares held	% of total Shares of the Company
1.	DSP Equity & Bond Fund	36,76,910	7.07			36,76,910	7.07
	Transfer			Apr 05, 2019	61,685	37,38,595	7.18
	Transfer			Apr 12, 2019	1,64,845	39,03,440	7.50
	Transfer			Apr 19, 2019	19,536	39,22,976	7.54
	Transfer			Sep 27, 2019	87,309	40,10,285	7.71
	Transfer			Oct 04, 2019	10,838	40,21,123	7.73
	Transfer			Oct 18, 2019	20,000	40,41,123	7.76
	Transfer			Oct 25, 2019	1,38,632	41,79,755	8.03
	Transfer			Nov 01, 2019	1,14,760	42,94,515	8.25
	Transfer			Nov 22, 2019	(20,000)	42,74,515	8.21
	Transfer			Nov 29, 2019	37,517	43,12,032	8.29
	Transfer			Dec 06, 2019	3,29,475	46,41,507	8.92
	Transfer			Dec 13, 2019	75,469	47,16,976	9.07
	Transfer			Dec 20, 2019	56,624	47,73,600	9.17
	Transfer			Dec 27, 2019	11,920	47,85,520	9.20
	At The End Of The Year					47,85,520	9.20
2	Nordic Microfinance Initiative Fund III Ks	33,69,318	6.47			33,69,318	6.47
	At the end of the year					33,69,318	6.47
3	SBI FMO Emerging Asia Financial Sector Fund Pte Ltd	33,13,609	6.37			33,13,609	6.37
	At the end of the year					33,13,609	6.37
4	Aditya Birla Sunlife Trustee Private Ltd A/c Aditya Birla Sun Life Small cap Fund	30,48,306	5.86			30,48,306	5.86
	Transfer			Apr 05, 2019	(27,000)	30,21,306	5.80
	Transfer			Apr 12, 2019	27,836	30,49,142	5.86
	Transfer			Apr 19, 2019	10,864	30,60,006	5.88
	Transfer			Apr 26, 2019	40,000	31,00,006	5.96
	Transfer			May 03, 2019	21,000	31,21,006	6.00
	Transfer			May 10, 2019	33,500	31,54,506	6.06
	Transfer			May 17, 2019	71,300	32,25,806	6.20
	Transfer			May 24, 2019	11,497	32,37,303	6.22
	Transfer			Jun 07, 2019	14,500	32,51,803	6.25
	Transfer			Jun 14, 2019	(12,080)	32,39,723	6.22
	Transfer			Jul 05, 2019	38,203	32,77,926	6.30
	Transfer			Jul 12, 2019	10,000	32,87,926	6.32
	Transfer			Jul 26, 2019	7,189	32,95,115	6.33
	Transfer			Aug 02, 2019	19,000	33,14,115	6.37
	Transfer			Aug 09, 2019	18,988	33,33,103	6.40
	Transfer			Aug 23, 2019	(20,700)	33,12,403	6.36
	Transfer			Aug 30, 2019	(1,07,735)	32,04,668	6.16
	Transfer			06 Sep 2019	(67,000)	31,37,668	6.03
	Transfer			Sep 27, 2019	8,258	31,45,926	6.04
	Transfer			Oct 04, 2019	39,331	31,85,257	6.12
	Transfer			Oct 11, 2019	10,969	31,96,226	6.14
	Transfer			Oct 25, 2019	11,000	32,07,226	6.16
	Transfer			Jan 03, 2020	(27,100)	31,80,126	6.11
	Transfer			Feb 07, 2020	(1,11,438)	30,68,688	5.90
	Transfer			Feb 14, 2020	(39,823)	30,28,865	5.82

ANNEXURE V (Contd.)

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares held	% of total Shares of the Company	Date of Transaction	No. of Shares	No of Shares held	% of total Shares of the Company
	Transfer			Feb 21, 2020	(1,06,079)	29,22,786	5.62
	At the end of the year					29,22,786	5.62
5	Kora Investment I LLC	23,88,059	4.59			23,88,059	4.59
	At the end of the year					23,88,059	4.59
6.	UTI - HYBRID EQUITY FUND	2125239	4.08			2125239	4.08
	Transfer			Apr 05, 2019	(1,07,997)	20,17,242	3.88
	Transfer			Apr 26, 2019	(9,243)	20,07,999	3.86
	Transfer			May 17, 2019	20,275	20,28,274	3.90
	Transfer			May 24, 2019	15,981	20,44,255	3.93
	Transfer			Jul 19, 2019	4,196	20,48,451	3.94
	Transfer			Jul 26, 2019	1,654	20,50,105	3.94
	Transfer			Aug 02, 2019	5,000	20,55,105	3.95
	Transfer			Sep 27, 2019	20,000	20,75,105	3.99
	Transfer			Sep 30, 2019	(5,000)	20,70,105	3.98
	Transfer			Oct 18, 2019	5,000	20,75,105	3.99
	Transfer			Oct 25, 2019	5,000	20,80,105	3.99
	Transfer			Nov 01, 2019	6,389	20,86,494	4.01
	Transfer			Nov 08, 2019	2,511	20,89,005	4.01
	Transfer			Nov 15, 2019	15,000	21,04,005	4.04
	Transfer			Nov 22, 2019	5,500	21,09,505	4.05
	Transfer			Nov 29, 2019	10,474	21,19,979	4.07
	Transfer			Dec 06, 2019	45,737	21,65,716	4.16
	Transfer			Dec 13, 2019	32,500	21,98,216	4.22
	At the end of the year					21,98,216	4.22
7	MASSACHUSETTS INSTITUTE OF TECHNOLOGY	1186547	2.28			1186547	2.28
	Transfer			May 17, 2019	40,580	12,27,127	2.36
	Transfer			Jul 19, 2019	15,114	12,42,241	2.39
	Transfer			Sep 13, 2019	9,597	12,51,838	2.40
	Transfer			Sep 20, 2019	22,027	12,73,865	2.45
	Transfer			Sep 27, 2019	1,09,314	13,83,179	2.66
	Transfer			Sep 30, 2019	59,882	14,43,061	2.77
	Transfer			Oct 04, 2019	36,007	14,79,068	2.84
	Transfer			Dec 06, 2019	1,27,658	16,06,726	3.09
	AT THE END OF THE YEAR					16,06,726	3.09
8	ASIAN DEVELOPMENT BANK	15,43,187	2.97			15,43,187	2.97
	AT THE END OF THE YEAR					15,43,187	2.97
9	INDUSIND BANK LIMITED TREASURY DEPT	-	-		-	-	-
		-	-	Sep 20, 2019	13,43,283	13,43,283	2.58
	AT THE END OF THE YEAR	-	-		-	13,43,283	2.58
10	MORGAN STANLEY ASIA (SINGAPORE) PTE. - ODI	3,50,693	0.67		-	3,50,693	0.67
	Transfer			Mar 27, 2020	6,52,908	10,03,601	1.93
	AT THE END OF THE YEAR					10,03,601	1.93

Note: 1. Paid up Share Capital of the Company (Face Value ₹ 10.00) at the end of the year is 5,20,38,194 Shares.
2. The details of holding has been clubbed based on PAN.
3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

ANNEXURE V (Contd.)

v) Shareholding of Directors and Key Managerial Personnel:

Name of Directors and Key Managerial Personnel	Shareholding of each Directors and each Key Managerial Personnel	Reason	No. of shares	% of total shares of the Company#	No. of shares	% of total shares of the Company*
Mr H P Singh Chairman cum Managing Director	At the beginning of the year		4,15,123	0.85	4,15,123	0.80
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease.	Jun 14, 2019	(4,15,123)	NIL	Nil	NIL
Mr Satvinder Singh Director	Transfer					
	At the end of the year				Nil	Nil
	At the beginning of the year		2,57,011	0.53	2,57,011	0.49
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease.	N.A	NIL	NIL	2,57,011	0.49
Mr Rakesh Sachdeva Independent Director	At the end of the year				2,57,011	0.49
	At the beginning of the year		7,211	0.01	7,211	0.01
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease.	N.A	NIL	NIL	7211	0.01
	At the end of the year				7211	0.01
Mr Jugal Kataria Chief Financial Officer upto January 12, 2020 / Group Controller w.e.f. January 13, 2020	At the beginning of the year		66,504	0.14	66,504	0.13
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease.	N.A.	N.A.	N.A.	66,504	0.13
	At the end of the year	N.A.	NIL	NIL	66,504	0.13
Mr Choudhary Runveer Krishnan Company Secretary & Compliance Officer	At the beginning of the year		4,000	0.01	4,000	0.01
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease.	Purchase	1,250	0.002	5,250	0.01
		Sell	(2854)	0.005	2,396	0.004
	At the end of the year				2,396	0.004
Mr Adhish Swaroop Company Secretary & Compliance Officer	At the beginning of the year		Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease	Purchase	2,000	0.004	2,000	0.004
	At the end of the year				2,000	0.004

#Note: Percentage calculated on paid up capital of the Company outstanding on the date of transaction

*Note: Percentage calculated on paid up capital of the Company outstanding at the end of financial year.

Note: Except above, no other Directors and/or KMPs owns any shareholding in the Company.

ANNEXURE V (Contd.)

V) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2019				
i) Principal Amount	40,736,628,958	7,055,030,044	-	47,791,659,002
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	491,004,169	53,020,490	-	404,186,735
Total (i+ii+iii)	41,227,633,127	7,108,050,534	-	48,195,845,737
Change in Indebtedness during the financial year				
Addition	30,735,586,148	1,797,958,451	-	32,533,544,599
* Reduction	25,649,917,220	2,425,953,981	-	28,075,871,201
Net Change	5,085,668,927	-627,995,530	-	4,457,673,397
Indebtedness at the end of the financial year 31.03.2020				
i) Principal Amount	45,822,297,885	6,427,034,514	-	52,249,332,399
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	481,797,356	63,345,314	-	545,142,670
Total (i+ii+iii)	46,304,095,242	6,490,379,828	-	52,794,475,070

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WT/ Manager	Total Amount
		Mr H P Singh (Chairman cum Managing Director)	
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2,26,54,200	2,26,54,200
	(b) Value of perquisites under Section 17(2) Income-tax Act, 1961	38,15,300	38,15,300
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify...	-	-
5	Provident Fund	27,18,504	27,18,504
	Grand Total	2,91,88,004	2,91,88,004
	Ceiling as per the Act	10,79,83,958.41 (i.e. 5% of profit calculated u/s 198 of the Companies Act, 2013)	

ANNEXURE V (Contd.)

B. Remuneration to other Directors

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount
1	Independent Directors	Rakesh Sachdeva	Sundeep Kumar Mehta	Sangeeta Khorana	Goh Colin	Sanjay Kumar Bhatia	Anil Kumar Kalra	Davis Frederick Golding	
	Sitting Fee (Board meetings & Committee Meeting)	2,30,000	4,00,000	2,10,000	1,60,000	2,45,000	2,35,000		14,80,000
	Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
	Total (1)	2,30,000	4,00,000	2,10,000	1,60,000	2,45,000	2,35,000		14,80,000
2	Other Non-Executive Directors	Satvinder Singh							
	Fee for attending board committee meetings & Committee Meeting	3,55,000							3,55,000
	Commission	Nil							Nil
	Others, please specify	Nil							Nil
	Total (2)	3,55,000							3,55,000
	Total (B)=(1+2)	5,85,000	4,00,000	2,10,000	1,60,000	2,45,000	2,35,000		18,35,000
	Total Managerial Remuneration								
	Overall Ceiling as per the Act								2,15,96,791.68 (i.e. 1% of profit calculated u/s 198 of the Companies Act, 2013)

ANNEXURE V (Contd.)

C. Remuneration to Key Managerial Personnel Other than Managing Director:

(Amount in ₹)

Sl. No	Particulars of Remuneration	Key Managerial Personnel					Total
		Mr Jugal Kataria, CFO upto January 12, 2020	Mr Jugal Kataria, Group Controller w.e.f. January 13, 2020	Mr Krishan Gopal, CFO w.e.f. January 13, 2020	Mr Choudhary Runveer Krishanan, Company Secretary & Compliance Officer upto August 26, 2019	Mr Adhish Swaroop, Company Secretary & Compliance Officer w.e.f. October 14, 2019	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,00,06,877	21,71,323	10,36,268	15,43,106	12,29,154	1,59,86,728
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	22,529	6,271	8,623	-	-	37,423
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961						
2	Stock Option						
3	Sweat Equity						
4	Commission						
	- as % of profit						
	others, specify...						
5	Provident Fund	5,05,703	1,41,097	62,710	68,477	61,387	8,39,374
6	Others, please specify						
	Total	1,05,35,109	23,18,691	11,07,601	16,11,583	12,90,541	1,68,63,525

VII. Penalties / Punishment/ Compounding of Offences: No penalties, punishments & compounding of offences were imposed on the Company, its Directors or any other officers in default, during Financial Year 2019-20:

There were no material penalties/punishment/compounding of offences for the year ending March 31, 2020

For and on behalf of the Board of Directors

H P Singh

Chairman cum Managing Director
(DIN: 00333754)

Place: Gurugram

Date: June 15, 2020

ANNEXURE – VI

Information as per clause (m) of sub-section (3) of Section 134 of the Companies Act, 2013 read with sub-rule (3) of Rule 8 of the Companies (Accounts) Rules, 2014 and forming part of the Directors Report for the financial year ended March 31, 2020:

(A) Conservation of Energy: Since the Company is not engaged in manufacturing activities, hence no information on Conservation of Energy is required to be provided;

- (i) the steps taken or impact on conservation of energy: Not Applicable
- (ii) the steps taken by the Company for utilizing alternate sources of energy: Not Applicable
- (iii) the capital investment on energy conservation equipment's: Not Applicable

(B) Technology Absorption:

- (i) the efforts made towards technology absorption: NIL
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution: NIL
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): NIL
- (iv) the expenditure incurred on Research and Development: NIL

(C) Foreign Exchange Earnings and Outgo:

- A. Foreign Exchange Earnings:
Reimbursement of Expenditure – ₹ 13.88 lakhs
- B. Foreign Exchange Outgo :

(₹ in lakhs)

S. No.	Particulars	March 31, 2020	March 31, 2019
1	Travelling Expenses	4.47	26.85
2	Professional Fee	25.37	46.13
3	Interest Payment – External Commercial Borrowing	698.87	381.18
4	Sitting Fees	1.60	1.40
5	Investment	-	331.65
6	Processing fees	287.81	216.11
7	Software Expenses	0.81	-
8	Business Promotion	1.97	-

For and on behalf of the Board of Directors

H P Singh

Chairman cum Managing Director
(DIN: 00333754)

Place: Gurugram
Date: June 15, 2020

BUSINESS RESPONSIBILITY REPORT

Satin Creditcare Network Limited ('the Company' / **Satin**) recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with sound corporate culture and the Company constantly strives to better them. The Company is a non-banking financial company – micro financial institution [NBFC- MFI] registered with the Reserve Bank of India having its main business activities to lend small ticket size loans to the under-privileged and under-served sections of women across India. The Company has ensured its wholly owned subsidiaries maintain all the relevant policies and carry out its operations in compliance with the applicable principles thereof.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L65991DL1990PLC041796
2	Name of the Company	Satin Creditcare Network Limited
3	Registered address	5th Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, Delhi-110033
4	Website	www.satincreditcare.com
5	E-mail id	secretarial@satincreditcare.com
6	Financial year reported	2019-2020
7		NIC code of the products/ services: 64990 Financial Services (Microfinance)
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Microfinance Services i.e. providing loans for income generation activities to the economically weaker sections MSME Loan Third party products
9	Total number of locations where business activity is undertaken by the Company	1201
	(a) Number of international locations	Nil
	(b) Number of national locations	Branches: 1140 Registered Office: 01 Regional / Zonal Offices: 59 Corporate Office: 01
10	Markets served by the Company – Local/State/National/ International	National

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up capital	₹ 77,03,81,940
2	Total turnover	₹ 1,401 Crores
3	Total profit after taxes	₹ 156 Crores
4	Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%)	NIL
5	List of activities in which expenditure in 4 above has been incurred	Refer Report on CSR activities forming part of Director's Report

BUSINESS RESPONSIBILITY REPORT (CONTD.)

SECTION C: OTHER DETAILS

S. No.	Description	Information
1	Does the Company have any Subsidiary Company/ Companies?	Yes, the Company has three wholly owned subsidiaries namely; Taraashna Financial Services Limited Satin Housing Finance Limited Satin Finserv Limited
2	Do the subsidiary company/companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Not Applicable
3	Do any other entity/entities (e.g. suppliers and distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of Director/Directors responsible for implementation of the BR policy/policies

Name	Mr Harvinder Pal Singh
Designation	Chairman Cum Managing Director
DIN	00333754

(b) Details of the BR head

Name	Mr Harvinder Pal Singh
Designation	Chairman Cum Managing Director
Telephone number	124-4715400
E-mail id	hpsingh@satincreditcare.com

2. Principle-wise (as per NVGs) BR Policy/policies [Reply in Y/N]

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:

- P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 Businesses should promote the well-being of all employees.
- P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 Businesses should respect and promote human rights.
- P6 Business should respect, protect, and make efforts to restore the environment.
- P7 Businesses, when engaged in influencing public and regulatory policies, should do so in a responsible manner.
- P8 Businesses should support inclusive growth and equitable development.
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

Sr. No.	Questions	P1 Business Ethics	P2 Product Responsibility	P3 Well-being of employees	P4 Stakeholders engagement	P5 Human rights	P6 Environment	P7 Public Policy	P8 CSR	P9 Customer Relations
1	Do you have a policy/policies for?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/international standards?	Y	Y	Y	Y	N	N	N	Y	Y
	The spirit and intent of the Company's Code of Conduct, Fair Practices Code and other Codes/ Policies are prepared in compliance with applicable laws / rules / guidelines. In addition, they reflect the vision and mission of the Company of providing financial services to the economically weaker sections that create a commercially viable and socially relevant microfinance model that delivers high value to our customers.	Y	Y	Y	Y	Y	N	N	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	https://satincreditcare.com/policies-practices/ (Here can refer all the policies of the Company)								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have an in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out an independent evaluation of the audit/ working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

BUSINESS RESPONSIBILITY REPORT (CONTD.)

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

Sr. No.	Questions	P1	P2	P3	P4	P5	P6
1	The Company has not understood the Principles	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-

3. Governance related to BR

1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year:	The Company does not have a Committee of Board for dealing with this matter specifically. However, aspects of Business Responsibility are reviewed by Board on half yearly basis.
2	Does the Company publish a BR or a sustainability report?	Yes
	What is the hyperlink for viewing this report?	www.satincreditcare.com
	How frequently it is published?	Annually - Annual Report of the Company.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices.

The Company's Code of Conduct is applicable in all dealings/ transactions of the Company's staff inter se or with customers, regulators, investors or other Governmental agencies.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

A total of 10,780 complaints were received from Satin's microfinance borrowers during the financial year 2019-20 and 100% of these have been successfully resolved by our Client Grievance Team, within the specified turnaround time, by providing satisfactory resolution to our stakeholders.

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

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Microfinance Services i.e. providing loans for Income Generation activities to the economically weaker section.

- Loan for safe household water facility
- Loan for safe household toilet facility
- Clean energy loan for solar home lighting systems and lamps

BUSINESS RESPONSIBILITY REPORT (CONTD.)

2. For each such product, provide the following details in respect of resource use (energy, water and raw material, etc.) per unit of product (optional):

- Reduction during sourcing/ production/distribution achieved since the previous year throughout the value chain?
- Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company's business operation is such that the above question is not applicable.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so

Not Applicable

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Not applicable

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Not Applicable

Principle 3: Businesses should promote the well-being of all employees –

Sr.	Questions	Status
1	Please indicate the total number of employees	11,148
2	Please indicate the total number of employees hired on temporary/contractual/casual basis	0
3	Please indicate the number of permanent women employees	299
4	Please indicate the number of permanent employees with disabilities	0
5	Do you have an employee association that is recognized by the management?	No
6	What percentage of your permanent employees are the members of this recognized employee association?	NA
7	Please indicate the number of complaints related to child labor, forced labor, involuntary labor, sexual harassment in the last financial year and pending, as on the end of the financial year.	0
8	What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?	
	1. Permanent Employees	100%
	2. Permanent Women Employees	100%
	3. Casual/Temporary/Contractual Employees	NA
	4. Employees with Disabilities	NA

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

1. Has the Company mapped its internal and external stakeholders?

Yes

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

The Company has engaged in providing financial services to low-income households in rural India for their basic needs. The Company supports these households to perform economic activities through easy access to collateral-free micro-credit. In addition to loans for income-generating activities, we also provide festival loans, clean energy loans, water loans, sanitation loans, pressure cooker loans, health insurance facilities to enhance the overall quality of life of our borrowers and their families. We also organize a number of social initiatives such as financial and leadership empowerment workshops for our borrowers, free health-checkup camps for the community, supporting local government schools, plantation drives, flood relief support and enterprise skill development training, among others.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company is firmly committed to fairness and objectivity in all its actions and interactions with all its stakeholders. Justice and fairness are imbibed in the Company's fabric to ensure procedural fairness, impartiality and consistency in its operations. The Company believes in providing facilities to customers in a fair and transparent manner.

2. How many stakeholder complaints have been received in the past financial year and what percentage of the same was satisfactorily resolved by the management?

A total of 10,780 complaints were received from Satin's microfinance borrowers during the financial year 2019-20 and 100% of these have been successfully resolved by our Client Grievance Team, within the specified turnaround time, by providing satisfactory resolution to our stakeholders.

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

1	Does the policy related to Principle 6 cover only the Company or extends to the Group /Joint Ventures / Suppliers / Contractors / NGOs /others?	Not Applicable
2	Does the Company have strategies/ initiatives to address global environmental issues such as climate change and global warming, etc? Y/N. If yes, please mention the hyperlink for the webpage, etc.	Not Applicable
3	Does the Company identify and assess potential environmental risks? Y/N	Yes, Satin has a board-approved Social and Environment policy which clearly specifies an exclusion list
4	Does the company have any project related to the Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Yes the company in pursuit to clean energy has registered itself with "Micro Energy Credits" to access the clean energy units disbursed by SCNL in form of Solar Lanterns and Solar Home Lighting system
5	Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please provide the hyperlink for the web page, etc.	Yes, we are offering clean energy loans for the purchase of solar home lighting systems to our existing borrowers. https://satincreditcare.com/product-portfolio/
6	Are the Emissions/Waste generated by the Company within the permissible limits are given by CPCB/SPCB for the financial year being reported?	Not Applicable
7	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year	Not Applicable

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

1. Is your company a member of any trade and chamber or association? If Yes, name only the major ones that your business deals with:

The Company is a member of the following associations:

1. Microfinance Institutions Network (MFIN)
2. Sa-Dhan

2. Have you advocated/lobbied through the above associations for the advancement or improvement of public good? Yes/ No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

MFIN and Sa-Dhan are engaged in the advancement and improvement of processes related to the microfinance industry on a macro level. They act as representative of MFIs for lobbying with Reserve Bank of India, Central and State Governments.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

Principle 8: Businesses should support inclusive growth and equitable development

1	Does the company have specified programs/ initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.	<ul style="list-style-type: none"> The Company supports low-income households primarily in rural areas to undertake economic activities through easy access to collateral-free micro-credit In addition to loans for income-generating activities, we also provide festival loans, clean energy loans, water loans, sanitation loans, pressure cooker loans, health insurance facility to enhance the overall quality of life of our borrowers and their families The Company provides training and employment opportunities to the fresh graduates from rural areas to be part of our field operations' team
2	Are the programs /projects undertaken through in-house team / own foundation/external NGO/ Government structures/any other organization?	SCNL undertakes a number of social initiatives through its employees (in-house team), led by Head- Social Performance Management. For CSR initiatives, we partner with an external foundation/trust
3	Have you done any impact assessment of your initiatives?	We have internally undertaken an impact assessment study in 2014. In 2020, SCNL has again initiated a new impact assessment study through an external agency
4	What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken	Please refer to the Report on CSR Activities for details
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so	Please refer to the Report on CSR Activities for details.

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

1	What percentages of customer complaints/ consumer cases are pending as on the end of the financial year?	0%
2	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)	<ul style="list-style-type: none"> Yes. SCNL is in full compliance with the display requirements. All the terms and conditions related to the loan products are mentioned in our loan application, acknowledgement receipt and loan card. Details of different loan products and ticket sizes are also displayed in all our offices and uploaded on our website as well.
3	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so	No such case has been filed so far
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	<ul style="list-style-type: none"> Yes, customers' satisfaction is measured as part of a social performance audit conducted by the internal audit team on quarterly basis. In addition, we also conduct tele-verification of our borrowers, post disbursement, to check compliance with our processes and policy

CORPORATE GOVERNANCE REPORT

1. CORPORATE GOVERNANCE PHILOSOPHY

At Satin Creditcare Network Limited ("Company"), the philosophy on Corporate Governance is aimed at value creation, keeping interest of all stakeholders protected in most inclusive way and to comply with the combination of laws, regulations, procedures, implicit rules and good corporate practices which ensure that a Company meets its obligations to optimize shareholders value and fulfil its responsibilities toward all stakeholders including customers, government authorities, lenders, employees, members/shareholders and the community at large which ultimately contribute to overall governance.

Your Company has an active, experienced and a well-informed Board. Through the governance mechanism in the Company, the Board along with its Committees undertakes its fiduciary responsibilities towards all its stakeholders by encompassing best practices to support effective and ethical leadership, sustainability and good corporate citizenship. Corporate Governance has always been an integral element of the Company and your Company believes in sustainable corporate growth that emanates from the top management down through the Organization to the various stakeholders which is reflected in its sound financial system and enhanced market reputation.

Over the years, your Company has complied with the Companies Act, 2013, SEBI Regulations, RBI Directions/Circulars, IND-AS (Accounting Standards), Secretarial Standards, etc., strong governance practices have rewarded the Company in the sphere of valuations, stakeholders' confidence, market capitalization and high credit ratings in positive context apart from obtaining of awards from appropriate authorities. Your Company makes all efforts to comply with such standards.

2. BOARD OF DIRECTORS

Keeping with the commitment to the Management, the principle of integrity and transparency in business operations for good corporate governance, the Company's policy is to have an appropriate blend of Independent and Non-Independent Directors to maintain the independence of the Board and to separate the Board functions of governance from Management of the Company.

(a) Composition of the Board

The Company is managed and controlled through a professional body of Board of Directors, which comprises of an optimum combination of Executive and Non- Executive Directors. The strength of Board

of Directors as on March 31, 2020 is 10 (Ten) out of which 6 (six) are Independent (including one Women Director) and 4 (four) are Non-Independent Directors (including one Executive Promoter Director, one Non-Executive Promoter Director and two Nominee Directors). The Company's Board consists of eminent persons with considerable professional expertise and experience. The Independent Directors do not have any pecuniary relationship or transactions with the Company, Promoters and Management, which may affect independence or judgement of the Directors in any manner.

The dates for the Board meetings are fixed after taking into account the convenience of all the Directors and sufficient notice, in terms of applicable laws, is given to all of them. All the agenda papers for the Board and Committee meetings are disseminated electronically on a real-time basis via e-mail to all the Directors at least seven days in advance from the date of Board Meeting and Committee Meetings. During the year under review, few shorter notice meeting also convened as per the consent of all Board Members. Senior Management including the CFO of the Company and CEO's of Subsidiaries (as and when required) are invited to attend the Board meetings so as to provide additional inputs on the items being discussed by the Board. At the Board meetings, the Executive Directors and Senior Management make presentations on various matters including the financial results, operations related issues, risk management, the economic and regulatory environment, compliance, investors' perceptions etc. The Company actively uses the facility of video conferencing permitted under Section 173(2) of the Companies Act, 2013 read together with Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014, thereby saving resources – cost to the Company and valued time of the Directors. All the information required for decision making are incorporated in the agenda. The Board reviews the performance of the Company and sets the strategy for future. The Board takes on record the actions taken by the Company on all its decisions periodically. The minutes of the board meetings of the unlisted subsidiary companies of the Company are placed in the board meetings of the Company on a quarterly basis.

Furthermore, towards digitization, the Company has also started using Board PAC Software, a paperless meeting solution that offers the highest standards of confidentiality and security for ease of Board members to access agenda document properly through a phone based application.

CORPORATE GOVERNANCE REPORT (Contd.)

The composition of the Board of Directors of the Company is in conformity with the provisions of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter, "SEBI LODR") and the Companies Act, 2013 and also in terms of Guidelines as issued by Reserve Bank of India.

Name of the Director	DIN	Category	Designation	No. of Board meetings during the year 2019-20		Whether Attended the last AGM held on July 06, 2019	Total Number of other Directorship held	Total no. of Chairmanship/ Membership of Board Committee		Shareholding as on March 31, 2020
				Held during their tenure	Attended			Chairman	Member	
Mr H P Singh	00333754	Promoter, Executive and Non-Independent Director	Chairman cum Managing Director	6	6	Yes	5	-	2	-
Mr Satvinder Singh	00332521	Promoter, Non-Executive and Non-Independent Director	Director	6	6	Yes	-	-	1	2,57,011 Equity Shares
Mr Rakesh Sachdeva	00333715	Non-Executive and Independent Director	Director	6	5	No	1	-	-	7,211 Equity Shares
Mr Sundeep Kumar Mehta	00840544	Non-Executive and Independent Director	Director	6	6	Yes	2	2	2	-
Mrs Sangeeta Khorana	06674198	Non-Executive and Independent Director	Director	6	4	No	-	-	-	-
Mr Goh Colin	06963178	Non-Executive and Independent Director	Director	6	5	No	-	-	-	-
Mr Sanjay Kumar Bhatia	07033027	Non-Executive and Independent Director	Director	6	4	No	2	1	1	-
Mr Anil Kumar Kalra	07361739	Non-Executive and Independent Director	Director	6	5	No	2	1	2	-
Mr Arthur Sletteberg [^]	07123647	Non-Executive and Non-Independent Director	Nominee Director (Representing Nordic Microfinance Initiative Fund III KS)	6	5	No	-	-	-	-
Mr Rajeev Kakar [*]	01888608	Non-Executive and Non-Independent Director	Nominee Director (Representing Asian Development Bank)	5	5	No	1	-	1	-
Mr Daniel Simpson Jacobs ^{**}	07858118	Non-Executive and Non-Independent Director	Nominee Director (Representing Kora Investments I LLC)	6	1	No	-	-	-	-
Mr Davis Frederick Golding ^{***}	00440024	Non-Executive and Independent Director	Director	-	-	No	-	-	-	-

CORPORATE GOVERNANCE REPORT (Contd.)

Notes:

1. ^Mr. Arthur Sletteberg has resigned from the Board w.e.f. May 30, 2020 and Mr Christian B. Ramm was appointed in his place w.e.f. May 30, 2020.
2. *Mr Rajeev Kakar has joined the Board w.e.f. June 06, 2019 and has resigned from the Board w.e.f. April 30, 2020.
3. **Mr Daniel Simpson Jacobs has resigned from the Board w.e.f. March 03, 2020.
4. ***Mr Davis Frederick Golding has resigned from the Board w.e.f April 12, 2019.
5. The Directorships held by Directors as mentioned above, do not include Alternative Directorship, Directorships in Foreign Companies, Companies registered under Section 8 of Companies Act, 2013 and Private Limited Companies.
6. In terms of Regulation 26 of the SEBI LODR, Membership(s) / Chairmanship(s) of only the Audit Committee and Stakeholders Relationship Committee of all Public Limited (including Satin Creditcare Network Limited) Companies have been considered.
7. None of the Director on the Board is a Director in any other listed entity.

(b) Number and Dates of Board meetings

During the year under review, the Board met 6 (Six) times on May 08, 2019, August 09, 2019, October 14, 2019, November 06, 2019, January 13, 2020 and February 12, 2020. The maximum gap between any two consecutive meetings was less than one hundred and twenty days, as stipulated under Section 173 of Companies Act 2013 and Regulation 17 of the SEBI LODR and Secretarial Standards - 1 as issued by the Institute of Company Secretaries of India (ICSI). As per applicable laws, minimum four Board meetings are required to be held every year. The Company has convened additional Board meetings to address specific needs of the business. In case of any exigency/ emergency, resolutions are passed by circulation also. For the resolution to be approved through circulation, all the requisite inputs/ documents etc. circulated over email which assist the Board to take decision. Further, the resolutions approved through circulation are taken on record by the Board in the next Board Meeting.

(c) Disclosure of relationship between Directors inter-se

Mr H P Singh, Chairman cum Managing Director of the Company, is related with Mr Satvinder Singh. Mr Satvinder Singh is a Promoter, Non-Executive and Non-Independent Director and is brother of Mr H P Singh. No other Director is related to each other.

(d) Training and Familiarization for Independent Directors

The Company has adopted a structured orientation of Independent Directors through induction programs at the time of their joining so as to familiarize them with the Company- its operations, business model, industry and environment in which it functions and the other regulatory environment applicable to it. The Company updates the members of Board of Directors on a continuing basis on any significant changes therein and provides them an insight to their expected roles and responsibilities so as to be in a position to take well-informed and timely decisions and contribute significantly to the Company.

Pursuant to Regulation 46 of the Listing Regulations, the details of the Familiarization program of the Independent Directors are available on the website of the Company at <https://satincreditcare.com/wp-content/uploads/2019/09/Director-Familiarization.pdf>

The Company through its Chairman cum Managing Director/Senior Managerial Personnel makes presentations regularly to the Board on the business strategies, operations review, quarterly, half yearly and annual results, review of Internal Audit Report and Action Taken Report, Statutory Compliances, Risk Management, etc., Head of Departments of Company are required to give presentation in Board meeting to familiarize the Board with their activities and allied matters. Company held a separate training and Familiarization program for Independent Directors which was conducted by management to gain Familiarization with change in regulations especially in SEBI LODR and the Companies Act, 2013 and on allied matters including duties of Independent Directors and performance evaluation.

CORPORATE GOVERNANCE REPORT (Contd.)

(e) Skills/expertise/competence of the Board of Directors

In the table below, the specific areas of focus or expertise of individual Board Members as on March 31, 2020 have been highlighted. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skill.

Name of Director	Area of expertise						
	Financial	Global Business	Leadership	Technology	Mergers & Acquisitions	Board service & Governance	Sales & Marketing
Mr H P Singh	Yes	Yes	Yes	Yes	Yes	Yes	No
Mr Satvinder Singh	Yes	Yes	Yes	Yes	Yes	Yes	No
Mr Rakesh Sachdeva	Yes	Yes	Yes	Yes	Yes	Yes	No
Mr Sundeep Kumar Mehta	Yes	Yes	Yes	Yes	Yes	Yes	No
Mrs Sangeeta Khorana	Yes	Yes	Yes	Yes	Yes	Yes	No
Mr Goh Colin	Yes	Yes	Yes	Yes	Yes	Yes	No
Mr Sanjay Kumar Bhatia	Yes	Yes	Yes	Yes	Yes	Yes	No
Mr Anil Kumar Kalra	Yes	Yes	Yes	Yes	Yes	Yes	No
Mr Arthur Sletteberg*	Yes	Yes	Yes	Yes	Yes	Yes	No
Mr Rajeev Kakar**	Yes	Yes	Yes	Yes	Yes	Yes	No

* Resigned w.e.f. May 30, 2020

** Resigned w.e.f. April 30, 2020

(f) Confirmation regarding Independence of Independent Directors

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 read with Rules framed thereunder, and Regulation 16(1)(b) of the SEBI LODR. In terms of Regulation 25(8) of the SEBI LODR, all the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Every Independent Director has duly informed the Company about the committee positions he/she occupies in other Companies as well as they fulfil the conditions as specified in SEBI LODR and are independent of management, none of the Directors of the Company, is a member of more than ten committees, across all public limited companies in which he/she is a Director and none of the Directors of the Company is a chairman of more than five committees across all public limited companies in which he/she is a Director. The terms and conditions of appointment of Independent Directors are disclosed on the website of the Company at <https://satincarecreditcare.com/board-of-directors/>.

(g) Independent Directors Meeting

In accordance with the requirement of Schedule IV of the Companies Act, 2013 and Regulation 25(3) & 25(4) of the SEBI LODR, during the year under review, one separate Meeting of the Independent Directors was held on March 21, 2020 to discuss:

- review the performance of non-independent directors and the board of directors as a whole;
- review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors;
- assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

All the Independent Directors were present at the meeting.

(h) Detailed reasons for the resignation of an independent Director

During the year under review, Mr Davis Frederick Golding, Non-Executive and Independent Director (DIN: 00440024) has resigned from the Board w.e.f. April 12, 2019 due to some other pre-occupations.

(i) Performance Evaluation of Board Members

Pursuant to the provisions of Section 134(3)(p) of the Companies Act, 2013 read with Regulations 17(10) and 25 of the SEBI LODR and relevant Schedules, the annual performance evaluation has been carried out of all the Directors, the Board, Chairman of the Board and the working of the mandatory committees viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee in accordance with the guidelines prescribed under SEBI Guidance Note dated January 05, 2017.

CORPORATE GOVERNANCE REPORT (Contd.)

The Company has devised a process and criteria for the performance evaluation, which has been recommended by the Board approved Nomination and Remuneration Policy, framed in terms of applicable provisions in this regard. The performance evaluation of the Board of Directors was carried out based on the detailed questionnaire containing criteria such as duties and responsibilities of the Board, information flow to the Board, time devoted to the meetings etc. Similarly, the Director's evaluation was carried out on the basis of questionnaire containing criteria such as level of participation by individual Directors, independent judgement by the Director, understanding of the Company's business etc.

The performance evaluation of the Board and the mandatory Committees, viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee were done by all the Directors and the respective members of the committee as the case may be. The performance evaluation of each Independent Director was carried out by the entire Board excluding the Independent Director being evaluated. The performance evaluation of the Chairman and Non-Executive Directors was carried out by the Independent Directors.

(j) Code of conduct

The Company has adopted the Code of conduct as per Regulation 17(5) of the SEBI LODR and is applicable to all its Board members and senior management personnel. Pursuant to Regulation 26(5) of the SEBI LODR, all members of senior management have confirmed that there are no material, financial and commercial transactions wherein they have a personal interest that may have a potential conflict with the interest of the Company at large. Pursuant to Regulation 26(3) of the SEBI LODR, all the Board members and senior management personnel of the Company as on March 31, 2020 have affirmed compliance with their respective codes of conduct. A declaration signed by the Chairman cum Managing Director of the Company is published in this Report is enclosed as **Annexure - 1**.

The Copy of code of conduct is also available on the website of the Company on web link <https://satincare.com/wp-content/uploads/2018/06/Code-of-Conduct-for-Board-of-Directors-Senior-Management.pdf>.

(k) Role of the Company Secretary in overall governance process

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. In terms of applicable laws, the Board had appointed Mr Adhish Swaroop as Company Secretary & Compliance Officer of the Company to undertake various responsibilities as stipulated under SEBI Guidelines, Companies Act, 2013, RBI Guidelines and other applicable laws. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board and Chairman in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and applicable Secretarial Standards, to provide guidance to Directors and to facilitate convening of meetings. The Company Secretary acts as the Secretary to all the Committees of the Board constituted under applicable laws.

(l) Board Diversity

The Company has in place a policy on Board Diversity. Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, background and other qualities. The skills/ expertise/ competence of Board of Directors identified by the Board as required in the context of business of the Company.

3. COMMITTEES OF THE BOARD

The Committees constituted by the Board focus on specific areas and take informed decisions within the framework of delegated authority, and make specific recommendations to the Board on matters within their areas or purview. The decisions and recommendations of the Committees are placed before the Board for information or for approval, as required. The Committees operate as empowered agents of the Board as per their Charter/terms of reference. Targets set/actions directed by them as agreed with the management are reviewed periodically and mid-course corrections are also carried out. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions/ noting.

CORPORATE GOVERNANCE REPORT (Contd.)

The composition and functioning of these Committees are in compliance with the applicable provisions of the Companies Act, 2013, SEBI LODR and also in consonance with the Corporate Governance Master Directions issued by the Reserve Bank of India for Non-Deposit taking systematically important NBFC's. As on March 31, 2020, the following committees were in operation:

- (A) Audit Committee;
- (B) Risk Management Committee;
- (C) Stakeholders Relationship Committee;
- (D) Corporate Social Responsibility Committee;
- (E) Nomination and Remuneration Committee;
- (F) Asset Liability Management Committee;
- (G) IT Strategy Committee; and
- (H) Working Committee;

Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

(A) AUDIT COMMITTEE

The Audit Committee of the Company has been constituted in line with the provisions of Regulation 18 of the SEBI LODR read with Section 177 of the Companies Act 2013 and the RBI Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time. The Board reviews the working of the Committee from time to time to bring about greater effectiveness in order to comply with the various requirements under the Act. The primary objective of the Audit Committee is to assist the Board in reviewing the financial information which will be provided to the shareholders and others,

reviewing the systems of internal financial controls and risk management established in the Company, appointing, retaining and reviewing the performance of independent auditors/ internal auditors and overseeing the Company's accounting and financial reporting processes and the audit of the Company's financial statements.

a) Composition and Meetings

During the year under review, the Audit Committee comprised of 3 (three) Directors, out of which 2 (two) are Independent Directors and 1 (one) is Promoter, Non-Executive and Non-Independent Director, Mr Adhish Swaroop, Company Secretary & Compliance Officer of the Company, is the Secretary of the Committee. All members of the Committee are financially literate and have relevant finance and/or audit exposure. Mr Sanjay Kumar Bhatia, Chairman of the Committee is a qualified Chartered Accountant. The quorum of the Committee is two members or one-third of its members, whichever is higher with atleast two independent Directors.

The composition of the Audit Committee is also disseminated on the website of the Company with the link <https://satincarecreditcare.com/board-of-Directors/>.

During the year under review, the Audit Committee met 5 (five) times on May 08, 2019, August 09, 2019, November 06, 2019, December 19, 2019 and February 12, 2020 respectively. The maximum gap between any two meetings was less than 120 days. Generally, the Statutory Auditor, Group Controller, Chief Financial Officer, Internal Auditor and/or Head- Audit and Risk Management of the Company were invitees to the meetings of the Committee.

The Composition of the Audit Committee and the details of meetings attended by its members are given below:

Name of Member	Designation/Category	No. of meetings held/attended during the Financial Year 2019-20		% of attendance
		Held during their tenure	Attended	
Mr Sanjay Kumar Bhatia	Chairman (Non-Executive & Independent Director)	5	5	100
Mr Satvinder Singh	Member (Promoter & Non-Executive, Non-Independent Director)	5	5	100
Mr Sundeep Kumar Mehta	Member (Non-Executive & Independent Director)	5	5	100

The Chairman of Audit Committee, Mr Sanjay Kumar Bhatia not attended the last Annual General Meeting held on July 06, 2019 due to his pre-occupations.

CORPORATE GOVERNANCE REPORT (Contd.)

b) Terms of Reference

The terms of reference of this Committee are very wide and are in line with the regulatory requirements mandated by the Act and Part C of Schedule II of the SEBI LODR.

Terms of reference for the Audit Committee includes:

- Oversight of the financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (a) matters required to be included in the Directors' responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transaction;
 - (g) modified opinion(s) in the draft audit report;
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the listed entity with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the whistle blower mechanism;
- Approval of appointment of chief financial officer after assessing the qualifications, experience and background etc. of the candidate;
- To carry out any other function as is mentioned in the terms of reference of the audit committee, in terms of any other applicable guidelines or any other applicable law, as amended from time to time;
- Reviewing the utilization of loans and/ or

CORPORATE GOVERNANCE REPORT (Contd.)

advances from/investment by the holding Company in the subsidiary exceeding rupees ₹ 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;

- Any other matters as delegated by the Board of Directors from time to time in terms of the applicable guidelines or any other applicable law, as amended from time to time;
- Any other matters as delegated by the Board of Directors from time to time;

The audit committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters/ letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and
- Statement of deviations:
 - Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32(1).

- Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

(B) RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Company has been constituted in line with the provisions of RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 read with Regulation 21 of the SEBI LODR.

a) Composition and Meetings

During the year under review, the Committee comprised of 3 (three) Directors, out of which 2 (two) are Independent Directors and 1 (one) is Promoter, Non-Executive and Non-Independent Director, Mr Adhish Swaroop, Company Secretary & Compliance Officer of the Company, is the Secretary of the Committee. The quorum of the Committee is three members. The Company especially focuses on improving its sensitivity to the assessment of risks and improving methods of computation of risk. The functions of the Committee include monitoring and reviewing risk management plan, Operational risk, Credit risk, Integrity risk etc., and taking strategic actions in mitigating risk associated with the business.

The composition of the Risk management committee is also disseminated on the website of the Company with the link <https://satincreditcare.com/board-of-Directors/>.

During the year under review, the Risk Management Committee met 3 (three) times on May 08, 2019, October 25, 2019 and February 06, 2020 respectively.

The Composition of the Risk Management Committee and the details of meetings attended by its members are given below:

Name of Member	Designation/Category	No. of meetings held/attended during the Financial Year 2019-20		% of attendance
		Held during their tenure	Attended	
Mr Anil Kumar Kalra*	Chairman (Non-Executive & Independent Director)	3	3	100
Mr Satvinder Singh	Member (Promoter & Non-Executive, Non-Independent Director)	3	3	100
Mr Rakesh Sachdeva	Member (Non-Executive & Independent Director)	3	3	100

*During the year under review, Mr Davis Frederick Golding has resigned from the Board and from membership of Committees w.e.f. April 12, 2019 and the Board of Directors of the Company vide its meeting held on May 08, 2019, re-constituted the Risk Management Committee where Mr Anil Kumar Kalra was inducted as Chairman of the Committee.

CORPORATE GOVERNANCE REPORT (Contd.)

b) Terms of Reference

The terms of reference of the Risk Management Committee are wide enough to cover the matters specified for Risk Management Committee under Regulation 21 of SEBI LODR and in terms of RBI Master Directions, are as follows:

- Approve/ recommend to the Board for its approval/ review of the policies, strategies and associated frameworks for the management of risk;
- Approve the risk appetite and any revisions to it;
- Sub-delegate its powers and discretions to executives of the SCNL;
- Ensure appropriate risk Organization structure with authority and responsibility clearly defined, adequate staffing, and the independence of Risk Management functions;
- Provide appropriate and prompt reporting to the Board of Directors in order to fulfil the oversight responsibilities of the Board of Directors;
- Review reports from management concerning the SCNL's risk management framework (i.e. principles, policies, strategies, process and controls) and also discretions conferred on executive management, in order to oversee the effectiveness of them;
- Review reports from management concerning changes in the factors relevant to the SCNL's projected strategy, business performance or capital adequacy;
- Review reports from management concerning implications of new and emerging risks, legislative or regulatory initiatives and changes, organizational change and major initiatives, in order to monitor them;
- Ensure adherence of the extant internal risk policy guidelines and also regulatory guidelines;
- Review performance and set objectives for the SCNL's CRO and ensure he has unfettered access to the Board;

- Oversee statutory/ regulatory reporting requirements related to risk management;
- Monitor and review capital adequacy computation with an understanding of methodology, systems and data;
- Approve the stress testing results/ analysis and monitor the action plans and corrective measures periodically; and
- Monitor and review of non-compliance, limit breaches, audit/ regulatory findings, and policy exceptions with respect to risk management.

(C) STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee of the Company has been constituted in line with the provisions of Section 178(5) of the Companies Act, 2013 read with Regulation 20 of the SEBI LODR. The purpose of the Committee is to assist the Board and the Company in maintaining healthy relationships with all stakeholders and consider and resolve the grievances like share transfers, transmissions, issue of duplicate share certificates, Dematerialization of shares and all other issues pertaining to shares and also to redress investor grievances like non-receipt of dividend warrants, non-receipt of Annual Reports and other complaints related to share transfers etc.

a) Composition and Meetings

During the year under review, the Committee comprised of 3 (Three) Directors, all of them are Independent Directors. Mr Adhish Swaroop, Company Secretary & Compliance Officer of the Company, is the Secretary of the Committee. The quorum of the Committee is two members or one-third of its members, whichever is higher.

The composition of the Stakeholders Relationship Committee is also disseminated on the website of the Company with the link <https://satincare.com/board-of-Directors/>. Further, Grievances relating to Stakeholders/ Investors may also be forwarded to the Company Secretary & Compliance Officer of the Company at secretarial@satincare.com.

During the year under review, the Stakeholders Relationship Committee met 1 (one) time on October 25, 2019.

CORPORATE GOVERNANCE REPORT (Contd.)

The composition of the Stakeholders' Relationship Committee and the details of meetings attended by its members are given below:

Name of Member	Designation/Category	No. of meetings held/attended during the Financial Year 2019-20		% of attendance
		Held during their tenure	Attended	
Mr Sundeep Kumar Mehta	Chairman (Non-Executive & Independent Director)	1	1	100
Mr Sanjay Kumar Bhatia	Member (Non-Executive & Independent Director)	1	1	100
Mr Anil Kumar Kalra	Member (Non-Executive & Independent Director)	1	1	100

The Chairman of Stakeholders Relationship Committee, Mr Sundeep Kumar Mehta attended the last Annual General Meeting held on July 06, 2019.

b) Terms of Reference

The terms of reference of the Stakeholders Relationship Committee are wide enough to cover the matters specified under Regulation 20 read with Part D of Schedule II of the SEBI LODR, are as follows:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent; and
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

Complaints received and redressed during the financial year 2019-20 under the SEBI Complaints Redress System (SCORES):

During the year under review, the Company has not received any complaint through SCORES.

Details of complaints received and resolved by the Company during the financial year 2019-20 are given below:

Nature of complaints	Pending as on March 31, 2019	Received during the financial year 2019-20	Disposed of during the financial year 2019-20	Pending as on March 31, 2020
Non-receipt of certificates lodged for Transfer/Transmission, issue of Duplicate shares	Nil	1	1	Nil
Non-receipt of Dividend	Nil	0	0	Nil
Dematerialization/ Re-materialization of shares	Nil	0	0	Nil
Others (Non-receipt of bonus shares/ POA/ change of signatures/ address etc.)	Nil	0	0	Nil
Total	Nil	1	1	Nil

SCORES is a centralized web-based grievance redressal system launched by SEBI (<https://scores.gov.in>). It provides a platform for aggrieved investors, whose grievances, pertaining to securities market, remain unresolved by the listed company concerned or registered intermediary after a direct approach. All the activities starting from lodging of a complaint until its closure by SEBI will be handled in an automated environment and the complainant can view the status of his complaint online.

An investor, who is not familiar with SCORES or does not have access to SCORES, can lodge complaints in physical form at any offices of SEBI. Such complaints are scanned and uploaded in SCORES for due processing.

As on March 31, 2020, there is no complaint pending from equity shareholder(s) under SCORES or at any other forum / platform.

CORPORATE GOVERNANCE REPORT (Contd.)

(D) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Company has been constituted in accordance with the provisions of Section 135 of Companies Act, 2013 and the rules made thereunder, with powers, inter alia, to make donations/contributions Corporate Foundation or other reputed Non- Governmental Organization, of at least two percent of the Company's average net profits during the three immediately preceding financial years in pursuance of its Board approved CSR Policy for the Company. The functions of the CSR Committee include formulation and monitoring of CSR Policy, recommending CSR Projects and budgets thereof, review of CSR initiatives undertaken/ to be undertaken by the Company and to do such other things as directed by the Board, and in compliance with the applicable laws.

The Company has also in place a corporate social responsibility policy as required under the provisions of Section 135 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 indicating therein the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013. The CSR Policy is uploaded on the Company's website with the link https://satincreditcare.com/wp-content/uploads/2018/06/CSR_Policy_version_2.pdf.

a) Composition and Meetings

During the year under review, the Committee comprised of 3 (three) Directors, out of which 2 (two) are Independent Directors and 1 (one) is Promoter, Executive and Non-Independent Director. Mr Adhish Swaroop, Company Secretary & Compliance Officer of the Company, is the Secretary of the Committee. The quorum of the Committee is two members or one-third of its members, whichever is higher.

The aforesaid composition of the Corporate Social Responsibility Committee is also disseminated on the website of the Company with the link <https://satincreditcare.com/board-of-Directors/>.

During the year under review, the Corporate Social Responsibility Committee met 1 (One) time on March 23, 2020.

The Composition of the Corporate Social Responsibility Committee and the details of meetings attended by its members are given below:

Name of Members	Designation/Category	No. of meetings held/attended during the Financial Year 2019-20		% of attendance
		Held during their tenure	Attended	
Mr H P Singh	Chairman (Promoter, Executive & Non- Independent Director)	1	1	100
Mr Goh Colin	Member (Non-Executive & Independent Director)	1	1	100
Mrs Sangeeta Khorana	Member (Non-Executive & Independent Director)	1	1	100

The Chairman of the Corporate Social Responsibility Committee, Mr H P Singh attended the last Annual General Meeting held on July 06, 2019.

b) Terms of Reference

The terms of reference of the Corporate Social Responsibility Committee are wide enough to cover the matters specified under Section 135(3) of the Companies Act, 2013, are as follows:

- formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in area or subject, specified in Schedule VII;
- recommend the amount of expenditure to be incurred on the activities referred to in above clause; and
- monitor the Corporate Social Responsibility Policy of the Company from time to time.

(E) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company has been constituted in line with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the SEBI LODR. The Committee ensures/determines fit and proper attributes/qualifications of proposed/existing Directors and Key Managerial Personnel through which the Company recruits, motivates and retain outstanding senior management and oversees the Company's overall approach to human resources management.

CORPORATE GOVERNANCE REPORT (Contd.)

The Committee under the guidance of the Board has formulated the criteria and framework for the performance evaluation of every Director on the Board, including the Executive and Independent Directors. The Committee also identified ongoing training and education programs to ensure that the Non-Executive Directors are provided with adequate information regarding the business, the industry, and their legal responsibilities and duties.

a) Composition and Meetings

During the year under review, the Committee comprised of 4 (four) Directors, out of which 2 (Two) are Independent Directors, 1 (one) is Non Executive and Nominee Director, and 1 (one) is Promoter, Executive and Non-Independent Director. Mr Adhish Swaroop, Company Secretary & Compliance Officer of the Company, is the Secretary of the Committee. The quorum of the Committee is two members or one-third of its members, whichever is higher with atleast one independent Director.

Mr Davis Frederick Golding has resigned from the committee w.e.f. April 12, 2019. The Board of Directors in their meeting held on May 08, 2019 has taken on record the revision in composition of the Nomination and Remuneration Committee. The same is also disseminated on the website of the Company with the link <https://satincare.com/board-of-Directors/>.

During the year under review, the Nomination and Remuneration Committee met 5 (five) times on May 8, 2019, October 14, 2019, December 12, 2019, January 02, 2020 and March 23, 2020.

The composition of the Nomination and Remuneration Committee and the details of meetings attended by its members are given below:

Name of Members	Designation/Category	No. of meetings held/attended during the Financial Year 2019-20		% of attendance
		Held during their tenure	Attended	
Mr Sundeep Kumar Mehta	Chairman (Non-Executive & Independent Director)	5	5	100
Mr H P Singh	Member (Promoter, Executive & Non-Independent Director)	5	5	100
Mr Arthur Sletteberg	Member (Non-Executive & Non Independent Director)	5	4	80
Mrs Sangeeta Khorana	Member (Non-Executive & Independent Director)	5	4	80

The Chairman of Nomination and Remuneration Committee, Mr Sundeep Kumar Mehta attended the last Annual General Meeting held on July 06, 2019.

b) Terms of Reference

The terms of references of Nomination and Remuneration Committee are wide enough to cover the matters specified under Regulation 19(4) read with Part D of Schedule II of the SEBI LODR, are as follows:

- Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to

the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

- Ensure and determine that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors and also the Independent Directors and size of the Board and its diversity.
- Devise framework to ensure that Directors are inducted through suitable familiarization process covering their roles, responsibility and liability and ensuring that there is an appropriate induction & training program in place for new Directors and members of Senior Management and other employees of the Company and reviewing its effectiveness.

CORPORATE GOVERNANCE REPORT (Contd.)

- Oversee the formulation and implementation of ESOP Schemes, its administration, supervision and formulating detailed terms and conditions in accordance with SEBI Guidelines.
- Decide/approve details of fixed components and performance linked incentives (if any) along with the performance criteria.
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective.
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their Service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- Recommend any necessary changes to the Board.
- Considering any other matters as may be requested by the Board and to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- To approve the remuneration of the Senior Management including Key Managerial Personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievements relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity.
- To develop a succession plan for the Board and to regularly review the plan.
- Formulation of criteria for evaluation of Independent Director and the Board.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To implement and monitor policies and processes regarding principles of corporate governance.
- To recommend to the Board, all remuneration, in whatever form payable to senior management.

POLICY LAID DOWN BY THE NOMINATION AND REMUNERATION COMMITTEE FOR REMUNERATION OF DIRECTORS, KMP & SENIOR MANAGEMENT & OTHER EMPLOYEES AND THE CRITERIA FORMULATED BY THE COMMITTEE FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF DIRECTOR

Pursuant to Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meeting of Board and its Powers) Rules, 2014 and the Board of Directors of the Company has modified the Policy on Nomination & Remuneration for Directors, Key Managerial Personal (KMP) & Senior Management and other Employees and pursuant to Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 vide its meeting dated February 04, 2019. The policy has been uploaded on the website of the Company at <https://satincare.com/wp-content/uploads/2019/10/NRC-ver-2.2.pdf>.

(F) ASSET LIABILITY MANAGEMENT COMMITTEE

The Asset Liability Management Committee ("ALM Committee") of the Company has been constituted in accordance with RBI Master Direction - Non- Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

CORPORATE GOVERNANCE REPORT (Contd.)

The functions of the ALM Committee include addressing concerns regarding asset liability mismatches, interest rate risk exposure, and achieving optimal return on capital employed while maintaining acceptable levels of risk including and relating to liquidity, market and operational aspects and adhering to the relevant policies and regulation.

a) Composition and Meetings

During the year under review, the Committee comprised of 5 (five) Members out of which 1 (one) is Promoter, Executive and Non Independent Director and 4 (Four) are other employees of the Company. Mr Adhish Swaroop, Company Secretary & Compliance Officer of the Company, is the Secretary of the Committee. The quorum of the Committee is three members.

During the year under review, the ALM Committee met 2 (Two) times on April 12, 2019 and October 16, 2019. The attendance of the members at the meetings are as follows:

Name of Member	Designation/Category	No. of meetings held/attended during the Financial Year 2019-20		% of attendance
		Held during their tenure	Attended	
Mr H P Singh	Chairman (Promoter, Executive and Non Independent Director)	2	2	100
Mr Jugal Kataria	Member (Group Controller)	2	2	100
Mr Amit Kumar Gupta	Member (Head-Accounts)	2	2	100
Mrs Urvashi Tyagi**	Member (Head-Finance)	2	1	100
Mr Ashish Dhamija*	Member (Head-Treasury)	1	1	100
Mr Ashish Gupta**	Member (Head-Finance)	1	1	100

*During the year under review, Mr Ashish Dhamija Head- Treasury was appointed as a member of the Committee in the Board meeting held on May 08, 2019.

** Mrs Urvashi Tyagi Head- Finance appointed as a member of ALM Committee in place of Mr Ashish Gupta in the meeting of the Board of Directors held on August 09, 2019.

The Board of Directors in its meeting held on February 12, 2020 had approved the Risk Management Governance Policy in which the ALM Committee has been reconstituted. The composition of the ALM Committee after said reconstitution w.e.f. February 12, 2020 is given below:

Name of Member	Designation/ Category
Mr H P Singh	Chairman (Promoter, Executive and Non Independent Director)
Mr Jugal Kataria	Member (Group Controller)
Mr Krishan Gopal	Member (Chief Financial Officer)
Mr Prem Prakash	Member (Chief Risk Officer)
Mr Amit Kumar Gupta	Member (Head-Accounts)
Mrs Urvashi Tyagi	Member (Head-Finance)

b) Terms of Reference

The terms of references of Asset Liability Management Committee in terms of RBI guidelines are as follows:

- Review Market & ALM Policy of the Company and table the same to BoD for approval;
- Review ALM limits proposed and table the same to BoD for approval;
- Review the asset liability profile of the Company in terms of borrowings, advances, investments, etc. and recommend action if needed;
- Review the net interest income of the SCNL as well as the asset-liability position;
- Review the Liquidity risk and Interest Rate Risk from the ALM perspective and give directives for managing the same;
- Review the funding strategy of the Company on a regular basis;
- Discuss and approve product pricing and desired maturity profile of the incremental assets and liabilities;
- Review and approve the methodology and bucketing assumptions, including changes, if any, used for preparation of ALM reports; and
- Update the RMCB/BoD on the liquidity risk and interest rate risk profile of the Company.

CORPORATE GOVERNANCE REPORT (Contd.)

(G) IT STRATEGY COMMITTEE

The IT Strategy Committee of the Company has been constituted in terms of "Master Direction - Information Technology Framework for NBFC Sector" issued by RBI on June 08, 2017.

a) Composition and Meetings

During the year under review, the Committee comprised of 5 (five) Members out of which 1 (one) is Promoter, Executive and Non Independent Director and 1 (one) is an independent Director and 1 (one) is Non-executive Nominee Director and 2 (Two) are other employees of the Company. Mr Adhish Swaroop, Company Secretary & Compliance Officer of the Company, is the Secretary of the Committee. The quorum of the Committee is one half of total strength with mandatorily presence of Chairman of the Committee who shall be an independent Director.

During the year under review, the Committee met 2 (two) times on June 20, 2019 and December 19, 2019. The attendance of the members at the meetings are as follows:

Name of Member	Designation/Category	No. of meetings held/attended during the Financial Year 2019-20		% of attendance
		Held during their tenure	Attended	
Mr Rakesh Sachdeva	Chairman (Independent Director)	2	1	50
Mr H P Singh	Member (Promoter, Executive & Non- Independent Director)	2	2	100
Mr Daniel Simpson Jacobs*	Member (Nominee Director- Kora Investments I LLC)	2	2	100
Mr Jugal Kataria	Member (Group Controller)	2	2	100
Mr Sanjay Mahajan	Member (Chief Information Officer)	2	2	100

* Mr Daniel Simpson Jacobs has resigned from the Board with effect from March 03, 2020.

b) Terms of Reference

The terms of reference of the IT Strategy Committee are as follows:

- To carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and matters related to IT Governance.
- To approve and recommending to Board of Directors of the Company, "IT strategy and policy documents" and ensuring that the management has put an effective strategic planning process in place.
- To ascertain that management has implemented processes and practices that ensure that the IT delivers value to the business.
- To ensure IT investments represent a balance of risks and benefits and that budgets are acceptable.
- To monitor the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
- To ensure proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.
- To carry out any other function in terms of any other applicable guidelines or in any other applicable law (within the ambit of IT Governance system).
- To undertake and ensure other function and responsibilities as stipulated under Master Direction -Information Technology Framework (Ref.: RBI/DNBS/2016-17/53 Master Direction DNBS.PPD.No.04/66.15.001/2016-17) for the NBFC Sector, as amended from time to time.

(H) WORKING COMMITTEE

The Working Committee of the Company has been constituted in line with the provisions of Section 179(3) of the Companies Act, 2013.

CORPORATE GOVERNANCE REPORT (Contd.)

a) Composition and Meetings

During the year under review, the Committee comprised of 5 (five) Members out of which 1 (one) is Promoter, Executive and Non Independent Director and 1 (one) is Promoter, Non-Executive and Non Independent Director and 4 (Four) are other employees of the Company. Mr Adhish Swaroop, Company Secretary & Compliance Officer of the Company, is the Secretary of the Committee. The quorum of the Committee is one half of total strength or such other quorum as determined by Chairman of the Working Committee, from time to time.

During the year under review, the Working Committee met 40 times on the following dates:

Sl. No.	Date of Meetings	Sl. No.	Date of Meetings
1	April 16, 2019	21	September 27, 2019
2	May 3, 2019	22	October 9, 2019
3	May 21, 2019	23	October 15, 2019
4	June 6, 2019	24	October 23, 2019
5	June 13, 2019	25	November 19, 2019
6	June 17, 2019	26	November 22, 2019
7	June 24, 2019	27	November 27, 2019
8	June 26, 2019	28	December 5, 2019
9	June 27, 2019 (At 12:30 P.M.)	29	December 17, 2019
10	June 27, 2019 (At 6:30 P.M.)	30	December 23, 2019
11	June 29, 2019	31	December 30, 2019
12	July 19, 2019	32	January 16, 2020
13	August 2, 2019	33	January 29, 2020
14	August 13, 2019	34	February 5, 2020
15	August 26, 2019	35	February 19, 2020
16	August 28, 2019	36	March 4, 2020
17	August 31, 2019	37	March 6, 2020
18	September 13, 2019	38	March 19, 2020
19	September 24, 2019	39	March 24, 2020 (At 9:00 A.M.)
20	September 25, 2019	40	March 24, 2020 (At 6:15 P.M.)

The attendance of the members at the meetings are as follows:

Name of Member(s)	Designation/Category	No. of meetings held/attended during the Financial Year 2019-20		% of attendance
		Held during their tenure	Attended	
Mr H P Singh	Chairman (Promoter, Executive & Non- Independent Director)	40	39	97
Mr Satvinder Singh	Member (Promoter, Non-Executive & Non- Independent Director)	40	37	92
Mr Jugal Kataria	Member (Group Controller)	40	37	92
Mr Amit Kumar Gupta	Member (Head-Accounts)	40	39	97
Mrs Urvashi Tyagi*	Member (Head-Finance)	27	26	96
Mr Ashish Gupta *	Member (Head-Finance)	11	11	100

*Mr Ashish Gupta has resigned from the office w.e.f. July 11, 2019 and Mrs Urvashi Tyagi has been appointed as a member of Working Committee in place of Mr Ashish Gupta in the meeting of the Board of Directors held on August 09, 2019.

b) Terms of Reference

The Board of Directors of the Company has revised the scope of work on November 06, 2019 which broadly covers to consider, review and approve routine matters of the Company which includes but not limited to evaluation and approval of various proposals for borrowings, investments etc. in ordinary course of business within the limits Authorized by the Board/shareholder. Moreover, Committee also consider and approve various Banking operations for smooth functioning and other general purposes of the Company as may be Authorized/ delegated by the Board from time to time.

CORPORATE GOVERNANCE REPORT (Contd.)

4. REMUNERATION PAID TO DIRECTORS

The disclosure in respect of remuneration paid/payable to Managing Director/Whole Time Director of the Company for the financial year 2019-20 is given below:

Particulars	Mr H P Singh, Chairman cum Managing Director (In ₹)
Salary	2,26,54,200
Provident Fund	27,18,504
Gratuity	-
Leave Encashment	-
Approximate value of perquisites	38,15,300
Total	2,91,88,004
Present period of agreement for remuneration	June 01, 2018 to September 30, 2020
Present period of agreement of appointment	October 01, 2015 to September 30, 2020

Considering the time and efforts made by the Non-Executive Directors, it is necessary that appropriate sitting fees are paid to the Non-Executive Directors for attending the meetings of the Board and its Committees.

During the year under review, the Company is paying only the sitting fees to all the Non-Executive Directors within the ceiling of ₹ 1,00,000 per meeting as prescribed under the Companies Act, 2013 and the rules made thereunder. The Board of Directors in their meeting held on October 14, 2019 has revised the structure for payment of sitting fee for attending Board and Committee Meetings which is as follows:

Sl. No.	Type of Meeting	Sitting Fees
1	Board Meeting	₹ 30,000 (Rupees Thirty Thousand) per meeting
2	Audit Committee and Risk Management Committee Meeting	₹ 25,000 (Rupees Twenty Five Thousand) per meeting
3	Other Statutory Committee Meeting	₹ 20,000 (Rupees Twenty Thousand) per meeting

Detail of payments made to Non-Executive Directors towards sitting fee during the financial year 2019-20 is as under:

Sl. No.	Name of Non-Executive Directors (Other than Investor's nominees)	Sitting Fees (FY 2019-20)		Total (Amount in ₹)
		Board Meeting (Amount in ₹)	Committee Meeting (Amount in ₹)	
1	Mr Rakesh Sachdeva	1,40,000	90,000	2,30,000
2	Mr Sundeep Kumar Mehta	1,70,000	2,30,000	4,00,000
3	Mr Satvinder Singh	1,70,000	1,85,000	3,55,000
4	Mr Anil Kumar Kalra	1,45,000	90,000	2,35,000
5	Mr Goh Colin	1,40,000	20,000	1,60,000
6	Mrs Sangeeta Khorana	1,15,000	95,000	2,10,000
7	Mr Sanjay Kumar Bhatia	1,10,000	1,35,000	2,45,000
	Total	9,90,000	8,45,000	18,35,000

In addition, the Non-Executive Directors will be paid travelling expenses including air fare, hotel stay and car on rental basis for attending the meetings of the Board/Committee and such other expenses as are incurred by the Non-Executive Directors and allowed to be reimbursed as per the provisions of the Companies Act, 2013. There was no pecuniary relationship or transactions of the non-executive Directors vis-a-vis the Company during the Financial Year ended March 31, 2020 other than those disclosed in the financial statements. Also, none of Directors of the Company except Mr H P Singh Chairman cum Managing Director is taking remuneration as approved by Board/Members of the Company.

Furthermore, none of the Directors of the Company is taking any salary, benefit, bonuses, stock options & pension from the Company. The Company pays only sitting fee for attending the Board or Committee meetings and there is no fixed component and performance linked incentives involved therein, also Company has not signed any service contracts, notice period or severance fees contract with any of the Directors.

CORPORATE GOVERNANCE REPORT (Contd.)

5. ANNUAL GENERAL MEETINGS, EXTRAORDINARY GENERAL MEETINGS AND POSTAL BALLOT

The details of the Annual General Meeting held in the last three years are as follows:

Annual General Meetings (AGMs):

Year	Location	Date	Time	Whether any Special Resolution(s) passed
2018-19	Little Theatre Group Auditorium 1, Copernicus Marg, Mandi House, Opp. Doordarshan Bhavan, Near Connaught Place, New Delhi - 110001	July 06, 2019	10:30 A.M.	<ol style="list-style-type: none"> 1. Issuance of Non-Convertible Debentures, in one or more series/tranches pursuant to section 42 of the Companies Act, 2013. 2. To increase the borrowing power of Board of Directors u/s 180(1)(c) of the Companies Act, 2013. 3. Creation of Charges on the Movable and Immovable properties of the Company, both present and future, in respect of borrowings u/s 180(1)(a) of the Companies Act, 2013. 4. Re-appointment of Mr Rakesh Sachdeva as an Independent Director. 5. Re-appointment of Mr Sundeep Kumar Mehta as an Independent Director. 6. Re-appointment of Mrs Sangeeta Khorana as an Independent Director. 7. Re-appointment of Mr Goh Colin as an Independent Director. 8. Re-appointment of Mr Sanjay Kumar Bhatia as an Independent Director.
2017-18	Little Theatre Group Auditorium 1, Copernicus Marg, Mandi House, Opp. Doordarshan Bhavan, Near Connaught Place, New Delhi - 110001	July 06, 2018	10:30 A.M.	<ol style="list-style-type: none"> 1. Issuance of Non-Convertible Debentures, in one or more series/tranches pursuant to section 42 of the Companies Act, 2013. 2. Amendments in the Articles of Association of the Company u/s 14 of the Companies Act, 2013. 3. To increase the borrowing power of Board of Directors u/s 180(1)(c) of the Companies Act, 2013. 4. Creation of Charges on the Movable and Immovable properties of the Company, both present and future, in respect of borrowings u/s 180(1)(a) of the Companies Act, 2013. 5. To approve the revision in overall remuneration to be paid to Mr H P Singh (DIN: 00333754), Chairman cum Managing Director of the Company.
2016-17	Kamani Auditorium, 1, Copernicus Marg, New Delhi-110001	July 06, 2017	11:00 A.M.	<ol style="list-style-type: none"> 1. To appointment of Mr Davis Frederick Golding (DIN: 00440024) as an Independent Director. 2. Issuance of Non-convertible Debentures, in one or more series/tranches pursuant to section 42 of the Companies Act, 2013. 3. Approval for termination of earlier Employee Stock Option Plan (ESOP) Schemes. 4. Approval of Satin Employees Stock Option Scheme 2017. 5. Approval of Grant of Stock Option to the Employees of Subsidiary Company(ies) (Present and Future) under the Scheme. 6. Further Issuance of Securities. 7. Amendments in the Articles of Association of the Company u/s 14 of the Companies Act, 2013.

All resolutions moved at the last AGM were passed by means of electronic and physical voting by the requisite majority of members.

CORPORATE GOVERNANCE REPORT (Contd.)

Postal Ballot:

During the year under review, no resolution was passed through postal ballot. However, if required, the same shall be passed in compliance of provisions of Companies Act, 2013, SEBI LODR or any other applicable laws.

E-VOTING:

The Company had provided e-voting facility to the members of the Company for the Annual General Meeting held during the financial year 2019-20.

Pursuant to section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing e-voting facility to all members to enable them to cast their votes electronically on all resolutions set forth in the Notice of this Annual General Meeting. The instruction(s) for e-voting is provided in the Notice of the Annual General Meeting.

6. SHAREHOLDERS' COMMUNICATION

The Board recognises the importance of two-way communication with shareholders and giving a balanced report of results and progress and responding to questions and issues raised in a timely and consistent manner. The Company has its website (www.satincreditcare.com) that contains required information for the shareholders.

Means of Communication

Quarterly results and other relevant information: The Company's quarterly results are normally published in "Business Standard" and other newspapers and are also displayed along with other relevant information viz., notices, shareholder communications, policies, Director's profile, annual report, other official news etc. on its corporate website i.e. www.satincreditcare.com.

News releases, presentations, among others: Official news releases, corporate presentations, press release and official media releases are sent to Stock Exchanges.

Website: The Company's website www.satincreditcare.com contains a separate section 'Investor' for use of investors. The quarterly, half yearly and annual financial results and official news releases are promptly and prominently displayed on the website. Annual Reports, Quarterly Corporate Governance Reports, Shareholding Patterns and other Corporate Communications made to the Stock Exchanges are also available on the website.

Communication to shareholders on email: In support of the "Green Initiative" undertaken by the Ministry of Corporate Affairs, the Company had during FY 2019-20 sent various communications including Documents like Notices and Annual Report to the shareholders at their email address, as registered with their Depository Participants/ Company/ Registrar & Transfer Agents

(RTA). This helps in prompt delivery of document, reduce paper Consumption, save trees and avoid loss of documents in transit.

The Company proposes to send documents like shareholders meeting notice/ other notices, audited financial statements, Directors' report, auditor's report or any other document, to its members in electronic form at the email address provided by them and/or made available to the Company by their depositories. We would greatly appreciate and encourage more Members to register their email address with their Depository Participant or the Registrar & Transfer Agent of the Company, to receive soft copies of the Annual Report, Postal Ballot Notices and other information disseminated by the Company, on a real-time basis without any delay.

7. GENERAL SHAREHOLDER INFORMATION

(a) Company Registration Details:

The Company is registered in New Delhi, India. The Corporate Identification Number (CIN) allotted by the Ministry of Corporate Affairs is L65991DL1990PLC041796. The Company being Systemically Important Non-Deposit taking NBFC is registered with Reserve Bank of India.

(b) Ensuing Annual General Meeting:

Date and Time	Wednesday, August 05, 2020 at 10:30 A.M.(IST.)
Venue	through Video Conferencing

(c) Financial Year: April 01, 2019 to March 31, 2020

(d) Book Closure: The dates of Book Closure are from Thursday, July 30, 2020 to Wednesday, August 05, 2020 (both days inclusive).

(e) Dividend payment:

Directors of your Company have recommended a final Dividend on Preference Shares for the financial year 2019-20

Preference Share	Type of Dividend	No. of Preference Shares	Dividend Per Shares (In ₹)
12.10% Rated, Cumulative, Non-Convertible and Compulsorily Redeemable Preference Shares	Final	2,50,00,000	1.21

The dividend recommended by the Directors for the year ended March 31, 2020, if declared at the ensuing Annual General Meeting, will be paid by September 03, 2020 to those members whose names appear in the register of members/depository records as on the closing hours of business on Thursday, July 16, 2020.

CORPORATE GOVERNANCE REPORT (Contd.)

Further, in order to undertake and carry on future plans, it is necessary to conserve the resources. Your Directors are of the opinion of retaining the profits for the year within the Company and thus have not recommended any dividend on Equity Shares for the year ended March 31, 2020.

(f) Listing of Shares:

Equity Shares Listed on Stock Exchanges: The detail is stated below:

National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra East, Mumbai-400051	[Scrip Code: SATIN]
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001	[Scrip Code: 539404]
Annual Listing Fee: The Annual Listing fee for the financial year 2019-20 has already duly paid to all the Stock Exchanges where Shares and Debentures of the Company are listed.	

(g) Demat ISIN Number in NSDL & CDSL:

For Equity Shares	INE 836B01017
For Non- Convertible Cumulative Redeemable Preference Shares	INE 836B04029

For Non-Convertible Debentures (NCD) are as follows:

Sl. No.	Name/Details of Trustee	ISIN	No. of Debentures	Amount* (In ₹)
1.	AXIS TRUSTEE SERVICES LIMITED 2nd Floor, 'E', Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai- 400025	INE836B08038	130	13,00,00,000
		INE836B07162	20	2,00,00,000
2.	CATALYST TRUSTEESHIP LIMITED (formerly GDA Trusteeship Limited) GDA House, Plot No. 85, Bhusari Colony (Right) Paud Road, Pune - 411038	INE836B07097	200	50,00,00,000
		INE836B08020	150	15,00,00,000
		INE836B08046	250	25,00,00,000
		INE836B08061	250	25,00,00,000
		INE836B08095	100	10,00,00,000
		INE836B08137	100	10,00,00,000
		INE836B08129	100	10,00,00,000
		INE836B08111	100	10,00,00,000
		INE836B08103	100	10,00,00,000
		INE836B07279	250	25,00,00,000
		INE836B08145	250	25,00,00,000
		INE836B08160	350	35,00,00,000
		INE836B07303	200	20,00,00,000
		INE836B07311	650	65,00,00,000
		INE836B07329	450	45,00,00,000
		INE836B07337	330	33,00,00,000
		INE836B07360	600	60,00,00,000
		INE836B07378	970	97,00,00,000
		INE836B07386	300	30,00,00,000
		INE836B07394	387	38,70,00,000
		INE836B07402	2,130	21,30,00,00,000
		INE836B07410	250	25,00,00,000
		INE836B07436	1,200	1,20,00,00,000
		INE836B08202	300	30,00,00,000
		INE836B08210	10,010	50,05,00,000
		INE836B07428	680	68,00,00,000

* Nominal Value of NCDs are Considered.

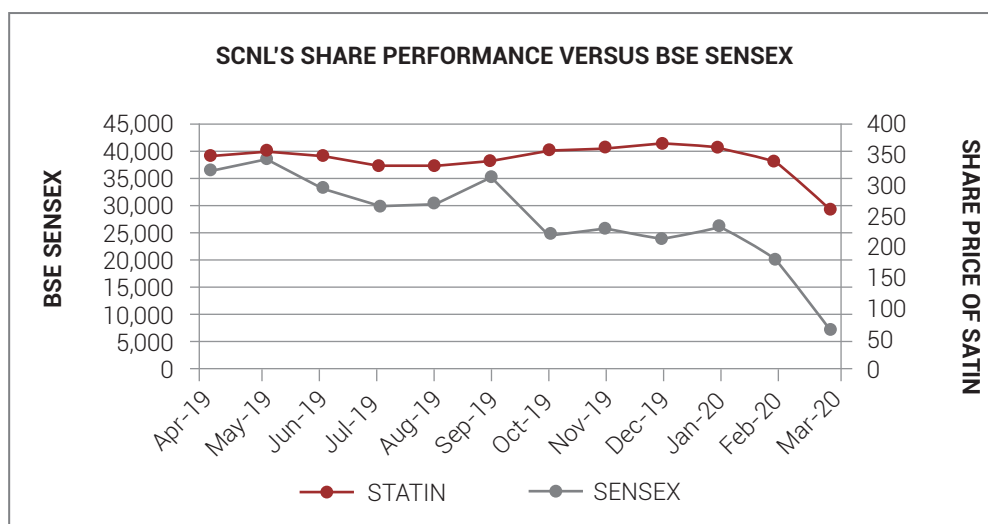
CORPORATE GOVERNANCE REPORT (Contd.)

(h) Stock Market Price Data (In ₹):

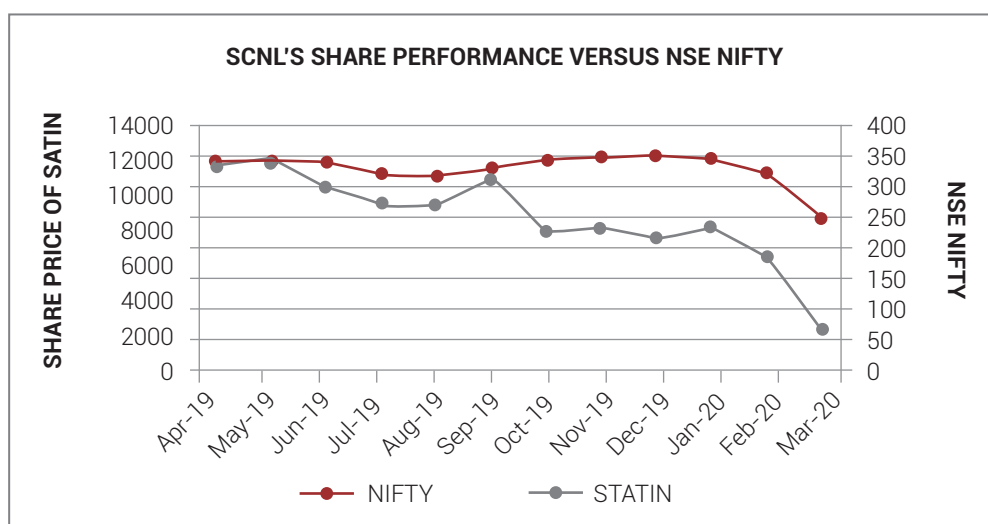
Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High	Low	High	Low
Apr-19	398.00	301.10	389.10	306.60
May-19	354.00	289.65	349.00	291.65
Jun-19	345.50	280.05	354.45	279.95
Jul-19	296.30	227.80	300.00	251.15
Aug-19	290.00	232.15	293.70	253.00
Sep-19	317.65	260.00	320.65	259.45
Oct-19	308.50	212.20	315.00	211.70
Nov-19	249.45	209.30	249.70	208.10
Dec-19	231.00	182.90	230.70	182.35
Jan-20	244.50	196.00	244.40	195.80
Feb-20	232.60	166.60	234.00	164.10
Mar-20	185.05	63.65	187.05	61.40

(i) Performance in comparison to broad-based indices such as BSE Sensex, NSE Nifty etc.

Performance in comparison to BSE Sensex (Closing value of Satin's share price v/s BSE Sensex)



Performance in comparison to NSE Nifty (Closing value of Satin's share price v/s NSE Nifty)



CORPORATE GOVERNANCE REPORT (Contd.)

(j) No security was suspended from trading during the Financial Year 2019-20

(k) Registrar & Share Transfer Agents:

Sl. No.	Name of Security	Registrar & Transfer Agent
1	Equity Shares & Preference Shares	Link Intime India Private Limited Noble Heights, 1st Floor, Plot NH 2, C-1 Block ISC, Near Savitri Market, Janakpuri, New Delhi - 110058
2	Non-Convertible Debentures and Commercial papers	KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) Karvy Selenium Tower-B", Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad-500032, Telangana

(l) Share transfer system:

All matters connected with share / Non-Convertible Debenture transfer, transmission, dividend / interest payment is handled by the Registrar & Transfer Agent. Transfers are generally processed within 15 days of lodgement.

(m) Shareholding Pattern/Distribution of shareholding as on March 31, 2020:

Category	Shareholding	% of Holding
Promoters (Individuals)	12,85,480	2.47
Foreign Company	90,70,986	17.43
Foreign Portfolio Investors (Corporate)	39,71,228	7.63
Mutual Funds	99,06,522	19.04
Other Bodies Corporate	44,30,221	8.51
Public	37,37,585	7.18
Financial Institutions	41,749	0.08
Employee Welfare Trust / ESOP	3,48,950	0.67
Non-Resident Indians	5,87,803	1.13
Hindu Undivided Family	1,99,093	0.38
Clearing Members	98,277	0.19
Directors	6,711	0.01
Foreign Nationals	3,200	0.01
Non-Nationalised Banks	21,72,959	4.17
Trusts	549	0.00
Alternate Investment Funds	39,651	0.08
Corporate Bodies (Promoter Co.)	1,44,23,264	27.72
Foreign Banks	15,43,187	2.97
NBFCs Registered with RBI	10,000	0.02
Non Resident (Non Repatriable)	1,60,279	0.31
TOTAL	5,20,38,194	100.00

Distribution of shareholding based on shares held as on March 31, 2020

Sl. No.	Shares Range	Number of Shareholders	% of total Shareholders	Total Shares for the Range	% of issued Capital
1	1 to 500	9,339	88.08	9,43,807	1.81
2	501 to 1,000	560	5.28	4,42,622	0.85
3	1,001 to 2,000	266	2.51	3,96,548	0.76
4	2,001 to 3,000	109	1.02	2,76,742	0.53
5	3,001 to 4,000	63	0.59	2,30,156	0.44
6	4,001 to 5,000	44	0.42	2,06,293	0.41
7	5,001 to 10,000	90	0.85	6,56,483	1.26
8	10,001 and Above	132	1.25	4,88,85,543	93.94
	Total	10,603	100.00	5,20,38,194	100.00

CORPORATE GOVERNANCE REPORT (Contd.)

(n) Dematerialization of Shares:

99.68% of the Equity Shares have been dematerialized up to March 31, 2020. Trading in equity shares of the Company is permitted only in dematerialized form w.e.f April 28, 2001 as per notification issued by the Securities and Exchange Board of India (SEBI) and the equity shares of the Company are frequently traded on both BSE and NSE.

(o) The Company has not subscribed in any of the Global Depository Receipt or American Depository Receipt or warrants or any convertible instruments.

(p) Company is in the business of Non-Banking Finance Company (Micro Finance Industry), hence no plant information can be provided as such.

(q) Address for correspondence:

Corporate Office	Floor 1 & 3, Plot No. -97, Sector-44, Gurugram, Haryana-122003, India.
Registered Office	5th Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, Delhi-110033, India.

(r) List of all credit ratings obtained by the Company during the year are as follows:

Particulars	Amount (₹ in Crores)	Credit Rating Agency	Current Rating
Non-Convertible Debentures	45.00	ICRA Limited	[ICRA]A- (Stable)
Non-Convertible Debentures	33.00	ICRA Limited	[ICRA]A- (Stable)
Non-Convertible Debentures	2.00	ICRA Limited	[ICRA]A- (Stable)
Non-Convertible Debentures	50.00	ICRA Limited	[ICRA]A- (Stable)
Subordinate Debt	15.00	ICRA Limited	[ICRA]A- (Stable)
Subordinate Debt	13.00	ICRA Limited	[ICRA]A- (Stable)
Subordinate Debt	25.00	ICRA Limited	[ICRA]A- (Stable)
Subordinate Debt	25.00	ICRA Limited	[ICRA]A- (Stable)
Subordinate Debt	40.00	ICRA Limited	[ICRA]A- (Stable)
Subordinate Debt	10.00	ICRA Limited	[ICRA]A- (Stable)
Commercial Paper	200.00	ICRA Limited	[ICRA] A1
Non-Convertible Debentures	97.00	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	24.20	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	38.70	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	213.00	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	12.50	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	12.50	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	120.00	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	40.00	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	60.00	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	65.00	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	50.00	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	26.28	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	68.00	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	15.00	Credit Analysis & Research Ltd	CARE A-; Stable
Subordinate Debt	50.05	Credit Analysis & Research Ltd	CARE A-; Stable
Subordinate Debt	30.00	Credit Analysis & Research Ltd	CARE A-; Stable
Commercial Paper	200.00	Credit Analysis & Research Ltd	CARE A1
Fund Based -Long Term Bank Facilities	2,800.00	Credit Analysis & Research Ltd	CARE A-; Stable
Preference Share	25.00	Credit Analysis & Research Ltd	CARE BBB+ (RPS); Stable
Securitisation	46.19	Credit Analysis & Research Ltd	Provisional CARE A (SO)
Non-Convertible Debentures	50.00	India Rating & Research	IND A- Positive Outlook
Fund Based -Short Term Bank Facilities	200.00	CRISIL Limited	CRISIL A1
Commercial Paper	150.00	CRISIL Limited	CRISIL A1

CORPORATE GOVERNANCE REPORT (Contd.)

(s) Transfer of unclaimed dividends due for remittance into Investor Education and Protection Fund (IEPF):

No amount of unclaimed dividend is due for transfer to Investor Education and Protection Fund.

(t) Reconciliation of Share Capital Audit:

A quarterly audit was conducted by a Practising Chartered Accountant, reconciling the issued and listed capital of the Company with the aggregate of the number of shares held by investors in physical form and in the depositories and the said certificates were submitted to the Stock Exchanges within the prescribed time limit.

(u) Information to Shareholders:

A brief resume of the Directors appointed/reappointed together with the nature of their experience and details of the other Directorships held by them is annexed to the Notice convening the Annual General Meeting.

(v) Any query on Annual Report:

Members can write an email on secretarial@satincare.com or send their query on annual report on below mentioned address: Floor 1 & 3, Plot No. -97, Sector-44, Gurugram, Haryana-122003, India, addressed to the Company Secretary & Compliance Officer of the Company.

8. OTHER DISCLOSURES:

(a) Disclosure on Materially significant related party transaction:

There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management, their subsidiaries or relatives which may have potential conflict with the interests of the Company at large. The necessary disclosures regarding related party transactions are given in the notes to accounts. The Company has also formulated a policy on dealing with the Related Party Transactions and necessary approval of the audit committee and Board of Directors were taken wherever required in accordance with the Policy. The policy has been uploaded on the website of the Company at <https://satincare.com/wp-content/uploads/2019/05/RPT-Policy.pdf>

(b) There were no instances of material non-compliances with Stock Exchange(s), SEBI or RBI regulations nor any penalties or strictures have been imposed on the Company by the Stock Exchange(s), SEBI or RBI or any statutory authority on any matter related to capital markets during the last three financial years.

(c) Establishment of Vigil Mechanism/ Whistle Blower Policy:

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 22 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company vide its Board meeting dated February 10, 2016 had adopted Whistle Blower Policy/ Vigil Mechanism applicable for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of Directors/ employees who avail the mechanism.

The Company affirms that no personnel has been denied access to the Audit Committee. In order to ensure proper functioning of vigil mechanism the Audit Committee of the Company on quarterly basis take note of the same. The Whistle Blower Policy/Vigil Mechanism is also placed on website of the Company, i.e. <https://satincare.com/wp-content/uploads/2019/05/Whistle-blower-Policy.pdf>

(d) Compliance with Mandatory requirement:

The Company is complying with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the Company has not adopted any of the non-mandatory requirements stipulated under the said enactment.

(e) Material Subsidiaries:

During the year under review, the Company does not have any material subsidiaries. However, the Company has adopted a Policy for Determination of Materiality of Events / Information for Disclosures, Policy on Preservation of Document and Archival Policy. The policy is also placed on website of the Company at <https://satincare.com/wp-content/uploads/2019/05/Material-Subsidiary-Policy.pdf>.

(f) There is no commodity price risk or foreign exchange risk and hedging activities involved or applicable.

(g) During the year under review, your Company has not raised any fund through preferential allotment or qualified institutions placement. Further, during the year under review, your Company has allotted 13,43,283 equity shares to IndusInd Bank Limited, a non-promoter Company, on June 27, 2019. These shares are allotted against 13,43,283 Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) which were

CORPORATE GOVERNANCE REPORT (Contd.)

allotted to IndusInd Bank Limited on December 28, 2017 at ₹ 335 each for which full amount was paid at the time of allotment of such OCCRPS and also allotted 17,91,044 equity shares to Trishashna Holdings & Investments Private Limited (THIPL), a promoter group Company, on June 27, 2019. These equity shares are allotted against 17,91,044 fully convertible warrants (FCW) which were allotted to THIPL on December 28, 2017 at ₹ 335 each (25% of which was paid on allotment of FCW and 75% was paid on allotment of equity shares).

(h) The certificate from a Company secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority is annexed to the report as **Annexure – 2**.

(i) During the year under review, the Board has accepted all mandatory recommendation of Committees.

(j) Fees paid to the Statutory Auditors:

The details of total fees paid by the listed entity and its subsidiaries on consolidated basis to the statutory auditors is as follows:

Sl. No.	Name of Company	Status of Company	Amount Paid (In ₹)
1	Satin Creditcare Network Limited	Holding Company	28,52,042
2	Taraashna Financial Services Limited	Wholly owned subsidiary	5,00,000
3	Satin Housing Finance Limited	Wholly owned subsidiary	4,27,000
4	Satin Finserv Limited	Wholly owned subsidiary	1,00,000
	Total		38,79,042

(k) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- Number of complaints filed during the financial year- Nil
- Number of complaints disposed of during the financial year- Nil
- Number of complaints pending as on end of the financial year- Nil

(l) The Company has complied with the requirements of Part C (Corporate Governance Report) of sub-para (2) to (10) of Schedule V of the SEBI LODR.

(m) The Company has adopted only one discretionary requirements as specified in Part E of Schedule II of SEBI LODR i.e. reporting of internal auditor directly to the Audit Committee.

(n) Compliance Certificate:

The Company has complied with Corporate Governance Requirements as specified in Regulation 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period commencing from April 01, 2019 and ended on March 31, 2020 and the same is annexed to the report as **Annexure – 3**.

(o) CEO/CFO certification:

The requisite certification from the Chairman cum Managing Director and Chief Financial Officer for the Financial Year 2019-20 required to be given under Regulations 17(8) and 33(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was placed before the Board of Directors of the Company at its meeting held on June 15, 2020 and the same is annexed to the report as **Annexure – 4**.

(p) Equity Shares in the Demat suspense account / unclaimed suspense account:

As on March 31, 2020, there are no shares in the Demat suspense account / unclaimed suspense account.

For and on behalf of the Board of Directors

H P Singh

(Chairman cum Managing Director)
(DIN: 00333754)

Place: Gurugram
Date: June 15, 2020

ANNEXURES TO CORPORATE GOVERNANCE REPORT

ANNEXURE - 1

DECLARATION BY CHAIRMAN CUM MANAGING DIRECTOR UNDER SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

I hereby confirm that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Board of Directors and Senior Management Personnel, as approved by the Board, for the financial year ended on March 31, 2020.

For and on behalf of the Board of Directors

H P Singh

(Chairman cum Managing Director)
(DIN: 00333754)

Place: Gurugram

Date: June 15, 2020

ANNEXURE - 2

CERTIFICATE OF CORPORATE GOVERNANCE UNDER REGULATION 34(3) READ WITH SCHEDULE V PART C CLAUSE (10) SUB-CLAUSE (I) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,

The Members,

Satin Creditcare Network Limited

We have examined all the relevant records of Satin Creditcare Network limited (CIN: L65991DL1990PLC041796) (the Company) for the purpose of conditions stipulated under Regulation 34(3) read with Schedule V Part C Clause (10) Sub Clause (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. We have obtained all the information and explanations which are to the best of our knowledge and belief were necessary for the purpose of certification.

In our opinion and to the best of our information and according to the explanations given to us, we certify that none of the directors on the board of the company have been debarred or disqualified, from being appointed or continuing as directors of companies, by the SEBI/MCA or any such statutory authority during the period commencing from April 01, 2019 and ended on March 31, 2020.

For S. Behera & Co.

Company Secretaries

Shesdev Behera

FCS No. 8428

C P No.: 5980

UDIN: F008428B000277961

Date: May 25, 2020

Place: Delhi

ANNEXURE - 3

CERTIFICATE OF CORPORATE GOVERNANCE UNDER REGULATION 34(3) READ WITH SCHEDULE V (E) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

**To,
The Members,
Satin Creditcare Network Limited**

We have examined all the relevant records of Satin Creditcare Network limited (CIN: L65991DL1990PLC041796)(the Company) for the purpose of certifying the compliance of the conditions of Corporate Governance as stipulated under Regulation 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period commencing from April 01, 2019 and ended on March 31, 2020. We have obtained all the information and explanations which are to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulation 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and para C, D and E of Schedule V for the period commencing from April 01, 2019 and ended on March 31, 2020.

This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For S. Behera & Co.
Company Secretaries

Shesdev Behera
FCS No.: 8428
C P No.: 5980
UDIN: F008428B000277961

Date: May 25, 2020
Place: Delhi

ANNEXURE - 4

CEO/CFO CERTIFICATION

To,
The Board of Directors
Satin Creditcare Network Limited
5th Floor, Kundan Bhawan,
Azadpur Commercial Complex,
Azadpur, Delhi-110033

Sub: Certificate of Chairman cum Managing Director and Chief Financial Officer under Regulations 33(2) and 17(8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir(s),

We, the undersigned, certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the quarter and year ended March 31, 2020 and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period under review which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee deficiencies in the design and operations of such internal controls, if any, of which they are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - (i) that there are no significant changes in internal control over financial reporting during the period under review;
 - (ii) that there are no significant changes in accounting policies during the period under review and that the same have been disclosed in the notes to the financial statements; and
 - (iii) that there are no instances of significant fraud during the period under review of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Gurugram
 Date: June 15, 2020

H P Singh
 Chairman cum Managing Director
 (DIN: 00333754)

Krishan Gopal
 Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of Satin Creditcare Network Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

- 1) We have audited the accompanying Standalone Financial Statements of **Satin Creditcare Network Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
- 2) In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ('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 of the Company as at 31 March 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

- 3) 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 Matter

- 4) We draw attention to Note 53 to the accompanying standalone financial statement, which describes significant uncertainties due to the outbreak of SARS-CoV-2 (COVID-19 pandemic) virus. The impact of the COVID-19 pandemic on the operations of the Company and its financial position as at 31 March 2020 including the measurement of expected credit losses on the financial loan assets are significantly dependent on uncertain future economic conditions. Our opinion is not modified in respect of this matter.

Key Audit Matters

- 5) Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (Contd.)

- 6) We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Expected Credit Losses on loans</p> <p>[Refer Note 3(i) for the accounting policy and Note 42 for the related disclosures]</p> <p>As at 31 March 2020, the Company has financial assets (loans) amounting to ₹ 470,939.10 lakhs including loans which are carried at fair value through other comprehensive income amounting to ₹ 420,819.04 lakhs. As per Ind AS 109-Financial Instruments, the Company is required to recognize allowance for expected credit losses on financial assets. The expected credit loss is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio.</p> <p>Expected credit loss cannot be measured precisely but can only be estimated through use of statistics. The calculation of expected credit losses is complex and requires exercise of judgement around both the timing of recognition of impairment provisions and estimation of the amount of provisions required in relation to loss events.</p> <p>Considering the significance of the above matter to the standalone financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.</p> <p>We also draw attention to Note 53 of the accompanying standalone financial statements, regarding uncertainties involved on the due to outbreak of COVID-19 pandemic with respect to the measurement of expected credit loss on such loan assets which are significantly dependent on uncertain future developments.</p>	<p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through the following procedures, but were not limited to the following procedures:</p> <p>(a) performed a walk through of the impairment loss allowance process and assessed the design effectiveness of controls;</p> <p>(b) obtained an understanding of the model adopted by the Company including key inputs and assumptions for calculation of expected credit losses including the impact of COVID 19 on the assumptions and how management calculated the expected credit losses and the appropriateness data on which the calculation is based;</p> <p>(c) obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the regulatory announcement made by the RBI;</p> <p>(d) tested the design and operating effectiveness of the key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized;</p> <p>(e) tested the accuracy of inputs through substantive procedures and assessed the reasonableness of the assumptions used;</p> <p>(f) developed a point estimate by making reference to the expected credit losses recognized by entities that carry comparable financial assets; and</p> <p>(g) tested the arithmetical calculation of the expected credit losses;</p> <p>(h) assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards; and</p> <p>(i) obtained written representations from management and those charged with governance whether they believe significant assumptions used in calculation of expected credit losses are reasonable.</p>

Information other than the Financial Statements and Auditor's Report thereon

- 7) The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether

the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

- 8) The accompanying Standalone Financial Statements have been approved by the Company's Board of Directors. The Company's Board of Directors is

INDEPENDENT AUDITOR'S REPORT (Contd.)

responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance 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.

- 9) 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.
- 10) 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

- 11) 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.
- 12) As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- 13) 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.

INDEPENDENT AUDITOR'S REPORT (Contd.)

- 14) 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.
- 15) From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- 16) As required by section 197(16) of the Act, based on our audit, 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.
- 17) 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.
- 18) Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying Standalone Financial Statements;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Standalone Financial Statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid Standalone Financial Statements comply with 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 31 March 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 with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date and our report dated 15 June 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, as detailed in note 50 to the Standalone Financial Statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2020;
 - ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 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 31 March 2020; and
 - iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these Standalone Financial Statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Lalit Kumar

Partner

Membership No.: 095256

UDIN: 20095256AAAABF1699

Place: Noida

Date: 15 June 2020

ANNEXURE A

Annexure A to the Independent Auditor's Report of even date to the members of Satin Creditcare Network Limited, on the standalone financial statements for the year ended 31 March 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular program of physical verification of its property, plant and equipment under which fixed assets are verified in a phased manner over a period of 3 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company except for the following property which was transferred as a result of amalgamation of companies as stated in the Note 13 to the Standalone Financial Statements wherein the title deeds are in the name of the erstwhile Company:

(Amount in ₹ lakhs)

Nature of property	Total number of cases	Whether leasehold / freehold	Gross block as on 31 March 2020	Net block as on 31 March 2020	Remarks
Building	1	Freehold	292.00	156.67	The said property is in the name of Satin Intellicomm Limited, an erstwhile Company that merged with the Company.

- (ii) The Company does not have any inventory. Accordingly, the provisions of Clause 3(ii) of the Order are not applicable.
- (iii) The Company has granted secured and unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
 - a) in our opinion the terms and conditions of grant of such loans are not, *prima facie*, prejudicial to the Company's interest;
 - b) the schedule of repayment of principal and payment of interest has been stipulated and, in our opinion, repayments/ receipts of the principal amount and the interest are regular; and
 - c) there is no overdue amount in respect of loans granted to such companies.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of Clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of Clause 3(vi) of the Order are not applicable.
- (vii) a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

ANNEXURE A (Contd.)

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Amount paid under protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending	Remarks
Income-tax Act, 1961	Income-tax	168.53	Nil	Assessment year 2018-19	Deputy Commissioner of Income Tax, CPC	Intimation under section 143(1). The Company has filed rectification application. The Company got relief on similar demand for Assessment Year 2017-18.

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or debenture holders during the year. The Company did not have any outstanding loans or borrowings payable to government during the year.
- (ix) In our opinion, the Company has applied moneys raised by way of the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer/ further public offer (including debt instruments) during the year.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit except for few instances of misappropriation of cash collected from customers and other forms of embezzlement of cash by the employees, involving amounts aggregating ₹ 127.77 lakhs. The Company has terminated the services of such employees and initiated legal action against them. The Company has recovered ₹ 34.64 lakhs from 46 employees.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a *Nidhi* Company. Accordingly, provisions of Clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has made preferential allotment of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the year, the Company did not make preferential allotment/ private placement of fully/partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Lalit Kumar
Partner
Membership No.: 095256
UDIN: 20095256AAAABF1699

Place: Noida
Date: 15 June 2020

ANNEXURE B

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

Independent Auditor's Report on the Internal Financial Controls with reference to the Standalone Financial Statements 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 Standalone Financial Statements of Satin Creditcare Network Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

- 2) The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of 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 for the Audit of the Internal Financial Controls with Reference to Financial Statements

- 3) Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

- 6) A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements 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 authorizations of management and directors of the company; and (3)

ANNEXURE B (Contd.)

provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

- 7) Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial

controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Lalit Kumar

Partner

Membership No.: 095256

UDIN: 20095256AAAABF1699

Place: Noida

Date: 15 June 2020

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial assets			
Cash and cash equivalents	4	1,10,732.02	1,00,387.51
Bank balances other than cash and cash equivalents	5	65,434.15	69,396.52
Derivative financial instruments	6	673.63	186.99
Trade receivables	7	613.14	651.56
Loans	8	4,70,939.10	4,46,008.58
Investments	9	51,333.45	42,189.09
Other financial assets	10	1,758.77	1,999.59
		7,01,484.26	6,60,819.84
Non-financial assets			
Current tax assets (net)	11	3,152.99	1,366.12
Deferred tax assets (net)	12	-	571.18
Property, plant and equipment	13	5,241.24	4,301.77
Capital work-in-progress	13	3,413.64	1,614.29
Intangible assets under development	14	-	19.60
Other intangible assets	15	378.17	235.11
Other non-financial assets	16	1,752.61	627.37
		13,938.65	8,735.44
Total Assets		7,15,422.91	6,69,555.28
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	17	115.32	6.01
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		300.99	123.57
Other payables	18		
(i) total outstanding dues of micro enterprises and small enterprises		193.77	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,220.08	1,069.94
Debt securities	19	86,386.14	97,586.85
Borrowings (other than debt securities)	20	4,00,213.72	3,71,999.21
Sub-ordinated liabilities	21	54,308.13	53,919.68
Other financial liabilities	22	24,400.91	27,593.31
		5,67,139.06	5,52,298.57
Non-financial liabilities			
Deferred tax liabilities (net)	12	1,142.04	-
Provisions	23	1,086.40	1,354.44
Other non-financial liabilities	24	778.45	760.58
		3,006.89	2,115.02
EQUITY			
Equity share capital	25	5,171.27	4,853.07
Other equity	26	1,40,105.69	1,10,288.62
		1,45,276.96	1,15,141.69
Total Liabilities and Equity		7,15,422.91	6,69,555.28

Statement of significant accounting policies and other explanatory notes.

This Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No. 001076N/N500013

Lalit Kumar
Partner
Membership Number: 095256

For and on behalf of the Board of Directors
Satin Creditcare Network Limited

H P Singh
Chairman cum Managing Director
DIN: 00333754

Sanjay Kumar Bhatia
Chairman Audit Committee cum Director
DIN: 07033027

Adhish Swaroop
Company Secretary & Compliance Officer
ACS: 16034

Satvinder Singh
Director
DIN: 00332521

Krishan Gopal
Chief Financial Officer

Place : Noida
Date : June 15, 2020

Place : Delhi
Date : June 15, 2020

Place : Gurugram
Date : June 15, 2020

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
I. INCOME			
Revenue from operations			
Interest income	27	1,07,844.38	1,17,950.47
Dividend income	28	2.21	-
Fees and commission income	29	7,078.65	2,793.85
Net gain on fair value changes	30	1,237.44	2,986.72
Net gain on derecognition of financial instruments	31	23,608.14	13,345.54
Other operating income	32	186.29	199.12
Total revenue from operations		1,39,957.11	1,37,275.70
Other income	33	133.30	28.62
Total income		1,40,090.41	1,37,304.32
II. EXPENSES			
Finance costs	34	57,368.06	63,903.26
Impairment on financial instruments	35	18,882.89	5,206.70
Employee benefits expenses	36	29,666.79	26,481.64
Depreciation and amortization	37	1,519.84	1,131.89
Other expenses	38	11,336.07	10,019.13
Total expenses		1,18,773.65	1,06,742.62
Profit before tax		21,316.76	30,561.70
Tax expense:	39		
Current tax		5,474.97	4,117.75
Deferred tax charge		215.08	6,949.67
Total		5,690.05	11,067.42
Profit after tax		15,626.71	19,494.28
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit plans		87.80	(57.09)
Equity instruments through other comprehensive income		-	(3.32)
Income tax relating to above items		(22.10)	19.95
	A	65.70	(40.46)
Items that will be reclassified to profit or loss			
Changes in fair value of loan assets		5,771.41	3,920.21
Income tax relating to above item		(1,452.55)	(1,369.88)
Cash flow hedge reserve		93.37	-
Income tax relating to above item		(23.50)	-
	B	4,388.73	2,550.33
Other comprehensive income	A+B	4,454.43	2,509.87
Total comprehensive income for the period		20,081.14	22,004.15
Earnings per equity share (face value of ₹ 10 per equity share)	40		
Basic (₹)		30.69	40.37
Diluted (₹)		30.52	40.09

Statement of significant accounting policies and other explanatory notes.

This Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No. 001076N/N500013

Lalit Kumar
Partner
Membership Number: 095256

For and on behalf of the Board of Directors
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DIN: 00333754

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Satvinder Singh
Director
DIN: 00332521

Krishan Gopal
Chief Financial Officer

Place : Noida
Date : June 15, 2020

Place : Delhi
Date : June 15, 2020

Place : Gurugram
Date : June 15, 2020

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	21,316.76	30,561.70
Adjustments for:		
Depreciation and amortization	1,032.71	1,131.89
Depreciation of right-of-use assets	487.13	-
Net (gain)/loss on derecognition of property, plant and equipment	(2.90)	(2.77)
Gain on sale of mutual funds	(1,368.20)	(2,688.93)
Unrealised (gain)/loss on fair value changes of derivatives and investments	130.76	(306.34)
Property, plant and equipment written off	-	48.64
Impairment on financial instruments	18,882.89	5,206.70
Dividend income	(2.21)	-
Gain on sale of loan portfolio through assignment	(23,608.14)	(13,345.54)
First loss default guarantee expenses	1,278.78	321.42
Share based payment to employees	147.97	317.86
Effective interest rate adjustment for financial instruments	2,087.29	1,251.05
Interest expense for leasing arrangements	161.98	-
Net gain on termination of leases	(45.32)	-
Corporate guarantee premium income	(0.38)	-
Unrealised exchange fluctuation loss (net)	188.49	230.38
Operating profit before working capital changes	20,687.61	22,726.06
Movement in working capital		
Decrease/(increase) in trade receivables	38.42	(632.85)
(Increase)/decrease in loans	(13,987.33)	50,588.11
Decrease/(increase) in deposits	3,962.37	(5,658.29)
(Increase)/decrease in other financial assets	(157.49)	1,335.53
(Increase)/decrease in other non-financial assets	(1,048.32)	233.84
Increase in trade and other payables	630.64	517.96
(Decrease)/increase in other financial liabilities	(4,470.80)	8,799.34
(Decrease)/increase in provisions	(180.24)	280.91
Increase/(decrease) in other non-financial liabilities	83.76	(13.27)
Cash flows from operating activities post working capital changes	5,558.62	78,177.34
Income taxes paid (net)	(7,261.85)	(6,398.23)
Net cash (used in)/flows from operating activities (A)	(1,703.23)	71,779.11
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, capital work-in-progress and intangible assets	(3,134.69)	(1,796.77)
Proceeds from sale of property, plant and equipment and intangible assets	15.50	11.40
Investment made in subsidiaries	(11,000.00)	(8,085.65)
Proceeds from purchase of other investments (net)	3,234.99	(16,559.75)
Net cash used in investing activities (B)	(10,884.20)	(26,430.77)

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
C CASH FLOWS FROM FINANCING ACTIVITIES (REFER TO NOTE (i) BELOW)		
Proceeds from issue of share capital and share warrants (including premium and net of share issue expenses)	4,547.26	22.65
Proceeds from debt securities	21,413.18	40,370.00
Repayment of debt securities	(32,852.45)	(34,702.86)
Proceeds from borrowings other than debt securities	2,98,029.30	3,25,358.64
Repayment of borrowings other than debt securities	(2,80,954.11)	(3,44,401.21)
Lease payments	(553.20)	-
Proceeds from subordinated liabilities	7,893.53	20,000.00
Repayment of subordinated liabilities	(2,469.76)	(369.81)
Net cash flows from financing activities (C)	15,053.75	6,277.41
Net increase in cash and cash equivalents (A+B+C)	2,466.32	51,625.75
Cash and cash equivalents at the beginning of the year (refer to note ii below)	94,472.53	42,846.78
Cash and cash equivalents at the end of the year	96,938.85	94,472.53

i) Refer to note 21 for reconciliation of liabilities arising from financing activities.

ii) Refer to note 5 for restricted cash and cash equivalent.

Notes:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash and cash equivalents (as per note 4 to the financial statements)	1,10,732.02	1,00,387.51
Less: Overdraft facility against term deposits (as per note 20 to the financial statements)	(13,793.17)	(5,914.98)
	96,938.85	94,472.53

Statement of significant accounting policies and other explanatory notes.

This Statement of Cash Flow referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No. 001076N/N500013

Lalit Kumar
Partner
Membership Number: 095256

For and on behalf of the Board of Directors
Satin Creditcare Network Limited

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Chairman cum Managing Director
DIN: 00333754

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Director
DIN: 00332521

Krishan Gopal
Chief Financial Officer

Place : Noida
Date : June 15, 2020

Place : Delhi
Date : June 15, 2020

Place : Gurugram
Date : June 15, 2020

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity share capital (Refer note 25)

Particulars	Balance as at April 1, 2018	Change during the year	Balance as at March 31, 2019	Change during the year	Balance as at March 31, 2020
Equity share capital	4,726.91	126.16	4,853.07	318.20	5,171.27

B. Other equity (Refer note 26)

Particulars	Equity component of compound financial instruments	Reserves and Surplus				Equity instruments through other comprehensive income	Change in fair value of loan assets through other comprehensive income	Cash flow hedge reserve	Money received against share warrants	Total
		Statutory reserves	Securities premium	General reserve	Capital redemption reserve	Share options outstanding account	Retained earnings			
Balance as at April 1, 2018	283.61	2,942.19	79,843.48	29.94	277.00	153.52	(565.43)	-	1,500.00	84,462.63
Profit for the year	-	-	-	-	-	-	19,494.28	-	-	19,494.28
Other comprehensive income (net of tax)	-	-	-	-	-	-	(37.14)	2,550.33	-	2,509.87
Issue of equity shares	-	-	3,396.49	-	-	-	-	-	-	3,396.49
Transfer to statutory reserves	-	3,898.86	-	-	-	-	(3,898.86)	-	-	-
Conversion of optionally convertible redeemable preference shares	(248.65)	-	-	-	-	-	248.65	-	-	-
Share based payment to employees	-	-	102.24	-	-	323.11	-	-	-	425.35

Particulars	Equity component of compound financial instruments	Reserves and Surplus				Retained earnings	Equity instruments through other comprehensive income	Change in fair value of loan assets through other comprehensive income	Cash flow hedge reserve	Money received against share warrants	Total
		Statutory reserves	Securities premium	General reserve	Capital redemption reserve	Share options outstanding account					
Balance as at March 31, 2019	34.96	6,841.05	83,342.21	29.94	277.00	476.63	15,241.50	2,550.33	-	1,500.00	1,10,288.62
Profit for the year	-	-	-	-	-	-	15,626.71	-	-	-	15,626.71
Other comprehensive income (net of tax)	-	-	-	-	-	-	65.70	4,318.86	69.87	-	4,454.43
Issue of equity shares	-	-	11,039.74	-	-	-	-	-	-	(1,500.00)	9,539.74
Transfer to statutory reserves	-	3,125.34	-	-	-	-	(3,125.34)	-	-	-	-
Conversion of optionally convertible redeemable preference shares	(34.96)	-	34.96	-	-	-	-	-	-	-	-
Share based payment to employees	-	-	131.83	-	-	64.36	-	-	-	-	196.19
Balance as at March 31, 2020	-	9,966.39	94,548.74	29.94	277.00	540.99	27,808.57	6,869.19	69.87	-	1,40,105.69

Statement of significant accounting policies and other explanatory notes.

This Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No. 001076N/N500013

Lalit Kumar
Partner
Membership Number: 095256

For and on behalf of the Board of Directors
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Company Secretary & Compliance Officer
ACS: 16034

Place : Noida
Date : June 15, 2020

Satvinder Singh
Director
DIN: 00332521

Krishan Gopal
Chief Financial Officer

Place : Gurugram
Date : June 15, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in lakhs, unless otherwise stated)

1. COMPANY OVERVIEW

Satin Creditcare Network Limited ('the Company') is a public limited company and incorporated 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 – Micro Finance Institution ('NBFC-MFI') with the Reserve Bank of India ("RBI") in November 2013. The Company is engaged primarily in providing micro finance services to women in the rural areas of India who are enrolled as members and organized as Joint Liability Groups ('JLG'). The Company is domiciled in India and its registered office is situated at 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 standalone 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 Company has uniformly applied the accounting policies for all the periods presented in this financial statements.

The financial statements for the year ended March 31, 2020 were authorized and approved for issue by the Board of Directors on June 15, 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 a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value. Further the carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortized cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

(iii) Going Concern

Management is of the view that having regard to the projections of the business prospects, Company shall

be able to continue as a going concern. Accordingly, management considers it appropriate to prepare these financial statements on a going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using the significant accounting policies and measurement bases summarized as below. These policies are applied consistently for all the periods presented in the financial statements.

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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognized in statement of profit and loss.

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 the straight line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013.

Asset class	Useful life
Building	60 years
Plant and machinery	5-15 years
Office equipment	5 years
Computer equipment	3-6 years
Furniture and fixtures	10 years
Vehicles	8-10 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

De-recognition

An item of property, plant and equipment and any significant part initially recognized is de-recognized 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 de-recognized.

Capital work-in-progress

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

b) Intangible assets

Recognition and initial measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

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

Intangible assets are amortized over a period of 3-5 years from the date when the assets are available for use. The estimated useful life (amortization period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

c) Intangible assets under development

Intangible assets under development represents expenditure incurred in respect of intangible assets under development and are carried at cost. Cost includes development cost, borrowing costs and other direct expenditure necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. These are recognized as assets when the Company can demonstrate following recognition requirements:

- The development costs can be measured reliably
- The project is technically and commercially feasible

- The Company intends to and has sufficient resources to complete the project
- The Company has the ability to use or sell such intangible asset
- The asset will generate probable future economic benefits.

Amortization of the asset begins when development is complete and the asset is available for use.

d) Revenue recognition

Interest income on loans

The Company Recognizes interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortized cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering any fees and all incremental costs that are directly attributable to acquisition of a financial asset and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset to the gross carrying amount of a financial asset or to the amortized cost of a financial liability.

The Company recognizes interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets regarded as 'Stage 3', the Company recognizes interest income on the net amortized cost of financial assets at EIR. If financial asset is no longer credit-impaired Company reverts to calculating interest income on a gross basis.

Additional interest/overdue interest/penal charges are recognized only when it is reasonable certain that the ultimate collection will be made.

Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognized when the related loan assets are de-recognized. Interest income is also recognized on carrying value of assets over the remaining period of such assets.

Commission income

Income from business correspondent services is recognized as and when the services are rendered as per agreed terms and conditions of the contract.

Dividend income

Dividend income is recognized at the time when the right to receive is established by the reporting date.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

Miscellaneous income

All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization/ collection.

e) Borrowing costs

Borrowing costs consists of interest and other cost that the Company incurred in connection with the borrowing of funds. Borrowing costs charged to the Statement of Profit and Loss on the basis of effective interest rate method.

f) Taxation

- I. **Current tax:** Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

- II. **Deferred Tax:** Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets, if any, are reassessed at each reporting date and are recognized 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 recognized outside profit or loss is recognized either in OCI or in other equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Tax expense recognized in Statement of Profit and Loss comprises the sum of deferred tax and current tax except to the extent it recognized in other comprehensive income or directly in equity.

g) 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 has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. 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 last drawn salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

set aside. The liability recognized in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. 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 on 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.

h) Share based payments

The Company has formulated an Employees Stock Option Schemes to be administered through a Trust. The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of options granted under Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in other equity. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in Statement of Profit and Loss, with a corresponding adjustment to equity.

i) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the

carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

Compensation for impairment

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up are recognized in statement of profit and loss when the compensation becomes receivable.

Financial Guarantees

Financial guarantees are initially recognized at fair value. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

The premium received (if any) is recognized as income on a straight-line basis over the life of the guarantee.

j) Impairment of financial assets

The Company is recording the allowance for expected credit losses for all loans at amortized cost and FVOCI and other debt financial assets not held at FVTPL.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk.

Loan assets

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

- Stage 1 (1-30 days) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
- Stage 2 (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage 3 (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

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

Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation, 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.

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.

Trade receivables

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

Other financial assets

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

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without

undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand (including imprest), demand deposits and short-term highly liquid investments (certificate of deposits and commercial paper) that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. The Company has netted off the balance of bank overdraft with cash and cash equivalents for cash flow statement as they are considered an integral part of the Company's cash management.

l) Equity investment in subsidiaries

Investments representing equity interest in subsidiaries are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

m) 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 not recognized but disclosed where an inflow of economic benefits is probable.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

n) Leases

Company as a lessee

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at April 01, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

For any new contracts entered into on or after 1 April 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Determining the lease term of contracts with renewal and termination options where Company is lessee

- The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

Company as lessor:

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Classification of leases – The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

o) Financial instruments

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

Initial recognition and measurement

Financial assets and financial liabilities are recognized 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.

Non-derivative financial assets

Subsequent measurement

i. Financial assets carried at amortized cost – a financial asset is measured at the amortized 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 amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in interest income in the Statement of Profit and Loss.

ii. Financial assets (debt instruments e.g. loans) are measured at FVOCI when both of the following conditions are met – a financial asset is measured at the FVOCI if both the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income are recognized in profit or loss in the same manner as for financial assets measured at amortized cost.

iii. Investments in equity instruments – Investments in equity instruments which are held for trading are classified as at fair value through profit or loss (FVTPL). For all other equity instruments, the Company makes an irrevocable choice upon initial recognition, on an instrument by instrument basis, to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. However, the Company transfers the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

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

v. Financial assets measured at FVPL – FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL, with all changes recognized in the P&L.

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are de-recognized (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, 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 de-recognize the financial asset and recognize 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 amortized cost using the effective interest method.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expired. 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 recognized in the Statement of Profit and Loss.

First loss default guarantee

First loss default guarantee contracts are contracts that require the Company to make specified payments to reimburse the bank for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of the agreement. Such financial guarantees are given to bank, for whom the Company acts as 'Business Correspondent'

These contracts are initially measured at fair value and subsequently measure at higher of:

- The amount of loss allowance (calculated as described in policy for impairment of financial assets)
- Maximum amount payable as on the reporting date to the bank which is based on the amount of loans overdue for more than 75 days in respect to agreements with banks.

Further, the maximum liability is restricted to the cash outflow agreed in the agreement.

Compound financial instruments

Optionally convertible instruments are separated into liability and equity components based on the terms of the contract. On issuance of the said instruments, the liability component is arrived by discounting the gross sum (including redemption premium, if any) at a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost until it is extinguished on conversion or redemption. The remainder of the proceeds is recognized as equity component of compound financial instrument. This is recognized and included in shareholders' equity, net of income tax effects, and not subsequently re-measured.

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 recognized amounts and there is an intention to

settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative contracts

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit and loss using mark to market information.

Hedge Accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency.

In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognized directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognized immediately as Finance Cost in the statement of profit and loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognized in OCI at that time remains in OCI and is recognized when the hedged forecast transaction is ultimately recognized in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date using valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured are categorised with fair value hierarchy into Level I, Level II and Level III based on level of input.

p) 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.

q) Segment reporting

The Company identifies segment basis of 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 reviewed by the CODM ('chief operating decision maker') and in assessing performance. The accounting policies adopted for segment reporting are in 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.

r) Foreign currency

Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements have been prepared and presented in Indian Rupees (₹), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Statement of Profit and Loss in the year in which they arise.

s) Government grants

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Grant or subsidy relates to revenue, it is recognized as income on a systematic basis in profit or loss over the periods necessary to match them with the related costs, which they are intended to compensate.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

t) 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.

Business model assessment - The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and accordingly prospective change to the classification of those assets are made.

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 amortized cost requires use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. likelihood of customers defaulting and resulting losses). The Company makes significant judgements with regard to the following while assessing expected credit loss:

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

Provisions – At each balance sheet date basis of 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

Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable 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.

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.

u) Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- Changes during the period in operating receivables and payables transactions of a non-cash nature;
- Non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses; and
- All other items for which the cash effects are investing or financing cash flows.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	4,726.63	4,922.89
Balances with banks and financial institutions		
- Balance with banks in current accounts	50,443.61	24,841.48
- Deposits for original maturity of less than 3 months	54,518.65	37,516.26
- Balance with banks and financial institutions to the extent held as margin money deposits against borrowings and guarantees	1,043.13	6,000.00
- Deposits (includes commercial papers and certificate of deposits)	-	27,106.88
Total	1,10,732.02	1,00,387.51

5. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits for remaining maturity of more than 3 months and upto 12 months	1,126.17	13,535.93
Deposits with remaining maturity more than 12 months	280.97	287.14
Balance with banks and financial institutions to the extent held as margin money deposits against borrowings and guarantees	64,027.01	55,573.45
Total	65,434.15	69,396.52

The amount under lien as security against term loan and overdraft facility availed, assets securitized, first loss default guarantee are as follows (included above in note 4 and 5):-

Particulars	As at March 31, 2020	As at March 31, 2019
Term loans	21,139.44	19,945.57
Overdraft facilities	40,822.95	34,073.94
Securitisations	718.34	5,449.31
Derivatives	530.45	500.00
Security against first loss default guarantee	1,856.64	1,602.50
Security against facilities	2.32	2.14
Total	65,070.14	61,573.46

6. DERIVATIVE FINANCIAL INSTRUMENTS

Particulars	As at March 31, 2020		As at March 31, 2019	
	Notional amounts (₹)	Fair value	Notional amounts (₹)	Fair value
Currency and interest swap (refer to note 52)	21,227.46	673.63	4,323.21	186.99
	21,227.46	673.63	4,323.21	186.99
Included in above are derivative held for risk management purpose as follows:				
Derivative designated as hedge:				
Cash flow hedge:				
Currency and interest swap	7,086.27	626.34	-	-
Undesignated derivative	14,141.19	47.29	4,323.21	186.99
Total	21,227.46	673.63	4,323.21	186.99

The Company enters into derivative contracts for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, the Company has elected to apply hedge accounting for one of the derivatives.

The table above represents the fair value of derivative financial instruments recorded as assets together with the notional amounts.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

The notional amounts indicates the value of transaction outstanding at the year end and are not indicative of either the market risk or credit risk.

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 52 and below.

Derivatives designated as hedging instruments

Cash flow hedges - Foreign currency risk

The Company is exposed to foreign currency risk arising from its fixed rate foreign currency borrowing amounting to USD 9.4 million. Interest on the borrowing is payable at a fixed rate of 5.93% per annum (on semi-annual basis starting from February 5, 2020) and the principal amount is repayable on August 5, 2022. The Company economically hedged the foreign currency risk arising from the debt with a 'receive fixed pay fixed' cross-currency interest rate swap ('swap') on July 24, 2019. The notional amount of swap is ₹ 6,487.41 lakhs. The swap contract converts the cash outflows of the foreign currency fixed rate borrowing of USD 9.4 million to cash outflows in ₹ with a notional amount of ₹ 6,487.41 lakhs and fixed interest of 11.18% per annum.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the cross currency swap contract match that of the foreign currency borrowing (notional amount, interest payment dates, principal repayment date etc.). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the cross currency swap are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness may arise if there is a change in the credit risk of the Company or the counterparty.

Off-setting

The Company does not have derivative financial assets and financial liabilities which are subject to master netting arrangements. Master netting arrangements are those arrangements wherein in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis.

7. TRADE RECEIVABLES (AT AMORTIZED COST)

Particulars	As at March 31, 2020	As at March 31, 2019
Considered good - unsecured	613.14	651.56
	613.14	651.56
Less: Impairment loss allowance	-	-
Total	613.14	651.56

The Company does not have any receivables which are either credit impaired or where there is significant increase in credit risk.

8. LOANS

Particulars	As at March 31, 2020		As at March 31, 2019	
	At fair value through other comprehensive income *	At amortized cost	At fair value through other comprehensive income *	At amortized cost
Portfolio loans	4,20,819.04	50,120.06	3,70,973.92	75,034.66
	4,20,819.04	50,120.06	3,70,973.92	75,034.66
Secured	-	8,707.81	-	13,795.82
Unsecured	4,20,819.04	41,412.25	3,70,973.92	61,238.84
	4,20,819.04	50,120.06	3,70,973.92	75,034.66
Total loans		4,70,939.10		4,46,008.58

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Secured by property, plant and equipment including land and building	5,756.47	9,452.15
(ii) Secured by book debts, inventories, margin money and other working capital items	2,951.34	4,343.67
(iii) Unsecured	4,62,231.29	4,32,212.76
Total	4,70,939.10	4,46,008.58
Loans in India		
(i) Public sector	-	-
(ii) Others	4,70,939.10	4,46,008.58
Total	4,70,939.10	4,46,008.58

* The management reassessed its business model and with the background of series of assignment transactions, has changed the business model on March 31, 2019 from 'hold to collect' to 'hold to collect and sell'. Accordingly, the Company had reclassified its eligible portfolio from amortized category to fair value through other comprehensive income (FVOCI) category and hence recorded a fair value gain in other comprehensive income.

9. INVESTMENTS

Particulars	As at March 31, 2020			As at March 31, 2019		
	At fair value through profit and loss	Cost	Total	At fair value through profit and loss	Cost	Total
Equity instruments						
Subsidiaries*						
16,040,025 (March 31, 2019 : 16,040,025) equity shares of face value of ₹ 10 each of Taraashna Financial Services Limited	-	8,510.24	8,510.24	-	8,510.24	8,510.24
80,000,000 (March 31, 2019 : 50,000,000) equity shares of face value of ₹ 10 each of Satin Housing Finance Limited	-	8,000.00	8,000.00	-	5,000.00	5,000.00
102,500,000 (March 31, 2019 : 22,500,000) equity shares of face value of ₹ 10 each of Satin Finserv Limited	-	10,250.00	10,250.00	-	2,250.00	2,250.00
Mutual funds						
294,091.70 (March 31, 2019 : Nil) units in Union Dynamic Bond Fund	54.23	-	54.23	-	-	-
Government securities						
500 (March 31, 2019 : 500), Government of India, Inscribed stock having face value ₹ 100 each	0.51	-	0.51	0.51	-	0.51
Commercial papers						
2,500 (March 31, 2019 : Nil) units in HDFC Limited	12,202.18	-	12,202.18	-	-	-
2,500 (March 31, 2019 : Nil) units in Bajaj Finance Limited	12,316.29	-	12,316.29	-	-	-
Certificate of deposits						
Nil (March 31, 2019 : 7,000) units in ICICI Bank Limited	-	-	-	6,820.22	-	6,820.22
Nil (March 31, 2019 : 20,000) units in Indusind Bank Limited	-	-	-	19,608.12	-	19,608.12
Total	24,573.21	26,760.24	51,333.45	26,428.85	15,760.24	42,189.09
(i) Investments in India	24,573.21	26,760.24	51,333.45	26,428.85	15,760.24	42,189.09
(ii) Investments outside India	-	-	-	-	-	-
Total	24,573.21	26,760.24	51,333.45	26,428.85	15,760.24	42,189.09

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Investment designated at fair value through profit and loss includes commercial papers and certificate of deposits. The Company has not entered in to any credit derivative to mitigate the credit risk (if any).

Name of Subsidiaries	Principle place of business	Ownership interest	
		As at March 31, 2020	As at March 31, 2019
Taraashna Financial Services Limited	India	100.00%	100.00%
Satin Housing Finance Limited	India	100.00%	100.00%
Satin Finserv Limited	India	100.00%	100.00%

Investment in subsidiary are measured at cost as per IndAS 27 'Separate Financial Statements.

10. OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	360.23	234.22
Staff advances	203.12	101.31
Insurance recoverable	559.64	1,110.03
Other recoverable	804.32	692.20
	1,927.31	2,137.76
Less: Impairment loss allowance	(168.54)	(138.17)
Total	1,758.77	1,999.59

11. CURRENT TAX ASSETS (NET)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax (net)	3,152.99	1,366.12
Total	3,152.99	1,366.12

12. DEFERRED TAX (LIABILITIES)/ASSETS (NET)

Particulars	As at March 31, 2020	As at March 31, 2019
(A) Deferred tax assets		
Provision for employee benefits	229.01	473.30
Difference in written down value as per the Companies Act, 2013 and the Income-Tax Act, 1961	232.29	295.38
Financial assets measured at amortized cost	3.71	119.19
Impairment loss allowance and first loss default guarantee	4,162.40	3,728.76
Liability against leases	226.62	-
Total deferred tax assets	4,854.03	4,616.63
(B) Deferred tax liabilities		
Financial liabilities measured at amortized cost	39.38	130.25
Fair valuation of financial instruments through profit and loss	2.70	0.62
Fair valuation of loan assets through other comprehensive income	2,439.19	1,369.88
Cash flow hedge reserve	23.50	-
Right of use assets	213.88	-
Deferment of excess interest spread	3,277.42	2,544.70
Total deferred tax liabilities	5,996.07	4,045.45
Net deferred tax (liabilities)/assets	(1,142.04)	571.18

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(i) Movement in deferred tax (liabilities)/assets (net)

Particulars	As at March 31, 2019	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2020
Assets				
Provision for employee benefits	473.30	(222.19)	(22.10)	229.01
Difference in written down value as per the Companies Act, 2013 and the Income-Tax Act, 1961	295.38	(63.09)	-	232.29
Financial assets measured at amortized cost	119.19	(115.48)	-	3.71
Impairment loss allowance and first loss default guarantee	3,728.76	433.64	-	4,162.40
Liability against leases	-	226.62	-	226.62
Liabilities				
Financial liabilities measured at amortized cost	130.25	(90.87)	-	39.38
Fair valuation of financial instruments through profit and loss	0.62	2.08	-	2.70
Fair valuation of loan assets through other comprehensive income	1,369.88	(383.23)	1,452.54	2,439.19
Cash flow hedge reserve	-	-	23.50	23.50
Right of use assets	-	213.88	-	213.88
Deferment of excess interest spread	2,544.70	732.72	-	3,277.42
Total (net)	571.18	(215.08)	(1,498.14)	(1,142.04)

Particulars	As at April 1, 2018	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2019
Assets				
Provision for employee benefits	355.19	98.16	19.95	473.30
Difference in written down value as per the Companies Act, 2013 and the Income-Tax Act, 1961	182.64	112.74	-	295.38
Financial assets measured at amortized cost	1,369.20	(1,250.01)	-	119.19
Impairment loss allowance and first loss default guarantee	7,399.24	(3,670.48)	-	3,728.76
Liabilities				
Financial liabilities measured at amortized cost	432.51	(302.26)	-	130.25
Fair valuation of financial instruments through profit and loss	2.98	(2.36)	-	0.62
Fair valuation of loan assets through other comprehensive income	-	-	1,369.88	1,369.88
Deferment of excess interest spread	-	2,544.70	-	2,544.70
Total (net)	8,870.78	(6,949.67)	(1,349.93)	571.18

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

13. PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land	Buildings (refer note (i))	Right of use	Plant and equipment	Office equipment	Furniture and Fixtures	Vehicles (refer note (iii))	Total	Capital work in progress
Gross carrying amount									
Balance as at April 1, 2018	1,518.37	692.12	-	1,600.17	574.24	1,147.01	166.92	5,698.83	1,609.31
Additions	-	895.20	-	474.91	89.17	186.46	12.88	1,658.62	900.18
Disposals	-	-	-	(156.26)	(118.77)	(110.39)	(15.52)	(400.94)	(895.20)
Balance as at March 31, 2019	1,518.37	1,587.32	-	1,918.82	544.64	1,223.08	164.28	6,956.51	1,614.29
Adjustment on transition to Ind AS 116	-	-	1,503.28	-	-	-	-	1,503.28	-
Additions	-	-	363.76	676.13	116.56	199.08	65.43	1,420.96	1,799.35
Disposals	-	-	(530.09)	(22.97)	(1.38)	(0.02)	(11.21)	(565.67)	-
Balance as at March 31, 2020	1,518.37	1,587.32	1,336.95	2,571.98	659.82	1,422.14	218.50	9,315.08	3,413.64
Accumulated depreciation									
Balance as at April 1, 2018	-	283.24	-	973.36	323.97	425.59	95.15	2,101.31	-
Additions	-	60.78	-	481.27	128.49	209.44	23.35	903.33	-
Disposals	-	-	-	(147.72)	(105.14)	(87.52)	(9.52)	(349.90)	-
Balance as at March 31, 2019	-	344.02	-	1,306.91	347.32	547.51	108.98	2,654.74	-
Additions	-	73.17	487.13	541.68	114.40	199.52	26.16	1,442.06	-
Disposals	-	-	-	(12.06)	(1.08)	(0.01)	(9.82)	(22.97)	-
Balance as at March 31, 2020	-	417.19	487.13	1,836.53	460.64	747.02	125.32	4,073.83	-
Net block									
Balance as at March 31, 2019	1,518.37	1,243.30	-	611.91	197.32	675.57	55.30	4,301.77	1,614.29
Balance as at March 31, 2020	1,518.37	1,170.13	849.82	735.45	199.18	675.12	93.18	5,241.25	3,413.64

Notes:

- Buildings acquired under amalgamation continue in the name of Satin Intellicomm Limited.
- For disclosure of contractual commitments to be executed on capital account, refer to note 50.
- Vehicles are taken on finance lease; monthly instalments are paid as per agreed terms and conditions.
- Property, plant and equipment have been mortgaged/pledged as security for borrowings, refer to note 51.

14. INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	Intangible assets under development	Total
Gross carrying amount		
Balance as at April 1, 2018	13.75	13.75
Additions	112.42	112.42
Disposals/capitalised during the year	(106.57)	(106.57)
Balance as at March 31, 2019	19.60	19.60
Additions	75.00	75.00
Capitalised during the year	(94.60)	(94.60)
Balance as at March 31, 2020	-	-
Net block		
Balance as at March 31, 2019	19.60	19.60
Balance as at March 31, 2020	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

15. OTHER INTANGIBLE ASSETS

Particulars	Computer software	Total
Gross carrying amount		
Balance as at April 1, 2018	971.32	971.32
Additions	145.72	145.72
Adjustment on account of disposals	(98.67)	(98.67)
Balance as at March 31, 2019	1,018.37	1,018.37
Additions		
- Additions – being internally developed	84.61	84.61
- Additions – others	136.23	136.23
Adjustment on account of disposals	-	-
Balance as at March 31, 2020	1,239.21	1,239.21
Accumulated amortization		
Balance as at April 1, 2018	647.14	647.14
Amortization charge for the year	228.56	228.56
Adjustment on account of disposal	(92.44)	(92.44)
Balance as at March 31, 2019	783.26	783.26
Amortization charge for the year	77.78	77.78
Adjustment on account of disposal	-	-
Balance as at March 31, 2020	861.04	861.04
Net block		
Balance as at March 31, 2019	235.11	235.11
Balance as at March 31, 2020	378.17	378.17

16. OTHER NON-FINANCIAL ASSETS

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	1,061.28	311.92
Balances with government authorities	114.05	86.71
Capital advances	146.87	69.95
Gratuity fund assets	176.46	-
Other assets	253.95	158.79
Total	1,752.61	627.37

17. TRADE PAYABLES

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises (refer to note 57)	115.32	6.01
Total outstanding dues of creditors other than micro enterprises and small enterprises	300.99	123.57
Total	416.31	129.58

18. OTHER PAYABLES

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises (refer to note 57)	193.77	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,220.08	1,069.94
Total	1,413.85	1,069.94

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

19. DEBT SECURITIES (AT AMORTIZED COST)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-convertible debentures	86,386.14	97,586.85
Total	86,386.14	97,586.85
Debt securities in India	86,386.14	97,586.85
Debt securities outside India	-	-
Total	86,386.14	97,586.85

Non-convertible debentures (secured)

Particulars	Terms of repayment	As at March 31, 2020	As at March 31, 2019
1 Nil (March 31, 2019: 72), @13.15% (Previous year : 13.15%), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 2,500,000 each, The date of allotment is September 27, 2013. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on September 27, 2019, subject to call/put option after three years.	-	1,800.00
2 200 (March 31, 2019: 200), @12.75% (Previous year : 12.75%), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 2,500,000 each, The date of allotment is July 15, 2014. (Secured by way of hypothecation of book debts which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on June 15, 2020, subject to call/put option on June 15, 2017.	5,000.00	5,000.00
3 300 (March 31, 2019: 300), @10.60% (Previous year : 10.60%), Secured, rated, unlisted redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is August 29, 2018. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on August 25, 2021, payable monthly.	1,416.66	2,416.66
4 Nil (March 31, 2019: 600) (Series A 400, Series B 600), @10.75% (Previous year : 10.75%), Secured, unlisted, redeemable, nonconvertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 19, 2017. (Secured by way of hypothecation of book debts which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on December 31, 2018, (Series A) and November 30, 2019 (Series B) payable monthly.	-	4,000.00
5 600 (March 31, 2019: 600), @11.95% (Previous year : 11.95%), Secured, listed, redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is February 8, 2018. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on February 8, 2021, Payable annually	2,000.00	4,000.00
6 20 (March 31, 2019: 20), @14.50 % (Previous year : 14.50%), Secured, senior, rated, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is May 8, 2015. (Secured by way of hypothecation of book debts which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable on December 18, 2020, subject to put option on May 8, 2019.	200.00	200.00
7 2,130 (March 31, 2019: 2,130), @11.095% (Previous year : 11.095%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 14, 2018. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on December 14, 2023, payable half yearly.	21,300.00	21,300.00
8 680 (March 31, 2019: 680), @11.70% (Previous year : 13.25%), Secured, rated, redeemable, listed non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 15, 2016. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on June 15, 2025, subject to call/put option after three years from date of allotment.	6,800.00	6,800.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Terms of repayment	As at March 31, 2020	As at March 31, 2019
9 Nil (March 31, 2019: 200), @13.50% (Previous year : 13.50%), Secured, listed, redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is September 20, 2017. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on September 20, 2019.	-	2,000.00
10 Nil (March 31, 2019: 250), @12.00% (Previous year : 12.00%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is November 11, 2016. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable on November 11, 2019.	-	2,500.00
11 250 (March 31, 2019: 250), @10.35% (Previous year : 10.35%), Secured, rated, unlisted redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is February 27, 2019. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on May 8, 2020.	2,500.00	2,500.00
12 650 (March 31, 2019: 650), @12.06% (Previous year : 12.06%), Secured, listed, redeemable non - convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is October 3, 2017. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on October 3, 2022, subject to call/put Option after three years from date of allotment.	6,500.00	6,500.00
13 250 (March 31, 2019: 250), @13.35% (Previous year : 13.35%), Secured, rated, redeemable, listed, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is November 3, 2016. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on November 30, 2020.	2,500.00	2,500.00
14 450 (March 31, 2019: 450), @11.34% (Previous year : 11.34%), Secured, unlisted, redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 7, 2017. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on December 7, 2020.	4,500.00	4,500.00
15 330 (March 31, 2019: 330), @11.99% (Previous year : 11.99%), Secured, unlisted, redeemable non-convertible debentures of face value of ₹1,000,000 each, The date of allotment is December 8, 2017. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on December 8, 2020.	3,300.00	3,300.00
16 970 (March 31, 2019: 970), @11.67% (Previous year : 11.67%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is July 31, 2018. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on July 31, 2023, subject to call/put option after three years of allotment.	9,700.00	9,700.00
17 387 (March 31, 2018: 387), @11.00% (Previous year : 11.00%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is October 26, 2018. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on October 26, 2021.	3,870.00	3,870.00
18 1200 (March 31, 2019: Nil), @11.45% (Previous year: Nil), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is September 27, 2019. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on September 27, 2023.	12,000.00	-
Total (A)		81,586.66	82,886.66

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(B) Non convertible debentures (unsecured)

Particulars	Terms of repayment	As at March 31, 2020	As at March 31, 2019
1 Nil (Series A 400, Series B 600) (March 31, 2019: 1000), @11.15%, unsecured, rated, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 19, 2017.	Redeemable on December 19, 2018 (Corrigendum date December 31, 2018) (Series A) and November 19, 2019 (Corrigendum date November 30, 2019) (Series B).	-	4,000.00
2 Nil (March 31, 2019: 125), @14.30%, Unsecured, rated, senior, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is April 5, 2016.	Redeemable on April 4, 2019.	-	1,250.00
3 Nil (March 31, 2019: 67,489), @13.00%, Unsecured, rated, senior, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 5,000 each, The date of allotment is May 27, 2016.	Redeemable on May 28, 2019.	-	3,374.45
4 Nil (March 31, 2019: 150), @12.25%, Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 26, 2016.	Redeemable on December 9, 2019	-	1,500.00
5 250 (March 31, 2019: 250), @13.35%, Unsecured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is November 4, 2016.	Redeemable on November 30, 2020	2,500.00	2,500.00
6 2,628 (March 31, 2019: 2628), @14.15%, Unsecured, rated, listed, senior, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 100,000 each, The date of allotment is October 5, 2015.	Redeemable on September 15, 2021, subject to call / put option of 4th year September 16, 2019	2,628.00	2,628.00
Total (B)		5,128.00	15,252.45
Total (A+B)		86,714.66	98,139.11
Less: Unamortized transaction costs		(328.52)	(552.26)
Total		86,386.14	97,586.85

20. BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTIZED COST)

Particulars	As at March 31, 2020	As at March 31, 2019
Term loans		
From banks		
Secured	2,07,231.34	1,69,306.32
From other parties		
Secured	1,55,369.52	1,51,262.77
Unsecured	41.75	79.07
Overdraft facility against term deposits		
From banks - secured	13,793.17	5,914.98
External commercial borrowings		
Secured	11,936.89	2,738.96
Unsecured	7,030.14	-
Commercial paper	-	8,805.66
Liability against securitized assets	3,910.50	33,891.45
Liability against leased assets	900.41	-
Total	4,00,213.72	3,71,999.21
Borrowings in India	3,81,246.69	3,69,260.25
Borrowings outside India	18,967.03	2,738.96
Total	4,00,213.72	3,71,999.21

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

21. SUB-ORDINATED LIABILITIES (AT AMORTIZED COST)

Particulars	As at March 31, 2020	As at March 31, 2019
Preference shares other than those that qualify as equity (refer notes A (i))	2,493.44	2,487.23
Liability component of compound financial instruments (refer notes A (ii))	-	5,157.12
Non-convertible debentures (refer note B)	24,111.03	18,274.53
Term loans from banks	25,500.00	25,500.00
Term loans from parties other than banks	999.75	997.56
External commercial borrowings	1,203.91	1,503.24
Total	54,308.13	53,919.68
Sub-ordinated liabilities in India	53,104.22	52,416.44
Sub-ordinated liabilities outside India	1,203.91	1,503.24
Total	54,308.13	53,919.68

Notes:

A Preference shares

- During the year ended March 31, 2017, the Company allotted 25,000,000, 12.10% Rated, Cumulative, Non-Participative, Non-Convertible, Compulsorily Redeemable Preference Shares of face value of ₹ 10 each fully paid-up for cash at an issue price of ₹ 10 and are redeemable on April 22, 2021.
- During the year ended March 31, 2018, the Company allotted 1,343,283, 0.01% Optionally Convertible, Cumulative, Redeemable Preference Shares ("OCCRPS") of face value of ₹ 10 each fully paid-up for cash at an issue price of ₹ 335 per share. Each preference share is either convertible into equivalent number of equity shares of the Company of ₹ 10 each at the option of allottee within a time frame not exceeding 18 months from the date of allotment or subject to redemption by the Company at the end of such time frame and on such terms and conditions along with applicable yield of 12% per annum of the consideration paid by allottee, as may be deemed appropriate by the Board of Directors. Further, these OCCRPS are converted into equivalent number of equity shares (i.e. 1,343,283 equity shares) of face value of ₹ 10 each on June 27, 2019. The Company had measured this as compound financial instruments and accordingly, equity and liability component was recognized.

B Non convertible debentures (unsecured)

Particulars	Terms of repayment	As at March 31, 2020	As at March 31, 2019
1 Nil (March 31, 2019: 84), @18.00%, Unsecured, listed, redeemable, non-convertible debentures of face value of ₹ 2,500,000 each, The date of allotment is July 15, 2014.	Redeemable at par on October 16, 2019	-	2,100.00
2 150 (March 31, 2019: 150), @16.90%, Unsecured, listed, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is March 20, 2015.	Redeemable at par on September 20, 2020	1,500.00	1,500.00
3 130 (March 31, 2019: 130), @17.75%, Unsecured, unlisted, redeemable, non - convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is March 31, 2015.	Redeemable at par on December 18, 2020	1,300.00	1,300.00
4 250 (March 31, 2019: 250), SBI Base rate + 6.15% i.e. 15.85%, Unsecured, rated, redeemable, listed, taxable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 30, 2015.	Redeemable on June 30, 2021	2,500.00	2,500.00
5 250 (March 31, 2019: 250), @15.50%, Unsecured, rated, subordinated, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 30, 2015.	Redeemable on April 15, 2022	2,500.00	2,500.00
6 100 (March 31, 2019: 100), @15.50%, Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 28, 2016.	Redeemable on September 28, 2022	1,000.00	1,000.00
7 100 (March 31, 2019: 100), @15.00%, Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 29, 2016.	Redeemable on September 30, 2022	1,000.00	1,000.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Terms of repayment	As at March 31, 2020	As at March 31, 2019
8 100 (March 31, 2019: 100), @15.00%, Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 29, 2016.	Redeemable on December 31, 2022	1,000.00	1,000.00
9 100 (March 31, 2019: 100), @15.00% Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 29, 2016.	Redeemable on March 31, 2023	1,000.00	1,000.00
10 350 (March 31, 2019: 350), @13.85%, Unsecured, unrated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is March 29, 2017.	Redeemable on April 30, 2023	3,500.00	3,500.00
11 100 (March 31, 2019: 100), @15.00%, Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 29, 2016.	Redeemable on June 30, 2023	1,000.00	1,000.00
12 300 (March 31, 2019: Nil), @15.50%, Unsecured, rated, listed, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 17, 2019.	Redeemable on December 31, 2026	3,000.00	-
13 5,005 (March 31, 2019: Nil), @ 13.14 %, Unsecured, rated, unlisted, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 50,000 each, The date of allotment is March 24, 2020.	Redeemable on April 24, 2027	2,502.50	-
14 5,005 (March 31, 2019: Nil), @ 13.14 %, Unsecured, rated, unlisted, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 50,000 each, The date of allotment is March 24, 2020.	Redeemable on April 24, 2027	2,502.50	-
Total (B)		24,305.00	18,400.00
Less: Unamortized transaction costs		(193.97)	(125.47)
Total		24,111.03	18,274.53

Reconciliation of liabilities arising from financing activities

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

Particulars	Debt securities	Borrowings (other than debt)	Subordinated liabilities	Liability against leased assets	Total
April 01, 2018	91,929.66	3,86,241.19	36,918.92	-	5,15,089.77
Cash flows:					
- Repayment	(34,702.86)	(3,44,401.21)	(369.81)	-	(3,79,473.88)
- Proceeds from overdraft facility	-	4,179.78	-	-	4,179.78
- Proceeds other than overdraft facility	40,370.00	3,25,358.64	20,000.00	-	3,85,728.64
	97,596.80	3,71,378.40	56,549.11	-	5,25,524.31
Non-cash:					
- Conversion of Optionally Convertible, Redeemable Preference Shares	-	-	(3,500.00)	-	(3,500.00)
- Foreign exchange	-	149.75	80.63	-	230.38
- Amortization of upfront fees and others	(9.95)	471.06	789.94	-	1,251.05
March 31, 2019	97,586.85	3,71,999.21	53,919.68	-	5,23,505.74
Adoption of Ind AS 116	-	-	-	1,503.28	1,503.28
Cash flows:					
- Repayment	(32,852.45)	(2,80,954.11)	(2,469.76)	(553.20)	(3,16,829.52)
- Proceeds from overdraft facility	-	7,878.19	-	-	7,878.19
- Proceeds other than overdraft facility	21,428.00	3,00,407.76	8,005.00	-	3,29,840.76
	(11,424.45)	27,331.84	5,535.24	(553.20)	20,889.43

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Debt securities	Borrowings (other than debt)	Subordinated liabilities	Liability against leased assets	Total
Non-cash:					
- Addition during the year	-	-	-	363.76	363.76
- Conversion of Optionally Convertible, Redeemable Preference Shares	-	-	(5,310.68)	-	(5,310.68)
- Foreign exchange	-	721.38	65.97	-	787.35
- Amortization of upfront fees and others	238.56	1,639.34	209.39	-	2,087.29
- Deferment of upfront processing fee	(14.82)	(2,378.46)	(111.47)	-	(2,504.75)
- Others	-	-	-	(413.43)	(413.43)
As at March 31, 2020	86,386.14	3,99,313.31	54,308.13	900.41	5,40,907.99

Notes:

- The Borrowings together with debt securities and subordinate liabilities referred in notes 19, 20 and 21 are secured by way hypothecation of portfolio loans arising out of its business operations, cash collateral in the form of fixed deposits. The same have also been guaranteed by two of the directors of the Company in their personal capacity.
- Vehicles and building are hypothecated for respective borrowings availed for purchase of property plant and equipment.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Terms of repayment of debt securities, other borrowings and subordinated liabilities as on March 31, 2020 are as follows:

Repayment	Interest rate range	Due within 1 year		Due within 1 to 2 years		Due within 2 to 3 years		Due within 3 to 4 years		Due after 4 years		Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly	Below 9.00%	94	4,038.24	83	4,035.88	44	965.27	12	4.96	8	3.56	9,047.91
	9% to 12%	438	55,813.47	179	23,810.56	54	7,116.09	13	3.19	-	-	86,743.31
	12.01% to 15%	874	23,291.67	482	14,145.29	26	297.58	20	139.20	54	263.12	38,136.86
	Above 15%	-	-	-	-	-	-	-	-	-	-	-
Quarterly	Below 9.00%	-	-	-	-	-	-	-	-	-	-	-
	9% to 12%	99	74,788.79	53	34,485.23	22	16,056.67	4	1,333.33	-	-	1,26,664.02
	12.01% to 15%	9	1,506.00	8	1,256.43	6	942.32	-	-	-	-	3,704.75
	Above 15%	-	-	-	-	-	-	-	-	-	-	-
Semi-annually	Below 9.00%	-	-	2	2,671.50	2	2,671.50	2	2,671.50	2	2,671.50	10,686.00
	9% to 12%	25	50,272.86	26	34,421.46	16	16,685.71	8	8,685.71	3	1,000.00	1,11,065.74
	12.01% to 15%	-	-	-	-	-	-	-	-	-	-	-
	Above 15%	-	-	-	-	-	-	-	-	4	3,000.00	3,000.00
Annually	9% to 12%	1	2,000.00	-	-	-	-	-	-	-	-	2,000.00
	Below 9.00%	1	2,000.00	-	-	-	-	-	-	-	-	2,000.00
	9% to 12%	10	28,750.00	2	6,498.00	1	6,800.00	-	-	-	-	42,048.00
	12.01% to 15%	4	10,200.00	-	-	3	17,586.27	3	15,700.00	1	20,000.00	63,486.27
Bullet	Above 15%	3	3,800.00	1	2,500.00	3	6,500.00	-	-	-	-	12,800.00
	-	-	-	-	-	1	2,500.00	-	-	-	-	2,500.00
	On demand	-	13,793.17	1	3,000.00	2	6,000.00	1	3,000.00	4	5,005.00	30,798.17
	Variable rates	-	-	-	-	-	-	-	-	-	-	-
Total		1,558	2,70,254.20	837	1,26,824.35	180	84,121.41	63	31,537.89	76	31,943.18	5,44,681.03

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

(All amounts in ₹ lakhs, unless otherwise stated)

Terms of repayment of debt securities, other borrowings and subordinated liabilities as on March 31, 2019 are as follows: #

Repayment	Interest rate range	Due within 1 year		Due within 1 to 2 years		Due within 2 to 3 years		Due within 3 to 4 years		Due after 4 years		Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly	9% to 12%	521	93,356.29	263	25,986.36	53	1,085.55	28	168.65	15	8.72	1,20,605.57
	12.01% to 15%	400	24,825.01	226	15,396.05	26	9,038.39	1	60.00	-	-	49,319.45
	Above 15%	-	-	-	-	-	-	-	-	-	-	-
Quarterly	9% to 12%	97	62,685.84	45	22,131.67	6	624.87	1	150.00	-	-	85,592.38
	12.01% to 15%	18	3,485.60	9	1,402.86	8	1,152.86	6	864.64	-	-	6,905.96
	Above 15%	-	-	-	-	-	-	-	-	-	-	-
Semi-annually	9% to 12%	18	42,843.25	21	32,917.86	21	16,748.21	12	10,685.71	8	8,185.71	1,11,380.74
	12.01% to 15%	2	1,000.00	-	-	-	-	-	-	-	-	1,000.00
Annually	9% to 12%	1	2,000.00	1	2,000.00	-	-	-	-	-	-	4,000.00
	9% to 12%	14	24,605.66	4	14,050.00	1	3,870.00	-	-	-	-	42,525.66
	12.01% to 15%	8	19,352.45	4	10,200.00	-	-	2	10,500.00	4	35,700.00	75,752.45
Bullet	Above 15%	1	2,100.00	3	3,800.00	1	2,500.00	3	6,500.00	-	-	14,900.00
	Variable rates	1	5,161.28	-	-	1	2,500.00	-	-	-	-	7,661.28
On demand	Variable rates	-	5,914.98	-	-	-	-	-	-	-	-	5,914.98
Total		1,081	2,87,330.36	576	1,27,884.80	117	37,519.88	53	28,929.00	27	43,894.43	5,25,558.47

All the above mentioned repayments disclosed as per the contractual maturities of debt securities, borrowing other than debt securities and subordinate liabilities at gross carrying value.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

22. OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued on debt securities	2,544.26	2,924.36
Interest accrued on borrowings other than debt securities	2,447.77	2,394.74
Interest accrued on subordinated liabilities	759.12	485.41
Payable towards assignment/securitisation transactions	17,192.41	19,708.59
Margin money received from customers	412.99	399.77
First loss default guarantee	773.34	323.34
Payable to employees	198.74	883.57
Security deposit received	18.37	26.99
Insurance payables	27.38	446.54
Financial liability for corporate guarantee	26.53	-
Total	24,400.91	27,593.31

23. PROVISIONS

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for gratuity	-	412.77
Provision for compensation absences	1,086.40	941.67
Total	1,086.40	1,354.44

24. OTHER NON-FINANCIAL LIABILITIES

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred income	10.02	34.19
Statutory dues payables	768.43	726.39
Total	778.45	760.58

25. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
A Authorized				
Equity share capital of face value of ₹ 10 each				
At the beginning of the year	6,50,00,000	6,500.00	6,50,00,000	6,500.00
Additions during the year	-	-	-	-
	6,50,00,000	6,500.00	6,50,00,000	6,500.00
B Issued and subscribed				
Equity share capital of face value of ₹ 10 each				
At the beginning of the year	4,89,50,367	4,895.04	4,77,20,269	4,772.03
Additions during the year	31,34,327	313.43	12,30,098	123.01
	5,20,84,694	5,208.47	4,89,50,367	4,895.04
C Fully paid-up				
Equity share capital of face value of ₹ 10 each				
At the beginning of the year	4,89,03,867	4,890.39	4,76,73,769	4,767.38
Additions during the year	31,34,327	313.43	12,30,098	123.01
	5,20,38,194	5,203.82	4,89,03,867	4,890.39
Less: Amount recoverable from Satin Employees Welfare Trust (Equity shares of ₹ 10 each allotted to the Satin Employees Welfare Trust)	(3,48,950)	(34.90)	(3,96,700)	(39.67)
	5,16,89,244	5,168.92	4,85,07,167	4,850.72
Add: forfeited shares (amount originally paid on 46,500 equity shares)	-	2.35	-	2.35
	5,16,89,244	5,171.27	4,85,07,167	4,853.07

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
D Reconciliation of number of equity shares outstanding at the beginning and at the end of the year				
Balance at the beginning of the year	4,89,03,867	4,890.39	4,76,73,769	4,767.38
Add: Issued during the year	31,34,327	313.43	12,30,098	123.01
	5,20,38,194	5,203.82	4,89,03,867	4,890.39
E Reconciliation of number of equity shares issued to Satin Employees Welfare Trust outstanding at the beginning and at the end of the year				
Balance at the beginning of the year	3,96,700	39.67	4,28,200	42.82
Less: Allotted to employees during the year	47,750	4.78	31,500	3.15
	3,48,950	34.89	3,96,700	39.67

- F** (i) During the year ended March 31, 2019, the allotment of 1,230,098 equity shares of ₹ 10 each at issue price of ₹ 284.53 per share including premium of ₹ 274.53 per share on preferential basis pursuant to conversion of 1,230,098, 0.01% Optionally Convertible, Redeemable Preference Shares ("OCRPS") of face value of ₹ 10 each fully paid-up to Capital First Limited (entity belonging to non-promoter group).
- (ii) During the year ended March 31, 2020, the allotment of 1,343,283 equity shares of ₹ 10 each at issue price of ₹ 335 per share including premium of ₹ 325 per share on preferential basis pursuant to conversion of 1,343,283, Optionally Convertible, Cumulative, Redeemable Preference Shares ("OCCRPS") of face value of ₹ 10 each fully paid-up to IndusInd Bank Limited (entity belonging to non-promoter group).
- (iii) During the year ended March 31, 2020, the allotment of 1,791,044 equity shares of ₹ 10 each at issue price of ₹ 335 per share including premium of ₹ 325 per share (25% of which was paid on allotment of fully convertible warrants (FCW) and 75% was paid on allotment of equity shares) on preferential basis pursuant to conversion of 1,791,044 FCW of face value of ₹ 10 each fully paid-up to Trishashna Holdings & Investments Private Ltd' (THIPL) (entity belonging to promoter group).

G Rights, preferences and restrictions

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

H Details of shareholder holding more than 5% share capital:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	%	Number	%
Trishashna Holdings & Investments Private Limited (THIPL) *	1,43,23,264	27.52%	1,18,63,415	24.26%
Nordic Microfinance Initiative Fund III KS	33,69,318	6.47%	33,69,318	6.89%
DSP Equity & Bond Fund #	4,785,520	9.20%	36,76,910	7.52%
SBI FMO Emerging Asia Financial Sector Fund Pte. Ltd.	33,13,609	6.37%	33,13,609	6.78%
Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Small Cap Fund	2,922,786	5.62%	30,48,306	6.23%

* THIPL, Promoter entity, whose shareholding (due to inter-se transfer of Promoter's) has been changed with effect from March 04, 2019 vide order No. 147 of petition number CP(CAA)-29(PB)/2018 connected with CA(CAA)- 127(PB)/2017 received from National Company Law Tribunal, Principal Bench, New Delhi.

Shareholding are on combined basis.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

I Aggregate number of shares issued for consideration other than cash during the last five years

- On August 30, 2016, the allotment of 1,087,456 equity shares of ₹ 10 each at an issue price of ₹ 457.82 per share including premium of ₹ 447.82 per share on preferential basis to persons and entities belonging to promoter and non-promoter group pursuant to swap of equity shares of the Company with the shareholders of Taraashna Financial Services Limited, "TFSL" (Previously known as Taraashna Services Limited) with an intent to make it a subsidiary of the Company in accordance with the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009. Accordingly, as per confirmation received from TFSL, 7,977,239 equity shares were transferred to the Company.
- On May 30, 2018, the allotment of 1,230,098 equity shares of ₹ 10 each on conversion of 1,230,098, 0.01% Optionally Convertible, Redeemable Preference Shares ("OCRPS") of face value of ₹ 10 each fully paid-up to Capital First Limited (entity belonging to non-promoter group).
- On June 27, 2019, the allotment of 1,343,283 equity shares of ₹ 10 each on conversion of 1,343,283, Optionally Convertible, Cumulative, Redeemable Preference Shares ("OCCRPS") of face value of ₹ 10 each fully paid-up to IndusInd Bank Limited (entity belonging to non-promoter group).

J Shares reserved for issue under options

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP), refer note 54 titled as Employee Stock Option Plan / Scheme (ESOP/ ESOS).

K In respect of securities convertible into equity shares issue along with their earliest date of conversion and other related terms and conditions disclosed in note.

L The information required to be disclosed that enables user of its financial statements to evaluate the its objectives, policies and process for managing capital is disclosed in note 43.

26. OTHER EQUITY

Particulars	As at March 31, 2020	As at March 31, 2019
Capital redemption reserve	277.00	277.00
Share options outstanding account	540.99	476.63
Statutory reserves	9,966.39	6,841.05
General reserve	29.94	29.94
Securities premium	94,548.74	83,342.21
Equity component of compound financial instruments	-	34.96
Retained earnings	27,808.57	15,241.50
Money received against share warrants	-	1,500.00
Other comprehensive income:		
Equity instruments through other comprehensive income	(5.00)	(5.00)
Changes in fair value of loan assets	6,869.19	2,550.33
Cash flow hedge reserve	69.87	-
Total	1,40,105.69	1,10,288.62

Nature and purpose of other reserve

Capital redemption reserve

The same had been created in accordance with provisions of the Companies Act 2013 on account of redemption of preference shares.

Share options outstanding account

The reserve is used to recognize the fair value of the options issued to employees of the Company and subsidiary companies under Company's employee stock option plan.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Statutory reserve

The reserve is created as per the provision of Section 45(IC) 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.

General reserve

The management has transferred a portion of the net profit to general reserve before declaring dividend pursuant to the provision of erstwhile Companies Act.

Securities premium

Securities premium represents premium received on issue of shares. The amount is utilized in accordance with the provisions of the Companies Act 2013.

Equity component of compound financial instruments

Optionally convertible and redeemable preference shares issued by the Company have been classified as compound financial instruments and recognized at amortized cost. The difference between transaction value and amortized cost has been recognized as a separate component in other equity.

Money received against share warrants

The Company allotted 1,791,044 fully convertible warrants of ₹ 10 each at an issue price of ₹ 335 per warrant including premium of ₹ 325 per warrant on preferential basis to Trishashna Holdings & Investments Private Limited (an entity belonging to promoter group) on December 28, 2017. Each warrant is convertible into or exchangeable at an option of warrant holder, in one or more tranches in one equity share of face value of ₹ 10 each at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment of the warrants and subsequently the same was converted into equity shares on June 27, 2019.

Equity instruments through other comprehensive income

This represents the cumulative gains and losses arising on the fair valuation of equity instruments measured at fair value through other comprehensive income.

Changes in fair value of loan assets

This represents the cumulative gains and losses arising on the fair valuation of loan assets classified under business model of hold and hold to collect and sell.

Cash flow hedge reserve

Cash flow hedge reserve is used to eliminate or reduce the exposure that arises from changes in the cash flows of a financial asset or liability (or other eligible exposure) due to changes in a particular risk, such as interest rate risk on a floating rate debt instrument.

27. INTEREST INCOME

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	On financial assets measured at amortized cost	On financial assets measured classified at fair value through profit and loss	On financial assets measured at amortized cost	On financial assets measured classified at fair value through profit and loss
Interest income on portfolio loans	96,619.32	-	1,11,256.49	-
Interest income on deposits, certificate of deposits and commercial papers	6,810.35	-	5,978.03	-
Interest income on investments	-	2,978.17	-	489.12
Interest income on unwinding of assigned portfolio	1,436.54	-	226.83	-
Sub total	1,04,866.21	2,978.17	1,17,461.35	489.12
Total interest income		1,07,844.38		1,17,950.47

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

28. DIVIDEND INCOME

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividend income	2.21	-
Total	2.21	-

29. FEES AND COMMISSION INCOME

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Service fee and facilitation charges	868.51	299.19
Income from business correspondent operations	6,210.14	2,494.66
Total	7,078.65	2,793.85

30. NET GAIN ON FAIR VALUE CHANGES

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(A) Net gain on financial instruments measured at fair value through profit or loss		
- Investments		
Gain on sale of mutual funds	1,368.20	2,688.93
(Loss)/gain on fair valuation of other investments	8.94	(6.78)
(B) Others		
- Derivatives	(139.70)	304.57
Total	1,237.44	2,986.72
Fair value changes		
- Realised	1,363.98	2,680.38
- Unrealised	(126.54)	306.34
Total	1,237.44	2,986.72

31. NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Gain on sale of loan portfolio through assignment	23,608.14	13,345.54
Total	23,608.14	13,345.54

32. OTHER OPERATING INCOME

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Commitment and other charges	186.29	199.12
Total	186.29	199.12

33. OTHER INCOME

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rental income on building	84.70	25.85
Net gain on derecognition of property, plant and equipment	2.90	2.77
Net gain on termination of leases	45.32	-
Corporate guarantee premium income	0.38	-
Total	133.30	28.62

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

34. FINANCE COSTS (ON FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on debt securities	11,130.70	12,221.69
Interest on borrowings (other than debt securities)	38,759.22	45,016.79
Interest on subordinated liabilities	7,271.07	6,568.19
Interest expense for leasing arrangements	161.98	-
Other interest expenses	45.09	96.59
Total	57,368.06	63,903.26

35. IMPAIRMENT ON FINANCIAL INSTRUMENTS (ON FINANCIAL ASSETS MEASURED AT AMORTIZED COST)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Loans written off	10,976.73	14,880.46
Impairment loss allowance on other receivable	446.54	15.69
Impairment allowance/(reversal) on loans	7,459.62	(9,689.45)
Total	18,882.89	5,206.70

36. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	25,853.76	23,989.05
Contribution to provident and other funds	3,206.81	1,866.79
Share based payment to employees	147.97	317.86
Staff welfare expenses	458.25	307.94
Total	29,666.79	26,481.64

37. DEPRECIATION AND AMORTIZATION

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on property, plant and equipment	954.93	903.33
Depreciation on right-of-use assets	487.13	-
Amortization of intangible assets	77.78	228.56
Total	1,519.84	1,131.89

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

38. OTHER EXPENSES

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Travelling and conveyance	806.39	846.88
Legal and professional charges*	2,459.16	1,321.22
Insurance	608.36	440.88
Rent	1,379.47	1,599.81
Auditor's fee and expenses*	28.52	31.97
Rates and taxes	33.35	56.44
Repairs and maintenance	589.75	582.86
Exchange fluctuation loss (net)	189.17	233.60
Loss on securitisation	-	378.06
Bank charges	443.61	366.52
Corporate social responsibility#	-	85.75
Property, plant and equipment written off	-	48.64
Car lease rent	75.00	149.59
Printing and stationery	365.13	361.48
Communication costs	508.83	623.04
Write off against FLDG	828.78	-
First loss default guarantee expenses	450.00	321.42
Advertisement and publicity	248.86	296.69
Cash embezzlement	93.13	257.99
Other administrative expenses	1,237.18	1,109.41
Miscellaneous expenses	991.38	906.88
Total	11,336.07	10,019.13

* Remuneration to auditors comprises of:

As auditors	26.00	28.00
Other services	0.95	18.00
Reimbursement of expenses	1.57	5.18
Total	28.52	51.18

Corporate social responsibility expenses

The Company spent ₹ Nil (March 31, 2019 ₹ 85.75 lakhs), towards Corporate Social Responsibility (CSR) activities as follows:

Particulars	For the year ended March 31, 2020		
	Amount spent	Amount unpaid	Total
Construction/acquisition of any asset	-	-	-
On purpose other than above	-	231.45	231.45

Particulars	For the year ended March 31, 2019		
	Amount spent	Amount unpaid	Total
Construction/acquisition of any asset	-	-	-
On purpose other than above	85.75	-	85.75

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

39. TAX EXPENSE

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax	5,474.97	4,117.75
Deferred tax charge/(credit)	215.08	6,949.67
Tax expense reported in the Statement of Profit and Loss	5,690.05	11,067.42

The major components of tax expense and its reconciliation to expected tax expense based on the enacted tax rate applicable to the Company is 25.168% (March 31, 2019: 34.944%) and the reported tax expense in statement of profit and loss are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit before tax expense	21,316.76	30,561.70
Income tax rate	25.168%	34.944%
Expected tax expense	5,365.00	10,679.48
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax impact of expenses which is non deductible	168.24	293.50
Tax impact on items exempt under income tax	(3.71)	98.74
Impact of change in tax rates	159.79	-
Others	0.73	(4.30)
Tax expense	5,690.05	11,067.42

40. EARNINGS PER SHARE (EPS)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net profit after tax attributable to equity shareholders		
Net profit for the year for basic EPS	15,626.71	19,494.28
Dilutive impact of optionally convertible and redeemable preference shares	149.40	64.47
Net profit for the year for diluted EPS	15,776.11	19,558.75
Nominal value of equity share (₹)	10	10
Weighted-average number of equity shares for basis earnings per share	5,09,20,738	4,82,87,570
Effect of dilution:		
Optionally convertible preference shares	3,19,305	1,98,838
Share warrants	4,25,740	-
Share options	23,461	2,97,369
Weighted-average number of equity shares used to compute diluted earnings per share	5,16,89,244	4,87,83,777
Basic earnings per share (₹)	30.69	40.37
Diluted earnings per share (₹)	30.52	40.09

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

41. 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 fair value			
Derivative financial instruments fair value through profit and loss	Note - 6	673.63	186.99
Loans measured at fair value through other comprehensive income	Note - 8	4,20,819.04	3,70,973.92
Investments* measured at			
(i) Fair value through profit and loss	Note - 9	24,573.21	26,428.85
Financial assets measured at amortized cost			
Cash and cash equivalents	Note - 4	1,10,732.02	1,00,387.51
Bank balances other cash and cash equivalents	Note - 5	65,434.15	69,396.52
Trade receivables	Note - 7	613.14	651.56
Loans	Note - 8	50,120.06	75,034.66
Security deposits	Note - 10	360.23	234.22
Other financial assets	Note - 10	1,398.54	1,765.37
Total		6,74,724.02	6,45,059.60
Financial liabilities measured at amortized cost			
Trade payables	Note - 17	416.31	129.58
Other payables	Note - 18	1,413.85	1,069.94
Debt securities (including interest accrued)	Note - 19 and 22	88,930.40	1,00,511.21
Borrowings other than debt securities (including interest accrued)	Note - 20 and 22	4,02,661.49	3,74,393.95
Sub-ordinated liabilities (including interest accrued)	Note - 21 and 22	55,067.25	54,405.09
Other financial liabilities	Note - 22	18,649.76	21,788.80
Total		5,67,139.06	5,52,298.57

* Investment in subsidiaries are measured at cost as per Ind AS 27, 'Separate Financial Statements' and hence, not presented here.

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).

Valuation technique used to determine fair value

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the company and other valuation models. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

Particulars	Level 1	Level 2	Level 3	Total
As at March 31, 2020				
Assets				
Loans at fair value through other comprehensive income				
Loans	-	4,20,819.04	-	4,20,819.04
Investments at fair value through profit and loss				
Commercial paper	24,518.47	-	-	24,518.47
Mutual funds	54.23	-	-	54.23
Government securities	-	0.51	-	0.51
Derivative financial assets at fair value through profit and loss				
Currency and interest swaps	-	673.63	-	673.63

Particulars	Level 1	Level 2	Level 3	Total
As at March 31, 2019				
Assets				
Loans at fair value through other comprehensive income				
Loans	-	3,70,973.92	-	3,70,973.92
Investments at fair value through profit and loss				
Certificate of deposits	26,428.34	-	-	26,428.34
Government securities	-	0.51	-	0.51
Derivative financial assets at fair value through profit and loss				
Currency and interest swaps	-	186.99	-	186.99

Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- Eligible loans valued by discounting the aggregate future cash flows (both principal and interest cash flows) with credit risk-adjusted discounting rate for the remaining portfolio tenor. The Company has considered the average valuation impact arrived using risk free, cost of funds and yield free securitisation approach.
- The use of net asset value for certificate of deposits and mutual funds on the basis of the statement received from investee party.
- The value of derivative contracts are determined using forward exchange rates at Balance Sheet date.

B.2 Fair value of instruments measured at amortized cost

Fair value of instruments measured at amortized 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	1,10,732.02	1,10,732.02	1,00,387.51	1,00,389.12
Bank balances other than cash and cash equivalents	65,434.15	65,434.15	69,396.52	69,396.52
Trade receivables	613.14	613.14	651.56	651.56
Loans	50,120.06	50,120.06	75,034.66	75,034.66
Security deposits	360.23	364.26	234.22	237.55
Other financial assets	1,398.54	1,398.54	1,765.37	1,765.37
Total	2,28,658.14	2,28,662.17	2,47,469.84	2,47,474.78

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities				
Trade payables	416.31	416.31	129.58	129.58
Other payables	1,413.85	1,413.85	1,069.94	1,069.94
Debt securities (including interest accrued)	88,930.40	90,129.05	1,00,511.21	1,01,930.95
Borrowings other than debt securities (including interest accrued)	4,02,661.49	4,04,904.27	3,74,393.95	3,77,421.77
Sub-ordinated liabilities (including interest accrued)	55,067.25	56,406.96	54,405.09	55,845.43
Other financial liabilities	18,649.76	18,649.76	21,788.80	21,788.80
Total	5,67,139.06	5,71,920.20	5,52,298.57	5,58,186.47

The management assessed that fair values of 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:

- The fair values of the Company's fixed interest bearing loans are determined by applying set of discount rates and then averaged out to arrive at the fair value.
- The fair values of the Company's fixed rate interest-bearing debt securities, borrowings and subordinated liabilities are determined by applying discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. For variable rate interest-bearing debt securities, borrowings and subordinated liabilities, carrying value represent best estimate of their fair value as these are subject to changes in underlying interest rate indices as and when the changes happen.

42. FINANCIAL RISK MANAGEMENT

i) Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The Company manages the risk basis 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	Risk management
Credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	Credit limit and ageing analysis	Highly rated bank deposits and diversification of asset base and collaterals taken for assets
Liquidity risk	Borrowings, debt securities, subordinated liabilities, trade payables and other financial liabilities	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required)
Market risk - foreign exchange	Financial assets and liabilities not denominated in Indian rupee ₹	Cash flow forecasting	Currency and interest rate swaps
Market risk - interest rate	Change in interest rate of variable rates borrowings, debt securities and subordinated liabilities	Sensitivity analysis	Review of cost of funds and pricing disbursement
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

In order to avoid excessive concentration of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

A) Credit risk

'Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company'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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

a) Credit risk management

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. 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 has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

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

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

Asset group	Assets covered	Basis of expected credit loss
Low credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	Life time expected credit loss or 12 month expected credit loss
Moderate credit risk	Loans and other financial assets	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans	Life time expected credit loss or fully provided for

Financial assets that expose the entity to credit risk*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Low credit risk		
Cash and cash equivalents	1,06,005.39	95,464.62
Bank balances other than cash and cash equivalents	65,434.15	69,396.52
Trade receivables	613.14	651.56
Loans	4,65,257.69	4,35,589.25
Security deposits	360.23	234.22
Other financial assets	1,398.54	1,765.37
(ii) Moderate credit risk		
Loans	6,263.00	2,871.04
(iii) High credit risk		
Loans	15,052.80	17,788.64
Other financial assets	168.54	138.17

* These represent gross carrying values of financial assets, without netting off impairment loss allowance.

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.

Trade receivables

Trade receivables measured at amortized cost and credit risk related to these are managed by monitoring the recoverability of such amounts continuously.

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 recoverable. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Loans

The Company closely monitors the credit-worthiness of the borrower's through internal systems and appraisal process to assess the credit risk and define credit limits of borrower, thereby, limiting the credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties. 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 90 days past due.

The major guidelines for selection of the client includes:

- The client's income and indebtedness levels must be within the prescribed guidelines of Reserve Bank of India
- The client's household must be engaged in some form of economic activity which ensures regular and assured income
- The client must possess the required Know Your Client (KYC) documents
- Client must agree to follow the rules and regulations of the organization
- Credit bureau check – In order to deal with the problem of over extension of credit and indebtedness of the client, the Organization undertakes credit bureau checks compulsorily for every client. The credit bureau check helps the Organization in identifying clients with poor repayment histories and multiple loans.

Category*	Inputs	Assumptions
Micro finance loans	1. Ageing of historical data	1. Recoverability assumptions for stage 3 loan assets
Micro, Small and Medium Enterprises loans	2. Latest available interest rate as discounting factor	2. Averaging of best case and worst case scenarios

* The Company has used forward looking information in form of real GDP growth rate for Micro finance loans and domestic credit growth rate for Micro Small and Medium Enterprises loans.

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 recognized in statement of profit and loss.

b) Credit risk exposure

i) Expected credit losses for financial assets other than loans

As at March 31, 2020	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	1,06,005.39	-	1,06,005.39
Bank balances other than cash and cash equivalents	65,434.15	-	65,434.15
Trade receivables	613.14	-	613.14
Security deposits	360.23	-	360.23
Other financial assets	1,567.08	168.54	1,398.54
As at March 31, 2019	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	95,464.62	-	95,464.62
Bank balances other than cash and cash equivalents	69,396.52	-	69,396.52
Trade receivables	651.56	-	651.56
Security deposits	234.22	-	234.22
Other financial assets	1,903.54	138.17	1,765.37

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

ii) Expected credit loss for loans

Definition of default:

The Company considers default in all cases when the borrower becomes 90 days past due on its contractual payments. 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.

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	Stage 2	Stage 3
Gross carrying amount as at April 1, 2018	4,76,813.16	7,452.38	21,523.10
Assets originated*	3,36,211.89	-	-
Net transfer between stages			
Transfer to stage 1	154.96	(125.56)	(29.41)
Transfer to stage 2	(2,709.66)	2,724.50	(14.84)
Transfer to stage 3	(16,380.71)	(4,929.55)	21,310.26
Assets derecognized or collected (excluding write offs)	(3,58,500.39)	(2,250.73)	(3,055.46)
Write - offs (including death cases)	-	-	(21,945.01)
Gross carrying amount as at March 31, 2019	4,35,589.25	2,871.04	17,788.64
Assets originated*	4,07,540.96	4,751.85	5,333.65
Net transfer between stages			
Transfer to stage 1	594.45	(586.69)	(7.76)
Transfer to stage 2	(6,596.62)	6,602.13	(5.51)
Transfer to stage 3	(11,100.25)	(1,351.45)	12,451.69
Assets derecognized or collected (excluding write offs)	(3,61,541.42)	(5,982.92)	(7,525.32)
Write - offs (including death cases)	-	-	(12,252.23)
Gross carrying amount as at March 31, 2020	4,64,486.37	6,303.96	15,783.16

* Assets originated has been presented net of collection made during the year.

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	
Loss allowance on April 1, 2018	3,671.92	3,496.91	14,097.86	122.48
Increase of provision due to assets originated during the year	2,217.16	-	-	-
Net transfer between stages				15.69
Transfer to stage 1	1.18	(0.96)	(0.22)	-
Transfer to stage 2	(1,057.48)	1,064.40	(6.92)	-
Transfer to stage 3	(7,294.77)	(2,804.17)	10,098.94	-
Assets derecognized or collected	(936.96)	(749.84)	(11,922.31)	-
Impact of ECL on exposures transferred between stages during the year	5,591.81	(138.39)	(5,087.81)	-
Loss allowance on March 31, 2019	2,192.86	867.95	7,179.54	138.17
Increase of provision due to assets originated during the year	5,751.51	1,609.78	2,304.82	-
Net transfer between stages				30.37
Transfer to stage 1	185.90	(182.79)	(3.11)	-
Transfer to stage 2	(37.27)	39.48	(2.21)	-
Transfer to stage 3	(133.70)	(400.26)	533.96	-
Assets derecognized or collected	(1,099.11)	(264.88)	(5,307.53)	-
Impact of ECL on exposures transferred between stages during the year	64.24	486.61	1,848.60	-
Loss allowance on March 31, 2020	6,924.43	2,155.89	6,554.07	168.54

c) Concentration of loans

Particulars	As at March 31, 2020	As at March 31, 2019
Micro finance loans	4,63,091.55	4,33,025.08
Micro, Small and Medium Enterprises (MSME)	27,081.29	26,415.25
Less: Unamortized processing fee	(3,599.35)	(3,191.40)
Total	4,86,573.49	4,56,248.93

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

d) Loans secured against collateral

Company's secured portfolio pertains to MSME loans, which are secured largely 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	
MSME loans secured by property, plant and equipment (including land, building and plots)	5,756.47
MSME loans secured by book debts, inventories, margin money and other working capital items	2,951.34
As at March 31, 2019	
MSME loans secured by property, plant and equipment (including land, building and plots)	9,452.15
MSME loans secured by book debts, inventories, margin money and other working capital items	4,343.67

Wherever required, the Company holds other types of collateral and credit enhancements, such as cross-collateralisation on other assets of the borrower, pledge of securities, guarantees of promoters/proprietors, hypothecation of receivables via escrow account, hypothecation of receivables in other bank accounts, etc.

The Company does not physically possess properties or other assets in its normal course of business but makes efforts toward recovery of outstanding amounts on delinquent loans. Once contractual loan repayments are overdue, the Company initiates the legal proceedings against the defaulted customers.

B) Liquidity risk

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

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

(i) Financing arrangements

The Company has access to the following funding facilities:

Particulars	Total facility	Drawn	Undrawn
As at March 31, 2020			
- Expiring within one year	43,528.15	14,492.80	29,035.35
- Expiring beyond one year	8,29,372.70	7,74,122.56	55,250.14
Total	8,72,900.85	7,88,615.36	84,285.49
As at March 31, 2019			
- Expiring within one year	46,732.55	17,730.61	29,001.94
- Expiring beyond one year	7,51,568.74	7,23,368.74	28,200.00
Total	7,98,301.29	7,41,099.35	57,201.94

(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 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 of the products. With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflects the contractual coupon amortizations.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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
Financial assets					
Non-derivatives					
Cash and cash equivalents	1,10,775.65	-	-	-	1,10,775.65
Bank balances other than cash and cash equivalents	54,552.35	9,529.02	3,743.64	466.91	68,291.92
Trade receivables	613.14	-	-	-	613.14
Loans	2,93,284.40	2,32,248.70	13,891.37	18,781.37	5,58,205.84
Investments	25,059.74	-	-	-	25,059.74
Other financial assets	1,771.59	35.30	11.28	158.57	1,976.74
Derivatives (net settled)					
Derivative financial instruments	673.63	-	-	-	673.63
Total undiscounted financial assets	4,86,730.50	2,41,813.02	17,646.29	19,406.85	7,65,596.66
Financial liabilities					
Non-derivatives					
Debt Securities	35,443.60	22,338.26	29,047.84	19,666.99	1,06,496.69
Borrowings other than debt securities	2,70,146.17	1,18,400.67	48,469.96	11,419.48	4,48,436.28
Subordinated liabilities	11,734.40	9,751.87	18,634.85	42,972.82	83,093.94
Trade payables	416.31	-	-	-	416.31
Other payables	1,413.85	-	-	-	1,413.85
Other financial liabilities	18,649.76	-	-	-	18,649.76
Total undiscounted financial liabilities	3,37,804.09	1,50,490.80	96,152.65	74,059.29	6,58,506.83
Net undiscounted financial assets/(liabilities)	1,48,926.41	91,322.22	(78,506.36)	(54,652.44)	1,07,089.83
As at March 31, 2019	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Financial assets					
Non-derivatives					
Cash and cash equivalents	1,00,834.67	-	-	-	1,00,834.67
Bank balances other than cash and cash equivalents	59,407.38	11,511.88	1,737.13	43.05	72,699.44
Trade receivables	651.56	-	-	-	651.56
Loans	4,20,018.10	80,308.50	5,918.74	19,841.86	5,26,087.20
Investments	27,005.51	-	-	-	27,005.51
Other financial assets	1,962.57	26.37	60.67	148.15	2,197.76
Derivatives (net settled)					
Derivative financial instruments	186.99	-	-	-	186.99
Total undiscounted financial assets	6,10,066.78	91,846.75	7,716.54	20,033.06	7,29,663.13
Financial liabilities					
Non-derivatives					
Debt Securities	40,712.29	33,794.98	14,713.92	32,678.37	1,21,899.56
Borrowings other than debt securities	2,81,642.98	1,06,501.92	24,092.23	8,452.14	4,20,689.27
Subordinated liabilities	14,272.13	10,589.72	8,592.61	49,963.30	83,417.76
Trade payables	129.58	-	-	-	129.58
Other payables	1,069.94	-	-	-	1,069.94
Other financial liabilities	21,389.03	468.65	-	-	21,857.68
Total undiscounted financial liabilities	3,59,215.95	1,51,355.27	47,398.76	91,093.81	6,49,063.79
Net undiscounted financial assets/(liabilities)	2,50,850.83	(59,508.52)	(39,682.22)	(71,060.75)	80,599.34

The management has announced moratorium for all the customers. The maturities of financial assets and liabilities, as above, are the amount due and payable only to the extent the contractual terms with borrowers and provider of finances were amended as at March 31, 2020.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

C) Market risk

a) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from recognized assets and liabilities denominated in a currency that is not the functional currency of the Company. To mitigate the Company's exposure to foreign currency risk, non-rupee cash flows are monitored and derivative contracts are entered into in accordance with the Company's risk management policies. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Group manages its foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure.

Foreign currency risk exposure:

The Company exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

Particulars	Currency	As at March 31, 2020	As at March 31, 2019
Financial liabilities			
External commercial borrowings (including interest accrued)	USD	20,454.71	4,259.40
(Gain)/loss: Derivative contract		(673.63)	(186.99)

Sensitivity

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
USD sensitivity*		
₹/USD- increase by 5%	(1,022.74)	(212.97)
₹/USD- decrease by 5%	1,022.74	212.97

* Holding all other variables constant

b) Interest rate risk

i) Liabilities

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. 'The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2020, the Company is exposed to changes in market interest rates through debt securities, other borrowings and subordinated liabilities at variable interest rates.

Interest rate risk exposure

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

Particulars	As at March 31, 2020	As at March 31, 2019
Variable rate liabilities		
Borrowings other than debt securities	2,06,838.60	1,54,013.00
Fixed rate liabilities		
Debt securities	86,386.14	97,586.85
Borrowings other than debt securities	1,93,375.12	2,17,986.21
Subordinated liabilities	54,308.13	53,919.68
Total	5,40,907.99	5,23,505.74

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Sensitivity

The profits earned by the Company are sensitive to the change in interest rates on debt securities. The following table shows the sensitivity of profit due to change in interest rates:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest sensitivity*		
Interest rates – increase by 0.50%	826.21	696.84
Interest rates – decrease by 0.50%	(826.21)	(696.84)

* Holding all other variables constant

ii) Assets

The Company's fixed deposits are carried at amortized cost and are fixed and variable rate deposits. The Company is exposed to changes in MIBOR interest rates through fixed deposits at variable interest rates.

Interest rate risk exposure

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

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed deposits- variable rate	53,102.70	23,725.00
Fixed deposits- fixed rate	65,223.59	86,665.45
	1,18,326.29	1,10,390.45

Sensitivity

The profits earned by the Company are sensitive to the change in MIBOR interest rates on fixed deposits. The following table shows the sensitivity of profit due to change in MIBOR interest rates:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest sensitivity*		
Interest rates – increase by 1.00%	531.03	237.25
Interest rates – decrease by 1.00%	(531.03)	(237.25)

* Holding all other variables constant

c) Price risk

i) Exposure

The Company's exposure price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit and loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

ii) Sensitivity

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period:

Impact on profit after tax

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Certificate of deposits and commercial paper		
Net assets value – increase by 5%	1,228.66	1,321.44
Net assets value – decrease by 5%	(1,228.66)	(1,321.44)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

43. CAPITAL MANAGEMENT

The primary objectives of the Company's capital management policy is to ensure that the Company complies with capital adequacy requirements required by the Reserve Bank of India and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

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

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 sub-ordination 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 (including investments in Subsidiary companies). 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
Net debt*	3,70,492.97	3,59,526.22
Total equity	1,45,276.96	1,15,141.69
Net debt to equity ratio	2.55	3.12

* Net debt includes debt securities + borrowings other than debt securities + sub-ordinated liabilities + interest accrued - cash and cash equivalents - bank balances other than cash and cash equivalents.

44. 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	1,10,732.02	-	1,00,387.51	-
Bank balances other than cash and cash equivalents	52,459.33	12,974.82	56,525.24	12,871.28
Derivative financial instruments	673.63	-	186.99	-
Trade receivables	613.14	-	651.56	-
Loans	2,27,991.70	2,42,947.40	3,60,790.14	85,218.44
Investments	24,573.21	26,760.24	26,428.85	15,760.24
Other financial assets	1,613.20	145.57	1,842.28	157.31
	4,18,656.23	2,82,828.03	5,46,812.57	1,14,007.27
Non-financial assets				
Current tax assets (net)	3,152.99	-	1,366.12	-
Deferred tax assets (net)	-	-	-	571.18
Property, plant and equipment	-	5,241.24	-	4,301.77
Capital work-in-progress	-	3,413.64	-	1,614.29
Intangible assets under development	-	-	-	19.60
Other intangible assets	-	378.17	-	235.11
Other non-financial assets	1,725.29	27.32	576.49	50.88
	4,878.28	9,060.37	1,942.61	6,792.83
TOTAL ASSETS	4,23,534.51	2,91,888.40	5,48,755.18	1,20,800.10

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Within 12 months	After 12 months	Within 12 months	After 12 months
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Payables				
Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	115.32	-	6.01	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	300.99	-	123.57	-
Other payables				
(i) total outstanding dues of micro enterprises and small enterprises	193.77	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,220.08	-	1,069.94	-
Debt securities	26,462.05	59,924.09	32,617.26	64,969.59
Borrowings (other than debt securities)	2,35,354.43	1,64,859.29	2,45,767.13	1,26,232.08
Subordinated liabilities	4,185.84	50,122.29	7,611.92	46,307.76
Other financial liabilities	24,400.91	-	27,193.54	399.77
	2,92,233.39	2,74,905.67	3,14,389.37	2,37,909.20
Non-financial liabilities				
Deferred tax liabilities (net)	-	1,142.04	-	-
Provisions	234.20	852.20	201.24	1,153.20
Other non-financial liabilities	778.45	-	749.97	10.61
	1,012.65	1,994.24	951.21	1,163.81
TOTAL LIABILITIES	2,93,246.04	2,76,899.91	3,15,340.58	2,39,073.01
Net equity	1,30,288.47	14,988.49	2,33,414.60	(1,18,272.91)

45. TRANSFERRED FINANCIAL ASSETS

In the course of its micro finance activity, the Company makes transfers of financial assets, where legal rights to the cash flows from the asset are passed to the counterparty and where the Company retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty.

The Company has securitized its loan assets to an unrelated and unconsolidated entities. As per the terms of the agreements, the Company is exposed to first loss default guarantee amounting in range of 12% to 18% of the amount securitized and therefore continues to be exposed to significant risk and rewards relating to the underlying mortgage receivables. Hence, these loan assets are not derecognized and proceeds received are presented as borrowings.

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Securitisations	As at March 31, 2020	As at March 31, 2019
Gross carrying amount of securitized assets	4,632.10	42,815.87
Gross carrying amount of associated liabilities	3,910.50	33,891.45
Carrying value and fair value of securitized assets	4,569.17	42,451.75
Carrying value and fair value of associated liabilities	3,910.50	33,891.45
Net position	658.67	8,560.30

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

46. EMPLOYEE BENEFITS

The Company has adopted Indian Accounting Standard (Ind AS) - 19 on Employee Benefit as 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.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employers contribution to provident and other fund	3,206.81	1,866.79

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 scheme is funded and the scheme is managed by Life Insurance Corporation of India ("LIC"). 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 of withdrawal rates at subsequent valuations can impact Plan's liability.

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

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of obligation	1,199.63	1,106.97
Fair value of plan assets	1,376.09	694.20
Net obligation recognized in balance sheet as (non-financial assets)/ provision	(176.46)	412.77

(ii) Amount recognized 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	216.95	269.56
Past service cost including curtailment gains/losses	-	-
Interest cost on defined benefit obligation	84.79	63.02
Interest income on plan assets	(53.18)	(35.08)
Net impact on profit (before tax)	248.56	297.50

Amount recognized 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	87.80	(57.09)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Present value of defined benefit obligation as at the beginning of year	1,106.97	807.94
Current service cost	216.95	269.56
Interest cost	84.79	63.02
Past service cost including curtailment gains/losses	-	-
Benefits paid	(114.65)	(68.06)
Actuarial loss/(gain) on obligation	-	-
Actuarial (gain)/loss on arising from change in demographic assumption	(222.34)	-
Actuarial (gain)/loss on arising from change in financial assumption	(293.63)	7.27
Actuarial loss on arising from experience adjustment	421.54	27.24
Present value of defined benefit obligation as at the end of the year	1,199.63	1,106.97

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

Particulars	As at March 31, 2020	As at March 31, 2019
Funds managed by LIC of India	100%	100%
Total	100%	100%

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Fair value of plan assets at beginning of year	694.20	449.76
Actual return on plan assets	74.97	12.50
Fund management charges	(28.43)	-
Employer's contribution	750.00	300.00
Benefits paid	(114.65)	(68.06)
Expected return on plan assets	-	-
Actuarial loss/(gain) on plan assets	-	-
Fair value of plan assets at the end of the year	1,376.09	694.20

(vi) Actuarial assumptions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Discounting rate	6.76%	7.66%
Future salary increase	4.00%	10.00%
Retirement age (years)	60	60
Withdrawal rate		
Up to 30 years	43.40%	30.00%
From 31 to 44 years	36.00%	20.00%
Above 44 years	19.40%	20.00%
Weighted average duration	1.96	3.54

Mortality rates inclusive of provision for disability -100% of IALM (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 March 31, 2020	For the year ended March 31, 2019
Impact of the change in discount rate		
Present value of obligation at the end of the year	1,199.63	1,106.97
- Impact due to increase of 0.50 %	(14.10)	(26.79)
- Impact due to decrease of 0.50 %	14.51	28.12
Impact of the change in salary increase		
Present value of obligation at the end of the year	1,199.63	1,106.97
- Impact due to increase of 0.50 %	14.82	26.81
- Impact due to decrease of 0.50 %	(14.54)	(25.85)

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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	407.89	133.48
1 to 2 year	250.40	121.11
2 to 3 year	164.71	129.26
3 to 4 year	108.81	111.11
4 to 5 year	71.22	90.87
5 to 6 year	46.31	73.02
6 year onwards	150.29	448.12
Total	1,199.63	1,106.97

47. RELATED PARTY DISCLOSURES

A List of related parties and disclosures

Subsidiaries:

Taraashna Financial Services Limited (Formally known as Taraashna Services Limited)
Satin Housing Finance Limited
Satin Finserv Limited

Key managerial personnel and their relatives:

Name of key managerial personnel	Designation	Relatives
Mr H P Singh	Chairman cum Managing Director	Mr Satvinder Singh Mrs Anureet H P Singh
Mr Jugal Kataria (w.e.f. January 13, 2020)	Group Controller	
Mr Jugal Kataria (Till January 12, 2020)	Chief Financial Officer	
Mr Krishan Gopal (W.e.f. January 13, 2020)	Chief Financial Officer	
Mr Choudhary Runveer Krishanan (Till August 26, 2019)	Company secretary and Compliance officer	
Mr Adhish Swaroop (W.e.f. October 14, 2019)	Company secretary and Compliance officer	
Mr Satvinder Singh	Non-executive and non-independent director	
Mr Rakesh Sachdeva	Non-executive and independent director	
Mr Sundeep Kumar Mehta	Non-executive and independent director	
Mr Sanjay Kumar Bhatia	Non-executive and independent director	
Mr Anil Kumar Kalra	Non-executive and independent director	
Mr Davis Frederick Golding (Till April 12, 2019)	Non-executive and independent director	
Mr Arthur Sletteberg	Nominee director	
Mr Goh Colin	Non-executive and independent director	
Mrs Sangeeta Khorana	Non-executive and independent director	
Mr Daniel Simpson Jacobs (Till March 03, 2020)	Nominee director	
Mr Rajeev Kakar (w.e.f. June 06, 2019)	Nominee director	
Mr Suramya Gupta (Till January 07, 2019)	Non-Executive and Non-Independent Director	

Enterprises over which key management personnel and relatives of such personnel exercise significant influence with whom transactions have been undertaken:

Satin Neo Dimensions Private Limited
Niryas Food Products Private Limited
Rental Stay Private Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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

Name of related party	Nature of transaction	For the year ended March 31, 2020	For the year ended March 31, 2019
Mr H P Singh	Remuneration	226.54	145.41
	Provident fund and others	65.34	41.97
	Personal guarantees withdrawn	700.00	14,750.76
Mr H P Singh and Mr Satvinder Singh	Personal guarantees given (jointly)	66,769.10	9,410.42
Mr Jugal Kataria	Remuneration	105.35	91.84
Mr Krishan Gopal	Remuneration	11.08	-
Mr Choudhary Runveer Krishanan	Remuneration	16.12	31.01
Mr Adhish Swaroop	Remuneration	12.91	-
Mr Satvinder Singh	Sitting fees	3.55	2.45
Mr Rakesh Sachdeva	Sitting fees	2.30	3.10
Mr Sundeep Kumar Mehta	Sitting fees	4.00	3.45
Mrs Sangeeta Khorana	Sitting fees	2.10	1.40
Mr Goh Colin	Sitting fees	1.60	0.50
Mr Sanjay Kumar Bhatia	Sitting fees	2.45	1.55
Mr Anil Kumar Kalra	Sitting fees	2.35	1.90
Mr Davis frederick Golding	Sitting fees	-	0.90
Mr Davis frederick Golding	Professional charges	-	14.44
Taraashna Financial Services Limited	Interest income	32.38	-
	Inter corporate loan given	1,500.00	-
	Rent received	0.85	0.60
	Share based payment	26.16	65.44
	Received on account of managerial services	65.59	32.16
	Investment made	-	2,000.00
Satin Housing Finance Limited	Interest income	10.04	11.74
	Inter corporate loan given	300.00	1,400.00
	Inter corporate loan received back	400.00	1,300.00
	Investment made	3,000.00	3,504.00
	Corporate Guarantee given	26.91	-
	Share based payment	22.06	41.32
Satin Finserv Limited	Rent received	0.86	0.63
	Interest income	43.00	0.28
	Inter corporate loan given	4,300.00	50.00
	Inter corporate loan received back	4,350.00	-
	Investment made	8,000.00	2,250.00
	Reimbursement of legal and professional expense	-	4.46
Rental Stay Private Limited	Rent received	50.93	0.39
	Interest income	17.11	27.52
	Inter corporate loan given	-	385.50
Satin Neo Dimensions Private Limited	Inter corporate loan received back	135.50	250.00
	Interest income	28.82	7.80
	Inter corporate loan given	-	150.00
Niryas Food Products Private Limited	Inter corporate loan received back	19.62	-
	Purchase of property, plant & equipment (WIP)	441.90	-
Niryas Food Products Private Limited	Rent received	5.23	4.72

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

C Key management personnel compensation includes the following expenses:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Short-term employee benefits	437.34	310.23
Post employment benefits	151.72	1.99
Other long-term benefits	(2.99)	8.14
Share based payment	17.57	47.77

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

Name of related party	Nature of transaction	As at March 31, 2020	As at March 31, 2019
Mr H P Singh	Personal guarantees	-	700.00
Mr H P Singh and Mr Satvinder Singh	Personal guarantees (jointly)	1,63,816.10	97,047.00
Mr Davis frederick Golding	Payable against professional charges	-	3.60
Mr Goh Colin	Sitting fees	0.60	-
Taraashna Financial Services Limited	Investments	8,510.24	8,510.24
	Inter corporate loan	1,500.00	-
	Other recoverable	-	66.17
Satin Housing Finance Limited	Investments	8,000.00	5,000.00
	Inter corporate loan	-	100.00
Satin Finserv Limited	Investments	10,250.00	2,250.00
	Inter corporate loan	-	50.00
	Interest accrued	-	0.25
Rental Stay Private Limited	Inter corporate loan	-	135.50
	Interest receivable	-	2.37
Satin Neo Dimensions Private Limited	Inter corporate loan	127.49	147.11
	Other Payable	65.49	-
	Interest accrued	2.23	2.49
Niryas Food Products Private Limited	Security deposit payable	0.34	0.34

48. LEASES DISCLOSURE AS LESSEE

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

Particulars	Carrying amount as at March 31, 2019	Reclassification	Remeasurement	Carrying amount as at April 1, 2019
Property, plant and equipment	-	-	1,503.28	1,503.28
Lease liabilities	-	-	(1,503.28)	(1,503.28)
Total	-	-	-	-

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

Particulars	Amount
Total operating lease commitments disclosed at March 31, 2019	184.98
Recognition exemptions:	-
Leases of low value assets	-
Leases with remaining lease term of less than 12 months	-
Variable lease payments not recognized	-
Other minor adjustments relating to commitment disclosures	-
Operating lease liabilities before discounting	1,830.76
Discounted using incremental borrowing rate	1,503.28
Operating lease liabilities	-
Reasonably certain extension options	1,645.78
Finance lease obligations	-
Total lease liabilities recognized under Ind AS 116 at April 1, 2019	1,503.28

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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

Right-of use assets	No. of right-of use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with purchase options	No. of leases with variable payments linked to an index	No. of leases with termination options
Office building	66	1.47 months – 102 months	22.60 months	66	-	-	66

- 4 Additional information on the Right-of-Use assets by class of assets is as follows:

Right-of use assets	Carrying amount as on April 1, 2019	Additions	Depreciation	Impairment	Carrying amount as on March 31, 2020
Office building	1,503.27	363.76	487.13	530.08	849.82

Note: The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

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

Particulars	March 31, 2020	March 31, 2019
Current	307.13	-
Non-current	593.28	-
Total	900.41	-

- 6 At March 31, 2020 the Company had not committed to leases which had not commenced.

- 7 The undiscounted maturity analysis of lease liabilities at March 31, 2020 is as follows:

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 years
Lease payments	386.56	211.92	166.59	395.28
Finance charges	79.43	57.26	41.98	81.27
Net present values	307.13	154.66	124.61	314.01

- 8 The Company has elected not to recognize 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 recognized as lease liabilities and are expensed as incurred.
- 9 The Company had total cash outflows for leases of ₹ 1,932.67 lakhs in March 31, 2020 (March 31, 2019: Nil).

The following are the amounts recognized in profit or loss:

Particulars	For the year ended March 31, 2020
Depreciation expense of right-of-use assets	487.13
Interest expense on lease liabilities	161.98
Expense relating to short-term leases (included in other expenses)	1,379.47
Total amount recognized in profit or loss	2,028.58

The Company has lease contracts for office buildings used in its operations. Leases of these buildings generally have lease terms between 1 to 9 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.

The Company does not have any lease contracts that contains variable payments.

The Company does not anticipate any material leases to be terminated in next three years or beyond that.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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 and generator

Particulars	As at March 31, 2020	As at March 31, 2019
Short term leases	1,915.90	1,585.86
Leases of low value assets	-	-
variable lease payments	-	-

Particulars	As at March 31, 2020	As at March 31, 2019
Minimum lease obligations:		
- within one year	55.27	173.16
- Later than one year but not later than five years	53.09	11.82
- Later than five years	-	-

49. SEGMENT INFORMATION

The Company operates in a single reportable segment i.e. financing which has similar risks and returns for the purpose of Ind AS 108 "Operating segments" is considered to be the only reportable business segment. The Company derives its major revenues from financing activities and its customers are widespread. Further, the Company operates only in India which is considered as a single geographical segment.

50. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

- The Company has received income tax notice under section 143(1) of the "Income Tax Act 1961" dated November 02, 2019 for tax demand amounting to ₹ 168.53 lakhs on account of disallowance of expenses under section 43B and 36(1)(va) for assessment year 2018-19. In response to such notice, the Company has filed a rectification application online on E-filing portal.
- Estimated amount of contract remaining to be executed on capital account and not provided for is ₹ 765.13 lakhs (March 31, 2019: ₹ 266.01 lakhs).
- During the year Company has issued corporate financial guarantee to National Housing Bank (NHB) against the funding of ₹ 500.00 lakhs obtained by its subsidiary Satin Housing Finance Limited.

51. ASSETS PLEDGED/HYPOTHECATED AS SECURITY

The carrying amounts of assets pledged/hypothecated as security are:

Particulars	As at March 31, 2020	As at March 31, 2019
Loan assets	3,91,916.28	3,62,823.50
Vehicles	83.19	39.50
Buildings	167.26	175.82
Total assets pledged as security	3,92,166.73	3,63,038.82

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

52. HEDGING STRATEGY

The Company's hedging strategy is to manage its exposure to interest rate risk on a net variable basis in ₹. For USD denominated exposures this requires the Company to enter into interest rate swaps where the exposure is to a fixed interest rate. Foreign currency exposures are swapped to ₹ exposures using cross-currency interest rate swaps. These are fixed-to-fixed cross currency swaps.

Not all exposures are automatically managed under the above strategy. Where a risk is within acceptable limits the Company may decide not to apply hedge accounting to that risk. Instead, the Company will manage its exposure under broader risk management processes.

The following table shows the maturity profile of hedging derivatives based on their notional amounts.

Particulars	As at March 31, 2020				As at March 31, 2019			
	0 to 12 months	1 to 5 years	Over 5 years	Total	0 to 12 months	1 to 5 years	Over 5 years	Total
Cross currency interest rate swaps	-	6,487.41	-	6,487.41	-	-	-	-

Hedged Item	Actual hedging instrument
Particulars of hedged item are given below: Notional: USD 9,400,000 Interest: 5.93% Interest Payment Frequency: Semi - Annual Start Date: 24-Jul-19 Maturity: 05-Aug-22 Day count convention: 30E/360 Principal Amortization: No	Particulars of Hedging instrument are given below: Start date: 24-Jul-19 End Date: 05-Aug-22 Leg1: Pay: Fixed Currency: ₹ Notional: 6,487.41 lakhs Interest: 11.18% Interest payment frequency: Semi-Annual Day Count Convention: Act / 365 Principal Amortization: No Principal exchange: At maturity Leg 2: Receive: Fixed Currency: USD Notional: USD 9,400,000 Interest: 5.93% Interest Payment Frequency: Semi – Annual Day Count Convention: 30E/360 Principal Amortization: No Principal exchange: At maturity

Hedge Effectiveness Assessment

The prospective hedge effectiveness test shall be done on the date of designation of the hedge by i) comparing the critical terms of the hedging instrument and the hedged item (Qualitative) and ii) by performing Sensitivity Analysis by shifting the spot (+/- 5%) and interest rates (+/- 50 bps) (Quantitative). The hedging relationship will be considered effective if the following three requirements are met:

- 1) There is an economic relationship between the hedged item and the hedging instrument.
- 2) The effect of credit risk does not dominate the value changes that result from that economic relationship.
- 3) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. The hedge ratio should not be intentionally weighted to create effectiveness.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

The hedge ineffectiveness testing shall be performed at each reporting date using Dollar Offset Method. Effectiveness will be determined by using lower of two-test. The change in fair value of hedge instrument is compared with change in fair value of hedge item and lower of the two values (absolute) is taken to the cash flow hedge reserve. The left-out portion of change in fair value of hedging instrument (if any) is taken to Statement of Profit and Loss.

Market risk

Price risk

The Company's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness.

Ineffectiveness is recognized on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In such cases, ineffectiveness may arise if:

- The critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest rates changes from what was originally estimated), or
- differences arise between the credit risk inherent within the hedged item and the hedging instrument.

There were no ineffectiveness recognized in the Statement of Profit and Loss during March 31, 2020

Cash flow hedges - Foreign currency risk

The Company is exposed to foreign currency risk arising from its fixed rate ECB amounting to USD 94,00,000. Interest on the borrowing is payable at a fixed rate of 5.93% per annum and the principal amount is repayable on August 5, 2022. The Company economically hedged the foreign currency risk arising from the debt with a 'receive fixed pay fixed' cross currency interest rate swap ('swap') on July 24, 2019. The notional amount of swap is ₹ 6,487.41 lakhs. The swap contract converts the cash outflows of the foreign currency fixed rate borrowing of USD 94,00,000 to cash outflows in ₹ with a notional amount of ₹ 6,487.41 lakhs and fixed interest of 11.18% per annum.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the cross currency swap contract match that of the foreign currency borrowing (notional amount, interest payment dates, principal repayment date etc.). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the cross currency swap are identical to the hedged risk components. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise mainly if there is a change in the credit risk of the Company or the counterparty.

The impact of the hedging instruments on the Balance Sheet is, as follows

	As at March 31, 2020			
	Notional amounts	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
Swap	6,487.41	626.34	Derivative asset	577.86

The impact of hedged items on the Balance Sheet is, as follows:

	As at March 31, 2020		
	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve as at March 31, 2020	Cost of hedging as at March 31, 2020
USD denominated fixed rate borrowing	(577.86)	69.87	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

The effect of the cash flow hedge in the Statement of Profit or Loss and Other Comprehensive Income is, as follows:

	As at March 31, 2020						
	Total hedging gain / (loss) recognized in OCI	Ineffective-ness recognized in profit or loss	Line item in the statement of profit or loss	Cost of hedging recognized in OCI	Amount reclassified from OCI to profit or loss	Cost of hedge reclassified from OCI to profit or loss	Line item in the statement of profit or loss
USD denominated fixed rate borrowing	(577.86)	-	N/A	-	-	-	501.85

Movements in cash flow hedging reserve

Derivative instruments	Amount
As at April 1, 2019	
Add: Changes in fair value of cross currency interest rate swaps	626.34
Less: Translation loss on loan	(598.86)
Add: Interest expense on borrowing	65.89
Add: Deferred tax relating to above	(23.50)
As at March 31, 2020	69.87

Terms and conditions of financial instruments

Entities shall disclose sufficient information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance and the nature and extent of risks arising from these financial instruments. Under normal circumstances entities may not be required to disclose the significant terms and conditions for each of their major borrowings. Nevertheless, if an entity has a borrowing or other financial instrument with unusual terms and conditions, then some information should be provided to enable users to assess the nature and extent of risks associated with these instruments.

53. IMPACT OF COVID-19 PANDEMIC

The Novel Corona virus (COVID-19) pandemic (declared as such by the World Health Organization on March 11, 2020), has contributed to a significant decline and volatility in global and Indian markets, and a significant decrease in economic activity. On March 24, 2020, the Government of India announced a nation-wide lockdown till April 14, 2020, which was extended till May 31, 2020 through subsequent announcements, to contain the spread of the virus. This has led to significant disruptions and dislocations for individuals and businesses, affecting Company's regular operations including lending and collection activities due to inability of employees to physically reach borrowers. The Company has major proportion of its borrowers and AUM in rural geographies, where the impact of COVID-19 has been relatively lower and the government has announced a series of economic relief measures for rural India, which is expected to support rural borrower's repayment capacity. From 1st June onwards, further relaxations in lock down has been granted across the Country, which has helped the Company employees to contact the borrowers.

i 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 receivables, investments, property plant and 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 information, economic forecasts and consensus estimates from market sources on the expected future performance of the Company. Given the dynamic nature of the pandemic situation, these estimates are based on early indicators, subject to uncertainty and may be affected by the severity and duration of the pandemic and the actual impact of the pandemic, including governmental and regulatory measures, on the business and financial metrics of the Company (including credit losses) could be different from that estimated by the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

ii Loss allowance for loans

Pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has extended/will be extending moratorium to its borrowers in accordance with its Board approved policy. In management's view, providing moratorium to borrowers at a large scale based on RBI directives, by itself is not considered to result in a significant increase in credit risk ("SICR") for such borrowers. Accordingly, considering the unique and widespread impact of COVID-19 pandemic, the Company has estimated expected credit loss allowance in its provision, based on information available at this point in time to reflect, among other things, the deterioration in the macro-economic factors.

iii Loss allowance for 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, 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.

iv 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. For all loan 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).

v Impairment assessment of Property plant and equipment, intangible assets

The Company is engaged primarily in providing micro finance services to women in the rural areas of India who are enrolled as members and organized as Joint Liability Groups ('JLG'). 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.

vi Impairment assessment of Investment in Subsidiary Companies

Management assesses fair value of the investments when impairment indicators exists by comparing the fair value and carrying value of such investments.

The equity shares of the subsidiary Companies are not listed on a stock exchange. Therefore, value of the investment is determined based on discounted cash flows method. The use of discounted cash flow valuation method requires exercise of judgement in selection of significant assumptions, including growth rates used, the future expected free cash flows and the cost of equity. The cash flows used in projections are adjusted for potential impact of COVID 19 pandemic as well.

An external valuation firm has carried out the valuation of investment in these three subsidiary Companies. This valuation is based on financials of March 31, 2020 and the projections based on the same.

Following are the Valuation of the subsidiaries:

Particulars	Valuation Report		Book Value	
	Value Investment	Value per share	Amount of Investment	Book value per share
	₹ lakhs	₹	₹ lakhs	₹
Taraashna Financial Services Limited (Formally known as Taraashna Services Limited)	10,867.60	67.75	8,510.24	53.06
Satin Housing Finance Limited	13,339.00	16.67	8,000.00	10.00
Satin Finserv Limited	12,703.50	12.39	10,250.00	10.00
Total	36,910.10		26,760.24	

The above valuations reflect the inherent strength and future business prospects of these companies. From the above valuation summary, it is quite clear that valuation of the subsidiaries is higher than the book value and there is no case for any impairment.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

vii 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, commercial papers and certificate of deposits of financial institutions with high ratings assigned by international and domestic credit rating agencies. Ratings and Financials of the counterparties are monitored periodically. 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.

The Company has assessed the impact of the COVID- 19 pandemic on its liquidity and ability to fulfil its obligations as and when they are due and has evaluated the asset-liability maturity (ALM) pattern in various time buckets as prescribed under the guidelines issued by the RBI. Pursuant to the order issued by the Ministry of Home Affairs on April 15, 2020 allowing microfinance companies to start operations, the Company resumed operations by complying with the regulatory guidelines on businesses, social distancing etc. Our employees were able to meet and collect instalments from those borrowers willing to repay, due to minimal impact of the lockdown on them as observed since the resumption of operations, the management is confident that collections will continue to improve, albeit likely to be at a lower level than earlier. In addition, management has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFC-MFI, current status/outcomes of discussions with the Company's lenders to seek/extend moratorium and various other financial support from other banks and financial institutions in determining the Company's liquidity position over the next 12 months from the end of reporting period. Based on the foregoing, current liquidity position and necessary stress tests considering various scenarios, management is confident that the Company will be able to fulfil its obligations as and when these become due in the foreseeable future.

54. EMPLOYEE STOCK OPTION PLAN / SCHEME (ESOP/ ESOS)

Pursuant to the approval accorded by shareholders at their Annual General Meeting held on July 6, 2017, the Nomination and Remuneration Committee of the Company formulated a new scheme 'Satin Employee Stock Option Scheme 2017' (ESOS 2017) in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. ESOS is applicable to all permanent and full-time employees (as defined in the Plan), excluding promoters of the Company. The eligibility of employees to receive grants under the Plan has to be decided by the Nomination and Remuneration Committee from time to time at its sole discretion. Vesting of the options and vesting period shall take place in the manner determined by the Nomination and Remuneration Committee at the time of grant. Vesting of options shall be subject to the condition that the Grantee shall be in continuous employment with the Company and such other conditions as provided under ESOS 2017. The Exercise Price of each grant is determined by the Nomination and Remuneration Committee at the time of grant.

Presently, stock options have been granted or shares have been issued under the following scheme:

- A. Satin Employee Stock Option Scheme 2009 (ESOS 2009)
- B. Satin Employee Stock Option Scheme 2017 (ESOS 2017)

a) Employee stock option schemes:

ESOS 2009: Initially 425,000 equity shares of ₹ 10/- each at a premium of ₹ 10/- each were allotted to Satin Employees Welfare Trust on November 27, 2009. (This scheme was terminated vide Shareholders Resolution dated July 6, 2017)

Details of grant and exercise of such options are as follows:

Particulars	Grant – 1 of ESOS 2009			Grant – 2 of ESOS 2009			Grant – 3 of ESOS 2009		
No. of options granted	1,50,000			98,300			87,900		
Date of grant of options	January 12, 2010			December 2, 2013			December 2, 2016		
No. of employee to whom such options were granted	2			29			36		
Financial year (F.Y.)	F.Y. 2010-11	F.Y. 2011-12	F.Y. 2012-13	F.Y. 2014-15	F.Y. 2015-16	F.Y. 2016-17	F.Y. 2017-18	F.Y. 2018-19	F.Y. 2019-20
No. of employees who have exercised the option	2	2	2	25	23	23	22	18	15
No. of options exercised	50,000	50,000	50,000	25,824	22,633	27,243	21,100	19,300	13,300

Note: There was NIL options vested in F.Y. 2013-14.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Satin ESOP 2010: 100,000 equity shares of ₹ 10/- each at a premium of ₹ 12/- were allotted to Satin Employees Welfare Trust on June 22, 2010 (The scheme was terminated vide Shareholders Resolution dated July 6, 2017 and the outstanding options were transferred to Satin ESOS 2017).

Satin ESOP II 2010: 150,000 equity shares of ₹ 10/- each at a premium of ₹ 15/- were allotted to Satin Employees Welfare Trust on April 21, 2011 (The scheme was terminated vide Shareholders Resolution dated July 6, 2017 and the outstanding options were transferred to Satin ESOS 2017).

ESOS Scheme 2017: All options not exceeding 3,61,400 representing 0.96% of the paid-up Capital of the company as on March 31, 2017 (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable from time to time including the shares lying with the Trust that may remain unutilized pursuant to non-exercisability of options granted under Satin ESOS 2009, 2010 (I) and 2010 (II), to or for the benefit of permanent employees of the Company and its subsidiaries whether working in India or outside India. The said ESOS Scheme, 2017 were approved in twenty seventh Annual General Meeting of the Company held on July 6, 2017.

Details of grant and exercise of such options are as follows:

Particulars	Grant – 1 of ESOS 2017			Grant – 2 of ESOS 2017		
No. of options granted	1,45,200			2,26,600		
Date of grant of options	August 14, 2017			May 30, 2018		
No. of employee to whom such options were granted	57			35		
Financial year (F.Y.)	F.Y. 2018-19	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2021-22
No. of employees who have exercised the option	18	27	NA	13	NA	NA
No. of options exercised	12,200	13,500	NA	20,950	NA	NA

b) The Company has provided following share based options to its employees:

Particulars	ESOS 2009	ESOS 2017
Date of grant	January 12, 2010, December 2, 2013 and December 2, 2016	August 14, 2017 and May 30, 2018
Date of board meeting, where ESOP/ESOS were approved	November 27, 2009	May 26, 2017
Date of committee meeting where grant of options were approved	January 12, 2010 November 12, 2013 and November 09, 2016	August 14, 2017 and May 30, 2018
Date of shareholders' approval	June 1, 2009	July 06, 2017
No. of options granted	336,200 out of 425,000	3,71,800
Method of settlement	Equity	Share/Cashless route
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOS Scheme.	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOS Scheme, 2017.
Vesting period	Option will be vested at the end of year 1 – 33.33% end of year 2 – 33.33% end of year 3 – 33.34% end of year Subject to lock in period of one year from the date of transfer of shares and other terms as stipulated in the Scheme and prescribed under the law in force.	Grant 1 of ESOS 2017 Option will be vested at the end of year 1 – 33.33% end of year 2 – 33.33% end of year 3 – 33.34% end of year Grant 2 of ESOS 2017 Option will be vested at the end of year 1 – 50% end of year 2 – 50% end of year
Exercise period	It shall commence from the date of vesting of options and expire not later than 2 months from the vesting date of each grant of options	It shall commence from the date of vesting of options and expire not later than 1 Year from the vesting date of each grant of options

Note: These scheme were repealed in terms of Resolution passed by the Shareholders at their meeting held on July 6, 2017.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Details of Vesting and Exercise of Options (ESOS 2009):

Vesting Date	Vested options	No of options exercised
January 12, 2011	50,000	50,000
January 12, 2012	50,000	50,000
January 12, 2013	50,000	50,000
December 2, 2014	29,090	25,824
December 2, 2015	29,100	22,633
December 2, 2016	29,110	27,243
December 2, 2017	22,300	21,100
December 2, 2018	19,300	19,300
December 2, 2019	13,300	13,300

Details of Vesting and Exercise of Options (ESOS 2017):

Vesting Date	Vested options	No of options exercised
August 14, 2018	21,400	12,200
August 14, 2019*	15,800	13,500

* These options are available for exercise till August 13, 2020

Details of Vesting and Exercise of Options (Grant 2 of ESOS 2017):

Vesting Date	Vested options	No of options exercised
May 30 2019	1,05,050	20,950

i) The details of ESOS 2009 are summarized below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	ESOS 2009		ESOS 2009	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding options at the beginning of the year*	-	-	-	-
Exercised during the year	13,300	20	19,300	20
Number of shares arising as a result of exercise of options	13,300	20	19,300	20
Expired/ lapsed during the year	6,000	20	6,000	20
Options shifted to new ESOS Scheme 2017	6,000	-	6,000	-
Exercisable at the end of the year	-	-	19,300	-
Weighted average remaining contractual life (in years) of the option exercisable	-	-	0.70	-
Weighted average fair value of the options exercisable at grant date		420.75		420.75
Loan repaid by the Trust during the year from exercise price received (amount in lakhs)	2.66	-	3.86	-

* Being ESOS 2009 doesn't exist as of March 31, 2020, the above reporting has been made for the options granted earlier.

- ii) Weighted average exercise price of share (fair market value) during the year ended March 31, 2020: ₹ 218.18 (March 31, 2019: ₹ 213.96).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

iii) The details of ESOS Scheme 2017 are summarized below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	ESOS 2017		ESOS 2017	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding options at the beginning of the year	1,25,700	At a discount/ premium on fair value	3,06,200	At a discount/ premium on fair value
Granted during the year	-	160	2,26,600	160
Forfeited during the year	-	-	-	-
Exercised during the year	34,450	160	12,200	160
Number of shares arising as a result of exercise of options	34,450	160	12,200	160
Expired/ lapsed during the year under ESOS Scheme, 2017	17,450	160	40,100	160
Options expired/ lapsed under earlier ESOP Scheme's (adjusted)	6,000	-	6,000	-
Outstanding options at the end of the year	1,49,150	-	1,25,700	-
Exercisable at the end of the year	1,99,800	160	2,51,700	160
Weighted average remaining contractual life (in years) of the option exercisable	-	0.32	0.69	-
Weighted average fair value of the options exercisable at grant date	Grant -1	166.98	Grant -1	166.98
	Grant -2	254.54	Grant -2	254.54
Loan repaid by the Trust during the year from exercise price received (amount in lakhs)	6.89	-	2.44	-

* Outstanding Options of previous ESOS schemes has been transferred to new ESOS scheme 2017

iv) Weighted average exercise price (fair market value) of share during the year ended March 31, 2020: ₹ 278.20 (March 31, 2019: ₹ 283.78).

The detail of exercise price for stock option at the end of the financial year 2019-2020 is:

Series	Range of exercise price	No. of options outstanding for Exercise	Weighted average remaining contractual life of options (in years)	Weighted average exercise price	Remarks
Grant-3 ESOS 2009	20/- per option	-	-	20	Scheme Repealed
Grant-1 ESOS Scheme 2017	160/- per option	16,400	0.4	160	New Scheme
Grant-2 ESOS Scheme 2017	160/- per option	1,83,400	0.2	160	New Scheme

v) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) - NIL

(a) There is no identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

- vi) The fair value of the options granted is determined on the date of the grant using the "Black-Scholes option pricing model" with the following assumptions, as certified by an independent valuer:

Particulars	Grant 3 ESOS 2009	Grant 1 ESOS 2017			Grant 2 ESOS 2017	
	3rd tranche of vesting	1st tranche of vesting	2nd tranche of vesting	3rd tranche of vesting	1st tranche of vesting	2nd tranche of vesting
Date of grant	December 2, 2016	August 14, 2017	August 14, 2017	August 14, 2017	May 30, 2018	May 30, 2018
Fair market value of option on the date of grant	438.40	267.38	267.38	267.38	386.65	386.65
Exercise price	20.00	160.00	160.00	160.00	160.00	160.00
Expected volatility (%)	60.39%	55.86%	62.90%	62.90%	45.31%	53.94%
Expected option life (weighted average)	3.08	1.50	2.50	3.50	1.50	2.50
Expected dividends yield	-	-	-	-	-	-
Risk free interest rate (%)	6.03%	6.35%	6.40%	6.45%	7.53%	7.66%

The expected volatility was determined based on historical volatility data of the Company's shares listed on the National Stock Exchange of India Limited.

- vii) The Company has recognized share based payment expense of ₹ 147.97 lakhs (March 31, 2019: ₹ 317.86 lakhs) during the year as proportionate cost.
- viii) The Company has ₹ 79.69 lakhs (March 31, 2019: ₹ 89.24 lakhs) recoverable from Satin Employees Welfare Trust pursuant to ESOP schemes.

55. DISCLOSURE OF EXPECTED CREDIT LOSS AND PROVISIONS REQUIRED AS PER INCOME RECOGNITION AND ASSET CLASSIFICATION NORMS;

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carry-ing Amount as per Ind AS	Loss Allow-ances (Pro-visions) as required under Ind AS 109	Net Carry-ing Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 pro-visions and IRACP norms
Performing Assets						
Standard	Stage 1	4,58,381.86	6,924.45	4,51,457.41	109.84	6,814.61
	Stage 2	6,309.67	2,155.89	4,153.78	77.11	2,078.78
Subtotal		4,64,691.53	9,080.34	4,55,611.19	186.95	8,893.39
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful - up to 1 year	Stage 3	10,301.85	4,455.15	5,846.70	7,353.14	(2,897.99)
1 to 3 years	Stage 3	3,172.52	1,359.90	1,812.62	478.24	881.66
More than 3 years	Stage 3	1,689.16	739.01	950.15	150.37	588.64
Subtotal for doubtful		15,163.53	6,554.06	8,609.47	7,981.75	(1,427.69)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA						
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	1,178.64	86.62	1,092.02	-	86.62
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		1,178.64	86.62	1,092.02	-	86.62
Total	Stage 1	4,59,560.50	7,011.07	4,52,549.43	109.84	6,901.23
	Stage 2	6,309.67	2,155.89	4,153.78	77.11	2,078.78
	Stage 3	15,163.53	6,554.06	8,609.47	7,981.75	(1,427.69)
	Total	4,81,033.70	15,721.02	4,65,312.68	8,168.70	7,552.32

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

56. ADDITIONAL DISCLOSURES AS REQUIRED BY THE RESERVE BANK OF INDIA: -

(A) Disclosure as per Master Direction DNBR.PD.008/03.10.119/2016-17 (updated as on February 23, 2018) are as under:-

(i) Capital to Risk Assets Ratio ("CRAR"):-

Particulars	As at March 31, 2020	As at March 31, 2019
CRAR (%)	30.45	31.19
CRAR – Tier I capital (%)	22.08	21.99
CRAR – Tier II capital (%)	8.37	9.20
Amount of subordinated debt included in Tier-II capital	50,610.78	44,772.09
Amount raised by issue of perpetual debt instruments	-	-

(ii) Disclosure of investments:-

Particulars	As at March 31, 2020	As at March 31, 2019
1) Value of investments		
i) Gross value of investments	51,333.45	42,189.09
a) In India	51,333.45	42,189.09
b) Outside India	-	-
ii) Provisions of depreciation	-	-
a) In India	-	-
b) Outside India	-	-
iii) Net Value of investments	51,333.45	42,189.09
a) In India	51,333.45	42,189.09
b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments		
i) Opening balance	-	-
ii) Add: Provision made during the year	-	-
iii) Less: Write-off/Write back of excess provision during the year	-	-
iv) Closing balance	-	-

(iii) Derivatives :-

Forward Rate Agreement / Cross Currency Swaps

Particulars	As at March 31, 2020	As at March 31, 2019
Notional Principal of swap agreements	21,227.46	4,323.21
Loss/(profit) which would be incurred if counterparties failed to fulfil their obligations under the agreements	(673.63)	(186.99)
Collateral required by the applicable NBFC upon entering into swaps	-	-
Concentration of credit risk arising from swaps	-	-
Fair value of the swap book	(673.63)	(186.99)

(iv) (a) Disclosures relating to securitisation:-

The Company has entered into various agreements for the securitisation of loans with assignees, wherein it has securitized a part of its loans portfolio amounting to ₹ 5,422.80 lakhs during the year ended March 31, 2020 (March 31, 2019 ₹ 58,437.97 lakhs), being the principal value outstanding as on the date of the deals that are outstanding. The Company is responsible for collection and getting servicing of this loan portfolio on behalf of investors/buyers. In terms of the said securitisation agreements, the Company pays to investor/buyers on agreed date basis the prorata collection amount as per individual agreement terms.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
1 No. of SPVs sponsored by the NBFC for securitisation transaction	1	11
2 Total amount of securitized assets as per books of the SPVs sponsored by the NBFC	4,619.04	42,884.57
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	-	-
a) Off Balance sheet exposures	-	-
* First loss	-	-
* Others	-	-
b) On Balance sheet exposures	-	-
* First loss	329.21	5,449.31
* Others	-	-
4 Amount of exposures to securitisation transactions other than MRR	-	-
a) Off Balance sheet exposures	-	-
i) Exposure to own securitizations	-	-
* First loss	-	-
* Others	-	-
ii) Exposure to third party securitizations	-	-
* First loss	-	-
* Others	-	-
b) On Balance sheet exposures	-	-
i) Exposure to own securitizations	-	-
* First loss	-	-
* Others	-	-
ii) Exposure to third party securitizations	-	-
* First loss	-	-
* Others	-	-

In addition to exposures mentioned above, on balance sheet exposure also includes over collateralization of ₹ 596.51 lakhs (March 31, 2019: ₹ 8,879.78 lakhs)

(b) Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
i) Total number of loan assets securitized during the year	22,167	3,04,041
ii) Book value of loans assets securitized during the year	5,422.80	58,437.97
iii) Sale consideration received during the year	5,422.80	58,437.97
iv) Credit enhancement provided during the year	325.37	8,626.38
v) Unamortized interest spread as at year end	-	-
vi) Interest spread recognized in the statement of profit and loss during the year (including amortization of unamortized interest spread) *	-	-

Above Credit enhancement includes only fixed deposit provided in the form of Cash collateral.

* Under Ind AS 109, securitized loan assets does not meet de-recognition criteria and accordingly, the Company continue to recognize such loan assets and in addition recognizes a liability for the amount received. Accordingly, securitized loan assets and related liability is measured at amortized cost using effective interest method.

(v) Detail of assignment transactions undertaken:-

The Company has entered into various agreements for the assignments of loans with assignees, wherein it has assigned a part of its loans portfolio amounting to ₹ 316,153.01 lakhs during the year ended March 31, 2020 (March 31 2019 ₹ 161,458.52), being the principal value outstanding as on the date of the deals that are outstanding. In terms of accounting policy mentioned in Significant Accounting Policies, The Company has derecognized these loan portfolios. The Company is responsible for collection and getting servicing of this loan portfolio on behalf of investors/buyers. In terms of the said assignment agreements, the Company pays to investor/buyers on agreed date basis the prorata collection amount as per individual agreement terms.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
i) Total number of loans assets assigned during the year	16,18,532	8,86,715
ii) Book value of loans assets assigned during the year	3,16,153.01	1,61,458.82
iii) Sale consideration received during the year	3,16,153.01	1,61,458.82
iv) Interest spread recognized in the statement of profit and loss during the year (including amortization of unamortized interest spread)	23,608.14	13,345.54

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

The Company has not sold financial assets to Securitisation/Reconstruction Companies for asset reconstruction in the current and previous year.

(vii) Detail of non-performing financial asset purchased/sold:-

The Company has not purchased/sold non-performing financial asset in the current and previous year.

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

As at March 31, 2020

Particulars	1 Day to 30/31 (One Month)	Over 1 Month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 Year	Over 1 Year upto 3 Year	Over 3 Year upto 5 Year	Over 5 Year	Total
Liabilities									
Borrowings from Banks	28,441.14	5,919.47	20,039.80	36,193.90	63,541.85	74,814.02	3,941.00	20,000.00	2,52,891.18
Market Borrowings (other than Banks)	4,616.08	7,437.47	8,111.49	36,766.59	60,740.13	1,23,805.21	26,565.09	8,005.00	2,76,047.06
Foreign Borrowings	-	-	314.11	314.11	628.22	14,628.03	5,343.00	-	21,227.47
Payable towards assignment and securitisation transactions	17,192.41	-	-	-	-	-	-	-	17,192.41
Assets									
Advances	1,24,258.53	3,349.15	18,815.45	66,539.34	1,76,800.52	2,24,253.78	24,591.06	2,405.17	6,41,013.00
a) Portfolio (including Securitisation)	2,659.46	1,107.90	10,629.35	51,179.20	1,62,210.14	2,10,527.95	24,127.66	2,405.17	4,64,846.83
b) Advances- Others	1,21,599.07	2,241.25	8,186.10	15,360.14	14,590.38	13,725.83	463.40	-	1,76,166.17
Investments	-	-	9,880.43	14,692.27	-	-	-	26,760.75	51,333.45

As at March 31, 2019

Particulars	1 Day to 30/31 (One Month)	Over 1 Month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 Year	Over 1 Year upto 3 Year	Over 3 Year upto 5 Year	Over 5 Year	Total
Liabilities									
Borrowings from Banks	21,375.46	11,684.40	20,223.23	29,817.73	52,638.41	48,032.22	5,732.09	20,000.00	2,09,503.54
Market Borrowings (other than Banks)	20,342.81	11,718.52	15,917.47	56,283.95	53,117.81	1,13,934.26	46,126.43	100.00	3,17,541.25
Foreign Borrowings	-	-	288.21	288.21	576.43	2,305.71	864.64	-	4,323.20
Payable towards assignment and securitisation transactions	19,708.59	-	-	-	-	-	-	-	19,708.59
Assets									
Advances	1,16,871.71	51,527.37	57,919.02	1,06,735.02	1,69,685.49	86,882.30	22,430.97	3,011.48	6,15,063.36
a) Portfolio (including Securitisation)	35,862.53	38,131.08	31,970.22	97,805.23	1,42,056.82	74,053.82	22,388.17	3,011.48	4,45,279.35
b) Advances- Others	81,009.18	13,396.29	25,948.80	8,929.79	27,628.67	12,828.48	42.80	-	1,69,784.01
Investments	-	-	-	26,428.33	-	-	-	15,760.75	42,189.08

Notes:

- Above mentioned portfolio (own) does not include undrawn facilities amounting to ₹ 4,000 lakhs (March 2019 ₹ 3,850 lakhs), since there are no sanctioned disbursement schedule.
- Unamortized processing fees and unamortized transaction costs are not included in portfolio and borrowings.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(ix) Exposures:-

- (a) Exposure to real state sector:- Nil (March 31, 2019 : Nil)
- (b) Exposure to capital market:- Nil (March 31, 2019 : Nil)

(x) Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by applicable NBFC.

The Company does not have single or group borrower exceeding the limits.

(xi) Unsecured Advances – Refer note 8 of Balance Sheet notes

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

This disclosure is not applicable as the Company does not have any holding/parent Company.

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

The Company is registered with following other financial sector regulators:

- (a) Ministry of Corporate Affairs (MCA)
- (b) Ministry of Finance (Financial Intelligence Unit)
- (c) Securities and Exchange Board of India (SEBI)
- (d) Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI)

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

No major penalty has been imposed by RBI during the year however we have received demand of 401.03 lakhs from Employees Fund Organization during the year for the period of April 1, 2014 to March 31, 2019. The Company has paid above demand with Interest and damage charges amounting ₹ 626.80 lakhs during the year.

(xv) Related party transactions:-

Please refer to note no 47

(xvi) Rating assigned by credit rating agencies and migration of ratings during the year-

The Credit Analysis & Research Limited has reaffirmed the MFI grading, MFI 1, during the year.

During the year, the Company's various instruments were rated, the details of these ratings are as under:-

S. No.	Particulars	Amount (₹ in Crores)	Credit rating agency	Current rating	Previous rating
1	Non Convertible Debentures	45.00	ICRA Limited	[ICRA]A- (Stable)	[ICRA]A- (Stable)
2	Non Convertible Debentures	33.00	ICRA Limited	[ICRA]A- (Stable)	[ICRA]A- (Stable)
3	Non Convertible Debentures	2.00	ICRA Limited	[ICRA]A- (Stable)	[ICRA]A- (Stable)
4	Non Convertible Debentures	50.00	ICRA Limited	[ICRA]A- (Stable)	[ICRA]A- (Stable)
5	Subordinate Debt	15.00	ICRA Limited	[ICRA]A- (Stable)	[ICRA]A- (Stable)
6	Subordinate Debt	13.00	ICRA Limited	[ICRA]A- (Stable)	[ICRA]A- (Stable)
7	Subordinate Debt	25.00	ICRA Limited	[ICRA]A- (Stable)	[ICRA]A- (Stable)
8	Subordinate Debt	25.00	ICRA Limited	[ICRA]A- (Stable)	[ICRA]A- (Stable)
9	Subordinate Debt	40.00	ICRA Limited	[ICRA]A- (Stable)	[ICRA]A- (Stable)
10	Subordinate Debt	10.00	ICRA Limited	[ICRA]A- (Stable)	[ICRA]A- (Stable)
11	Commercial Paper	200.00	ICRA Limited	[ICRA] A1	Revised from [ICRA] A2+
12	Non Convertible Debentures	97.00	Credit Analysis & Research Ltd	CARE A-; Stable	CARE A-; Stable
13	Non Convertible Debentures	24.20	Credit Analysis & Research Ltd	CARE A-; Stable	CARE A-; Stable
14	Non Convertible Debentures	38.70	Credit Analysis & Research Ltd	CARE A-; Stable	CARE A-; Stable
15	Non Convertible Debentures	213.00	Credit Analysis & Research Ltd	CARE A-; Stable	CARE A-; Stable
16	Non Convertible Debentures	12.50	Credit Analysis & Research Ltd	CARE A-; Stable	CARE A-; Stable
17	Non Convertible Debentures	12.50	Credit Analysis & Research Ltd	CARE A-; Stable	CARE A-; Stable
18	Non Convertible Debentures	120.00	Credit Analysis & Research Ltd	CARE A-; Stable	Assigned

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

S. No.	Particulars	Amount (₹ in Crores)	Credit rating agency	Current rating	Previous rating
19	Non Convertible Debentures	40.00	Credit Analysis & Research Ltd	CARE A-; Stable	CARE A-; Stable
20	Non Convertible Debentures	60.00	Credit Analysis & Research Ltd	CARE A-; Stable	CARE A-; Stable
21	Non Convertible Debentures	65.00	Credit Analysis & Research Ltd	CARE A-; Stable	CARE A-; Stable
22	Non Convertible Debentures	50.00	Credit Analysis & Research Ltd	CARE A-; Stable	CARE A-; Stable
23	Non Convertible Debentures	26.28	Credit Analysis & Research Ltd	CARE A-; Stable	CARE A-; Stable
24	Non Convertible Debentures	68.00	Credit Analysis & Research Ltd	CARE A-; Stable	CARE A-; Stable
25	Non Convertible Debentures	15.00	Credit Analysis & Research Ltd	CARE A-; Stable	CARE A-; Stable
26	Subordinate Debt	50.05	Credit Analysis & Research Ltd	CARE A-; Stable	Assigned
27	Subordinate Debt	30.00	Credit Analysis & Research Ltd	CARE A-; Stable	Assigned
28	Commercial Paper	200.00	Credit Analysis & Research Ltd	CARE A1	CARE A1
29	Fund Based -Long Term Bank Facilities	2,800.00	Credit Analysis & Research Ltd	CARE A-; Stable	CARE A-; Stable
30	Preference Share	25.00	Credit Analysis & Research Ltd	CARE BBB+ (RPS); Stable	CARE BBB+ (RPS); Stable
31	Securitisation	46.19	Credit Analysis & Research Ltd	Provisional CARE A (SO)	Assigned
32	Non Convertible Debentures	50.00	India Rating & Research	IND A- Positive Outlook	IND A- / New Rating
33	Fund Based -Short Term Bank Facilities	200.00	CRISIL Limited	CRISIL A1	CRISIL A1
34	Commercial Paper	150.00	CRISIL Limited	CRISIL A1	CRISIL A1

(xvii) Remuneration of directors:-

Particulars	Remuneration		Provident fund and others		Sitting fees	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Mr H P Singh	226.54	145.41	65.34	41.97	Nil	Nil
Mr Satvinder Singh	-	-	-	-	3.55	2.45
Mr Rakesh Sachdeva	-	-	-	-	2.30	3.10
Mr Sundeep Kumar Mehta	-	-	-	-	4.00	3.45
Mrs Sangeeta Khorana	-	-	-	-	2.10	1.40
Mr Goh Colin	-	-	-	-	1.60	0.50
Mr Sanjay Kumar Bhatia	-	-	-	-	2.45	1.55
Mr Anil Kumar Kalra	-	-	-	-	2.35	1.90
Mr Davis F. Golding	-	-	-	-	-	0.90

(xviii) Additional disclosures:-

a) Provisions and contingencies :-

Break up of 'Provisions and Contingencies shown under the head expenditure in statement of profit and loss	For the year ended March 31, 2020	For the year ended March 31, 2019
Provision for depreciation on investment	-	(3.32)
Provision towards NPA	(625.46)	(6,918.33)
Provision made towards income tax	5,474.97	4,117.75
Other provision and contingencies (with details)	-	-
i) Provision for compensated absences	146.47	285.43
ii) Provision for gratuity	248.56	297.50
Provision for Standard assets	6,019.50	(4,108.01)

(b) Draw down from reserves:-

There has been no draw down from reserve during the year ended March 31, 2020 (Previous year: ₹ Nil)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(c) Concentration of advances, exposures and NPAs:-

Particulars	As at March 31, 2020	As at March 31, 2019
Concentration of advances		
Total advance to twenty largest borrowers	13,201.50	11,200.00
% of advance to twenty largest borrowers to total advances	1.78%	2.05%
Concentration of exposures		
Total exposure to twenty largest borrowers/customers	15,316.55	12,814.29
% of exposure to twenty largest borrowers/customers to total exposure	3.31%	2.87%
Concentration of NPAs		
Total exposure of top four NPA account	253.01	58.62
% of exposure to top four NPA account	0.05%	0.01%

Interest due but not received on portfolio are not included in portfolio.

(d) Sector-wise NPAs:-

Particulars	As at March 31, 2020 Percentage of NPAs to total advance to that sector	As at March 31, 2019
Sector		
1 Agriculture and allied activities	2.99%	4.22%
2 MSME	5.51%	3.77%
3 Corporate borrowers	1.25%	0.00%
4 Services	2.99%	4.46%
5 Unsecured personal loans	0.00%	0.00%
6 Auto loans	0.00%	0.00%
7 Other personal loans	0.00%	0.00%

Interest due but not received on portfolio are not included in portfolio.

(e) Movement of NPAs:-

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
i) Net NPAs to net advance (%)	1.77%	2.36%
ii) Movement of NPAs (Gross)		
a) Opening balance	17,787.49	21,522.46
b) Addition during the year	8,239.03	11,145.49
c) Reduction/ write off during the year	10,976.73	14,880.46
d) Closing balance	15,049.79	17,787.49
iii) Movement of NPAs (Net)		
a) Opening balance	10,607.95	7,424.60
b) Addition during the year	1,684.97	3,965.95
c) Reduction/ write off during the year	3,797.20	782.60
d) Closing balance	8,495.72	10,607.95
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	7,179.54	14,097.86
b) Addition during the year	6,554.06	7,179.54
c) Reduction/ write off during the year	7,179.53	14,097.86
d) Closing balance	6,554.07	7,179.54

Interest due but not received on portfolio are not included in portfolio.

(f) Overseas assets (for those with Joint Ventures and subsidiaries abroad) – Nil

(g) Off-balance sheet SPVs sponsored – N.A.

(h) 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	10,780	2,173
c) Number of complaint redressed during the year	10,780	2,173
d) Number of complaint pending at the end of the year	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(i) Instances of fraud:-

Nature of fraud (cash embezzlement)	For the year ended March 31, 2020	For the year ended March 31, 2019
Number of cases	155	201
Amount of fraud	127.77	290.44
Recovery	34.64	32.45
Amount written off	93.13	257.99

(B) Information on Net Interest Margin :-

Quarterly net interest margin

Particulars	As at March 31, 2020			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Average lending rate	22.06%	22.31%	22.52%	22.39%
Average effective cost of borrowing*	12.18%	12.42%	12.59%	12.43%

Particulars	As at March 31, 2019			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Average lending rate	22.02%	21.74%	21.92%	22.53%
Average effective cost of borrowing*	12.09%	12.27%	12.39%	12.86%

*Represents the average effective cost of borrowings for preceding quarter.

The Company has calculated above average lending rate and effective cost of borrowing as per pricing of credit guidelines prescribed in master direction issued by Reserve Bank of India no. DNBR.PD. 008/03.10.119/2016-17.

(C) Disclosure as required by Para 18 of Non-Banking Financial Company – systemically important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under:

Particulars	Amount Outstanding	Amount Overdue
Liabilities side:		
1 Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid:		
(a) Debentures		
: Secured	83,697.22	-
: Unsecured	29,487.12	-
(other than falling within the meaning of Public deposits)		
(b) Deferred Credits	-	-
(c) Term Loans	4,11,716.42	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Public deposits		
(g) Other Loans :		
Other unsecured loans against assets of the Company	42.46	-
Secured loans against assets of the Company	253.03	-
Overdraft facility	13,793.17	-
Liability against securitized assets	3,910.50	-
Liability against leased assets	900.41	-
Preference shares other than those that qualify as equity	2,493.44	-
2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures		
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		
(c) Other public deposits		

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Amount Outstanding	Amount Overdue
Assets side :		
3 Break-up of Loans and advances including bills receivables (other than those included in (4) below) :		
(a) Secured		10,143.83
(b) Unsecured		4,76,429.66
4 Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(I) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease		-
(b) Operating lease		-
(II) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire		-
(b) Repossessed Assets		-
(III) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed		-
(b) Loans other than (a) above		-
5 Break-up of Investments :		
Current Investments :		
1. Quoted :		
(I) Shares :		
(a) Equity		-
(b) Preference		-
(II) Debentures and Bonds		-
(III) Units of mutual funds		54.23
(IV) Government Securities		-
(V) Others (please specify)		-
2. Unquoted :		
(I) Shares :		
(a) Equity		-
(b) Preference		-
(II) Debentures and Bonds		-
(III) Units of mutual funds		-
(IV) Government Securities		-
(V) Others :		
(a) Certificate of Deposit		-
(b) Commercial Paper		24,518.47
Long Term Investments :		
1. Quoted :		
(I) Shares :		
(a) Equity		-
(b) Preference		-
(II) Debentures and Bonds		-
(III) Units of mutual funds		-
(IV) Government Securities		-
(V) Others (please specify)		-
2. Unquoted :		
(I) Shares :		
(a) Equity		26,760.24
(b) Preference		-
(II) Debentures and Bonds		-
(III) Units of mutual funds		-
(IV) Government Securities		0.51
(V) Others (please specify)		-
Total		51,333.45

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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

Category	Particulars			Total
	Secured	Unsecured	Provision	
1. Related Parties				
(a) Subsidiaries	-	1,500.00	49.41	1,450.59
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	129.72	4.29	125.43
2. Other than related Parties	10,143.83	4,74,799.94	15,580.69	4,69,363.08
Total	10,143.83	4,76,429.66	15,634.39	4,70,939.10

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Market Value/Breakup or fair value or NAV	Book Value (Net of Provision)
1. Related Parties		
(a) Subsidiaries	26,760.24	26,760.24
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related Parties	24,573.21	24,573.21
Total	51,333.45	51,333.45

8 Other information

Particulars	Amount
(I) Gross Non-Performing Assets	15,049.79
(a) Related parties	-
(b) Other than related parties	15,049.79
(II) Net Non-Performing Assets	8,495.72
(a) Related parties	-
(b) Other than related parties	8,495.72
(III) Assets acquired in satisfaction of debt	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

57. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

Particulars	As at	As at
	March 31, 2020	March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	309.09	6.01
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

58. Based on the revised return filed by the Company for the Assessment Year 2019-20, the amount of current tax expense and deferred tax charge for the year ended March 31, 2019 have been regrouped. Figures for the year ended March 31, 2020 and March 31, 2019 are re-grouped/re-classified wherever necessary.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No. 001076N/N500013

Lalit Kumar
Partner
Membership Number: 095256

Place : Noida
Date : June 15, 2020

For and on behalf of the Board of Directors
Satin Creditcare Network Limited

H P Singh
Chairman cum Managing Director
DIN: 00333754

Sanjay Kumar Bhatia
Chairman Audit Committee cum Director
DIN: 07033027

Adhish Swaroop
Company Secretary & Compliance Officer
ACS: 16034

Place : Delhi
Date : June 15, 2020

Satvinder Singh
Director
DIN: 00332521

Krishan Gopal
Chief Financial Officer

Place : Gurugram
Date : June 15, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Satin Creditcare Network Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

- 1) We have audited the accompanying consolidated financial statements of **Satin Creditcare Network Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
- 2) In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('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 consolidated state of affairs of the Group, as at March 31, 2020, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

- 3) 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 Consolidated 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matter section below is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

- 4) We draw attention to Note 53 to the accompanying consolidated financial statements, which describes significant uncertainties due to the outbreak of COVID-19 pandemic. The impact of the pandemic on the operations of the Group and its financial position as at March 31, 2020 including the measurement of expected credit losses on the loan assets are significantly dependent on uncertain future economic conditions. Our opinion is not modified in respect of this matter.

Key Audit Matter

- 5) Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (Contd.)

- 6) We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Expected Credit Losses on loans</p> <p>[Refer Note 3(j) for the accounting policy and Note 42 for the related disclosures]</p> <p>As at March 31, 2020, the Holding Company has financial assets (loans) amounting to ₹ 470,939.10 lakhs including loans which are carried at fair value through other comprehensive income amounting to ₹ 420,819.04 lakhs. As per Ind AS 109- Financial Instruments, the Holding Company is required to recognize allowance for expected credit losses on financial assets. The expected credit loss is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio.</p> <p>Expected credit loss cannot be measured precisely, but can only be estimated through use of statistics. The calculation of expected credit losses is complex and requires exercise of judgement around both the timing of recognition of impairment provisions and estimation of the amount of provisions required in relation to loss events.</p> <p>Considering the significance of the above matter to the consolidated financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.</p> <p>We also draw attention to Note 53 of the accompanying consolidated financial statements, regarding uncertainties involved on the due to outbreak of COVID-19 pandemic with respect to the measurement of expected credit loss on such loan assets which are significantly dependent on uncertain future developments.</p>	<p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through the following procedures, but not limited to the following procedures:</p> <ol style="list-style-type: none"> performed a walk through of the impairment loss allowance process and assessed the design effectiveness of controls; obtained an understanding of the model adopted by the Holding Company including key inputs and assumptions for calculation of expected credit losses including the impact of COVID 19 on the assumptions and how management calculated the expected credit losses and the appropriateness data on which the calculation is based; obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the regulatory announcement made by the RBI; tested the design and operating effectiveness of the key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized; tested the accuracy of inputs through substantive procedures and assessed the reasonableness of the assumptions used; developed a point estimate by making reference to the expected credit losses recognized by entities that carry comparable financial assets; tested the arithmetical calculation of the expected credit losses; assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards; and obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

- 7) The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

- 8) The accompanying Consolidated Financial Statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.
- 9) In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
- 10) Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Financial Statements

- 11) 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.

- 12) As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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;
- 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 Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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

INDEPENDENT AUDITOR'S REPORT (Contd.)

on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- 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; and
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
- 13) 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.
- 14) 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.
- 15) From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Other Matter

- 16) We did not audit the financial statements of 3 subsidiaries, whose financial statements reflects total assets of ₹ 39,842.87 lakhs and net assets of ₹ 22,981.86 lakhs as at March 31, 2020, total revenues of ₹ 10,478.34 lakhs and net cash inflows amounting to ₹ 4,857.16 lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

Our opinion above on the Consolidated Financial Statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

- 17) As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiaries, we report that the Holding Company and 3 subsidiary companies paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
- 18) As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Financial Statements;
 - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors

INDEPENDENT AUDITOR'S REPORT (Contd.)

- c) the Consolidated Financial Statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- d) in our opinion, the aforesaid Consolidated Financial Statements comply with Ind AS specified under section 133 of the Act;
- e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies are disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:

- i) the Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 50 to the Consolidated Financial Statements;
- ii) the Group 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 Holding Company and its subsidiary companies during the year ended March 31, 2020; and
- iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these Consolidated Financial Statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Lalit Kumar
Partner
Membership No.: 095256
UDIN: 20095256AAAABE5586

Place: Noida
Date: 15 June 2020

ANNEXURE A

Independent Auditor's Report on the internal financial controls with reference to the Consolidated Financial Statements 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 Consolidated Financial Statements of Satin Creditcare Network Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended March 31, 2020 we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

- 2) The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of 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 for the Audit of the Internal Financial Controls with Reference to Financial Statements

- 3) Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

- 6) A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

ANNEXURE A (Contd.)

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

- 7) Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

- 8) In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at March 31, 2020 based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Lalit Kumar

Partner

Membership No.: 095256

UDIN: 20095256AAAABE5586

Place: Noida

Date: 15 June 2020

Other Matter

- 9) We did not audit the internal financial controls with reference to financial statements insofar as it relates to 3 subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 39,842.87 lakhs and net assets of ₹ 22,981.86 lakhs as at March 31, 2020 total revenues of ₹ 10,478.34 lakhs and net cash inflows amounting to ₹ 4,857.16 lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial Assets			
Cash and cash equivalents	4	1,17,698.47	1,02,496.82
Other bank balances	5	70,417.64	73,345.19
Derivative financial instruments	6	673.63	186.99
Trade receivables	7	1,232.97	1,237.63
Loans	8	4,94,111.17	4,54,862.48
Investments	9	24,573.21	26,428.85
Other financial assets	10	2,521.89	2,006.69
		7,11,228.98	6,60,564.65
Non-financial Assets			
Current tax assets (net)	11	3,778.61	2,200.40
Deferred tax assets (net)	12	-	865.24
Property, plant and equipment	13	5,618.82	4,456.26
Capital work-in-progress	13	3,413.64	1,614.29
Intangible assets under development	14	-	19.60
Goodwill		3,370.66	3,370.66
Other intangible assets	15	405.61	236.46
Other non-financial assets	16	2,145.45	768.28
		18,732.79	13,531.19
Total Assets		7,29,961.77	6,74,095.84
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables			
Trade payables	17		
(i) total outstanding dues of micro enterprises and small enterprises		117.56	6.01
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		848.47	182.10
Other payables	18		
(i) total outstanding dues of micro enterprises and small enterprises		193.77	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,332.60	1,154.83
Debt securities	19	86,386.14	97,586.85
Borrowings (other than debt securities)	20	4,11,462.61	3,75,553.88
Subordinated liabilities	21	56,302.54	53,919.68
Other financial liabilities	22	25,532.33	28,266.20
		5,82,176.02	5,56,669.55
Non-financial Liabilities			
Deferred tax liabilities (net)	12	727.90	-
Provisions	23	1,285.71	1,515.48
Other non-financial liabilities	24	903.23	966.17
		2,916.84	2,481.65
EQUITY			
Equity share capital	25	5,171.27	4,853.07
Other equity	26	1,39,697.64	1,10,091.57
		1,44,868.91	1,14,944.64
Total Liabilities and Equity		7,29,961.77	6,74,095.84

Statement of significant accounting policies and other explanatory notes.

This consolidated Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No. 001076N/N500013

Lalit Kumar
Partner
Membership Number: 095256

For and on behalf of the Board of Directors
Satin Creditcare Network Limited

H P Singh
Chairman cum Managing Director
DIN: 00333754

Sanjay Kumar Bhatia
Chairman Audit Committee cum Director
DIN: 07033027

Adhish Swaroop
Company Secretary & Compliance Officer
ACS: 16034

Satvinder Singh
Director
DIN: 00332521

Krishan Gopal
Chief Financial Officer

Place : Noida
Date : June 15, 2020

Place : Delhi
Date : June 15, 2020

Place : Gurugram
Date : June 15, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
I. INCOME			
Revenue from operations			
Interest income	27	1,11,000.52	1,18,606.59
Dividend income	28	2.21	-
Fees and commission income	29	13,778.42	9,090.27
Net gain on fair value changes	30	1,437.83	3,049.79
Net gain on derecognition of financial instruments under amortized cost category	31	23,608.14	13,345.54
Other operating income	32	124.42	168.77
Total Revenue from operations		1,49,951.54	1,44,260.96
Other income	33	391.65	253.37
Total Income		1,50,343.19	1,44,514.33
II. EXPENSES			
Finance costs	34	58,609.00	64,248.74
Impairment on financial instruments	35	19,180.66	5,242.11
Employee benefit expenses	36	35,134.58	30,547.81
Depreciation and amortization expense	37	1,753.72	1,251.12
Other expenses	38	14,502.59	11,643.61
Total		1,29,180.55	1,12,933.39
Profit before tax		21,162.64	31,580.94
Tax expense:	39		
Current tax		5,575.17	4,388.42
Deferred tax		90.21	7,042.88
Total tax expenses		5,665.38	11,431.30
profit after tax		15,497.26	20,149.64
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Re-measurements of the defined benefit plans		126.65	(48.18)
Equity instruments through other comprehensive income		-	(3.32)
Income tax relating to above items		(32.91)	17.36
	A	93.74	(34.14)
Items that will be reclassified to profit and loss			
Changes in fair value of loan assets		5,771.41	3,920.21
Income tax relating to above item		(1,452.55)	(1,369.88)
Cash flow hedge reserve		93.37	-
Income tax relating to above item		(23.50)	-
	B	4,388.73	2,550.33
Other comprehensive income	A+B	4,482.47	2,516.19
Total comprehensive income		19,979.73	22,665.83
Net profit/(loss) after tax attributable to			
Owners of the holding company		15,497.26	20,119.45
Non-controlling interests		-	30.19
Other comprehensive income attributable to			
Owners of the holding company		4,482.47	2,516.19
Non-controlling interests		-	-
Total comprehensive income attributable to			
Owners of the holding company		19,979.73	22,635.64
Non-controlling interests		-	30.19
Earnings per equity share (face value of ₹ 10 per equity share)	40		
Basic (₹)		30.43	41.67
Diluted (₹)		30.27	41.37

Statement of significant accounting policies and other explanatory notes.

This consolidated Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No. 001076N/N500013

For and on behalf of the Board of Directors
Satin Creditcare Network Limited

Lalit Kumar
Partner
Membership Number: 095256

H P Singh
Chairman cum Managing Director
DIN: 00333754

Satvinder Singh
Director
DIN: 00332521

Sanjay Kumar Bhatia
Chairman Audit Committee cum Director
DIN: 07033027

Adhish Swaroop
Company Secretary & Compliance Officer
ACS: 16034

Krishan Gopal
Chief Financial Officer

Place : Noida
Date : June 15, 2020

Place : Delhi
Date : June 15, 2020

Place : Gurugram
Date : June 15, 2020

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	21,162.64	31,580.94
Adjustments for:		
Depreciation and amortization	1,147.51	1,251.12
Depreciation of right-of-use assets	606.21	-
Net (gain)/loss on derecognition of property, plant and equipment	(2.83)	(1.98)
Gain on sale of liquid funds	(1,568.59)	(2,752.00)
Unrealised (gain)/loss on fair value changes of derivatives and investments	130.76	(306.34)
Property, plant and equipment written off	-	48.64
Impairment on financial instruments	19,180.66	5,242.11
Dividend income	(2.21)	-
Gain on sale of loan portfolio through assignment	(23,608.14)	(13,345.54)
First loss default guarantee expenses	3,089.11	894.90
Share based payment to employees	196.20	425.34
Effective interest rate adjustment for financial instruments	2,104.43	1,258.73
Interest expense for leasing arrangements	188.19	-
Net gain on termination of leases	(42.44)	-
Unrealised exchange fluctuation loss (net)	188.49	230.38
Operating profit before working capital changes	22,769.99	24,526.30
Movement in working capital		
Decrease/(increase) in trade receivables	4.66	(60.46)
(Increase)/decrease in loans	(28,570.57)	41,904.78
Decrease/(increase) in deposits	2,927.55	(7,054.25)
(Increase)/decrease in other financial assets	(994.43)	1,268.19
(Increase)/decrease in other non-financial assets	(6,733.93)	192.43
Increase/(decrease) in trade and other payables	1,149.46	(1,166.29)
(Decrease)/increase in other financial liabilities	(5,822.98)	7,841.73
(Decrease)/increase in provisions	(103.12)	335.70
Increase in other non-financial liabilities	2.95	27.79
Cash (used in)/flows from operating activities post working capital changes	(15,370.42)	67,815.92
Income taxes paid (net)	(7,159.41)	(6,716.21)
Net cash (used in)/flows from operating activities (A)	(22,529.83)	61,099.71
B CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment and capital work-in-progress and intangible assets	2,116.53	(1,869.01)
Proceeds from sale of property, plant and equipment and intangible assets	16.47	12.55
Payment for acquisition of subsidiary, net of cash acquired	-	(331.63)
Proceeds from purchase of other investments (net)	3,435.38	(16,496.68)
Net cash flows/(used in) investing activities (B)	5,568.38	(18,684.77)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
C CASH FLOWS FROM FINANCING ACTIVITIES (REFER TO NOTE (i) BELOW)		
Proceeds from issue of share capital and share warrants (including premium and net of share issue expenses)	4,437.67	11.51
Proceeds from debt securities	21,413.18	40,370.00
Repayment of debt securities	(32,852.45)	(34,702.86)
Proceeds from borrowings other than debt securities	3,12,518.42	3,29,267.50
Repayment of borrowings other than debt securities	(2,87,956.35)	(3,45,753.07)
Lease payments	(693.40)	-
Proceeds from subordinated liabilities	9,887.77	20,000.00
Repayment of subordinated liabilities	(2,469.76)	(369.81)
Net cash flows from financing activities (C)	24,285.08	8,823.27
Net increase in cash and cash equivalents (A+B+C)	7,323.63	51,238.21
Cash and cash equivalents at the beginning of the year (refer to note ii below)	96,581.67	45,343.46
Cash and cash equivalents at the end of the year	1,03,905.30	96,581.67

i) Refer to note 21 for reconciliation of liabilities arising from financing activities.

ii) Refer to note 5 for restricted cash and cash equivalent.

Notes:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash and cash equivalents (as per note 4 to the financial statements)	1,17,698.47	1,02,496.82
Less: Overdraft facility against term deposits (as per note 20 to the financial statements)	(13,793.17)	(5,915.15)
	1,03,905.30	96,581.67

Statement of significant accounting policies and other explanatory notes.

This Statement of Cash Flow referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No. 001076N/N500013

Lalit Kumar
Partner
Membership Number: 095256

For and on behalf of the Board of Directors
Satin Creditcare Network Limited

H P Singh
Chairman cum Managing Director
DIN: 00333754

Sanjay Kumar Bhatia
Chairman Audit Committee cum Director
DIN: 07033027

Adhish Swaroop
Company Secretary & Compliance Officer
ACS: 16034

Satvinder Singh
Director
DIN: 00332521

Krishan Gopal
Chief Financial Officer

Place : Noida
Date : June 15, 2020

Place : Delhi
Date : June 15, 2020

Place : Gurugram
Date : June 15, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity share capital (Refer note 25)

Particulars	Balance as at April 1, 2018	Change during the year	Balance as at March 31, 2019	Change during the year	Balance as at March 31, 2020
Equity share capital	4,726.91	126.16	4,853.07	318.20	5,171.27

B. Other equity (Refer note 26)

Particulars	Equity component of compound financial instruments	Reserves and Surplus					Equity instruments through other comprehensive income	Change in fair value of loan assets through other comprehensive income	Money received against share warrants	Cash flow hedge reserve	Total attributable to equity holders of the parent	Total non-controlling interest	Total
		Statutory reserve fund	Securities premium	General reserve	Capital redemption reserve	Share options outstanding account	Retained earnings						
Balance as at April 1, 2018	283.61	2,942.19	79,843.48	29.94	277.00	153.52	(1,278.41)	(1.68)	-	-	83,749.65	208.16	83,957.81
Profit for the year	-	-	-	-	-	-	20,119.45	-	-	-	20,119.45	30.19	20,149.64
Other comprehensive income (net of tax)	-	-	-	-	-	-	(30.82)	(3.32)	-	-	2,516.19	-	2,516.19
Issue of equity shares	-	-	3,396.49	-	-	-	-	-	-	-	3,396.49	-	3,396.49
Transfer to statutory reserves	-	3,898.86	-	-	-	-	(3,898.86)	-	-	-	-	-	-
Conversion of optionally convertible redeemable preference shares	(248.65)	-	-	-	-	-	248.65	-	-	-	-	-	-
Share issue expense of subsidiary	-	-	-	-	-	-	(11.14)	-	-	-	(11.14)	-	(11.14)
Acquisition of non-controlling interests	-	-	-	-	-	-	(104.42)	-	-	-	(104.42)	(238.35)	(342.77)
Share based payment to employees	-	-	102.24	-	-	323.11	-	-	-	-	425.35	-	425.35

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Equity component of compound financial instruments	Reserves and Surplus				Equity instruments through other comprehensive income	Change in fair value of loan assets through other comprehensive income	Money received against share warrants	Cash flow hedge reserve	Total attributable to equity holders of the parent	Total non-controlling interest	Total
		Statutory reserve fund	Securities premium	General reserve	Capital redemption reserve	Share options outstanding account	Retained earnings					
Balance as at March 31, 2019	34.96	6,841.05	83,342.21	29.94	277.00	476.63	15,044.45	1,500.00	-	1,10,091.57	-	1,10,091.57
Profit for the year	-	-	-	-	-	-	15,497.26	-	-	15,497.26	-	15,497.26
Other comprehensive income (net of tax)	-	-	-	-	-	-	93.74	-	69.87	4,482.47	-	4,482.47
Issue of equity shares	-	-	11,039.74	-	-	-	-	(1,500.00)	-	9,539.74	-	9,539.74
Transfer to statutory reserves	-	3,125.34	-	-	-	-	(3,125.34)	-	-	-	-	-
Conversion of optionally convertible redeemable preference shares	(34.96)	-	34.96	-	-	-	-	-	-	-	-	-
Share issue expense of subsidiary	-	-	-	-	-	-	(109.59)	-	-	(109.59)	-	(109.59)
Share based payment to employees	-	-	131.83	-	-	64.36	-	-	-	196.19	-	196.19
Balance as at March 31, 2020	-	9,966.39	94,548.74	29.94	277.00	540.99	27,400.52	-	69.87	1,39,697.64	-	1,39,697.64

Statement of significant accounting policies and other explanatory notes.

This Statement of Changes in Equity referred to in our report of even date.

For and on behalf of the Board of Directors **Satin Creditcare Network Limited**

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No. 001076N/N5000013

Lalit Kumar
Partner
Membership Number: 095256

H P Singh
(Chairman cum
Managing Director)
DIN: 00333754

Place : Gurugram
Date : June 15, 2020

Satvinder Singh
Director
DIN: 00332521

Place : Gurugram
Date : June 15, 2020

Sanjay Kumar Bhatia
(Chairman Audit
Committee cum Director)
DIN: 07033027

Place : Noida
Date : June 15, 2020

Krishan Gopal
(Chief Financial Officer)

Place : Gurugram
Date : June 15, 2020

Adhish Swaroop
(Company Secretary & Compliance Officer)
ACS: 16034

Place : Delhi
Date : June 15, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in lakhs, unless otherwise stated)

1. GROUP OVERVIEW

Satin Creditcare Network Limited ('the Company' or 'the Holding Company') is a public limited company and incorporated 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 – Micro Finance Institution ('NBFC-MFI') with the Reserve Bank of India ("RBI") in November 2013. The Company is engaged primarily in providing micro finance services to women in the rural areas of India who are enrolled as members and organized as Joint Liability Groups ('JLG'). The Company is domiciled in India and its registered office is situated at 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, New Delhi – 110033.

The Company owns 100% equity shares of Taraashna Financial Services Limited ("TFSL"). TFSL is engaged in the Business Correspondent ("BC") activity with various banks/NBFC's.

The Company owns 100% equity shares of Satin Housing Finance Limited ("SHFL"). The SHFL is engaged in the business of providing long term finance to individuals, companies, corporations, societies or association of persons for purchase/construction/repair and renovation of new/existing flats/houses for residential purposes.

The Company owns 100% equity shares of 100% stake in equity shares in Satin Finserv Limited ("SFL"). The SFL is engaged in the business of providing various financial services to small entrepreneurs, MSMEs, Indian consumers and other eligible consumers as permissible under applicable laws.

2. A. Basis of preparation

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

These standalone 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 Group has uniformly applied the accounting policies for all the periods presented in this financial statements.

The financial statements for the year ended March 31, 2020 were authorized and approved for issue by the Board of Directors on June 15, 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 a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value. Further the carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortized cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

(iii) Going Concern

Management is of the view that having regard to the projections of the business prospects, Group shall be able to continue as a going concern. Accordingly, management considers it appropriate to prepare these financial statements on a going concern basis.

B. Basis of consolidation

The consolidated financial statements has comprised financial statements of the Company and its subsidiaries, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The Group can have power over the investee even if it owns less than majority voting rights i.e. rights arising from other contractual arrangements. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Statement of profit and loss (including other comprehensive income ('OCI')) of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group combines the financial statements of the Holding Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's statement of profit and loss and net assets that is not held by the Group. Statement of profit and loss balance (including other comprehensive income ('OCI')) is attributed to the equity holders of the Holding Company and to the non-controlling interest basis the respective ownership interests and such balance is attributed even if this results in controlling interests having a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. Such a change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Corporation's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using the significant accounting policies and measurement bases summarized as below. These policies are applied consistently for all the periods presented in the financial statements.

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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are recognized in statement of profit and loss.

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 the straight line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013.

Asset class	Useful life
Building	60 years
Plant and machinery	5-15 years
Office equipment	5 years
Computer equipment	3-6 years
Furniture and fixtures	10 years
Vehicles	8-10 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 recognized is de-recognized 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 de-recognized.

Capital work-in-progress

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

b) Intangible assets

Recognition and initial measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

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

Intangible assets are amortized over a period of 3-5 years from the date when the assets are available for use. The estimated useful life (amortization period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

c) Intangible assets under development

Intangible assets under development represents expenditure incurred in respect of intangible assets under development and are carried at cost. Cost includes development cost, borrowing costs and other direct expenditure necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. These are recognized as assets when the Group can demonstrate following recognition requirements:

- The development costs can be measured reliably
- The project is technically and commercially feasible
- The Group intends to and has sufficient resources to complete the project
- The Group has the ability to use or sell such intangible asset
- The asset will generate probable future economic benefits.

Amortization of the asset begins when development is complete and the asset is available for use.

d) Revenue recognition

Interest income on loans

The Group recognizes interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortized cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering any fees and all incremental costs that are directly attributable to acquisition of a financial asset and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset to the gross carrying amount of a financial asset or to the amortized cost of a financial liability.

The Group recognizes interest income by applying the EIR to the gross carrying amount of financial assets

other than credit-impaired assets. In case of credit-impaired financial assets regarded as 'Stage 3', the Group recognizes interest income on the net amortized cost of financial assets at EIR. If financial asset is no longer credit-impaired Group reverts to calculating interest income on a gross basis.

Additional interest/overdue interest/penal charges are recognized only when it is reasonable certain that the ultimate collection will be made.

Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognized when the related loan assets are de-recognized. Interest income is also recognized on carrying value of assets over the remaining period of such assets.

Commission income

Income from business correspondent services is recognized as and when the services are rendered as per agreed terms and conditions of the contract.

Dividend income

Dividend income is recognized at the time when the right to receive is established by the reporting date.

Miscellaneous income

All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization/ collection.

e) Borrowing costs

Borrowing costs consists of interest and other cost that the Group incurred in connection with the borrowing of funds. Borrowing costs charged to the Statement of Profit and Loss on the basis of effective interest rate method.

f) Taxation

I. Current tax: Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

- II. Deferred Tax:** Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets, if any, are reassessed at each reporting date and are recognized 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 realized 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 recognized outside profit or loss is recognized either in OCI or in other equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Tax expense recognized in Statement of Profit and Loss comprises the sum of deferred tax and current tax except to the extent it recognized in other comprehensive income or directly in equity.

Minimum alternate tax ('MAT') credit entitlement is recognized 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 recognized 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.

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

Defined benefit plans

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. 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 last drawn salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. The liability recognized in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. 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 Group also provides the benefit of compensated absences to its employees which are in the nature of

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(All amounts in lakhs, unless otherwise stated)

long-term employee benefit plan. Liability in respect of compensated absences becoming due and expected to be 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.

h) Share based payments

The Holding Company has formulated an Employees Stock Option Schemes to be administered through a Trust. The stock options granted to employees pursuant to the Holding Company's Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of options granted under Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in other equity. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Holding Company revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in Statement of Profit and Loss, with a corresponding adjustment to equity.

i) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

Compensation for impairment

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up are recognized in statement of profit and loss when the compensation becomes receivable.

Financial Guarantees

Financial guarantees are initially recognized at fair value. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

The premium received (if any) is recognized as income on a straight-line basis over the life of the guarantee.

j) Impairment of financial assets

The Group is recording the allowance for expected credit losses for all loans at amortized cost and FVOCI and other debt financial assets not held at FVTPL

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Group's policies for determining if there has been a significant increase in credit risk.

Loan assets

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

- Stage 1 (1-30 days) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
- Stage 2 (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage 3 (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.

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

Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation, 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 Group's expectation of the extent of loss on a defaulted

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

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 Group expects to be owed at the time of default.

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

Trade receivables

In respect of trade receivables, the Group applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

Other financial assets

In respect of its other financial assets, the Group 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 Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group 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.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand (including imprest), demand deposits and short-term highly liquid investments (certificate of deposits and commercial paper) that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. The Group has netted off the balance of bank overdraft with cash and cash equivalents for cash flow statement as they are considered an integral part of the Company's cash management.

l) Equity investment in subsidiaries

Investments representing equity interest in subsidiaries are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

m) 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 Group 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 not recognized but disclosed where an inflow of economic benefits is probable.

n) Leases

Group as a lessee

The Group adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at April 01, 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

For any new contracts entered into on or after 1 April 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Determining the lease term of contracts with renewal and termination options where Group is lessee - The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

Group as lessor:

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Classification of leases - The Group enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

o) Financial instruments

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

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

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.

Non-derivative financial assets

Subsequent measurement

i. **Financial assets carried at amortized cost** – a financial asset is measured at the amortized 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 amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in interest income in the Statement of Profit and Loss.

ii. **Financial assets (debt instruments e.g. loans) are measured at FVOCI when both of the following conditions are met:** – a financial asset is measured at the FVOCI if both the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income are recognized in profit or loss in the same manner as for financial assets measured at amortized cost.

iii. **Investments in equity instruments** – Investments in equity instruments which are held for trading are classified as at fair value through profit or loss (FVTPL). For all other equity instruments, the Group makes an irrevocable choice upon initial recognition, on an instrument by instrument

basis, to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. However, the Group transfers the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

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

v. **Financial assets measured at FVPL** – FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL, with all changes recognized in the P&L.

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are de-recognized (i.e. removed from the Group's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Group has not retained control, it shall also de-recognize the financial asset and recognize 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 amortized cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expired. 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 recognized in the Statement of Profit and Loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

First loss default guarantee

First loss default guarantee contracts are contracts that require the Group to make specified payments to reimburse the bank for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of the agreement. Such financial guarantees are given to bank, for whom the Group acts as 'Business Correspondent'.

These contracts are initially measured at fair value and subsequently measure at higher of:

- The amount of loss allowance (calculated as described in policy for impairment of financial assets)
- Maximum amount payable as on the reporting date to the bank which is based on the amount of loans overdue for more than 75 days in respect to agreements with banks.

Further, the maximum liability is restricted to the cash outflow agreed in the agreement.

Compound financial instruments

Optionally convertible instruments are separated into liability and equity components based on the terms of the contract. On issuance of the said instruments, the liability component is arrived by discounting the gross sum (including redemption premium, if any) at a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost until it is extinguished on conversion or redemption. The remainder of the proceeds is recognized as equity component of compound financial instrument. This is recognized and included in shareholders' equity, net of income tax effects, and not subsequently re-measured.

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 recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative contracts

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit and loss using mark to market information.

Hedge Accounting

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency.

In order to manage particular risks, the Group applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognized directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognized immediately as Finance Cost in the statement of profit and loss.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognized in OCI at that time remains in OCI and is recognized when the hedged forecast transaction is ultimately recognized in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date using valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured are categorized with fair value hierarchy into Level I, Level II and Level III based on level of input.

p) 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.

q) Segment reporting

The Group identifies segment basis of 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 reviewed by the CODM ('chief operating decision maker') and in assessing performance. The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. 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.

r) Foreign currency

Functional and presentation currency

Items included in the financial statement of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements have been prepared and presented in Indian Rupees (₹), which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Statement of Profit and Loss in the year in which they arise.

s) Government grants

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Grant or subsidy relates to revenue, it is recognized as income on a systematic basis in profit or loss over the periods necessary to match them with the related costs, which they are intended to compensate.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in lakhs, unless otherwise stated)

t) Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Group'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.

Business model assessment – The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and accordingly prospective change to the classification of those assets are made.

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 amortized 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 Group makes significant judgements with regard to the following while assessing expected credit loss:

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

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

Significant estimates

Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable 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.

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.

u) Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- I. Changes during the period in operating receivables and payables transactions of a non-cash nature;
- II. Non-cash items such as depreciation, provisions, deferred taxes, unrealized foreign currency gains and losses; and
- III. All other items for which the cash effects are investing or financing cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	5,359.21	4,953.54
Balances with banks and financial institutions		
- Balance with banks in current accounts	55,276.38	26,820.11
- Deposits for original maturity of less than 3 months	56,019.75	37,616.29
- Balance with banks and financial institutions to the extent held as margin money deposits against borrowings and guarantees	1,043.13	6,000.00
- Deposits (includes commercial papers and certificate of deposits)	-	27,106.88
Total	1,17,698.47	1,02,496.82

5. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits for remaining maturity of more than 3 months and upto 12 months	1,126.17	13,743.27
Deposits with remaining maturity more than 12 months	280.97	287.14
Balance with banks and financial institutions to the extent held as margin money deposits against borrowings and guarantees	69,010.50	59,314.78
Total	70,417.64	73,345.19

The amount under lien as security against term loan and overdraft facility availed, assets securitized, first loss default guarantee are as follows (included above in note 4 and 5):-

Particulars	As at March 31, 2020	As at March 31, 2019
Term loans	21,139.44	19,945.57
Overdraft facilities	41,181.12	34,289.26
Securitisations	718.34	5,449.31
Derivatives	530.45	500.00
Security against first loss default guarantee	6,481.96	5,128.50
Security against facilities	2.32	2.14
Total	70,053.63	65,314.78

6. DERIVATIVE FINANCIAL INSTRUMENTS

Particulars	As at March 31, 2020		As at March 31, 2019	
	Notional amounts (₹)	Fair value	Notional amounts (₹)	Fair value
Currency and interest swap (refer to note 52)	21,227.46	673.63	4,323.21	186.99
	21,227.46	673.63	4,323.21	186.99
Included in above are derivative held for risk management purpose as follows:				
Derivative designated as hedge:				
Cash flow hedge:				
Currency and interest swap	7,086.27	626.34	-	-
Undesignated derivatives	14,141.19	47.29	4,323.21	186.99
Total of derivative financial instruments	21,227.46	673.63	4,323.21	186.99

The Holding Company enters into derivative contracts for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, the Holding Company has elected to apply hedge accounting for one of the derivatives.

The table above represents the fair value of derivatives financial instruments recorded as assets together with the notional amounts.

The notional amounts indicates the value of transaction outstanding at the year end and are not indicative of either the market risk or credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

The Holding Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 52 and below.

Derivatives designated as hedging instruments

Cash flow hedges - Foreign currency risk

The Holding Company is exposed to foreign currency risk arising from its fixed rate foreign currency borrowing amounting to USD 9.4 million. Interest on the borrowing is payable at a fixed rate of 5.93% per annum (on semi-annual basis starting from February 5, 2020) and the principal amount is repayable on August 5, 2022. The Holding Company economically hedged the foreign currency risk arising from the debt with a 'receive fixed pay fixed' cross-currency interest rate swap ('swap') on July 24, 2019. The notional amount of swap is ₹ 6,487.41 lakhs. The swap contract converts the cash outflows of the foreign currency fixed rate borrowing of USD 9.4 million to cash outflows in ₹ with a notional amount of ₹ 6,487.41 lakhs and fixed interest of 11.18% per annum.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the cross currency swap contract match that of the foreign currency borrowing (notional amount, interest payment dates, principal repayment date etc.). The Holding Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the cross currency swap are identical to the hedged risk components. To test the hedge effectiveness, the Holding Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. The hedge ineffectiveness may arise if there is a change in the credit risk of the Company or the counterparty.

Off-setting

The Holding Company does not have derivative financial assets and financial liabilities which are subject to master netting arrangements. Master netting arrangements are those arrangements wherein in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis.

7. TRADE RECEIVABLES (AT AMORTIZED COST)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
Considered good - unsecured	1,232.97	1,237.63
	1,232.97	1,237.63
Less: Impairment loss allowance	-	-
Total	1,232.97	1,237.63

The Group does not have any receivables which are either credit impaired or where there is significant increase in credit risk.

8. LOANS

Particulars	As at March 31, 2020		As at March 31, 2019	
	At fair value through other comprehensive income *	At amortized cost	At fair value through other comprehensive income *	At amortized cost
Portfolio loans	4,20,819.04	48,620.06	3,70,973.92	74,884.41
Housing and other loans	-	24,672.07	-	9,004.15
	4,20,819.04	73,292.13	3,70,973.92	83,888.56
Portfolio loans				
Secured	-	8,707.81	-	13,795.82
Unsecured	4,20,819.04	39,912.25	3,70,973.92	61,088.59
Housing and other loans				
Secured	-	21,112.00	-	9,004.15
Unsecured	-	3,560.07	-	-
	4,20,819.04	73,292.13	3,70,973.92	83,888.56
Total loans		4,94,111.17		4,54,862.48

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Secured by property, plant and equipment including land and building	24,463.05	17,316.40
(ii) Secured by book debts, inventories, margin money and other working capital items	5,356.76	5,483.57
(iii) Unsecured	4,64,291.36	4,32,062.51
Total	4,94,111.17	4,54,862.48
Loans in India		
(i) Public sector	-	-
(ii) Others	4,94,111.17	4,54,862.48
Total	4,94,111.17	4,54,862.48

* The management reassessed its business model and with the background of series of assignment transactions, has changed the business model on March 31, 2019 from 'hold to collect' to 'hold to collect and sell'. Accordingly, the Holding Company has reclassified its eligible portfolio from amortized category to fair value through other comprehensive income (FVOCI) category and hence recorded a fair value gain in other comprehensive income.

9. INVESTMENTS

Particulars	As at March 31, 2020		As at March 31, 2019	
	At fair value Through profit and loss	Total	At fair value Through profit and loss	Total
Mutual funds				
294,091.70 (March 31, 2019 : Nil) units in Union Dynamic Bond Fund	54.23	54.23	-	-
Government securities				
500 (March 31, 2019 : 500), Government of India, Inscribed stock having face value ₹ 100 each	0.51	0.51	0.51	0.51
Commercial paper				
2,500 (March 31, 2019 : Nil) units in HDFC Limited	12,202.18	12,202.18	-	-
2,500 (March 31, 2019 : Nil) units in Bajaj Finance Limited	12,316.29	12,316.29	-	-
Certificate of deposit				
Nil (March 31, 2019 : 7,000) units in ICICI Bank Limited	-	-	6,820.22	6,820.22
Nil (March 31, 2019 : 20,000) units in Indusind Bank Limited	-	-	19,608.12	19,608.12
Total	24,573.21	24,573.21	26,428.85	26,428.85
(i) Investments in India	24,573.21	24,573.21	26,428.85	26,428.85
(ii) Investments outside India	-	-	-	-
Total	24,573.21	24,573.21	26,428.85	26,428.85

Investment designated at fair value through profit and loss includes commercial papers and certificate of deposits. The Company has not entered in to any credit derivative to mitigate the credit risk (if any).

10. OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	419.70	268.38
Staff advances	248.18	140.42
Insurance recoverable	705.37	1,110.03
Other recoverable	804.32	626.03
Unbilled revenue	512.86	-
	2,690.43	2,144.86
Less: Impairment loss allowance	(168.54)	(138.17)
Total	2,521.89	2,006.69

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

11. CURRENT TAX ASSETS (NET)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax (net)	3,778.61	2,200.40
Total	3,778.61	2,200.40

12. DEFERRED TAX (LIABILITIES)/ASSETS (NET)

Particulars	As at March 31, 2020	As at March 31, 2019
(A) Deferred tax assets		
Provision for employee benefits	282.70	521.88
Difference in written down value as per the Companies Act, 2013 and the Income-Tax Act, 1961	260.86	322.00
Unabsorbed business losses and depreciation	28.73	51.49
Financial assets measured at amortized cost	8.26	119.88
Impairment loss allowance	4,370.48	3,744.43
Minimum alternate tax credit entitlement	88.22	145.24
Liability against leases	226.62	-
Others	2.30	7.10
	5,268.17	4,912.02
(B) Deferred tax liabilities		
Difference in written down value as per Company Act and Income Tax Act	-	1.28
Financial liabilities measured at amortized cost	39.38	130.30
Fair valuation of financial instruments through profit and loss	2.70	0.62
Fair valuation of loan assets through other comprehensive income	2,439.19	1,369.88
Cash flow hedge reserve	23.50	-
Right of use assets	213.88	-
Deferment of excess interest spread	3,277.42	2,544.70
Total deferred tax liabilities	5,996.07	4,046.78
Net deferred tax (liabilities)/asset	(727.90)	865.24

(i) Movement in deferred tax (liabilities)/assets (net)

Particulars	As at March 31, 2019	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2020
Assets				
Provision for employee benefits	521.88	(206.27)	(32.91)	282.70
Difference in written down value as per Companies Act and Income Tax Act	322.00	(61.14)	-	260.86
Unabsorbed business losses and depreciation	51.49	(22.76)	-	28.73
Financial assets measured at amortized cost	119.88	(111.62)	-	8.26
Impairment loss allowance and first loss default guarantee	3,744.43	626.05	-	4,370.48
Minimum alternate tax credit entitlement*	145.24	(57.02)	-	88.22
Liability against leases	-	226.62	-	226.62
Others	7.10	(4.80)	-	2.30
Liabilities				
Difference in written down value as per Companies Act and Income Tax Act	1.28	(1.28)	-	-
Financial liabilities measured at amortized cost	130.30	(90.92)	-	39.38
Fair valuation of financial instruments through profit and loss	0.62	2.08	-	2.70
Fair valuation of loan assets through other comprehensive income	1,369.88	(377.21)	1,446.52	2,439.19
Cash flow hedge reserve	-	-	23.50	23.50
Right of use assets	-	213.88	-	213.88
Deferment of excess interest spread	2,544.70	732.72	-	3,277.42
Total	865.24	(90.21)	(1,502.93)	(727.90)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at April 1, 2018	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2019
Assets				
Provision for employee benefits	390.63	113.89	17.36	521.88
Difference in written down value as per Companies Act and Income Tax Act	193.99	128.01	-	322.00
Unabsorbed business losses and depreciation	315.26	(263.77)	-	51.49
Financial assets measured at amortized cost	1,369.20	(1,249.32)	-	119.88
Impairment loss allowance and first loss default guarantee	7,423.41	(3,678.98)	-	3,744.43
Minimum alternate tax credit entitlement*	-	145.24	-	145.24
Others	4.39	2.71	-	7.10
Liabilities				
Difference in written down value as per Companies Act and Income Tax Act	-	1.28	-	1.28
Financial liabilities measured at amortized cost	433.26	(302.96)	-	130.30
Fair valuation of financial instruments through profit and loss	2.98	(2.36)	-	0.62
Fair valuation of loan assets through other comprehensive income	-	-	1,369.88	1,369.88
Deferment of excess interest spread	-	2,544.70	-	2,544.70
Total	9,260.64	(7,042.88)	(1,352.52)	865.24

* Minimum alternate tax credit pertains to financial year ended March 31, 2020 having expiry financial year ended March 31, 2034.

13. PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land	Buildings (refer note (i))	Right of use	Plant & Equipment	Office Equipment	Furniture & Fixtures	Vehicles (refer note (iv))	Total	Capital work in progress
Gross Block									
Balance as at April 1, 2018	1,518.37	692.12	-	1,800.15	612.76	1,230.10	202.98	6,056.48	1,609.31
Additions	-	895.20	-	519.17	104.62	198.97	12.88	1,730.84	900.18
Disposals	-	-	-	(157.96)	(119.99)	(110.85)	(15.52)	(404.32)	(895.20)
Balance as at March 31, 2019	1,518.37	1,587.32	-	2,161.36	597.39	1,318.22	200.34	7,383.00	1,614.29
Adjustment on transition to Ind AS 116	-	-	1,822.53	-	-	-	-	1,822.53	-
Additions	-	-	451.01	790.82	148.31	222.84	65.43	1,678.41	1,799.35
Disposals	-	-	(677.47)	(25.24)	(1.92)	(0.02)	(47.27)	(751.92)	-
Balance as at March 31, 2020	1,518.37	1,587.32	1,596.08	2,926.94	743.78	1,541.04	218.50	10,132.03	3,413.64
Accumulated depreciation									
Balance as at April 1, 2018	-	283.24	-	1,054.29	353.44	467.94	99.77	2,258.68	-
Depreciation charge for the year	-	60.78	-	569.63	134.73	221.41	33.17	1,019.72	-
Adjustment on account of disposals	-	-	-	(148.44)	(106.12)	(87.58)	(9.52)	(351.66)	-
Balance as at March 31, 2019	-	344.02	-	1,475.48	382.05	601.77	123.42	2,926.74	-
Depreciation charge for the year	-	73.17	606.20	620.57	129.12	212.89	28.77	1,670.72	-
Adjustment on account of disposals	-	-	(42.52)	(13.59)	(1.27)	(0.01)	(26.86)	(84.25)	-
Balance as at March 31, 2020	-	417.19	563.67	2,082.46	509.90	814.65	125.33	4,513.21	-
Net block									
Balance as at March 31, 2019	1,518.37	1,243.30	-	685.88	215.34	716.45	76.92	4,456.26	1,614.29
Balance as at March 31, 2020	1,518.37	1,170.13	1,032.40	844.48	233.88	726.39	93.17	5,618.82	3,413.64

Notes:

- Buildings acquired under amalgamation continue in the name of Satin Intellicomm Limited.
- For disclosure of contractual commitments to be executed on capital account, refer to note 50.
- Vehicles are taken on finance lease; monthly instalments are paid as per agreed terms and conditions.
- Property, plant and equipment have been mortgaged/pledged as security for borrowings, refer to note 51.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

14. INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	Intangible assets under development	Total
Gross Block		
Balance as at April 1, 2018	13.75	13.75
Additions	112.42	112.42
Disposals/capitalised during the year	(106.57)	(106.57)
Balance as at March 31, 2019	19.60	19.60
Additions	75.00	75.00
Disposals/capitalised during the year	(94.60)	(94.60)
Balance as at March 31, 2020	-	-
Net block		
Balance as at March 31, 2019	19.60	19.60
Balance as at March 31, 2020	-	-

15. OTHER INTANGIBLE ASSETS

Particulars	Intangible assets	Total
Gross Block		
Balance as at April 1, 2018	1,004.30	1,004.30
Additions	145.72	145.72
Disposals	(111.19)	(111.19)
Balance as at March 31, 2019	1,038.83	1,038.83
Additions		
- Additions – being internally developed	84.61	84.61
- Additions – others	167.54	167.54
Disposals	-	-
Balance as at March 31, 2020	1,290.98	1,290.98
Accumulated amortization		
Balance as at April 1, 2018	675.63	675.63
Amortization charge for the year	231.40	231.40
Adjustment on account of disposal	(104.66)	(104.66)
Balance as at March 31, 2019	802.37	802.37
Amortization charge for the year	83.00	83.00
Adjustment on account of disposal	-	-
Balance as at March 31, 2020	885.37	885.37
Net block		
Balance as at March 31, 2019	236.46	236.46
Balance as at March 31, 2020	405.61	405.61

16. OTHER NON-FINANCIAL ASSETS

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	1,394.76	404.26
Balances with government authorities	133.38	126.35
Capital advance	146.87	69.95
Gratuity fund asset	185.89	-
Other assets	284.55	167.72
Total	2,145.45	768.28

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

17. TRADE PAYABLES

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	117.56	6.01
Total outstanding dues of creditors other than micro enterprises and small enterprises	848.47	182.10
Total	966.03	188.11

18. OTHER PAYABLES

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	193.77	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,332.60	1,154.83
Total	1,526.37	1,154.83

19. DEBT SECURITIES (AT AMORTIZED COST)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-convertible debentures	86,386.14	97,586.85
Total	86,386.14	97,586.85
Debt securities in India	86,386.14	97,586.85
Debt securities outside India	-	-
Total	86,386.14	97,586.85

Non-convertible debentures (secured)

Particulars	Terms of repayment	As at March 31, 2020	As at March 31, 2019
1 Nil (March 31, 2019: 72), @13.15% (Previous year : 13.15%), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 2,500,000 each, The date of allotment is September 27, 2013. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on September 27, 2019, subject to call/put option after three years.	-	1,800.00
2 200 (March 31, 2019: 200), @12.75% (Previous year : 12.75%), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 2,500,000 each, The date of allotment is July 15, 2014. (Secured by way of hypothecation of book debts which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on June 15, 2020, subject to call/put option on June 15, 2017.	5,000.00	5,000.00
3 300 (March 31, 2019: 300), @10.60% (Previous year : 10.60%), Secured, rated, unlisted redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is August 29, 2018. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on August 25, 2021, payable monthly.	1,416.66	2,416.66
4 Nil (March 31, 2019: 600) (Series A 400, Series B 600), @10.75% (Previous year : 10.75%), Secured, unlisted, redeemable, nonconvertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 19, 2017. (Secured by way of hypothecation of book debts which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on December 31, 2018, (Series A) and November 30, 2019 (Series B) payable monthly.	-	4,000.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Terms of repayment	As at March 31, 2020	As at March 31, 2019
5 600 (March 31, 2019: 600), @11.95% (Previous year : 11.95%), Secured, listed, redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is February 8, 2018. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on February 8, 2021, Payable annually	2,000.00	4,000.00
6 20 (March 31, 2019: 20), @14.50 % (Previous year : 14.50%), Secured, senior, rated, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is May 8, 2015. (Secured by way of hypothecation of book debts which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable on December 18, 2020, subject to put option on May 8, 2019.	200.00	200.00
7 2,130 (March 31, 2019: 2,130), @11.095% (Previous year : 11.095%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 14, 2018. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on December 14, 2023, payable half yearly.	21,300.00	21,300.00
8 680 (March 31, 2019: 680), @11.70% (Previous year : 13.25%), Secured, rated, redeemable, listed non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 15, 2016. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on June 15, 2025, subject to call/put option after three years from date of allotment.	6,800.00	6,800.00
9 Nil (March 31, 2019: 200), @13.50% (Previous year : 13.50%), Secured, listed, redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is September 20, 2017. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on September 20, 2019.	-	2,000.00
10 Nil (March 31, 2019: 250), @12.00% (Previous year : 12.00%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is November 11, 2016. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable on November 11, 2019.	-	2,500.00
11 250 (March 31, 2019: 250), @10.35% (Previous year : 10.35%), Secured, rated, unlisted redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is February 27, 2019. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on May 8, 2020.	2,500.00	2,500.00
12 650 (March 31, 2019: 650), @12.06% (Previous year : 12.06%), Secured, listed, redeemable non - convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is October 3, 2017. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on October 3, 2022, subject to call/put Option after three years from date of allotment.	6,500.00	6,500.00
13 250 (March 31, 2019: 250), @13.35% (Previous year : 13.35%), Secured, rated, redeemable, listed, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is November 3, 2016. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on November 30, 2020.	2,500.00	2,500.00
14 450 (March 31, 2019: 450), @11.34% (Previous year : 11.34%), Secured, unlisted, redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 7, 2017. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on December 7, 2020.	4,500.00	4,500.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Terms of repayment	As at March 31, 2020	As at March 31, 2019
15 330 (March 31, 2019: 330), @11.99% (Previous year : 11.99%), Secured, unlisted, redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 8, 2017. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable at par on December 8, 2020.	3,300.00	3,300.00
16 970 (March 31, 2019: 970), @11.67% (Previous year : 11.67%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is July 31, 2018. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on July 31, 2023, subject to call/put option after three years of allotment.	9,700.00	9,700.00
17 387 (March 31, 2018: 387), @11.00% (Previous year : 11.00%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is October 26, 2018. (Secured by way of hypothecation of book debts which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on October 26, 2021.	3,870.00	3,870.00
18 1200 (March 31, 2019: Nil), @11.45% (Previous year: Nil%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is September 27, 2019. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable on September 27, 2023.	12,000.00	-
Total (A)		81,586.66	82,886.66

(B) Non convertible debentures (unsecured)

Particulars	Terms of repayment	As at March 31, 2020	As at March 31, 2019
1 Nil (Series A 400, Series B 600) (March 31, 2019: 1000), @11.15%, unsecured, rated, redeemable, nonconvertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 19, 2017.	Redeemable on December 19, 2018 (Corrigendum date December 31, 2018) (Series A) and November 19, 2019 (Corrigendum date November 30, 2019) (Series B).	-	4,000.00
2 Nil (March 31, 2019: 125), @14.30%, Unsecured, rated, senior, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is April 5, 2016.	Redeemable on April 4, 2019.	-	1,250.00
3 Nil (March 31, 2019: 67,489), @13.00%, Unsecured, rated, senior, redeemable, taxable, transferable, nonconvertible debentures of face value of ₹ 5,000 each, The date of allotment is May 27, 2016.	Redeemable on May 28, 2019.	-	3,374.45
4 Nil (March 31, 2019: 150), @12.25%, Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 26, 2016.	Redeemable on December 9, 2019	-	1,500.00
5 250 (March 31, 2019: 250), @13.35%, Unsecured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is November 4, 2016.	Redeemable on November 30, 2020	2,500.00	2,500.00
6 2,628 (March 31, 2019: 2628), @14.15%, Unsecured, rated, listed, senior, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 100,000 each, The date of allotment is October 5, 2015.	Redeemable on September 15, 2021, subject to call put option of 4th year September 16, 2019	2,628.00	2,628.00
Total (B)		5,128.00	15,252.45
Total (A+B)		86,714.66	98,139.11
Less: Unamortized transaction costs		(328.52)	(552.26)
Total		86,386.14	97,586.85

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

20. BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTIZED COST)

Particulars	As at March 31, 2020	As at March 31, 2019
Term loans		
From banks		
Secured	2,07,249.46	1,69,329.74
From other parties		
Secured	1,65,668.87	1,54,511.50
Unsecured	782.63	361.42
Overdraft facility against term deposits		
From banks		
Secured	13,793.17	5,914.98
Unsecured	-	0.17
External commercial borrowings		
Secured	11,936.89	2,738.96
Unsecured	7,030.14	
Commercial paper	-	8,805.66
Liability against securitized assets (net of over collateralization amount)	3,910.50	33,891.45
Liability against leased assets	1,090.95	
Total	4,11,462.61	3,75,553.88
Borrowings in India	3,92,495.58	3,72,814.92
Borrowings outside India	18,967.03	2,738.96
Total	4,11,462.61	3,75,553.88

21. SUB-ORDINATED LIABILITIES (AT AMORTIZED COST)

Particulars	As at March 31, 2020	As at March 31, 2019
Preference shares other than those that qualify as equity (refer notes A (i))	2,493.44	2,487.23
Liability component of compound financial instruments (refer notes A (ii))	-	5,157.12
Non-convertible debentures (refer note B)	26,105.44	18,274.53
Term loans from banks	25,500.00	25,500.00
Term loans from parties other than banks	999.75	997.56
External commercial borrowings	1,203.91	1,503.24
Total	56,302.54	53,919.68
Sub-ordinated liabilities in India	55,098.63	52,416.44
Sub-ordinated liabilities outside India	1,203.91	1,503.24
Total	56,302.54	53,919.68

Notes:

A Preference shares

- During the year ended March 31, 2017, the Holding Company allotted 2,50,00,000, 12.10% Rated, Cumulative, Non-Participative, Non-Convertible, Compulsorily Redeemable Preference Shares of face value of ₹10 each fully paid-up for cash at an issue price of ₹ 10 and are redeemable on April 22, 2021.
- During the year ended March 31, 2018, the Holding Company allotted 13,43,283, 0.01% Optionally Convertible, Cumulative, Redeemable Preference Shares ("OCCRPS") of face value of ₹ 10 each fully paid-up for cash at an issue price of ₹ 335 per share. Each preference share is either convertible into equivalent number of equity shares of the Company of ₹10 each at the option of allottee within a time frame not exceeding 18 months from the date of allotment or subject to redemption by the Holding Company at the end of such time frame and on such terms and conditions along with applicable yield of 12% per annum of the consideration paid by allottee, as may be deemed appropriate by the Board of Directors. Further, these OCCRPSS are converted into equivalent number of equity shares (i.e. 13,43,283 equity shares) of face value of ₹ 10 each on June 27, 2019. The Holding Company had measured this as compound financial instruments and accordingly, equity and liability component is recognized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

B Non convertible debentures (unsecured)

Particulars	Terms of repayment	As at March 31, 2020	As at March 31, 2019
1 Nil (March 31, 2019: 84), @18.00%, Unsecured, listed, redeemable, non-convertible debentures of face value of ₹ 2,500,000 each, The date of allotment is July 15, 2014.	Redeemable at par on October 16, 2019	-	2,100.00
2 150 (March 31, 2019: 150), @16.90%, Unsecured, listed, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is March 20, 2015.	Redeemable at par on September 20, 2020	1,500.00	1,500.00
3 130 (March 31, 2019: 130), @17.75%, Unsecured, unlisted, redeemable, non - convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is March 31, 2015.	Redeemable at par on December 18, 2020	1,300.00	1,300.00
4 250 (March 31, 2019: 250), SBI Base rate + 6.15% i.e. 15.85%, Unsecured, rated, redeemable, listed, taxable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 30, 2015.	Redeemable on June 30, 2021	2,500.00	2,500.00
5 250 (March 31, 2019: 250), @15.50%, Unsecured, rated, subordinated, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is December 30, 2015.	Redeemable on April 15, 2022	2,500.00	2,500.00
6 100 (March 31, 2019: 100), @15.50%, Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 28, 2016.	Redeemable on September 28, 2022	1,000.00	1,000.00
7 100 (March 31, 2019: 100), @15.00%, Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 29, 2016.	Redeemable on September 30, 2022	1,000.00	1,000.00
8 100 (March 31, 2019: 100), @15.00%, Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 29, 2016.	Redeemable on December 31, 2022	1,000.00	1,000.00
9 100 (March 31, 2019: 100), @15.00% Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 29, 2016.	Redeemable on March 31, 2023	1,000.00	1,000.00
10 350 (March 31, 2019: 350), @13.85%, Unsecured, unrated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is March 29, 2017.	Redeemable on April 30, 2023	3,500.00	3,500.00
11 100 (March 31, 2019: 100), @15.00%, Unsecured, rated, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000,000 each, The date of allotment is June 29, 2016.	Redeemable on June 30, 2023	1,000.00	1,000.00
12 300 (March 31, 2019: Nil), @15.50%, Unsecured, rated, listed, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 1000000 each, The date of allotment is December 17, 2019.	Redeemable on December 31, 2026	3,000.00	-
13 5,005 (March 31, 2019: Nil), @ 13.14 %, Unsecured, rated, unlisted, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 50,000 each, The date of allotment is March 24, 2020.	Redeemable on April 24, 2027	2,502.50	-
14 5,005 (March 31, 2019: Nil), @ 13.14 %, Unsecured, rated, unlisted, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 50,000 each, The date of allotment is March 24, 2020.	Redeemable on April 24, 2027	2,502.50	-
15 20 (March 31, 2019: Nil), @ 14 %, Unsecured, rated, listed, redeemable, taxable, transferable, non-convertible debentures of face value of ₹ 1,00,00,000 each, The date of allotment is December 17, 2019.	Redeemable on December 21, 2026	2,000.00	-
Total (B)		26,305.00	18,400.00
Less: Unamortized transaction costs		(199.56)	(125.47)
Total		26,105.44	18,274.53

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Reconciliation of liabilities arising from financing activities

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

Particulars	Debt securities	Borrowings (other than debt)	Subordinated liabilities	Liability against leased assets	Total
April 1, 2018	91,929.66	3,87,239.88	36,918.92	-	5,16,088.46
Cash flows:					
- Repayment	(34,702.86)	(3,45,753.07)	(369.81)	-	(3,80,825.74)
- Proceeds from overdraft facility	-	4,171.08	-	-	4,171.08
- Proceeds other than overdraft facility	40,370.00	3,29,267.50	20,000.00	-	3,89,637.50
	97,596.80	3,74,925.39	56,549.11	-	5,29,071.30
Non-cash:					
- Conversion of Optionally Convertible, Redeemable Preference Shares	-	-	(3,500.00)	-	(3,500.00)
- Foreign exchange	-	149.75	80.63	-	230.38
- Amortization of upfront fees	(9.95)	478.74	789.94	-	1,258.73
- Others					
March 31, 2019	97,586.85	3,75,553.88	53,919.68	-	5,27,060.41
Adoption of Ind AS 116	-	-	-	1,822.53	1,822.53
Cash flows:					
- Repayment	(32,852.45)	(2,87,956.35)	(2,469.76)	(693.40)	(3,23,971.96)
- Proceeds from overdraft facility	-	7,878.19	-	-	7,878.19
- Proceeds other than overdraft facility	21,428.00	3,14,957.76	10,005.00	-	3,46,390.76
	(11,424.45)	34,879.60	7,535.24	(693.40)	30,296.99
Non-cash:					
- Addition during the year	-	-	-	451.01	451.01
- Conversion of Optionally Convertible, Redeemable Preference Shares	-	-	(5,310.68)	-	(5,310.68)
- Foreign exchange	-	721.38	65.97	-	787.35
- Amortization of upfront fees	238.56	1,656.31	209.56	-	2,104.43
- Deferment of upfront processing fee	(14.82)	(2,439.51)	(117.23)	-	(2,571.56)
- Others	-	-	-	(489.19)	(489.19)
March 31, 2020	86,386.14	4,10,371.66	56,302.54	1,090.95	5,54,151.29

Notes:

- The Borrowings together with debt securities and subordinate liabilities referred in notes 19, 20 and 21 are secured by way hypothecation of portfolio loans arising out of its business operations, cash collateral in the form of fixed deposits. The same have also been guaranteed by two of the directors of the Holding Company in their personal capacity.
- Vehicles and building are hypothecated for respective borrowings availed for purchase of property plant and equipment.

22. OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued on debt securities	2,544.26	2,924.36
Interest accrued on borrowings other than debt securities	2,506.61	2,412.27
Interest accrued on subordinated liabilities	828.16	485.41
Payable towards assignment and securitisation transactions	17,192.41	19,708.59
Margin money received from customers	664.62	506.02
First loss default guarantee	1,489.75	870.03
Payable to employees	212.99	883.99
Security deposit received	18.37	26.99
Insurance payables	48.63	448.54
Financial liability for corporate guarantee	26.53	-
Total	25,532.33	28,266.20

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Terms of repayment of debt securities, other borrowings and subordinated liabilities as on March 31, 2020 are as follows: #

Repayment	Interest rate range	Due within 1 year		Due within 1 to 2 years		Due within 2 to 3 years		Due within 3 to 4 years		Due after 4 years		Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly	Below 9.00%	94	4,038.24	83	4,035.88	44	965.27	12	496	8	3.56	9,047.91
	9% to 12%	521	55,917.47	223	23,869.15	90	7,142.35	46	16.33	11	4.37	86,949.66
	12.01% to 15%	1,090	25,798.19	729	16,774.58	244	2,538.80	179	1,975.74	93	750.54	47,837.85
	Above 15%	-	-	-	-	-	-	-	-	-	-	-
Quarterly	Below 9.00%	3	38.49	4	51.32	4	51.32	4	51.32	24	307.55	500.00
	9% to 12%	99	74,788.79	53	34,485.23	22	16,056.67	4	1,333.33	-	-	1,26,664.02
	12.01% to 15%	12	1,693.50	12	1,506.43	10	1,192.32	3	187.50	-	-	4,579.75
	Above 15%	-	-	-	-	-	-	-	-	-	-	-
Semi-annually	Below 9.00%	-	-	2	2,671.50	2	2,671.50	2	2,671.50	2	2,671.50	10,686.00
	9% to 12%	25	50,272.86	26	34,421.46	16	16,685.71	8	8,685.71	3	1,000.00	1,11,065.74
	12.01% to 15%	-	-	-	-	-	-	-	-	4	2,000.00	2,000.00
	Above 15%	-	-	-	-	-	-	-	-	4	3,000.00	3,000.00
Annually	9% to 12%	1	2,000.00	-	-	-	-	-	-	-	-	2,000.00
	Below 9.00%	1	2,000.00	-	-	-	-	-	-	-	-	2,000.00
	9% to 12%	10	28,750.00	2	6,498.00	1	6,800.00	-	-	-	-	42,048.00
	12.01% to 15%	4	10,200.00	-	-	3	17,586.27	3	15,700.00	1	20,000.00	63,486.27
Bullet	Above 15%	3	3,800.00	1	2,500.00	3	6,500.00	-	-	-	-	12,800.00
	-	-	-	-	-	1	2,500.00	-	-	-	-	2,500.00
	On demand	-	13,793.17	1	3,000.00	2	6,000.00	1	3,000.00	4	5,005.00	30,798.17
	Variable rates	-	-	-	-	-	-	-	-	-	-	-
Total		1,863	2,73,090.71	1,136	1,29,813.55	442	86,690.21	262	33,626.39	154	34,742.52	5,57,963.36

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

(All amounts in ₹ lakhs, unless otherwise stated)

Terms of repayment of debt securities, other borrowings and subordinated liabilities as on March 31, 2019 are as follows: #

Repayment	Interest rate range	Due within 1 year		Due within 1 to 2 years		Due within 2 to 3 years		Due within 3 to 4 years		Due after 4 years		Total Amount
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly	9% to 12%	521	93,356.29	263	25,986.36	53	1,085.55	28	168.65	15	8.72	1,20,605.57
	12.01% to 15%	400	24,825.01	226	15,396.05	26	9,038.39	1	60.00	-	-	49,319.45
	Above 15%	-	-	-	-	-	-	-	-	-	-	-
Quarterly	9% to 12%	97	62,685.84	45	22,131.67	6	624.87	1	150.00	-	-	85,592.38
	12.01% to 15%	18	3,485.60	9	1,402.86	8	1,152.86	6	864.64	-	-	6,905.96
	Above 15%	-	-	-	-	-	-	-	-	-	-	-
Semi-annually	9% to 12%	18	42,843.25	21	32,917.86	21	16,748.21	12	10,685.71	8	8,185.71	1,11,380.74
	12.01% to 15%	2	1,000.00	-	-	-	-	-	-	-	-	1,000.00
Annually	9% to 12%	1	2,000.00	1	2,000.00	-	-	-	-	-	-	4,000.00
	9% to 12%	14	24,605.66	4	14,050.00	1	3,870.00	-	-	-	-	42,525.66
	12.01% to 15%	8	19,352.45	4	10,200.00	-	-	2	10,500.00	4	35,700.00	75,752.45
Bullet	Above 15%	1	2,100.00	3	3,800.00	1	2,500.00	3	6,500.00	-	-	14,900.00
	Variable rates	1	5,161.28	-	-	1	2,500.00	-	-	-	-	7,661.28
On demand			5,914.98		-		-		-		-	5,914.98
Total		1,081	2,87,330.36	576	1,27,884.80	117	37,519.88	53	28,929.00	27	43,894.43	5,25,558.47

All the above mentioned repayments disclosed as per the contractual maturities of debt securities, borrowing other than debt securities and subordinate liabilities at gross carrying value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

23. PROVISIONS

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for gratuity	13.39	423.19
Provision for compensation absences	1,272.32	1,092.29
Total	1,285.71	1,515.48

24. OTHER NON-FINANCIAL LIABILITIES

Particulars	As at March 31, 2020	As at March 31, 2019
Interest received in advance	30.19	11.23
Deferred income	21.17	103.29
Statutory dues payables	851.87	851.65
Total	903.23	966.17

25. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
A Authorized share capital				
Equity share capital of face value of ₹ 10 each				
At the beginning of the year	6,50,00,000	6,500.00	6,50,00,000	6,500.00
Additions during the year	-	-	-	-
	6,50,00,000	6,500.00	6,50,00,000	6,500.00
B Issued and subscribed				
Equity share capital of face value of ₹ 10 each				
At the beginning of the year	4,89,50,367	4,895.04	4,77,20,269	4,772.03
Additions during the year	31,34,327	313.43	12,30,098	123.01
	5,20,84,694	5,208.47	4,89,50,367	4,895.04
C Fully paid-up				
Equity share capital of face value of ₹ 10 each				
At the beginning of the year	4,89,03,867	4,890.39	4,76,73,769	4,767.38
Additions during the year	31,34,327	313.43	12,30,098	123.01
	5,20,38,194	5,203.82	4,89,03,867	4,890.39
Less: Amount recoverable from Satin Employees Welfare Trust (Equity shares of ₹ 10/- each allotted to the Satin Employees Welfare Trust)	(3,48,950)	(34.90)	(3,96,700)	(39.67)
Add: forfeited shares (Amount originally paid on 46,500 equity shares)	-	2.35	-	2.35
	5,16,89,244	5,171.27	4,85,07,167	4,853.07
D Reconciliation of number of equity shares outstanding at the beginning and at the end of the year				
Balance at the beginning of the year	4,89,03,867	4,890.39	4,76,73,769	4,767.38
Add: Issued during the year	31,34,327	313.43	12,30,098	123.01
	5,20,38,194	5,203.82	4,89,03,867	4,890.39
E Reconciliation of number of equity shares issued to Satin Employees Welfare Trust outstanding at the beginning and at the end of the year				
Balance at the beginning of the year	3,96,700	39.67	4,28,200	42.82
Less: Allotted to employees during the year	47,750	4.78	31,500	3.15
	3,48,950	34.89	3,96,700	39.67

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

- F**
- (i) During the year ended March 31, 2019, the allotment of 1,230,098 equity shares of ₹ 10 each at issue price of ₹ 284.53 per share including premium of ₹ 274.53 per share on preferential basis pursuant to conversion of 1,230,098, 0.01% Optionally Convertible, Redeemable Preference Shares ("OCRPS") of face value of ₹ 10 each fully paid-up to Capital First Limited (entity belonging to non-promoter group)
 - (ii) During the year ended March 31, 2020, the allotment of 1,343,283 equity shares of ₹ 10 each at issue price of ₹ 335 per share including premium of ₹ 325 per share on preferential basis pursuant to conversion of 1,343,283, Optionally Convertible, Cumulative, Redeemable Preference Shares ("OCCRPS") of face value of ₹ 10 each fully paid-up to IndusInd Bank Limited (entity belonging to non-promoter group).
 - (iii) During the year ended March 31, 2020, the allotment of 1,791,044 equity shares of ₹ 10 each at issue price of ₹ 335 per share including premium of ₹ 325 per share (25% of which was paid on allotment of fully convertible warrants (FCW) and 75% was paid on allotment of equity shares) on preferential basis pursuant to conversion of 1,791,044 FCW of face value of ₹ 10 each fully paid-up to Trishashna Holdings & Investments Private Ltd. (THIPL) (entity belonging to promoter group).

G Rights, preferences and restrictions

The Holding Company has only one class of equity shares having par face value of ₹ 10 per share. Each equity shareholder is eligible for one vote per share held. Any dividend, if proposed by the Board of Directors, is subject to the approval of shareholders. Dividend declared and paid would be in Indian rupees. Dividends are subject to corporate dividend tax. In the event of liquidation of the Company, the holders of equity share will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

H Details of shareholder holding more than 5% share capital:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	%	Number	%
Trishashna Holdings & Investments Private Limited (THIPL) *	1,43,23,264	27.52%	1,18,63,415	24.26%
Nordic Microfinance Initiative Fund III KS	33,69,318	6.47%	33,69,318	6.89%
DSP Equity & Bond Fund #	4,785,520	9.20%	36,76,910	7.52%
SBI FMO Emerging Asia Financial Sector Fund Pte. Ltd.	33,13,609	6.37%	33,13,609	6.78%
Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Small Cap Fund	2,922,786	5.62%	30,48,306	6.23%

* THIPL, Promoter entity, whose shareholding (due to inter-se transfer of Promoter's) has been changed with effect from March 04, 2019 vide order No. 147 of petition number CP(CAA)-29(PB)/2018 connected with CA(CAA)- 127(PB)/2017 received from National Company Law Tribunal, Principal Bench, New Delhi.

Shareholding is on combined basis.

I Aggregate number of shares issued for consideration other than cash during the last five years

- i) On August 30, 2016, the allotment of 1,087,456 equity shares of ₹ 10 each at an issue price of ₹ 457.82 per share including premium of ₹ 447.82 per share on preferential basis to persons and entities belonging to promoter and non-promoter group pursuant to swap of equity shares of the Holding Company with the shareholders of Taraashna Financial Services Limited, "TFSL" (Previously known as Taraashna Services Limited) with an intent to make it a subsidiary of the Holding Company in accordance with the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009. Accordingly, as per confirmation received from TFSL, 7,977,239 equity shares were transferred to the Company.
- ii) On May 30, 2018, the allotment of 1,230,098 equity shares of ₹ 10 each on conversion of 1,230,098, 0.01% Optionally Convertible, Redeemable Preference Shares ("OCRPS") of face value of ₹ 10 each fully paid-up to Capital First Limited (entity belonging to non-promoter group).
- (iii) On June 27, 2019, the allotment of 1,343,283 equity shares of ₹ 10 each on conversion of 1,343,283, Optionally Convertible, Cumulative, Redeemable Preference Shares ("OCCRPS") of face value of ₹ 10 each fully paid-up to IndusInd Bank Limited (entity belonging to non-promoter group).

J Shares reserved for issue under options

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP), refer note to 56.

- K** In respect of securities convertible into equity shares issue along with their earliest date of conversion and other related terms and conditions disclosed in note.
- L** The information required to be disclosed that enables user of its financial statements to evaluate the its objectives, policies and process for managing capital is disclosed in note 43.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

26. OTHER EQUITY

Particulars	As at March 31, 2020	As at March 31, 2019
Reserve and surplus		
Capital redemption reserve	277.00	277.00
Share options outstanding account	540.99	476.63
Statutory reserve fund	9,966.39	6,841.05
General reserve	29.94	29.94
Securities premium	94,548.74	83,342.21
Equity component of compound financial instruments	-	34.96
Retained earnings	27,400.52	15,044.45
Money received against share warrants	-	1,500.00
Other comprehensive income:		
Equity instruments through other comprehensive income	(5.00)	(5.00)
Changes in fair value of loan assets	6,869.19	2,550.33
Cash flow hedge reserve	69.87	-
	1,39,697.64	1,10,091.57

Nature and purpose of other reserve

Capital redemption reserve

The same had been created in accordance with provisions of the Companies Act 2013 on account of redemption of preference shares.

Share options outstanding account

The reserve is used to recognize the fair value of the options issued to employees of the Group under Holding Company's employee stock option plan.

Statutory reserve fund

The reserve is created as per the provision of Section 45(IC) 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.

General reserve

The management has transferred a portion of the net profit to general reserve before declaring dividend pursuant to the provision of erstwhile Companies Act.

Securities premium

Securities premium represents premium received on issue of shares. The amount is utilized in accordance with the provisions of the Companies Act 2013.

Equity component of compound financial instruments

Optionally convertible and redeemable preference shares issued by the Holding Company have been classified as compound financial instruments and recognized at amortized cost. The difference between transaction value and amortized cost has been recognized as a separate component in other equity.

Money received against share warrants

The Holding Company allotted 1,791,044 fully convertible warrants of ₹ 10 each at an issue price of ₹ 335 per warrant including premium of ₹ 325 per warrant on preferential basis to Trishashna Holdings & Investments Private Limited (an entity belonging to promoter group) on December 28, 2017. Each warrant is convertible into or exchangeable at an option of warrant holder, in one or more tranches in one equity share of face value of ₹ 10 each at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment of the warrants and subsequently the same was converted into equity shares on June 27, 2019.

Equity instruments through other comprehensive income

This represents the cumulative gains and losses arising on the fair valuation of equity instruments measured at fair value through other comprehensive income.

Changes in fair value of loan assets

This represents the cumulative gains and losses arising on the fair valuation of loan assets classified under business model of hold and hold to collect and sell.

Cash flow hedge reserve

Cash flow hedge reserve is used to eliminate or reduce the exposure that arises from changes in the cash flows of a financial asset or liability (or other eligible exposure) due to changes in a particular risk, such as interest rate risk on a floating rate debt instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

27. INTEREST INCOME

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	On financial assets measured at amortized cost	On financial assets measured classified at fair value through profit and loss	On financial assets measured at amortized cost	On financial assets measured classified at fair value through profit and loss
Interest income on portfolio loans	96,533.90	-	1,11,244.47	-
Income from housing and other loans	2,868.67	-	392.55	-
Interest income on deposits, certificate of deposits and commercial papers	7,183.24	-	6,253.62	-
Interest income on investments	-	2,978.17	-	489.12
Interest income on unwinding of assigned portfolio	1,436.54	-	226.83	-
Sub-total	1,08,022.35	2,978.17	1,18,117.47	489.12
Total		1,11,000.52		1,18,606.59

28. DIVIDEND INCOME

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividend income	2.21	-
Total	2.21	-

29. FEES AND COMMISSION INCOME

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Service fee and facilitation charges	1,032.11	354.95
Income from business correspondent operations	12,746.31	8,735.32
Total	13,778.42	9,090.27

30. NET GAIN ON FAIR VALUE CHANGES

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(A) Net gain on financial instruments measured at fair value through profit and loss		
- Investments		
Gain on sale of mutual funds	1,568.59	2,752.00
(Loss)/gain on fair valuation of other investments	8.94	(6.78)
(B) Others		
- Derivatives	(139.70)	304.57
Total	1,437.83	3,049.79
Fair value changes		
- Realised	1,568.59	2,743.45
- Unrealised	(130.76)	306.34
Total	1,437.83	3,049.79

31. NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTIZED COST CATEGORY

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Gain on sale of loan portfolio through assignment	23,608.14	13,345.54
Total	23,608.14	13,345.54

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

32. OTHER OPERATING INCOME

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Commitment and other charges	124.42	168.77
Total	124.42	168.77

33. OTHER INCOME

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Promotion of financial products	225.00	157.50
Rental income on building	32.06	24.24
Net gain on derecognition of property, plant and equipment	2.83	1.98
Net gain on termination of leases	42.44	-
Miscellaneous income	89.32	69.65
Total	391.65	253.37

34. FINANCE COSTS (ON FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on debt securities	11,130.70	12,221.69
Interest on borrowings (other than debt securities)	39,863.37	45,360.52
Interest on subordinated liabilities	7,350.85	6,568.19
Interest expense for leasing arrangements	188.19	-
Other interest expenses	75.89	98.34
Total	58,609.00	64,248.74

35. IMPAIRMENT ON FINANCIAL INSTRUMENTS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Loans written off	10,976.73	14,880.46
Impairment loss allowance on other receivable	479.23	15.69
Impairment loss allowance on housing and other loans	7,724.70	35.41
Reversal of impairment allowance on loans	-	(9,689.45)
Total	19,180.66	5,242.11

36. EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	30,775.07	27,642.48
Contribution to provident and other funds	3,642.64	2,134.14
Share based payment to employees	196.19	425.34
Staff welfare expenses	520.68	345.85
Total	35,134.58	30,547.81

37. DEPRECIATION AND AMORTIZATION

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on property, plant and equipment	1,064.51	1,019.72
Depreciation on right-of-use assets	606.21	-
Amortization on intangible assets	83.00	231.40
Total	1,753.72	1,251.12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

38. OTHER EXPENSES

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Travelling and conveyance	997.82	1,041.71
Legal and professional charges	2,613.91	1,427.10
Insurance	688.18	526.21
Rent	1,565.64	1,861.07
Auditor's fee and expenses	45.24	43.58
Rates and taxes	115.33	162.57
Repairs and maintenance	627.67	577.35
Software expenses	112.49	46.56
Exchange fluctuation loss (net)	189.17	233.60
Loss on securitisation	-	378.06
Bank charges	446.62	368.17
Corporate social responsibility#	2.80	85.75
Property, plant and equipment written off	-	48.64
Car lease rent	75.00	149.59
Printing and stationery	469.60	447.44
Communication costs	586.88	764.63
Write off against FLDG	2,167.37	260.61
First loss default guarantee expenses	921.74	344.96
Website and maintenance charges	29.11	65.02
Advertisement and publicity	256.52	302.43
Preliminary expenses written off	-	4.46
Cash embezzlement	93.13	257.99
Other administrative expenses	1,504.74	1,284.68
Miscellaneous expenses	993.63	961.43
Total	14,502.59	11,643.61
* Remuneration to auditors comprises of:		
As auditors	37.61	39.61
Other services	6.06	18.00
Reimbursement of expenses	1.84	5.18
Total	45.51	62.79

Corporate social responsibility expenses

The Group spent ₹ 2.80 lakhs (March 31, 2019 ₹ 85.75 lakhs), towards Corporate Social Responsibility (CSR) activities as follows:

Particulars	For the year ended March 31, 2020		
	Amount spent	Amount unpaid	Total
Construction/acquisition of any asset	-	-	-
On purpose other than above	2.80	231.45	234.25

Particulars	For the year ended March 31, 2019		
	Amount spent	Amount unpaid	Total
Construction/acquisition of any asset	-	-	-
On purpose other than above	85.75	-	85.75

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

39. TAX EXPENSE

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax	5,575.17	4,388.42
Deferred tax charge/(credit)	90.21	7,042.88
Tax expense reported in the Statement of Profit and Loss	5,665.38	11,431.30

The major components of tax expense and its reconciliation to expected tax expense based on the enacted tax rate applicable to the Group is 25.168% (March 31, 2019: 34.944%) and the reported tax expense in statement of profit and loss are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit before tax expense	21,162.64	31,580.94
Income tax rate	25.168%	34.944%
Expected tax expense	5,326.21	11,035.64
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax impact of expenses which is non deductible	191.92	304.54
Tax impact on items exempt under income tax	(6.28)	97.03
Impact of change in tax rates	187.93	(12.27)
Others	(34.40)	6.36
Tax expense	5,665.38	11,431.30

40. EARNINGS PER SHARE (EPS)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net profit after tax attributable to equity shareholders		
Net profit for the year for basic EPS	15,497.26	20,119.45
Dilutive impact of optionally convertible and redeemable preference shares	149.40	64.47
Net profit for the year for diluted EPS	15,646.66	20,183.92
Nominal value of equity share (₹)	10	10
Weighted-average number of equity shares for basis earnings per share	5,09,20,738	4,82,87,570
Effect of dilution:		
Optionally convertible preference shares	3,19,305	1,98,838
Share warrants	4,25,740	-
Share options	23,461	2,97,369
Weighted-average number of equity shares used to compute diluted earnings per share	5,16,89,244	4,87,83,777
Basic earnings per share (₹)	30.43	41.67
Diluted earnings per share (₹)	30.27	41.37

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

41. 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 fair value			
Derivative financial instruments	Note - 6	673.63	186.99
Loans measured at fair value through other comprehensive income	Note - 8	4,20,819.04	3,70,973.92
Investments measured at			
(i) Fair value through profit and loss	Note - 9	24,573.21	26,428.85
Financial assets measured at amortized cost			
Cash and cash equivalents	Note - 4	1,17,698.47	1,02,496.82
Bank balances other cash and cash equivalents	Note - 5	70,417.64	73,345.19
Trade receivables	Note - 7	1,232.97	1,237.63
Loans	Note - 8	73,292.13	83,888.56
Security deposits	Note - 10	419.70	268.38
Other financial assets	Note - 10	2,102.19	1,738.31
Total		7,11,228.98	6,60,564.65
Financial liabilities measured at amortized cost			
Trade payables	Note - 17	966.03	188.11
Other payables	Note - 18	1,526.37	1,154.83
Debt securities (including interest accrued)	Note - 19 and 22	88,930.40	1,00,511.21
Borrowings other than debt securities (including interest accrued)	Note - 20 and 22	4,13,969.22	3,77,966.15
Sub-ordinated liabilities (including interest accrued)	Note - 21 and 22	57,130.70	54,405.09
Other financial liabilities	Note - 22	19,653.30	22,444.16
Total		5,82,176.02	5,56,669.55

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).

Valuation technique used to determine fair value

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Group determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the Group and other valuation models. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

Particulars	Level 1	Level 2	Level 3	Total
As at March 31, 2020				
Assets				
Loans at fair value through other comprehensive income				
Loans	-	4,20,819.04	-	4,20,819.04
Investments at fair value through profit and loss				
Commercial paper	24,518.47	-	-	24,518.47
Mutual funds	54.23	-	-	54.23
Government securities	-	0.51	-	0.51
Derivative financial assets at fair value through profit and loss				
Currency and interest swaps	-	673.63	-	673.63

Particulars	Level 1	Level 2	Level 3	Total
As at March 31, 2019				
Assets				
Loans at fair value through other comprehensive income				
Loans	-	3,70,973.92	-	3,70,973.92
Investments at fair value through profit and loss				
Certificate of deposits	26,428.34	-	-	26,428.34
Government securities	-	0.51	-	0.51
Derivative financial assets at fair value through profit and loss				
Currency and interest swaps	-	186.99	-	186.99

Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- Eligible loans valued by discounting the aggregate future cash flows (both principal and interest cash flows) with credit risk-adjusted discounting rate for the remaining portfolio tenor. The Holding Company has considered the average valuation impact arrived using risk free, cost of funds and yield free securitisation approach.
- The use of net asset value for mutual funds and certificated of deposits on the basis of the statement received from investee party.
- The value of derivative contracts are determined using forward exchange rates at balance sheet date.

B.2 Fair value of instruments measured at amortized cost

Fair value of instruments measured at amortized 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	1,17,698.47	1,17,698.47	1,02,496.82	1,02,498.30
Bank balances other than cash and cash equivalents	70,417.64	70,417.64	73,345.19	73,345.19
Trade receivables	1,232.97	1,232.97	1,237.63	1,237.63
Loans	73,292.13	74,715.10	83,888.56	84,517.27
Security deposits	419.70	423.73	268.38	271.63
Other financial assets	2,102.19	2,102.19	1,738.31	1,738.39
Total	2,65,163.10	2,66,590.10	2,62,974.89	2,63,608.40

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities				
Trade payables	966.03	966.03	188.11	254.28
Other payables	1,526.37	1,443.50	1,154.83	1,074.67
Debt securities (including interest accrued)	88,930.40	90,129.05	1,00,511.21	1,01,930.95
Borrowings other than debt securities (including interest accrued)	4,13,969.22	4,16,036.85	3,77,966.15	3,80,824.23
Sub-ordinated liabilities (including interest accrued)	57,130.70	58,597.52	54,405.09	55,845.43
Other financial liabilities	19,653.30	19,369.99	22,444.16	22,512.86
Total	5,82,176.02	5,86,542.94	5,56,669.55	5,62,442.42

The management assessed that fair values of 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:

- The fair values of fixed interest bearing loans are determined by applying set of discount rates and then averaged out to arrive at the fair value.
- The fair values of fixed rate interest-bearing debt securities, borrowings and subordinated liabilities are determined by applying discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. For variable rate interest-bearing debt securities, borrowings and subordinated liabilities, carrying value represent best estimate of their fair value as these are subject to changes in underlying interest rate indices as and when the changes happen.

42. FINANCIAL RISK MANAGEMENT

i) Risk Management

The Group's activities expose it to market risk, liquidity risk and credit risk. the Holding Group's Board of directors has overall responsibility for the establishment and oversight of the Group risk management framework. The Group manages the risk basis 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	Risk management
Credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	Credit limit and ageing analysis	Highly rated bank deposits and diversification of asset base and collaterals taken for assets
Liquidity risk	Borrowings, debt securities, subordinated liabilities, trade payables and other financial liabilities	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required)
Market risk - foreign exchange	Financial assets and liabilities not denominated in Indian rupee ₹	Cash flow forecasting	Currency and interest rate swaps
Market risk - interest rate	Change in interest rate of variable rates borrowings, debt securities and subordinated liabilities	Sensitivity analysis	Review of cost of funds and pricing disbursement
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

In order to avoid excessive concentration of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

A) Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group'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 Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

a) Credit risk management

Based on business environment in which the Group 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. The Group 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 Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

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

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

Asset group	Assets covered	Provision for expected credit loss
Low credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	Life time expected credit loss or 12 month expected credit loss
Moderate credit risk	Loans and other financial assets	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans	Life time expected credit loss or fully provided for

Financial assets that expose the entity to credit risk*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Low credit risk		
Cash and cash equivalents	1,12,339.26	97,543.28
Bank balances other than cash and cash equivalents	70,417.64	73,345.19
Trade receivables	1,232.97	1,237.63
Loans	4,72,795.37	4,34,202.80
Security deposits	419.70	268.38
Other financial assets	2,102.19	1,738.31
(ii) Moderate credit risk		
Loans	6,263.00	2,871.04
(iii) High credit risk		
Loans	15,052.80	17,788.64
Other financial assets	168.54	138.17

* These represent gross carrying values of financial assets, without netting off impairment loss allowance.

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.

Trade receivables

Trade receivables measured at amortized cost and credit risk related to these are managed by monitoring the recoverability of such amounts continuously.

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 recoverable. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Loans

The Group 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 by setting limits on the amount of risk it is willing to accept for individual counterparties. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. The Group 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 90 days past due.

The major guidelines for selection of the client includes:

- The client's income and indebtedness levels
- The client's household must be engaged in some form of economic activity which ensures regular and assured income
- The client must possess the required KYC documents
- Client must agree to follow the rules and regulations of the Group
- Credit bureau check – In order to deal with the problem of over extension of credit and indebtedness of the client, the Organization undertakes credit bureau checks compulsorily for every client. The credit bureau check helps the Organization in identifying clients with poor repayment histories and multiple loans.

i) Loans

Category*	Inputs	Assumptions
Micro finance loans	1. Ageing of historical data	1. Recoverability assumptions for stage 3 loan assets
Micro, Small and Medium Enterprises loans	2. Latest available interest rate as discounting factor	2. Averaging of best case and worst case scenarios

* The Holding Group has used forward looking information in form of real GDP growth rate for Micro finance loans and domestic credit growth rate for micro Small and Medium Enterprises loans.

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

ii) Housing and other loans

Two of the subsidiary companies have recently started business and hence, does not have history of inputs 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.

b) Credit risk exposure

i) Expected credit losses for financial assets other than loans

As at March 31, 2020	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	1,12,339.26	-	1,12,339.26
Bank balances other than cash and cash equivalents	70,417.64	-	70,417.64
Trade receivables	1,232.97	-	1,232.97
Security deposits	419.70	-	419.70
Other financial assets	2,270.73	168.54	2,102.19

As at March 31, 2019	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	97,543.28	-	97,543.28
Bank balances other than cash and cash equivalents	73,345.19	-	73,345.19
Trade receivables	1,237.63	-	1,237.63
Security deposits	268.38	-	268.38
Other financial assets	1,876.48	138.17	1,738.31

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

ii) Expected credit loss for loans

Definition of default:

The Group considers default in all cases when the borrower becomes 90 days past due on its contractual payments. '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.

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	Stage 2	Stage 3
Gross carrying amount as at April 1, 2018	4,77,019.97	7,452.38	21,523.10
Assets originated*	3,45,337.17	-	-
Net transfer between stages			
Transfer to stage 1	154.96	(125.56)	(29.41)
Transfer to stage 2	(2,709.66)	2,724.50	(14.84)
Transfer to stage 3	(16,380.71)	(4,929.55)	21,310.26
Assets derecognized or collected (excluding write offs)	(3,58,942.33)	(2,250.73)	(3,055.46)
Write - offs (including death cases)	-	-	(21,945.01)
Gross carrying amount as at March 31, 2019	4,44,479.40	2,871.04	17,788.64
Assets originated*	4,24,463.40	4,751.85	5,333.65
Net transfer between stages	-	-	-
Transfer to stage 1	405.10	(466.69)	61.59
Transfer to stage 2	(6,596.62)	6,602.13	(5.51)
Transfer to stage 3	(11,100.25)	(1,351.45)	12,451.69
Assets derecognized or collected (excluding write offs)	(3,62,681.57)	(5,982.92)	(7,525.32)
Write - offs (including death cases)	-	-	(12,252.23)
Gross carrying amount as at March 31, 2020	4,88,969.46	6,423.96	15,852.51

* Assets originated has been presented net of collection made during the year.

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	
Loss allowance on April 1, 2018	3,672.76	3,496.91	14,097.86	122.48
Increase of provision due to assets originated during the year	2,252.57	-	-	-
Net transfer between stages	-	-	-	15.69
Transfer to stage 1	1.18	(0.96)	(0.22)	-
Transfer to stage 2	(1,057.48)	1,064.40	(6.92)	-
Transfer to stage 3	(7,294.77)	(2,804.17)	10,098.94	-
Assets derecognized or collected	(936.96)	(749.84)	(11,922.31)	-
Impact of ECL on exposures transferred between stages during the year	5,591.81	(138.39)	(5,087.81)	-
Loss allowance on March 31, 2019	2,229.11	867.95	7,179.54	138.17
Increase of provision due to assets originated during the year	4,525.22	1,609.78	2,304.82	-
Net transfer between stages	-	-	-	30.37
Transfer to stage 1	113.18	(148.26)	35.08	-
Transfer to stage 2	(37.27)	39.48	(2.21)	-
Transfer to stage 3	(133.70)	(400.26)	533.96	-
Assets derecognized or collected	(1,107.74)	(264.88)	(5,307.53)	-
Impact of ECL on exposures transferred between stages during the year	64.24	486.61	1,848.60	-
Loss allowance on March 31, 2020	5,653.04	2,190.42	6,592.26	168.54

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

c) Concentration of loans

Particulars	As at March 31, 2020	As at March 31, 2019
Micro finance loans	4,63,091.55	4,33,025.08
Micro, Small and Medium Enterprises (MSME)	36,521.69	27,404.90
Housing finance loans	14,210.44	8,045.43
Less: Unamortized processing fee	(3,927.49)	(3,336.33)
Total	5,09,896.19	4,65,139.08

d) Loans secured against collateral

The Group secured portfolio pertains to MSME, housing and other loans, which are secured largely against property, plant and equipment, book debts, inventories, margin money and other working capital items. The Group 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	
MSME loans secured by property, plant and equipment (including land, building and plots)	24,463.05
MSME loans secured by book debts, inventories, margin money and other working capital items	5,356.76
As at March 31, 2019	
MSME loans secured by property, plant and equipment (including land, building and plots)	17,316.40
MSME loans secured by book debts, inventories, margin money and other working capital items	5,483.57

Wherever required, the Group holds other types of collateral and credit enhancements, such as cross-collateralisation on other assets of the borrower, pledge of securities, guarantees of promoters/proprietors, hypothecation of receivables via escrow account, hypothecation of receivables in other bank accounts, etc.

The Group does not physically possess properties or other assets in its normal course of business but makes efforts toward recovery of outstanding amounts on delinquent loans. Once contractual loan repayments are overdue, the Group initiate the legal proceedings against the defaulted customers.

B) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities (other than derivatives) that are settled by delivering cash or another financial asset. The Group'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 Group maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors the Group's liquidity positions (also comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The Group also takes into account liquidity of the market in which the entity operates.

(i) Financing arrangements

The Group had access to the following undrawn borrowing facilities:

Particulars	Total facility	Drawn	Undrawn
As at March 31, 2020			
- Expiring within one year	44,673.15	14,493.17	30,179.98
- Expiring beyond one year	8,35,972.70	7,76,722.56	59,250.14
Total	8,80,645.85	7,91,215.73	89,430.12

Particulars	Total facility	Drawn	Undrawn
As at March 31, 2019			
- Expiring within one year	50,877.55	17,730.78	33,146.77
- Expiring beyond one year	7,54,568.74	7,23,418.74	31,150.00
Total	8,05,446.29	7,41,149.52	64,296.77

(ii) Maturities of financial assets and liabilities

The tables below analyse the Group financial assets and liabilities into relevant maturity groupings based on their contractual maturities. 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 of the products. With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortizations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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
Financial assets					
Non-derivatives					
Cash and cash equivalents	1,17,741.99	-	-	-	1,17,741.99
Bank balances other than cash and cash equivalents	56,287.39	12,647.85	3,743.64	596.53	73,275.41
Trade receivables	1,232.97	-	-	-	1,232.97
Loans	3,00,605.67	2,37,872.22	19,155.68	49,772.41	6,07,405.98
Investments	25,059.74	-	-	-	25,059.74
Other financial assets	2,511.78	46.99	15.59	165.50	2,739.86
Derivatives (net settled)					
Derivative financial instruments	673.63	-	-	-	673.63
Total undiscounted financial assets	5,04,113.17	2,50,567.06	22,914.91	50,534.44	8,28,129.58
Financial liabilities					
Non-derivatives					
Debt Securities	35,443.60	22,338.26	29,047.84	19,666.99	1,06,496.69
Borrowings other than debt securities	2,74,412.20	1,22,432.35	51,726.44	16,149.71	4,64,720.70
Subordinated liabilities	12,014.40	10,031.87	18,914.85	45,882.24	86,843.36
Trade payables	966.03	-	-	-	966.03
Other payables	1,526.37	-	-	-	1,526.37
Other financial liabilities	19,395.35	49.05	-	-	19,444.40
Total undiscounted financial liabilities	3,43,757.95	1,54,851.53	99,689.13	81,698.94	6,79,997.55
Net undiscounted financial assets/(liabilities)	1,60,355.22	95,715.53	(76,774.22)	(31,164.50)	1,48,132.03
As at March 31, 2019	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Financial assets					
Non-derivatives					
Cash and cash equivalents	1,02,943.85	-	-	-	1,02,943.85
Bank balances other than cash and cash equivalents	61,495.36	13,380.84	1,737.13	43.05	76,656.38
Trade receivables	1,237.63	-	-	-	1,237.63
Loans	4,22,093.75	82,094.73	7,200.09	38,006.75	5,49,395.32
Investments	27,005.51	-	-	-	27,005.51
Other financial assets	2,019.93	34.60	61.17	156.59	2,272.29
Derivatives (net settled)					
Derivative financial instruments	186.99	-	-	-	186.99
Total undiscounted financial assets	6,16,983.02	95,510.17	8,998.39	38,206.39	7,59,697.97
Financial liabilities					
Non-derivatives					
Debt Securities	40,712.29	33,794.98	14,713.92	32,678.37	1,21,899.56
Borrowings other than debt securities	2,83,017.09	1,07,525.07	25,065.97	9,896.74	4,25,504.87
Subordinated liabilities	14,272.13	10,589.72	8,592.61	49,963.30	83,417.76
Trade payables	188.11	-	-	-	188.11
Other payables	1,154.83	-	-	-	1,154.83
Other financial liabilities	22,011.82	594.00	-	-	22,605.82
Total undiscounted financial liabilities	3,61,356.27	1,52,503.77	48,372.50	92,538.41	6,54,770.95
Net undiscounted financial assets/(liabilities)	2,55,626.75	(56,993.60)	(39,374.11)	(54,332.02)	1,04,927.02

The management has announced moratorium for all the customers. The maturities of financial assets and liabilities, as above, are the amount due and payable only to the extent the contractual terms with borrowers and provider of finances were amended as at March 31, 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

C) Market risk

a) Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from recognized assets and liabilities denominated in a currency that is not the functional currency of the Group. To mitigate the Group's exposure to foreign currency risk, non-rupee cash flows are monitored and derivative contracts are entered into in accordance with the Group's risk management policies. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Group manages its foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the hedge exposure.

Foreign currency risk exposure:

The Group exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

Particulars	Currency	As at March 31, 2020	As at March 31, 2019
Financial liabilities			
External commercial borrowings (including interest accrued)	USD	20,454.71	4,259.40
(Gain)/loss: Derivative contract		(673.63)	(186.99)

Sensitivity

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
USD sensitivity*		
₹/USD- increase by 5%	(1,022.74)	(212.97)
₹/USD- decrease by 5%	1,022.74	212.97

* Holding all other variables constant

b) Interest rate risk

i) Liabilities

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2020, the Group is exposed to changes in market interest rates through debt securities, other borrowings and subordinated liabilities at variable interest rates.

Interest rate risk exposure

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

Particulars	As at March 31, 2020	As at March 31, 2019
Variable rate liabilities		
Borrowings other than debt securities	2,16,680.13	1,57,261.73
Fixed rate liabilities		
Debt securities	86,386.14	97,586.85
Borrowings other than debt securities	1,94,782.48	2,18,292.15
Subordinated liabilities	56,302.54	53,919.68
Total	5,54,151.29	5,27,060.41

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Sensitivity

The profits earned by the Company are sensitive to the change in interest rates on debt securities. The following table shows the sensitivity of profit due to change in interest rates:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest sensitivity*		
Interest rates – increase by 0.50%	863.16	696.84
Interest rates – decrease by 0.50%	(863.16)	(696.84)

* Holding all other variables constant

ii) Assets

The Group's fixed deposits are carried at amortized cost and are fixed and variable rate deposits. The Group is exposed to changes in MIBOR interest rates through fixed deposits at variable interest rates.

Interest rate risk exposure

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

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed deposits- variable rate	53,102.70	23,725.00
Fixed deposits- fixed rate	71,536.43	90,583.30
	1,24,639.13	1,14,308.30

Sensitivity

The profits earned by the Company are sensitive to the change in MIBOR interest rates on fixed deposits. The following table shows the sensitivity of profit due to change in MIBOR interest rates:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest sensitivity*		
Interest rates – increase by 1.00%	531.03	237.25
Interest rates – decrease by 1.00%	(531.03)	(237.25)

* Holding all other variables constant

c) Price risk

i) Exposure

The Group's exposure price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit and loss. To manage the price risk arising from investments, the Group diversifies its portfolio of assets.

ii) Sensitivity

The table below summarises the impact of increases/decreases of the index on the Group's equity and profit for the period:

Impact on profit after tax

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Certificate of deposits and commercial paper		
Net assets value – increase by 5%	1,228.66	1,321.44
Net assets value – decrease by 5%	(1,228.66)	(1,321.44)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

43. CAPITAL MANAGEMENT

The primary objectives of the Group's capital management policy is to ensure that the Group complies with capital adequacy requirements required by the Reserve Bank of India and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group's capital management objectives are

- to ensure the Group'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

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the sub-ordination levels of the Group's various classes of debt. The Group 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 (including investments in Subsidiary companies). In order to maintain or adjust the capital structure, the Group 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
Net debt*	3,71,914.21	3,57,040.44
Total equity	1,44,868.91	1,14,944.64
Net debt to equity ratio	2.57	3.11

* Net debt includes debt securities + borrowings other than debt securities + sub-ordinated liabilities + interest accrued - cash and cash equivalents - bank balances other than cash and cash equivalents.

44. 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	
ASSETS	Within 12 months	After 12 months	Within 12 months	After 12 months
Financial assets				
Cash and cash equivalents	1,17,698.47	-	1,02,496.82	-
Bank balances other than cash and cash equivalents	54,194.37	16,223.27	58,604.95	14,740.24
Derivative financial instruments	673.63	-	186.99	-
Trade receivables	1,232.97	-	1,237.63	-
Loans	2,31,444.53	2,62,666.64	3,61,645.89	93,216.59
Investments	24,573.21	-	26,428.85	-
Other financial assets	2,353.39	168.50	1,831.62	175.07
	4,32,170.57	2,79,058.41	5,52,432.75	1,08,131.90
Non-financial assets				
Current tax assets (net)	3,157.18	621.43	-	2,200.40
Deferred tax assets (net)	-	-	-	865.24
Property, plant and equipment	-	5,618.82	-	4,456.26
Capital work-in-progress	-	3,413.64	-	1,614.29
Intangible assets under development	-	-	-	19.60
Goodwill	-	3,370.66	-	3,370.66
Other intangible assets	-	405.61	-	236.46
Other non-financial assets	2,036.74	108.71	713.06	55.22
	5,193.92	13,538.87	713.06	12,818.13
TOTAL ASSETS	4,37,364.49	2,92,597.28	5,53,145.81	1,20,950.03

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Within 12 months	After 12 months	Within 12 months	After 12 months
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Payables				
Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	117.56	-	6.01	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	848.47	-	182.10	-
Other payables				
(i) total outstanding dues of micro enterprises and small enterprises	193.77	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,332.60	-	1,154.83	-
Debt securities	26,462.05	59,924.09	32,617.26	64,969.59
Borrowings (other than debt securities)	2,39,841.10	1,71,621.51	2,46,710.66	1,28,843.22
Subordinated liabilities	4,185.84	52,116.70	7,611.92	46,307.76
Other financial liabilities	25,459.86	72.47	27,866.43	399.77
	2,98,441.25	2,83,734.77	3,16,149.21	2,40,520.34
Non-financial liabilities				
Deferred tax liabilities (net)	-	727.90	-	-
Provisions	269.62	1,016.09	212.04	1,303.44
Other non-financial liabilities	892.08	11.15	895.24	70.93
	1,161.70	1,755.14	1,107.28	1,374.37
TOTAL LIABILITIES	2,99,602.95	2,85,489.91	3,17,256.49	2,41,894.71
Net equity	1,37,761.54	7,107.37	2,35,889.32	(1,20,944.68)

45. TRANSFERRED FINANCIAL ASSETS

In the course of its micro finance activity, the Holding Company transfers financial assets, where legal rights to the cash flows from the asset are passed to the counterparty and where the Holding Company retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty.

The Holding Company has securitized its loan assets to unrelated and unconsolidated entities. As per the terms of the agreements, the Holding Company is exposed to first loss default guarantee amounting in range of 12% to 18% of the amount securitized and therefore continues to be exposed to significant risk and rewards relating to the underlying mortgage receivables. Hence, these loan assets are not derecognized and proceeds received are presented as borrowings.

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Securitisations	As at March 31, 2020	As at March 31, 2019
Gross carrying amount of securitized assets	4,632.10	42,815.87
Gross carrying amount of associated liabilities	3,910.50	33,891.45
Carrying value and fair value of securitized assets	4,569.17	42,451.75
Carrying value and fair value of associated liabilities	3,910.50	33,891.45
Net position	658.67	8,560.30

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

46. EMPLOYEE BENEFITS

The Group has adopted Indian Accounting Standard (Ind AS) - 19 on Employee Benefit as under :

A Defined contribution plans

Provident and other funds

The Group 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 Group 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.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employers contribution to provident and other fund	3,642.64	2,134.14

B Defined benefit plans

Gratuity

The Group has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded and the scheme is managed by Life Insurance Corporation of India ("LIC"). 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 of withdrawal rates at subsequent valuations can impact Plan's liability.

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

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of obligation	1,311.89	1,235.26
Fair value of plan assets	1,484.39	812.07
Net obligation recognized in balance sheet as (non-financial assets)/ provision	(172.50)	423.19

(ii) Amount recognized 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	248.35	318.52
Past service cost including curtailment gains/losses	0.20	-
Interest cost on defined benefit obligation	85.31	69.70
Interest income on plan assets	(52.90)	(41.74)
Net impact on profit (before tax)	280.95	346.48

Amount recognized 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	126.65	(48.18)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Present value of defined benefit obligation as at the beginning of year	1,235.26	893.58
Current service cost	248.35	318.52
Interest cost	94.62	69.70
Past service cost including curtailment gains/losses	0.20	-
Benefits paid	(130.64)	(72.15)
Actuarial loss/(gain) on obligation	-	-
Actuarial (gain)/loss on arising from change in demographic assumption	(261.91)	-
Actuarial (gain)/loss on arising from change in financial assumption	(311.67)	8.89
Actuarial loss on arising from experience adjustment	437.69	16.72
Present value of defined benefit obligation as at the end of the year	1,311.89	1,235.26

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

Particulars	As at March 31, 2020	As at March 31, 2019
Funds managed by LIC of India	100%	100%
Total	100%	100%

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Fair value of plan assets at beginning of year	812.07	533.97
Actual return on plan assets	81.39	17.24
Employer's contribution	750.00	333.01
Fund management charges	-	-
Benefits paid	(130.64)	(72.15)
Expected return on plan assets	-	-
Actuarial loss/(gain) on plan assets	-	-
Fair value of plan assets at the end of the year	1,512.82	812.07

(vi) Actuarial assumptions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Discounting rate	4.66%	7.66%
Future salary increase	4.00% - 10.00%	6.00% - 10.00%
Retirement age (years)	58 - 60	58 - 60
Withdrawal rate	-	-
Up to 30 years	56.21% - 5.00%	30.00% - 2.00%
From 31 to 44 years	43.75% - 3.00%	20.00% - 2.00%
Above 44 years	50.00% - 2.00%	20.00% - 1.00%
Weighted average duration	1.36 - 16.96	3.54 - 20.09

Mortality rates inclusive of provision for disability -100% of IALM (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 March 31, 2020	For the year ended March 31, 2019
Impact of the change in discount rate		
Present value of obligation at the end of the year	1,311.89	1,235.26
- Impact due to increase of 0.50 %	(15.77)	(33.04)
- Impact due to decrease of 0.50 %	16.26	34.92
Impact of the change in salary increase		
Present value of obligation at the end of the year	1,311.89	1,235.26
- Impact due to increase of 0.50 %	16.61	33.68
- Impact due to decrease of 0.50 %	(16.26)	(32.22)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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	440.94	144.61
1 to 2 year	277.69	124.41
2 to 3 year	180.38	134.75
3 to 4 year	117.54	117.40
4 to 5 year	76.20	97.79
5 to 6 year	49.13	79.95
6 year onwards	170.01	536.35
Total	1,311.89	1,235.26

47. LEASES DISCLOSURE AS LESSEE

- 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	Carrying amount as at March 31, 2019	Reclassification	Remeasurement	Carrying amount as at April 1, 2019
Property, plant and equipment	-	-	1,822.53	1,822.53
Lease liabilities	-	-	(1,822.53)	(1,822.53)
Total	-	-	-	-

- 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 recognized:

Particulars	Amount
Total operating lease commitments disclosed at 31 March 2019	634.93
Recognition exemptions:	
Leases of low value assets	-
Leases with remaining lease term of less than 12 months	(100.46)
Variable lease payments not recognized	-
Other minor adjustments relating to commitment disclosures	-
Operating lease liabilities before discounting	2,211.74
Discount Rate	0.35
Discounted using incremental borrowing rate	1,796.23
Operating lease liabilities	26.31
Reasonably certain extension options	1,677.27
Finance lease obligations	-
Total lease liabilities recognized under Ind AS 116 at 1 April 2019	1,822.53

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

Right-of use assets	No. of right-of use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with purchase options	No. of leases with variable payments linked to an index	No. of leases with termination options
Office building	129	1.47 months – 102 months	7 months - 33 months	129	-	-	129

- 4 Additional information on the Right-Of-Use assets by class of assets is as follows:

Right-of use assets	Carrying amount as on April 1, 2019	Additions	Depreciation	Impairment	Carrying amount as on March 31, 2020
Office building	1,822.53	451.01	591.25	649.89	1,032.40

Note: The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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

Particulars	March 31, 2020	March 31, 2019
Current	331.42	-
Non-current	473.38	-
Total	804.80	-

- 6 At March 31, 2020 the Group had not committed to leases which had not commenced.

- 7 The undiscounted maturity analysis of lease liabilities at March 31, 2020 is as follows:

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 years
Lease payments	484.03	282.62	203.26	408.15
Finance charges	94.87	64.79	45.28	82.18
Net present values	389.17	217.83	157.98	325.97

- 8 The Group has elected not to recognize 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 recognized as lease liabilities and are expensed as incurred.
- 9 The Group had total cash outflows for leases of ₹ 2,301.63 lakhs in March 31, 2020 (March 31, 2019: Nil).

The following are the amounts recognized in profit or loss:

Particulars	Amount
Depreciation expense of right-of-use assets	606.20
Interest expense on lease liabilities	188.20
Expense relating to short-term leases (included in other expenses)	1,611.95
Expense relating to leases of low-value assets (included in other expenses)	-
Variable lease payments (included in other expenses)	-
Total amount recognized in profit or loss	2,406.35

The Group has lease contracts for office buildings used in its operations. Leases of these buildings generally have lease terms between 1 and 9 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group 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 Group 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 Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The Group does not have any lease contracts that contains variable payments.

The Group does not anticipate any material leases to be terminated in next three years or beyond that.

Operating leases

The Group 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 and generator

Particulars	As at March 31, 2020	As at March 31, 2019
Short term leases	2,144.53	1,585.86

Particulars	As at March 31, 2020	As at March 31, 2019
Minimum lease obligations:		
- within one year	118.58	173.16
- Later than one year but not later than five years	53.09	11.82
- Later than five years	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

48. RELATED PARTY DISCLOSURES

A List of related parties and disclosures

Subsidiaries:

Taraashna Financial Services Limited (Formally known as Taraashna Services Limited)
Satin Housing Finance Limited
Satin Finserv Limited

Key managerial personnel and their relatives:

Name of key managerial personnel	Designation	Relatives
Mr H P Singh	Chairman cum Managing Director	Mr Satvinder Singh Mrs Anureet H P Singh
Mr Jugal Kataria (w.e.f. January 13, 2020)	Group Controller	
Mr Jugal Kataria (Till January 12, 2020)	Chief Financial Officer	
Mr Krishan Gopal (W.e.f. January 13, 2020)	Chief Financial Officer	
Mr Choudhary Runveer Krishanan (Till August 26, 2019)	Company secretary and Compliance officer	
Mr Adhish Swaroop (W.e.f. October 14, 2019)	Company secretary and Compliance officer	
Mr Satvinder Singh	Non-executive and non-independent director	
Mr Rakesh Sachdeva	Non-executive and independent director	
Mr Sundeep Kumar Mehta	Non-executive and independent director	
Mr Sanjay Kumar Bhatia	Non-executive and independent director	
Mr Anil Kumar Kalra	Non-executive and independent director	
Mr Davis Frederick Golding (Till April 12, 2019)	Non-executive and independent director	
Mr Arthur Sletteberg	Nominee director	
Mr Goh Colin	Non-executive and independent director	
Mrs Sangeeta Khorana	Non-executive and independent director	
Mr Daniel Simpson Jacobs (Till March 03, 2020)	Nominee director	
Mr Rajeev Kakar (w.e.f. June 06, 2019)	Nominee director	
Mr Suramya Gupta (Till January 07, 2019)	Non-Executive and Non-Independent Director	
Taraashna Financial Services Limited		
Mr Abhay Thakkar (till April 10, 2020)	Chief Financial Officer	
Mr Rahul Garg (w.e.f. June 03, 2020)	Chief Financial Officer	
Mr Prashant Sharma (till October 25, 2019)	Company secretary and Compliance officer	
Mr Manoj Kumar Jasoria (w.e.f. October 25, 2019)	Company secretary and Compliance officer	
Mr Sanjeev Vij (till October 14, 2019)	Chief Executive Officer	
Mr Partha Sengupta (w.e.f. October 14, 2019)	Chief Executive Officer	
Satin Housing Finance Limited		
Mr Sachin Sharma	Chief Financial Officer	
Mr Kuldeep Singh Yadav (till March 31, 2019)	Company secretary and Compliance officer	
Mr Prince Kumar (w.e.f. April 1, 2019)	Company secretary and Compliance officer	
Mr Amit Sharma	Whole Time Director and Chief Executive Officer	
Satin Finserv Limited		
Mr Jitendra Jain	Chief Financial Officer	
Mrs Bhanu Priya	Company secretary and Compliance officer	
Mr Sumit Mukherjee	Director & Chief Executive Officer	
Mr Ashish Chandorkar (till February 20, 2019)	Director	

Enterprises over which key management personnel and relatives of such personnel exercise significant influence with whom transactions have been undertaken:

Satin Neo Dimensions Private Limited
Niryas Food Products Private Limited
Rental Stay Private Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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

Name of related party	Nature of transaction	For the year ended March 31, 2020	For the year ended March 31, 2019
Mr H P Singh	Remuneration	226.54	145.41
	Provident fund and others	65.34	41.97
	Personal guarantees withdrawn	700.00	14,750.76
Mr H P Singh and Mr Satvinder Singh	Personal guarantees given (jointly)	66,769.10	9,410.42
Mr Jugal Kataria	Remuneration	105.35	91.84
Mr Krishan Gopal	Remuneration	11.08	-
Mr Choudhary Runveer Krishanan	Remuneration	16.12	31.01
Mr Adhish Swaroop	Remuneration	12.91	-
Mr Partha Sengupta (w.e.f. October 15, 2019)	Remuneration	26.81	-
Mr Sanjeev Vj (till October 15, 2019)	Remuneration	69.26	85.69
Mr Abhay Thakkar	Remuneration	14.57	11.97
Mr Prashant Sharma (till October 25, 2019)	Remuneration	5.14	8.07
Mr Manoj Kumar Jasoria (w.e.f. October 25, 2019)	Remuneration	3.81	-
Mr Amit Sharma	Remuneration	78.37	64.06
Mr Sachin Sharma	Remuneration	27.91	19.59
Mr Kuldeep Singh Yadav	Remuneration	-	19.77
Mr Prince Kumar	Remuneration	8.50	-
Mr Sumit Mukherjee	Remuneration	80.00	8.81
Mr Ashish Chandorkar	Remuneration	-	32.12
Mr Jitendra Jain	Remuneration	25.15	3.14
Mrs Bhanu Priya	Remuneration	7.69	2.51
Mr Satvinder Singh	Sitting fees	3.55	2.45
Mr Rakesh Sachdeva	Sitting fees	2.30	3.10
Mr Sundeep Kumar Mehta	Sitting fees	4.00	3.45
Mrs Sangeeta Khorana	Sitting fees	2.10	1.40
Mr Goh Colin	Sitting fees	1.60	0.50
Mr Sanjay Kumar Bhatia	Sitting fees	2.45	1.55
Mr Anil Kumar Kalra	Sitting fees	2.35	1.90
Mr Davis frederick Golding	Sitting fees	-	0.90
Mr Davis frederick Golding	Professional charges	-	14.44
Rental Stay Private Limited	Interest income	17.11	27.52
	Inter corporate loan given	-	385.50
	Inter corporate loan received back	135.50	250.00
Satin Neo Dimensions Private Limited	Interest income	28.82	7.80
	Inter corporate loan given	-	150.00
	Inter corporate loan received back	19.62	-
	Purchase of property, plant & equipment (WIP)	441.90	-
Niryas Food Products Private Limited	Rent received	5.23	4.72
	Office expenses	0.23	0.25
	Received amount of loan instalment deducted from creditors of milk product	38.15	125.47

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

C Key management personnel compensation includes the following expenses:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Short-term employee benefits	784.55	565.96
Post employment benefits	154.94	7.75
Other long-term benefits	22.95	11.63
Share based payment	54.57	153.99

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

Name of related party	Nature of transaction	As at March 31, 2020	As at March 31, 2019
Mr H P Singh	Personal guarantees	-	700.00
Mr H P Singh and Mr Satvinder Singh	Personal guarantees (jointly)	1,63,816.10	97,047.00
Mr Davis frederick Golding	Payable against professional charges	-	3.60
Mr Goh Colin	Sitting fees	0.60	-
Rental Stay Private Limited	Inter corporate loan	-	135.50
	Interest receivable	-	2.37
Satin Neo Dimensions Private Limited	Inter corporate loan	127.49	147.11
	Other Payable	65.49	-
	Interest accrued	2.23	2.49
Niryas Food Products Private Limited	Trade Receivables	-	3.10
	Security deposit payable	0.34	0.34

49. SEGMENT INFORMATION

The Group operates in a single reportable segment i.e. financing, which has similar risks and returns for the purpose of Ind AS 108 "Operating segments", is considered to be the only reportable business segment. the Group derives its major revenues from financing activities and its customers are widespread. Further, the Group operates only in India which is considered as a single geographical segment.

50. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

- The Holding Company has received income tax notice under section 143(1) of the "Income Tax Act 1961" dated November 02, 2019 for tax demand amounting to ₹ 168.53 lakhs on account of disallowance of expenses under section 43B and 36(1) (va) for assessment year 2018-19. In response to such notice, the Company has filed a rectification application online on E-filing portal.
- The Group has undrawn exposure towards borrowers of ₹ 1,518.45 lakhs (March 31, 2019: ₹ 1,323.96 lakhs).
- Estimated amount of contract remaining to be executed on capital account and not provided for is ₹ 765.13 lakhs (March 31, 2019: ₹ 266.01 lakhs).

51. ASSETS PLEDGED/HYPOTHECATED AS SECURITY

The carrying amounts of assets pledged/hypothecated as security are:

Particulars	As at March 31, 2020	As at March 31, 2019
Loan assets	4,03,307.38	3,66,359.81
Vehicles	83.19	61.13
Buildings	167.26	175.82
Total assets pledged as security	4,03,557.83	3,66,596.76

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

52. HEDGING STRATEGY

The Group's hedging strategy is to manage its exposure to interest rate risk on a net variable basis in ₹. For USD denominated exposures this requires the Group to enter into interest rate swaps where the exposure is to a fixed interest rate. Foreign currency exposures are swapped to ₹ exposures using cross-currency interest rate swaps. These are fixed-to-fixed cross currency swaps.

Not all exposures are automatically managed under the above strategy. Where a risk is within acceptable limits the Group may decide not to apply hedge accounting to that risk. Instead, the Group will manage its exposure under broader risk management processes.

The following table shows the maturity profile of hedging derivatives based on their notional amounts.

Particulars	As at March 31, 2020				As at March 31, 2019			
	0 to 12 months	1 to 5 years	Over 5 years	Total	0 to 12 months	1 to 5 years	Over 5 years	Total
Cross currency interest rate swaps	-	6,487.41	-	6,487.41	-	-	-	-

Hedged Item	Actual hedging instrument
Particulars of hedged item are given below: Notional: USD 9,400,000 Interest: 5.93% Interest Payment Frequency: Semi - Annual Start Date: 24-Jul-19 Maturity: 05-Aug-22 Day count convention: 30E/360 Principal Amortization: No	Particulars of Hedging instrument are given below: Start date: 24-Jul-19 End Date: 05-Aug-22 Leg1: Pay: Fixed Currency: ₹ Notional: 6,487.41 lakhs Interest: 11.18% Interest payment frequency: Semi-Annual Day Count Convention: Act / 365 Principal Amortization: No Principal exchange: At maturity Leg 2: Receive: Fixed Currency: USD Notional: USD 9,400,000 Interest: 5.93% Interest Payment Frequency: Semi - Annual Day Count Convention: 30E/360 Principal Amortization: No Principal exchange: At maturity

Hedge Effectiveness Assessment

The prospective hedge effectiveness test shall be done on the date of designation of the hedge by i) comparing the critical terms of the hedging instrument and the hedged item (Qualitative) and ii) by performing Sensitivity Analysis by shifting the spot (+/- 5%) and interest rates (+/- 50 bps) (Quantitative). The hedging relationship will be considered effective if the following three requirements are met:

- 1) There is an economic relationship between the hedged item and the hedging instrument.
- 2) The effect of credit risk does not dominate the value changes that result from that economic relationship.
- 3) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. The hedge ratio should not be intentionally weighted to create effectiveness.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

The hedge ineffectiveness testing shall be performed at each reporting date using Dollar Offset Method. Effectiveness will be determined by using lower of two-test. The change in fair value of hedge instrument is compared with change in fair value of hedge item and lower of the two values (absolute) is taken to the cash flow hedge reserve. The left-out portion of change in fair value of hedging instrument (if any) is taken to Statement of Profit and Loss.

Market risk

Price risk

The Group's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

Ineffectiveness is recognized on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In such cases, ineffectiveness may arise if:

- The critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets changes from what was originally estimated), or
- differences arise between the credit risk inherent within the hedged item and the hedging instrument.

There were no ineffectiveness recognized in the Statement of Profit and Loss during March 31, 2020

Cash flow hedges - Foreign currency risk

The Group is exposed to foreign currency risk arising from its fixed rate ECB amounting to USD 94,00,000. Interest on the borrowing is payable at a fixed rate of 5.93% p.a. and the principal amount is repayable on 5 August 2022. The Group economically hedged the foreign currency risk arising from the debt with a 'receive fixed pay fixed' cross currency interest rate swap on July 24, 2019. The notional amount of swap is ₹ 6,487.41 lakhs. The swap contract converts the cash outflows of the foreign currency fixed rate borrowing of USD 94,00,000 to cash outflows in ₹ with a notional amount of ₹ 6,487.41 lakhs and fixed interest of 11.18% per annum.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the cross currency swap contract match that of the foreign currency borrowing (notional amount, interest payment dates, principal repayment date etc.). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the cross currency swap are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise mainly if there is a change in the credit risk of the Group or the counterparty.

The impact of the hedging instruments on the Balance Sheet is, as follows

	As at March 31, 2020			
	Notional amounts	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
Swap	6,487.41	626.34	Derivative asset	577.86

The impact of hedged items on the Balance Sheet is, as follows:

	As at March 31, 2020		
	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve as at March 31, 2020	Cost of hedging as at March 31, 2020
\$ denominated fixed rate borrowing	(577.86)	69.87	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

The effect of the cash flow hedge in the Statement of Profit or Loss and Other Comprehensive Income is, as follows:

Particulars	As at March 31, 2020						
	Total hedging gain / (loss) recognized in OCI	Ineffective-ness recognized in profit or loss	Line item in the statement of profit or loss	Cost of hedging recognized in OCI	Amount reclassified from OCI to profit or loss	Cost of hedge reclassified from OCI to profit or loss	Line item in the statement of profit or loss
Lease payments	(577.86)	-	N/A	-	-	-	501.85

Movements in cash flow hedging reserve

Derivative instruments	Amount
As at April 1, 2019	
Add: Changes in fair value of cross currency interest rate swaps	626.34
Less: Translation loss on loan	(598.86)
Add: Interest expense on borrowing	65.89
Add: Deferred tax relating to above	(23.50)
As at March 31, 2020	69.87

Terms and conditions of financial instruments

Entities shall disclose sufficient information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance and the nature and extent of risks arising from these financial instruments. Under normal circumstances entities may not be required to disclose the significant terms and conditions for each of their major borrowings. Nevertheless, if an entity has a borrowing or other financial instrument with unusual terms and conditions, then some information should be provided to enable users to assess the nature and extent of risks associated with these instruments.

53. IMPACT OF COVID-19 PANDEMIC

The Novel Corona Virus (COVID-19) pandemic (declared as such by the World Health Organization on March 11, 2020), has contributed to a significant decline and volatility in global and Indian markets, and a significant decrease in economic activity. On March 24, 2020, the Government of India announced a nation-wide lockdown till April 14, 2020, which was extended till May 31, 2020 through subsequent announcements, to contain the spread of the virus. This has led to significant disruptions and dislocations for individuals and businesses, affecting Group's regular operations including lending and collection activities due to inability of employees to physically reach borrowers. The Group has major proportion of its borrowers and AUM in rural geographies, where the impact of COVID-19 has been relatively lower and the government has announced a series of economic relief measures for rural India, which is expected to support rural borrower's repayment capacity. From 1st June onwards, further relaxations in lock down has been granted across the Country, which has helped the Group employees to contact the borrowers.

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

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, investments, property plant and equipment and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Group. Given the dynamic nature of the pandemic situation, these estimates are based on early indicators, subject to uncertainty and may be affected by the severity and duration of the pandemic and the actual impact of the pandemic, including governmental and regulatory measures, on the business and financial metrics of the Group (including credit losses) could be different from that estimated by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

ii Loss allowance for loans

Pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Group has extended/will be extending moratorium to its borrowers in accordance with its Board approved policy. In management's view, providing moratorium to borrowers at a large scale based on RBI directives, by itself is not considered to result in a significant increase in credit risk ("SICR") for such borrowers. Accordingly, considering the unique and widespread impact of COVID-19 pandemic, the Group has estimated expected credit loss allowance in its provision, based on information available at this point in time to reflect, among other things, the deterioration in the macro-economic factors.

iii Loss allowance for other receivables

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considered current and anticipated future economic conditions. In calculating expected credit loss, the Group 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.

iv Revenue from operations

The Group has evaluated the impact of COVID – 19. Due to the nature of the pandemic, the Group will continue to monitor developments to identify significant uncertainties relating to revenue in future periods. For all loan 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).

v Impairment assessment of Property plant and equipment, intangible assets

The Group is engaged primarily in providing micro finance services to women in the rural areas of India who are enrolled as members and organized as Joint Liability Groups ('JLG'). Considering the nature of business the Group does not have major property, plant & equipment assets. As at March 31, 2020, the estimated recoverable amount of the cash generating unit 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.

vi Credit risk on cash and cash equivalents

Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks, commercial papers and certificate of deposits of financial institutions with high ratings assigned by international and domestic credit rating agencies. Ratings and Financials of the counterparties are monitored periodically. Group also invests in mutual funds and reviews the portfolio on regular basis. Mutual Funds with high quality portfolio are preferred. Group has considered the latest available credit ratings in view of COVID – 19 as at the date of approval of these financial statements.

The Group has assessed the impact of the COVID- 19 pandemic on its liquidity and ability to fulfil its obligations as and when they are due and has evaluated the asset-liability maturity (ALM) pattern in various time buckets as prescribed under the guidelines issued by the RBI. Pursuant to the order issued by the Ministry of Home Affairs on April 15, 2020 allowing microfinance companies to start operations, the Group resumed operations by complying with the regulatory guidelines on businesses, social distancing etc. Our employees were able to meet and collect instalments from those borrowers willing to repay, due to minimal impact of the lockdown on them as observed since the resumption of operations, the management is confident that collections will continue to improve, albeit likely to be at a lower level than earlier. In addition, management has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFC-MFI, current status/outcomes of discussions with the Group's lenders to seek/extend moratorium and various other financial support from other banks and financial institutions in determining the Group's liquidity position over the next 12 months from the end of reporting period. Based on the foregoing, current liquidity position and necessary stress tests considering various scenarios, management is confident that the Group will be able to fulfil its obligations as and when these become due in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

54. INTEREST IN OTHER ENTITIES

Subsidiaries

Name of entities	Country of incorporation	Functional currency	Ownership interest held by the Group		Principal activities
			As at March 31, 2020	As at March 31, 2019	
Taraashna Financial Services Limited	India	₹	100.00%	100.00%	Business correspondent
Satin Housing Finance Limited	India	₹	100.00%	100.00%	Financing
Satin Finserv Limited	India	₹	100.00%	100.00%	Financing

Subsidiary with material non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Name of entity	Proportion of ownership interests and voting rights held by NCI		Total comprehensive income allocated to NCI	
	As at March 31, 2020	As at March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Taraashna Financial Services Limited	0.00%	0.00%	-	30.19

Summarised financial information for Taraashna Financial Services Limited is set out below:

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current assets	4,309.93	3,055.78
Current assets	4,709.31	3,401.91
Total assets	9,019.24	6,457.69
Non-current liabilities	601.28	145.83
Current liabilities	3,312.85	1,132.41
Total liabilities	3,914.13	1,278.24
Equity attributable to the owners of the holding Company	5,105.11	5,179.45
Non-controlling interests	-	-

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue	6,977.29	6,828.44
Profit for the year attributable to the owners of the holding company	(99.56)	811.69
Profit for the year attributable to non-controlling interest	-	30.19
Profit for the year	(99.56)	841.88
Other comprehensive income attributable to the owners of the holding company	25.22	6.18
Other comprehensive income attributable to non-controlling interest	-	-
Other comprehensive income		
Total comprehensive income attributable to the owners of the holding company	(74.34)	817.87
Total comprehensive income attributable to non-controlling interest	-	30.19
Total comprehensive income	(74.34)	848.06

Summarised cash flow of Taraashna Financial Services Limited is set out below:

Particulars	As at March 31, 2020	As at March 31, 2019
Cash used in operating activities	(453.02)	(1,616.61)
Cash used in investing activities	(106.43)	(34.11)
Cash flows from financing activities	1,552.80	1,133.19
Net (decrease)/increase in cash and cash equivalents	993.35	(517.53)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

55. ADDITIONAL INFORMATION IN PURSUANT TO SCHEDULE III OF THE COMPANIES ACT, 2013

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Holding company								
Satin Creditcare Network Limited	100.28%	1,45,276.62	100.83%	15,626.64	99.37%	4,454.43	100.51%	20,081.07
Indian subsidiaries								
Taraashna Financial Services Limited	3.52%	5,105.11	(0.64)%	(99.56)	0.56%	25.22	(0.37)%	(74.34)
Satin Housing Finance Limited	5.32%	7,710.31	(0.61)%	(94.53)	0.06%	2.82	(0.46)%	(91.71)
Satin Finserv Limited	7.02%	10,166.44	0.42%	64.72	0.00%	-	0.32%	64.72
Elimination	(16.15)%	(23,389.58)	-	-	-	-	-	-
Non-controlling interest in subsidiary	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Total	100.00%	1,44,868.91	100.00%	15,497.26	100.00%	4,482.47	100.00%	19,979.74

56. EMPLOYEE STOCK OPTION PLAN / SCHEME (ESOP/ ESOS)

Pursuant to the approval accorded by shareholders at their Annual General Meeting held on July 6, 2017, the Nomination and Remuneration Committee of the Holding Company formulated a new scheme 'Satin Employee Stock Option Scheme 2017' (ESOS 2017) in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. ESOS is applicable to all permanent and full-time employees (as defined in the Plan), excluding promoters of the Holding Company. The eligibility of employees to receive grants under the Plan has to be decided by the Nomination and Remuneration Committee from time to time at its sole discretion. Vesting of the options and vesting period shall take place in the manner determined by the Nomination and Remuneration Committee at the time of grant. Vesting of options shall be subject to the condition that the Grantee shall be in continuous employment with the Holding Company and such other conditions as provided under ESOS 2017. The Exercise Price of each grant is determined by the Nomination and Remuneration Committee at the time of grant.

Presently, stock options have been granted or shares have been issued under the following scheme:

- Satin Employee Stock Option Scheme 2009 (ESOS 2009)
- Satin Employee Stock Option Scheme 2017 (ESOS 2017)

a) Employee stock option schemes:

ESOS 2009: Initially 425,000 equity shares of ₹ 10/- each at a premium of ₹ 10/- each were allotted to Satin Employees Welfare Trust on November 27, 2009. (This scheme was terminated vide Shareholders Resolution dated July 6, 2017)

Details of grant and exercise of such options are as follows:

Particulars	Grant – 1 of ESOS 2009			Grant – 2 of ESOS 2009			Grant – 3 of ESOS 2009		
No. of options granted	1,50,000			98,300			87,900		
Date of grant of options	January 12, 2010			December 2, 2013			December 2, 2016		
No. of employee to whom such options were granted	2			29			36		
Financial year (F.Y.)	F.Y. 2010-11	F.Y. 2011-12	F.Y. 2012-13	F.Y. 2014-15	F.Y. 2015-16	F.Y. 2016-17	F.Y. 2017-18	F.Y. 2018-19	F.Y. 2019-20
No. of employees who have exercised the option	2	2	2	25	23	23	22	18	15
No. of options exercised	50,000	50,000	50,000	25,824	22,633	27,243	21,100	19,300	13,300

Note: There was NIL options vested in F.Y. 2013-14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Satin ESOP 2010: 100,000 equity shares of ₹ 10/- each at a premium of ₹ 12/- were allotted to Satin Employees Welfare Trust on June 22, 2010 (The scheme was terminated vide Shareholders Resolution dated July 6, 2017 and the outstanding options were transferred to Satin ESOS 2017).

Satin ESOP II 2010: 150,000 equity shares of ₹ 10/- each at a premium of ₹ 15/- were allotted to Satin Employees Welfare Trust on April 21, 2011 (The scheme was terminated vide Shareholders Resolution dated July 6, 2017 and the outstanding options were transferred to Satin ESOS 2017).

ESOS Scheme 2017: All options not exceeding 3,61,400 representing 0.96% of the paid-up Capital of the Holding Company as on March 31, 2017 (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Holding Company as may be applicable from time to time including the shares lying with the Trust that may remain unutilized pursuant to non-exercisability of options granted under Satin ESOS 2009, 2010 (I) and 2010 (II), to or for the benefit of permanent employees of the Holding Company and its subsidiaries whether working in India or outside India. The said ESOS Scheme, 2017 were approved in twenty seventh Annual General Meeting of the Holding Company held on July 6, 2017.

Details of grant and exercise of such options are as follows:

Particulars	Grant – 1 of ESOS 2017			Grant – 2 of ESOS 2017		
No. of options granted	1,45,200			2,26,600		
Date of grant of options	August 14, 2017			May 30, 2018		
No. of employee to whom such options were granted	57			35		
Financial year (F.Y.)	F.Y. 2018-19	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2021-22
No. of employees who have exercised the option	18	27	NA	13	NA	NA
No. of options exercised	12,200	13,500	NA	20,950	NA	NA

b) The Holding Company has provided following share based options to its employees:

Particulars	ESOS 2009	ESOS 2017
Date of grant	January 12, 2010, December 2, 2013 and December 2, 2016	August 14, 2017 and May 30, 2018
Date of board meeting, where ESOP/ESOS were approved	November 27, 2009	May 26, 2017
Date of committee meeting where grant of options were approved	January 12, 2010 November 12, 2013 and November 09, 2016	August 14, 2017 and May 30, 2018
Date of shareholders' approval	June 1, 2009	July 06, 2017
No. of options granted	336,200 out of 425,000	3,71,800
Method of settlement	Equity	Share/Cashless route
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Holding Company at the time of exercise of options and such other conditions as mentioned in the ESOS Scheme.	The actual vesting of options will depend on continuation to hold the services being provided to the Holding Company at the time of exercise of options and such other conditions as mentioned in the ESOS Scheme, 2017.
Vesting period	Option will be vested at the end of year 1 – 33.33% end of year 2 – 33.33% end of year 3 – 33.34% end of year Subject to lock in period of one year from the date of transfer of shares and other terms as stipulated in the Scheme and prescribed under the law in force.	Grant 1 of ESOS 2017 Option will be vested at the end of year 1 – 33.33% end of year 2 – 33.33% end of year 3 – 33.34% end of year Grant 2 of ESOS 2017 Option will be vested at the end of year 1 – 50% end of year 2 – 50% end of year
Exercise period	It shall commence from the date of vesting of options and expire not later than 2 months from the vesting date of each grant of options	It shall commence from the date of vesting of options and expire not later than 1 Year from the vesting date of each grant of options

Note: These scheme were repealed in terms of Resolution passed by the Shareholders at their meeting held on July 6, 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Details of Vesting and Exercise of Options (ESOS 2009):

Vesting Date	Vested options	No of options exercised
January 12, 2011	50,000	50,000
January 12, 2012	50,000	50,000
January 12, 2013	50,000	50,000
December 2, 2014	29,090	25,824
December 2, 2015	29,100	22,633
December 2, 2016	29,110	27,243
December 2, 2017	22,300	21,100
December 2, 2018	19,300	19,300
December 2, 2019	13,300	13,300

Details of Vesting and Exercise of Options (ESOS 2017):

Vesting Date	Vested options	No of options exercised
August 14, 2018	21,400	12,200
August 14, 2019*	15,800	13,500

* These options are available for exercise till August 13, 2020

Details of Vesting and Exercise of Options (Grant 2 of ESOS 2017):

Vesting Date	Vested options	No of options exercised
May 30 2019	1,05,050	20,950

i) The details of ESOS 2009 are summarized below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	ESOS 2009		ESOS 2009	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding options at the beginning of the year*	-	-	-	-
Exercised during the year	13,300	20	19,300	20
Number of shares arising as a result of exercise of options	13,300	20	19,300	20
Expired/ lapsed during the year	6,000	20	6,000	20
Options shifted to new ESOS Scheme 2017	6,000	-	6,000	-
Exercisable at the end of the year	-	-	19,300	-
Weighted average remaining contractual life (in years) of the option exercisable	-	-	0.70	-
Weighted average fair value of the options exercisable at grant date		420.75		420.75
Loan repaid by the Trust during the year from exercise price received (amount in lakhs)	2.66	-	3.86	-

* Being ESOS 2009 doesn't exist as of March 31, 2020, the above reporting has been made for the options granted earlier.

- ii) Weighted average exercise price of share (fair market value) during the year ended March 31, 2020: ₹ 218.18 (March 31, 2019: ₹ 213.96).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

iii) The details of ESOS Scheme 2017 are summarized below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	ESOS 2017		ESOS 2017	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding options at the beginning of the year	1,25,700	At a discount/ premium on fair value	3,06,200	At a discount/ premium on fair value
Granted during the year	-	160	2,26,600	160
Forfeited during the year	-	-	-	-
Exercised during the year	34,450	160	12,200	160
Number of shares arising as a result of exercise of options	34,450	160	12,200	160
Expired/ lapsed during the year under ESOS Scheme, 2017	17,450	160	40,100	160
Options expired/ lapsed under earlier ESOP Scheme's (adjusted)	6,000	-	6,000	-
Outstanding options at the end of the year	1,49,150	-	1,25,700	-
Exercisable at the end of the year	1,99,800	160	2,51,700	160
Weighted average remaining contractual life (in years) of the option exercisable	-	0.32	0.69	-
Weighted average fair value of the options exercisable at grant date	Grant -1	166.98	Grant -1	166.98
	Grant -2	254.54	Grant -2	254.54
Loan repaid by the Trust during the year from exercise price received (amount in lakhs)	6.89	-	2.44	-

* Outstanding Options of previous ESOS schemes has been transferred to new ESOS scheme 2017

iv) Weighted average exercise price (fair market value) of share during the year ended March 31, 2020: ₹ 278.20 (March 31, 2019: ₹ 283.78).

The detail of exercise price for stock option at the end of the financial year 2019-2020 is:

Series	Range of exercise price	No. of options outstanding for Exercise	Weighted average remaining contractual life of options (in years)	Weighted average exercise price	Remarks
Grant-3 ESOS 2009	20/- per option	-	-	20	Scheme Repealed
Grant-1 ESOS Scheme 2017	160/- per option	16,400	0.4	160	New Scheme
Grant-2 ESOS Scheme 2017	160/- per option	1,83,400	0.2	160	New Scheme

v) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) - NIL

(a) There is no identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Holding Company at the time of grant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

- vi) The fair value of the options granted is determined on the date of the grant using the "Black-Scholes option pricing model" with the following assumptions, as certified by an independent valuer:

Particulars	Grant 3 ESOS 2009	Grant 1 ESOS 2017			Grant 2 ESOS 2017	
	3rd tranche of vesting	1st tranche of vesting	2nd tranche of vesting	3rd tranche of vesting	1st tranche of vesting	2nd tranche of vesting
Date of grant	December 2, 2016	August 14, 2017	August 14, 2017	August 14, 2017	May 30, 2018	May 30, 2018
Fair market value of option on the date of grant	438.40	267.38	267.38	267.38	386.65	386.65
Exercise price	20.00	160.00	160.00	160.00	160.00	160.00
Expected volatility (%)	60.39%	55.86%	62.90%	62.90%	45.31%	53.94%
Expected option life (weighted average)	3.08	1.50	2.50	3.50	1.50	2.50
Expected dividends yield	-	-	-	-	-	-
Risk free interest rate (%)	6.03%	6.35%	6.40%	6.45%	7.53%	7.66%

The expected volatility was determined based on historical volatility data of the Holding Company's shares listed on the National Stock Exchange of India Limited.

- vii) The Holding Company has recognized share based payment expense of ₹ 147.97 lakhs (March 31, 2019: ₹ 317.86 lakhs) during the year as proportionate cost.
- viii) The Holding Company has ₹ 79.69 lakhs (March 31, 2019: ₹ 89.24 lakhs) recoverable from Satin Employees Welfare Trust pursuant to ESOP schemes.

57. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

Particulars	As at March 31, 2020	As at March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	311.33	6.01
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

- 58.** Based on the revised return filed by the Holding Company for the Assessment Year 2019-20, the amount of current tax expense and deferred tax charge for the year ended March 31, 2019 have been regrouped. Figures for the year ended March 31, 2020 and March 31, 2019 are re-grouped/re-classified wherever necessary.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No. 001076N/N500013

Lalit Kumar
Partner
Membership Number: 095256

Place : Noida
Date : June 15, 2020

For and on behalf of the Board of Directors
Satin Creditcare Network Limited

H P Singh
Chairman cum Managing Director
DIN: 00333754

Sanjay Kumar Bhatia
Chairman Audit Committee cum Director
DIN: 07033027

Adhish Swaroop
Company Secretary & Compliance Officer
ACS: 16034

Place : Delhi
Date : June 15, 2020

Satvinder Singh
Director
DIN: 00332521

Krishan Gopal
Chief Financial Officer

Place : Gurugram
Date : June 15, 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

FORM AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries

Part- A Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ lakhs)

S.No.	1	2	3
Name of subsidiary	Taraashna Financial Services Limited	Satin Housing Finance Limited	Satin Finserv Limited
The date since when subsidiary was acquired	September 01, 2016	April 17, 2017	August 10, 2018
Reporting period for the subsidiary concerned, if different from the holding company's reporting period :-	Not Applicable	Not Applicable	Not Applicable
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries :-	Not Applicable	Not Applicable	Not Applicable
Share capital	1,604.00	8,000.00	10,250.00
Other equity	3,501.11	(289.69)	(83.56)
Total assets	9,019.24	17,814.51	13,009.12
Total Liabilities	3,914.13	10,104.20	2,842.68
Investments	Nil	Nil	Nil
Revenue	6,977.29	2,099.21	1,401.84
Profit /(loss) before taxation	(118.37)	(123.93)	88.26
Tax expenses	(18.81)	(29.40)	23.54
Profit /(loss) after taxation	(99.56)	(94.53)	64.72
Other comprehensive income	25.22	2.82	-
Total comprehensive income	(74.34)	(91.71)	64.72
Proposed dividend	Nil	Nil	Nil
Extent of shareholding (in percentage)	100%	100%	100%

- Names of subsidiaries which are yet to commence operations: N.A.
- Names of subsidiaries which have been liquidated or sold during the year - N.A.

NOTICE

NOTICE is hereby given that the Thirtieth Annual General Meeting of Satin Creditcare Network Limited will be held on Wednesday, August 5, 2020 at 10.30 A.M. (IST) through Video Conferencing (VC), to transact the following business.

ORDINARY BUSINESS:

1. Adoption of Financial Statements and the reports of the Directors and Auditors

To receive, consider and adopt the Audited Financial Statements (including audited consolidated financial statements) of the Company for the financial year ended on March 31, 2020 and the Report of Board of Directors of the Company and Auditors thereon.

2. Declaration of Dividend

To declare following Dividend on Preference Shares for the financial year 2019-20

Preference Share	Type of Dividend	No of Preference Shares	Dividend Per Preference Share (In ₹)
12.10% Rated, Cumulative, Non-Convertible and Compulsorily Redeemable Preference Shares	Final	2,50,00,000	1.21

3. Appointment of Director

To appoint a Director in place of Mr Satvinder Singh (DIN: 00332521), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. Issue of Non-Convertible Debentures (NCDs), in one or more series/tranches on private placement basis

To consider, and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the earlier Special Resolution passed at the 29th Annual General Meeting held on July 6, 2019 and pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 and in accordance with Rule 14(2) and other applicable provisions of Companies (Prospectus and Allotment of Securities) Rules, 2014, Companies (Share Capital and Debentures) Rules, 2014, and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force), the Securities Exchange Board of India (Issue & Listing of Debt Securities) Regulations, 2008, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Reserve Bank

of India ('RBI') Master Directions on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and all other rules, regulations, guidelines, notifications, clarifications and circulars, if any, issued by any statutory / regulatory authority, as may be applicable and the memorandum and articles of association of the Company and subject to the consents, approvals, permissions and sanctions of the concerned statutory and regulatory authorities, if and to the extent necessary, consent of the members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the **"Board"** which term shall include any committee constituted / may be constituted by the Board to exercise its powers including the powers conferred under this resolution) to issue/offer/invite for subscription and allotment of secured/unsecured/subordinated/senior, rated/unrated, listed/unlisted, perpetual or non-perpetual, redeemable (including marked linked debentures), Non-Convertible Debentures (**"NCDs"**) by way of private placement, in one or more tranches, from time to time, to any category of investors eligible to invest in the NCDs, aggregating upto ₹ 5,000 Crores (Rupees Five Thousand Crores only) on such terms and conditions and at such times whether at par/premium/discount, as may be decided by the Board to such person or persons including one or more company(ies), bodies corporate, foreign portfolio investor(s), overseas fund(s), statutory corporation(s), commercial bank(s), domestic and multilateral lending agency(ies), financial institution(s), insurance company(ies), mutual fund(s), alternative investment funds, pension/provident funds, family office(s), and individual(s), as the case may be or such other person/persons/investors as the Board may so decide/approve in its absolute discretion, for a period of one year or for such other period as permissible under applicable laws, from the date of approval of this resolution by the members.

RESOLVED FURTHER THAT the Board be and is hereby Authorized to determine the terms of issue of NCDs including but not limited to determining size, issue price, timing, tenure, interest rate of NCDs, listing of NCDs, if required, creation of security, utilization of the issue proceeds, appointment of debenture trustee(s), Registrar and Transfer Agent, Legal Counsel and other agency(ies) and to do all necessary acts and things and to execute all deeds, documents, instruments, papers and writings as may be required and to settle all questions, difficulties or doubts that may arise in this regard in its sole and absolute discretion deem fit and to delegate all or any of its powers herein conferred to any committee of the Board, Director(s) and / or officer(s) of the Company."

NOTICE (Contd.)

5. Re-appointment of Mr Anil Kumar Kalra (DIN:07361739) as an Independent Director of the Company

To consider and if thought fit, to pass, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 (**"the Act"**) and rules made thereunder (including any statutory modification or re-enactment thereof, from time to time), the relevant provisions of the Articles of Association and Nomination and Remuneration Policy of the Company and all applicable regulations or guidelines issued by the governmental authorities from time to time and subject to such regulatory approvals as may be necessary and as recommended by Nomination and Remuneration Committee and Board of Directors of the Company, the consent of the Members be and is hereby accorded to re-appoint Mr Anil Kumar Kalra (DIN: 07361739), who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Act read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"Listing Regulations"**), as amended from time to time and who is eligible for re-appointment for a second term under the provisions of the Act, rules made thereunder and Listing Regulations as Non-Executive Independent Director of the Company and whose term shall not be liable to retire by rotation, to hold office for a term of 5 (five) consecutive years on the Board of Directors of the Company w.e.f. December 8, 2020 to December 7, 2025.

RESOLVED FURTHER THAT any Director and Mr Adhish Swaroop, Company Secretary & Compliance Officer of the Company be and are hereby severally Authorized to do all such acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto."

6. Re-appointment of Mr Harvinder Pal Singh (DIN: 00333754) as Chairman cum Managing Director of the Company

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof, from time to time), the relevant provisions of the Articles of Association and Nomination and Remuneration Policy of the Company and all applicable regulations or guidelines issued by the governmental authorities from

time to time and subject to such regulatory approvals as may be necessary, based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company (hereinafter referred to as the **"Board"** which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise the powers conferred by this resolution), approval of the members of the Company be and is hereby accorded to re-appoint Mr Harvinder Pal Singh (DIN: 00333754), as Chairman cum Managing Director of the Company for a further term of 5 (five) years with effect from October 1, 2020 to September 30, 2025 upon the terms and conditions as set out in the Explanatory Statement annexed hereto (including remuneration).

RESOLVED FURTHER THAT if in any financial year during the currency of his tenure, the Company has no profits or its profit are inadequate, remuneration as fixed set out in the Explanatory Statement by way of salary, perquisite and other allowances or any contribution thereof shall be the minimum remuneration payable to Mr Harvinder Pal Singh subject to compliance with the provisions contained in schedule V of the Companies Act, 2013 (including any statutory modification(s) and re-enactments thereof).

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby Authorized to alter or vary the scope of remuneration of Mr Harvinder Pal Singh, Chairman cum Managing Director including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limit specified under the Companies Act, 2013 and rules framed thereunder.

RESOLVED FURTHER THAT Mr Harvinder Pal Singh shall not be liable to retire by rotation during the entire tenure of his reappointment i.e. from October 1, 2020 to September 30, 2025.

RESOLVED FURTHER THAT any Director and Mr Adhish Swaroop, Company Secretary & Compliance Officer of the Company be and are hereby severally Authorized, on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, for the purpose of giving effect to the aforesaid resolution"

**By Order of the Board of Directors
For Satin Creditcare Network Limited**

Adhish Swaroop

Place: Delhi

Company Secretary & Compliance Officer

Date: June 15, 2020

ACS:16034

NOTES:

1. An explanatory statement as required under Section 102 of the Companies Act, 2013 in respect of the special businesses specified above is annexed hereto.

Information pursuant to provisions of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Item No. 3, is annexed to this notice.

Further, the information and facts as specified in the Regulations 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 (SS-2) on "General Meetings" issued by The Institute of Company Secretaries of India for Item No. 5 & 6 have been given in the respective explanatory statement annexed to this notice.

2. In view of the continuing restrictions on the movement of people at several places in the country, due to outbreak of COVID-19, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 and other applicable circulars issued by the Securities and Exchange Board of India (SEBI), has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2020. In accordance with, the said circulars of MCA, SEBI and applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the 30th AGM of the Company shall be conducted through VC. Central Depository Services (India) Limited ('CDSL') will be providing facility for voting through remote e-voting, for participation in the AGM through VC facility and e-voting during the AGM. The procedure for participating in the meeting through VC is explained at Note No. 17 below.
3. As the AGM shall be conducted through VC, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
4. Corporate members intending to send their Authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company or upload it on the e-voting portal, authorizing their representative to attend and vote on their behalf at the meeting.
5. The register of members and share transfer books of the Company shall remain closed from July 30, 2020 to August 5, 2020 (both days inclusive) for determining

the names of the members eligible for voting at the Meeting. The members whose names appear on the Company's register of members as on July 29, 2020 will be eligible to attend and vote at the Meeting.

6. The payment of dividend will be made to all members holding Preference shares in respect of shares held in dematerialized form and/or in physical form (if any), as per the data made available by the National Securities Depository Limited (NSDL) and/or the Central Depository Services (India) Limited (CDSL) and/or Registrar & Share Transfer Agent as of the close of business hours on July 16, 2020.
7. The notice is being sent to all the members of the Company, whose names appear on the register of members/ record(s) of depositories as on Friday, the July 3, 2020. A person who is not a member as on July 3, 2020 should treat this Notice for information purpose only.

8. ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:

In accordance with, the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA and Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).

Members holding shares in physical form are requested to intimate their e-mail address to Link Intime India Pvt. Ltd., Noble Heights, 1st Floor, Plot NH 2, C-1 Block, LSC, Near Savitri Market, Janakpuri, New Delhi - 110 058, Registrar & Share Transfer Agent/ Company either by e-mail at swapann@linkintime.co.in or secretarial@satincare.com by sending a communication, in a prescribed format, at the above-mentioned address or at the Registered Office/ Corporate Office of the Company. A copy of the prescribed format is attached at Annexure-2. Members holding shares in dematerialized form are also requested to contact their respective Depository Participants for registering their e-mail IDs.

9. Members eligible to receive dividend and whose shareholding is in electronic mode are requested to direct change of address notifications and updates

NOTES (Contd.)

of bank account details to their respective depository participant(s). We urge the members to utilize the Electronic Clearing System (ECS) for receiving dividends.

10. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) and updates of bank account details by every investors holding securities in physical or electronic mode with the Registrar and Share Transfer Agent.
11. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013, certificate from the Statutory Auditors of the Company certifying that the ESOP Schemes are being implemented in accordance with, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and all the documents referred to in the accompanying Notice and Explanatory Statements, shall be available for inspection through electronic mode, basis the request being sent on secretarial@satincreditcare.com.
12. Voting Rights: Members holding Equity Shares shall have one vote per share as shown against their holding.
13. We urge members to support our commitment to environmental protection by choosing to receive their shareholding communication through email. You can do this by updating your email addresses with your depository participants.
14. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
15. Details as required in sub-regulation (3) of regulation 36 of the Listing Regulations and Secretarial Standard-2 issued by The Institute of Company Secretaries of India in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting, forms integral part of the notice. Requisite declarations have been received from the Directors for seeking appointment/ re-appointment.
16. The Board of Directors of the Company has appointed Mr Rajeev Bhatia, a Practicing Chartered Accountant

(ICAI Membership No. 089018) of M/s Rajeev Bhatia & Associates, as Scrutinizer to scrutinize the voting at Annual General Meeting and remote e-voting process in a fair and transparent manner. Mr Bhatia has communicated his willingness to be appointed and will be available for same purpose.

17. CDSL e-Voting System – For Remote e-voting and e-voting during AGM

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC). Hence, Members can attend and participate in the ensuing AGM through VC.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the Authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

NOTES (Contd.)

4. The attendance of the Members attending the AGM through VC will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.satincreditcare.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
7. The AGM will be convened through VC in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

(viii) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/ RTA or contact Company/ RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on Sunday, August 2, 2020 (10:00 A.M. IST) and ends on Tuesday, August 4, 2020 (5:00 P.M. IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 29, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

NOTES (Contd.)

- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant **Satin Creditcare Network Limited** on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting**". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to secretarial@satincreditcare.com / swapann@linkintime.co.in

2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to secretarial@satincreditcare.com / swapann@linkintime.co.in

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **10 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at secretarial@satincreditcare.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **10 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at secretarial@satincreditcare.com. These queries will be replied by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

NOTES (Contd.)

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly Authorized signatory who are Authorized to vote, to the Scrutinizer and to the Company at the email address viz; secretarial@satincreditcare.com or Adhish.Swaroop@satincreditcare.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

18. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.satincreditcare.com and on the website of CDSL www.evotingindia.com after the declaration of result by the Chairman or a person Authorized by him in writing. The results shall also be forwarded to the Stock Exchanges.

**By Order of the Board of Directors
For Satin Creditcare Network Limited**

Adhish Swaroop

Place: Delhi
Date: June 15, 2020

Company Secretary & Compliance Officer
ACS:16034

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ATTACHED ALONGWITH THE NOTICE DATED JUNE 15, 2020

Item No. 4

Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 ("Prospectus and Allotment Rules") deals with private placement of securities by a company. Rule 14(1) of the Prospectus and Allotment Rules prescribes that in case of an offer or invitation to subscribe to securities, the Company shall obtain previous approval of its shareholders/members ("Members") by means of a special resolution. Rule 14(1) of the Prospectus and Allotment Rules further prescribes that in case of offer or invitation for Non-Convertible Debentures ("NCDs"), where the proposed amount to be raised through such offer or invitation exceeds the limit as specified in Section 180(1)(c) of the Companies Act, 2013, it shall be sufficient to obtain such previous approval only once in a year for all the offers or invitations for such NCDs issued during a period of one year from the date of passing of the aforementioned special resolution.

In order to augment resources for on-lending by the Company, repayment/refinance of existing debt, working capital requirement, purchase of assets, investments, general corporate purposes, and for any other purposes, the Company may invite subscription for secured / unsecured / subordinated / senior, rated / unrated, listed / unlisted, perpetual or non-perpetual, redeemable (including market linked debentures) NCDs, in one or more series / tranches on private placement basis. The NCDs proposed to be issued, may be issued either at par or at premium or at a discount to face value and the issue price (including premium, if any) shall be decided by the Board on the basis of various factors including the interest rate / effective yield determined, based on market conditions prevailing at the time of the issue(s).

Pursuant to Rule 14(1) of the Prospectus and Allotment Rules, the following disclosures are being made by the Company to the Members:

PARTICULARS OF THE OFFER INCLUDING DATE OF PASSING BOARD RESOLUTION	<p>Rule 14(1) of the Prospectus and Allotment Rules, prescribes that where the proposed amount to be raised through offer or invitation of NCDs (as defined above) exceeds the limit prescribed under Section 180(1)(c) of the Companies Act, 2013, it shall be sufficient if the company passes a prior special resolution only once in a year for all the offers or invitations for such NCDs during such year.</p> <p>In view of this, pursuant to this resolution under Section 42 of the Companies Act, 2013, the specific terms of each offer/issue of NCDs (whether secured/unsecured/subordinated/senior, rated/unrated, listed/unlisted, perpetual or non-perpetual, redeemable (including market linked debentures) NCDs) shall be decided from time to time, within the period of one year from the date of the aforementioned resolution. In line with Rule 14(1) of the Prospectus and Allotment Rules, the date of the relevant Board resolution shall be mentioned/disclosed in the private placement offer cum application letter for each offer/issue of NCDs.</p>
KINDS OF SECURITIES OFFERED AND THE PRICE AT WHICH THE SECURITY IS BEING OFFERED	<p>Non-convertible debt instruments / NCDs.</p> <p>The non-convertible debt instruments / NCDs will be offered/issued either at par or at premium or at a discount to face value, which will be decided by the Board for each specific issue, on the basis of the interest rate/effective yield determined, based on market conditions prevailing at the time of the respective issue.</p>
BASIS OR JUSTIFICATION FOR THE PRICE (INCLUDING PREMIUM, IF ANY) AT WHICH THE OFFER OR INVITATION IS BEING MADE	<p>Not applicable, as the securities proposed to be issued (in multiple issues/tranches) are non-convertible debt instruments/NCDs which will be issued either at par or at premium or at a discount to face value in accordance with terms to be decided by the Board, in discussions with the relevant investor(s).</p>
NAME AND ADDRESS OF VALUER WHO PERFORMED VALUATION	<p>Not applicable as the securities proposed to be issued (in multiple issues/tranches) are non-convertible debt instruments / NCDs.</p>
AMOUNT WHICH THE COMPANY INTENDS TO RAISE BY WAY OF SECURITIES	<p>The specific terms of each offer/issue of NCDs shall be decided from time to time, within the period of one year from the date of the aforementioned resolution, provided that the amounts of all such NCDs at any time issued within the period of 1 (one) year from the date of passing of the aforementioned shareholders resolution shall not exceed in the aggregate, the limit specified in the resolution under Section 42 of the Companies Act, 2013 i.e. upto ₹ 5,000 Crores.</p>

MATERIAL TERMS OF RAISING OF SECURITIES, PROPOSED TIME SCHEDULE, PURPOSES OR OBJECTS OF OFFER, CONTRIBUTION BEING MADE BY THE PROMOTERS OR DIRECTORS EITHER AS PART OF THE OFFER OR SEPARATELY IN FURTHERANCE OF OBJECTS; PRINCIPLE TERMS OF ASSETS CHARGED AS SECURITIES.

The material / specific terms of each offer/issue of NCDs and the other information being sought herein shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution, in discussions with the respective investor(s). These disclosures will be specifically made in the respective transaction documents executed in respect of each offer/issue.

Accordingly, consent of the Members is sought in connection with the aforesaid issue of NCDs and they are requested to authorize the Board to issue such NCDs during the year on private placement basis up to ₹ 5,000 Crores (Indian Rupees Five Thousand Crores only) as stipulated above, in one or more series / tranches on private placement basis.

None of the Directors or Key Managerial Personnel of the Company or the relatives are concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Special Resolution set out at Item No. 4 for the approval of Members.

Item No. 5

Pursuant to the provisions of Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 (the "Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and erstwhile Clause 49 of the Listing Agreement with the stock exchanges, Mr Anil Kumar Kalra (DIN: 07361739) was appointed as an Independent Director of the Company to hold office upto December 7, 2020.

As per the provisions of Section 149 of the Act, Mr Anil Kumar Kalra is eligible for reappointment as an Independent Director of the Company for one more term of upto 5 years on passing of Special Resolution by the Company.

Based on the report of performance evaluation of Mr Anil Kumar Kalra and on the recommendation of Nomination and Remuneration Committee and considering the experience and contribution made by Mr Anil Kumar Kalra the Board of Directors of the Company at its meeting held on June 15, 2020, has approved the re-appointment of Mr Anil Kumar Kalra for a second term / period of consecutive 5 (five) years with effect from December 8, 2020 to December 7, 2025, not being liable to retire by rotation, as provided in the Resolution.

Mr Anil Kumar Kalra has given his consent to act as Director. He has also given declaration to the effect that he is not disqualified from being appointed as Director in terms of Section 164 of the Act, and that he meet the criteria of Independence as specified under Section 149 of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further we have also received declaration pursuant to BSE Circular.

Notice stipulated under Section 160 of the Act has been received from a member intending to propose the candidature of Mr Anil Kumar Kalra for appointment as Director of the Company.

In the opinion of the Board, Mr Anil Kumar Kalra is a person of integrity, fulfils the conditions specified in the Act and the Rules made thereunder read with the provisions of the Listing Regulations, as amended and is independent of the Management of the Company. A copy of the draft Letter of Appointment of Mr Anil Kumar Kalra as an Independent Director is available for inspection through electronic mode, basis the request being sent on secretarial@satincreditcare.com

Details of Director whose re-appointment as Independent Director is proposed at Item No. 5 is provided in the "Annexure-1" to the Notice pursuant to the Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

None of the Directors or Key Managerial Personnel of the Company or the relatives, except Mr Anil Kumar Kalra, the proposed appointee, is concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Special Resolution set out at Item No. 5 for the approval of members.

Item No. 6

The members of the Company had, at the 25th Annual General Meeting held on July 8, 2015, approved the re-appointment of Mr Harvinder Pal Singh, as Chairman cum Managing Director of the Company for a period of 5 years ending on September 30, 2020 and thereafter, members of the Company at the 28th Annual General Meeting held on July 6, 2018 had approved the revision in overall remuneration to be paid to Mr Harvinder Pal Singh. The members in above-mentioned approvals had Authorized the Board of Directors of the Company to revise the terms including remuneration of Mr Harvinder Pal Singh in the best interests of the Company without seeking further approval from the Shareholders. Accordingly, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on May 8, 2019 revised the remuneration of Mr Harvinder Pal Singh with effect from June 1, 2019 till September 30, 2020 which is within the permissible limit under applicable laws. However, in view of the financial crisis anticipated due to the outbreak of COVID-19 pandemic, Mr Harvinder Pal Singh has voluntarily agreed to a reduction in his existing remuneration by 50% with effect from April 1, 2020 until September 30, 2020, i.e. the proposed remuneration (as detailed in the table below) will be payable to him during such period.

A brief comparison between the existing remuneration and proposed remuneration to be payable to Mr Harvinder Pal Singh is set out below:

Existing Remuneration (Drawn until March 31, 2020)	Proposed Remuneration
a) Salary: ₹ 19,98,900/- per month b) Perquisites: The value of perquisites under Category 'B' and Category 'C' shall be computed/treated in terms of the provisions of Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with rules framed thereunder, as amended from time to time.	a) Salary: ₹ 9,99,450/- per month b) Perquisites: The value of perquisites under Category 'B' and Category 'C' shall be computed/treated in terms of the provisions of Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with rules framed thereunder, as amended from time to time.
CATEGORY A 1. Medical Benefits for Self & family* Reimbursement of expenses actually incurred for self and family, the total cost of which should not exceed one month's salary per year. 2. Leave Travel Concession For self, wife & dependent children once in a year as per the rules of the Company. This is further subject to maximum of one month salary which shall be payable for every year. 3. Club Fees Club subscription fees for membership of maximum two clubs. This will, however, not include admission fees and life membership fees. This will be further subject to a ceiling of ₹ 5,000/- per year. 4. Provident Fund Participation in a recognized Provident Fund as per rules of the Company and to the extent not taxable under the Income Tax Act, 1961.	CATEGORY A 1. Medical Benefits for Self & family* Reimbursement of expenses actually incurred for self and family, the total cost of which should not exceed one month's salary per year. 2. Leave Travel Concession For self, wife & dependent children once in a year as per the rules of the Company. This is further subject to maximum of one month salary which shall be payable for every year. 3. Club Fees Club subscription fees for membership of maximum two clubs. This will, however, not include admission fees and life membership fees. This will be further subject to a ceiling of ₹ 5,000/- per year. 4. Provident Fund Participation in a recognized Provident Fund as per rules of the Company and to the extent not taxable under the Income Tax Act, 1961.
CATEGORY B 1. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service as per rules of the Company and in terms of applicable laws as amended from time to time. 2. Encashment of Leave as per rules of the Company and in terms of applicable laws as amended from time to time.	CATEGORY B 1. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service as per rules of the Company and in terms of applicable laws as amended from time to time. 2. Encashment of Leave as per rules of the Company and in terms of applicable laws as amended from time to time.
CATEGORY C 1. Car with driver and telephone facilities at residence for official purpose.	CATEGORY C 1. Car with driver and telephone facilities at residence for official purpose.
*Note: "Family" means the spouse, dependent children and dependent parents.	*Note: "Family" means the spouse, dependent children and dependent parents.

Note:

- I. *Notwithstanding anything to the contrary herein contained, if in any financial year during the currency of his remaining tenure, the Company has no profits or its profit are inadequate, remuneration as fixed above by way of salary, perquisite and other allowances or any contribution thereof shall be the minimum remuneration payable to Mr Harvinder Pal Singh subject to compliance with provisions contained in schedule V of the Companies Act, 2013.*

In terms of the Nomination and Remuneration Policy of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee and considering Mr Harvinder Pal Singh's, rich and varied experience, the Board of Directors has, at its meeting held on June 15, 2020, approved the re-appointment of Mr Harvinder Pal Singh as the Chairman cum Managing Director of the Company for further term of five years with effect from October 1, 2020 on the remuneration mentioned above, subject to the applicable provisions of the Companies Act, 2013, the rules made thereunder and the approval of the members on the terms and conditions (including remuneration) as mentioned above, with authority to the Board to alter the terms and conditions including designation and remuneration as it deems fit on the recommendation of Nomination and Remuneration Committee of the Company.

Since Mr Harvinder Pal Singh is being reappointed for a further term of five years, it will be considered as if there is no break in continuity of his employment with the Company, including for the purposes of calculating any accrued leave, term of service or determining the amount of gratuity or other benefits payable to him.

Mr Harvinder Pal Singh shall not be subject to retirement by rotation during his tenure as the Chairman cum Managing Director of the Company.

Mr Harvinder Pal Singh shall not be paid any fees for attending the meetings of the Board or any Committee(s) thereof, if constituted, of the Company.

Mr Harvinder Pal Singh satisfies all the conditions under the Companies Act, 2013 for being eligible for his re-appointment.

The above-mentioned terms may be treated as a written memorandum setting-out the terms of re-appointment of Mr Harvinder Pal Singh under Section 190 of the Companies Act, 2013.

The disclosures prescribed under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the provisions of the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India ('SS-2') are provided in Annexure-1 of the Notice.

Except Mr Harvinder Pal Singh and Mr Satvinder Singh and their relatives, none of the Directors, Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Ordinary Resolution set out at Item No. 6 for approval of the Members.

**By Order of the Board of Directors
For Satin Creditcare Network Limited**

Adhish Swaroop

Company Secretary & Compliance Officer
ACS:16034

Place: Delhi
Date: June 15, 2020

ANNEXURE-1 TO THE NOTICE

PURSUANT TO REGULATION 36(3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARD-2 ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA, INFORMATION ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED / RE-APPOINTED IS FURNISHED BELOW:

Name of the Director	Mr Harvinder Pal Singh	Mr Anil Kumar Kalra	Mr Satvinder Singh
DIN	00333754	07361739	00332521
Date of first Appointment on the Board of the Company	October 16, 1990	December 08, 2015	October 16, 1990
AGE	59 Years	64 Years	54 Years
Qualification	A fellow member of ICAI since 1984; Participated in Harvard Business School's Accion program and a leadership program at Wharton Business School	B.Com (H) from Shree Ram College of Commerce, University of Delhi and master's degree in business administration with specialization in finance from Faculty of Management Studies (FMS), Delhi University.	He has a post graduate diploma in Business Management from Institute of Management Technology, Ghaziabad.
Brief Profile/ Nature of Expertise	Mr HP Singh has over three decades of microfinance experience to his credit and is responsible for pioneering the unique concept of daily collection of repayments of loans. Aside being an expert in lending, particularly in the microfinance field, Mr Singh also has a wealth of experience across auditing, accounts, project financing, advisory services and company law matters. It is his financial engineering acumen, honed over almost thirty years of experience that has helped SCNL achieve its success in operational strategy and efficiency. Mr Singh also participated in Harvard Business School's Accion Program on Strategic Leadership for Microfinance in 2009, as well as the leadership program organized by Women's World Banking at Wharton Business School, University of Pennsylvania in 2011. Mr Singh has been an inspiration right from the very beginning when the company came into being in 1990, till today where he continues to be actively involved in the company's day-to-day operations. Under his leadership, SCNL has grown into one of India's leading microfinance institutions in the North and is poised to further expand its operations across the country.	A qualified professional having more than 32 years of experience in Banking and currently a Professor of finance in the Institute of Technology and Science, Ghaziabad and previously worked as Chief Executive Officer in Financial Services Company, London and as a Senior Vice President in a NBFC engaged in providing financial services including asset financing and debt syndication and other financial services.	He has over 29 years of experience in consumer marketing and finance.

ANNEXURE-1 TO THE NOTICE (Contd.)

Name of the Director	Mr Harvinder Pal Singh	Mr Anil Kumar Kalra	Mr Satvinder Singh
Terms and conditions of re-appointment	As per the resolution at item no. 6 of the Notice convening this meeting read with explanatory statement thereto.	As per the resolution at item no. 5 of the Notice convening this meeting read with explanatory statement thereto.	As per the resolution at item no. 3 of the Notice convening this meeting.
Remuneration last drawn	Refer to Report on Corporate Governance	Refer to Report on Corporate Governance	Refer to Report on Corporate Governance
Names of other companies in which the person also holds the directorship as at March 31, 2020	I. Trishashna Holdings & Investments Private Limited II. Anushna Estates Private Limited III. Niryas Food Products Private Limited IV. UV Associates Private Limited V. Parinita Investments Private Limited VI. Parishek Finance Private Limited VII. Global Social (India) Foundation VIII. Riwaaz Investments Private Limited IX. Satin Creditcare Foundation X. Taraashna Financial Services Limited XI. Satin Media Solutions Limited XII. Taco Consultants Private Limited XIII. Satin (India) Limited XIV. Tomorrows One Global Network Private Limited XV. Satin Housing Finance Limited XVI. Satin Finserv Limited	I. Satin Housing Finance Limited II. Satin Finserv Limited	I. Satin Neo Dimensions Private Limited II. Taco Consultants Private Limited III. Wisteria Holdings & Investments Private Limited
Names of companies in which the person also holds the membership of Committees of the Board as at March 31, 2020	Chairmanship: 1. Satin Creditcare Network Limited- Corporate Social Responsibility Committee 2. Taraashna Financial Services Limited- Corporate Social Responsibility Committee Membership: 1. Satin Creditcare Network Limited- Nomination and Remuneration Committee 2. Satin Finserv Limited- Audit Committee, Risk Management Committee, Nomination and Remuneration Committee 3. Satin Housing Finance Limited- Audit Committee and Nomination and Remuneration Committee	Chairmanship: 1. Satin Creditcare Network Limited- Risk Management Committee 2. Satin Housing Finance Limited- Audit Committee Membership: 1. Satin Creditcare Network Limited- Stakeholders Relationship Committee 2. Satin Housing Finance Limited- Nomination and Remuneration Committee 3. Satin Finserv Limited- Audit Committee, Risk Management Committee and Nomination and Remuneration Committee	Chairmanship: NIL Membership: Satin Creditcare Network Limited- Risk Management Committee and Audit Committee

ANNEXURE-1 TO THE NOTICE (Contd.)

Name of the Director	Mr Harvinder Pal Singh	Mr Anil Kumar Kalra	Mr Satvinder Singh
Shareholding in Satin Creditcare Network Limited	1,55,21,033 Shares (indirectly)	NIL	2,57,011 shares
Relationship between directors inter-se	Mr Harvinder Pal Singh is brother of Mr Satvinder Singh, Promoter, Non Executive and Non Independent Director of the Company and other than him he is not related with any Director or Key Managerial Personnel of the Company.	He is not related with any Director or Key Managerial Personnel of the Company.	Mr Satvinder Singh is brother of Mr Harvinder Pal Singh, Promoter, Chairman cum Managing Director of the Company and other than him he is not related with any Director or Key Managerial Personnel of the Company.
Number of Meetings of the Board attended during the Financial Year – 2019-20	6 out of 6 Meeting	5 out of 6 Meeting	6 out of 6 Meeting

ANNEXURE – 2

UPDATION OF SHAREHOLDER'S INFORMATION

I/ We request you to record the following information against my/ our Folio No. / DP ID-Client ID:

General Information:

Folio No./ DP ID-Client ID	
Name of the first named Shareholder	
PAN	
CIN/ Registration No. (applicable to Corporate Shareholders)	
Tel. No. with STD Code	
Mobile No.	
Email ID	

Self-attested copy of PAN/ Voter ID/ Aadhaar Card is attached.

Date:

Signature of Sole/First holder

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