SATIN

SATIN CREDITCARE NETWORK LTD.

Reaching out!

July 19, 2021

The Manager,
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra East,
Mumbai-400051
Scrip Code: SATIN/SATINPP1*

The Manager
BSE Limited
P. J. Towers,
Dalal Street,
Mumbai – 400023
Scrip Code: 539404/890149*

Sub: Intimation under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') - Annual Report for the Financial Year 2020-21 including notice of the 31st Annual General Meeting of the Company

Dear Sir/Madam,

This is to inform that the 31st Annual General Meeting ("**AGM**") of the members of the Company will be held on Wednesday, August 11, 2021 at 11:00 A.M. (IST) through Video Conferencing ("**VC**") / Other Audio Visual Means ("**OAVM**"), in accordance with the relevant circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

The details such as manner of (i) registering / updating email addresses, (ii) casting vote through remote e-voting and (iii) attending the AGM through VC / OAVM has been set out in the Notice of the AGM.

The Annual Report for the Financial Year 2020-21, including the Notice convening Annual General Meeting, being sent to the members through electronic mode, is enclosed for your record.

The Company has fixed Wednesday, August 4, 2021 as the "Cut-off Date" for the purpose of determining the members eligible to vote through remote e-voting on the resolutions set out in the Notice of the AGM or to attend the AGM and cast their vote thereat.

The Annual Report including Notice is also available on the Company's website and can be accessed at www.satincreditcare.com.

This is for your information and records.

Thanking you.

Yours faithfully,
For Satin Creditcare Network Limited

VSharma

(Vipul Sharma)
Company Secretary & Compliance Officer

SATIN CREDITCARE NETWORK LIMITED

Encl. as above
***Scrip Code: SATINPP1 and 890149 representing partly paid equity shares of Rs. 10/- each (Rs. 7.50/- paid up) stands suspended effective from Thursday, July 15, 2021.**

Copy to:

National Securities Depository Ltd.
Trade World, A Wing, 4th & 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai – 13

Central Depository Services (India) Ltd.
Marathon Futurex, A Wing, 25th Floor, NM Joshi Marg, Lower Parel, Mumbai – 13

Link Intime India Pvt. Ltd.,
Noble Heights, 1st Floor, Plot NH 2, C-1 Block, LSC, Near Savitri Market, Janakpuri, New Delhi - 110 058

SATIN CREDITCARE NETWORK LIMITED

SATIN

Satin Creditcare Network Limited

Reaching Out!

DOING IT RIGHT

Serving For 30 years

Annual Report

2020-21

What's Inside

About the Report

A conscious step was taken in 2019-20 to move towards Integrated Reporting (IR). This purposive step was a part of our long-standing commitment to disclose more information to our stakeholders on all aspects of our business, to be more transparent and honest. This year, through our Integrated Annual Report for 2020-21, we are taking a step further by adding even more comprehensive content elements in accordance with the International Integrated Reporting Council framework (IIRC) and Securities and Exchange Board of India (SEBI) circular dated February 6, 2017. Through this Report, we aim to provide our stakeholders a broader view of our Company's financial and non-financial resources along with the strategy to create long-term value. Moreover, we have also taken the GRI Standards of reporting into account this year.

(GRI: 102-46, 54)

Reporting Scope and Boundary

The Integrated Report for 2020-21 covers information on Satin Creditcare Network Limited's business segments, along with our associated activities that enable short, medium and long-term value creation. Our senior management, under the supervision of the Chairman and Managing Director, provides 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

The Report attempts to enhance our disclosures and information in the non-statutory section, following some of the guiding principles of the IIRC recommended framework. The other statutory reports, including the Directors' 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.

Scan Me

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

At Satin Creditcare Network Limited (‘SCNL’ or ‘The Company’ or ‘We’), we are encouraged by our spirit of not just doing things but by our determination of ‘Doing it the RIGHT’ way.

We do things the RIGHT way, not because it’s our strategy but because it is our purpose. A purpose driven by the simple mindset of creating real value for others.

As a leading Indian MFI, we are guided by our long-standing commitment of reaching out to the most underserved sections of society. We are propelled by our utmost sincerity, compassion, and long-term vision of offering support where it is most needed.

As a responsible organization, we consistently strive to make a positive difference in our stakeholders’ lives by driving financial inclusion. During the year, we responded to the challenges faced through our resilience and conviction. We adapted the RIGHT strategies at the RIGHT time to be able to offer the RIGHT solutions to the people at the bottom of the pyramid. We went the extra mile to support the financial needs of our customers by continuously providing access to affordable micro-credit through physical and digital means. All this without compromising on the health and safety of our teams.

We continuously reinforced our business model by maintaining a sturdy balance sheet with a comfortable liquidity profile, cautious lending approach and risk management criteria. Our strong fundamentals and conservative strategies helped us retain our firm footing and recuperate in these uncertain times while keeping an eye on opportunities ahead.

Active Clients as on March 31, 2021

30.5 lakhs

AUM* as on March 31, 2021

₹ **8,379** Crores

Revenue as on March 31, 2021

₹ **1,380** Crores

Details are on a consolidated basis

*Assets under Management

Report Navigation

We have used the icons below to aid navigation and cross-referencing through the Report.

- Financial Capital
- Intellectual Capital
- Physical Capital
- Human Capital
- Social and Relationship Capital
- Natural Capital

Investor Information

Market Capitalization as at March 31, 2021	: ₹ 446.48 Crores
CIN	: L65991DL1990PLC041796
BSE Code	: 539404
NSE Symbol	: SATIN
Bloomberg Code	: SATIN:IN
AGM Date	: August 11, 2021
AGM Venue	: Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”)

Doing it RIGHT through Great Strides and Balanced Numbers

Financial Capital

Revenue	₹ 1,380 Crores
PAT	₹ (14) Crores
Gross Loan Portfolio	₹ 8,379 Crores
Net Interest Income (NII)	₹ 742 Crores
Return on Assets	(0.18)%
Return on Equity	(0.95)%
Capital Adequacy Ratio	25.3%

Physical Capital

Branches	1,257
States & UTs	23
Regional Offices	74
Centers	2.5 lakhs
Investment in Technology	₹ 10.18 Crores
Collection Efficiency (Cumulative for JLG only)	94%

** All the above figures were as on March 31, 2021 (consolidated basis)

Intellectual Capital

Certified	ISO 27001:2013
Team of IT Staff	96

Human Capital

Employees	12,726
Training Hours	9,001

Social and Relationship Capital

SPM Spend	₹ 18 lakhs
Benefitted till Date	7,500 families
Active Clients	30.5 lakhs

Natural Capital

Cashless Collections (For JLG only)	8%*
Cashless Disbursements	100%

(GRI: 102-7)

* Includes cashless mode, website payment portal and UPI auto-debit

** All the above figures were as on March 31, 2021 (consolidated basis)

Fostering Inclusive Growth through Gateway of RIGHT Solutions

The history of SCNL goes back to 1990 when it started providing finance to the shopkeepers who were deprived of formal financing. Today, after three decades of rich experience, it has emerged as one of the leading and trusted Indian microfinance companies. Headquartered in Gurugram, Haryana, the Company drives inclusive growth by offering financial tools that help create opportunities. Through its financial solutions outside the periphery of traditional channels of finance, the Company empowers the unserved and the underserved sections of the society.

SCNL offers a gamut of accessible microfinance solutions and extended reach. We serve the diverse financial needs of customers, especially women, across rural, semi-urban and urban areas of the country. Our Company, through our subsidiaries, is also expanding across Micro, Small & Medium Enterprises (MSMEs) and Affordable Housing Finance segment. SCNL drives sustainable growth by focusing on green business practices. The Company offers product financing for the purchase of solar lamps, bicycles, consumer durables, and loans for the development of water connections and sanitation facilities.

We have grown steadily over the years with a strong focus on customer-centricity. Our Company is underpinned by our technology-integrated processes, strong domain knowledge, dedicated workforce and a visionary leadership. SCNL remains grounded to the core purpose of driving positive impact in the lives of underprivileged communities. Our forward-looking vision differentiates us while allowing us to empower and transform the lives of 30 lakh+ customers.

Vision

Making Microfinance Inclusive and Purpose Driven

Mission

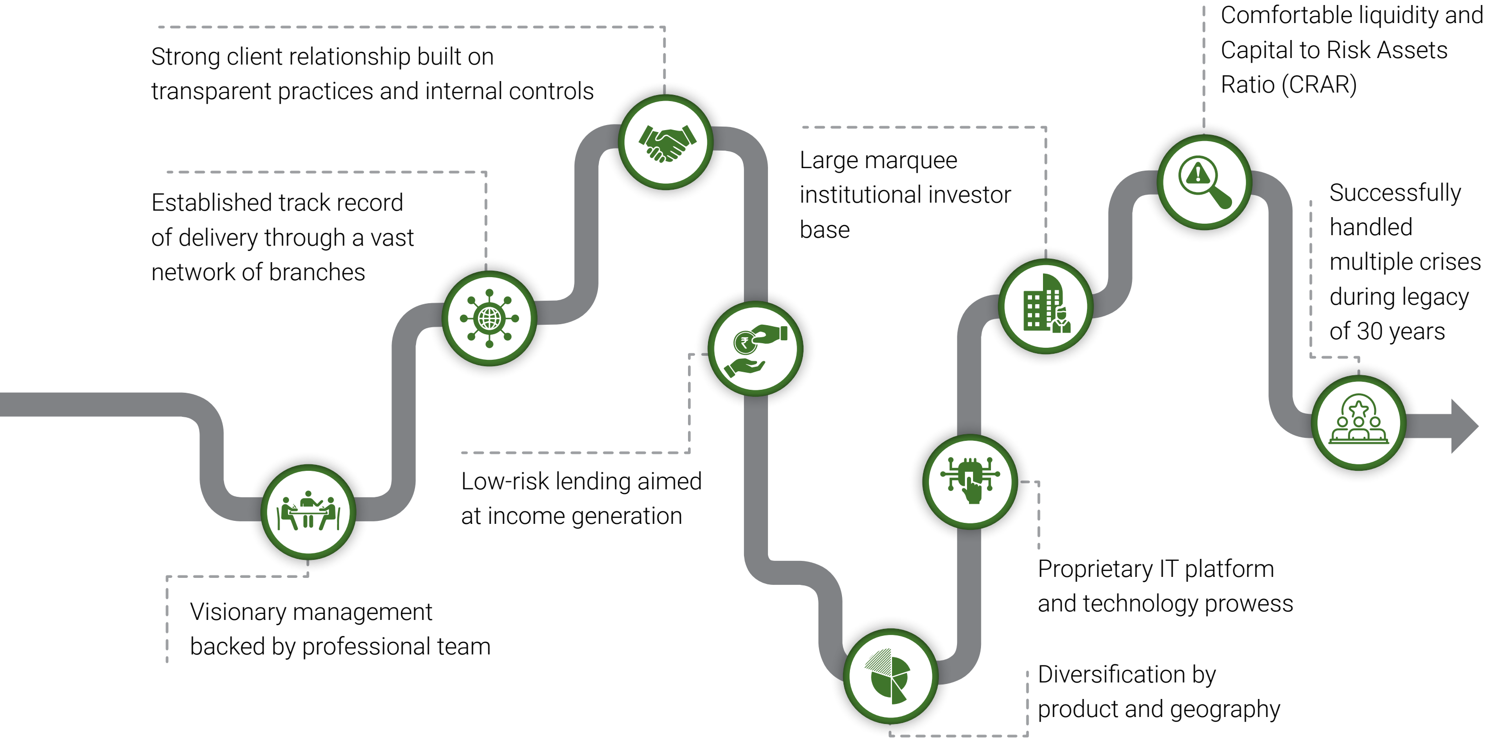
- To be a leading micro financial institution by providing a comprehensive range of products and services for the financially underserved community
- To lead in gender empowerment by leveraging on technology and innovation that forge sustainable strategic partnerships

Our Core Values

Seeking Excellence
Accountability & Ownership
Teamwork & Collaboration
Integrity
Nurturing Lives

CORPORATEOVERVIEW
STATUTORYREPORTS
FINANCIALSTATEMENTS

Driving Future through RIGHT Growth Vision



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

Doing it RIGHT through Diversification

SCNL envisions empowering underserved customers through customized financial solutions across the value chain. The Company believes in building progressive opportunities for the lesser privileged sections across rural, semi-urban and urban India. Through a wide spectrum of financial products and services, SCNL aspires to help its customers grow and achieve their goals.

Taraashna Financial Services Limited (TFSL)

TFSL, incorporated in 2012, is engaged in the business correspondent activity with various banks and NBFCs. It facilitates access to affordable finance and provides credit and micro-insurance facilities to customers in rural and urban areas. Driving financial inclusion across the country, TFSL has rapidly emerged as a trusted partner for banks and NBFCs.

Going forward, TFSL plans to reduce the high Portfolio at Risk (PAR) numbers with a bigger business and a newly created collections infrastructure. The company also plans to scale up project Nai-Roshni with ₹ 974 Crores disbursement for its parent company SCNL and ₹ 90 Crores for sister concern SFL.

Key highlights during the year 2020-21

- Recorded a milestone of an all-time high AUM of around ₹ 750 Crores
- Impacted by COVID-19, the collection efficiency suffered initially; however, with the relaxation of the lockdown from May 2020, the collection efficiency improved from ~30% to ~95% in March 2021
- Registered the collection efficiency for new disbursements (constitutes ~52% of total AUM) at almost 100%
- Disbursed ₹ 70 lakhs worth of gold loans for DCB Bank, ₹ 4.92 Crores for its sister concern SFL and ₹ 75.30 Crores for its parent company, SCNL, under the flagship project 'Nai Roshni'

Cashless Disbursement	~97%
AUM	₹ 748 Crores
Active Loans	3.9+ lakhs
Loans Disbursed	1,33,704
States	7
Branches	217

Satin Housing Finance Limited (SHFL)

Incorporated in 2017, SHFL provides long-term finance to middle and low-income groups in peripherals of tier II cities. Through its loans, the company provides finance for the purchase, construction, extension and repair of houses. It also offers loans against residential property, commercial property and plots. SHFL strives to leverage the brand name of SCNL and reach the deeper pockets of tier II, tier III & tier IV cities and towns. Thus, helping countless people own their dream homes.

Key highlights during the year 2020-21

- Reported steady numbers despite a challenging business environment
- Retail loan portfolio comprised 79% affordable home loans and 21% loan against property
- Registered a cumulative collection efficiency for 2020-21 at 99.6%; Monthly disbursement also picked up from 2019-20 levels
- Two consecutive profitable quarters and PAT of ₹ 1.4 Crores

AUM	₹ 226 Crores
CRAR	90.2%
States	4
Branches	14
Loan Accounts	2,413
Active Lenders including NHB Refinance	10

Satin Finserv Limited (SFL)

SFL was incorporated in 2018. The company offers loans to the Micro, Small & Medium Enterprises (MSMEs) in manufacturing, trading and services with an annual turnover of less than ₹ 200 lakhs. SFL's loan offerings vary within the range of ₹ 2 lakhs to ₹ 15 lakhs to customers falling under the category defined and against an immovable property.

Key highlights during the year 2020-21

- Implemented 'Work from Home' setup and trained staff on precautionary measures to mitigate the impact of COVID-19 pandemic
- Received a credit rating of BBB (standalone BBB-) with stable outlook by CARE Ratings Limited; thus leveraging the parent company's brand name
- Initiated significant corrective measures to improve portfolio quality and expanded across new geographies
- Implemented required policies and systems to grant the moratorium to customers during the lockdown; the moratorium facility was extended as per RBI guidelines
- Second profitable year of operations despite overhang of pandemic

AUM	₹ 131 Crores
CRAR	81.4%
States	8
Branches	15
Active Loan Clients	1,725

From the CMD's Desk

Dear Stakeholders,

The year 2020-21 was exceptional by any measure. Despite the year's upheaval, we persevered and endured by 'Doing it RIGHT'. We steered through the economic cycle while holding our vision of driving financial inclusion closer. Our right mix of strategies and principles helped preserve our financial integrity while continuously empowering society's underserved sections.

We leaned on our people's persistent endeavors, strong execution capabilities and our digital solutions to ensure seamless customer service. Our prudent decisions and risk mitigating actions helped maintain a healthy asset portfolio as we emerged ever stronger.

A Challenging Year

The onset of the pandemic in January 2020 and the resultant disruptions created repercussions on a scale never experienced before. Globally, economic activities came to a screeching halt - leading central banks and governments to undertake bolstering measures for supporting economies. The subsequent lockdowns and medical hardships overwhelmed the Indian economy as well. This led to rising unemployment and stagnated business activities across sectors, with microfinance sector being no exception. However, easing of lockdowns and resumption of business activities in a phased manner made the situation improve gradually. The Reserve Bank of India (RBI) and the Government helped cushion the impact by announcing fiscal stimulus packages, slashing interest rates, and allowing loan moratorium facilities, among others. Additionally, other measures such as repo rate cut, Targeted Long-term Repo Operations (TLTRO), Special Liquidity Scheme and Partial Credit Guarantee Scheme injected essential liquidity support to the NBFCs. Further, the Government's prompt move towards rolling out mass vaccination is expected to play a crucial role in the recovery of GDP, going forward.

Right since the pandemic hit the nation, our focus was squarely on ensuring the health and safety of our employees, business partners and communities. We implemented comprehensive safety standards and seamlessly transitioned to remote work. Our field teams only resumed operations gradually on the easing of restrictions while strictly adhering to the COVID-19 safety protocols. We closely worked with our customers, prioritizing their convenience with stronger support during such turbulent times.

Microfinance Industry

Through decades, the microfinance industry has significantly contributed to the growth of the Indian economy by financing income-generating activities of marginalized section in both rural and semi-urban geographies. As per the MFIN's Micrometer Report, December 2020, the total microfinance loan portfolio (outstanding amount of loans extended to microfinance borrowers) stood at ₹ 2,32,648 Crores as on December 31, 2020. The industry, with its 10.5 Crores active loan accounts, served 5.83 Crores unique borrowers.

Traversing through endured credit and liquidity distress in the past, microfinance sector has evolved over the years. COVID-19 hit MFIs hard, presenting new challenges and risks in the form of reduced loan disbursements, repayment and collection efficiencies. Despite adopting cashless disbursements over the years, loan collections are still cash intensive. Difficulty in making loan repayments further led to a significant proportion of microfinance borrowers to avail loan moratorium. This impacted the collection efficiencies during the first quarter of 2020-21 considerably. However, gradual easing of lockdowns improved employment situation in the second half of 2020, thereby leading to recovery in the collection efficiency and disbursement across the sector.

Our Performance

Despite the pandemic and its tumultuous impact, we clocked in satisfactory financial results during the year. Our branch operations, loan disbursements and collections were substantially affected due to the stringent lockdown. But our focus was more on offering a seamless experience to our existing customers than on expansion. As an established microfinance player, we leveraged our experience and world-class digital infrastructure by strengthening cashless collection, encouraging digital payments and introducing customized loans. We maintained consistent portfolio quality by tightening our credit assessment criteria post the advent of COVID-19. With a broad-based pickup across the economy's various sectors, we witnessed improved disbursement, collections and steady AUM, quarter-on-quarter.

- Disbursements reached ₹ 2,376 Crores during Q4 2021 closer to the pre-COVID levels
- Consolidated AUM stood at ₹ 8,379 Crores as on March 31, 2021, registering a growth of 2.5% year-on-year
- NII reported a dip of 18.8% from ₹ 914 Crores in 2019-20 to ₹ 742 Crores in 2020-21
- Consolidated PAT was recorded at ₹ (14) Crores
- Improved collection efficiency to 98% and 105% in December 2020 and March 2021, respectively

The upturn in the rate of repayment underscores our strong underwriting and efficient collection framework along with our customers' resilience and endurance. This recuperation is a testimony to our prudent investments in upgrading process and technology over the years.

The subsidiaries, which are an offshoot of the de-risking strategy adopted by the Company to diversify out of unsecured MFI loans few years ago, have started bearing fruit. During the year, our subsidiaries reported a steady growth, despite challenging circumstances.

We have been providing credit to clients in the rural and semi-urban areas through our business correspondence services under Taraashna Financial Services Limited (TFSL). The subsidiary was able to register an all-time high AUM of ₹ 748 Crores with 97% cashless disbursement, besides maintaining high collection efficiencies for the year 2020-21. This growth comes on the back of a low-risk business model, which is highly capital-efficient in nature. Going forward, we will be sourcing new businesses for SCNL and Satin Finserv Limited (SFL) under the program "Nai Roshni', while the existing business correspondence channel remains intact.

Through our subsidiary Satin Housing Finance Limited (SHFL), we primarily cater to the customers belonging to the middle and low income groups in peripherals of tier-II and below cities. With two consecutive profitable quarters towards the end of the year and, despite a challenging business environment, it recorded a higher AUM growth of ₹ 226 Crores, with retail loan book comprising 79% affordable housing loans and 21% LAP. We are highly optimistic about this subsidiary growing at a faster pace on the back of a solid foundation laid during the last three years of operations, in addition to the good team underwriting processes and technology controls.

Engaged in secured retail MSME lending, Satin Finserv Limited (SFL), clocked an AUM of ₹ 131 Crores, as at the end of 2020-21. Thereby, recording a second profitable year of operations.

We believe that our subsidiaries will provide us traction to increase our exposure to newer states, while rationalizing the exposure to traditional regions. This will enable us to foray into newer geographies, while expanding the vistas of our business and maximize our reach to the financially excluded population to help them enhance their livelihood.

It is our endeavor to seed these subsidiaries to diversify our risks and achieving a better product mix. The next level of growth is expected from this diversification, especially, with these subsidiaries starting to contribute to the overall bottomline. Although the current contribution of non-MFI lending portfolio stands at 8% of the total AUM, we are aiming for around 25% of contribution from our secured lending portfolio on a medium to longer term horizon.

On liquidity front, we maintained a comfortable position with a positive Asset-Liability Management. Our capital base continued being strong with a capital adequacy ratio of 25.3%. Additionally, we took proactive steps to augment our capital position by successfully raising ₹ 120 Crores (₹ 90 Crores already received during 2020-21 and remaining to be received by the second quarter of 2021-22) through Rights Issue of approximately 2 Crores partly paid equity shares in 2020-21. Out of this, we have successfully called approx. ₹ 90 Crores and balance ₹ 30 Crores will be called in 2021-22.

Riding the Technology Wave

Over the last few years, we have been increasingly focusing on transforming our processes digitally. Our technology-enabled infrastructure – digital platforms and centralized processes enabled us to quickly respond to the liquidity needs of individuals as well as MSMEs during the year. The technological-integration across the board, is helping us reduce the overall turnaround time (TAT), providing real-time analytical data, enhancing productivity and helping improve monitoring and control, in addition to other benefits. We successfully developed an in-house 'Customer Service Application' with user-friendly interface – a one-stop solution addressing customers' post-loan requirements. Further, to facilitate easy repayment, we added digital payment alternative on our website and UPI 2.0 with an auto-debit option to scale up cashless collections. We also geo-tagged 92% of our clients' homes for further control and centralized monitoring. Going forward, technology will help us remain ahead of the curve and better respond to the ever-changing business scenarios, while reducing manual intervention. With digital technologies making rapid inroads into all the realms of human life, they are also helping reshape the businesses and operational models. The recent innovations fuelled by the launches of various apps, emergence of fintechs and the strengthening of the digital prowess by companies is likely to help the microfinance sector better fulfill its role in development and inclusion.

Employee Focused

I am proud of the energy and determination that our field employees have demonstrated during this intense period of need. Assuring their safety and health is more important than ever now. During the year, we introduced COVID Mediclaim policy for all our employees. Through our 'Satin Sahyog Policy' we stood by our people, offering term life insurance, including pension, education assistance, job for family member and mediclaim cover for the entire family, as applicable.

Our employee trainings continued virtually and we even launched our YouTube channel 'SCNL Training' to further aid the team. SCNL, once again, was identified and certified as a 'Great Place to Work', highlighting our continual investments in people-first and inclusive work culture. We were also featured among India's Best Workplaces in BFSI 2021.

New Beginnings

Despite such a dull and timid year, there has been a silver lining in the form of our own workplace, at Udyog Vihar, Gurugram, Haryana. It's almost like we have fulfilled a collective dream of the SCNL family here. I look forward to welcoming you all to our own building – our new permanent address, soon. The new distinguished landmark for us is representative of our commitment to the environment, with a very eco-friendly structure – solar panels, rain water harvesting, sewage treatment plants, and radiant cooling, among others, being some of the marquee features. Besides, the new workplace will offer an able support to our growth strategies, thus enabling us to deliver a cohesive service and further magnifying our commitment to provide value-driven customer service.

Committed to ESG

Our sustainable business strategy ensures integration of Environment, Social and Governance (ESG) reporting practices across people, planet and processes. Our social initiatives aim at empowering women through skill development, education and health awareness. We also try mitigating environmental impact by financing clean energy loans, reducing our carbon footprint and installing solar panels in our corporate office building. SCNL has been appreciated for its efforts and certified for excellence in clean energy finance. Our sustainable initiative, 'Satin Carbon Program', was eventually incorporated as a part of the UNFCCC's Clean Development Program (CDM). Additionally, we ensure integrity and ethical business operations to meet our stakeholders' expectations.

We stepped up in the nation's fight against pandemic by contributing ₹ 10 lakhs to the PM CARES Fund and ₹ 5 lakhs to the Assam State Health Department. We also donated masks, ration and hygiene kits across various states for taking care of our communities.

The Path Ahead

We are cautiously optimistic about 2021. The second wave of the pandemic clearly states that this crisis is far from over yet. However, SCNL, with its 30+ year heritage, will continue drawing strength from its robust customer base, resilient business model and sound balance sheet. Our thoughtful strategic plan, digitized processes, and affordable loans, will continue helping us achieve better value for the society's underprivileged sections. We will also focus on increasing our share of secured loan portfolio through our fast growing subsidiaries and continue emerging stronger.

Finally, I would like to express my sincerest thanks towards the contribution of the Board members. I would also like to recognize and acknowledge our Management team for their stewardship and invaluable leadership.

I am deeply grateful to our people, valued customers, bankers, channel partners and other stakeholders for their continued faith in our Company. We are confident and positive on delivering sustainable value to all our stakeholders.

Thanking You.
With Warm Regards,

HP Singh

(GRI: 102-14, 23)

Doing it RIGHT through our Robust Value Creation Model

Capital Inputs

Financial Capital

Funding from equity and debt investors used to support our operations

Total Equity: ₹ 1,491.05 Crores

Total Debt: ₹ 6,102.43 Crores

Physical Capital

Our physical and technological infrastructure through which we conduct our operations and provide better customer service

Continuous investment in physical channels

Spend on IT infrastructure: ₹ 10.18 Crores

Intellectual Capital

Our domain knowledge and innovative research capabilities leading to robust credit underwriting and monitoring mechanism

Adoption of emerging technologies

Human Capital

Skills and expertise of employees and management team combined with our progressive work culture and values

Total employees: 10,612

Percentage of employees under the age of 30 years: 69.94%

Spend on employee engagement: ₹ 75 lakhs

Social and Relationship Capital

Harmonious relationship with our societies, customers, partners, Government, and regulators to ensure sustainable growth

Financial inclusion goals

Spend on SPM: ₹ 18 lakhs

Adherence to industry regulations

Natural Capital

The impact our business activities have on natural resources such as land and water and our endeavor towards using them efficiently

Financing of solar lamps, bicycle, water and sanitation facilities: ₹ 43 Crores

Cashless modes of repayment

Our Business Activities

Formation of Groups › Documentation & Paper Work › Training of Groups › Loans Sanction › Center Meeting & Collection Process › Follow Up Loans › Formation of Groups

Comprehensive Offerings Leading to Socio-Economic Development

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

Our Strategic Objectives

Enhance Portfolio Quality › Expand Operations Into Newer Geographies › Work With Robust Digital Technology and Processes › Integrate Information Security as a Part of Client Confidentiality › Enhance Portfolio Quality

Support Functions

- Robust Governance
- Sound Risk Management
- World-class Technology
- Efficient People

All details are standalone

Output	Value Outcomes	SDGs
Revenue: ₹ 1,380 Crores EBITDA: ₹ 643.2 Crores PAT: ₹ (14) Crores	Sustainable Revenue Streams Well-capitalized Business Sufficient Liquidity	8 DECENT WORK AND ECONOMIC GROWTH
Regional Offices: 74 2.5 lakhs Centers Centralized Processes, LMS, eKYC, Geo-tagging, Real-Time Credit Checks Best-in-class Loan Offerings with Digital	Wider Customer Reach Enhanced Service Quality Simplified Processes	
Processes Customer Service Mobile App Digital Payment Options with UPI 2.0 Certified with ISO 27001:2013 Customers per Loan Officer: 355*	Strengthened Business Proposition Improved Customer Experience	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Attrition Rate: 4%** Certified as 'Great Place to Work™' Number of Active Clients: 30.5 lakhs	An Inclusive, Diverse and Safe Working Environment Motivated Employees Better Retention	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 10 REDUCED INEQUALITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Families Benefited: 7,500 Cashless Disbursement: 100%***	Enhanced Community Lives Higher Customer Satisfaction Long-term Stakeholders' Relationship	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCE INEQUALITIES
	Mitigating Climate Change Sustainable Future	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION

* Standalone for SCNL
** Monthly
*** Across branches

CORPORATE OVERVIEW
STATUTORY REPORTS
FINANCIAL STATEMENTS

Doing it RIGHT through Prudent Strategies

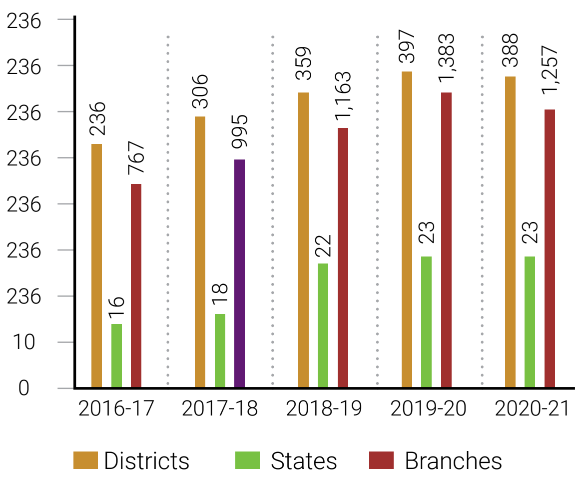
At SCNL, we consistently strive to deliver sustainable returns for our stakeholders. Our performance in terms of financial and non-financial parameters is a testament to our prudent and thoughtful strategies. Balanced mix of secured and unsecured lending, comfortable liquidity profile, and sound governance practices resulted in greater strength amid a challenging environment during the year. With robust fundamentals and dedicated efforts, we continued improving collection efficiency and disbursement while also optimizing business functions.

During the year, SCNL undertook focused measures to remain resilient:

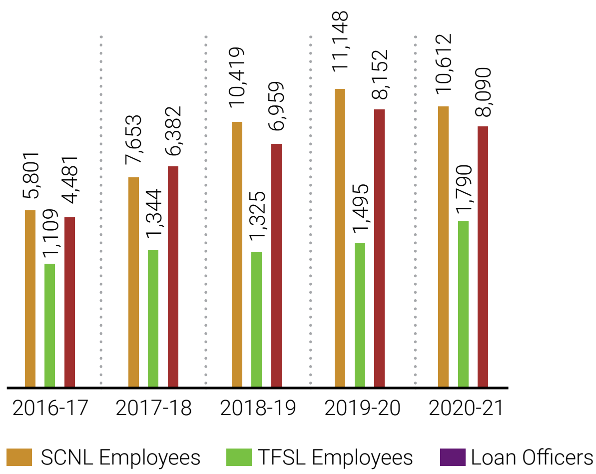
- Made a cumulative on-book provision of ₹ 289 Crores, of which ₹ 44 Crores was recognized by the Company as at March 31, 2021, on account of significant increase in credit risk on customers given additional support, by the Company which were impacted due to COVID-19
- Maintained a sturdy balance sheet liquidity with ₹ 1,469 Crores (Standalone) of surplus funds as on March 31, 2021, with undrawn sanctions worth ₹ 143 Crores
- Bolstered capital position by successfully closing the Rights Issue of ₹ 120 Crores in August 2020, with an overwhelming response. Issue was oversubscribed at 123%
- Well-diversified funding mix with a large lender base and strong asset-liability management
- Well-capitalized business led to healthy asset quality and CRAR of 25.3%

Consolidated Data

Districts, States and Branches (Nos.)

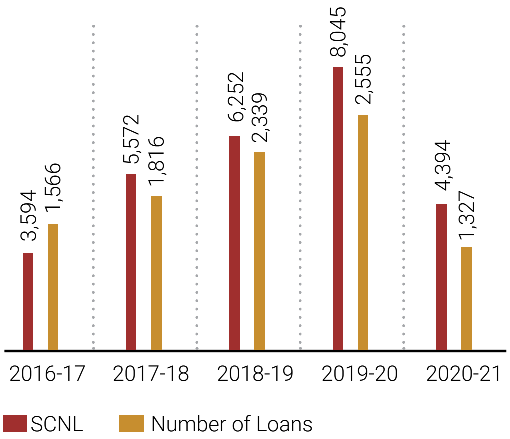


Employees and Loan Officers (Nos.)

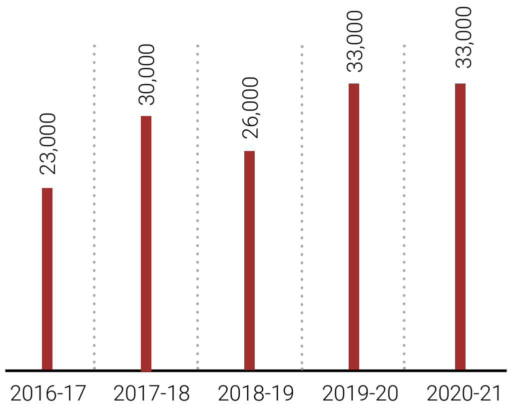


Standalone Data

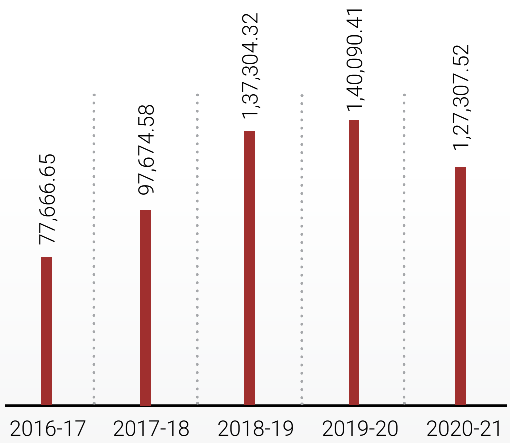
Disbursement (₹ in Crores) and Number of Loans (‘000)



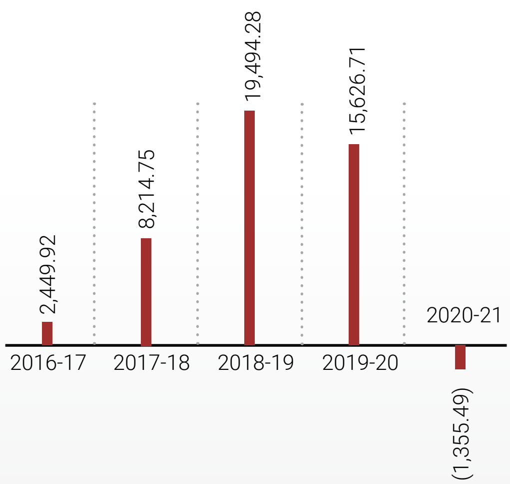
SCNL JLG Loans: Average Ticket Size (₹)



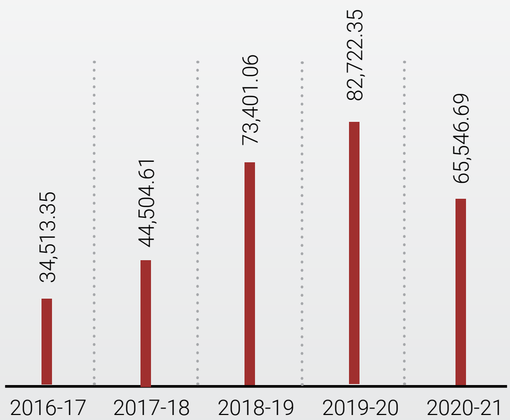
Total Income (₹ in lakhs)



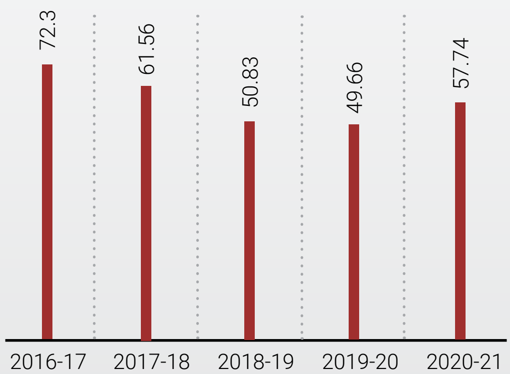
PAT (₹ in lakhs)



NII (₹ in lakhs)

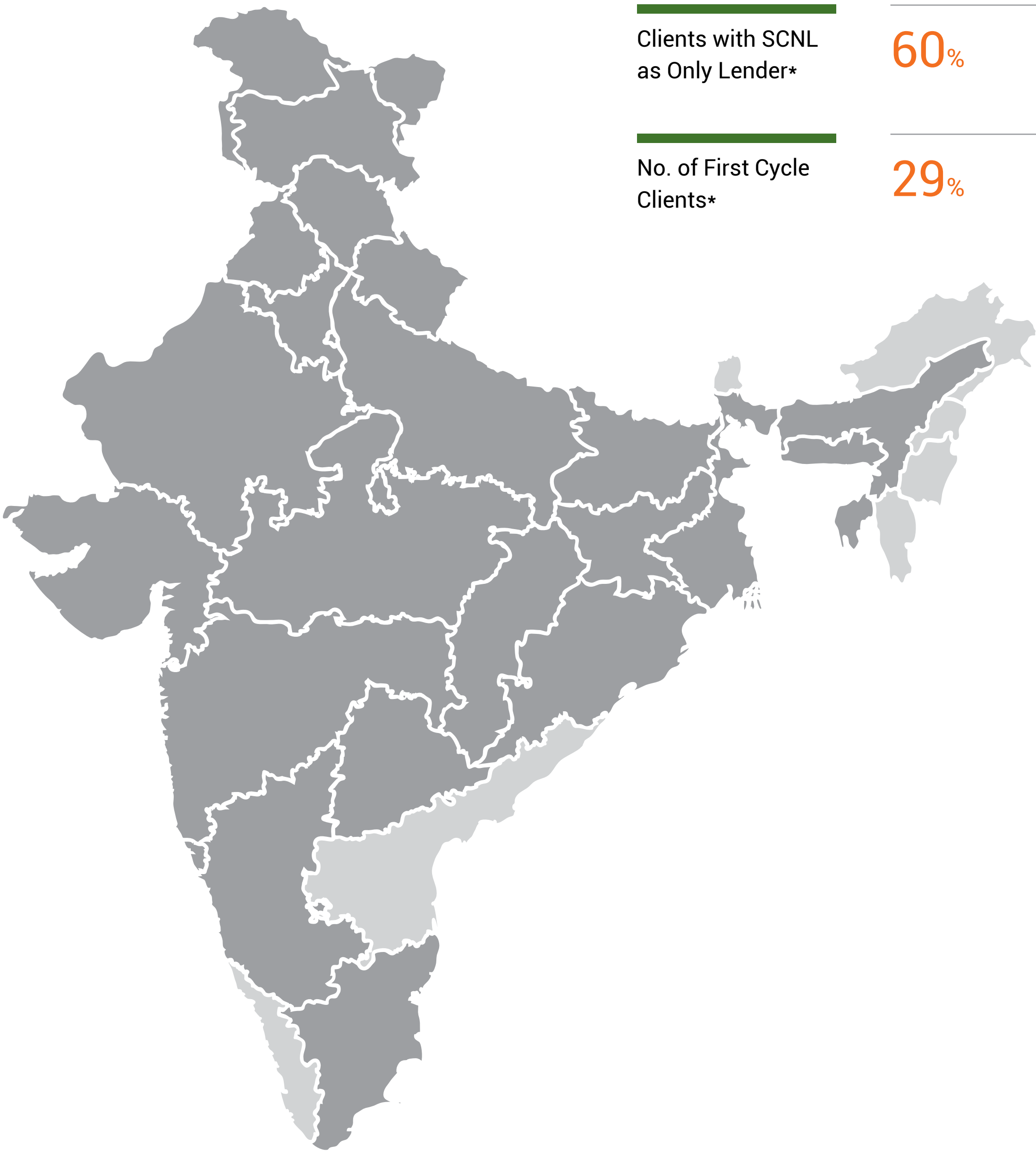


Cost to Income Ratio (%)



Doing it RIGHT through Deepening Outreach

AT SCNL, we have always been driven to transform the lives of our 30 lakhs+ customers through affordable and accessible microfinance options. We leverage our pan-India network of physical branches to reach more customers and contribute to the nation's financial inclusion goals.



Clients with SCNL as Only Lender*	60%
No. of First Cycle Clients*	29%

Number of Branches	1,257
States & UTs	23
Number of Districts	388
Number of Villages	~84,000

Map not to scale. For illustrative purposes only.

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

** All the figures are on consolidated basis

(GRI: 102-6)

Doing it RIGHT by Harnessing the Power of Technology

Technology continues transforming people's lives around the world with a clear shift towards digital adoption. At SCNL, we have built robust digital capabilities to serve millions of customers across the social spectrum. Through our technology-integrated processes, we have been delivering simplified loan onboarding journeys that offer world-class convenience to our customers.

Underpinned by digital transformation technology (Loan Management System), our loan disbursement documentation and verification time has reduced from 18 days to a few minutes – leading to faster customer acquisition. By deploying data analytics, we ensure robust credit underwriting and real-time credit approval. Moreover, our streamlined processes and lower operational costs create a highly efficient and scalable growth model while offering a safe, secured, and enriching customer experience.

During the pandemic, we used our technology transformations to our benefit. With our strong technology infrastructure, we ensured smooth transition to 'Work from Home' set-up. We continued uninterrupted customer services with enhanced contactless repayment and cashless disbursement facilities.

Our Digital Initiatives during the Year

One-stop Solution for Customer Needs

We launched a 'Customer Service Application' as a one-stop solution for the clients, offering all post-loan services. Benchmarked against the best in the industry, the app comes with a clean, simple user interface to deliver an excellent user experience with intuitive navigation.

With this application our customers can:

- View and manage active loans
- Make payments and download financial statements
- Pay EMIs, part pre-pay or foreclose loans
- Receive notifications for upcoming EMIs
- View pre-approved offers and product information
- Access information on closed loans and investments

Digital Payments Gateway

Introduced website payment option through Debit Card and UPI 2.0 with auto-debit to use simple clicks for facilitating payments

Our New-age Digital Architecture

- **Real-time Credit Bureau Checks:** Creates own Credit Bureau scorecard for prospective clients by tracking their loan history
- **Geo-tagging:** Helps with event-based mapping of geo location for better control and traceability of workforce
- **Centralized Shared Service Center:** Enables uniform processes through KYC verification, Tele Verification Response (TVR) report and Multilingual Interactive Voice Response System (IVRS)
- **Penny Drop Verification:** Checks authenticity of customers' bank accounts by transferring one rupee to their bank account

We look forward to:

- Launch full suite of Expense Management System
- Fully integrate Bharat Bill Payment System into Loan Management System (LMS)
- Launch the LMS Module for housing loan business
- Introduce ChatBots for our Customer Service Application and LMS

As a prominent player in the microfinance industry, we will continue investing and upgrading our technology systems. It will help us strengthen our business functions while also deriving greater operational and cost efficiencies.

Credit Bureau Verification	20,39,142
Disbursements	12,88,167
Loan Applications	24,94,794
Cashless Disbursements	100%
Cashless Collection	8%
GEO Mapping for KYC Sourcing, Collection Location, Branch Location & Center Location	100%

Doing it RIGHT by Creating Value beyond Numbers

Environmental, Social and Governance Reporting

At SCNL, we are committed to make our world more sustainable, inclusive and connected. As a responsible player in the microfinance industry, we consistently strive to integrate Environmental, Social and Governance (ESG) factors in our core business strategy.

Our work enables us to create a meaningful impact on the progress of our customers and communities. It helps us underscore preservation of the environment while also making a positive difference to the health and well-being of our employees. To this, we have identified key focus areas, encompassing the underlying ESG factors which are most relevant to SCNL for generating better stakeholder value.

Measuring Success

- MFI1 Grading: Highest MFI grading on an eight-point scale, implying consistent excellent performance on Operational, Risk & Process as well as Financials dimensions, CARE Ratings, January 2021
- Highest Grade C1 in Code of Conduct Assessment signifying excellent performance on Code of Conduct dimensions, ICRA, May 2020
- Grade Σα in the Social Rating Assessment, which implies a stable rating outlook, strong social commitment, good systems, evidence for good adherence to social mission and values, M-CRIL, March 2021

Environment

- Reducing Carbon Footprint
- Clean Energy Finance
- Innovative Products
- Enabling Paperless Processes

Social

- Empowering Credit Support
- Community Welfare Initiatives
- Employee Training & Development

Governance

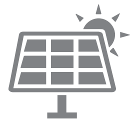
- Ethical Business Practices
- Fair Code of Conduct and Compliance
- Data Protection

Doing it RIGHT through Our Green Initiatives

We believe SCNL can actively contribute to tackle climate change. We can help accelerate the transition to a low-carbon economy. Our Company continuously endeavors to understand the latent needs of customers.

We strive to design innovative loan products to enable women bring a positive change to their lives. We offer customized loans to facilitate customers' access to clean energy, better mobility, household appliances, household water and sanitation facilities in addition to the business loans. In the process, we contribute to the United Nations' Social Development Goals (UN-SDGs).

Clean Energy Solutions



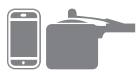
SCNL partnered with MicroEnergy Credits (MEC) for their Global Carbon Program in the year 2020. The objective was to bring clean energy solutions to millions of Indians. SCNL, through distribution of over 1 lakh clean energy loans has been appreciated and certified for excellence in clean energy finance. Our dedicated endeavors have helped us touch the lives of over 1 lakh people and become a part of UNFCCC's Clean Development Program (CDM). Our clean energy program has collectively led to a total emission reduction of 207 tonnes CO_2, leading to an estimated 150-200 Certified Emission Reductions (CERs) by March 2021.

- Partnered with leading solar providers to facilitate access to solar power-driven home lighting systems and enable customers to engage in productive activities
- Installed solar panels on the rooftop of our new corporate office building to harness solar power and reduce electricity consumption

Clean Energy Loans Disbursed **1,04,088**

Reduction in CO_2 Emission **207** Tonnes

Home Appliances Loans



SCNL facilitates the purchase of home appliances like a pressure cooker, induction cooktop, and mobile phone to ease customers' lives.

- Led to the reduction in fuel expenditure for the households owing to less cooking gas consumption

Home Appliances Loans Disbursed **6,950**

Consumer Durables Loans Disbursed **21,422**

Water and Sanitation (WASH) Loans

SCNL, through the affordable Water and Sanitation Loans, has supported more than 1.5 lakh households since 2016, to construct household level toilet or water facility.

- Supported people across six states – Assam, Bihar, Chhattisgarh, Sikkim, Uttar Pradesh and West Bengal
- Lockdown made many households realize the importance of building a household water or toilet facility who are now willing to build/repair a toilet to improve the overall health and hygiene standards

Districts	120	WASH Loans Disbursed Post October 2020	26,819
Villages	30,000+		

6 CLEAN WATER AND SANITATION

Bicycle Loans

SCNL offers loans for the purchase of bicycles to enhance customers' mobility to manage their home and work commute.

- Made women less dependent on public transport and male members of their households, for commuting to markets, production centers, and banks, among others
- Saved customers' travel time and enables them to increase work hours and thus, income levels

Bicycle Loans Disbursed	4,471

Going Paperless. Growing Sustainable.

We promote and encourage extensive use of technology in our everyday lives. Our aim is to significantly bring down the use of paper, contributing to a healthy environment. As a responsible organization, we are gradually adopting electronic document management and other digital tools to go paperless. We have continuously increased our usage of tablets for our fieldwork to onboard new clients and manage the end-to-end loan processing. This not only results in cost-saving but also helps in promoting a greener environment and ecological balance.

96,640
Tablet Logins in October 2020

1,25,418
Tablet Logins in March 2021

Doing it RIGHT through Interest beyond Business

As a leading microfinance company, SCNL is focused on serving India's underpenetrated population through financial inclusion. Our affordable small-ticket size micro loans help us accompany our customers on their journey of securing financial independence and a better future.

A sizable number of SCNL's customers are women, 75% of whom belong to the country's rural pockets. Our credit support empowers poor women in rural and semi urban regions by encouraging entrepreneurship. It directly helps increase their income-generating capabilities, thus reducing poverty. Our loans improve their access to health and education while helping them build a strong social capital.

The Power of Determination

Komala hails from a family primarily engaged in agricultural activities. Unfortunately, after her husband's death, Komala did not receive support from the family. However, she was determined to provide a secured future to her children and therefore, decided to work as a vegetable vendor. After few months, she realized that her income was not enough to support her aspirations. Komala planned to start a vegetable selling business that would help enhance her income level. She approached SCNL with the help of her neighbors. With the guidance of our loan officers, she formed a group with some women and availed her first loan amount of ₹ 30,000. She utilized the amount to buy vegetables directly from the farmers and moved her business from the village to a rented shop besides the main road of Kunigal town, a prominent business area.

Today, Komala is a righteous customer of SCNL with a positive repayment history. The Company approved her second cycle loan of ₹ 20,000 which she utilized to expand her business. Komala is deeply grateful to SCNL for changing the lives of her children for a better future.

Name : Mrs Komala
Location : Kunigal, Bengaluru, Karnataka
Business : Vegetable Shop

Name: Mrs Tapaswani Meher
Location: Attabira, Sambalpur, Odisha
Business: Handloom Saree Weaving

Partnering Unwavering Ambitions

Tapaswani has been associated with SCNL since the time the Company marked its footprints into the state of Odisha. She and her family have been involved in the traditional job of weaving handloom sarees. However, Tapaswani was discontent with her earning from weaving sarees using a traditional loom. It was not only time consuming but also required immense energy and patience. At the same time, she was committed to preserving the art of weaving handloom sarees which is unique to her region and did not prefer switching to a new occupation.

So she then decided to avail a loan of ₹ 25,000 from SCNL to expand her business by buying new efficient weaving machines. This decision helped Tapaswani to scale up her business to new heights. Now, she also sells the woven sarees to nearby markets without any intermediaries. She is thankful to SCNL for helping her earn better. She is grateful for being able to preserve her region's art while also elevating her social status in the community.

Leading towards a Dignified Life

Mehrun Nessa lives with her two children and husband who works as a seasoned mechanic. Given the seasonal nature of his job, the family was leading a difficult life. There were times when the family had to borrow money even for their essentials. Such incidents always made Mehrun aspire to be a financially independent woman. She realized how additional income would help her support the family. However, she lacked direction to achieve her dreams. It was at this juncture that she heard about SCNL and soon availed her first loan of ₹ 25,000 to open a mobile repairing shop.

Today, the shop earns her a good living and she no longer requires borrowing money from others. Her family is proud of her perseverance, hard, work and accomplishments. She closed the first cycle loan during lockdown and took a top-up loan of ₹ 20,000 to expand her shop. Mehrun Nessa thanks SCNL from the bottom of her heart for providing hassle-free loans and showing her the right path towards financial independence.

Name: Ms Mehrun Nessa
Location: Nazira, Sivasagar, Assam
Business: Mobile Repairing Shop

Name: Mrs Sutapa Sen
Location: Nadia, West Bengal
Business: Dhakai Jamdani Saree selling

Nurturing Dreams for a Better Life

Sutapa belongs to Santoshpur Village of Nadia district, one of the important pilgrimage and ancient learning centers of West Bengal. Her husband lived in Chennai, working as a bricklayer. The monthly amount sent by her husband was not sufficient to support the family of six and taking care of the medical and educational expenses. Often, unwillingly, she had to borrow money from her relatives and neighbors.

In 2019, Sutapa approached SCNL's loan officers to avail a loan of ₹ 30,000 and bought a handloom machine. She started making and selling Dhakai Jamdani sarees, a traditional saree made with cotton, originating from Dhaka, Bangladesh. Initially, she used to merely earn ₹ 650 daily, but with hard work and dedication, she paid back all her installments within a year and took her 2nd cycle of ₹ 40,000 in 2020. Her small business steadily started growing and she motivated her husband to move back to the village. Today, both Sutapa and her husband are the proud owners of five handloom machines and earn around ₹ 4,000 weekly. This financial independence has given Sutapa the confidence to dream big and she wishes to expand her business across nearby villages and towns as well.

Doing it RIGHT by Caring for Communities

SCNL is focused on driving financial inclusion, underlined by its strong commitment to achieve socio-economic progress of low-income communities. Our contribution to society goes far beyond providing trustworthy and reliable financial solutions. During the pandemic, we actively played a larger role towards making a tangible difference in the communities around us.

For over three decades, we have been focusing on supporting underprivileged sections of the society; and our success is deeply interwoven with the sustainable development of communities. We actively engage in a variety of community welfare initiatives through our Social Performance Management programs. Our community investment priorities are set in consultation with the Corporate Social Responsibility (CSR) committee and senior management of the Company and approved by the Board. These activities are designed to positively impact the lives of people in areas such as financial and digital literacy, health awareness, sanitation drives, supporting local schools and old-age homes, among others.

SPM Spend ₹ 18 lakhs

Support in Fighting COVID-19

- Contributed ₹ 10 lakhs to the PM CARES fund and ₹ 5 lakhs to the Assam State Health Department
- Awarded with an appreciation letter from the District Collector, Dibrugarh (Assam) acknowledging SCNL's COVID-19 relief initiatives
- Distributed masks, ration and hygiene kits across locations in Assam, Punjab, Madhya Pradesh and Odisha, in coordination with the district administration
- Ensured client safety and educated them to follow COVID-19 precautions with efforts from our field team

Medical Insurance: HospiCash

- Facilitated clients and their families with a fixed coverage as per HospiCash, an insurance social service
- Offered coverage against hospitalization of any nature, prolonged hospitalization, accidental death, critical illness and permanent total disability
- Covered a total of 4,52,790 families during 2020-21
- Modified the HospiCash product to cover both, the client and the client's spouse under the accidental death and critical illness benefit

Financial Empowerment Workshops

- Organized six 'Women Financial Empowerment Workshops' in three states (Odisha, Punjab and West Bengal) along with Nordic Microfinance Initiative (NMI) – a Public-Private partnership between the Government of Norway and the leading Norwegian financial institution
- Connected with the customers by dismissing common myths and created awareness with right information about COVID-19 safe behavior
- Imparted right information about various Government livelihood promotions and enterprise development schemes, importance of financial literacy, enhanced banking behavior by showcasing success stories of our clients
- Gifted ration and hygiene kits to the participating customers at some locations, as a measure of solidarity in the difficult times
- Attended by around 70-100 center leaders, adhering all COVID-19 protocols

Flood & Cyclone Relief Initiatives

- Organized distribution of ration, medicines and blankets for the flood-hit villages in Bihar during monsoons
- Developed flood relief plans after analyzing the requirements of the affected citizens
- Supported the cyclone-affected communities in West Bengal and Tamil Nadu after being hit by Amphan and Nivar, respectively, with distribution of ration and medicine kits

Other Ongoing Initiatives

- Supporting education initiatives of the Anil Jindal Memorial Foundation (AJMF), Maharashtra, particularly the Anil Jindal World School
- Developing the Communication Arts and Culture Science Education Centre (D-CACUS-EDUCATION CENTRE), Manipur, for providing vocational education and employment creation
- Supporting the development and efficiently run Rishihood University at Sonipat, Haryana, and the Mangalayatan University at Beswan, Uttar Pradesh
- Aiding the construction of new bird hospitals and extension of facilities at existing hospitals in Delhi NCR

Doing it RIGHT by Enabling a People-first Culture

At SCNL, our aspirations are intrinsically aligned with the welfare of our people. The fulfilling experience and value we create for our customers and the success of our business rides on the quality and commitment of our people. Therefore, we work hard to recruit, develop and retain the best people throughout the Company.

Our people policies are designed to foster the development of a future-ready workforce. We are committed to providing our people with a nurturing environment, enabling them to unleash their full potential. Regular training workshops and leadership programs are conducted across all levels to build a sustainable leadership talent pipeline. At SCNL, we have curated diverse learning modules – digital and interactive classroom trainings – that are easily accessible to our employees to deliver high-quality learning programs.

Great Place to Work™

SCNL has been recertified in 2021 by the globally reputed institute of 'Great Place to Work™'. The Company featured in the Top 30 Best BFSIs in India. This recognition is a testament to the trust our employees have in the Company along with the inclusive and purpose-led work culture that we nurture.

Certification for the Year 2021	Great Place to Work™
Trust Index Score	85
BSFI Ranking by 'Great Place to Work™' in April 2021	Among Top 30

Structured Learning Solutions

Putting our strategies to action, learning and development programs play a crucial role in enabling our employees achieve specialized skill sets. We have curated diverse learning modules – digital and interactive classroom trainings, developed in-house and through certified training organizations. Below is a snapshot of training initiatives that we undertook for our employees during 2020-21:

- Streamlined training during the pandemic by delivering training sessions through online mediums; resulted in cost and time saving
- Launched 'SCNL Training' YouTube channel to facilitate 'Learning on the Move' and 'Ease of Learning' for the field staff; created and published video tutorials in 11 vernacular languages
- Delivered 832 sessions on 'Cashless Collection Training' (including Fingpay, UPI Integration, UPI 2.0, LetzPay and CSA) to 20,279 participants
- Introduced a Branch Manager (BM) certification program named 'Step Up'; Included 'On the Job Training' process for the BMs where they are assessed on a set of 40 parameters
- Completed 'Orientation Training' of 2,874 new joinees in 320 sessions including induction, Disha collection and media relations SOP

Participants	83,554
Training Sessions	2,879
Training Sessions Delivered Digitally	1,664
Training Sessions Conducted in Regional Offices	291

Training Sessions Conducted at Branch Premises	924
Hours of Training	9,001
Average Batch Size of Participants	29

Nurturing Talent

Our initiative, 'UDAAN', focuses on recognizing talent and promotion of the field team members. As a part of the program, Assessment Development Centers (ADC) are conducted on monthly basis along with testing the employees on various grounds. This program helps us empower our employees and encourages them to achieve excellence at work.

Employee Engagement

Our employee engagement initiatives and celebrations bring the spirit of togetherness and bonds employees like never before. We celebrated the 30th Founders' Day where the employees shared their growth journey in the Company. The pandemic brought a transition by engaging employees via digital modes. During lockdown, we kept the employee morale high through Happy Hour with HR sessions, Quizarday with HR, 'Work from Home' tips, and Yoga at Home, among others at head office level and regional/branch level. Apart from this, virtual activities like Yoga Se Hoga Challenge, Superstar Sibling and Capture Memories-Create Stories, Newsletter and Satin ki Dhun were also organized.

Resolving Employee Grievances

SCNL has a dedicated Employee Grievance Redressal Helpdesk and a toll-free number, by the name of 'Atoot Bandhan'. Through this help desk, we ensure that the employee grievances are resolved faster within the specified turnaround time.

Issues Resolved as on March 31, 2021	1,268

Our Response to COVID-19

In the wake of the nationwide lockdown to contain the spread of COVID-19, we took proactive measures by issuing a detailed list of Do's and Don'ts to our branches and regional offices. The same was displayed at all our offices, shared through mail and a central communication was sent on Community Service Officers' tabs to ensure its strict adherence. We leveraged the benefit of cashless collections to minimize our staff's exposure and travel. We ensured essential food items were well-stocked in the branch kitchen during lockdown, to ascertain our resident staff's well-being.

During the lockdown, we seamlessly transitioned to 'Work from Home' module for our employees through our state-of-the-art technology platforms. We rolled out three major policies during the year – COVID-19 Combating Policy, Satin Sahyog Policy and Satin Ease Policy. These policies were aimed towards ensuring health and safety of all our employees.

COVID-19 Combating Policy

Our Company is covering all the employees under COVID-19 Mediclaim policy, irrespective of their ESIC status w.e.f. June 25, 2020-June 24, 2021. Additionally, our organization also introduced a special COVID-19 paid leaves of 15 days for infected employees with 15 days' 'Work from Home' benefit.

Satin Sahyog Policy

We are disheartened each time we hear about the unfortunate death of our colleagues who either succumb to fatal accidents while performing their duty. As a Company that cares, we have pledged to stand by such colleagues' families by offering term life insurance of minimum ₹ 10 lakhs in case of normal death and additional ₹ 10 lakhs in case of accidental death to the nominee members. It also includes pension, education assistance, job for a family member and lifetime mediclaim cover for the entire family, as applicable.

Satin Ease-Menstrual Policy

The Company offers women staff with the provision to 'Work from Home' for one day during their menstrual cycle or for illness during menopause.

Staying Responsible and Transparent

Good governance is a fundamental principle at SCNL. We work using the best practices to maintain the highest standards of ethics and integrity while also striving to produce results that meet the needs of the society.

We report accurate results with transparency and maintain full compliance with the laws, rules and regulations that govern our business. Our governance framework enables the Board and its committees to deliver on organizational strategy and long-term value for stakeholders.

Board Composition

We prioritize diversity and inclusion as key considerations in our Board selection processes. Our Board is a mix of varied experience, demography, skill and competence. We have a balanced mix of prominent executive, non-executive and independent directors on the Board.

Role of the Board

The Board works to steer strategic direction, approve policy and planning, provide oversight and monitoring and ensure accountability. Our management team is committed towards ensuring transparency in all actions and disclosures to create a healthy ecosystem for all the stakeholders.

Board Committees

Various board committees assist the Board in discharging its duties and responsibilities. Each Board Committee has formal written terms of references that are reviewed periodically.

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholder Relationship Committee
- Corporate Social Responsibility (CSR) Committee
- Risk Management Committee
- Asset Liability & Management Committee (ALCO)
- IT Strategy Committee
- Rights Issue Committee
- Working Committee

Policies and Code of Conduct

SCNL's Anti-Corruption Policy defines a set of rules and principles, clarifying our mission and values linked with a standard of professional conduct. It helps combat corruption while conducting business in an honest and ethical manner. We have a zero-tolerance approach to bribery and corruption and our Company's Whistle Blower Policy supports with necessary vigil mechanism. It helps our employees raise or report concerns on unethical behavior, actual or suspected fraud.

Independent Directors **5**

Total Number of Board Meetings Conducted during 2020-21 **10**

Average Attendance Rate at the Board and Board Committee **100%**

Median Director Age **56**

Total Number of Board Committee Meetings Conducted during 2020-21 **72**

Board of Directors

SCNL's esteemed Board of Directors set a benchmark in governance and lead the Company towards its goals.

Mr H P Singh
Chairman & Managing Director

C C C M M

Mr H P Singh, aged 60 years, is the Chairman and Managing Director of the Company. He has been involved with the Company since incorporation. He has a Bachelor's degree in law from the Delhi University and is a fellow member of the Institute of Chartered Accountants of India since 1984. He has over 30 years of experience in the finance industry which includes his experience in the field of auditing, accounts, project financing and other advisory services. He had 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
Non-Executive and Non-Independent Director

M M M

Mr Satvinder Singh, aged 55 years, is a Non-Executive Director of the Company and has been associated with the Company since incorporation. He has a postgraduate Diploma in Business Management from the Institute of Management Technology, Ghaziabad. He has close to 30 years of experience in consumer marketing and finance.

Mr Christian Bernhard Ramm
Nominee Director

Mr Christian Bernhard Ramm, aged 45 years, is an Investment Director at Nordic Microfinance Initiative (NMI), a public-private partnership investing in microfinance institutions (MFIs) in Asia and Africa. He holds the experience of previously working 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. He has been a 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 the Norwegian School of Economics (NHH) and the University Mannheim, Germany, and has studied Psychology at the University of Bergen, Norway.

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

CORPORATEOVERVIEW
STATUTORYREPORTS
FINANCIALSTATEMENTS

Mr Sundeep Kumar Mehta
Independent Director

C C M

Mr Sundeep Kumar Mehta, aged 59 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 the Annamalai University. He holds a Diploma in Automotive Engineering, Labor Laws, Cyber Laws and Management and a postgraduate Diploma in Business Administration from the Annamalai University. He has an experience of over 33 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 the International Quality Management Systems as the 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
Independent Director

M M

Mrs Sangeeta Khorana, aged 57 years, is an Independent Director of the Company. She holds a Doctorate in International Economics from the University of St. Gallen in Switzerland, a Master's degree in International Law and Economics from the University of Berne, Switzerland. She also has a Master's degree in Economics from the Allahabad University, India. She has over 17 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
Independent Director

M

Mr Goh Colin, aged 53 years, is an Independent Director of the Company. He has a Master's degree in International Management from the 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 23 years in property and charity sector. He is currently the Executive Director of Millet Holdings Pte. Limited, an investment holding company. He also acts as a strategic business advisor at Project Innovations Pte Limited.

Mr Sanjay Kumar Bhatia
Independent Director

C M

Mr Sanjay Kumar Bhatia, aged 56 years, is an Independent Director of the Company. A qualified Chartered Accountant, he holds a Bachelor's degree in Commerce from the University of Delhi. He has over 31 years of experience in sales management and strategy formation. He is currently working with Antara Senior Living Limited as the Head of Sales and has previously worked with Max Life Insurance Limited, Max New York Life, Vikas Motors Limited, Dinker Portfolio Private Limited, and DMA of Citibank N.A.

Mr Anil Kumar Kalra
Independent Director

C M

Mr Anil Kumar Kalra, aged 66 years, is an Independent Director on the Board of the Company. He holds a Bachelor's degree in Commerce from the Shree Ram College of Commerce, Delhi University. He has a Master's degree in Business Administration with specialization in Finance from the Faculty of Management Studies (FMS), Delhi University. He has over 34 years of experience in the banking sector. He is currently a professor of finance at the Institute of Technology and Science, Ghaziabad, and has previously worked as the Chief Executive Officer in Financial Services Company, London. As Senior Vice-president in an NBFC, he engaged in providing financial services, including asset financing, debt syndication and other financial services.

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

Continuous Dialogue with Our Stakeholders

SCNL has always focused on building sustainable and constructive relationships with key stakeholders – critical to our lending business. We are focused on long-term success and creating sustainable value in the broad sense – one that considers, engages and involves all our stakeholders.

Stakeholders	Key Expectations	Mode of Engagement	Frequency
Customers	Affordable financial services Quality and convenience of access to our products and services Digital channels World-class customer service Data privacy and safety Transparency	Customer care channels – Telephone, Email, Website Customer relationship managers Financial literacy program Engagement through business correspondent network Customer satisfaction surveys	Annual Ongoing Need-based
Shareholders and Investors	Ethical business practices Sustainable return on our strategy Appropriate risk provisioning Transparent and timely reporting	Investor meets and calls Investor grievance channels Financial results Investor presentations Annual report Annual general meeting Press releases	Annual Quarterly Need-based Ongoing
Government and Regulatory Bodies	Compliance with all legal and regulatory requirements Effective governance Financial inclusion Responsible tax payment	Engagement at industry platforms and meetings Presentations Regulatory reporting practices E-mail and postal communications	Periodic Need-based

Stakeholders	Key Expectations	Mode of Engagement	Frequency
Community	Advancing lives Community investment Environment preservation	Financial empowerment programs Disaster relief initiatives Education initiatives Medical insurance & health camps Employee volunteering	Need-based Ongoing
Employees	Career advancement opportunities Job security Adequate training to match new business requirements Transparent feedback Fair remuneration and incentives Recognition	Leadership connect Performance reviews Town halls One-to-one meetings Training and development programs E-learning modules Employee grievance redressal platform Employee engagement initiatives	Need-based Ongoing

Materiality at SCNL

SCNL, as a responsible organization, places utmost importance on constant stakeholder engagement to analyze and understand material issues. For this purpose, we have identified certain material topics to map the stakeholder concerns with our business priorities, so as to help us determine the sustainable way forward. It enables us to recognize these issues' potential to impact our ability as we create and sustain value for our stakeholders over the short-, medium- and long-term. Thus, helping us take necessary steps needed for the same. For the benefit of our readers, we have appended some of these issues:

1. Responsible Lending
2. Innovative Products
3. Corporate Governance
4. Financial Performance
5. Community Development
6. Employee Engagement
7. Training and Development
8. Customer Satisfaction
9. Technology-led Processes
10. Compliance
11. Risk Management Framework
12. Government Initiatives and Missions
13. Customer Privacy and Data Security
14. Energy Management
15. Environment Conservation

Our Strategic Blueprint for Long-term Growth

We witnessed major disruptions in the year 2020-21 in our operating environment. SCNL's strategic planning incorporates the external environment and potential risks and opportunities. We remained focused on our strategic priorities to ensure seamless business operations, deliver sustainable products to customers and create value for our stakeholders. Our planned roadmap aims to enhance the Company's competitive position. We endeavor achieving our vision of being a one-stop solution for the credit requirements of financially excluded households.

Key Strategic Priorities

Enhance Portfolio Quality

- Tighten credit assessment with robust underwriting
- Strengthen healthy asset quality and risk mitigation steps
- Provide ample liquidity and provisions

Expand Operations into Newer Geographies

- Increase exposure to newer states
- Leverage early entry advantage in low penetrated markets

Continue Adapting Innovative Technology

- Reengineered processes using cutting-edge technology
- Centralized processes, cashless disbursement and collection
- Reduced TAT and improved operational efficiency

Integrate Information Security as a Part of Client Confidentiality

- Compliant with all data privacy and security standards
- ISO 27001:2013 (Information Security Certification) certified

Diversification of Product Offerings and Cross-selling

- Innovative products to meet rising customer needs
- Product diversification through subsidiaries along with growing secured lending business
- Leverage large customer base, wide branch network and partnerships for cross-selling

Outlook

Despite a tumultuous environment in the microfinance landscape, we stood our ground strong and focused on fulfilling our stakeholders' expectations. With our resilient strategies, we ensured balanced liquidity and healthy asset quality. Our consistent endeavors and digital initiatives made us reach the pre-pandemic collection efficiency and disbursements. We aim to continue the growth momentum, strengthen our customer base and work towards a balanced mix of secured and unsecured portfolios.

Leading through Excellence

Translating Vision into Reality through Our Leaders

Mr H P Singh, CMD, was conferred with the prestigious title 'Best CEO of the Year' for excellence and leadership in branding and marketing at the 7th Edition of The Golden Globe Tigers, 2020, Malaysia on December 15, 2020

Mr H P Singh

Mr Nikhil Mallah

Mr Nikhil Mallah, Vice President – HR, was conferred with the 'Young HR Leader 2020' title at the Great Manager Awards 2020, on December 16, 2020

Ms Aditi Singh, Head – Investor Relations and Corporate Communications, featured in India's 50 Best Corporate Communications Leaders 2021, organized by the White Page International on February 18, 2021

Ms Aditi Singh

Appreciation that Drives to Do Even Better

SCNL Annual Report 2019-20 ranked 17th among the Top 100 Best Annual Reports and won the Gold spot in Best Financials at 2019-20 Vision Awards by League of American Communications Professionals (LACP), USA

Certified as 'Great Place to Work' second year in a row with a score of '85' in Trust Index for March 2021 to February 2022

Recognized among India's 30 Best Workplaces in BFSI – 2021

SMART-Certified in Client Protection Principles for second time in a row by the Smart Campaign in April 2021

DIRECTORS' REPORT

Dear Members,

It is our immense pleasure to present the 31st Annual Report along with the audited financial statements of your Company for the financial year ended March 31, 2021. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

FINANCIAL SUMMARY/HIGHLIGHTS, STATE OF AFFAIRS

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	March-21	March-20	March-21	March-20
Revenue	1,27,307.52	1,40,090.41	1,38,017.68	1,50,343.19
Total Expenses	1,26,982.48	1,17,253.81	1,37,485.44	1,27,426.83
Profit before Depreciation and Tax	325.04	22,836.60	532.24	22,916.36
Depreciation and Amortization Expenses	1,301.32	1,519.84	1,507.63	1,753.72
Profit Before Tax	**(976.28)**	**21,316.76**	**(975.39)**	**21,162.64**
Tax Expense	379.21	5,690.05	422.83	5,665.38
Profit after Tax	**(1,355.49)**	**15,626.71**	**(1,398.22)**	**15,497.26**
Other Comprehensive Income	(3,473.87)	4,454.43	(3,492.17)	4,482.47
Total Comprehensive Income for the Year	**(4,829.36)**	**20,081.14**	**(4,890.39)**	**19,979.73**

OPERATIONS, FUND RAISE, PROSPECTS AND FUTURE PLANS

Operational Highlights in brief (Standalone basis)

- The aggregate gross loan portfolio (GLP) of the Company stood at ₹ 7,27,459.78 lakhs as on March 31, 2021. This represents a year on year (YoY) growth of 0.8% as compared to March 31, 2020.
- Loan amount of ₹ 4,39,445.68 lakhs was disbursed in 2020-21, representing a decrease of 45.38% as compared to 2019-20.
- The Company disbursed 13,27,121 lakhs loans during 2020-21, decrease of 48.06% over 2019-20.
- Average loan amount disbursed per account during 2020-21 was ₹ 0.33 lakhs which was similar to 2019-20.
- An additional provision to the tune of ₹ 4360 lakhs has been recognized by the Company as at March 31, 2021 on account of significant increase in credit risk (SICR) on customers given additional support by the Company which were impacted due to COVID-19. Further, the Company has made additional provision of ₹ 80 lakhs on the restructured SME loans.
- Due to impact of Covid-19 on the operations and collection efficiency of the Company, the Credit Cost of the Company has gone up substantially in line with the overall microfinance industry. Further, higher overdue stands in the portfolio resulting in yield loss during the year.
- The Company has operations spread across 23 states / union territories.

Your Company has incurred loss of ₹ 1,355.49 lakhs for the year ended March 31, 2021 as compared to profit of ₹ 15,626.71 lakhs for the year ended March 31, 2020. Loss before tax of the Company is ₹ 976.28 lakhs for the year ended March 31, 2021 as compared to profit before tax of ₹ 21,316.76 lakhs for the year ended March 31, 2020. Total Income has decreased from ₹ 1,40,090.41 lakhs for the year ended March 31, 2020 to ₹ 1,27,307.52 lakhs for the year ended March 31, 2021. Interest income of the Company increased to ₹ 1,11,686.08 lakhs from previous year's interest income of ₹ 1,07,844.38 lakhs. The Return on Average Assets is (0.18%) in 2020-21 as compared to 2.25% in 2019-20. The cost of funds declined to 11.49% in 2020-21 as compared to 11.68% in 2019-20. Company's Strong liquidity position provides headroom for growth.

Credit Rating

Your Company believes that its credit rating and strong brand equity enables it to borrow funds at competitive rates. The credit rating details of the Company as on March 31, 2021 were as follows:

Company has Long term Credit Rating CARE A-; Stable, ICRA A-; Stable & BWR A-, Stable, Short term rating CARE A1 & ICRA A1 ; Grading MFI 1 (MFI One).

DIRECTORS' REPORT (Contd.)

Operation's highlights are hereunder.

Particulars	March 31, 2021	March 31, 2020
Number of branches	1,011	1,140
Amount disbursed (₹ in lakhs)	4,39,445.68	8,04,514.18
Number of active Clients	26,56,200	30,80,274
Total Assets under management (₹ In lakhs)	**7,27,459.78**	**7,21,989.65**

Fund raised during 2020-2021:

(a) Resource Mobilization:

During the year under review, your Company has continued to diversify the sources of funds and raised a total sum of ₹ 4,40,154.74 lakhs by way of Equity Issuances, short-term loans, long-term loans, issue of Non-Convertible Debentures, External Commercial Borrowings and Securitization and Assignments, which has helped the Company to broadly achieve its' business target for 2020-21. Out of overall fund raised ₹ 8,915.32 lakhs were raised through equity issuances and ₹ 4,31,239.42 lakhs raised through borrowings, which includes ₹ 1,17,625.00 lakhs by issuance of Non-Convertible Debentures and ₹ 2,20,737.50 by way of term loan. The Company also raised one term loan through External Commercial Borrowing (ECB) route of ₹ 7,305 lakhs. Subordinated Debts represented long term source of funds for the Company and the amount outstanding as on March 31, 2021 was ₹ 47,309.77 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, 2021, borrowings from banks were ₹ 2,19,427.06 lakhs as against ₹ 2,33,549.48 lakhs in the previous financial year.

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

(c) Rights Issue

During the year under review, your Company had come out with the Rights Issue of ₹ 12,000 lakhs (rounded off) and issued & allotted 1,99,82,283 partly paid equity shares of ₹ 10 each at the issue price of ₹ 60 per share (₹15 was paid on subscription and balance ₹ 45 to be payable on calls as and when decided by the Board) to the existing eligible shareholders of the Company in the ratio of 48 rights issue shares for every 125 shares held on record date i.e. August 5, 2020.

Thereafter, Board of Directors in its meeting held on February 12, 2021, made the First Call of ₹ 30 per share (including premium of ₹ 25) on above mentioned partly paid shares and the First Call money period was opened from March 3, 2021 to March 17, 2021. The details of the issue and first call money is provided in the below mentioned table:

Details and Status of Rights issue as on March 31, 2021

Sl. No.	Particulars	Details
1.	Number of Partly Paid Shares allotted	1,99,82,283
2.	Issue Price per Shares	₹ 60 (Including Premium of ₹ 50 per share)
3.	Terms of Payment	₹ 15 on subscription Balance of ₹ 45 to be paid in calls
4.	Amount raised on Subscription	₹ 2997.34 lakhs
5.	First Call Money per share	₹ 30 (Including Premium of ₹ 25 per share)
6.	No. of Partly Paid Shares on which First Call Money has been received as on March 31, 2021	1,97,26,605
7.	Amount Received as first call till March 31, 2021	₹ 5,917.98 lakhs
8.	Total Amount raised till March 31, 2021 in Rights Issue	₹ 8,915.32 lakhs

Company's Prospects, Future Plans and Business Overview:

The Company successfully navigated through challenging times impacted by the COVID-induced lockdowns across the country. It undertook resilient and prudent decisions to proceed with agility. Backed by digitized processes, a sturdy balance sheet and sufficient liquidity, the Company was able to withstand such tumultuous times. This resulted in a gradual improvement in collection efficiencies and disbursements. After an estimated 7.3% GDP contraction in 2020-21, a moderate growth prospect is expected in the coming year. However, the Company will continue being conservative and cautious in its lending approach. Also, given the evolving nature of the pandemic with the second wave of COVID-19 infections and localized restrictions, the Company will actively continue monitoring changes in the economic conditions and their impact on its business operations.

The Company consistently aims to improve its portfolio quality while maintaining low delinquency and diversifying revenue sources. This is done through subsidiaries, focus on secured lending and cross-selling income. The Company uses analytics to understand customer preferences and their behavior patterns. This helps the Company devise its underwriting and collection strategy and mitigate losses, allowing the business to maximize recovery. Going ahead, the asset quality is anticipated to get better with better repayments and collection efficiency getting closer to normalized levels. This improvement is firmly backed by the economy's V-shaped recovery. There have been noticeable signs of recovery across sectors after the upliftment of lockdown restrictions, coupled with the Government's fiscal stimulus measures. This improvement strongly indicates towards the Company's resilient customer base. Going further, the Company's robust financial stability and firm liquidity position, further added by its increasing disbursements, is expected to bring it back to its pre-COVID growth levels.

Additionally, the Company seeks to continue its efforts to diversify concentration risk. It aims at capping the per state exposure to 20% and per district exposure to <2% of AUM. The Company, backed by its technology-led business processes, cashless collections and digital repayment alternatives will continue delivering accessible and affordable products and services, with enriched customer experience, across the country. Our customer service app facilitated customers by providing relevant information through user-friendly interface. The specially designed products of the Company are expected to aid its customers converge their business needs while also prudently using its cash resources. People training will remain a critical talent management tool in building and retaining the talent pipeline. This is what gives a competitive advantage to the organization. The Company continuously endeavors to identify the current and future skills requirements of the organization. It helps the Company create flexible learning interventions, meeting the diverse needs of its workforce.

The Government and the RBI intervened to support NBFC-MFIs through loan moratorium on borrowing and liquidity support by financing the National Bank for Agriculture & Rural Development (NABARD) and Small Industrial Development Bank of India (SIDBI). Additionally, it also announced Targeted Long-Term Repo Operations (TLTRO) to channelize liquidity towards small and mid-sized corporates, including NBFCs and MFIs impacted by COVID-19 disruptions. Recognizing the role of credit in recuperating the low-income households' livelihoods, NBFC-MFIs were appropriately enveloped under the essential services category. This played a significant role in easing their operations.

The Union Budget 2021-22 brought relief to the capital starved MSMEs with the Government infusing ₹ 15,700 Crores for the sector. Also, by redefining MSME, the Central Government and Ministry of MSMEs brought in a large number of micro and small units under the sector, benefiting them with their schemes and concessions. Under the Government's Aatmanirbhar Bharat Abhiyan, MSMEs benefited through various stimulus package and Emergency Credit Line Guarantee Scheme (ECLGS). The special liquidity scheme and partial credit guarantee scheme for NBFCs, HFCs and MFIs will considerably benefit the end consumers, many of who are in the rural and semi-urban areas.

The Company will continue working towards achieving its strategic objective of enhancing the portfolio quality and deepening footprints in newer geographies. Further, the primary focus will remain on strengthening secured retail MSME lending and wholesale lending to small NBFC MFI and others, with better credit approval mechanism. Under the Housing Finance segment, the Company is looking forward to becoming a niche housing finance player in tier II, III and IV cities and towns with excellent portfolio quality with NIL delinquency. The Company is gradually widening its footprints in the micro-housing space, which indicates great potential for a secured high yield book. Moreover, the Company will continue diversifying its portfolio through the subsidiaries by leveraging its branch network.

Moreover, the majority of NBFC-MFI loans are given for agriculture and allied activities. Moving along this direction, the recently announced Government schemes are expected to benefit rural households. Additionally, with RBI's liquidity measures and improved liquidity in the financial ecosystem, NBFC-MFIs are witnessing a rise in repayments and disbursements. Looking at the past crisis, the MFI industry has always bounced back strongly in the face of adversity. Further, streamlined processes with a focus on digitalization and trained field staff will help in managing any such turmoil in the future. Normal monsoon expectations will further help rural economy.

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

Impact of Covid-19

COVID-19 induced lockdown brought a complete halt to almost every business, but worst affected were those with small or no reserves, operating in high liquid model. Most micro and small businesses were impacted except the ones engaged in activities coming under essential goods and services as announced by the Government. The financial regulator in India announced various steps to limit macro effect of the pandemic on overall financial system. This included an increase of moratorium period for loans, part rebate of interest rate, and stimulus packages, among others. These measures helped maintain adequate liquidity in the system, facilitate seamless bank credit flow and ease financial strain amid the unprecedented times. Also, the Government's announcement on various economic relief measures for rural India is believed to support rural borrower's repayment capacity.

Through decades, MFIs have proven their resilience by dealing with various challenges. NBFC-MFIs responded to this crisis with agility and maturity, with 'customer well-being' at the

DIRECTORS' REPORT (Contd.)

cornerstone of its response. All customers were given a moratorium option and were educated to help them take an informed decision. In addition, NBFC-MFIs stayed empathetic to customers by remaining committed to the core values of fair interaction and transparency. Till the time the pandemic continues, there will be local level lockdowns that would create medium to minor level disruptions to livelihoods. However, the industry has learned to live with it. The amount of money deployed in this industry reaches out huge number of customers, with sustainable and traceable livelihood options and making it more impactful.

The Company's Board firmly believes in strategic plans for facing the second wave of pandemic. It believes in fighting with a positive mindset, just the way it has demonstrated in the past. There is an optimism around and the Company feels that it will soon overcome these adversities as it moves ahead into a promising future.

Share capital

Authorized Capital

During the year under review, Authorized Capital of your Company is increased from ₹ 1,40,00,00,000 divided into 6,50,00,000 Equity Shares of ₹ 10 each and 7,50,00,000 Preference Shares of ₹ 10 each to ₹ 1,70,00,00,000 consisting of 9,50,00,000 Equity Shares of ₹ 10 each and 7,50,00,000 Preference Shares of ₹ 10 each, vide Shareholders approval through Postal Ballot dated June 17, 2020.

Paid-up Share Capital

a. Equity Share Capital

The Paid up Equity Share Capital of the Company on April 1, 2020 stood at ₹ 52,03,81,940 divided into 5,20,38,194 Equity Shares of ₹ 10 each.

During the year ended March 31, 2021, the Company has come up with the Rights Issue of equity shares amounting upto ₹ 12,000 lakhs and allotted 1,99,82,283 Partly Paid Equity shares of ₹ 10 each at the price of ₹ 60 per share (including premium of ₹ 50) on September 1, 2020 to existing shareholders of the Company on rights basis. Company has received ₹ 15 per partly paid share (comprising paid up value of ₹ 2.50 and premium of ₹ 12.50) on subscription of the aforesaid shares aggregating to amount of ₹ 29.97 crores, remaining balance of ₹ 45 per share (including premium of ₹ 37.50) was to be received in one or more calls as may be decided by the Board from time to time.

The Board of Directors of Company in their meeting held on February 12, 2021, made first call of ₹ 30 per share on the 1,99,82,283 partly paid equity shares of ₹ 10 each (₹ 2.50 paid up).

During the first call money period i.e. March 3, 2021 to March 17, 2021, the Company has received first call money on 1,97,26,605 partly paid equity shares at ₹ 30 per share (including premium of ₹ 25) aggregating to amount of ₹ 59.18 crores. For remaining 2,55,678 partly paid shares of ₹ 10 each (₹ 2.50 paid up), the final demand cum forfeiture notice has been issued. As on date partly paid equity shares of ₹ 10 each (₹ 7.50 Paid up) has been listed on BSE Limited and National Stock Exchange of India Limited.

Thus, as on March 31, 2021, the Paid-up Equity Share Capital of the Company stood increased to ₹ 66,89,70,672.50 divided into 5,20,38,194 fully paid Equity Shares of ₹ 10 each and 1,97,26,605 partly paid Equity Shares of ₹ 10 each (₹ 7.50 paid-up) and 2,55,678 partly paid Equity Shares of ₹ 10 each (₹ 2.50 paid-up).

b. Preference Share Capital

The paid-up Preference Share Capital of the Company as on March 31, 2021 stood at ₹ 25,00,00,000 divided into 2,50,00,000, 12.10% Rated, Cumulative, Non-Convertible and Compulsorily Redeemable Preference Shares. During the year under review, there was no change in the Preference Share Capital.

CORPORATE OVERVIEW
STATUTORY REPORTS
FINANCIAL STATEMENTS

DIVIDEND

Directors of your Company have declared an interim dividend (plus applicable taxes) on Preference shares as stated below:

Sl. No.	Name of Preference Shareholders	Preference Shares	Period of dividend	Amount of Dividend paid per preference 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 1, 2020 to April 22, 2021	₹ 1.21*

**Amount of dividend is excluding applicable taxes, further to note that Preference shares were redeemed on April 22, 2021 as per agreed terms with Preference Shareholders.*

Further, in view of the losses incurred and future growth plans, the Board has decided not to recommend any dividend on Equity Shares for the financial year 2020-21.

AMOUNT TRANSFERRED TO RESERVES

Due to absence of profit during the year, the Company hasn't transferred any amount to statutory reserve of the Company pursuant to Section 45IC of the Reserve Bank of India Act, 1934. Further, the closing balance of the retained earnings of the Company for 2020-21, after all appropriation and adjustments were ₹ 26,632.46 lakhs.

DEPOSITS

The Company has not accepted/received any deposits during the year under report falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

Your Company is registered with the Reserve Bank of India (RBI), as a Non-Deposit accepting NBFC under Section 45-1A of the RBI Act, 1934. Your Directors hereby report that the Company has not accepted any public deposits during the year under review and it continues to be a non-deposit taking non-banking financial company in conformity with the guidelines of the RBI. As such no amount of principal and interest was outstanding during the year.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186 of the Companies Act, 2013 and Rules made thereunder, requiring disclosure in the Financial Statements of the full particulars of the loans made and guarantees given or securities provided by a Non- Banking Financial Company in the ordinary course of its business and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security are exempted from disclosure in the Annual Report. Further, the details of investments made by the Company are given 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 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. 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 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 levels and brought in significant cost optimization.

DIRECTORS' REPORT (Contd.)

MATERIAL EVENT RECORDED SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

Except mentioned below, there are no further 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, 2021 and the date of the Directors' Report.

1. Your Company had redeemed 2,50,00,000, 12.10% Rated, Cumulative Unlisted Non-Convertible Compulsory Redeemable Preference Shares of ₹ 10 each, at par and paid the principal amount aggregating to ₹ 2,500 lakhs along with dividend accrued till date of redemption (i.e. April 22, 2021) amounting to ₹ 319.90 lakhs plus applicable taxes to the Preference Shareholders, in accordance with the terms and conditions of Agreement between the Company and Preference Shareholders.
2. Your Company has received a senior loan facility of $ 5 million from Oesterreichische Entwicklungsbank – OeEB, Austria through External Commercial Borrowing channel.
3. Your Company has converted 1,69,460 Partly Paid Equity Shares of ₹ 10 each (₹ 2.50 paid up) into equivalent number of Partly Paid Shares of ₹ 10 each (₹ 7.50 paid up) on May 9, 2021, upon receipt of first call money amounting to ₹ 50,83,800 (₹ 30 per share which includes premium of ₹ 25) during the extended period provided for payment of First Call Money i.e. from April 1, 2021 to April 30, 2021.

   Further, considering the pandemic situation due to Covid-19 and prevailing Lockdown in various states of India, the management (RIC) has further extended the payment period (from May 11, 2021 to May 31, 2021) by providing last opportunity for payment of First Call Money, to the shareholders holding partly paid shares (₹ 2.50 paid up).

   Accordingly, during the further extended period, your Company has received first call money on 31,852 partly paid equity shares of ₹ 10 each (₹ 2.50 paid up) amounting to ₹ 9.55 lakhs (including premium of ₹ 7.96 lakhs) and converted the same to the partly paid equity shares of ₹ 10 each (₹ 7.50 paid up) on June 9, 2021.

   As on the date of this report, your Company has received first call money on 1,99,27,917 Partly paid shares out of 1,99,82,283 (constitute 99.73% of the shares issued in rights issue) and decided to forfeit remaining 54,366 partly paid equity shares of ₹ 10 each (₹2.50 paid up), along with amount paid thereon i.e. ₹ 15 per share (including premium of ₹12.50), due to non-payment of first call money, in accordance with applicable provisions of Article of Association of the Company.

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

SUBSIDIARY AND ASSOCIATE COMPANIES

The Company has following 3 (Three) Wholly owned subsidiaries as on March 31, 2021. There are no associate or Joint Venture Companies within the meaning of Section 2(6) of the Companies Act, 2013. There has been no material change in the nature of the business of the subsidiaries-

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. TFSL is engaged in Business Correspondent activity. As on March 31, 2021, its paid up capital stood at ₹ 1,604 lakhs.
2. **Satin Housing Finance Limited (SHFL) –** The Company 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 ₹ 1,500 lakhs by way of equity share capital during the period under review. As on March 31, 2021, its paid up capital stood at ₹ 9,500 lakhs.
3. **Satin Finserv Limited (SFL) -** The Company was incorporated on August 10, 2018 as Wholly Owned Subsidiary. It is RBI registered Non-Deposit taking Systemically Important Non- Banking Finance Company. SFL is engaged in providing business loans to micro, small and medium scale enterprises and to individuals. Further it is, also engaged in providing corporate loans. As on March 31, 2021 its paid up capital stood at ₹ 10,250 lakhs.

Business Highlights of Taraashna Financial Services Limited

Taraashna Financial Services Limited (TFSL) has achieved a gross turnover of ₹ 5,932.77 lakhs during the year mainly from business correspondent activity (against total gross turnover of ₹ 6,977.29 lakhs during the previous year). Disbursement for 2020-21 is ₹ 43,908 lakhs as against ₹ 74,090 lakhs in 2019-20, a decrease of 41%. Its Net-worth stood at ₹ 4,584.69 lakhs as at March 31, 2021. TFSL has 3.91 lakhs unique active customers as at March 31, 2021 and Cost of Funds for 2020-21 at 13.75%, same as in 2019-20. TFSL has partnered with seven (7) sectoral banks and three (3) NBFCs and has received the income from all the ten Principal Partners during the 2020-21.

The Board of your Company can see bright future of TFSL in long run.

Business Highlights of Satin Housing Finance Limited

Satin Housing Finance Limited (SHFL), wholly owned subsidiary's net worth stood at ₹ 9,324.43 lakhs for the year ended March 31, 2021. As on that date regulatory Capital to Risk Assets Ratio (CRAR) was 90.16% which is well above the regulatory requirement of 14%. Further, during the year National Hosing Board sanctioned ₹ 11 lakhs under refinance facility to Housing Finance Company. SHFL's total income during the year ended March 31, 2021 is ₹ 2,957.30 lakhs as compared to previous year ended March 31, 2020 is ₹ 2,099.21 lakhs, a growth of 41% and earned net profit after tax during the year ended March 31, 2021 of ₹ 137.27 lakhs as compared to net loss during previous year ended March 31, 2020 of ₹ 94.53 lakhs.

The Board 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 ₹ 10,646.14 lakhs as on March 31, 2021. The Capital to Risk Asset ratio in terms of regulatory requirement is 80.23% which is well above the regulatory requirement of 15%. During the year under review, SFL has Disbursed Loans of ₹ 6,129 lakhs, and thereby achieved AUM of ₹ 13,073 lakhs. SFL reported Total Income during the year ended March 31, 2021 is ₹ 2,480 lakhs and net profit after tax of ₹ 470 lakhs.

The Board of your Company can see a positive outlook of 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, 2021.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

As on March 31, 2021, the Board of Directors of your Company consist of 8 Directors. Their details are as follows:

Sl. No.	Name of Directors	Category
1	Mr. Harvinder Pal Singh	Executive Promoter Director
2	Mr. Satvinder Singh	Non-Executive, Promoter Director
3	Mr. Sundeep Kumar Mehta	Non-Executive Independent Director
4	Mrs. Sangeeta Khorana	Non-Executive Woman Independent Director
5	Mr. Goh Colin	Non-Executive Independent Director
6	Mr. Sanjay Kumar Bhatia	Non-Executive Independent Director
7	Mr. Christian Bernhard Ramm	Non-Executive Nominee Director
8	Mr. Anil Kumar Kalra	Non-Executive Independent Director

During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses, if any.

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, 2021 and the changes in the Board during the financial year upto the date of report are as follows:

A. Appointment

Mr. Christian Bernhard 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 Bernhard Ramm (DIN: 08096655) as its Nominee Director (representative of NMI), 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 on May 30, 2020.

DIRECTORS' REPORT (Contd.)

B. Resignation/Cessation

Mr Rajeev Kakar

Mr Rajeev Kakar (DIN: 01888608), Nominee Director of Asian Development Bank on the Board of the Company, had resigned 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 NMI on the Board of the Company, had resigned w.e.f May 30, 2020. The Board place on its record its appreciation for the valuable contribution of Mr Arthur Sletteberg in the sustained growth of the Company during his tenure.

Mr Rakesh Sachdeva

Mr Rakesh Sachdeva (DIN: 00333715), Non-Executive Independent Director of the Company, resigned from the Company w.e.f. November 4, 2020. The Board of Directors of the Company has appointed Mr Rakesh Sachdeva as Senior President of the Company, to strengthen the Senior Management Team. Mr Rakesh Sachdeva has resigned from the position of Non-Executive Independent Director on the Board of Directors and its committees prior to assuming an executive role in the Company.

C. Retirement by rotation

Mr Christian Bernhard Ramm

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr Christian Bernhard Ramm, Director of the Company is liable to retire by rotation this year and being eligible, offer himself for re-appointment as Director. Brief resume and other details of Mr Christian Bernhard Ramm who is proposed to be re-appointed as a Director of the Company have been furnished, with the explanatory statement to the notice of the ensuing Annual General Meeting.

D. Key Managerial Personnel

As on March 31, 2021 Mr Harvinder Pal Singh, Chairman cum Managing Director, Mr Rakesh Sachdeva, 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 Harvinder Pal Singh as Chairman cum Managing Director of the Company shall expire on September 30, 2025.

During the year under review, Mr Rakesh Sachdeva was appointed as Chief Financial Officer and Key Managerial Personnel of the Company w.e.f. December 13, 2020 in place of Mr Krishan Gopal, who had resigned w.e.f. December 12, 2020 (close of business hours).

Further, Mr Vipul Sharma was appointed as Company Secretary & Compliance Officer and Key Managerial Personnel of the Company w.e.f. May 12, 2021 in place of Mr Adhish Swaroop who had resigned w.e.f. May 11, 2021 (close of business hours).

Meetings of the Board

During the period under review, 10 (Ten) Board Meetings were held, the detail of the same has 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 Disclosure Requirements) Regulations, 2015 **("Listing Regulations")**, 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 & Remuneration Policy, the Independent Directors in their separate meeting held on February 24, 2021 under Regulation 25(4) of the Listing Regulations 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 time-lines 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 Listing Regulations 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 12, 2021.

Further, in terms of Regulations 17(10) of the Listing Regulations and Schedule IV of the Companies Act, 2013, the Board of Directors also in their meeting held March 26, 2021, 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 Disclosure Requirements) Regulations, 2015.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts for the financial year ended March 31, 2021, 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, 2021 and of the profit and loss of the Company for the year ended March 31, 2021;
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, 2021 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, 2021; 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, 2021.

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 or in absence of any criteria, approval was obtained as per the applicable provisions and RPT Policy of the Company. 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://satincreditcare.com/wp-content/uploads/2019/10/Materiality-ploicy.pdf.

All RPTs entered into during the Financial Year 2020-21 were in the ordinary course of business and on an arm's length basis. No material RPTs were entered into during the Financial Year 2020-21 by the Company as defined in the Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions. Accordingly, the disclosure of RPTs as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable. Further, details of Related Party Transactions as

DIRECTORS' REPORT (Contd.)

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 Harvinder Pal 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 Chandiok & 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 2017-18) till the conclusion of the thirty second AGM (for 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.

The Auditors' Reports for the financial year 2020-21 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.

RBI has issued Guidelines for appointment of Statutory Central Auditor (SCA)/ Statutory Auditor (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) vide its circular No. RBI/2021-22/25 Ref. No DoS.CO.ARG/ SEC.01/08.91.001/2021-22 dated April 27, 2021. The Company will comply with the said guidelines in due course.

The Board has placed on record its sincere appreciation for the services rendered by M/s Walker Chandiok & 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 2020-21 in its meeting dated June 15, 2020. 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 - I**. 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.

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 ₹ 117.47 lakhs. The Company has terminated the services of such employees and also initiated legal action against such employees. The Company has recovered ₹ 12.67 lakhs from 20 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 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

Your 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 Rules made thereunder and as amended from time to time, 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/2021/03/CSR-Policy-Version-3-01.03.2021.pdf

During the period under review, the Company had spent CSR expenditure of ₹ 585.00 lakhs and based on the recommendation of CSR Committee, the Board of Directors vide Circular Resolutions dated January 8, 2021, March 1, 2021 and March 17, 2021 approved the CSR expenditure for the financial year 2021-22. As per the requirement of Rules of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 the Annual Report on CSR is annexed as **Annexure - II** 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 Disclosure 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 a 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.

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 Satin Employee Stock Option Scheme 2017 (ESOS 2017).

Details of Options Granted, Vested and Exercise of Options

I. **ESOS 2009:** ESOS 2009 scheme was repealed in terms of Resolution passed by the Shareholders at their meeting held on July 6, 2017.

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
		August 14, 2020	11,400	-
May 30, 2018	2,26,600	May 30, 2019	1,05,050	20,950
		May 30, 2020	96,850	-

DIRECTORS' REPORT (Contd.)

A. Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time.

The disclosures are provided in the notes to the Standalone financial statements of the Company for the year ended March 31, 2021.

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.

₹ (2.19) per share.

C. Details related to ESOS 2017

(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*	Satin ESOP I 2010*	Satin ESOP II 2010*	Satin ESOS Scheme 2017
a)	Date of shareholders' approval	June 1, 2009	March 26, 2010	December 15, 2010	July 6, 2017
b)	Total number of options approved under ESOS	4,25,000	1,00,000	1,50,000	3,61,400 and such other invested 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 2008-09).	₹ 22 being the Fair Value of the shares of the Company. (Computed on the basis of Audited result 2009-10)	₹ 25 being the Fair Value of the shares of the Company. (Computed on the basis of Audited result 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

**The said Schemes had been repealed vide Shareholders resolution dated July 6, 2017*

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

(iii) As the Company has opted for expensing of the options using the fair value of the options,

Difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value: **Not Applicable**

The impact of this difference on profits and on EPS of the Company: **Not Applicable**

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

Particulars	Satin ESOS Scheme 2017
Number of options outstanding at the beginning of the period	1,49,150
Number of options granted during the year	NA
Number of options forfeited / lapsed during the year	1,20,500
Number of options vested during the year	1,08,250
Number of options exercised during the year	-
Exercise Price (In ₹)	160
Number of shares arising as a result of exercise of options	-
Money realized by exercise of options (₹ in lakhs), if scheme is implemented directly by the Company	-
Loan repaid (₹ in lakhs)by the Trust during the year from exercise price received	-
Number of options outstanding at the end of the year	2,69,650
Number of options exercisable at the end of the year	79,300

(v) Weighted-average exercise prices ("WAEP") and weighted-average fair values ("WAFV") of options:

a. Weighted-average exercise prices:

- when the exercise price is equal/exceeds to market price: **Not Applicable**
- when the exercise price is less than market price: **ESOS 2017- ₹ 278.20**

b. Weighted-average fair values:

- when the exercise price is equal/exceeds to market price: **Not Applicable**
- when the exercise price is less than market price: **ESOS 2017- ₹ 166.98 and ₹ 254.54**

(vi) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to

a. Senior Managerial Personnel: **Nil**

b. Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year: **Nil**

c. Identified employees who were granted an 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: **Nil**

(vii) A description of the method and significant assumptions used during the year to estimate the fair value of options and RSUs including the following information:

Method: Black Scholes

a. Significant Assumptions used to estimate the fair value are as follows:

1. Expected volatility
2. Risk free interest rate
3. Returns are normally distributed
4. Markets are perfectly liquid

Particulars	Grant 1 ESOS 2017			Grant 2 ESOS 2017	
	1st tranche of vesting	2nd tranche of vesting	3rd tranche of vesting	1st tranche of vesting	2nd tranche of vesting
Fair market value of option on the date of grant	267.38	267.38	267.38	386.65	386.65
Exercise Price	₹ 160.00	₹ 160.00	₹ 160.00	₹ 160.00	₹ 160.00
Expected Volatility	55.86%	62.90%	62.90%	45.31%	53.94%
Expected Life	3.08	1.50	2.50	3.50	1.50
Expected Dividend	Nil				
Risk Free Interest Rate	6.35%	6.40%	6.45%	7.53%	7.66%
Any other inputs to the model	N.A.				

DIRECTORS' REPORT (Contd.)

b. The method used and assumptions made to incorporate the effects of expected early exercise.

Not Applicable as the Scheme does not provide for early exercise.

c. How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and

The expected volatility reflects the assumptions that the historical volatility over a period similar to the life options is indicative of future trends, which may not necessarily be the actual outcome.

d. Whether and how any other features of the Options granted were incorporated into the measurement of fair value, such as a market condition:

- The closing price of the Company's share on NSE on the date previous to the grant date.
- In view of accumulated losses of previous years, the Company has not declared any dividend. Accordingly, no adjustment is made to the aforesaid closing price for the expected dividend yield over the expected life of the Options.
- The expected life of the Options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.
- The expected volatility reflects the assumptions that the historical volatility over a period similar to the life Options is indicative of future trends, which may not necessarily be the actual outcome.

D. Details of Employee Stock Purchase Scheme: Not applicable

E. Details Related to Stock Appreciation Rights (SAR): Not applicable

F. Details related to General Employee Benefit Scheme / Retirement Benefit Scheme: Not applicable

G. Details related to trust:

Sl. No.	Particular	Details
1.	**General information on all schemes**	
	a) Name of the Trust	SCNL Employee Welfare Trust
	b) Details of Trustee	Mr Subir Roy Chowdhury Mr Amit Kumar Gupta Mrs Urvashi Tyagi Mrs Aditi Singh
	c) Amount of loan disbursed by Company / any Company in the group, during the year	**Nil**
	d) Amount of loan outstanding (repayable to Company / any Company in the group) as at the end of the year	₹ 79,69,000
	e) Any other contribution made to the Trust during the year	Nil
2.	**Brief details of transactions in shares by the Trust**	
	a) Number of shares held at the beginning of the year;	3,48,950 fully paid equity shares of ₹ 10 each
	b) Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share;	**Primary Issuance*:** 1,33,996 partly paid equity shares of ₹ 10 each (₹ 7.50 paid up) issued on Rights Basis at the issue price of ₹ 60 per share (as on March 31, 2021, ₹ 45 per share has been paid, which includes premium of ₹ 37.50 per share) **Secondary Acquisition: Nil**
	c) Number of shares transferred to the employees / sold along with the purpose thereof;	**Nil**
	d) Number of shares held at the end of the year.	3,48,950 fully paid equity shares of ₹ 10 each 1,33,996 partly paid equity shares of ₹ 10 each (₹ 7.50 Paid up)

Sl. No.	Particular	Details
3.	**In case of secondary acquisition of shares by the Trust**	
	Held at the beginning of the year	Nil
	Acquired during the year	Nil
	Sold during the year	Nil
	Transferred to the employees during the year	Nil
	Held at the end of the year	Nil

**During the year under review, the Company has come out with the Rights Issue of partly paid up equity shares ("Rights Equity Share") for the existing shareholders of the Company as on record date i.e. August 5, 2020. Further, pursuant to the ESOP Scheme 2017, the number of equity shares to be issued, upon exercising of the vested options, shall be adjusted/enhanced in accordance with the corporate action in between. Accordingly, Employee who exercises the vested option (vested on or before record date of the rights issue), will also be entitled to apply for the Rights Equity Shares in the ratio of 48 Rights Equity Share for every 125 Equity Shares issued on exercise of vested options.*

Accordingly, trust has applied in the rights issue to adjust the number of shares to be issued on exercise of vested options.

Thus, employee can apply for Rights Equity Share only after exercising corresponding options and will be entitled on the basis of Rights Issue Ratio. Rights Equity Share will be issued to employee at par, i.e. the price at which the Rights Equity Share were acquired by the trust. As on March 31, 2021, Employee Welfare Trust has paid ₹ 45 per Rights Equity Share.

ESOS Schemes Compliance Status

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 2017 Scheme of the Company is being implemented in accordance with the SEBI ESOS Regulations and is in accordance with the resolution 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 behavior, 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 an adequate safeguard against victimization to 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. During the Financial Year 2020-21 no complaint was received.

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 conducts 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

DIRECTORS' REPORT (Contd.)

programs are disclosed on the Company's website and the web-link of the same is https://satincreditcare.com/policies-practices/#1611050197222-fdc295ab-84a2

Risk Management:

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The development and implementation of risk management policy has been covered in the Management Discussion and Analysis, which forms part of this report.

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 calendar year 2020, following is the summary of complaints received and disposed off:

No. of complaints received :	2
No. of complaints disposed off :	2

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 III** 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). Further the Company has also got its Non Convertable Debentures Listed on BSE.

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2021 is available on the Company's website on www.satincreditcare.com.

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

The information pertaining to conservation of 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 - IV and forms part of this Directors' Report.

DISCLOSURES UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

Your Company has neither filed any application nor any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the reporting year, hence no disclosure is required under this section.

Further, there are no details required to be reported with regards to difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions as your Company has not done any settlement with any Bank or Financial Institutions since its inception.

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
Satin Creditcare Network Limited

Harvinder Pal Singh
Chairman Cum Managing Director
DIN: 00333754

Place: Gurugram
Date: June 14, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

THE INDIAN ECONOMY OVERVIEW

The year that went by was one-of-its-kind, bringing economies to a standstill. January 2020 was when India reported its first case of COVID-19. What followed was a quick succession of events, ultimately leading to several travel and trade restrictions. Life as we knew it, had changed forever. From the first 14-hour Janata curfew to a series of strict and phased lockdowns halting economic activities, the scouring of lives and livelihoods had just begun. This quickly escalated to severe supply chain disruptions. The repercussions were felt across all the sectors as domestic demand and exports plummeted sharply, only slowing the Indian economy's already subdued growth momentum further. Globally, governments swiftly implemented monetary and fiscal policy measures. Economies adopted a preventative approach to keeping from slipping into a deep recession while dealing with this black swan event.

The Indian Government promptly responded through various measures. The ₹ 20 lakh Crores bailout package', as a part of Atmanirbhar Bharat Abhiyaan, included a mix of stimulus measures, liquidity support to MSMEs, and structural reforms across sectors – strengthening the country's domestic manufacturing ecosystem. The Reserve Bank of India (RBI) was quick to implement measures like slashing interest rates, announcing fiscal stimulus package and allowing loan moratorium facilities, among others. These steps, to deal with the COVID-19 pandemic, helped to stabilize the economy.

With easing of restrictions, the economy started showing signs of recovery amid the last festive season. India's GDP re-entered growth territory in the quarter ending December, 2020. A 0.4% GDP growth from a -23.9% GDP contraction in the first quarter of the year was recorded, indicating a turnaround. The Government supported MSMEs by sanctioning and disbursing ₹ 2.46 lakh Crores and ₹ 1.81 lakh Crores, respectively, under the Emergency Credit Line Guarantee Scheme (ECLGS) in February, 2021. Government consumption and net exports cushioned the growth from diving further down. Macroeconomic indicators like E-way bills, rail freight, GST collections and power consumption reflected improvement. However, inflation remained above the RBI's comfort levels for a larger part of the year.

India remained a preferred investment destination in 2020-21. FPI inflows recorded an all-time monthly high of USD 9.8 billion in November, 2020. The Union Budget 2021-22 reiterated the commitment to push India towards a higher growth trajectory – focusing on privatization. RBI, in its Monetary Policy Committee meeting in April, 2021, retained its accommodative policy stance by keeping the repo rate unchanged at 4%. The positive momentum, thus created, continued with the roll-out of vaccines and the revival of several infrastructure projects by the Government, hence boosting economic activities and consumer confidence.

OUTLOOK

After an estimated 7.7% pandemic-led contraction in 2020-21, India's real GDP is projected to record a growth of 11% in 2021-22 (Source: The Economic Survey 2020-21). The economy's V-shaped recovery is supported by the proactive stance by Government and policymakers, initiation of a mega vaccination drive, expected recovery in the services sector along with growth in consumption and investment. However, the second wave of COVID-19 infections and the new restrictions are likely to dent the recovery, hence it is crucial to closely monitor all the developments.

INDUSTRY OVERVIEW

Microfinance Institutions (MFI): Industry Overview and Developments

The Indian microfinance industry plays a vital role in promoting inclusive growth. It is an effective channel for providing credit to low-income population and those in the informal sector. Hence, microfinance is instrumental in ensuring financial inclusion at the bottom of the economic pyramid. Over the years, the industry has metamorphosed extensively – formulation of structured guidelines, Government's supportive initiatives, digital interventions and a redefined customer servicing approach. As of December, 2020, microfinance operations had presence in 620 districts, 28 states and 9 union territories (UTs). The industry, with its 5.93 Crores unique borrowers' reach, touches the lives of 30 Crores people across India.

The sector serves the underserved lower and mid-income households and micro, small and medium enterprises (MSMEs). It devises affordable credit while transforming lives of millions of its beneficiaries. It is, thereby, propelling a significant boost in the loan portfolio and the number of borrowers.

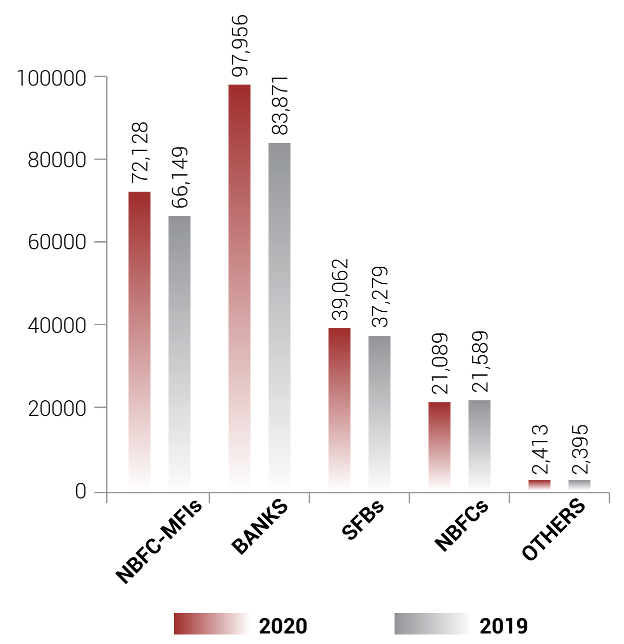
Today, the microcredit sector is diverse and competitive with over 100 regulated players – Banks, NBFC-MFIs (Non-Banking Finance Company-Microfinance Institutions), SFBs (Small Finance Banks), NBFCs (Non-Banking Finance Companies) and others. Microfinance sector has adopted three lending models– Self Help Group (SHG), JLG (Joint Liability Group) and SHG Bank Linkage. However, the operating model varies amongst different players.

Based on data as on December 31, 2020 (Q3 2020-21), for loans originated after February, 2017, microfinance industry recorded a total loan portfolio of ₹ 2,32,648 Crores. The total number of active loans accounts, as on the same date, stood at 10.50 Crores with 5.83 Crores unique borrowers.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

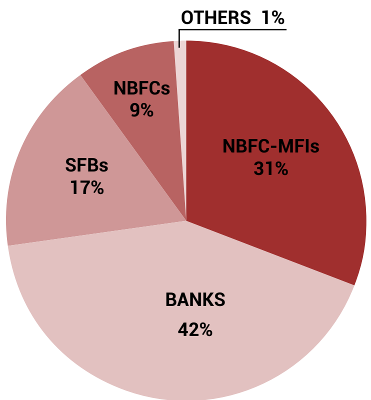
As on December 31, 2020, 14 banks held the largest share of portfolio in microcredit with total loan outstanding of ₹ 97,956 Crores – 42.1% of total microcredit universe. NBFC-MFIs are second largest providers of microcredit with a loan amount outstanding of ₹ 72,128 Crores – 31% of the total industry portfolio. SFBs have a total loan amount outstanding of ₹ 39,062 Crores with total share of 16.8%. NBFCs account for another 9.06% and other MFIs account for 1.04% of the universe. The table below captures the key portfolio and outreach number of the five broad categories of microfinance lenders.

Portfolio Outstanding of the Microfinance Industry (₹ Crores)



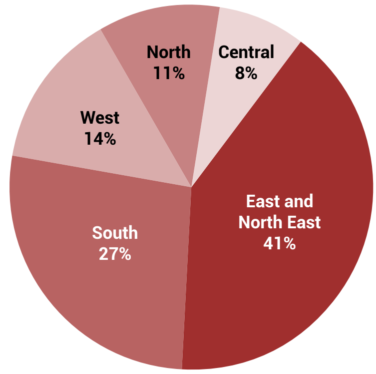
(Source: MFIN Micrometer December 31, 2020)

Market Share of Financial Institutions in Outstanding Loan Portfolio (%)



(Source: MFIN Micrometer December 31, 2020)

Regional Distribution of the MFI Universe portfolio O/s



(Source: MFIN Micrometer December 31, 2020)

MFIs have a strong geographical footprint in 27 states and 5 UTs. As on December 31, 2020, aggregated Gross Loan Portfolio (GLP) of MFIs stood at ₹ 74,712 Crores including owned portfolio ₹ 63,710 Crores and managed portfolio (off BS) of ₹ 11,002 Crores. The owned portfolio of MFIN members is about 88.3% of the NBFC-MFI universe portfolio of ₹ 72,128 Crores – a growth of 11.1% as compared to December 31, 2019. The top five states in terms of loan amount outstanding are Tamil Nadu, Karnataka, Bihar, Maharashtra, and Odisha. These five states accounted for 51% of GLP while the top 10 states accounted for 82% of the total loan outstanding.

Large MFIs, having an AUM of more than ₹ 500 Crores, continued holding the largest proportion of industry outreach. They accounted for 92.8% of the industry GLP, 90.3% of the client base, 94.9% of loan amount disbursed and 97.2% of debt funding received. As on December 31, 2020, the top 10 MFIs accounted for 74% of the industry portfolio.

NBFC MFI Industry Review

Particulars	Q3 2020-21	Q3 2019-20	Y-o-Y Change (%) (2020-21 over 2019-20)
Branches	14,437	13,755	5
Employees	1,14,733	1,11,845	2.6
Clients* (Crores)	3.10	3.08	0.6
Loan Accounts (Crores)	3.61	3.69	(2.2)
Gross Loan Portfolio (₹ Crores)	74,712	67,255	11.1
Balance Sheet Portfolio	63,710	51,017	24.9
Loans Disbursed during the Quarter (Crores)	0.58	0.67	(13.6)
Loan Amount Disbursed during the Quarter (₹ Crores)	19,696	19,150	2.9

(Source: MFIN Micrometer December 31, 2020)

* 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.

CHALLENGES

COVID-19 Challenges

The World Health Organization (WHO) declared the outbreak of the COVID-19 as a pandemic in March, 2020. This led to subsequent actions like strict lockdown and restrictions on logistics across states. Thereby, it crumbled economic activities in no time. These measures, compounded with sluggish demand and supply chain issues, instrumented a significant economic slowdown in the first half of the FY 2020. However, gradual unlocking measures starting June, 2020, displayed initial signs of normalcy in the domestic markets.

During the first two months of lockdown – April, 2020 to May, 2020 – customers across sectors experienced uncertainty in their livelihoods. NBFC-MFIs' heavy reliance on cash collections for loan recoveries and need for physical proximity to customers for door-step collections and disbursements, posed huge impediments under the new circumstances. A vast majority of people, falling under the rural and employed in 'essentials' category, sustained and resumed incomes as essential economic activities returned to normalcy.

The Government's announcement on various economic relief measures for the rural India is believed to support rural borrower's repayment capacity. NBFC-MFIs were supported through moratorium on borrowing and financing support through National Bank for Agriculture & Rural Development (NABARD), Small Industrial Development Bank of India (SIDBI), and Targeted Long-Term Repo Operations (TLTRO) to ease liquidity pressure. Further, acknowledging credit's role in recovering the livelihoods of low-income households, NBFC-MFIs were covered under the essential services category, thereby easing their operations.

Economic activities have now largely resumed for most customers. NBFC-MFIs can be said to have endured the crisis well. The all-India average Collection Efficiencies (CE) for the sector reached 90-94% in December, 2020. For SCNL, CE are on an upward trend inching exceeding 98% since December, 2020, with CE of 105% in March, 2021. Disbursements too are close to normalcy.

Establishing Credit Risk Assessment Procedure

Majority of borrowers are generally from low-income households, without a formal credit history and adequate documentation. This becomes a hindrance in developing efficient underwriting processes and collection models. factors like partial or limited access to customer information, dispersed information sources and reliance on borrowers for data disclosure impede developing reliable customer credit profiles. Additionally, absence of standardized data hinders the fraud management and the NPA monitoring systems from functioning properly. Hence, it leads to escalating compliance costs while questioning the credibility of the organization. However, the submission of daily credit data by MFI lenders to credit bureaus are very helpful to have updated credit profile of the customers.

An extensive amount of collaboration is required between Credit Bureau, Government bodies and micro-lenders. Together they help create holistic customer credit profiles, thereby helping with better analysis of current trends and understanding customers' borrowing behavior. Further, adoption of data analytics and advanced algorithms can also help establish customer credibility.

Lack of Enough Financial Literacy in the Economy

When compared to other major emerging economies, India's financial literacy rate stands at the lowest. Microfinance customers primarily come from rural areas, lacking financial awareness and understanding. This prevents them from making an informed financial decision. However, the Government spending on financial education, along with dedicated efforts by MFIs, is expected to help raise the financial awareness of the customers. These efforts are anticipated to contribute towards the overall growth of the country's underserved segment.

Geographic Concentration

Clustered geographical presence raises vulnerability to social-political events and natural disasters. This has led to Microfinance companies increasing their focus towards geographical diversification to mitigate the external risk.

OPPORTUNITIES: GROWTH DRIVERS

Diversified Products and Services

MFIs, with their strong presence in the country's rural areas, enjoy an added benefit when it comes to growing their products and services. Thus, it enables them to gain a larger consumer base while retaining existing customers. Moreover, MFIs can also expand their product base and help the target customer group gain access to other necessities raising the living standard of customers. This can include aspects of education, healthcare, better infrastructure and affordable insurance, among others.

Financial Inclusion

Despite multiple players in the microfinance landscape, India's microfinance sector promises a huge untapped opportunity. A sizable portion of the Indian population from the low-income band still lacks access to credit from the formal

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

sector. These people are consequently forced to borrow from moneylenders. This indicates an immense scope of micro-lending in terms of achieving financial inclusion and overall industry growth.

Collaboration with Fintech Players

Technology is revolutionizing the way financial services are delivered. Microfinance players are exploring new technologies and solutions for improved client outreach, faster decision-making and smoother operations. Collaborating with Fintech players and developing in-house capabilities will further enable MFIs to improve sales, collections and operational efficiencies.

Rising Digitization

The Government, with its 'Digital India' campaign, has rolled out several initiatives targeting rural India's digitalization. As a further boost to digital transactions, the Government has proposed a ₹ 1,500 Crores scheme in Union Budget 2021-22. This will provide financial incentive while promoting digital modes of payment across the country. The said scheme is expected to help make microloans more accessible while also boosting cashless disbursement and collection.

Untapped MSME Sector

The MSME sector plays a vital role in nation building. It significantly contributes to the Gross Domestic Product (GDP), exports, and job creation and yet faces a lack of easy access to funding. With the COVID-19 pandemic disrupting economic activities, the role of MFIs in empowering small businesses is expected to increase way beyond routine financing.

Growing Affordable Housing Finance Segment

The underserved section of the society lacks valid income proofs and documents. This customer segment is excluded from formal channels of housing finance. MFIs have a great growth potential by providing small-ticket loans to the said segment.

Business Correspondents (BC)

Banks, on their behalf, are allowed to use third-party agents as BCs for offering banking and financial services (including credit and savings). This enables gain from outreach and competent distribution structures of MFIs. Further along, MFIs could leverage their customer relationship to drive credit and provide wide-ranging products. This would result in creation of immense opportunities for MFIs to draw on large number of unbanked people.

OUTLOOK

The COVID-19 pandemic has brought along sizable challenges in the form of liquidity constraints and reduced disbursements and collection efficiency. The industry has witnessed the highest proportion of loans under moratorium. Large MFIs were able to raise funding, especially since the second quarter of 2020-21. The mid and small MFIs, however, experienced a severe liquidity squeeze and high cost of funds. However, riding the back of RBI's liquidity measures and improved market financing conditions, NBFC-MFIs started seeing a rise in repayments and disbursement since July, 2020.

Further, majority of NBFC-MFI loans are given for agriculture and allied activities. These are further followed by non-agriculture activities (trade, service, manufacturing and production, among others) and household finance (education, medical, and others). Moving along this direction, the recently announced Government schemes are expected to benefit rural households. Improving collection efficiency and growth pick-up in the second half of fiscal 2021 are collectively expected to help the microfinance institution's long-term prospects. However, a second wave of COVID-19 infection and imposed restrictions remain a serious concern.

COMPANY OVERVIEW

Satin Creditcare Network Limited (hereafter referred to as 'SCNL' or 'the Company'), started the journey with its establishment in the year 1990. Today, as one among the country's leading NBFC-MFIs, the Company enjoys a wide presence across 23 States and UTs. After being registered as an NBFC in the year 1998, the Company attained an NBFC-MFI status in November, 2013. SCNL also has a simple-yet-forward looking credo of providing individual loans to small business retailers. The Company is well-recognized as a trusted brand, promoting financial inclusion and enabling better quality life for its customers. SCNL, through its customized microloans, fulfills financial needs of the underserved – those who are excluded from the formal credit channels.

In its core business, i.e. microfinance, the Company caters through the aspirations of women entrepreneurs – otherwise eliminated from the traditional banking network or other channels of finance. The Company's Joint Liability Group (JLG) business model facilitates collateral-free micro-credit to economically active women in both rural and semi-urban regions. It also finances purchase of solar products, bicycles, home appliances, consumer durables and safe water and sanitation facilities, among others. With an expanding geographical footprint, the Company had 1,257 branches (consolidated basis) as on March 31, 2021.

SCNL, through its long-standing commitment, offers differentiated products and best-in-class digital customer experience. The Company undertook several strategic and tech-enabled measures during the lockdown. These measures helped the Company continue addressing customers' financial challenges. The Company introduced the 'Pragati' loan aimed at helping its customers rebuild their livelihoods. During lockdowns SCNL also launched a new 'Customer Service App' to help increase digital and financial awareness among customers while also building better brand connect. Additionally, the Company also initiated a payment option on its website along with introducing UPI 2.0, the auto-debit option. The aim is to facilitate hassle-free cash payment with auto-debit of EMIs. During the lockdown, the Company responded promptly and arranged for seamless work-from-home for its employees.

SCNL believes in creating sustainable value for all through its ethical business practices and efficient use of natural resources. As a part of its environmental initiatives, the Company partnered with Micro Energy Credits. The Company was awarded **Certificate of Excellence in Clean Energy Finance** as a part of the UNFCCC's Clean Development Program (CDM), in line with the shared goal of creating a better future. SCNL's clean energy program is a testament to its endeavors to serve the society's economically weaker section – empowering them through financial assistance. Moreover, the Company has also been actively investing in carbon funds for expanding and improving its clean energy program.

SCNL finances purchase of solar lamps and bicycles, among others. It also grants loans for safe water and sanitation facilities by leveraging its wide rural outreach. The Company disbursed 4,471 bicycle loans, 5,987 solar products loans, 6,950 home appliances loans, 21,422 consumer durables loans, and 26,819 water and sanitation loans during 2020-21. These disbursements have benefited customers in enhancing productivity and income generation.

Over the years, the Company has diversified its product offerings, expanded geographical presence, leveraged distribution outreach and increased the secured lending portfolio. As a part of these strategies, the Company formed three wholly owned subsidiaries as follows:

Taraashna Financial Services Limited (TFSL): As a business correspondent, TFSL works with partner Banks and NBFCs to provide credit to customers in rural and semi-urban areas. TFSL's business model is low-risk and highly capital efficient. With an AUM of ₹ 748 Crores as on March 31, 2021, and presence across 7 States, the Company operates through 217 branches and has more than 3.9 lakhs clients.

Satin Housing Finance Limited (SHFL): Established in 2017, SHFL is engaged in providing affordable home loans to customers from middle and low-income groups in peripherals of tier-II and below cities. On the back of an excellent portfolio quality, the Company reported a profitable year with an AUM of ₹ 226 Crores as on March 31, 2021 and standalone credit rating of BBB (Stable) from CARE. Presently, the Company has 10 active lenders including NHB Refinance.

Satin Finserv Limited (SFL): Incorporated in August, 2018, SFL is mainly engaged in providing secured retail loans to MSMEs, wholesale loans to NBFC-MFIs, and others. The Company had a gross loan portfolio of ₹ 131 Crores as on March 31, 2021. SFL currently has 15 branches across 8 states with 1,725 active loan clients.

Technology Initiatives Leading to Process Excellence

Loan Repayment through Digital Modes

By partnering with renowned Fintech players and banks, the Company has introduced digital modes of loan disbursement and repayment options. Today, SCNL allows customers to make repayments via digital modes such as Aadhaar Pay, UPI, UPI-QR, and Debit Card, among others. During the lockdown, the Company brought in Website Payment Gateway, enabling customers to pay via debit card and UPI 2.0 with auto-debit option. These steps, together, led to secured transactions by preventing fraud risk for customers as well as field staff. Additionally, SCNL is currently also working on enabling BBPS (Bharat Bill Payment System). It is in beta version right now and is expected to be rolled out soon.

Cashless Collection

With Aadhaar Enabled Payment System (AePS), SCNL has adopted cashless collections. This strategy is aimed at ensuring secured collections in less time with cost efficiency. The Company has enabled all these payment options across all of its branches.

Geo-tagging

SCNL implemented geo-tagging of branches, centers and customers to build better control and traceability of the workforce. This development assists in 100% event-based mapping of KYC sourcing, collection location, branch location, center location and customer houses. The Company completed geo-tagging of 100% branches and centers and 92% clients' houses. This step will help in mitigating the risk of customer identification and reach, with reduced reliance on a Community Service Officer (CSO).

Centralized Shared Services:

Centralized Shared Service (CSS) was implemented within SCNL first and later in TFSL (BC Business). This step helped ensure unification of processes and end-to-end control across business functions with back-end quality support. This led to operational efficiency across business, reporting with centrally managed infrastructure within the BC subsidiary network.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Key Benefits of CSS are:

- Efficient KYC verification process through CSS to get loan approvals
- The credit risk management and data quality maintenance cover aspects such as bank details verification and validation, loan application details, document verification and sanctioning the loan application
- Applications are processed through CSS, with better efficiency, cost saving and productivity
- A noticeable sample of daily disbursements gets verified through TVR (Tele Verification) to ensures adherence to processes & policies
- Customer Grievance Redressal Mechanism equipped with eight-language Interactive Voice Response System (IVRS) or Sparsh; leading to smaller TAT for issue resolution, enhanced customer experience
- In addition, death verification process has led to a professional support model within the organization with significant cost optimization

Customer Service Application

The Company launched a 'Customer Service Application' during the pandemic – a one-stop solution for customers' post-loan services. The application comes with user-friendly interface to deliver an excellent user experience and intuitive navigation. With this application, clients can view and manage active loans, make payments and download financial statements on-the-go.

Information Technology (IT)

At SCNL, technology-led innovation has played a key role in driving financial inclusion. It helps provide an end-to-end digital loan processing journey for customers. The Company's game changing digital transformation technology (Loan Management System) acts as one of the key strategic growth enablers. It helps overcome the challenges of intense competition and changing customer expectations. Adoption of this technology has led to improved profitability and an extended customer reach even in untapped geographies. The system is designed with features such as comprehensive reporting capabilities, audit trails and logs, detailed information about credit histories, transaction reports, decision-making reports, numerous management analysis and real-time dashboards. As a result, the turnaround time from customer acquisition to disbursement journey has reduced from the earlier 18 days to a few minutes today.

Benefits of Technological Progression

- Cashless disbursements at all branches
- Features such as SMS, OTP, QR Code scan-enabling brand recall value
- Last mile technology penetration launched through TABS presents real-time visibility of loan status
- Event-based capturing, recording, and tracking of geo-location
- Instant customer identification and bank account verification, real-time CB checks
- Integration with Fingpay for Cashless Collection and UPI payments; also caters to various other integrations with Cross Sell Partners like Hospicash (TATA), D-Light and Solar Sun king (for Solar Products)
- Centralized Cash Management Integrations with large banks like PNB, SBI, ICICI and Axis bank

HRMS Suite

The Company launched another initiative of rolling out in-house developed complete suite of HRMS product named 'SATIN ESS'. This product has been built with the latest technology stack using concept of Micro Services – making the product more agile, scalable and flexible, hence leading to superior performance. The Mobile Application and Web Application for HRMS is available on both platforms, Google Play Store and App store. The HRMS suite will have features like attendance and branch visit, leave management, Reports, Employee Performance Management, Employee Exit, and Employee Creation, Confirmation and Employee Dashboard.

Information Security System

The Company has a vigorous Information Security Management Systems (ISMS) in place. It helps secure the information against unauthorized disclosures. It accentuates individuals, processes, and technologies – covering all divisions while continually upgrading the administration frameworks. SCNL was awarded ISO 27001:2013 in October, 2018. The accreditation has 14 spaces and 114 controls. It emphasizes that ISMS has been incorporated in all activities and embodies that information security client confidentiality are an integral part of its strategies.

Opportunities

The Company continually recognizes potential growth and development that can enhance market share and brand value.

Serving Underserved Population: A large population, comprising middle and lower-middle income segment, with huge unmet credit demand and our first-mover advantage presents a huge opportunity to strengthen customer base.

Tech-enabled Platforms: The Company offers convenient and faster on-boarding journey to the customers, underpinned by secured digital lending platforms. This holds immense growth potential by enhancing customer experience.

Expanding Geographical Presence: Increasing exposure to newer states and districts will help the Company reach a larger audience across the length and breadth of the country.

Process Excellence: World-class IT infrastructure with wide array of product offerings will help the Company gain higher market share in the microfinance landscape.

Leveraging Robust Fundamentals: The Company derives competitive edge through well-capitalized business, domain expertise, sound risk management, in-house internal audit, and strong loan monitoring processes. These growth enablers will further strengthen SCNL's position in the microfinance landscape.

Threats

The Company continuously identifies and assesses potential threats. These may arise out of evolving macroeconomic factors and consumer behavioral trends. It may have the ability to impact the Company's growth prospect.

Competition from Banks and Fintech Companies: Various banks and Fintech players have also entered the microfinance space. Offering credit to underserved segments in rural and semi-urban India has led to increased competition in this space.

Government Reforms: The Government's announcement regarding economic reforms and measures are likely to impact the economic stability and customers' credit repayment capacity in the low-income group. This presents itself as a threat to the Company by affecting loan disbursements, collections and asset quality.

Over-borrowing Pattern: Majority of borrowers depend on more than one lender such as local moneylenders, co-operatives, peers and relatives, and other informal financing channels. This is crucial to meet their growing consumption needs. This over-borrowing pattern among customers leads to more loan defaults and hence arises the need for a stringent regulatory landscape to manage the risk.

Financial Performance

Particulars	March 31, 2021	March 31, 2020
Gross Yield (1)	**17.57%**	20.61%
Financial Cost Ratio (2)	**8.52%**	8.49%
Net Interest Margin (3)	**9.04%**	12.12%
Operating Expense Ratio (4)	**5.22%**	6.02%
Loan Loss ratio (5)	**3.96%**	2.97%
RoA (6)	**(0.18%)**	2.25%
RoE (8)	**(0.92%)**	12.00%
Leverage (Total Debt (7)/ Total Net Worth)	**4.09 times**	3.76 times
Cost to Income Ratio	**57.74%**	49.66%

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 Financial Cost Ratio
4. Operating Expense Ratio represents the ratio of the Operating Expenses (expenses including Depreciation but excluding Credit cost and Finance Cost) 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 the ratio of PAT to the Average Total Asset
7. Total Debt includes Securitization and preference shares considered as Debt in accordance with IndAS
8. RoE is annualized and represents PAT (Post Preference Dividend) to the Average Equity (i.e., Net Worth excluding Preference Share Capital)

Maiden Rights Issue

To mitigate the liquidity crunch and remain well-capitalized, the Company came out with its maiden Rights Issue of Partly Paid Equity Shares for the issue size of ~ ₹ 120 Crores during 2020-21, which was oversubscribed. Pursuant to the said issue, the Company has allotted 1,99,82,283 Partly Paid Equity Shares at a price of ₹ 60 per share (including premium of ₹ 50 per share). Since shares were partly paid, the Company has received approx. ₹ 89.15 Crores till March 31, 2021, balance of approx. ₹ 30 Crores will be called during the 2021-22.

Further, for details of Rights Issue please refer the Directors' Report, forming a part of this Annual Report.

Risk Management and Concerns

Being in the lending business, risk management forms a crucial part of the Company's strategies. SCNL has a well-defined risk management framework, approved by the Board of Directors, in place. It provides a mechanism for identifying, assessing and mitigating risks. Measures for controlling risks are implemented through an organization-wide framework, thus enabling SCNL to get closer to realizing its goal of creating sustainable value for the stakeholders.

The Board of Directors is responsible for the overall governance and surveillance of core risk management activities. Execution of risk mitigation strategies is delegated to the Risk Management Committee of the Board (RMCB). It is further supported by the Executive Risk Management Committee (ERMC) and the Asset Liability Management Committee (ALCO). The RMCB takes appropriate risk

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

mitigation actions post discussing with the Audit Committee. Effective risk management framework helps the Company in navigating through turbulent times.

Risk Management Framework

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

The Key Process of Framework Comprise:

- **Key Business Strategies:**

  Business goal setting by the management and BOD

- **Risk Identification:**

  Determining uncertainties that could potentially impact achievement of business objectives

- **Risk Assessment:**

  Evaluating risks identified and possible impact

- **Risk Treatment:**

  Migrate, transfer, tolerate, terminate or exploit identified risks

- **Monitoring and Reporting:**

  Scrutinizing and reporting of risks and treatment plans

Material Risks and Mitigations:

Risks	Mitigation Strategies
Credit Risk: Borrower's inability to repay the loan	The Company's prudent lending strategies and robust credit appraisal system minimizes the probability of default. Also, various processes backed by technology, proactively help the Company identify people with negative intentions.
Regulatory Risk: Non-compliance with regulations lead to stringent actions and penalties from the Regulator or Statutory Authorities	The Company diligently complies with all the regulatory framework imposed by respective authorities, along with timely reporting.
Operational Risk: Risk of possible losses, arising due to inadequate controls over the internal processes, people, systems and operations	Operations in Assam were impacted by some organizations and protests. The Company promptly took several measures, along with SROs viz. MFIN and Sa-dhan, to address the concerns. Additionally, cashless disbursement and collection mitigate cash-based operation risks.
Information Technology/Cyber Security Risk: Unavailability of systems and/or loss or manipulation of information or information data security	The Company is ISO 27001:2013 certified, stating prevalence of robust Information Security Management System (ISMS) which helps safeguard sensitive customer data.
Liquidity Risk: Liquidity squeeze due to a skewed asset-liability profile could result in significantly higher costs of funds	The Company has prudent asset-liability management and well-diversified liability profile which insulates it from market turbulences.

Outlook

SCNL experienced improved business momentum as a result of gradual improvement in the disbursement growth. This positive movement was witnessed after being impacted on account of COVID-induced disruption and nationwide lockdown in H1 2020-21. The Company navigated through the challenging environment on the back of its proactive strategies, conservative approach, efficient risk management and strong digital processes. It successfully managed to bring the collection efficiency back to pre-COVID levels.

Going ahead, the asset quality is anticipated to get better with improved repayments and collection efficiency getting closer to normalized levels. This improvement is strongly supported by the economy's V-shaped recovery, evident across sectors post the easing of lockdown restrictions and supportive Government measures. This underlines SCNL's efficient underwriting and collections mechanism. It also speaks volumes about the resilience of the Company's customer base. SCNL's robust balance sheet and powerful liquidity position along with disbursements picking up, will support the Company getting back to its pre-COVID growth trajectory. SCNL's intent is to consistently enhance the portfolio quality, diversifying revenue sources through subsidiaries, focus on secured lending and cross-selling income.

Human Resource Management

SCNL's biggest strength has always been its people. The Company's relentless focus is on attracting, retaining, and nurturing the best of talents – leading the organization towards its strategic goals. The Company ensures a work culture free of discrimination and bias and provides equal opportunity to all. With its well-designed HR policies, the Company ensures that the employees grow and utilize their complete potential. During the lockdown, SCNL's HR team, guided by the top management, relentlessly undertook various people-centric activities virtually. The aim behind this was to keep the Company's employees engaged while also providing them suitable learning opportunities.

At the start of 2020, the COVID-19 pandemic came with specific challenges. It instrumented a new normal in the way we worked. The Company's strong technological infrastructure helped in enabling seamless work-from-home for the employees. Furthermore, soft video conferencing solutions were also adopted to cover a larger audience.

During 2020-21, SCNL invested in digital-led learning and skill development initiatives for its human capital. The Company initiated training program like Step-Up, DYK, and E-learning modules that enhanced employee knowledge and skills. By launching 'SCNL Training' YouTube channel, the Company facilitated 'Learning on the Move' and 'Ease of Learning' for the field staff. With 1,050 subscribers, about 10,000 views and more than 337.6 hours of total viewership, it proved itself to be a handy platform during the lockdown period in facilitating learning. SCNL also initiated 'Satin Learn Application', encouraging digital learning methods. Till now, various modules such as Basics of Microfinance, Personal Effectiveness, Time Management, Leadership Fundamentals, Advance Excel, Winning Edge, POSH, Email Etiquettes, among others, have been published.

The Company believes that employee engagement boosts an employee's commitment and connection with the organization. The pandemic brought a transition in the way of engaging employees. During the lockdown, frequent virtual interactions took place through Happy Hour with HR sessions, Quizarday with HR, work-from-home tips and tricks, and yoga postures to practice at home, among others.

Employee performance recognition has always been an essential element for the Company. Through score cards and online Performance Management System (PMS), a progressive and transparent culture is built across the organization. With the launch of UDAAN, the Company has set an industry benchmark of forming first line of leaders. UDAAN is an appraisal philosophy, involving field employees – using their performance as a basis for making them eligible for bi-annual promotion.

SCNL prioritizes work-life balance, strict and effective HR policies at workplace. The Company practices robust governance practices through well-defined whistle blower and anti-sexual harassment policies. Catering the special needs of women employees, the Company provides maternity leaves, and Satin ease menstrual leave as well.

Employees benefit from in-house complete suite of HRMS software, named as 'SATIN ESS'. This software allows online attendance, geo-tagging of employees, leaves management, 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.

SCNL was re-certified as a 'Great Place to Work' with a trust index score as high as '85'. The Company was also recognized among India's 30 Best Workplaces in BFSI in April, 2021. SCNL's total number of employees as of March 31, 2021 stood at 10,612 as compared to 11,148 in the previous year.

Internal Control System and Adequacy

The Company's internal controls commensurate its business requirements, its scale of operation and applicable statutes. Hence leading to orderly and efficient conduct of business. The controls are designed to safeguard the Company's assets, prevent and detect errors and frauds, ensure strict compliance with applicable laws and assure reliability of financial statements and financial reporting. The Audit Committee ensures that all procedures are properly authorized, documented, described, and monitored. The Company has technologically advanced infrastructure with automated operations, including accounts and MIS in place.

SCNL has a complete in-house Internal Audit department. It has processes and systems to design an Annual Audit Plan, ensuring optimum portfolio quality while keeping risks at bay. The Regional Office Audit, Branch Audit and Social Audit is conducted on a quarterly basis, based on the risk-based audit methodology. The Audit team comprises seasoned auditors with good understanding of systems and processes. The Audit Committee of the Board of Directors, comprising independent directors, periodically reviews the internal audit reports, covering findings, adequacy of internal controls and ensuring compliances. The Audit Committee also meets the Company's Statutory Auditors to ascertain their views on the financial statements. This includes the financial reporting system, compliance with accounting policies and procedures, adequacy and effectiveness of the internal controls and systems.

The Company regularly invests in IT systems including back-up systems. This helps the Company achieve better operational efficiency, customer service and decision-making process. The Company is ISO 27001:2013 certified post qualifying two stages of audit by third party certification body – Documentation audit and Control Testing audit. Additionally, an Integrated and Robust Information Security Management System (ISMS) exemplifies that information security and client confidentiality are vital parts of the Company's strategic goals.

Deposits

The RBI, exercising its powers under The Reserve Bank of India Act, 1934, granted NBFC-MFI (Serial No. B-14.01394) status to the Company. The Company is an NBFC-NDSI.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

The Company's Board of Directors passed a resolution by circulation, declaring that the Company has not accepted any public deposits and will not accept the same during 2021-22.

Reserve Bank of India: Registration and Directions

SCNL strictly abides by the guidelines issued by the RBI. The Company's Capital Adequacy Ratio, as on March 31, 2021, stood at 25.3%. The Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) – Directions, 2011 ('NBFC-MFI Directions') were issued in December, 2011 by the 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 the RBI regularly.

Corporate Governance

At SCNL, Corporate Governance is about upholding the highest standards of integrity, transparency, and accountability. The Company's governance standards are initiated by senior management, and percolate down across the organization. SCNL believes retaining and enhancing stakeholder trust is essential for long-term sustainable growth. Hence, adherence to Corporate Governance does not just stem from the letter of law but also from the Company's inherent belief in doing business the right way. To ensure the same, all the decisions are taken in a fair and transparent manner, well within an ethical framework. The organizational governance structure, practices and processes are actively monitored and revised periodically to reflect the best ethical practice.

SCNL is subject to the regulations of the Reserve Bank of India ("RBI") and Securities and Exchange Board of India ("SEBI") and the Companies Act 2013. 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 SEBI/ Ministry of Corporate Affairs or any such authority, under the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 for 2020-21, is annexed to the Corporate Governance Report, provided separately in this Annual Report. A report on Corporate Governance, forming part of the Directors' Report, is also enclosed herewith.

ANNEXURE - I

SECRETARIAL AUDIT REPORT (FORM MR-3) FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[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-110033

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, 2021complied 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, 2021 and made available to us, according to the applicable provisions/clauses 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

   i) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

xi. Payment of Gratuity Act, 1972

xii. Delhi Shops and Establishments Act, 1954

xiii. Reserve Bank of India Act, 1934 relating to NBFC's

ANNEXURE I (Contd.)

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

(i) Secretarial Standards Issued by the Institute of Company Secretaries of India; and

(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 to the extent applicable.

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.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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: F008428C000261373

Date: 08/05/2021
Place: New Delhi

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 processes 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 with 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 a 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 the 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

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

Shesdev Behera
Company Secretary in practice
C.P. No. 5980
M. No. 8428
UDIN: F008428C000261373

Date: 08/05/2021
Place: New Delhi

ANNEXURE - II

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2020-21

1. **Brief outline on CSR Policy of the Company:**

   The Corporate Social Responsibility ('CSR') 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.

2. **Composition of CSR Committee**

S. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr Harvinder Pal Singh	Promoter, Executive & Non Independent Director (Chairman)	2	2
2	Mr Goh Colin	Independent Director (Member)	2	2
3	Mrs Sangeeta Khorana	Independent Director (Member)	2	2

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company :** www.satincreditcare.com.

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) :** N.A.

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

S. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
N.A.			

6. **Average net profit of the Company as per section 135(5)** ₹ 17,426.34 lakhs

7. (a) **Two percent of average net profit of the Company as per section 135(5):** ₹ 348.53 lakhs

   (b) **Surplus arising out of the CSR projects or programs or activities of the previous financial years-** Nil

   (c) **Amount required to be set off for the financial year, if any -** N.A.

   (d) **Total CSR obligation for the financial year (7a+7b+7c) -** ₹ 579.98 lakhs (including ₹ 231.45 lakhs unspent CSR amount from previous 2019-20)

8. (a) **CSR amount spent or unspent for the financial year.**

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
₹ 585.00 lakhs	**Nil**	**NA**	**NA**	**Nil**	**NA**

   (b) **Details of CSR amount spent against ongoing projects for the financial year.** N.A.

ANNEXURE II (Contd.)

(c) **Details of CSR amount spent against other than ongoing projects for the financial year.**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of implemen-tation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1	Towards Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund	contribution to the prime minister's national relief fund (PM CARES Fund)	Yes	All States	-	10 lakhs	No	PM CARES FUND	-
2	Supporting Education Initiatives of the Foundation, particularly the Anil Jindal World School (AJMF)	Promotion of education	No	Maharashtra	Jalna	50 lakhs	No	Anil Jindal Memorial Foundation (AJMF), Maharashtra	-
3	• Vocational Education & Employment Creation • Providing support to Senior Citizens through construction of Shelter Home for homeless senior citizens.	promoting education, including special education and employment enhancing vocation skills	No	Manipur	Bishnupur	150 lakhs	No	Development of Communication Arts and Culture Science"- Education Center (D-CACUS-EDUCATION Center), Manipur	-
4	Construction of new bird hospitals and extension of facilities at existing hospitals	ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare	Yes	Uttar Pradesh	Gautam Buddha Nagar	125 lakhs	No	Sansthanam Abhay Daanam, Delhi NCR	-
5	Development and running of Rishihood University at Sonipat, Haryana	Promotion of education	Yes	Haryana	Sonipat	200 lakhs	No	H R Foundation, Delhi	-
6	Supporting efficient running of the University	Promotion of education	Yes	Uttar Pradesh	Aligarh	50 lakhs	No	Mangalayatan University, Uttar Pradesh	-

(d) Amount spent in Administrative Overheads- Nil

(e) Amount spent on Impact Assessment, if applicable- Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e)- ₹ 585.00 lakhs

(g) Excess amount for set off, if any- ₹ 5.01 lakhs

Sl. No.	Particular	Amount (in ₹)
(i)	**Two percent of average net profit of the Company as per section 135(5)**	579.98 lakhs (including 231.45 lakhs- unspent CSR amount from previous 2019-20)
(ii)	**Total amount spent for the Financial Year**	585.00 lakhs
(iii)	**Excess amount spent for the Financial Year [(ii)-(i)]**	5.01 lakhs
(iv)	**Surplus arising out of the CSR projects or programs or activities of the previous Financial years, if any**	Nil
(v)	**Amount available for set off in succeeding Financial Years [(iii)-(iv)]**	5.01 lakhs

ANNEXURE II (Contd.)

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹ lakhs)	Amount transferred to any fund is specified under Scheduled VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1	2019-20	Nil	231.45	N.A.	Nil	N.A.	Nil
2	2018-19	Nil	Nil	N.A.	Nil	N.A.	Nil
3	2017-18	Nil	Nil	N.A.	Nil	N.A.	Nil
	TOTAL		**231.45**				

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **N.A**.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details). **N.A**

(a) Date of creation or acquisition of the capital asset(s). **N.A**

(b) Amount of CSR spent for creation or acquisition of capital asset. **Nil**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. **N.A.**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). **N.A.**

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5). **N.A.**

For **Satin Creditcare Network Limited**

(Harvinder Pal Singh)
Chairman cum Managing Director &
Chairman Corporate Social Responsibility Committe

ANNEXURE - III

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 (in ₹) for 2020-21	Median Annual Remuneration of Employees for the Financial Year 2020-21 (in ₹)	Ratio of remuneration of each director of the median remuneration of the employees for Financial year
1	Mr Harvinder Pal Singh	1,54,71,108	1,88,340	82:1

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

S. No.	Name of Director(s), Chief Financial Officer, Company Secretary	Annual Remuneration during 2019-20 (in ₹)	Annual Remuneration during 2020-21 (in ₹)	Percentage increased in remuneration since last Financial Year
1	Mr Harvinder Pal Singh, Chairman cum Managing Director	2,91,88,004	1,54,71,108	-46.99%
2	Mr Adhish Swaroop, Company Secretary & Compliance Officer w.e.f. October 14, 2019	12,90,541	17,64,401	-
3	Mr Krishan Gopal, Chief Financial Officer (from January 13, 2020 to December 12, 2020)	11,07,601	40,84,473	-
4	Mr Rakesh Sachdeva, Chief Financial Officer, w.e.f. December 12, 2020	-	20,09,160	-

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

Median Annual Remuneration (In ₹) of employees for the 2019-20	Median Annual Remuneration (In ₹) of employees for the 2020-21	Percentage increase in Median Annual remuneration (In ₹) of employees
2,01,504	1,88,340	-6.53%

(iv) Number of permanent employees on the rolls of the Company – **10,612**

(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-

(i) 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 lakh rupees:

(ii) 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 lakh 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**

ANNEXURE III (Contd.)

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 Harvinder Pal Singh	Chairman cum Managing Director	1,54,71,108	Permanent	CA, LLB, 31 Years	October 16, 1999	60	N.A.	-	Brother of Mr Satvinder Singh
Mr Jugal Kataria	Group Controller	93,21,300	Permanent	ICWA, CS,CA, 30 Years	April 1, 2000	53	Berger Paints Limited – Rajdoot Division	0.13	None
Mr Sanjay Mahajan	Chief Information Officer	84,17,983	Permanent	PGDCSA-IT, 27 Years	January 6, 2016	52	Bata India Limited	0.006	None
Mr Subir Roy Chowdhury	Chief Human Resource Officer	71,55,600	Permanent	PGDM-HR, 23 Years	April 4, 2016	48	Magma Fincorp Limited	0.007	None
Mr Dev Verma	Chief Operating Officer (Upto December 30, 2020)	55,69,853	Permanent	PGDBM, 23 Years	September 14, 2016	49	SKS Microfinace	0.03	None
Mr K Thangaraju	Executive Vice President	50,30,490	Permanent	M.Com 22 Years	February 10, 2020	51	Vice President (Zonal Head for Central Zone), Jana Small Finance Bank	-	None
Mr Amarjit Singh	Senior Vice President	48,77,155	Permanent	MBA 31 Years	March 16, 2020	57	Chief Operating Officer, Capital Trust Limited	-	None
Mr Anil Gupta	Executive Vice President	46,37,508	Permanent	MBA 42 Years	February 1, 2020	61	Director & CEO, Niryas Food Products	-	None
Mr Krishan Gopal	Chief Financial Officer (Upto December 12, 2020)	40,84,473	Permanent	CA 15 Years	November 13, 2019	39	Head Treasury & Corporate planning PNB Housing Finance	-	None
Mr Amit Kumar Gupta	Vice President-Accounts & Finance	37,79,484	Permanent	CA, LLB, PGDBA 16 Years	May 12, 2008	39	Deputy Manager, Accounts & Finance at M/s Lea Associates South Asia Private 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
Satin Creditcare Network Limited
Harvinder Pal Singh
Chairman Cum Managing Director
(DIN: 00333754)

Place: Gurugram
Date: June 14, 2021

ANNEXURE – IV

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, 2021::

(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:

(i) Foreign Exchange Earnings:

₹ 7,403.22 lakhs on account of Reimbursement of Expenditure and External Commercial Borrowing (previous year ₹ 13.88 lakhs)

(ii) Foreign Exchange Outgo:

₹ 2,252.43 lakhs on account of Traveling Expenses, Interest Payment, Sitting Fee, Processing Fee, etc. (Previous year ₹ 1,020.90 lakhs)

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

Harvinder Pal Singh
Chairman cum Managing Director
DIN: 00333754

Place: Gurugram
Date: June 14, 2021

BUSINESS RESPONSIBILITY REPORT

Satin Creditcare Network Limited ('the Company'/Satin/ SCNL) 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 their its operations in compliance with the applicable principles thereof.

This is in accordance with the requirements of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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	2020-21
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC code of the products/ services: 64,990 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 Financing Third party products
9	Total number of locations where business activity is undertaken by the Company	1,201
	(a) Number of international locations	Nil
	(b) Number of national locations	Branches: 1,008 Registered Office: 1 Regional / Zonal Offices: 61 Corporate Office: 1
10	Markets served by the Company – Local/ State/ National/ International	National

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up capital	₹ 9,189.71 lakhs
2	Total turnover	₹ 1,27,307.52 lakhs
3	Total profit/(loss) after taxes	₹ (1,355.49) lakhs
4	Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%)	N.A. as Company has incurred loss during 2020-21
5	List of activities in which expenditure in 4 above has been incurred	For details, refer Report on CSR activities forming part of Director's Report

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; (a) Taraashna Financial Services Limited (b) Satin Housing Finance Limited (c) 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)	No
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

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

(b) Details of the BR head

DIN	00333754
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

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 custom and consumer in responsible manner.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

(a) Details of compliance (Reply in Y/N)

Sl. No.	Questions	P	P2	P 3	P 4	P 5	P 6	P7	P 8	P 9
		Ethics, transparency & sustainability accountability	Sustainability in life cycle of product	Employee well-being	Stakeholder Engagement	Promotion of human rights	Environmental protection	Responsible public policy advocacy	Inclusive growth	Customer value
1	Do you have a policy/policies for?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/ international standards? If yes, specify.	Y	Y	Y	Y	Y	Y	Y	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.								
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
		The policies are approved by the Board/Competent Authority to which the requisite authority has been delegated by the Board.								
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 (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 in-house structure to implement the policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

(b) If the answer to the question at serial number1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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 from time to time.
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 – In 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 make them better 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 6,101 complaints were received from Satin's microfinance borrowers and 29 Complaints were received from Shareholders during 2020-21 and 100% of these have been successfully resolved by our Client Grievance Team and Secretarial Department, 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.

1. Loan for safe household water facility
2. Loan for safe household toilet facility
3. 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, raw material etc.) per unit of product (optional):**
   - **(a)** Reduction during sourcing/ production/distribution achieved since the previous year throughout the value chain?
   - **(b)** 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)?**
   - **(a)** **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

   Company encourages employees not to print papers unless necessary and print on both sides of the papers. Increased digitization in business operations has also helped in reducing paper usage and wastage.

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

<table>
<tr><th>Sl. No.</th><th>Questions</th><th>Status</th></tr>
<tr><td>1</td><td>Please indicate the total number of employees</td><td>10,612</td></tr>
<tr><td>2</td><td>Please indicate the total number of employees hired on temporary/contractual/casual basis</td><td>0</td></tr>
<tr><td>3</td><td>Please indicate the number of permanent women employees</td><td>310</td></tr>
<tr><td>4</td><td>Please indicate the number of permanent employees with disabilities</td><td>2</td></tr>
<tr><td>5</td><td>Do you have an employee association that is recognized by the management?</td><td>No</td></tr>
<tr><td>6</td><td>What percentage of your permanent employees are the members of this recognized employee association?</td><td>NA</td></tr>
<tr><td>7</td><td>Please indicate the number of complaints related to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.
<table>
<tr><th>No</th><th>Category</th><th>No of complaints filed during the financial year</th><th>No of complaints pending as on end of the financial year</th></tr>
<tr><td>1</td><td>Child labour/ forced labour/ involuntary labour</td><td>0</td><td>0</td></tr>
<tr><td>2</td><td>Sexual harassment</td><td>2</td><td>0</td></tr>
<tr><td>3</td><td>Discriminatory employment</td><td>0</td><td>0</td></tr>
</table></td><td></td></tr>
<tr><td>8</td><td>What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?</td><td></td></tr>
<tr><td></td><td>1. Permanent Employees</td><td>100%</td></tr>
<tr><td></td><td>2. Permanent Women Employees</td><td>100%</td></tr>
<tr><td></td><td>3. Casual/Temporary/Contractual Employees</td><td>NA</td></tr>
<tr><td></td><td>4. Employees with Disabilities</td><td>2</td></tr>
</table>

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.

This year, after onset of Covid pandemic, SCNL stood rock solid behind each of its clients to ensure that they are safe and taken care of. Even during lockdown, our field team was constantly in contact with the clients through phone calls or house visits, to check on their safety and well-being. We also educated them on safe hygiene practices and Covid precautions to be followed in addition to distributing masks, ration and hygiene kits across locations.

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.

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 of the same was satisfactorily resolved by the management?**

A total of 6,101 complaints were received from Satin's microfinance borrowers and 29 Complaints were received from Shareholders during 2020-21 and 100% of these have been successfully resolved by our Client Grievance Team and Secretarial Department, 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?	The policy covers only the Company
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

BUSINESS RESPONSIBILITY REPORT (CONTD.)

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)**

   Yes. 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.

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.	● 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, product financing 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 had internally undertaken an impact assessment study in 2014. In 2020, SCNL has again initiated a new impact assessment study through an external agency, which got delayed due to Covid lockdown. Final report is expected in 2021-22.
4	What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken	For details, 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	For details, please refer to the Report on CSR Activities for details.

Principle 9: Business 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)	• 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, acknowledgment 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?	• 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 complains with our process 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 the 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 fulfill its responsibilities toward all stakeholders including customers, government authorities, lenders, employees, members/shareholders and the community at large which ultimately contribute to overall governance.

The 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 a positive context apart from obtaining of awards from appropriate authorities. The 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 and category of the Board of Directors

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, 2021 is 8 (Eight) out of which 5 (Five) are Independent (including one Woman Director) and 3 (Three) are Non-Independent Directors (including one Executive Promoter Director, one Non-Executive Promoter Director and One Nominee Director). 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 judgment 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 Meetings and Committee Meetings. During the year under review, few shorter notice meetings 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 Director(s) 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 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 documents properly through a phone based application.

None of the Directors on the Board:

- holds directorships in more than ten public companies; and
- serves as Director or as Independent Directors (ID) in more than seven listed entities;
- who are the Executive Director(s) serves as IDs in more than three listed entities.

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.

(b) Attendance of each Director at the meeting of the Board of Directors and the last Annual General Meeting

Name of the Director	DIN	Category	Designation	No. of Board meetings during the year 2020-21		Whether Attended the last AGM held on August 5, 2020	Total Number of other Directorship held	Number of Directorship held in listed entity	Total no. of Chairmanship/ Membership of Board Committee	
				Held during their tenure	Attended				Chairman	Member
Mr. Harvinder Pal Singh	00333754	Promoter, Executive and Non-Independent Director	Chairman cum Managing Director	10	10	Yes	5	-	-	2
Mr. Satvinder Singh	00332521	Promoter, Non-Executive and Non-Independent Director	Director	10	10	Yes	-	-	-	1
Mr. Rakesh Sachdeva**	00333715	Non-Executive and Independent Director	Director	6	6	Yes	1	-	-	-
Mr. Sundeep Kumar Mehta	00840544	Non-Executive and Independent Director	Director	10	10	Yes	3	-	2	4
Mrs. Sangeeta Khorana	06674198	Non-Executive and Independent Director	Director	10	10	No	-	-	-	-
Mr. Goh Colin	06963178	Non-Executive and Independent Director	Director	10	10	No	-	-	-	1
Mr. Sanjay Kumar Bhatia	07033027	Non-Executive and Independent Director	Director	10	9	Yes	1	-	1	3
Mr. Anil Kumar Kalra	07361739	Non-Executive and Independent Director	Director	10	10	No	2	-	1	3
Mr. Christian Bernhard Ramm^	08096655	Non-Executive and Non-Independent Director	Nominee Director (Representing Nordic Microfinance Initiative Fund III KS)	9	9	Yes	1	-	-	-
Mr. Arthur Sletteberg^	07123647	Non-Executive and Non-Independent Director	Nominee Director (Representing Nordic Microfinance Initiative Fund III KS)	1	1	No	-	-	-	-
Mr. Rajeev Kakar*	01888608	Non-Executive and Non-Independent Director	Nominee Director (Representing Asian Development Bank)	0	0	No	1	-	-	-

CORPORATE GOVERNANCE REPORT (Contd.)

Notes:

1. *** Mr. Rakesh Sachdeva has resigned from the Board w.e.f. November 4, 2020.*
2. *^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.*
3. **Mr. Rajeev Kakar has resigned from the Board w.e.f. April 30, 2020.*
4. *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.*
5. *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.*
6. *None of the Director on the Board is a Director in any other listed entity.*

(c) Number and Dates of Board meetings

During the year under review, the Board met 10 (Ten) times on May 15, 2020, June 15, 2020, June 22, 2020, September 2, 2020, September 23, 2020, November 4, 2020, November 13, 2020, December 11, 2020, February 12, 2021 and March 26, 2021. 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, 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 of 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 assists the Board to take decision. Further, the resolutions approved through circulation are taken on record by the Board in the next Board Meeting.

(d) Disclosure of relationship between Directors inter-se

Mr. Harvinder Pal 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. Harvinder Pal Singh. No other Director is related to each other.

(e) Number of shares and convertible instruments held by non- executive directors as on March 31, 2021

Name	Category	Number of Fully paid Equity shares held	No. of Partly paid Equity Shares held
Mr. Satvinder Singh	Non-Executive and Non Independent Director	2,57,011	1,28,692

(f) Training and Familiarization for Independent Directors

The Independent Directors are familiarized about their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, legal updates, etc. In this regard, the Company follows a structured familiarization program for the Independent Directors. The details of the familiarization program of the Independent Directors are available on the website of the Company at https://satincreditcare.com/policies-practices/#1611050197222-fdc295ab-84a2

(g) 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, 2021 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. Harvinder Pal Singh	Yes	Yes	Yes	Yes	Yes	Yes	No
Mr. Satvinder Singh	Yes	Yes	Yes	Yes	Yes	Yes	Yes
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. Christian B. Ramm	Yes	Yes	Yes	Yes	Yes	Yes	No

(h) Confirmation regarding Independence of Independent Directors

In the opinion of the Board, Independent Directors fulfill the conditions of independence specified in the Listing Regulations and are independent of the Management of the Company.

(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 February 24, 2021 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. Rakesh, Sachdeva, Non-Executive and Independent Director (DIN: 00333715) has resigned from the Board w.e.f. November 4, 2020. The Board of Directors of the Company has appointed Mr. Rakesh Sachdeva as Senior President of the Company, to strengthen the senior management team. Hence, Mr. Rakesh Sachdeva has resigned from the position of Non-Executive Independent Director on the Board of Directors and its committees prior to assuming an executive role in the Company.

(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 5, 2017.

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 judgment 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 Personnels. 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 Personnels of the Company as on March 31, 2021 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://satincreditcare.com/wp-content/uploads/2018/06/Code-of-Conduct-for-Board-of-Directors-Senior-Managment.pdf.

CORPORATE GOVERNANCE REPORT (Contd.)

3. COMMITTEES OF THE BOARD

The Committees constituted by the Board focus on specific areas and make 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.

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, 2021, 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 have 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

As on March 31, 2021, the Audit Committee comprised of 4 (four) Directors, out of which 3 (three) are Independent Directors and 1 (one) is Promoter, Non-Executive and Non-Independent Director. Company Secretary and Compliance Officer, officiates as the Secretary to 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 at least two Independent Directors. The composition of the Audit Committee is also available on the website of the Company at https://satincreditcare.com/board-of-Directors/.

During the year under review, the Audit Committee met 8 (eight) times on June 15, 2020, June 22, 2020, September 1, 2020, September 21, 2021, October 31, 2020, November 13, 2020, December 9, 2020 and February 12, 2021 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 2020-21		% of attendance
		Held during their tenure	Attended	
Mr. Sanjay Kumar Bhatia	Chairman (Non-Executive & Independent Director)	8	8	100
Mr. Rakesh Sachdeva*	Member, Non-Executive & Independent Director	5	4	80
Mr. Goh Colin	Member, Non-Executive & Independent Director	2	2	100
Mr. Satvinder Singh	Member (Promoter & Non-Executive, Non-Independent Director)	8	8	100
Mr. Sundeep Kumar Mehta	Member (Non-Executive & Independent Director)	8	8	100

** During the year under review, Mr. Rakesh Sachdeva has resigned from the Board and from membership of Committees w.e.f. November 4, 2020 and the Board of Directors of the Company in its meeting held on November 13, 2020, re-constituted the Audit Committee.*

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 include:

- 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;

CORPORATE GOVERNANCE REPORT (Contd.)

- 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 about 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 advances from/investment by the holding Company in the subsidiary exceeding ₹ 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;

The audit committee shall mandatorily review the following information:

a) Management discussion and analysis of financial condition and results of operations;

b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;

c) Management letters/ letters of internal control weaknesses issued by the statutory auditors;

d) Internal audit reports relating to internal control weaknesses;

e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and

f) 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, as amended.

a) Composition and Meetings

As on March 31, 2021, 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. Company Secretary and Compliance Officer, officiates as the Secretary to 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 available on the website of the Company at https://satincreditcare.com/board-of-Directors/.

During the year under review, the Risk Management Committee met 3(three) times on June 30, 2020, December 4, 2020 and March 17, 2021 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 2020-21		% 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)	1	1	100
Mr. Sundeep Kumar Mehta	Member (Non-Executive & Independent Director)	2	2	100

*During the year under review, Mr. Rakesh Sachdeva has resigned from the Board and from membership of Committees w.e.f. November 4, 2020 and the Board of Directors of the Company in its meeting held on November 13, 2020, re-constituted the Risk Management Committee.

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 applicable 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 Company;
- 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 fulfill the oversight responsibilities of the Board of Directors;
- Review reports from management concerning the Company'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 Company'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 to the extant internal risk policy guidelines and also regulatory guidelines;
- Review performance and set objectives for the Company'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.

CORPORATE GOVERNANCE REPORT (Contd.)

(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. Company Secretary and Compliance Officer, officiates as the Secretary to 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://satincreditcare.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@satincreditcare.com.

During the year under review, the Stakeholders Relationship Committee met 1 (one) time on February 23, 2021.

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 2020-21		% 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 August 5, 2020.

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.

Effective from May 12, 2021, Mr. Vipul Sharma is Company Secretary and Compliance Officer of the Company.

Investors Complaints

During the year under review, the Company has received 29 complaints which were duly resolved within the period and no complaint was pending as on March 31, 2021.

(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 rules made thereunder 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/policies-practices/#1529497949952-4f38c43e-c8b2

a) Composition and Meetings

As on March 31, 2021, 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. Company Secretary and Compliance Officer, officiates as the Secretary to 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 available on the website of the Company at https://satincreditcare.com/board-of-Directors/.

During the year under review, the Corporate Social Responsibility Committee met 2 (Two) times on January 4, 2021 and February 26, 2021.

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 2020-21		% of attendance
		Held during their tenure	Attended	
Mr. Harvinder Pal Singh	Chairman (Promoter, Executive & Non- Independent Director)	2	2	100
Mr. Goh Colin	Member (Non-Executive & Independent Director)	2	2	100
Mrs Sangeeta Khorana	Member (Non-Executive & Independent Director)	2	2	100

The Chairman of the Corporate Social Responsibility Committee, Mr. Harvinder Pal Singh attended the last Annual General Meeting held on August 5, 2020.

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

As on March 31, 2021, the Committee comprised of 5 (five) Directors, out of which 3 (three) are Independent Directors, 1 (one) is Non Executive and Nominee Director, and 1 (one) is Promoter, Executive and Non-Independent Director. Company Secretary and Compliance Officer, officiates as the Secretary to the Committee. The quorum of the Committee is two members or one-third of its members, whichever is higher with at least one independent Director.

During the year under review, Mr. Arthur Sletteberg has resigned from the Committee w.e.f. May 30, 2020 The composition of the Committee is also available on the website of the Company at https://satincreditcare.com/board-of-Directors/.

During the year under review, the Nomination and Remuneration Committee met 5 (five) times on May 30, 2020, September 21, 2020, November 2, 2020, December 8, 2020 and March 12, 2021.

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 2020-21		% of attendance
		Held during their tenure	Attended	
Mr. Sundeep Kumar Mehta	Chairman (Non-Executive & Independent Director)	5	5	100
Mr. Harvinder Pal Singh	Member (Promoter, Executive & Non-Independent Director)	5	5	100
Mr. Sanjay Kumar Bhatia	Member (Non-Executive & Independent Director)	2	2	100
Mr. Christian B. Ramm	Member (Non-Executive and Nominee Director)	2	2	100
Mr. Arthur Sletteberg	Member (Non-Executive & Non Independent Director)	1	1	100
Mrs Sangeeta Khorana	Member (Non-Executive & Independent Director)	5	5	100

The Chairman of Nomination and Remuneration Committee, Mr. Sundeep Kumar Mehta attended the last Annual General Meeting held on August 5, 2020.

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.

- 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 Personnels (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 March 26, 2021. The policy has been uploaded on the website of the Company at https://satincreditcare.com/wp-content/uploads/2019/10/NRC-ver-2.2.pdf.

CORPORATE GOVERNANCE REPORT (Contd.)

(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.

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.

Composition and Meetings

As on March 31, 2021, the Committee comprised of 6 (six) Members out of which 1 (one) is Promoter, Executive and Non Independent Director and 5 (five) are other employees of the Company. Company Secretary and Compliance Officer, officiates as the Secretary to the Committee. The quorum of the Committee is three members.

During the year under review, the ALM Committee met 4 (four) times on May 27, 2020, August 26, 2020, November 4, 2020 and February 15, 2021.

(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 8, 2017.

Composition and Meetings

As on March 31, 2021, the Committee comprised of 6 (six) members out of which 1 (one) is Promoter, Executive and Non Independent Director, 1 (one) is Independent Director, 1 (one) is Non-executive Nominee Director and other 3 (three) are employees of the Company. Company Secretary and Compliance Officer, officiates as the Secretary to 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 8, 2020 and December 4, 2020.

(H) WORKING COMMITTEE

The Working Committee of the Company broadly consider, review and approve routine matters of the Company which includes but not limited to evaluation and approval of various proposals for borrowings, issue of securities and 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.

The Committee comprised of 6 (six) 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 employees of the Company.

During the year under review, 46 (Forty Six) meetings of the Committee were held.

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

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 2020-21 is given below:

Particulars	Mr Harvinder Pal Singh, Chairman cum Managing Director (In ₹)
Salary	1,19,93,400
Provident Fund	14,39,208
Gratuity	0
Leave Encashment	0
Approximate value of perquisites	20,38,500
Total	**1,54,71,108**
Present period of agreement for remuneration	October 1, 2020 to September 30, 2025
Present period of agreement of appointment	October 1, 2020 to September 30, 2025

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 structure for payment of sitting fees for attending Board and Committee Meetings which is as follows:

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

Detail of payments made to Non-Executive Directors towards sitting fee during the financial year 2020-21 is as under.

Sl. No.	Name of Non-Executive Directors (Other than Investor's nominees)	Sitting Fees (2020-21)		Total (Amount in ₹)
		Board Meeting (Amount in ₹)	Committee Meeting (Amount in ₹)	
1	Mr. Rakesh Sachdeva*	180,000	225,000	405,000
2	Mr. Sundeep Kumar Mehta	300,000	470,000	770,000
3	Mr. Satvinder Singh	300,000	275,000	575,000
4	Mr. Anil Kumar Kalra	300,000	115,000	415,000
5	Mr. Goh Colin	300,000	90,000	390,000
6	Mrs Sangeeta Khorana	300,000	140,000	440,000
7	Mr. Sanjay Kumar Bhatia	270,000	280,000	550,000
	Total	**19,50,000**	**15,95,000**	**35,45,000**

**Resigned w.e.f. November 4, 2020*

In addition, the Non-Executive Directors will be paid traveling expenses including airfare, hotel stay and car on rental basis for attending the meetings of the Board/Committee and such other expenses as are incurred, if any 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, 2021 other than those disclosed in the Financial Statements. Also, none of Directors of the Company except Mr. Harvinder Pal 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, EXTRA-ORDINARY 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
2019-20	Meeting conducted through VC / OAVM pursuant to the MCA Circulars and SEBI Circulars	August 5, 2020	10:30 A.M.	1. Issue of Non-Convertible Debentures (NCDs), in one or more series/tranches on private placement basis. 2. Re-appointment of Mr Anil Kumar Kalra (DIN:07361739) as an Independent Director of the Company
2018-19	Little Theatre Group Auditorium 1, Copernicus Marg, Mandi House, Opp. Doordarshan Bhavan, Near Connaught Place, New Delhi - 110001	July 6, 2019	10:30 A.M.	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 6, 2018	10:30 A.M.	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.

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

Special Resolutions passed through Postal Ballot in Financial Year 2020-21:

During the year under review, no Special Resolution was passed through postal ballot.

Whether any Special Resolution is proposed to be passed through Postal Ballot

Special Resolution(s) as may be necessary under the Act and/ or the Listing Regulations would be passed through Postal Ballot.

Procedure for Postal Ballot

- The notices containing the proposed resolutions and explanatory statement are sent to the shareholders at the addresses registered with the Company alongwith a Postal Ballot Form and a postage pre-paid envelope containing the address of the Scrutinizer appointed by the Board for carrying out the Postal Ballot process or other permitted mode by MCA and SEBI from time to time;

- The Postal Ballot Forms received within 30 days of dispatch are considered by the Scrutinizer;
- The Scrutinizer submits his report to the Chairman cum Managing Director of the Company or a person authorized by him, who on the basis of the report, announces the results; and
- The Company has entered into an agreement with Depositories for providing e-voting facility to its shareholders. Under this facility, shareholders are provided an electronic platform to participate and vote on the resolutions to be passed through Postal Ballot.

6. SHAREHOLDERS' COMMUNICATION

The Board recognizes 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 2020-21 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	August 2, 2021
Venue	Meeting is being conducted through VC/OAVM pursuant to the MCA Circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 and as such there is no requirement to have a venue for the AGM.

(c) Financial Year : April 1, 2020 to March 31, 2021

(d) Dividend payment:

In view of the losses incurred the Board has decided not to recommend any dividend on Equity Shares for the financial year 2020-21.

Further, as per the terms of the Agreement with Preference Shareholders, the Board had declared and paid the interim dividend as detailed below:

Sl. No.	Name of Preference Shareholders	Preference Shares	Period of dividend	Amount of Dividend paid per preference 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 1, 2020 to April 22, 2021	₹ 1.21*

*Amount of dividend is excluding applicable taxes, further to note that Preference shares were redeemed on April 22, 2021 as per the agreed terms with Preference Shareholders.

CORPORATE GOVERNANCE REPORT (Contd.)

(e) Listing of Shares and Demat ISIN in NSDL & CDSL for Equity and Debentures:

As on March 31, 2021, the Company has issued Fully paid-up Equity Shares and Partly paid-up Equity Shares which are listed on BSE Limited and National Stock Exchange of India Limited in India. The annual Listing fees has been paid to the respective Stock Exchanges.

Stock Exchanges	ISIN	Stock Code
National Stock Exchange of India Limited ('NSE') Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Mumbai – 400 051, Maharashtra, India	INE836B01017 (Fully paid-up Equity Shares)	SATIN (Fully paid-up Equity Shares)
	IN9836B01023 (Partly paid-up Equity Shares)	SATIN PP1 (Partly paid-up Equity Shares)
BSE Limited ('BSE') Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, Maharashtra, India	INE836B01017 (Fully paid-up Equity Shares)	539404 (Fully paid-up Equity Shares)
	IN9836B01023 (Partly paid-up Equity Shares)	890149 (Partly paid-up Equity Shares)

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

Sl. No.	Name/Details of Trustee	ISIN	No. of Debentures	Amount* (In ₹)
1.	**IDBI TRUSTEESHIP SERVICES LIMITED** Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai-400001	INE836B08228	150	15,00,00,000
		INE836B07493	1,000	100,00,00,000
2.	**CATALYST TRUSTEESHIP LIMITED** (formerly GDA Trusteeship Limited) GDA House, Plot No. 85, Bhusari Colony (Right) Paud Road, Pune- 411038	INE836B07451	200	50,00,00,000
		INE836B07535	650	65,00,00,000
		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
		INE836B07469	250	25,00,00,000
		INE836B07477	250	25,00,00,000
		INE836B08160	350	35,00,00,000
		INE836B08194	2,628	26,28,00,000
		INE836B07501	500	50,00,00,000
		INE836B07519	500	50,00,00,000
		INE836B07444	250	25,00,00,000
		INE836B07485	500	50,00,00,000
		NE836B07378	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
		INE836B07527	1750	175,00,00,000
		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
		INE836B07543	250	25,00,00,000
		INE836B07550	600	60,00,00,000
		INE836B07568	250	25,00,00,000
		INE836B07576	500	50,00,00,000
		INE836B07584	9,750	48,75,00,000
		INE836B07592	18,750	187,50,00,000
		INE836B07600	1,500	150,00,00,000

* Nominal Value of NCDs are Considered.

(f) Market Information:

(i) Market Price Data– High, Low (based on daily closing price) and volume (no. of shares traded) during each month in the Financial Year 2020-21 of Fully Paid-up Equity Shares, on BSE and NSE:

Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High	Low	High	Low
Apr-20	77.85	60.00	77.85	59.45
May-20	61.50	46.00	61.30	45.15
Jun-20	104.35	51.65	103.50	50.30
Jul-20	97.00	74.85	97.05	75.00
Aug-20	82.00	67.55	82.50	67.45
Sep-20	78.95	52.50	79.00	52.50
Oct-20	57.90	50.85	57.75	51.25
Nov-20	76.75	51.90	76.40	51.85
Dec-20	82.45	69.50	82.50	69.30
Jan-21	89.10	68.25	89.30	68.25
Feb-21	93.20	70.85	90.00	70.65
Mar-21	112.65	82.10	112.90	82.90

(ii) Market Price Data– High, Low (based on daily closing price) and volume (no. of shares traded) during each month in the Financial Year 2020-21 of partly Paid-up Equity Shares*, on BSE and NSE:

Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High	Low	High	Low
Apr-20	-	-	-	-
May-20	-	-	-	-
Jun-20	-	-	-	-
Jul-20	-	-	-	-
Aug-20	-	-	-	-
Sep-20	32.75	18.10	32.75	17.70
Oct-20	22.55	18.00	23.00	18.20
Nov-20	38.05	20.20	37.45	19.50
Dec-20	40.05	31.70	40.25	30.55
Jan-21	39.20	29.10	39.20	29.00
Feb-21	36.25	24.75	35.80	24.10
Mar-21	-	-	-	-

**on September 1, 2020, Company had issued and allotted ₹1,99,82,283 Partly Paid Equity Shares of ₹10 each at the price of ₹ 60 each (Including premium of ₹ 45 per share) out of which ₹ 15 per share to be paid on application and balance amount to be paid as and when called by the Board. These partly paid shares were listed on BSE & NSE and were traded w.e.f. September 7, 2020.*

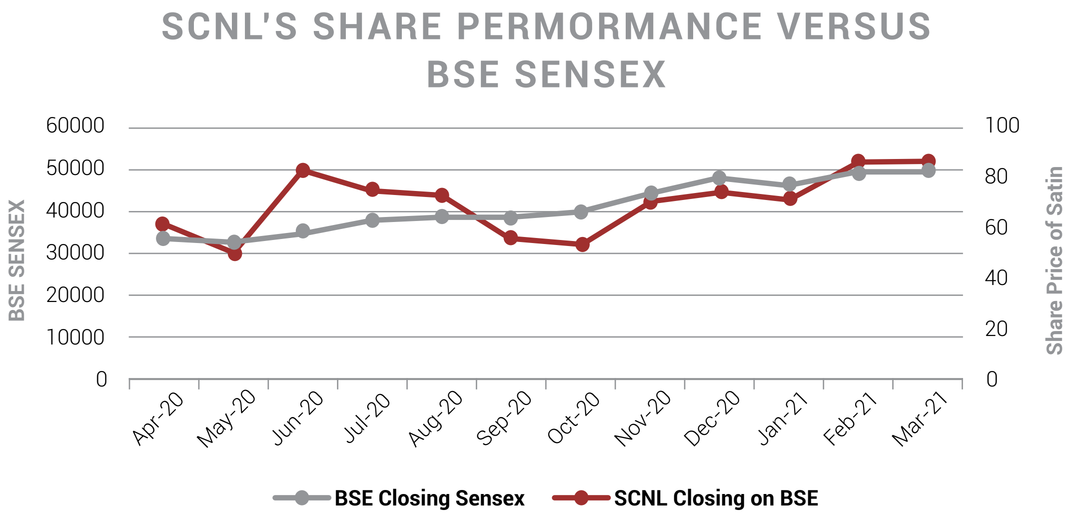
Further Board of Directors of the Company in its meeting held on February 12, 2021 has made the first call of ₹ 30 per shares on 1,99,82,283 Party Paid Equity Shares and fixed February 24, 2021 as a record date, pursuant to which the trading in Partly Paid shares were suspended w.e.f. February 23, 2021. After receipt of calls trading in Partly Paid Scrip was again resumed w.e.f. April 7, 2021.

CORPORATE GOVERNANCE REPORT (Contd.)

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

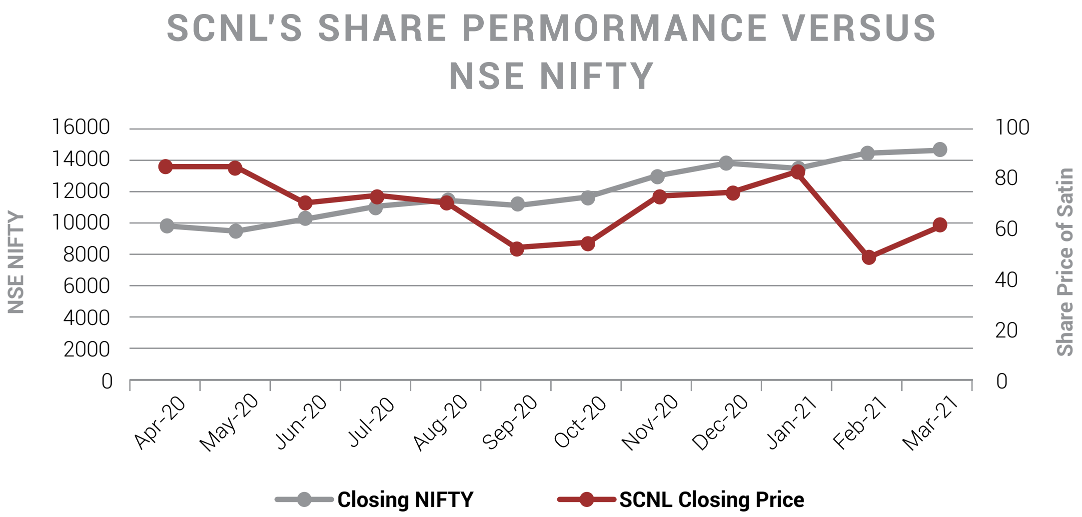
Performance in comparison to BSE Sensex

(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)



(h) Except mentioned below, no securities were suspended from trading during the Financial Year 2020-21

On September 1, 2020, Company had issued and allotted 1,99,82,283 Partly Paid Equity Shares of ₹10 each at the price of ₹ 60 each (Including premium of ₹ 45 per share) out of which ₹ 15 per share to be paid on application and balance amount to be paid as and when called by the Board. These partly paid shares were listed on BSE & NSE and were traded w.e.f. September 7, 2020.

Further Board of Directors of the Company in its meeting held on February 12, 2021 has made the first call of ₹ 30 per shares on 1,99,82,283 Party Paid Equity Shares and fixed February 24, 2021 as a record date, pursuant to which the trading in Partly Paid shares were suspended w.e.f. February 23, 2021. After receipt of calls trading in Partly Paid Scrip was again resumed w.e.f. April 7, 2021.

(i) 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 No. 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

(j) 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.

(k) Shareholding Pattern/Distribution of shareholding as on March 31, 2021:

Category	Shareholding (Fully Paid)	Shareholding (Partly Paid)	% of Holding
Promoters (Individuals)	12,85,480	436,865	2.39
Foreign Company	52,58,897	12,93,818	9.10
Foreign Portfolio Investors (Corporate)	41,86,422	10,67,158	7.29
Mutual Funds	20,71,300	795,379	3.98
Other Bodies Corporate	73,76,148	10,18,840	11.66
Public	1,14,22,058	29,88,219	20.01
Financial Institutions	13,43,283	842,142	3.03
Employee Welfare Trust / ESOP	3,48,950	133,996	0.67
Non-Resident Indians	5,84,656	62,608	0.90
Hindu Undivided Family	7,61,689	173,941	1.30
Clearing Members	2,38,927	6,323	0.34
Foreign Nationals	3,200	0	0.01
Non-Nationalized Banks	8,29,676	0	1.15
Trusts	50,549	0	0.07
Alternate Investment Funds	67,651	15,225	0.12
Corporate Bodies (Promoter Co.)	1,46,56,121	1,11,43,269	35.82
Foreign Banks	15,43,187	0	2.14
NBFCs Registered with RBI	10,000	4,500	0.02
TOTAL	**5,20,38,194**	**1,99,82,283**	**100.00**

	Distribution of shareholding based on shares held as on March 31, 2021				
Sl. No.	**Shares Range**	**Number of Shareholders**	**% of total Shareholders**	**Total Shares for the Range***	**% of issued Capital**
1	1 to 500	16,914	82.89	21,73,362	3.81
2	501 to 1,000	1,514	7.44	13,50,540	2.34
3	1,001 to 2,000	817	4.02	14,18,696	2.32
4	2,001 to 3,000	313	1.53	894,757	1.53
5	3,001 to 4,000	162	0.80	720,920	1.12
6	4,001 to 5,000	154	0.76	897,974	1.40
7	5,001 to 10,000	252	1.24	22,21,513	3.54
8	10,001 and Above	269	1.32	6,23,42,715	83.94
	Total	**20,395**	**100.00**	**7,20,20,477**	**100.00**

**includes 5,20,38,194 fully paid shares of ₹ 10 each, 1,97,26,605 Partly paid Equity Shares of ₹ 10 each ₹ 7.50 paid up) and 2,55,678 Partly paid Equity Shares of ₹ 10 each ₹ 2.50 paid up)*

CORPORATE GOVERNANCE REPORT (Contd.)

(l) Dematerialization of Shares:

99.77% of the Equity Shares have been dematerialized up to March 31, 2021. 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.

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

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

(o) Address for correspondence:

Corporate Office	Plot No. 492, Udyog Vihar, Phase – III, Gurugram, Haryana – 122016, India
Registered Office	5th Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, Delhi-110033, India.

(p) 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	ICRA Limited	[ICRA]A- (Stable)
Non -Convertible Debentures	33	ICRA Limited	[ICRA]A- (Stable)
Non -Convertible Debentures	2	ICRA Limited	[ICRA]A- (Stable)
Non -Convertible Debentures	50	ICRA Limited	[ICRA]A- (Stable)
Subordinate Debt	15	ICRA Limited	[ICRA]A- (Stable)
Subordinate Debt	13	ICRA Limited	[ICRA]A- (Stable)
Subordinate Debt	25	ICRA Limited	[ICRA]A- (Stable)
Subordinate Debt	25	ICRA Limited	[ICRA]A- (Stable)
Subordinate Debt	40	ICRA Limited	[ICRA]A- (Stable)
Subordinate Debt	10	ICRA Limited	[ICRA]A- (Stable)
Commercial Paper	200	ICRA Limited	[ICRA] A1
Non-Convertible Debentures	97	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	24.2	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	38.7	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	213	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	12.5	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	12.5	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	120	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	40	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	60	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	65	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	50	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	26.28	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	68	Credit Analysis & Research Ltd	CARE A-; Stable
Non-Convertible Debentures	15	Credit Analysis & Research Ltd	CARE A-; Stable
Subordinate Debt	50.05	Credit Analysis & Research Ltd	CARE A-; Stable
Subordinate Debt	30	Credit Analysis & Research Ltd	CARE A-; Stable
Commercial Paper	200	Credit Analysis & Research Ltd	CARE A1
Fund Based -Long Term Bank Facilities	2800	Credit Analysis & Research Ltd	CARE A-; Stable
Preference Share	25	Credit Analysis & Research Ltd	CARE BBB+ (RPS); Stable
Securitization	46.19	Credit Analysis & Research Ltd	Provisional CARE A (SO)
Non-Convertible Debentures	50	India Rating & Research	IND A- Positive Outlook
Fund Based-Short Term Bank Facilities	200	CRISIL Limited	CRISIL A1
Commercial Paper	150	CRISIL Limited	CRISIL A1

(q) 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.

(r) 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.

(s) 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.

(t) Any query on Annual Report:

Members can write an email on secretarial@satincreditcare.com or send their query on annual report on below mentioned address: Plot No. 492, Udyog Vihar, Phase – III, Gurugram, Haryana – 122016, 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://satincreditcare.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 behavior, 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://satincreditcare.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://satincreditcare.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 had come out with the Rights Issue of ₹ 120 Crores (rounded off) and issued and allotted 1,99,82,283 Partly Paid Equity Shares of ₹ 10 each (₹ 2.50 paid up) "Rights Equity Shares" at an issue price of ₹ 60 per shares to its existing eligible equity shareholders, in the ratio of 48 rights issue shares for every 125 shares held on record date i.e. August 5, 2020.

CORPORATE GOVERNANCE REPORT (Contd.)

Subsequently, the Company in its board meeting held on February 12, 2021, has made the first call of ₹ 30 per share (Including premium of ₹ 25) towards partly paid shares. Till March 31, 2021 the Company had received ₹ 89.16 Crores.

(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 are as follows:

Sl. No.	Name of Company	Status of Company	Amount Paid (in ₹ lakhs)
1	Satin Creditcare Network Limited	Company	30.00
2	Taraashna Financial Services Limited	Wholly Owned Subsidiary	6.00
3	Satin Housing Finance Limited	Wholly Owned Subsidiary	8.70
4	Satin Finserv Limited	Wholly Owned Subsidiary	1.50
	Total		**46.20**

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

a. Number of complaints filed during the financial year- 2

b. Number of complaints disposed of during the financial year- 2

c. 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-paras (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 1, 2020 and ended on March 31, 2021 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 2020-21 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 9, 2021 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, 2021, there are no shares in the Demat suspense account / unclaimed suspense account.

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

Harvinder Pal Singh
(Chairman cum Managing Director)
(DIN: 00333754)

Place: Gurugram
Date: June 14, 2021

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, 2021.

Harvinder Pal Singh
(Chairman cum Managing Director)
(DIN: 00333754)

Place: Gurugram
Date: June 14, 2021

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 1, 2020 and ended on March 31, 2021.

For S. Behera & Co.
Company Secretaries

Shesdev Behera
FCS No. 8428
C P No.: 5980
UDIN: F008428C000433787

Date: June 8, 2021
Place: New 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 1, 2020 and ended on March 31, 2021. 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 1, 2020 and ended on March 31, 2021.

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: F008428C000433754

Date: June 8, 2021
Place: New 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 Regulation 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 the financial results and the cash flow statement for the year ended March 31, 2021 and 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 statement that might be misleading;

(ii) these statements together present a true and fair view of the Company's affair 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 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 or operation of such internal controls, if any, of which we 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) significant changes in internal control over financial reporting during the year;

(ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statement; and

(iii) instances of significant fraud 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.

For and on behalf of
Satin Creditcare Network Limited

(Harvinder Pal Singh)	**(Rakesh Sachdeva)**
Chairman cum Managing Director	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 2021, 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 2021, and its loss (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 ('the ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – COVID 19

4) We draw attention to Note 54 to the accompanying Statement, which describes significant uncertainties due to the outbreak of COVID-19 pandemic. The impact of the pandemic on the operations of the Company and its financial position as at 31 March 2021 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 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.

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
Use of information processing system for accounting and financial reporting	
The Company relies upon information processing systems for recording, processing, classifying and presenting the large volume of transactions entered into by the Company. The Company has put in place IT General Controls and automated IT Controls to ensure that the information produced by the Company is reliable. Also, during the current year, the management carried out changes to the IT infrastructure and accounting system to implement moratorium relief extended during the year to the customers. Among other things, the management also uses the information produced by the entity's information processing systems for accounting and the preparation and presentation of the financial statements. The Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans amongst others. The controls implemented by the Company	Our key audit procedures on this matter included, but were not limited, to the following: (a) obtained an understanding of the Company's information processing systems, IT General Controls and automated IT controls for applications, databases and operating systems relevant to our audit; (b) Also, obtained an understanding of the changes that were made to the IT applications during the audit period on account of moratorium relief extended to its customers; (c) involved IT specialists (auditor's expert) for performance of the following procedures: (i) tested the IT General Controls around user access management, changes to IT environment and segregation of duties around program maintenance, security administration and over key financial accounting and reporting processes;

INDEPENDENT AUDITOR'S REPORT (Contd.)

Key audit matter	How our audit addressed the key audit matter
in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting. Since our audit strategy included focus on entity's information processing systems relevant to our audit due to their pervasive impact on the standalone financial statements, we have determined the use of information processing system for accounting and financial reporting as a key audit matter for the current year audit.	(ii) tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization; and (iii) tested the automated controls like interfaces, configurations and information generated by the entity's information processing systems for loans, interest income and other significant financial statement items. (d) obtained written representations from management and those charged with governance on whether IT general controls and automated IT controls are designed and were operating effectively during the period covered by our audit.
Expected Credit Losses on loans and implementation of COVID-19 relief measures	
[Refer Note 3(k) for the accounting policy and Note 43 for the related disclosures]	
As at 31 March 2021, the Company has financial assets (loans) amounting to ₹ 551,496.23 lakh including loans which are carried at fair value through other comprehensive income amounting to ₹ 505,504.25 lakh. As per Ind AS 109- Financial Instruments, the Company is required to recognize allowance for expected credit losses on financial assets. 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 judgment around both the timing of recognition of impairment provisions and estimation of the amount of provisions required in relation to loss events. 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. 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. Significant management judgment and assumptions involved in measuring ECL is required with respect to: • determining the criteria for a significant increase in credit risk • factoring in future economic assumptions • techniques used to determine probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models with the help of management's experts and other historical data. **COVID-19** During the current year, RBI announced various relief measures for the borrowers which were implemented by the Company such as "COVID 19 Regulatory Package- Asset Classification and Provisioning" announced by the RBI on 17 April 2020 and RBI circular on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 7 April 2021 (collectively referred to as 'the RBI circulars'), and "Resolution Framework for COVID-19 related Stress" (the 'Resolution Framework') dated on 6 August 2020, which have been collectively considered by the management in identification, classification and provisioning of loan assets for impairment.	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: a) performed a walkthrough of the impairment loss allowance process and assessed the design effectiveness of controls; 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; c) Obtained the reports of the management's expert and assessed the expert's professional competence, independence and objectivity in developing the ECL model; d) obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the RBI circulars and ensured such policy is in compliant with the requirements of the RBI circular; e) evaluated the appropriateness of the Company's determination of significant increase in credit risk in accordance with the applicable accounting standard considering the impact of COVID-19 on account of benefit extended by the Company to select borrowers and the basis for classification of various exposures into various stages; f) as modeling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; g) 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; h) tested the accuracy of inputs through substantive procedures and assessed the reasonableness of the assumptions used;

Key audit matter	How our audit addressed the key audit matter
The management has considered the impact of COVID-19 on arriving at the provisions as at the balance sheet date on account of significant increase in credit risk on customers given additional support by the Company which were impacted due to COVID-19. The basis of estimates and assumptions involved in arriving at the provisions during the year were monitored by the Company periodically and significantly depend on future developments in the economy due to COVID-19 including any new relief measures' announcements by the RBI. 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. We also draw attention to Note 54 of the accompanying standalone financial statements, regarding uncertainties involved 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 as the same is fundamental to the understanding of the users of financial statements.	i) developed a point estimate by making reference to the expected credit losses recognized by entities that carry comparable financial assets; j) tested the arithmetical calculation of the expected credit losses; k) assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework; and l) obtained written representations from management and those charged with governance whether they believe significant assumptions used in calculation of expected credit losses are reasonable.

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. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the standalone financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 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 standalone 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

INDEPENDENT AUDITOR'S REPORT (Contd.)

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 STANDALONE FINANCIAL STATEMENTS

11) Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 standalone 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; and
- 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.

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 standalone 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 2021 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 standalone financial statements of the Company as on 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 14 June 2021 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 51 to the standalone financial statements, has disclosed the impact of pending litigation(s) on its financial position as at 31 March 2021;

        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 2021;

        iii) there were no amounts that were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; 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

Manish Gujral
Partner
Membership No.: 105117
UDIN: 21105117AAAADK6866
Place: Mumbai
Date: 14 June 2021

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 2021

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 an amalgamation of companies as stated in the Note 14 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 2021	Net block as on 31 March 2021	Remarks
Building	1	Freehold	292.00	149.02	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.

ANNEXURE A (Contd.)

(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:

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	194.63	Nil	Assessment year 2018-19	Deputy Commissioner of Income-tax, CPC	Subsequent to the balance sheet date, the Company received demand notice under section 143(3) against which the Company is in process of filing appeal to National Faceless Appeal Center (NFAC)

(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 and according to the information and explanations given to us, the Company has applied amount raised by way of right issue and term-loans for the purposes for which these were raised other than temporary deployment pending application of proceeds.

(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 ₹ 117.47 lakhs as mentioned in Note 58. The Company has terminated the services of such employees and also initiated legal action against them. The Company has recovered ₹ 12.67 lakhs from 20 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.

ANNEXURE A (Contd.)

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or 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 Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 21105117AAAADK6866

Place: Mumbai
Date: 14 June 2021

ANNEXURE B

Annexure B 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 2021

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 2021, 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 ('the 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 the 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 judgment, 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 standalone 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 standalone 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 standalone 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

ANNEXUREB (Contd.)

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 2021, 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 the ICAI.

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

Manish Gujral
Partner
Membership No.: 105117
UDIN: 21105117AAAADK6866

Place: Mumbai
Date: 14 June 2021

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	4	1,12,068.58	1,10,732.02
Bank balances other than cash and cash equivalents	5	74,195.31	65,434.15
Derivative financial instruments	6	34.13	673.63
Trade receivables	7	1,460.92	613.14
Loans	8	5,51,496.23	4,70,939.10
Investments	9	28,318.30	51,333.45
Other financial assets	10	3,156.42	1,758.77
		7,70,729.89	**7,01,484.26**
Non-financial assets			
Current tax assets (net)	11	-	3,152.99
Deferred tax assets (net)	12	4,609.86	-
Investment Property	13	693.73	-
Property, plant and equipment	14	8,384.37	5,241.24
Capital work-in-progress	14	364.96	3,413.64
Other intangible assets	15	288.79	378.17
Other non-financial assets	16	2,379.82	1,752.61
		16,721.53	**13,938.65**
TOTAL ASSETS		**7,87,451.42**	**7,15,422.91**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	17	-	81.38
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		792.62	300.99
Other payables	18		
(i) total outstanding dues of micro enterprises and small enterprises		223.90	227.71
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,434.68	1,220.08
Debt securities	19	1,70,507.14	86,386.14
Borrowings (other than debt securities)	20	3,81,643.15	4,00,213.72
Subordinated liabilities	21	50,412.79	54,308.13
Other financial liabilities	22	30,432.44	24,400.91
		6,35,446.72	**5,67,139.06**
Non-financial liabilities			
Current tax liabilities (net)	23	893.52	-
Provisions	24	1,316.16	1,086.40
Deferred tax liabilities (net)	12	-	1,142.04
Other non-financial liabilities	25	689.79	778.45
		2,899.47	**3,006.89**
EQUITY			
Equity share capital	26	6,647.12	5,171.27
Other equity	27	1,42,458.11	1,40,105.69
		1,49,105.23	**1,45,276.96**
TOTAL LIABILITIES AND EQUITY		**7,87,451.42**	**7,15,422.91**

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

Manish Gujral
Partner
Membership Number: 105117

Place : Mumbai
Date : June 14, 2021

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

Harvinder Pal Singh
(Chairman cum Managing Director)
DIN: 00333754
Place : Gurugram

Satvinder Singh
(Director)
DIN: 00332521
Place : Gurugram

Sanjay Kumar Bhatia
(Chairman Audit Committee cum Director)
DIN: 07033027
Place : Dehradun

Vipul Sharma
(Company Secretary & Compliance Officer)
Membership Number: A27737

Rakesh Sachdeva
(Chief Financial Officer)
Place : Gurugram

Place : Gurugram
Date : June 14, 2021

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
I. INCOME			
Revenue from operations			
Interest income	28	1,11,686.08	1,07,844.38
Dividend income	29	-	2.21
Fees and commission income	30	4,169.16	7,078.65
Net gain on fair value changes	31	-	1,237.44
Net gain on derecognition of financial instruments	32	11,042.73	23,608.14
Other operating income	33	204.93	186.29
Total revenue from operations		**1,27,102.90**	**1,39,957.11**
Other income	34	204.62	133.30
Total income		**1,27,307.52**	**1,40,090.41**
II. EXPENSES			
Finance costs	35	61,760.83	57,686.12
Net loss on fair value changes	31	645.30	-
Impairment on financial instruments	36	27,521.24	18,882.89
Employee benefits expenses	37	28,141.88	29,666.79
Depreciation and amortization	38	1,301.32	1,519.84
Other expenses	39	8,913.23	11,018.01
Total expenses		**1,28,283.80**	**1,18,773.65**
(Loss)/profit before tax		**(976.28)**	**21,316.76**
Tax expense:	40		
Current tax		4,962.74	5,474.97
Deferred tax charge		(4,583.53)	215.08
Total		**379.21**	**5,690.05**
(Loss) / profit after tax		**(1,355.49)**	**15,626.71**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit plans		(86.62)	87.80
Income tax relating to above items		21.80	(22.10)
	A	**(64.82)**	**65.70**
Items that will be reclassified to profit or loss			
Changes in fair value of loan assets		(4,489.73)	5,771.41
Income tax relating to above item		1,129.99	(1,452.55)
Cash flow hedge reserve		(65.89)	93.37
Income tax relating to above item		16.58	(23.50)
	B	**(3,409.05)**	**4,388.73**
Other comprehensive income	**A+B**	**(3,473.87)**	**4,454.43**
Total comprehensive income for the period		**(4,829.36)**	**20,081.14**
Earnings per equity share (face value of ₹ 10 per equity share)	41		
Basic (₹)		(2.19)	29.07
Diluted (₹)		(2.19)	28.93

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

Manish Gujral
Partner
Membership Number: 105117

Place : Mumbai
Date : June 14, 2021

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

Harvinder Pal Singh
(Chairman cum Managing Director)
DIN: 00333754
Place : Gurugram

Satvinder Singh
(Director)
DIN: 00332521
Place : Gurugram

Sanjay Kumar Bhatia
(Chairman Audit Committee cum Director)
DIN: 07033027
Place : Dehradun

Vipul Sharma
(Company Secretary & Compliance Officer)
Membership Number: A27737

Rakesh Sachdeva
(Chief Financial Officer)
Place : Gurugram

Place : Gurugram
Date : June 14, 2021

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A	CASH FLOW FROM OPERATING ACTIVITIES		
	(Loss)/profit before tax	(976.28)	21,316.76
	Adjustments for:		
	Depreciation and amortization	994.09	1,032.71
	Depreciation of right-of-use assets	307.23	487.13
	Net gain on derecognition of property, plant and equipment	(9.37)	(2.90)
	Fair value gain on mutual funds	(4.91)	(1,368.20)
	Unrealized (gain)/loss on fair value changes of derivatives and investments	650.21	130.76
	Property, plant and equipment written off	6.05	-
	Impairment on financial instruments	27,521.24	18,882.89
	Dividend income	-	(2.21)
	Gain on sale of loan portfolio through assignment	(11,042.73)	(23,608.14)
	First loss default guarantee expenses	1,155.20	1,278.78
	Share based payment to employees	19.02	147.97
	Effective interest rate adjustment for financial instruments	2,198.58	2,087.29
	Interest expense for leasing arrangements	78.58	161.98
	Net gain on termination of leases	(5.41)	(45.32)
	Corporate guarantee premium income	(7.23)	(0.38)
	Unrealized exchange fluctuation loss (net)	(381.17)	188.49
	Operating profit before working capital changes	**20,503.10**	**20,687.61**
	Movement in working capital		
	(Increase)/decrease in trade receivables	(847.78)	38.42
	Increase in loans	(1,01,293.09)	(13,987.33)
	(Increase)/decrease in deposits	(8,761.16)	3,962.37
	Increase in other financial assets	(1,727.63)	(157.49)
	Increase in other non-financial assets	(707.36)	(1,048.32)
	Increase in trade and other payables	621.04	630.64
	Increase/(decrease) in other financial liabilities	4,883.56	(4,470.80)
	Increase/(decrease) in provisions	143.14	(180.24)
	(Decrease)/increase in other non-financial liabilities	(154.55)	83.76
	Cash (used in)/generated from operating activities post working capital changes	**(87,340.73)**	**5,558.62**
	Income tax paid (net)	(916.23)	(7,261.85)
	Net cash used in operating activities (A)	**(88,256.96)**	**(1,703.23)**
B	CASH FLOWS FROM INVESTING ACTIVITIES		
	Purchase of property, plant and equipment, capital work-in-progress and intangible assets	(1,907.88)	(3,134.69)
	Proceeds from sale of property, plant and equipment and intangible assets	30.09	15.50
	Investment made in subsidiaries	(1,500.00)	(11,000.00)
	Sale of other investments (net)	24,509.35	3,234.99
	Net cash generated from/(used in) investing activities (B)	**21,131.56**	**(10,884.20)**

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
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)	8,736.33	4,547.26
	Proceeds from debt securities	1,05,362.02	21,413.18
	Repayment of debt securities	(21,542.85)	(32,852.45)
	Proceeds from borrowings other than debt securities	2,40,212.47	2,98,029.30
	Repayment of borrowings other than debt securities	(2,57,285.07)	(2,80,954.11)
	Lease payments	(352.74)	(553.20)
	Proceeds from subordinated liabilities	304.77	7,893.53
	Repayment of subordinated liabilities	(4,169.77)	(2,469.76)
	Net cash generated from financing activities (C)	**71,265.16**	**15,053.75**
	Net increase in cash and cash equivalents (A+B+C)	4,139.76	2,466.32
	Cash and cash equivalents at the beginning of the year (refer to note (ii) below)	96,938.85	94,472.53
	Cash and cash equivalents at the end of the year	**1,01,078.61**	**96,938.85**

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

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

Notes:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash and cash equivalents (as per note 4 to the financial statements)	1,12,068.58	1,10,732.02
Less: Overdraft facility against term deposits (as per note 20 to the financial statements)	(10,989.97)	(13,793.17)
	1,01,078.61	**96,938.85**

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

Manish Gujral
Partner
Membership Number: 105117

Place : Mumbai
Date : June 14, 2021

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

Harvinder Pal Singh
(Chairman cum Managing Director)
DIN: 00333754
Place : Gurugram

Satvinder Singh
(Director)
DIN: 00332521
Place : Gurugram

Sanjay Kumar Bhatia
(Chairman Audit Committee cum Director)
DIN: 07033027
Place : Dehradun

Vipul Sharma
(Company Secretary & Compliance Officer)
Membership Number: A27737

Rakesh Sachdeva
(Chief Financial Officer)
Place : Gurugram

Place : Gurugram
Date : June 14, 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity share capital (refer note 26)

Particulars	Balance as at April 1, 2019	Change during the year	Balance as at March 31, 2020	Change during the year	Balance as at March 31, 2021
Equity share capital	4,853.07	318.20	5,171.27	1,475.85	6,647.12

B. Other equity (Refer note 27)

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, 2019	**34.96**	**6,841.05**	**83,342.21**	**29.94**	**277.00**	**476.63**	**15,241.50**	**(5.00)**	**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

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021 (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	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 March 31, 2020	**-**	**9,966.39**	**94,548.74**	**29.94**	**277.00**	**540.99**	**27,808.57**	**(5.00)**	**6,869.19**	**69.87**	**-**	**1,40,105.69**
Loss for the year	-	-	-	-	-		(1,355.49)	-	-	-	-	(1,355.49)
Other comprehensive income (net of tax)	-	-	-	-	-	-	(64.82)	-	(3,359.74)	(49.31)	-	(3,473.87)
Issue of equity shares (net of share issue expenses)	-	-	7,260.80	-	-	-	-	-	-	-	-	7,260.80
Transfer to statutory reserves	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from share options outstanding account	-	-	-	-	-	(244.54)	244.54	-	-	-	-	-
Profit of ESOP trust	-	-	-	-	-	-	(0.34)	-		-	-	(0.34)
Share based payment to employees	-	-	-	-	-	(78.68)	-	-	-	-	-	(78.68)
Balance as at March 31, 2021	**-**	**9,966.39**	**1,01,809.54**	**29.94**	**277.00**	**217.77**	**26,632.46**	**(5.00)**	**3,509.45**	**20.56**	**-**	**1,42,458.11**

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

Manish Gujral
Partner
Membership Number: 105117

Place : Mumbai
Date : June 14, 2021

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

Harvinder Pal Singh
(Chairman cum Managing Director)
DIN: 00333754
Place : Gurugram

Satvinder Singh
(Director)
DIN: 00332521
Place : Gurugram

Sanjay Kumar Bhatia
(Chairman Audit Committee cum Director)
DIN: 07033027
Place : Dehradun

Vipul Sharma
(Company Secretary & Compliance Officer)
Membership Number: A27737

Rakesh Sachdeva
(Chief Financial Officer)
Place : Gurugram

Place : Gurugram
Date : June 14, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2021

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, 2021 were authorized and approved for issue by the Board of Directors on June 14, 2021.

(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 financials 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 written down value 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
Electrical Equipment	10-25 years
Office equipment	5 years
Computer equipment	3-6 years
Furniture and fixtures	10 years
Vehicles	8-10 years

The Company, based on technical assessment made by technical expert and management estimate, depreciates the solar plant and fire plant under the head "Electrical Equipment" over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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 that are not ready to intended use are also shown under capital work-in-progress.

b) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

The Company depreciates building component of investment property over 60 years from the date of original purchase.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

c) 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.

d) 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.

e) 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 reasonably 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.

f) Borrowing costs

Borrowing cots 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.

g) 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 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.

h) Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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 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.

i) 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.

j) 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.

k) 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 summarized below:

- Stage 1 (0-30 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 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.

l) 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.

m) Equity investment in subsidiaries

Investments representing equity interest in subsidiaries are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

n) 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.

o) Leases

Company as a lessee

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 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 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 judgment 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 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.

p) 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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 canceled 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 a an 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 at 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 realize 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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.

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, maximizing the use of relevant observable inputs and minimizing 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.

q) 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.

r) 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.

s) 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.

t) 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, 2021 (Contd.)

u) **Significant management judgment in applying accounting policies and estimation uncertainty**

The preparation of the Company's financial statements requires management to make judgments, 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 judgments

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 judgment 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 behavior (e.g. likelihood of customers defaulting and resulting losses). The Company makes significant judgments 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 judgment.

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.

v) **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 STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	4,330.40	4,726.63
Balances with banks and financial institutions		
- Balance with banks in current accounts	54,144.53	50,443.61
- Deposits for original maturity of less than 3 months	52,550.57	54,518.65
- Balance with banks and financial institutions to the extent held as margin money deposits against borrowings and guarantees	1,043.08	1,043.13
Total	**1,12,068.58**	**1,10,732.02**

5. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits for remaining maturity of more than 3 months and upto 12 months	8,770.88	1,126.17
Deposits with remaining maturity more than 12 months	-	280.97
Balance with banks and financial institutions to the extent held as margin money deposits against borrowings and guarantees	65,424.43	64,027.01
Total	**74,195.31**	**65,434.15**

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, 2021	As at March 31, 2020
Term loans	25,043.62	21,139.44
Overdraft facilities	38,056.84	40,822.95
Securitizations	748.16	718.34
Derivatives	564.77	530.45
Bank guarantee against rights issue	61.98	-
Security against first loss default guarantee	1,989.75	1,856.64
Security against facilities	2.39	2.32
Total	**66,467.51**	**65,070.14**

6. DERIVATIVE FINANCIAL INSTRUMENTS

Particulars	As at March 31, 2021		As at March 31, 2020	
	Notional amounts (₹)	Fair value (₹)	Notional amounts (₹)	Fair value (₹)
Currency and interest swap (refer to note 53)	27,089.80	34.13	21,227.46	673.63
	27,089.80	**34.13**	**21,227.46**	**673.63**
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	27,089.80	34.13	14,141.19	47.29
Total	**27,089.80**	**34.13**	**21,227.46**	**673.63**

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 had elected to apply hedge accounting for one of the derivatives in previous year. During the year ended March 31, 2021, Hedge accounting has been discountinued on account of ineffectiveness.

The table above represents the fair value of derivate financial instruments recorded as assets together with the notional amounts.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (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 53 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 US $ 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 US $ 9.4 million to cash outflows in ₹ with a notional amount of ₹ 6,487.41lakhs 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

Offsetting

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, 2021	As at March 31, 2020
Considered good - unsecured	1,460.92	613.14
	1,460.92	**613.14**
Less: Impairment loss allowance	-	-
Total	**1,460.92**	**613.14**

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, 2021		As at March 31, 2020	
	At fair value through other comprehensive income	At amortized cost	At fair value through other comprehensive income	At amortized cost
Portfolio loans	5,05,504.25	45,991.98	4,20,819.04	50,120.06
	5,05,504.25	**45,991.98**	**4,20,819.04**	**50,120.06**
Secured	-	16,950.41	-	8,707.81
Unsecured	5,05,504.25	29,041.57	4,20,819.04	41,412.25
	5,05,504.25	**45,991.98**	**4,20,819.04**	**50,120.06**
Total loans		**5,51,496.23**		**4,70,939.10**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Secured by property, plant and equipment including land and building	15,786.91	5,756.47
(ii) Secured by book debts, inventories, margin money and other working capital items	1,163.50	2,951.34
(iii) Unsecured	5,34,545.82	4,62,231.29
Total	**5,51,496.23**	**4,70,939.10**
Loans in India		
(i) Public sector	-	-
(ii) Others	5,51,496.23	4,70,939.10
Total	**5,51,496.23**	**4,70,939.10**

9. INVESTMENTS

Particulars	As at March 31, 2021			As at March 31, 2020		
	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, 2020 : 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
95,000,000 (March 31, 2020 : 80,000,000) equity shares of face value of ₹ 10 each of Satin Housing Finance Limited	-	9,500.00	9,500.00	-	8,000.00	8,000.00
102,500,000 (March 31, 2020 : 102,500,000) equity shares of face value of ₹ 10 each of Satin Finserv Limited	-	10,250.00	10,250.00	-	10,250.00	10,250.00
Mutual funds						
294,091.70 (March 31, 2020 : 294,091.70) units in Union Dynamic Bond Fund	57.55	-	57.55	54.23	-	54.23
Government securities						
500 (March 31, 2020 : 500), Government of India, Inscribed stock having face value ₹ 100 each	0.51	-	0.51	0.51	-	0.51
Commercial paper						
Nil (March 31, 2020 : 2,500) units in HDFC Limited	-	-	-	12,202.18	-	12,202.18
Nil (March 31, 2020 : 2,500) units in Bajaj Finance Limited	-	-	-	12,316.29	-	12,316.29
Total	**58.06**	**28,260.24**	**28,318.30**	**24,573.21**	**26,760.24**	**51,333.45**
(i) Investments in India	58.06	28,260.24	28,318.30	24,573.21	26,760.24	51,333.45
(ii) Investments outside India	-	-	-	-	-	-
Total	**58.06**	**28,260.24**	**28,318.30**	**24,573.21**	**26,760.24**	**51,333.45**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Investment designated at FVTPL includes commercial papers of various Companies. 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, 2021	As at March 31, 2020
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 subsidiaries are measured at cost as per Ind AS 27 'Separate Financial Statements'.

10. OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	290.10	360.23
Staff advances	194.82	203.12
Insurance recoverable	644.75	559.64
Other recoverable	2,033.18	804.32
	3,162.85	**1,927.31**
Less: Impairment loss allowance	(6.43)	(168.54)
Total	**3,156.42**	**1,758.77**

11. CURRENT TAX ASSETS (NET)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance Income - Tax (net)	-	3,152.99
Total	**-**	**3,152.99**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

12. DEFERRED TAX ASSETS/(LIABILITIES) (NET)

Particulars	As at March 31, 2021	As at March 31, 2020
(A) Deferred tax assets		
Provision for employee benefits	314.09	229.01
Difference in written down value as per Companies Act and Income Tax Act	202.94	232.29
Financial assets measured at amortized cost	-	3.71
Impairment loss allowance and first loss default guarantee	7,798.47	4,162.40
Liability against leases	166.04	226.62
Total deferred tax assets	**8,481.54**	**4,854.03**
(B) Deferred tax liabilities		
Financial liabilities measured at amortized cost	18.52	39.38
Financial assets measured at amortized cost	1.32	-
Fair valuation of financial instruments through profit and loss	-	2.70
Fair valuation of loan assets through other comprehensive income	1,309.21	2,439.19
Cash flow hedge reserve	-	23.50
Right of use assets	146.35	213.88
Deferment of excess interest spread	2,396.28	3,277.42
Total deferred tax liabilities	**3,871.68**	**5,996.07**
Net deferred tax assets/(liabilities)	**4,609.86**	**(1,142.04)**

(i) Movement in deferred tax assets / (liabilities) (net)

Particulars	As at March 31, 2020	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2021
Assets				
Provision for employee benefits	229.01	63.28	21.80	314.09
Difference in written down value as per Companies Act and Income Tax Act	232.29	(29.35)	-	202.94
Financial assets measured at amortized cost	3.71	(3.71)	-	-
Impairment loss allowance and first loss default guarantee	4,162.40	3,636.07	-	7,798.47
Liability against leases	226.62	(60.58)	-	166.04
Liabilities				
Financial liabilities measured at amortized cost	39.38	(20.86)	-	18.52
Financial assets measured at amortized cost	-	1.32	-	1.32
Fair valuation of financial instruments through profit and loss	2.70	(2.70)	-	-
Fair valuation of loan assets through other comprehensive income	2,439.19	0.01	(1,129.99)	1,309.21
Cash flow hedge reserve	23.50	(6.92)	(16.58)	-
Right of use assets	213.88	(67.53)	-	146.35
Deferment of excess interest spread	3,277.42	(881.14)	-	2,396.28
Total (net)	**(1,142.04)**	**4,583.53**	**1,168.37**	**4,609.86**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at April 1, 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 Companies Act and Income Tax Act	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	1,369.87	(383.23)	1,452.55	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)	**571.19**	**(215.08)**	**(1,498.15)**	**(1,142.04)**

13. INVESTMENT PROPERTY

Particulars	As at March 31, 2021	As at March 31, 2020
A. Reconciliation of carrying amount (Cost or deemed cost)		
Opening balance	-	-
Additions during the year	729.24	-
Total	**729.24**	**-**
Accumulated depreciation		
Opening balance	-	-
Additions during the year	35.51	-
Total	**35.51**	**-**
Carrying amounts (Balance at date)	**693.73**	**-**
B. Amounts recognized in Statement of profit and loss for investment property		
Rental income	17.10	-
Less: Depreciation expense	35.51	-
Loss from investment property	**(18.41)**	**-**
C. Measurement of fair value		
Investment property	789.06	-
	789.06	**-**

The Company's investment properties consist of two residential properties in India. As at March 31, 2021, the fair values of the properties are ₹ 789.06 lakhs. These valuations are based on valuations performed by an independent valuer. Valuation techniques used by the valuer is fair market value.

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

14 . PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land	Buildings (refer note (i))	Right of use (Leased building)	Computer equipment	Electric equipement	Office equipment	Furniture and fixtures	Vehicles (refer note (iii))	Total	Capital work in progress
Gross carrying amount										
Balance as at April 1, 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 of 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**
Property, plant and equipment reclassified to Investment Property		(818.56)							(818.56)	
Additions	-	3,162.77	83.00	464.14	817.30	151.83	423.95	52.73	5,155.72	1,536.38
Disposals	-	-	(128.19)	(73.91)	-	(53.76)	(2.67)	(29.96)	(288.49)	(4,585.06)
Balance as at March 31, 2021	**1,518.37**	**3,931.53**	**1,291.76**	**2,962.21**	**817.30**	**757.89**	**1,843.42**	**241.27**	**13,363.75**	**364.96**
Accumulated depreciation										
Balance as at April 1, 2019	**-**	**344.02**	**-**	**1,306.91**	**-**	**347.32**	**547.51**	**108.98**	**2,654.74**	**-**
Additions	-	73.17	487.13	541.68	-	114.40	199.53	26.16	1,442.07	-
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**	**747.03**	**125.32**	**4,073.84**	**-**
Accumulated depreciation transfer to investment property		(89.32)							**(89.32)**	
Additions	-	49.72	307.23	493.46	29.62	102.31	196.61	32.92	1,211.87	
Disposals	-	-	(83.48)	(65.91)	-	(46.89)	(1.99)	(18.74)	(217.01)	
Balance as at March 31, 2021	**-**	**377.59**	**710.88**	**2,264.08**	**29.62**	**516.06**	**941.65**	**139.50**	**4,979.38**	**-**
Net block										
Balance as at March 31, 2020	**1,518.37**	**1,170.13**	**849.82**	**735.45**	**-**	**199.18**	**675.11**	**93.18**	**5,241.24**	**3,413.64**
Balance as at March 31, 2021	**1,518.37**	**3,553.94**	**580.88**	**698.13**	**787.68**	**241.83**	**901.77**	**101.77**	**8,384.37**	**364.96**

Notes:

(i) Buildings acquired under amalgamation continue in the name of Satin Intellicomm Limited.

(ii) For disclosure of contractual commitments to be executed on capital account, refer note 51.

(iii) Vehicles are taken on finance lease; monthly installments are paid as per agreed terms and conditions.

(iv) Property, plant and equipment have been mortgaged/pledged as security for borrowings, refer note 52.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

15. OTHER INTANGIBLE ASSETS

Particulars	Computer software	Total
Gross carrying amount		
Balance as at April 1, 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**
Additions		
- Additions – being internally developed	-	-
- Additions – others	0.08	0.08
Adjustment on account of disposals	-	-
Balance as at March 31, 2021	**1,239.29**	**1,239.29**
Accumulated amortization		
Balance as at April 1, 2019	**783.26**	**783.26**
Amortization charge for the year	77.78	77.78
Adjustment on account of disposals	-	-
Balance as at March 31, 2020	**861.04**	**861.04**
Amortization charge for the year	89.46	89.46
Adjustment on account of disposals	-	-
Balance as at March 31, 2021	**950.50**	**950.50**
Net block		
Balance as at March 31, 2020	**378.17**	**378.17**
Balance as at March 31, 2021	**288.79**	**288.79**

16. OTHER NON-FINANCIAL ASSETS

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	752.11	1,061.28
Balances with government authorities	108.74	114.05
Capital advances	66.72	146.87
Gratuity fund assets	68.19	176.46
Other assets	1,384.06	253.95
Total	**2,379.82**	**1,752.61**

17. TRADE PAYABLES

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises (refer to note 59)	-	81.38
Total outstanding dues of creditors other than micro enterprises and small enterprises	792.62	300.99
Total	**792.62**	**382.37**

18. OTHER PAYABLES

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises (refer to note 59)	223.90	227.71
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,434.68	1,220.08
Total	**1,658.58**	**1,447.79**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

19. DEBT SECURITIES (AT AMORTIZED COST)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-convertible debentures	1,70,507.14	86,386.14
Total	**1,70,507.14**	**86,386.14**
Debt securities in India	1,70,507.14	86,386.14
Debt securities outside India	-	-
Total	**1,70,507.14**	**86,386.14**

(A) Non-convertible debentures (secured)

	Particulars	Terms of repayment	As at March 31, 2021	As at March 31, 2020
1	Nil (March 31, 2020: 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	200 (March 31, 2020: 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 30, 2023, subject to call/put option on July 15, 2021.	5,000.00	5,000.00
3	Nil (March 31, 2020: 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
4	Nil (March 31, 2020: 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
5	Nil (March 31, 2020: 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
6	Nil (March 31, 2020: 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
7	Nil (March 31, 2020: 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
8	300 (March 31, 2020: 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.	416.66	1,416.66

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Non-convertible debentures (secured)

Particulars		Terms of repayment	As at March 31, 2021	As at March 31, 2020
9	2,130 (March 31, 2020: 2,130), @11.095% (Previous year : 11.095%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 10,00,000 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.	18,257.14	21,300.00
10	1,500 (March 31, 2020: Nil) @10.30% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is December 31, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable ₹ 3,750 lakhs on October 02, 2021, ₹ 3,750 lakhs on December 31, 2021, ₹ 3,750 lakhs March 31, 2022 and ₹ 3,750 lakhs on June 30, 2022.	15,000.00	-
11	387 (March 31, 2020: 387), @11.00% (Previous year : 11.00%),Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 10,00,000 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
12	500 (March 31, 2020: Nil) @10.25% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is August 18, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding)	Redeemable at par on February 18, 2022.	5,000.00	-
13	1000 (March 31, 2020: Nil) @10.25% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is August 24, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 115% of principal amount of the debentures outstanding.)	Redeemable at par on February 24, 2022.	10,000.00	-
14	500 (March 31, 2020: Nil) @10.20% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is August 31, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 125% of principal amount of the debentures outstanding.)	Redeemable at par on February 28, 2022.	5,000.00	-
15	500 (March 31, 2020: Nil) @10.25% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is September 15, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 115% of principal amount of the debentures outstanding.)	Redeemable at par on March 15, 2022.	5,000.00	-
16	1750 (March 31, 2020: Nil) @10.40% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is September 30, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on March 30, 2022.	17,500.00	-
17	250 (March 31, 2020: Nil) @10.25% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is October 13, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on April 13, 2022.	2,500.00	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Non-convertible debentures (secured) (Contd.)

Particulars		Terms of repayment	As at March 31, 2021	As at March 31, 2020
18	9750 (March 31, 2020: Nil) @10.50% (Previous year: Nil %), Secured, unlisted, redeemable, non-convertible debentures of face value of ₹ 50,000 each, The date of allotment is December 16, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable ₹ 4,874.51 lakhs (99.99%) on May 06, 2022 and rest ₹ 0.49 lakhs (.01%) on May 06, 2024.	4,875.00	-
19	250 (March 31, 2020: Nil) @10.40% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is November 09, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on May 09, 2022.	2,500.00	-
20	500 (March 31, 2020: Nil) @10.20% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is December 10, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 125% of principal amount of the debentures outstanding.)	Redeemable at par on June 10, 2022.	5,000.00	-
21	680 (March 31, 2020: 680), @11.70% (Previous year : 11.70%), 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 at par on June 15,2022 (in case second put/call option is exercised, otherwise if put/call option not exercised then redeemable at par on June 15, 2025)	6,800.00	6,800.00
22	650 (March 31, 2020: 650), @12.06% (Previous year : 12.06%), Secured, listed, redeemable non-convertible debentures of face value of ₹ 10,00,000 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 on October 3, 2022	6,500.00	6,500.00
23	600 (March 31, 2020: Nil) @11.50% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is October 23, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable ₹ 1,500 lakhs (25%) on April 24, 2023, ₹ 1,500 lakhs (25%) on October 24, 2023 rest ₹ 3,000 lakhs (50%) On 23 April, 2024.	6,000.00	-
24	18,750 (March 31, 2020: Nil) @11.10% (Previous year: Nil %), Secured, unlisted, redeemable, non-convertible debentures of face value of ₹ 100,000 each, The date of allotment is December 22, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable ₹ 18,748.13 lakhs (99.99%) on June 05, 2023 and rest ₹ 1.87 lakhs (.01%) on June 05, 2025.	18,750.00	-
25	250 (March 31, 2020: Nil) @11.25% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is June 30, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on June 30, 2023.	2,500.00	-
26	250 (March 31, 2020: Nil) @11.00% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is July 28, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on July 28, 2023.	2,500.00	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Non-convertible debentures (secured) (Contd.)

	Particulars	Terms of repayment	As at March 31, 2021	As at March 31, 2020
27	970 (March 31, 2020: 970), @11.67% (Previous year : 11.67%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 10,00,000 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
28	250 (March 31, 2020: Nil) @10.95% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is July 31, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on July 31, 2023.	2,500.00	-
29	1200 (March 31, 2020: 1200), @11.45% (Previous year: 11.45%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 10,00,000 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	12,000.00
	Total (A)		**1,67,168.80**	**81,586.66**

(B) Non convertible debentures (unsecured)

	Particulars	Terms of repayment	As at March 31, 2021	As at March 31, 2020
1	Nil (March 31, 2020: 250), @13.35%, Unsecured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is November 4, 2016.	Redeemable on November 30, 2020	-	2,500.00
2	150 (March 31, 2020: Nil) @11.69% per annual, Rated, Unsubordinated, Unsecured, listed, redeemable, non convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is August 07, 2020.	Redeemable at par on August 09, 2021.	1,500.00	-
3	2,628 (March 31, 2020: 2628), @14.15%,(Previous year: 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	2,628.00	2,628.00
	Total (B)		**4,128.00**	**5,128.00**
	Total (A+B)		**1,71,296.80**	**86,714.66**
	Less: Unamortized transaction costs		(789.66)	(328.52)
	Total		**1,70,507.14**	**86,386.14**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

20. BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTIZED COST)

Particulars	As at March 31, 2021	As at March 31, 2020
Term loans		
From banks		
Secured	1,93,111.83	2,07,231.34
From other parties		
Secured	1,41,645.17	1,55,369.52
Unsecured	-	41.75
Overdraft facility against term deposits		
From banks - secured	10,989.97	13,793.17
External commercial borrowings		
Secured	19,019.65	11,936.89
Unsecured	6,877.21	7,030.14
Commercial paper	3,838.25	-
Liability against securitized assets	5,501.35	3,910.50
Liability against leased assets	659.72	900.41
Total	**3,81,643.15**	**4,00,213.72**
Borrowings in India	3,55,746.29	3,81,246.69
Borrowings outside India	25,896.86	18,967.03
Total	**3,81,643.15**	**4,00,213.72**

21. SUBORDINATED LIABILITIES (AT AMORTIZED COST)

Particulars	As at March 31, 2021	As at March 31, 2020
Preference shares other than those that qualify as equity (refer notes A)	2,499.63	2,493.44
Non-convertible debentures (refer note B)	21,665.07	24,111.03
Term loans from banks	25,500.00	25,500.00
Term loans from parties other than banks	-	999.75
External commercial borrowings	748.09	1,203.91
Total	**50,412.79**	**54,308.13**
Subordinated liabilities in India	49,664.70	53,104.22
Subordinated liabilities outside India	748.09	1,203.91
Total	**50,412.79**	**54,308.13**

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. Subsequent to the balance sheet date, these preference shares have been redeemed on April 22, 2021.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

B Non convertible debentures (unsecured)

	Particulars	Terms of repayment	As at March 31, 2021	As at March 31, 2020
1	Nil (March 31, 2020: 150), @16.90%, Unsecured, listed, redeemable, Subordinate, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is March 20, 2015.	Redeemable at par on September 20, 2020		1,500.00
2	Nil (March 31, 2020: 130), @17.75%, Unsecured, unlisted, redeemable, Subordinate, non - convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is March 31, 2015.	Redeemable at par on December 18, 2020		1,300.00
3	250 (March 31, 2020: 250), IDFC 1 Yr MCLR + 5.90 spread i.e.15.10%, Unsecured, rated, redeemable, Subordinate, listed, taxable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is June 30, 2015.	Redeemable on June 30, 2021	2,500.00	2,500.00
4	250 (March 31, 2020: 250), @15.50%, Unsecured, rated, subordinated, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is December 30, 2015.	Redeemable on April 15, 2022	2,500.00	2,500.00
5	100 (March 31, 2020: 100), @15.50%, Unsecured, rated, unlisted, redeemable, Subordinate, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is June 28, 2016.	Redeemable on September 28, 2022	1,000.00	1,000.00
6	100 (March 31, 2020: 100), @15.00%, Unsecured, rated, unlisted, redeemable, Subordinate, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is June 29, 2016.	Redeemable on September 30, 2022	1,076.19	1,000.00
7	100 (March 31, 2020: 100), @15.00%, Unsecured, rated, unlisted, redeemable, Subordinate, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is June 29, 2016.	Redeemable on December 31, 2022	1,076.19	1,000.00
8	100 (March 31, 2020: 100), @15.00% Unsecured, rated, unlisted, redeemable, Subordinate, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is June 29, 2016.	Redeemable on March 31, 2023	1,076.19	1,000.00
9	350 (March 31, 2020: 350), @13.85%, Unsecured, unrated, unlisted, redeemable, Subordinate, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is March 29, 2017.	Redeemable on April 30, 2023	3,500.00	3,500.00
10	100 (March 31, 2020: 100), @15.00%, Unsecured, rated, unlisted, redeemable, Subordinate, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is June 29, 2016.	Redeemable on June 30, 2023	1,076.19	1,000.00
11	300 (March 31, 2020: 300), @15.50%, Unsecured, rated, listed, redeemable, Subordinate, taxable, transferable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is December 17, 2019.	Redeemable on December 31, 2026	3,000.00	3,000.00
12	5,005 (March 31, 2020: 5,005), @ 13.14 %, Unsecured, rated, unlisted, redeemable, Subordinate, 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	2,502.50
13	5,005 (March 31, 2020: 5,005), @ 13.14 %, Unsecured, rated, unlisted, redeemable, Subordinate, 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	2,502.50
	Total		**21,809.76**	**24,305.00**
	Less: Unamortized transaction costs		(144.69)	(193.97)
	Total		**21,665.07**	**24,111.03**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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, 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**
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)
March 31, 2020	**86,386.14**	**3,99,313.31**	**54,308.13**	**900.41**	**5,40,907.99**
Adoption of Ind AS 116	-	-	-	-	-
Cash flows:					
- Repayment	(21,542.85)	(2,57,285.07)	(4,169.77)	(352.74)	(2,83,350.43)
- Proceeds from overdraft facility	-	(2,803.20)	-	-	(2,803.20)
- Proceeds other than overdraft facility	1,06,125.00	2,41,558.61	-	-	3,47,683.61
	84,582.15	**(18,529.66)**	**(4,169.77)**	**(352.74)**	**61,529.98**
Non cash:					
- Addition during the year	-	163.19	304.77	83.00	550.96
- Foreign exchange	-	(291.98)	(89.19)	-	(381.17)
- Amortization of upfront fees and others	301.83	1,837.90	58.85	-	2,198.58
- Deferment of upfront processing fee	(762.98)	(1,509.33)	-	-	(2,272.31)
- Others	-	-	-	29.05	29.05
As at March 31, 2021	**1,70,507.14**	**3,80,983.43**	**50,412.79**	**659.72**	**6,02,563.08**

Notes:

i) 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.

ii) Vehicles and building are hypothecated for respective borrowings availed for purchase of property plant and equipment's.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Terms of repayment of debt securities, other borrowings and subordinated liabilities as on March 31, 2021 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	Amount
Monthly	Below 9.00%	158	10,330.46	97	2,725.91	59	18.22	34	9.81	9	2.10	13,086.50
	9% to 12%	320	54,285.59	163	28,170.82	33	2,196.58	-	-	-	-	84,652.99
	12.01% to 15%	875	20,244.79	240	6,062.15	20	159.63	12	80.06	12	181.06	26,727.69
	Above 15%	-	-	-	-	-	-	-	-	-	-	-
Quarterly	Below 9.00%	14	6,814.29	8	5,000.00	2	500.00	-	-	-	-	12,314.29
	9% to 12%	73	50,913.57	42	26,550.57	19	11,498.42	2	3,333.33	-	-	92,295.89
	12.01% to 15%	15	3,433.47	10	2,252.14	3	1,000.00	-	-	-	-	6,685.61
	Above 15%	-	-	-	-	-	-	-	-	-	-	-
Semi-annually	Below 9.00%	4	10,171.50	3	6,421.50	2	2,671.50	2	2,671.50	-	-	21,936.00
	9% to 12%	22	33,465.71	16	16,685.71	8	8,685.71	3	1,000.00	-	-	59,837.13
	12.01% to 15%	1	3,000.00	2	6,000.00	3	6,000.00	1	3,000.00	-	-	18,000.00
	Above 15%	-	-	-	-	-	-	-	-	4	3,000.00	3,000.00
Annually	9% to 12%	1	833.33	1	833.33	1	833.33	-	-	-	-	2,499.99
Bullet	Below 9.00%	5	20,407.62	-	-	-	-	-	-	-	-	20,407.62
	9% to 12%	14	69,322.88	6	28,709.44	2	5,000.00	-	-	1	7,350.47	1,10,382.79
	12.01% to 15%	1	2,628.00	2	10,804.77	4	20,700.00	-	-	1	20,000.00	54,132.77
	Above 15%	1	2,500.00	3	6,500.00	-	-	-	-	-	-	9,000.00
Bullet		1	2,500.00	-	-	-	-	-	-	-	-	2,500.00
On demand	Variable rates	1	30,989.97	1	14,874.51	2	18,748.13	2	0.49	6	5,006.88	69,619.98
Total		**1,506**	**3,21,841.18**	**594**	**1,61,590.85**	**158**	**78,011.52**	**56**	**10,095.19**	**33**	**35,540.51**	**6,07,079.25**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (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	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
Bullet	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
	Above 15%	3	3,800.00	1	2,500.00	3	6,500.00	-	-	-	-	12,800.00
Bullet		-	-	-	-	1	2,500.00	-	-	-	-	2,500.00
On demand	Variable rates	-	13,793.17	1	3,000.00	2	6,000.00	1	3,000.00	4	5,005.00	30,798.17
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**

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, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

22. OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued on debt securities	5,074.08	2,544.26
Interest accrued on borrowings other than debt securities	2,086.65	2,447.77
Interest accrued on subordinated liabilities	519.58	759.12
Payable towards assignment/securitization transactions	19,885.74	17,192.41
Margin money received from customers	94.65	412.99
First loss default guarantee	2,041.29	773.34
Payable to employees	506.38	198.74
Security deposit received	34.48	18.37
Insurance payables	143.64	27.38
Financial liability for corporate guarantee	45.95	26.53
Total	**30,432.44**	**24,400.91**

23. CURRENT TAX LIABILITIES (NET)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for tax (net)	893.52	-
Total	**893.52**	**-**

24. PROVISIONS

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for compensation absences	1,315.26	1,086.40
Provision for compassionate	0.90	-
Total	**1,316.16**	**1,086.40**

25. OTHER NON-FINANCIAL LIABILITIES

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred income	7.06	10.02
Statutory dues payables	682.73	768.43
Total	**689.79**	**778.45**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

26. EQUITY SHARE CAPITAL

	Particulars	As at March 31, 2021		As at March 31, 2020	
		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	3,00,00,000	3,000.00	-	-
		9,50,00,000	**9,500.00**	**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	5,20,84,694	5,208.47	4,89,50,367	4,895.04
	Additions during the year	1,99,82,283	1,998.23	31,34,327	313.43
		7,20,66,977	**7,206.70**	**5,20,84,694**	**5,208.47**
C	**Issued and Paid-up**				
	Fully paid-up				
	Equity share capital of face value of ₹ 10 each				
	At the beginning of the year	5,20,38,194	5,203.82	4,89,03,867	4,890.39
	Additions during the year	-	-	31,34,327	313.43
		5,20,38,194	**5,203.82**	**5,20,38,194**	**5,203.82**
	Partly paid-up				
	Equity share capital of face value of ₹ 10 each and paid up of ₹ 7.5 each				
	At the beginning of the year	-	-	-	-
	Additions during the year	1,99,82,283	1,498.67	-	-
		1,99,82,283	**1,498.67**	**-**	**-**
	Less: Calls in arrears	(2,55,678)	(12.78)	-	-
		1,97,26,605	**1,485.89**	**-**	**-**
	Less: Amount recoverable from Satin Employees Welfare Trust	(4,82,946)	(44.94)	(3,48,950)	(34.90)
	(Equity shares of ₹ 10 each allotted to the Satin Employees Welfare Trust)	**7,12,81,853**	**6,644.77**	**5,16,89,244**	**5,168.92**
	Add: Forfeited shares (amount originally paid on 46,500 equity shares)	-	2.35	-	2.35
		7,12,81,853	**6,647.12**	**5,16,89,244**	**5,171.27**
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	5,20,38,194	5,203.82	4,89,03,867	4,890.39
	Add: Issued during the year	1,99,82,283	1,498.67	31,34,327	313.43
		7,20,20,477	**6,702.49**	**5,20,38,194**	**5,203.82**
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	3,48,950	34.89	3,96,700	39.67
	Add: Allotted to trust during the year	1,33,996	10.05	-	-
	Less: Allotted to employees during the year	-	-	47,750	4.78
		4,82,946	**44.94**	**3,48,950**	**34.89**

F (i) During the current year, the authorized share capital of the Company was increased vide approval of equity shareholders from ₹ 6,500 lakhs divided into 65,000,000 equity shares of ₹ 10 each to ₹ 9,500 lakhs divided into 95,000,000 equity shares of ₹ 10 each.

(ii) During the year ended March 31, 2020, the Company has allotted 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 (entities belonging to non-promoter group).

(iii) During the year ended March 31, 2020, the Company has allotted 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 FCW and 75% was paid on allotment of equity shares) on preferential basis pursuant to conversion of 1,791,044 fully convertible warrants (FCW) of face value of ₹ 10 each fully paid-up to Trishashna Holdings & Investments Private Limited' (THIPL) (entities belonging to promoter group).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(iv) During the year ended March 31, 2021, the Company has come up with the rights issue of equity shares amounting upto ₹ 120.00 Crores and allotted 1,99,82,283 Partly Paid Equity shares of ₹ 10 each at the price of ₹ 60 per share (Including premium of ₹ 50) on September 1, 2020 to existing shareholders of the Company on rights basis. The Company has received ₹ 15 per partly paid share (comprising paid up value of ₹ 2.50 and premium of ₹ 12.50) on subscription of the aforesaid shares aggregating to amount of ₹ 29.97 Crores, remaining balance of ₹ 45 per share (including premium of ₹ 37.50) was to be received in one or more calls as may be decided by the Board from time to time.

The Board of Directors of Company in their meeting held on February 12, 2021, made first call of ₹ 30 per share on the 1,99,82,283 partly paid equity shares of ₹ 10 each (₹ 2.50 paid up).

During the first call money period i.e. March 3, 2021 to March 17, 2021, the Company has received first call money on 1,97,26,605 partly paid equity shares at ₹ 30 per share (including premium of ₹ 25) aggregating to amount of ₹ 59.18 crores. For remaining 2,55,678 partly paid shares of ₹ 10 each (₹ 2.50 paid up), the final demand cum forfeiture notice has been issued. As on date partly paid equity shares of ₹ 10 each (₹ 7.50 Paid up) has been listed on BSE Limited and National Stock Exchange of India Limited.

As on March 31, 2021, the Company has received funds amounting to ₹ 89.15 Crores out of ₹ 119.89 Crores raised vide rights issue.

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 fully paid share held or in case of partly paid shares to the proportion of the paid-up value . 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. 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 or in case of partly paid shares the paid-up amount.

H Details of shareholder holding more than 5% share capital:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	%	Number	%
Trishashna Holdings & Investments Private Limited (THIPL)	2,54,77,128	35.37%	1,43,23,264	27.52%
Nordic Microfinance Initiative Fund III KS	46,63,136	6.47%	33,69,318	6.47%
DSP Equity & Bond Fund	-	-	4,785,520	9.20%
SBI FMO Emerging Asia Financial Sector Fund Pte. Limited	-	-	33,13,609	6.37%
Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Small Cap Fund	-	-	2,922,786	5.62%

I Aggregate number of shares issued for consideration other than cash during the last five years

i) On August 30, 2016, the Company has allotted 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.

ii) On May 30, 2018, the Company had allotted 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 (entities belonging to non-promoter group).

(iii) On June 27, 2019, the Company has allotted 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 (entities 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 56.

K In respect of securities convertible into equity shares issue along with their earliest date of conversion and other related terms and conditions.

L The information required to be disclosed that enables user of its financial statements to evaluate the its objectives, policies and processes for managing capital is disclosed in note 44.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

27. OTHER EQUITY

Particulars	As at March 31, 2021	As at March 31, 2020
Capital redemption reserve	277.00	277.00
Share options outstanding account	217.77	540.99
Statutory reserves	9,966.39	9,966.39
General reserve	29.94	29.94
Securities premium	1,01,809.54	94,548.74
Retained earnings	26,632.46	27,808.57
Other comprehensive income:		
Equity instruments through other comprehensive income	(5.00)	(5.00)
Changes in fair value of loan assets	3,509.45	6,869.19
Cash flow hedge reserve	20.56	69.87
Total	**1,42,458.11**	**1,40,105.69**

Nature and purpose of other reserves

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.

Statutory reserves

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 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 STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

28. INTEREST INCOME

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	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	1,03,135.11	-	96,619.32	-
Interest income on deposits, certificate of deposits and commercial papers	6,536.74	-	6,810.35	-
Interest income on investments	-	91.35	-	2,978.17
Interest income on unwinding of assigned portfolio	1,922.88	-	1,436.54	-
Sub total	**1,11,594.73**	**91.35**	**1,04,866.21**	**2,978.17**
Total interest income		**1,11,686.08**		**1,07,844.38**

29. DIVIDEND INCOME

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Dividend income	-	2.21
Total	**-**	**2.21**

30. FEES AND COMMISSION INCOME

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Service fee and facilitation charges	632.34	868.51
Income from business correspondent operations*	3,536.82	6,210.14
Total	**4,169.16**	**7,078.65**

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Type of Services or service		
Income from business correspondent operations	3,536.82	6,210.14
Total revenue from contracts with customers	**3,536.82**	**6,210.14**
Geographical markets		
India	3,536.82	6,210.14
Outside India	-	-
Total revenue from contracts with customers	**3,536.82**	**6,210.14**
Timing of revenue recognition		
Services transferred at a point in time	-	-
Services transferred over time	3,536.82	6,210.14
Total revenue from contracts with customers	**3,536.82**	**6,210.14**

Particulars	As at March 31, 2021	As at March 31, 2020
Contract balances		
Trade receivable	1,098.10	375.40
Contract assets	1,268.85	-
Contract liabilities	-	115.79

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Reconciling the amount of revenue recognized in the statement of profit and loss with the contracted price

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue as per contract	3,536.82	6,210.14
Adjustments	-	-
Discount	-	-
Revenue from contract with customers	3,536.82	6,210.14

31. NET (LOSS)/GAIN ON FAIR VALUE CHANGES

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) Net (loss) / gain on financial instruments measured at fair value through profit and loss		
- Investments		
Fair value gain on mutual funds	4.91	1,368.20
(Loss)/gain on fair valuation of other investments	(10.71)	8.94
(B) Others		
- Derivatives	(639.50)	(139.70)
Total	**(645.30)**	**1,237.44**
Fair value changes		
- Realized	(10.71)	1,363.98
- Unrealized	(634.59)	(126.54)
Total	**(645.30)**	**1,237.44**

32. NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Gain on sale of loan portfolio through assignment	11,042.73	23,608.14
Total	**11,042.73**	**23,608.14**

33. OTHER OPERATING INCOME

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Commitment and other charges	204.93	186.29
Total	**204.93**	**186.29**

34. OTHER INCOME

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rental income on building	54.09	84.70
Net gain on derecognition of property, plant and equipment	9.37	2.90
Net gain on termination of leases	5.41	45.32
Interest income on income-tax refund	128.52	-
Corporate guarantee premium income	7.23	0.38
Total	**204.62**	**133.30**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

35. FINANCE COSTS (ON FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on debt securities	14,754.67	11,130.70
Interest on borrowings (other than debt securities)	39,118.45	38,759.22
Interest on subordinated liabilities	7,654.61	7,271.07
Interest expense for leasing arrangements	78.58	161.98
Other interest expenses	31.94	45.09
Bank Charges	122.58	318.06
Total	**61,760.83**	**57,686.12**

36. IMPAIRMENT ON FINANCIAL INSTRUMENTS (ON FINANCIAL ASSETS MEASURED AT AMORTIZED COST)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Loans written off	13,835.59	10,976.73
Impairment loss allowance on other receivable	232.28	446.54
Impairment allowance on loans	13,453.37	7,459.62
Total	**27,521.24**	**18,882.89**

37. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	25,634.68	25,853.76
Contribution to provident and other funds	2,273.42	3,206.81
Share based payment to employees	19.02	147.97
Staff welfare expenses	214.76	458.25
Total	**28,141.88**	**29,666.79**

38. DEPRECIATION AND AMORTIZATION

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on property, plant and equipment	904.63	954.93
Depreciation on right-of-use assets	307.23	487.13
Amortization of intangible assets	89.46	77.78
Total	**1,301.32**	**1,519.84**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

39. OTHER EXPENSES

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Travelling and conveyance	368.83	806.39
Legal and professional charges	1,450.23	2,459.16
Insurance	487.90	608.36
Rent	1,424.06	1,379.47
Auditor's fee and expenses*	42.48	28.52
Rates and taxes	34.45	33.35
Repairs and maintenance	541.30	589.75
Exchange fluctuation loss (net)	(386.16)	189.17
Documentation Charges	152.46	125.55
Corporate social responsibility#	585.00	-
Property, plant and equipment written off	6.05	-
Loss on investment property net of Rental income (refer note 13)	18.41	-
Car lease rent	-	75.00
Printing and stationery	369.19	365.13
Communication costs	444.97	508.83
(Write back)/write off against first loss default guarantee	(112.74)	828.78
First loss default guarantee expenses	1,267.94	450.00
Advertisement and publicity	107.10	248.86
Cash embezzlement	101.50	93.13
Other administrative expenses	1,145.96	1,237.18
Miscellaneous expenses	864.30	991.38
Total	**8,913.23**	**11,018.01**
*** Remuneration to auditors comprises of (excluding applicable taxes):**		
As auditors	30.00	26.00
Other services	11.25	0.95
Reimbursement of expenses	1.23	1.57
Total	**42.48**	**28.52**

 # Corporate social responsibility expenses

The Company spent ₹ 585.00 lakhs (March 31, 2020 ₹ Nil), towards Corporate Social Responsibility (CSR) activities as follows:

Particulars	For the year ended March 31, 2021		
	Amount spent	Amount unpaid	Total
Construction/acquisition of any asset	-	-	**-**
On purpose other than above	585.00	-	**585.00**

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**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

40. TAX EXPENSE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax	4,570.69	5,474.97
Income tax for earlier years	392.05	-
Deferred tax (credit)/charge	(4,583.53)	215.08
Tax expense reported in the Statement of Profit and Loss	**379.21**	**5,690.05**

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, 2020: 25.168%) and the reported tax expense in statement of profit and loss are as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Accounting (loss)/profit before tax expense	**(976.28)**	**21,316.76**
Income tax rate	25.168%	25.168%
Expected tax expense	(245.71)	5,365.00
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax impact of expenses which is non deductible	242.01	168.24
Tax impact on items exempt under income tax	-	(3.71)
Impact of change in tax rates	-	159.79
Income tax for earlier years	382.54	-
Others	0.37	0.73
Tax expense	**379.21**	**5,690.05**

41. EARNINGS PER SHARE (EPS)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net (loss)/profit after tax attributable to equity shareholders		
Net (loss)/profit for the year for basic EPS	**(1,355.49)**	**15,626.71**
Dilutive impact of optionally convertible and redeemable preference shares	-	149.40
Net (loss)/profit for the year for diluted EPS	**(1,355.49)**	**15,776.11**
Nominal value of equity share (₹)	10	10
Weighted-average number of equity shares for basis earnings per share	6,19,95,970	5,37,59,432
Effect of dilution:		
Optionally convertible preference shares	-	3,19,305
Share warrants	-	4,25,740
Share options	-	23,461
Rights Issue	24,89,342	-
Weighted-average number of equity shares used to compute diluted earnings per share	**6,44,85,312**	**5,45,27,938**
Basic earnings per share (₹)	**(2.19)**	**29.07**
Diluted earnings per share (₹)	**(2.19)**	**28.93**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

42. FINANCIAL INSTRUMENTS

A Financial assets and liabilities

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

Particulars	Note	As at March 31, 2021	As at March 31, 2020
Financial assets measured at fair value			
Derivative financial instruments fair value through profit and loss	Note - 6	34.13	673.63
Loans measured at fair value through other comprehensive income	Note - 8	5,05,504.25	4,20,819.04
Investments* measured at			
Fair value through profit and loss	Note - 9	58.06	24,573.21
Financial assets measured at amortized cost			
Cash and cash equivalents	Note - 4	1,12,068.58	1,10,732.02
Bank balances other than cash and cash equivalents	Note - 5	74,195.31	65,434.15
Trade receivables	Note - 7	1,460.92	613.14
Loans	Note - 8	45,991.98	50,120.06
Security deposits	Note - 10	290.10	360.23
Other financial assets	Note - 10	2,866.32	1,398.54
Total		**7,42,469.65**	**6,74,724.02**
Financial liabilities measured at amortized cost			
Trade payables	Note - 17	792.62	382.37
Other payables	Note - 18	1,658.58	1,447.79
Debt securities (including interest accrued)	Note - 19 and 22	1,75,581.22	88,930.40
Borrowings other than debt securities (including interest accrued)	Note - 20 and 22	3,83,729.80	4,02,661.49
Sub-ordinated liabilities (including interest accrued)	Note - 21 and 22	50,932.37	55,067.25
Other financial liabilities	Note - 22	22,752.13	18,649.76
Total		**6,35,446.72**	**5,67,139.06**

* 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (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, 2021				
Assets				
Loans at fair value through other comprehensive income				
Loans	-	5,05,504.25	-	**5,05,504.25**
Investments at fair value through profit and loss				
Mutual funds	57.55	-	-	**57.55**
Government securities	-	0.51	-	**0.51**
Derivative financial assets at fair value through profit and loss				
Currency and interest swaps	-	34.13	-	**34.13**

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**

Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

(a) 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 securitization approach.

(b) The use of net asset value for certificate of deposits and mutual funds on the basis of the statement received from investee party.

(c) 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, 2021		As at March 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	1,12,068.58	1,12,068.58	1,10,732.02	1,10,732.02
Bank balances other than cash and cash equivalents	74,195.31	74,195.31	65,434.15	65,434.15
Trade receivables	1,460.92	1,460.92	613.14	613.14
Loans	45,991.98	45,991.98	50,120.06	50,120.06
Security deposits	290.10	289.64	360.23	364.26
Other financial assets	2,866.32	2,866.32	1,398.54	1,398.54
Total	**2,36,873.21**	**2,36,872.75**	**2,28,658.14**	**2,28,662.17**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities				
Trade payables	792.62	792.62	382.37	382.37
Other payables	1,658.58	1,658.58	1,447.79	1,447.79
Debt securities (including interest accrued)	1,75,581.22	1,81,091.99	88,930.40	90,129.05
Borrowings other than debt securities (including interest accrued)	3,83,729.80	3,92,937.65	4,02,661.49	4,04,904.27
Sub-ordinated liabilities (including interest accrued)	50,932.37	51,400.38	55,067.25	56,406.96
Other financial liabilities	22,752.13	22,752.13	18,649.76	18,649.76
Total	**6,35,446.72**	**6,50,633.35**	**5,67,139.06**	**5,71,920.20**

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:

(i) 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.

(ii) 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.

43. 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) Maintaining high level of liquidity by investing in liquid instruments
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, 2021 (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:

Nature	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	As At March 31, 2021	As At March 31, 2020
(i) Low credit risk		
Cash and cash equivalents	1,07,738.18	1,06,005.39
Bank balances other than cash and cash equivalents	74,195.31	65,434.15
Trade receivables	1,460.92	613.14
Loans	5,17,784.36	4,65,257.69
Security deposits	290.10	360.23
Other financial assets	2,866.32	1,398.54
(ii) Moderate credit risk		
Loans	12,973.13	6,263.00
(iii) High credit risk		
Loans	49,676.68	15,052.80
Other financial assets	6.43	168.54

* 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, 2021 (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 domestic demand and real agriculture growth rate for Micro finance loans and Consumer Prices 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, 2021	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	1,07,738.18	-	1,07,738.18
Bank balances other than cash and cash equivalents	74,195.31	-	74,195.31
Trade receivables	1,460.92	-	1,460.92
Security deposits	290.10	-	290.10
Other financial assets	2,872.75	6.43	2,866.32

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (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, 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*	3,58,336.13	3,220.67	9,543.85
Net transfer between stages			
Transfer to stage 1	245.53	(213.65)	(31.88)
Transfer to stage 2	(12,488.99)	12,495.26	(6.27)
Transfer to stage 3	(36,950.38)	(3,718.00)	40,668.38
Assets derecognized or collected (excluding write offs)	(2,55,923.53)	(5,115.10)	(2,563.62)
Write - offs (including death cases)	-	-	(13,637.72)
Gross carrying amount as at March 31, 2021	**5,17,705.13**	**12,973.14**	**49,755.90**

* 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, 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**
Increase of provision due to assets originated during the year	1,834.95	3,044.86	5,312.12	-
Net transfer between stages				-
Transfer to stage 1	83.40	(69.51)	(13.89)	-
Transfer to stage 2	(189.15)	191.88	(2.73)	-
Transfer to stage 3	(692.70)	(1,135.75)	1,828.45	-
Assets derecognized or collected	(2,089.16)	(906.76)	(6,150.47)	(162.11)
Impact of ECL on exposures transferred between stages during the year	(3,298.67)	2,462.90	13,093.78	-
Loss allowance on March 31, 2021	**2,573.10**	**5,743.51**	**20,621.33**	**6.43**

c) Concentration of loans

Particulars	As at March 31, 2021	As at March 31, 2020
Micro finance loans	5,53,479.08	4,63,091.55
Micro, Small and Medium Enterprises (MSME)	30,844.60	27,081.29
Less: Unamortized processing fee	(3,889.51)	(3,599.35)
Total	**5,80,434.17**	**4,86,573.49**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (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, 2021	
MSME loans secured by property, plant and equipment (including land, building and plots)	15,786.91
MSME loans secured by book debts, inventories, margin money and other working capital items	1,163.50
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

Wherever required, the Company holds other types of collateral and credit enhancements, such as cross-collateralization 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, 2021			
- Expiring within one year	67,861.85	44,489.98	23,371.87
- Expiring beyond one year	9,06,106.40	8,77,061.40	29,045.00
Total	**9,73,968.25**	**9,21,551.38**	**52,416.87**

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**

(ii) Maturities of financial assets and liabilities

The table below analyses 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 analyzed 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 Company uses the same basis of expected repayment behavior as used for estimating the EIR. Issued debt reflects the contractual coupon amortization.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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

As at March 31, 2021	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Financial assets					
Non-derivatives					
Cash and cash equivalents	1,12,110.74	-	-	-	**1,12,110.74**
Bank balances other than cash and cash equivalents	62,200.60	12,000.10	2,059.55	86.24	**76,346.49**
Trade receivables	1,460.92	-	-	-	**1,460.92**
Loans	4,02,618.48	2,49,048.03	12,380.68	16,377.64	**6,80,424.83**
Investments	63.06	-	-	-	**63.06**
Other financial assets	3,063.20	64.66	25.57	39.70	**3,193.13**
Derivatives (net settled)					
Derivative financial instruments	34.13	-	-	-	**34.13**
Total undiscounted financial assets	**5,81,551.13**	**2,61,112.79**	**14,465.80**	**16,503.58**	**8,73,633.30**
Financial liabilities					
Non-derivatives					
Debt Securities	86,414.08	59,309.06	55,031.41	3,184.65	**2,03,939.20**
Borrowings other than debt securities	2,76,555.24	1,07,804.91	23,118.85	16,704.91	**4,24,183.91**
Subordinated liabilities	12,345.29	16,664.48	10,141.85	33,288.06	**72,439.68**
Trade payables	792.62	-	-	-	**792.62**
Other payables	1,658.58	-	-	-	**1,658.58**
Other financial liabilities	22,752.13	-	-	-	**22,752.13**
Provision for compassionate	0.90	-	-	-	**0.90**
Total undiscounted financial liabilities	**4,00,518.84**	**1,83,778.45**	**88,292.11**	**53,177.62**	**7,25,767.02**
Net undiscounted financial assets/(liabilities)	**1,81,032.29**	**77,334.34**	**(73,826.31)**	**(36,674.04)**	**1,47,866.28**

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	382.37	-	-	-	**382.37**
Other payables	1,447.79	-	-	-	**1,447.79**
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**

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, 2021 and as at March 31, 2020.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (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 arises majorly on account of foreign currency borrowings. The Company manages its foreign currency risk by entering into 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, 2021	As at March 31, 2020
Financial liabilities			
External commercial borrowings (including interest accrued)	**USD**	27,160.79	20,454.71
(Gain)/loss: Derivative contract		(34.13)	(673.63)

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, 2021	For the year ended March 31, 2020
USD sensitivity*		
INR/USD - increase by 5%	(1,358.04)	(1,022.74)
INR/USD - decrease by 5%	1,358.04	1,022.74

* *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 minimize interest rate cash flow risk exposures on long-term financing. As at 31 March, 2021, 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, 2021	As at March 31, 2020
Variable rate liabilities		
Debt securities	-	-
Borrowings other than debt securities	1,46,045.71	2,06,838.60
Subordinated liabilities	20,000.00	-
Fixed rate liabilities		
Debt securities	1,70,507.14	86,386.14
Borrowings other than debt securities	2,35,597.44	1,93,375.12
Subordinated liabilities	30,412.79	54,308.13
Total	**6,02,563.08**	**5,40,907.99**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (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 / (loss) due to change in interest rates:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest sensitivity*		
Interest rates – increase by 0.50%	681.66	826.21
Interest rates – decrease by 0.50%	(681.66)	(826.21)

* *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, 2021	As at March 31, 2020
Fixed deposits- variable rate	-	53,102.70
Fixed deposits- fixed rate	1,25,930.26	65,223.59
	1,25,930.26	**1,18,326.29**

Sensitivity

The profits / (loss) earned by the Company are sensitive to the change in MIBOR interest rates on fixed deposits. The following table shows the sensitivity of profit / (loss) due to change in MIBOR interest rates:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest sensitivity*		
Interest rates – increase by 1.00%	-	531.03
Interest rates – decrease by 1.00%	-	(531.03)

* *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 summarizes the impact of increases/decreases of the index on the Company's equity and profit for the period:

Impact on profit / (loss) after tax

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Mutual fund, Certificate of deposits and commercial paper		
Net assets value – increase by 5%	2.90	1,228.66
Net assets value – decrease by 5%	(2.90)	(1,228.66)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

44. CAPITAL MANAGEMENT

'The primary objective 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 maintain strong credit ratings and healthy capital ratios in order to support its business and to maximize 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, 2021	As at March 31, 2020
Net debt*	4,23,979.50	3,70,492.97
Total equity	1,49,105.23	1,45,276.96
Net debt to equity ratio	**2.84**	**2.55**

* 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.

45. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analyzed 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, 2021		As at March 31, 2020	
	Within 12 months	After 12 months	Within 12 months	After 12 months
ASSETS				
Financial assets				
Cash and cash equivalents	1,12,068.58	-	1,10,732.02	-
Bank balances other than cash and cash equivalents	60,543.88	13,651.43	52,459.33	12,974.82
Derivative financial instruments	34.13	-	673.63	-
Trade receivables	1,460.92	-	613.14	-
Loans	2,98,114.06	2,53,382.17	2,27,991.70	2,42,947.40
Investments	58.06	28,260.24	24,573.21	26,760.24
Other financial assets	3,026.49	129.93	1,613.20	145.57
	4,75,306.12	**2,95,423.77**	**4,18,656.23**	**2,82,828.03**
Non-financial assets				
Current tax assets (net)	-	-	3,152.99	-
Deferred tax assets (net)	-	4,609.86	-	-
Property, plant and equipment	-	8,384.37	-	5,241.24
Capital work-in-progress	-	364.96	-	3,413.64
Investment Property	-	693.73	-	-
Other intangible assets	-	288.79	-	378.17
Other non-financial assets	2,364.76	15.06	1,725.29	27.32
	2,364.76	**14,356.77**	**4,878.28**	**9,060.37**
TOTAL ASSETS	**4,77,670.88**	**3,09,780.54**	**4,23,534.51**	**2,91,888.40**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2021		As at March 31, 2020	
	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	-	-	81.38	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	792.62	-	300.99	-
Other payables				
(i) total outstanding dues of micro enterprises and small enterprises	223.90	-	227.71	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,434.68	-	1,220.08	-
Debt securities	66,897.79	1,03,609.35	26,462.05	59,924.09
Borrowings (other than debt securities)	2,47,376.74	1,34,266.41	2,35,354.43	1,64,859.29
Subordinated liabilities	5,425.18	44,987.61	4,185.84	50,122.29
Other financial liabilities	30,394.73	37.71	24,400.91	-
	3,52,545.64	**2,82,901.08**	**2,92,233.39**	**2,74,905.67**
Non-financial liabilities				
Current tax liabilities (net)	893.52	-	-	-
Deferred tax liabilities (net)	-	-		1,142.04
Provisions	38.32	1,277.84	234.20	852.20
Other non-financial liabilities	689.79	-	778.45	-
	1,621.63	**1,277.84**	**1,012.65**	**1,994.24**
TOTAL LIABILITIES	**3,54,167.27**	**2,84,178.92**	**2,93,246.04**	**2,76,899.91**
Net equity	**1,23,503.61**	**25,601.62**	**1,30,288.47**	**14,988.49**

46. 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:

Securitizations	As at March 31, 2021	As at March 31, 2020
Gross carrying amount of securitized assets	7,184.45	4,632.10
Gross carrying amount of associated liabilities	5,501.35	3,910.50
Carrying value and fair value of securitized assets	6,870.23	4,569.17
Carrying value and fair value of associated liabilities	5,501.35	3,910.50
Net position	**1,368.88**	**658.67**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

47. 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, 2021	For the year ended March 31, 2020
Employers contribution to provident and other fund	2,273.42	3,206.81

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, 2021	As at March 31, 2020
Present value of obligation	1,359.95	1,199.63
Fair value of plan assets	1,428.14	1,376.09
Net obligation recognized in balance sheet as non-financial assets	**(68.19)**	**(176.46)**

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	233.58	216.95
Past service cost including curtailment gains/losses	-	-
Interest cost on defined benefit obligation	81.09	84.79
Interest income on plan assets	(93.02)	(53.18)
Net impact on profit / (loss) before tax	**221.65**	**248.56**

Amount recognized in the other comprehensive income:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Actuarial gain/(loss) unrecognized during the year	(86.62)	87.80

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (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, 2021	For the year ended March 31, 2020
Present value of defined benefit obligation as at the beginning of year	1,199.63	1,106.97
Current service cost	233.58	216.95
Interest cost	81.09	84.79
Past service cost including curtailment gains/losses	-	-
Benefits paid	(184.87)	(114.65)
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)
Actuarial loss on arising from experience adjustment	30.52	421.54
Present value of defined benefit obligation as at the end of the year	**1,359.95**	**1,199.63**

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

Particulars	As at March 31, 2021	As at March 31, 2020
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, 2021	For the year ended March 31, 2020
Fair value of plan assets at beginning of year	1,376.09	694.20
Actual return on plan assets	101.89	74.97
Fund management charges	(64.97)	(28.43)
Employer's contribution	200.00	750.00
Benefits paid	(184.87)	(114.65)
Expected return on plan assets	-	-
Actuarial loss/(gain) on plan assets	-	-
Fair value of plan assets at the end of the year	**1,428.14**	**1,376.09**

(vi) Actuarial assumptions

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Discounting rate	6.76%	6.76%
Future salary increase	4.00%	4.00%
Retirement age (years)	60	60
Withdrawal rate		
Up to 30 years	43.40%	43.40%
From 31 to 44 years	36.00%	36.00%
Above 44 years	19.40%	19.40%
Weighted average duration	1.99	1.96

Mortality rates inclusive of provision for disability -100% of IALM (2012 – 14)

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 (2012-14) Ultimate table.

(vii) Sensitivity analysis for gratuity liability

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Impact of the change in discount rate		
Present value of obligation at the end of the year	1,359.95	1,199.63
- Impact due to increase of 0.50 %	(14.83)	(14.10)
- Impact due to decrease of 0.50 %	15.26	14.51
Impact of the change in salary increase		
Present value of obligation at the end of the year	1,359.95	1,199.63
- Impact due to increase of 0.50 %	15.59	14.82
- Impact due to decrease of 0.50 %	(15.29)	(14.54)

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, 2021 (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, 2021 Amount	As at March 31, 2020 Amount
0 to 1 year	503.13	407.89
1 to 2 year	265.80	250.40
2 to 3 year	179.60	164.71
3 to 4 year	120.04	108.81
4 to 5 year	77.41	71.22
5 to 6 year	50.56	46.31
6 year onwards	163.41	150.29
Total	**1,359.95**	**1,199.63**

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. Harvinder Pal Singh	Chairman cum Managing Director	Mr. Satvinder Singh Mrs. Anureet H P Singh Mrs. Ashna Pruthi
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 to December 12, 2020)	Chief Financial Officer	
Mr. Rakesh Sachdeva (w.e.f. December 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 to May 11, 2021)	Company Secretary and Compliance Officer	
Mr. Vipul Sharma (w.e.f. May 12, 2021)	Company Secretary and Compliance Officer	
Mr. Satvinder Singh	Non-Executive and Non-Independent Director	
Mr. Rakesh Sachdeva (till November 4, 2020)	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 (till May 30, 2020)	Nominee Director	
Mr. Chrisitan Bernhard Ramm (w.e.f. May 30, 2020)	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 to April 30, 2020)	Nominee Director	
Mrs. Ashna Pruthi (w.e.f. November 5, 2020 to January 6, 2021)	General Manager - Legal	

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, 2021 (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, 2021	For the year ended March 31, 2020
Mr. Harvinder Pal Singh	Remuneration	136.72	226.54
	Provident fund and others	17.99	65.34
	Personal guarantees withdrawn	-	700.00
Mr. Satvinder Singh	Personal guarantees given	30,000.00	-
Mr. Harvinder Pal Singh and Mr. Satvinder Singh	Personal guarantees given (jointly)	-	66,769.10
	Personal guarantees withdrawn (jointly)	6,410.55	-
Mr. Jugal Kataria	Remuneration	95.76	105.35
Mr. Rakesh Sachdeva	Remuneration	30.88	-
Mr. Krishan Gopal	Remuneration	40.84	11.08
Mr. Choudhary Runveer Krishanan	Remuneration	-	16.12
Mr. Adhish Swaroop	Remuneration	25.03	12.91
Mrs. Ashna Pruthi	Remuneration	2.58	-
Mr. Satvinder Singh	Sitting fees	5.75	3.55
Mr. Rakesh Sachdeva	Sitting fees	4.05	2.30
Mr. Sundeep Kumar Mehta	Sitting fees	7.70	4.00
Mrs. Sangeeta Khorana	Sitting fees	4.40	2.10
Mr. Goh Colin	Sitting fees	3.90	1.60
Mr. Sanjay Kumar Bhatia	Sitting fees	5.50	2.45
Mr. Anil Kumar Kalra	Sitting fees	4.15	2.35
Taraashna Financial Services Limited	Interest income	214.02	32.38
	Inter corporate loan given	900.00	1,500.00
	Inter corporate loan received back	300.00	
	Rent received	5.36	0.85
	Share based (reimbursement)/ payment	(85.83)	26.16
	Received on account of managerial services	65.59	65.59
	Services received on account of sourcing of business	150.60	-
Satin Housing Finance Limited	Interest income	6.51	10.04
	Inter corporate loan given	3,000.00	300.00
	Inter corporate loan received back	1,000.00	400.00
	Investment made	1,500.00	3,000.00
	Corporate Guarantee given	17.21	26.91
	Share based (reimbursement)/ payment	(11.88)	22.06
	Rent received	7.68	0.86
Satin Finserv Limited	Interest income	-	43.00
	Inter corporate loan given	-	4,300.00
	Inter corporate loan received back	-	4,350.00
	Investment made	-	8,000.00
	Corporate Guarantee given	9.44	-
	Received on account of managerial services	39.29	-
	Rent received	24.86	50.93
Rental Stay Private Limited	Interest income	-	17.11
	Inter corporate loan received back	-	135.50
Satin Neo Dimensions Private Limited	Interest income	19.44	28.82
	Inter corporate loan received back	16.84	19.62
	Repayment of security deposit	4.00	-
	Purchase of property, plant & equipment (WIP)	207.66	441.90
Niryas Food Products Private Limited	Rent received	5.80	5.23

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

C Key management personnel compensation includes the following expenses:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Short-term employee benefits	347.22	437.34
Post employment benefits	10.23	151.72
Other long-term benefits	7.31	(2.99)
Share based payment	-	17.57

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

Name of related party	Nature of balance	As at March 31, 2021	As at March 31, 2020
Mr. Satvinder Singh	Personal guarantees	30,000.00	-
Mr. Harvinder Pal Singh and Mr. Satvinder Singh	Personal guarantees (jointly)	1,57,405.55	1,63,816.10
Mr. Goh Colin	Sitting fees	0.34	0.60
Taraashna Financial Services Limited	Investments	8,510.24	8,510.24
	Inter corporate loan	2,100.00	1,500.00
Satin Housing Finance Limited	Investments	9,500.00	8,000.00
	Inter corporate loan	2,000.00	-
Satin Finserv Limited	Investments	10,250.00	10,250.00
Satin Neo Dimensions Private Limited	Inter corporate loan*	117.27	127.49
	Other Payable	27.52	65.49
	Security deposit payable		4.00
	Interest accrued	1.96	2.23
Niryas Food Products Private Limited	Security deposit payable	0.34	0.34

* During the financial year 2020-21, Inter corporate loan includes interest capitalization on moratorium

49. LEASES DISCLOSURE AS LESSEE

1 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	36	10.5 Months-90 Months	31.78 months	36	-	-	36

2 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, 2020	Additions	Depreciation	Impairment	Carrying amount as on March 31, 2021
Office building	849.82	83.00	307.23	44.71	580.88

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.

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

Particulars	As at March 31, 2021	As at March 31, 2020
Current	163.35	307.13
Non-current	496.37	593.28
Total	**659.72**	**900.41**

4 At March 31, 2021 the Company had not committed to leases which had not commenced.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

5 The undiscounted maturity analysis of lease liabilities at March 31, 2021 is as follows:

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 years
Lease payments	226.62	196.36	152.58	261.11
Finance charges	63.27	45.57	29.64	38.47
Net present values	**163.35**	**150.79**	**122.94**	**222.64**

6 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.

7 The Company had total cash outflows for leases of ₹ 1,776.80 lakhs in March 31, 2021 (March 31, 2020: ₹ 1,932.67 lakhs).

The following are the amounts recognized in profit or loss:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation Expenses of right-of-use assets	307.23	487.13
Interest Expenses on lease liabilities	78.58	161.98
Expenses relating to short-term leases (included in other expenses)	1,424.06	1,379.47
Total amount recognized in profit or loss	**1,809.87**	**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 judgment 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.

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	For the year ended March 31, 2021	For the year ended March 31, 2020
Short term leases	1,759.70	1,915.90

Particulars	As at March 31, 2021	As at March 31, 2020
Minimum lease obligations:		
- within one year	65.38	55.27
- Later than one year but not later than five years	9.30	53.09
- Later than five years	-	-

50. 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

51. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

The Company has received income tax notice under section 143(3) of the "Income Tax Act 1961" dated April 05, 2021 for tax demand amounting to ₹ 194.63 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 is in process of filling appeal to NATIONAL FACELESS APPEAL CENTER (NFAC).

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Estimated amount of contract remaining to be executed on capital account and not provided for	242.83	765.13
Company had issued corporate financial guarantee to National Housing Bank (NHB) against the funding obtained by its subsidiary Satin Housing Finance Limited.	1,500.00	500.00
Company has issued corporate financial guarantee to Catalyst Trusteeship Limited against the Non-convertible Debenture issued by its subsidiary Satin Finserv Limited.	500.00	-
Total	**2,242.83**	**1,265.13**

52. ASSETS PLEDGED/HYPOTHECATED AS SECURITY

The carrying amounts of assets pledged/hypothecated as security are:

Particulars	As at March 31, 2021	As at March 31, 2020
Loan assets	4,81,436.50	3,91,916.28
Vehicles	95.47	83.19
Buildings	159.11	167.26
Total assets pledged as security	**4,81,691.08**	**3,92,166.73**

53. HEDGING STRATEGY

The Company's hedging strategy is to manage its exposure to interest rate risk on a net variable basis in ₹. For US $ 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.

Company has opted for hedge accounting in previous year for one the the hedged item as mentioned in below. Basis on the quarterly hedge effectiveness assessment it has been noted that the hedging relationship is no longer highly effective and therefore, hence hedge relationship is discontinued. Fluctuation in foreign currency exchange rates and interest rates globally has led to the ineffectiveness that is expected to affect the hedging relationship during the term of said hedge. Hence, during the year the said hedge accounting is discontinued, however, the disclosures continued pertains to the previous year.

The following table shows the maturity profile of hedging derivatives based on their notional amounts.

Particulars	As at March 31, 2021				As at March 31, 2020			
	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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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: INR 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.

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:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(a) 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

(b) differences arise between the credit risk inherent within the hedged item and the hedging instrument.

During the year ended March 31, 2021, Hedge accounting has been discountinued on account of ineffectiveness, 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 US $ 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 US $ 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 is 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.

As mentioned previously above, due to the hedge ratio has become ineffective in current year, the hedge accounting is discontinued. Therefore, below disclosures continued pertains to the previous year.

The impact of the hedging instruments on the Balance Sheet is, as follows

Particulars	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:

Particulars	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
US $ denominated fixed rate borrowing	(577.86)	69.87	-

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	Ineffectiveness 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
US $ denominated fixed rate borrowing	(577.86)	-	N/A	-	-	-	501.85

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Movements in cash flow hedging reserve

As mentioned previously above, due the hedge ratio has become inneffective in current year, the hedge accounting is discontinued. Below table represents the movement in hedge reserve.

Derivative instruments	For the year ended March 31, 2021	For the year ended March 31, 2020
Add: Changes in fair value of cross currency interest rate swaps	6,487.41	626.34
Less: Translation loss on loan	-	(598.86)
Add: Interest expense on borrowing	(6,553.30)	65.89
Add: Deferred tax relating to above	16.58	(23.50)
Amount recognized in the other comprehensive income:	**(49.31)**	**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.

54. IMPACT OF COVID-19 PANDEMIC

The COVID-19 pandemic has continued to cause a significant disruption of the economic activities across the globe including India throughout the year, with second wave of the pandemic emerging towards the later part of the financial year in India. The Government of India announced a nation-wide lockdown to contain the spread of the virus and various state governments and local statutory authorities imposed restrictions on economic activities in different parts of the country which continued to impact Company's operations including lending and collection activities. Further, pursuant to the Reserve Bank of India ('RBI') COVID-19 Regulatory package issued vide circulars dated March 27, 2020 and May 23, 2020 which allowed lending institutions to offer moratorium to borrowers on payment of installments falling due between March 1, 2020 and August 31, 2020, and consequently the Company had offered a moratorium to its eligible borrowers until August 31, 2020.

In assessing the impairment allowance for loan portfolio, the Company has considered internal and external sources of information available including indicators of deterioration in the macro-economic factors. Further, the management has estimated the impact of the ongoing second wave of the pandemic on its loan portfolio, based on reasonable and supportable information available till date and considering performance after the first wave, and has noted that the existing provisioning levels are adequate to cover any further delinquencies. Given the unique nature and scale of this pandemic, its full extent of impact on the Company's operations and financial metrics, more specifically on the borrower's ability to service their obligations on a timely basis, will depend on the severity and duration of the pandemic as well as on highly uncertain future developments including governmental and regulatory measures and the Company's responses thereto. Accordingly, the management's estimate of impairment losses based on various variables and assumptions could result in actual credit loss being different than that being estimated.

The Company has assessed the impact of the pandemic on its liquidity and ability to repay its obligations as and when they are due. The Company has considered its current liquidity position, expected inflows from various sources of borrowings and stimulus packages announced by the Government of India. Based on the foregoing, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. The impact of the pandemic on the operations of the Company is significantly dependent on uncertain future economic conditions.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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.

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 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 remained 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 Property, Plant & Equipment assets. As at March 31, 2021, 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 are 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 impairment loss on the investments when impairment indicators exist by comparing the fair value and carrying value of such investments. During the year management assessed if there are any impairment indicators exist on its investment in subsidiary companies and noted that such indicators exist because of Covid-19 pandemic on its investment in one of its subsidiary company i.e. Taraashna Financial Services Limited (Formally known as Taraashna Services Limited). The equity shares of the subsidiary company is not listed on a stock exchange. Therefore, value of the investment was determined based on discounted cash flows method. The use of discounted cash flow valuation method requires exercise of judgment 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 said valuation. Fair valuation derived has come to ₹ 62.67 per equity share against the cost of investment by holding company at ₹ 53.06 per equity share.

The said valuations reflect the inherent strength and future business prospects of this company. Since the said valuation of the subsidiary is higher than the book value hence, there is no impairment. .

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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. The Company reviews the portfolio on regular basis.

The Company has assessed the impact of the COVID- 19 pandemic on its liquidity and ability to fulfill 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 installments 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. Based on the foregoing, current liquidity position and necessary stress tests considering various scenarios, management is confident that the Company will be able to fulfill its obligations as and when these become due in the foreseeable future.

viii Credit risk on loans

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL. During the year ended as at March 31, 2021, The Company has restructured eight MSME loans amounting to ₹ 211.15 lakhs and therefore the Company has considered these loans for significant increase in credit risk assessment. The Company has made additional ECL to the tune of ₹ 80.09 lakhs on these loans on account of SICR provisioning.

Also, the Company has made additional provision to the tune of ₹ 4,361.14 lakhs on JLG loans where the Company has provided additional support/re-finance to such borrowers considering their repayment behavior during and after moratorium period till the date of additional support/re-finance.

55. In accordance with notification no. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 issued by the RBI, all lending institutions shall refund/adjust 'interest on interest' amounting to ₹ 20.70 lakhs to all borrowers including these who had availed working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the Indian Banks Association (IBA) in consultation with other industry participants/bodies published the methodology for calculation of the amount of such 'interest on interest'. Accordingly, the Company has estimated the said amount and made provision for refund/adjustment in these financial results.

56. EMPLOYEE STOCK OPTION PLAN / SCHEME (ESOP/ ESOS)

Pursuant to the approval accorded by shareholders of Satin Creditcare Network Limited ('Company")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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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 2013-14.

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	-	13	-	NA
No. of options exercised	12,200	13,500	-	20,950	-	NA

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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: ESOS 2009 scheme was repealed in terms of Resolution passed by the Shareholders at their meeting held on July 6, 2017.

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 (Grant 1 of ESOS 2017):

Vesting Date	Vested options	No of options exercised
August 14, 2018	21,400	12,200
August 14, 2019	15,800	13,500
August 14, 2020*	11,400	-

* These options are available for exercise till August 13, 2021

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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
May 30, 2020	96,850	-

* These options are available for exercise till August 13, 2021

i) The details of ESOS 2009 are summarized below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	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
Number of shares arising as a result of exercise of options	-	-	13,300	20
Expired/ lapsed during the year	-	-	6,000	20
Options shifted to new ESOS Scheme 2017	-	-	6,000	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years) of the option exercisable	-	-	-	-
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	-

* Being ESOS 2009 doesn't exist as of March 31, 2021, 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, 2021: NA (March 31, 2020: ₹ 218.18).

iii) The details of ESOS Scheme 2017 are summarized below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	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	1,49,150	At a discount/ premium on fair value	1,25,700	At a discount/ premium on fair value
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	160	34,450	160
Number of shares arising as a result of exercise of options	-	160	34,450	160
Expired/ lapsed during the year under ESOS Scheme, 2017	1,20,500	160	17,450	160
Options expired/ lapsed under earlier ESOP Scheme's (adjusted)*	-	-	6,000	-
Outstanding options at the end of the year	2,69,500	-	1,49,150	-
Exercisable at the end of the year	79,300	160	1,99,800	160
Weighted average remaining contractual life (in years) of the option exercisable	-	0.19	-	0.32
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	-

* Outstanding Options of previous ESOS schemes has been transferred to new ESOS scheme 2017

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

iv) Weighted average exercise price (fair market value) of share during the year ended March 31, 2021: NA (March 31, 2020: ₹ 278.20).

The detail of exercise price for stock option at the end of the financial year 2020-21 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	10,200	0.37	160	New Scheme
Grant-2 ESOS Scheme 2017	160 per option	69,100	0.16	160	New Scheme

v) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) - NIL*

*There was no grant this year, however Outstanding Grants has been adjusted due to rights issue. Further Grant for Rights Issue can be exercise only along with exercise of Original Grant

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.

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 ₹ 19.02 lakhs (March 31, 2020: ₹ 147.97 lakhs) during the year as proportionate cost.

viii) The Company has ₹ 79.69 lakhs (March 31, 2020: ₹ 79.69 lakhs) recoverable from Satin Employees Welfare Trust pursuant to ESOP schemes.

ix) During the year under review, the Company has come out with the rights issue of partly paid up equity shares for the existing shareholders of the Company as on record date. Further Pursuant to para 5 of the ESOP Scheme 2017, the Number of Shares to be issued, upon exercising the vested options, shall be adjusted/enhanced in accordance with the corporate action. Accordingly, Employee who exercises the vested option, will also be entitled for the Rights Equity shares in the ratio of 48 Rights Equity Share for every 125 Equity Shares issued on exercise of vested options. The employee can apply for Rights issue shares only after exercising corresponding options and will be entitled on the basis of Rights issue Ratio. Rights Issue Shares will be issued to an employee at par, i.e. the price at which the rights shares were acquired by trust. As on March 31, 2021 , Employee Welfare Trust has paid ₹ 45 per Rights Equity Share.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

57. 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 Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing Assets						
Standard	Stage 1	5,15,978.67	2,573.12	5,13,405.55	115.07	2,458.05
	Stage 2	13,061.89	5,743.50	7,318.39	2.05	5,741.45
Subtotal		**5,29,040.56**	**8,316.62**	**5,20,723.94**	**117.12**	**8,199.50**
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful - up to 1 year	Stage 3	46,402.14	20,141.01	26,261.13	12,244.05	7,896.96
1 to 3 years	Stage 3	1,114.79	480.31	634.48	856.99	(376.68)
More than 3 years	Stage 3			-		-
Subtotal for doubtful		**47,516.93**	**20,621.32**	**26,895.61**	**13,101.04**	**7,520.28**
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	527.25	6.43	520.82	-	6.43
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**527.25**	**6.43**	**520.82**	**-**	**6.43**
Total	Stage 1	5,16,505.92	2,579.55	5,13,926.37	115.07	2,464.48
	Stage 2	13,061.89	5,743.50	7,318.39	2.05	5,741.45
	Stage 3	47,516.93	20,621.32	26,895.61	13,101.04	7,520.28
	Total	**5,77,084.74**	**28,944.37**	**5,48,140.37**	**13,218.16**	**15,726.21**

58. 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, 2021	As at March 31, 2020
CRAR (%)	25.28	30.45
CRAR – Tier I capital (%)	19.73	22.08
CRAR – Tier II capital (%)	5.55	8.37
Amount of subordinated debt included in Tier-II capital	47,165.07	50,610.78
Amount raised by issue of perpetual debt instruments	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(ii) Disclosure of investments:-

Particulars	As at March 31, 2021	As at March 31, 2020
1) Value of investments		
i) Gross value of investments	28,318.30	51,333.45
a) In India	28,318.30	51,333.45
b) Outside India	-	-
ii) Provisions of depreciation	-	-
a) In India	-	-
b) Outside India	-	-
iii) Net Value of investments	28,318.30	51,333.45
a) In India	28,318.30	51,333.45
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, 2021	As at March 31, 2020
Notional Principal of swap agreements	27,089.80	21,227.46
Loss/(profit) which would be incurred if counterparties failed to fulfil their obligations under the agreements	(34.13)	(673.63)
Collateral required by the applicable NBFC upon entering into swaps	-	-
Concentration of credit risk arising from swaps	-	-
Fair value of the swap book	(34.13)	(673.63)

(iv) (a) Disclosures relating to securitization:-

The Company has entered into various agreements for the securitization of loans with assignees, wherein it has securitized a part of its loans portfolio amounting to ₹ 5,611.43 lakhs during the year ended March 31, 2021 (March 31, 2020 ₹ 5,422.80 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 securitization 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, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
1 No of SPVs sponsored by the NBFC for securitization transaction	2	1
2 Total amount of securitized assets as per books of the SPVs sponsored by the NBFC	7,187.99	4,619.04
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	718.17	329.21
* Others	-	-
4 Amount of exposures to securitization transactions other than MRR	-	-
a) Off Balance sheet exposures	-	-
i) Exposure to own securitizations	-	-
* First loss	-	-
* Others	-	-
ii) Exposure to third party securitizations	-	-
* First loss	-	-
* Others	-	-
b) On Balance sheet exposures	-	-
i) Exposure to own securitizations	-	-
* First loss	-	-
* Others	-	-
ii) Exposure to third party securitizations	-	-
* First loss	-	-
* Others	-	-

In addition to exposures mentioned above, on balance sheet exposure also includes over collateralization of ₹ 1,157.65 lakhs (March 31, 2020: ₹ 596.51 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, 2021	For the year ended March 31, 2020
i) Total number of loan assets securitized during the year	17,756	22,167
ii) Book value of loans assets securitized during the year	5,611.43	5,422.80
iii) Sale consideration received during the year	5,611.43	5,422.80
iv) Credit enhancement provided during the year	392.80	325.37
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 continues 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 ₹ 74,271.48 lakhs during the year ended March 31, 2021 (March 31 2020 ₹ 316,153.01 lakhs), 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 pro rata collection amount as per individual agreement terms.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
i) Total number of loans assets assigned during the year	3,12,636	16,18,532
ii) Book value of loans assets assigned during the year	74,271.48	3,16,153.01
iii) Sale consideration received during the year	74,271.48	3,16,153.01
iv) Interest spread recognized in the statement of profit and loss during the year (including amortization of unamortized interest spread)	6,144.89	23,608.14

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

The Company has not sold financial assets to Securitization/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, 2021

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	21,494.92	6,754.70	23,202.54	43,042.04	54,425.66	53,993.88	23,338.78	-	**2,26,252.52**
Market Borrowings (other than Banks)	9,399.73	3,978.77	11,464.80	36,491.13	1,12,172.28	1,63,484.04	10,610.83	1,619.17	**3,49,220.75**
Foreign Borrowings	-	1,335.75	306.27	306.27	1,948.29	13,171.25	2,671.50	7,350.47	**27,089.80**
Payable towards assignment and securitization transactions	19,885.74	-	-	-	-	-	-	-	**19,885.74**
Assets									
Advances	1,55,575.44	17,758.12	23,229.37	1,05,398.44	1,67,859.74	2,55,075.16	8,719.54	4,144.30	**7,37,760.11**
a) Portfolio (including Securitization)	29,881.21	16,733.26	20,819.94	74,101.84	1,56,577.80	2,40,601.67	8,636.20	4,144.30	**5,51,496.22**
b) Advances- Others	1,25,694.23	1,024.86	2,409.43	31,296.60	11,281.94	14,473.49	83.34	-	**1,86,263.89**
Investments	-	-	-	-	57.55	-	-	28,260.75	**28,318.30**

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 securitization 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 Securitization)	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**

Notes:

i) Above mentioned portfolio (own) does not include undrawn facilities amounting to ₹ 2,400 lakhs (March 2020 ₹ 4,000 lakhs), since there are no sanctioned disbursement schedule.

ii) 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, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(ix) Exposures:-

(a) Exposure to real state sector:-Nil (March 31, 2020 : Nil)

(b) Exposure to capital market:-Nil (March 31, 2020 : 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 Securitization 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.

(xv) Related party transactions:-

Please refer to note no 48

(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	97.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
2	Non Convertible Debentures	24.20	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
3	Non Convertible Debentures	38.70	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
4	Non Convertible Debentures	213.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
5	Non Convertible Debentures	12.50	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
6	Non Convertible Debentures	12.50	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
7	Non Convertible Debentures	120.00	Credit Analysis & Research Limited	CARE A-; Stable	Assigned
8	Non Convertible Debentures	60.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
9	Non Convertible Debentures	65.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
10	Non Convertible Debentures	26.28	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
11	Non Convertible Debentures	68.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
12	Subordinate Debt	50.05	Credit Analysis & Research Limited	CARE A-; Stable	Assigned
13	Non Convertible Debentures	25.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

S. No.	Particulars	Amount (₹ in Crores)	Credit rating agency	Current rating	Previous rating
14	Non Convertible Debentures	25.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
15	Non Convertible Debentures	25.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
16	Non Convertible Debentures	15.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
17	Non Convertible Debentures	50.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
18	Non Convertible Debentures	100.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
19	Non Convertible Debentures	50.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
20	Non Convertible Debentures	50.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
21	Non Convertible Debentures	175.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
22	Non Convertible Debentures	25.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
23	Non Convertible Debentures	25.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
24	Non Convertible Debentures	50.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
25	Non Convertible Debentures	48.75	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
26	Non Convertible Debentures	187.50	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
27	Non Convertible Debentures	150.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
28	Non Convertible Debentures	253.75	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
29	Preference Share	25.00	Credit Analysis & Research Limited	CARE BBB+ (RPS); Stable	CARE BBB+ (RPS); Stable
30	Securitization	17.34	Credit Analysis & Research Limited	CARE A (SO)	Assigned
31	Securitization	54.54	Credit Analysis & Research Limited	Provisional CARE A (SO)	Assigned
32	Commercial Paper	200.00	Credit Analysis & Research Limited	CARE A1	CARE A1
33	Fund Based -Long Term Bank Facilities	2,800.00	Credit Analysis & Research Limited	CARE A-; Stable	CARE A-; Stable
34	Subordinate Debt	25.00	ICRA Limited	[ICRA]A- (Stable)	[ICRA]A- (Stable)
35	Subordinate Debt	25.00	ICRA Limited	[ICRA]A- (Stable)	[ICRA]A- (Stable)
36	Subordinate Debt	40.00	ICRA Limited	[ICRA]A- (Stable)	[ICRA]A- (Stable)
37	Subordinate Debt	10.00	ICRA Limited	[ICRA]A- (Stable)	[ICRA]A- (Stable)
38	Non Convertible Debentures	25.00	ICRA Limited	[ICRA]A- (Stable)	[ICRA]A- (Stable)
39	Commercial Paper	200.00	ICRA Limited	[ICRA] A1	Revised from [ICRA] A2+
40	Covered Bond	40.00	ICRA Limited	[ICRA]A- (Stable)	[ICRA]A- (Stable)
41	Non Convertible Debentures	150.00	Brickwork Limited	BWR A- / Stable	BWR A- / Stable

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(xvii) Remuneration of directors:-

Particulars	Remuneration		Provident fund and others		Sitting fees	
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
Mr. H P Singh	136.72	226.54	17.99	65.34	Nil	Nil
Mr. Satvinder Singh	-	-	-	-	5.75	3.55
Mr. Rakesh Sachdeva	-	-	-	-	4.05	2.30
Mr. Sundeep Kumar Mehta	-	-	-	-	7.70	4.00
Mrs. Sangeeta Khorana	-	-	-	-	4.40	2.10
Mr. Goh Colin	-	-	-	-	3.90	1.60
Mr. Sanjay Kumar Bhatia	-	-	-	-	5.50	2.45
Mr. Anil Kumar Kalra	-	-	-	-	4.15	2.35

(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, 2021	For the year ended March 31, 2020
Provision for depreciation on investment	-	-
Provision towards NPA	14,067.26	(625.46)
Provision made towards income tax	4,962.74	5,474.97
Other provision and contingencies (with details)		
i) Provision for compensated absences	230.73	146.47
ii) Provision for gratuity	221.65	248.56
Provision for Standard assets	(763.71)	6,019.50

(b) Draw down from reserves:-

There has been no draw down from reserve during the year ended March 31, 2021 (Previous year: ₹ Nil)

(c) Concentration of advances, exposures and NPAs:-

Particulars	As at March 31, 2021	As at March 31, 2020
Concentration of advances		
Total advance to twenty largest borrowers	11,853.40	13,201.50
% of advance to twenty largest borrowers to total advances	2.72%	1.78%
Concentration of exposures		
Total exposure to twenty largest borrowers/customers	19,979.64	15,316.55
% of exposure to twenty largest borrowers/customers to total exposure	3.53%	3.31%
Concentration of NPAs		
Total exposure of top four NPA account	62.06	253.01
% of exposure to top four NPA account	0.01%	0.05%

Interest due but not received on portfolio are not included in portfolio.

(d) Sector-wise NPAs:-

Particulars	As at March 31, 2021	As at March 31, 2020
	Percentage of NPAs to total advance to that sector	
Sector		
1 Agriculture and allied activities	8.48%	2.99%
2 MSME	11.10%	5.51%
3 Corporate borrowers	0.00%	1.25%
4 Services	8.00%	2.99%
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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(e) Movement of NPAs:-

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
i) Net NPAs to net advance (%)	4.75%	1.77%
ii) Movement of NPAs (Gross)		
a) Opening balance	15,049.79	17,787.49
b) Addition during the year	45,982.17	8,239.03
c) Reduction/ write off during the year	13,835.59	10,976.73
d) Closing balance	47,196.37	15,049.79
iii) Movement of NPAs (Net)		
a) Opening balance	8,495.72	10,607.95
b) Addition during the year	25,360.86	1,684.97
c) Reduction/ write off during the year	7,281.52	3,797.20
d) Closing balance	26,575.06	8,495.72
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	6,554.07	7,179.54
b) Addition during the year	20,621.31	6,554.06
c) Reduction/ write off during the year	6,554.07	7,179.53
d) Closing balance	20,621.31	6,554.07

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, 2021	For the year ended March 31, 2020
a) Number of complaints pending at the beginning of the year	-	-
b) Number of complaint received during the year	6,101	10,780
c) Number of complaint redressed during the year	6,096	10,780
d) Number of complaint pending at the end of the year	5	-

(i) Instances of fraud:-

Nature of fraud (cash embezzlement by employee)	For the year ended March 31, 2021	For the year ended March 31, 2020
Number of cases	222	155
Amount of fraud	117.47	127.77
Recovery*	15.97	34.64
Amount written off	101.50	93.13

*(includes ₹ 3.30 lakhs recovery at earlier year.)

Nature of fraud (Borrower)	For the year ended March 31, 2021	For the year ended March 31, 2020
Number of cases	1	-
Amount of fraud	120.97	-
Recovery	-	-
Amount written off	120.97	-

(B) Information on Net Interest Margin :-

Quarterly net interest margin

Particulars	For the year ended March 31, 2021			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Average lending rate	21.65%	21.87%	21.79%	21.65%
Average effective cost of borrowing*	11.68%	12.07%	11.85%	11.69%

Particulars	For the year ended 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%

*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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(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	1,71,451.26	-
	: Unsecured	25,946.46	-
	(other than falling within the meaning of Public deposits)		
	(b) Deferred Credits	-	-
	(c) Term Loans	3,88,839.59	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Public deposits		
	(g) Other Loans :		
	Other unsecured loans against assets of the Company	-	-
	Secured loans against assets of the Company	151.79	-
	Overdraft facility	10,989.97	-
	Liability against securitized assets	5,501.35	-
	Liability against leased assets	659.72	-
	Preference shares other than those that qualify as equity	2,499.63	-
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		
	Assets side :		**Amount outstanding**
3	**Break-up of Loans and advances including bills receivables (other than those included in (4) below) :**		
	(a) Secured		17,945.54
	(b) Unsecured		5,62,488.63
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		57.55
	(IV) Government Securities		-
	(V) Others (please specify)		-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Particulars	Amount Outstanding	Amount Overdue
	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		-
	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		28,260.24
	(b) Preference		-
	(II) Debentures and Bonds		-
	(III) Units of mutual funds		-
	(IV) Government Securities		0.51
	(V) Others (please specify)		-
	Total		**28,318.30**

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	-	4,100.00	7.15	4,092.85
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	119.23	0.21	119.02
2. Other than related Parties	17,945.54	5,58,269.40	28,930.58	5,47,284.36
Total	**17,945.54**	**5,62,488.63**	**28,937.94**	**5,51,496.23**

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	28,260.24	28,260.24
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related Parties	58.06	58.06
Total	**28,318.30**	**28,318.30**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

8 Other information

Particulars	Amount
(I) Gross Non-Performing Assets	47,196.37
(a) Related parties	-
(b) Other than related parties	47,196.37
(II) Net Non-Performing Assets	26,575.06
(a) Related parties	-
(b) Other than related parties	26,575.06

9 The quantitative disclosures as required by RBI circular dated April 17, 2020 for the year ended March 31, 2021 and March 31, 2020;

Particulars	As at March 31, 2021	As at March 31, 2020
Amount in SMA/overdue categories as on February 29, 2020	30,998.53	30,998.53
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular (as of February 29, 2020)	8,471.78	9,901.90
Respective amount where asset classification benefit is extended (as of February 29, 2020)	8,430.19	9,483.82
Provisions made in terms of paragraph 5 of the circular (as per para 4, applicable to entities covered under ind as) (as of March 31, 2021/ March 31, 2020)	3,649.93	2,836.27
Provisions adjusted against slippages in terms of paragraph 6 of the circular	3,649.93	2,836.27
Residual provisions as of March 31, 2021/ March 31, 2020 in terms of paragraph 6 of the circular	-	-

10 During the year the Company has restructured SME loans in accordance with the RBI circular RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 as presented in below table:

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan
MSME Borrowers	8	211.15

11 Pursuant to RBI circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019, Liquidity credit risk disclosures are presented as below:

(i) LCR Disclosure

	Particulars	As at March 31, 2021		As at March 31, 2020	
		Total un-weighted Amount	Total weighted Amount	Total un-weighted Amount	Total weighted Amount
	High Quality Liquid Assests (HQLAs)				
1	Total High Quality Liquid Assests (HQLA)	58,475.44	58,475.44	73,867.18	73,867.18
	Cash Outflows				
2	Deposits (for deposit taking companies)	-	-	-	-
3	Unsecured wholesale funding	109.64	109.64	329.96	329.96
4	Secured wholesale funding	82,781.26	41,390.63	90,972.25	45,486.12
5	Additional requirements, of which	-	-	-	-
i	Outflows related to derivative exposures and other collateral requirements	564.77	564.77	557.87	557.87
ii	Outflows related to loss of funding on debt products	-	-	-	-
iii	Credit and liquidity facilities	-	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

6	Other contractual funding obligations	38,413.12	38,413.12	34,245.13	34,245.13
7	Other contingent funding obligations	7,285.06	7,285.06	10,127.54	10,127.54
8	**TOTAL CASH OUTFLOWS**	**1,29,153.85**	**87,763.22**	**1,36,232.75**	**90,746.62**
	Cash Inflows				
9	Secured lending	687.61	687.61	252.82	252.82
10	Inflows from fully performing exposures	89,017.79	74,722.79	78,578.08	78,578.08
11	Other cash inflows	24,353.57	24,353.57	21,910.60	21,910.60
12	**TOTAL CASH INFLOWS**	**1,14,058.97**	**99,763.97**	**1,00,741.50**	**1,00,741.50**
13	**TOTAL HQLA**	**58,475.44**	**58,475.44**	**73,867.18**	**73,867.18**
14	TOTAL NET CASH OUTFLOWS	62,982.71	26,104.73	39,166.92	28,802.50
15	**LIQUIDITY COVERAGE RATIO (%)**	**92.84%**	**224.00%**	**188.60%**	**256.46%**

(ii) Funding Concentration based on significant counterparty

Sr. No.	Number of Significant Counterparties	Amount*	% of Total deposits	% of Total Liabilities
1	Twenty Three	4,81,538.40	N.A.	79.92%

*Accured interest but not due and unamortized transaction costs are included in borrowings.

(iii) Top 20 large deposits

There are no deposits accepted by the company during the year as company is non-deposit taking NBFC.

(iv) Top 10 borrowings

Sr. No.	Lender	Amount*	Ranking	% of total borrowings
1	National Bank for Agriculture and Rural Development	83,661.93	1	13.88%
2	Indian Bank	43,165.64	2	7.16%
3	Blue Orchard Microfinance Fund	35,119.51	3	5.83%
4	Bank of Baroda	31,390.57	4	5.21%
5	AAV Sarl Investments	29,058.53	5	4.82%
6	IDFC FIRST Bank (Formerly known as Capital First Limited)	28,000.11	6	4.65%
7	Standard Chartered Bank	24,980.02	7	4.15%
8	The Hongkong & Shanghai Banking Corporation Limited	20,955.29	8	3.48%
9	Small Industries Development Bank of India	20,711.60	9	3.44%
10	FMO - Entrepreneurial Development Bank	18,681.46	10	3.10%
	Total	**3,35,724.66**		

*Accured interest but not due and unamortized transaction costs are included in borrowings.

(v) Funding Concentration based on significant instrument/product

Sr. No.	Nature of significant instrument/product	Amount*	Liabilities
1	Non-convertible debentures	1,92,172.21	31.89%
2	Term loans	3,60,257.00	59.79%
3	Overdraft facility against term deposits	10,989.97	1.82%
4	External commercial borrowings	26,644.95	4.42%
5	Commercial paper	3,838.25	0.64%
6	Preference shares other than those that qualify as equity	2,499.63	0.41%
7	Liability against securitized assets	5,501.35	0.91%
8	Liability against leased assets	659.72	0.11%
	Total	**6,02,563.08**	**100.00%**

*Accured interest but not due and unamortized transaction costs are included in borrowings.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(vi) Stock Ratios:

Sr. No.	Particulars	Amount	Total public funds	Total liabilities	Total assets	% of Total public funds	% of Total liabilities	% of Total assets
1	Commercial papers	3,838.25	N.A.	6,38,346.19	7,87,451.42	N.A.	0.60%	0.49%
2	Non-convertible debentures (original maturity of less than one year)	1,499.35	N.A.	6,38,346.19	7,87,451.42	N.A.	0.23%	0.19%
3	Other short-term liabilities (excluding commercial paper)	19,248.83	N.A.	6,38,346.19	7,87,451.42	N.A.	3.02%	2.44%

59. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

Particulars	As at March 31, 2021	As at March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	223.90	309.09
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.	-	-

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

Manish Gujral
Partner
Membership Number: 105117

Place : Mumbai
Date : June 14, 2021

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

Harvinder Pal Singh
(Chairman cum Managing Director)
DIN: 00333754
Place : Gurugram

Satvinder Singh
(Director)
DIN: 00332521
Place : Gurugram

Sanjay Kumar Bhatia
(Chairman Audit Committee cum Director)
DIN: 07033027
Place : Dehradun

Vipul Sharma
(Company Secretary & Compliance Officer)
Membership Number: A27737

Rakesh Sachdeva
(Chief Financial Officer)
Place : Gurugram

Place : Gurugram
Date : June 14, 2021

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 31 March 2021, 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 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group as at 31 March 2021, and their consolidated loss (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 ('the ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained 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 – COVID 19

4) We draw attention to Note 54 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 Company and its financial position as at 31 March 2021 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 Matters

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 consolidated 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.

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
Use of information processing system for accounting and financial reporting	
The Group relies upon information processing systems for recording, processing, classifying and presenting the large volume of transactions entered into by the Group. The Group has put in place IT General Controls and automated IT Controls to ensure that the information produced by the Group is reliable. Also, during the current year, the management carried out changes to the IT infrastructure and accounting system to implement moratorium relief extended during the year to the customers. Among other things, the management also uses the information produced by the entity's information processing systems for accounting and the preparation and presentation of the consolidated financial statements. The Holding Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impact key financial accounting and reporting items such as loans, interest income, impairment on loans amongst others. The controls implemented by the Holding Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting. Since our audit strategy included focus on entity's information processing systems relevant to our audit due to their pervasive impact on the consolidated financial statements, we have determined the use of information processing system for accounting and financial reporting as a key audit matter for the current year audit.	Our key audit procedures on this matter included, but were not limited, to the following: (a) obtained an understanding of the Holding Company's information processing systems, IT General Controls and automated IT controls for applications, databases and operating systems relevant to our audit; (b) Also, obtained an understanding of the changes that were made to the IT applications during the audit period on account of moratorium relief extended to its customers; (c) involved IT specialists (auditor's expert) for performance of the following procedures: (i) tested the IT General Controls around user access management, changes to IT environment and segregation of duties around program maintenance, security administration and over key financial accounting and reporting processes; (ii) tested the Holding Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization; and (iii) tested the automated controls like interfaces, configurations and information generated by the entity's information processing systems for loans, interest income and other significant financial statement items. (d) obtained written representations from management and those charged with governance on whether IT general controls and automated IT controls are designed and were operating effectively during the period covered by our audit.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Key audit matter	How our audit addressed the key audit matter
Expected Credit Losses on loans and implementation of COVID-19 relief measures	
[Refer Note 3(k) for the accounting policy and Note 43 for the related disclosures]	
As at 31 March 2021, the Holding Company has financial assets (loans) amounting to ₹ 551,496.23 lakh including loans which are carried at fair value through other comprehensive income amounting to ₹ 505,504.25 lakh. As per Ind AS 109- Financial Instruments, the Holding Company is required to recognize allowance for expected credit losses on financial assets. 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 an exercise of judgment around both the timing of recognition of impairment provisions and estimation of the amount of provisions required in relation to loss events. 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. 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. Significant management judgment and assumptions involved in measuring ECL is required with respect to: • determining the criteria for a significant increase in credit risk • factoring in future economic assumptions • techniques used to determine probability of default, loss given default and exposure at default. These parameters are derived from the Holding Company's internally developed statistical models with the help of management's experts and other historical data. **COVID-19** During the current year, RBI announced various relief measures for the borrowers which were implemented by the Holding Company such as "COVID 19 Regulatory Package- Asset Classification and Provisioning" announced by the RBI on 17 April 2020 and RBI circular on "Asset Classification and Income	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: a) performed a walkthrough of the impairment loss allowance process and assessed the design effectiveness of controls; b) 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; c) Obtained the reports of the management's expert and assessed the expert's professional competence, independence and objectivity in developing the ECL model; d) obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the RBI circulars and ensured such policy is in compliant with the requirements of the RBI circular; e) evaluated the appropriateness of the Holding Company's determination of significant increase in credit risk in accordance with the applicable accounting standard considering the impact of COVID-19 on account of benefit extended by the Holding Company to select borrowers and the basis for classification of various exposures into various stages; f) as modeling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios;

Key audit matter	How our audit addressed the key audit matter
Recognition following the expiry of Covid-19 regulatory package" dated 7 April 2021 (collectively referred to as 'the RBI circulars'), and "Resolution Framework for COVID-19 related Stress" (the 'Resolution Framework') dated on 6 August 2020, which have been collectively considered by the management in identification, classification and provisioning of loan assets for impairment. The management has considered the impact of COVID-19 on arriving at the provisions as at the balance sheet date on account of significant increase in credit risk on customers given additional support by the Holding Company which were impacted due to COVID-19. The basis of estimates and assumptions involved in arriving at the provisions during the year were monitored by the Company periodically and significantly depend on future developments in the economy due to COVID-19 including any new relief measures' announcements by the RBI. 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. We also draw attention to Note 54 of the accompanying consolidated financial statements, regarding uncertainties involved 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 as the same is fundamental to the understanding of the users of consolidated financial statements.	g) 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; h) tested the accuracy of inputs through substantive procedures and assessed the reasonableness of the assumptions used; i) developed a point estimate by making reference to the expected credit losses recognized by entities that carry comparable financial assets; j) tested the arithmetical calculation of the expected credit losses; k) assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying consolidated financial statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework; and l) obtained written representations from management and those charged with governance 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 is 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. The Annual Report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

INDEPENDENT AUDITOR'S REPORT (Contd.)

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/management 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 CONSOLIDATED 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 consolidated 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 circumstance. 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 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; and

- 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.
- 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 consolidated 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 reflect total assets of ₹ 46,970.83 lakh and net assets of ₹ 24,555.26 lakh as at 31 March 2021, total revenues of ₹ 11,370.95 lakh and net cash outflows (net) amounting to ₹ 2,631.57 lakh 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 its subsidiary companies covered under the Act 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, 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 was necessary for the purpose of our audit of the aforesaid consolidated financial statements;

INDEPENDENT AUDITOR'S REPORT (Contd.)

b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors,

c) the consolidated 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 covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2021 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, covered under the Act, 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 51 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 31 March 2021;

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 covered under the Act, during the year ended 31 March 2021; 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 Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No. 105117
UDIN: 21105117AAAADL1769

Place: Mumbai
Date: 14 June 2021

ANNEXURE 1

List of entities included in the Statement

1) Taraashna Financial Services Limited (formerly known as Taraashna Services Limited)
2) Satin Housing Finance Limited
3) Satin Finserv Limited

ANNEXURE A

Annexure A to the Independent Auditor's Report of even date to the members of Satin Creditcare Network Limited on the consolidated financial statements for the year ended 31 March 2021

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 31 March 2021, 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 ('the 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 the 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 judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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

ANNEXURE A (Contd.)

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 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 31 March 2021, 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 the ICAI.

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 ₹ 46,970.83 lakh and net assets of ₹ 24,555.26 lakh as at 31 March 2021, total revenues of ₹ 11,370.95 lakh and net cash outflows (net) amounting to ₹ 2,631.57 lakh 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.

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

Manish Gujral
Partner
Membership No.: 105117
UDIN: 21105117AAAADK6866

Place: Mumbai
Date: 14 June 2021

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial Assets			
Cash and cash equivalents	4	1,16,403.35	1,17,698.47
Other bank balances	5	79,429.19	70,417.64
Derivative financial instruments	6	34.13	673.63
Trade receivables	7	1,945.52	1,232.97
Loans	8	5,81,115.60	4,94,111.17
Investments	9	58.06	24,573.21
Other financial assets	10	3,989.48	2,521.89
		7,82,975.33	**7,11,228.98**
Non-financial Assets			
Current tax assets (net)	11	-	3,778.61
Deferred tax assets (net)	12	5,218.78	-
Investment Property	13	693.73	-
Property, plant and equipment	14	8,751.71	5,618.82
Capital work-in-progress	14	364.96	3,413.64
Goodwill		3,370.66	3,370.66
Other intangible assets	15	310.91	405.61
Other non-financial assets	16	2,784.99	2,145.45
		21,495.74	**18,732.79**
TOTAL ASSETS		**8,04,471.07**	**7,29,961.77**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables			
Trade payables	17		
(i) total outstanding dues of micro enterprises and small enterprises		10.84	83.62
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,130.83	848.47
Other payables	18		
(i) total outstanding dues of micro enterprises and small enterprises		223.90	227.71
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,998.00	1,332.60
Debt securities	19	1,71,003.09	86,386.14
Borrowings (other than debt securities)	20	3,94,702.04	4,11,462.61
Subordinated liabilities	21	52,407.85	56,302.54
Other financial liabilities	22	31,776.33	25,532.33
		6,53,252.88	**5,82,176.02**
Non-financial Liabilities			
Current tax liabilities (net)	23	87.90	-
Provisions	24	1,642.85	1,285.71
Deferred tax liabilities (net)	12	-	727.90
Other non-financial liabilities	25	870.98	903.23
		2,601.73	**2,916.84**
EQUITY			
Equity share capital	26	6,647.12	5,171.27
Other equity	27	1,41,969.34	1,39,697.64
		1,48,616.46	**1,44,868.91**
TOTAL LIABILITIES AND EQUITY		**8,04,471.07**	**7,29,961.77**

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

Manish Gujral
Partner
Membership Number: 105117

Place : Mumbai
Date : June 14, 2021

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

Harvinder Pal Singh
(Chairman cum Managing Director)
DIN: 00333754
Place : Gurugram

Satvinder Singh
(Director)
DIN: 00332521
Place : Gurugram

Sanjay Kumar Bhatia
(Chairman Audit Committee cum Director)
DIN: 07033027
Place : Dehradun

Vipul Sharma
(Company Secretary & Compliance Officer)
Membership Number: A27737

Rakesh Sachdeva
(Chief Financial Officer)
Place : Gurugram

Place : Gurugram
Date : June 14, 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
I. INCOME			
Revenue from operations			
Interest income	28	1,16,716.44	1,11,000.52
Dividend income	29	-	2.21
Fees and commission income	30	9,555.96	13,778.42
Net gain on fair value changes	31	-	1,437.83
Net gain on derecognition of financial instruments	32	11,191.52	23,608.14
Other operating income	33	105.65	124.42
Total Revenue from operations		**1,37,569.57**	**1,49,951.54**
Other income	34	448.11	391.65
Total Income		**1,38,017.68**	**1,50,343.19**
II. EXPENSES			
Finance costs	35	63,786.71	58,929.39
Net loss on fair value changes	31	617.41	-
Impairment on financial instruments	36	27,902.65	19,180.66
Employee benefit expenses	37	33,732.52	35,134.58
Depreciation and amortization expense	38	1,507.63	1,753.72
Other expenses	39	11,446.15	14,182.20
Total		**1,38,993.07**	**1,29,180.55**
(Loss)/profit before tax		**(975.39)**	**21,162.64**
Tax expense:	40		
Current tax		5,194.10	5,575.17
Deferred tax		(4,771.27)	90.21
Total tax expenses		**422.83**	**5,665.38**
(Loss)/profit after tax		**(1,398.22)**	**15,497.26**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Re-measurements of the defined benefit plans		(111.96)	126.65
Income tax relating to above items		28.84	(32.91)
	A	**(83.12)**	**93.74**
Items that will be reclassified to profit and loss			
Changes in fair value of loan assets		(4,489.73)	5,771.41
Income tax relating to above item		1,129.99	(1,452.55)
Cash flow hedge reserve		(65.89)	93.37
Income tax relating to above item		16.58	(23.50)
	B	**(3,409.05)**	**4,388.73**
Other comprehensive income	**A+B**	**(3,492.17)**	**4,482.47**
Total comprehensive income		**(4,890.39)**	**19,979.73**
Net profit/(loss) after tax attributable to			
Owners of the holding company		(1,398.22)	15,497.26
Non-controlling interests		-	-
Other comprehensive income attributable to			
Owners of the holding company		(3,492.17)	4,482.47
Non-controlling interests		-	-
Total comprehensive income attributable to			
Owners of the holding company		(4,890.39)	19,979.73
Non-controlling interests		-	-
Earnings per equity share (face value of ₹ 10 per equity share)	41		
Basic (₹)		(2.26)	28.83
Diluted (₹)		(2.26)	28.69

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

Manish Gujral
Partner
Membership Number: 105117

Place : Mumbai
Date : June 14, 2021

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

Harvinder Pal Singh
(Chairman cum Managing Director)
DIN: 00333754
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(Director)
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DIN: 07033027
Place : Dehradun

Vipul Sharma
(Company Secretary & Compliance Officer)
Membership Number: A27737

Rakesh Sachdeva
(Chief Financial Officer)
Place : Gurugram

Place : Gurugram
Date : June 14, 2021

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	(Loss)/profit before tax	(975.39)	21,162.64
	Adjustments for:		
	Depreciation and amortization	1,106.25	1,147.51
	Depreciation of right-of-use assets	401.38	606.21
	Net gain on derecognition of property, plant and equipment	(10.11)	(2.83)
	Fair value gain on mutual funds	(32.80)	(1,568.59)
	Unrealized (gain)/loss on fair value changes of derivatives and investments	650.21	130.76
	Property, plant and equipment written off	25.08	-
	Impairment on financial instruments	27,902.65	19,180.66
	Dividend income	-	(2.21)
	Gain on sale of loan portfolio through assignment	(11,191.52)	(23,608.14)
	First loss default guarantee expenses	2,285.07	3,089.11
	Share based payment to employees	(78.68)	196.20
	Effective interest rate adjustment for financial instruments	2,180.09	2,104.43
	Interest expense for leasing arrangements	99.40	188.19
	Net gain on termination of leases	(3.15)	(42.44)
	Unrealized exchange fluctuation loss (net)	(381.17)	188.49
	Operating profit before working capital changes	**21,977.31**	**22,769.99**
	Movement in working capital		
	(Increase)/decrease in trade receivables	(712.55)	4.66
	Increase in loans	(1,07,931.20)	(28,570.57)
	(Increase)/decrease in deposits	(9,011.55)	2,927.55
	Increase in other financial assets	(1,741.68)	(994.43)
	Increase in other non-financial assets	(719.69)	(6,733.93)
	Increase in trade and other payables	871.17	1,149.46
	Increase/(decrease) in other financial liabilities	3,958.93	(5,822.98)
	Increase/(decrease) in provisions	245.18	(103.12)
	(Decrease)/increase in other non-financial liabilities	(98.14)	2.95
	Cash used in operating activities post working capital changes	**(93,162.22)**	**(15,370.42)**
	Income taxes paid (net)	(1,327.59)	(7,159.41)
	Net cash used in operating activities (A)	**(94,489.81)**	**(22,529.83)**
B	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Payments for property, plant and equipment and capital work-in-progress and intangible assets	(2,003.31)	2,116.53
	Proceeds from sale of property, plant and equipment and intangible assets	32.05	16.47
	Sale of other investments (net)	24,537.24	3,435.38
	Net cash generated from investing activities (B)	**22,565.98**	**5,568.38**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021 (CONTD.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
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)	8,716.62	4,437.67
	Proceeds from debt securities	1,05,857.97	21,413.18
	Repayment of debt securities	(21,542.85)	(32,852.45)
	Proceeds from borrowings other than debt securities	2,46,712.15	3,12,518.42
	Repayment of borrowings other than debt securities	(2,61,983.40)	(2,87,956.35)
	Lease payments	(463.91)	(693.40)
	Proceeds from subordinated liabilities	304.77	9,887.77
	Repayment of subordinated liabilities	(4,169.77)	(2,469.76)
	Net cash generated from financing activities (C)	**73,431.58**	**24,285.08**
	Net increase in cash and cash equivalents (A+B+C)	1,507.75	7,323.63
	Cash and cash equivalents at the beginning of the year (refer to note ii below)	1,03,905.30	96,581.67
	Cash and cash equivalents at the end of the year	**1,05,413.05**	**1,03,905.30**

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, 2021	For the year ended March 31, 2020
Cash and cash equivalents (as per note 4 to the financial statements)	1,16,403.35	1,17,698.47
Less: Overdraft facility against term deposits (as per note 20 to the financial statements)	(10,990.30)	(13,793.17)
	1,05,413.05	**1,03,905.30**

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

Manish Gujral
Partner
Membership Number: 105117

Place : Mumbai
Date : June 14, 2021

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

Harvinder Pal Singh
(Chairman cum Managing Director)
DIN: 00333754
Place : Gurugram

Satvinder Singh
(Director)
DIN: 00332521
Place : Gurugram

Sanjay Kumar Bhatia
(Chairman Audit Committee cum Director)
DIN: 07033027
Place : Dehradun

Vipul Sharma
(Company Secretary & Compliance Officer)
Membership Number: A27737

Rakesh Sachdeva
(Chief Financial Officer)
Place : Gurugram

Place : Gurugram
Date : June 14, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity share capital (Refer note 26)

Particulars	Balance as at April 1, 2019	Change during the year	Balance as at March 31, 2020	Change during the year	Balance as at March 31, 2021
Equity share capital	4,853.07	318.20	5,171.27	1,475.85	6,647.12

B. Other equity (Refer note 27)

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, 2019	**34.96**	**6,841.05**	**83,342.21**	**29.94**	**277.00**	**476.63**	**15,044.45**	**(5.00)**	**2,550.33**	**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	-	4,318.86	-	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	-	3,138.28	-	-	-	-	(3,138.28)	-	-	-	-	-	-	-
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	**-**	**9,979.33**	**94,548.74**	**29.94**	**277.00**	**540.99**	**27,387.58**	**(5.00)**	**6,869.19**	**-**	**69.87**	**1,39,697.64**	**-**	**1,39,697.64**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2021 (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							
(Loss) / Profit for the year	-	-	-	-	-	-	(1,398.22)	-	-	-	-	(1,398.22)	-	(1,398.22)
Other comprehensive income (net of tax)	-	-	-	-	-	-	(83.12)	-	(3,359.74)	-	(49.31)	(3,492.17)	-	(3,492.17)
Issue of equity shares (net of share issue expenses)	-	-	7,260.80	-	-	-	-	-	-	-	-	7,260.80	-	7,260.80
Transfer to statutory reserves	-	122.76	-	-	-	-	(122.76)	-	-	-	-	-	-	-
Transfer from share options outstanding account	-	-	-	-	-	(244.54)	244.54	-	-	-	-	-	-	-
Share issue expense of subsidiary	-	-	-	-	-	-	(20.03)	-	-	-	-	(20.03)	-	(20.03)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payment to employees	-	-	-	-	-	(78.68)	-	-	-	-	-	(78.68)	-	(78.68)
Balance as at March 31, 2021	**-**	**10,102.09**	**1,01,809.54**	**29.94**	**277.00**	**217.77**	**26,007.99**	**(5.00)**	**3,509.45**	**-**	**20.56**	**1,41,969.34**	**-**	**1,41,969.34**

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

Manish Gujral
Partner
Membership Number: 105117

Place : Mumbai
Date : June 14, 2021

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

Harvinder Pal Singh
(Chairman cum Managing Director)
DIN: 00333754
Place : Gurugram

Satvinder Singh
(Director)
DIN: 00332521
Place : Gurugram

Sanjay Kumar Bhatia
(Chairman Audit Committee cum Director)
DIN: 07033027
Place : Dehradun

Vipul Sharma
(Company Secretary & Compliance Officer)
Membership Number: A27737

Rakesh Sachdeva
(Chief Financial Officer)
Place : Gurugram

Place : Gurugram
Date : June 14, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2021

1. GROUP OVERVIEW

Satin Creditcare Network Limited ('the Holding Company') is a public limited company and incorporated under the provisions of Companies Act. The Holding 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 Holding 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 Holding Company is domiciled in India and its registered office is situated at 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, New Delhi – 110033.

The Holding 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 Holding 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 Holding 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 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, 2021 were authorized and approved for issue by the Board of Directors on June 14, 2021.

(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 financials 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. Intercompany 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, 2021 (Contd.)

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's statement of profit and loss and net assets that are 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 written down value 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
Electrical Equipment	10-25 years
Office equipment	5 years
Computer equipment	3-6 years
Furniture and fixtures	10 years
Vehicles	8-10 years

The Group, based on technical assessment made by technical expert and management estimate, depreciates the solar plant and fire plant under the head Electrical Equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

b) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

The Group depreciates building component of investment property over 60 years from the date of original purchase.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

c) 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.

d) Intangible assets under development

Intangible assets under development represent 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.

e) 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 reasonably 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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.

f) Borrowing costs

Borrowing costs consist 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.

g) 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 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.

h) 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 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.

i) 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.

j) 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.

k) 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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 (0-30 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 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.

l) 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 Group's cash management.

m) Equity investment in subsidiaries

Investments representing equity interest in subsidiaries are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

n) 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.

o) Leases

Group as a lessee

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 judgment 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

p) 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 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 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 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 canceled 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 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 an 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 at 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 realize 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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:

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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing 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.

q) 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.

r) 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.

s) 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.

t) 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.

u) Significant management judgment in applying accounting policies and estimation uncertainty

The preparation of the Group's financial statements requires management to make judgments, 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 judgments

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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 judgment 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 behavior (e.g. likelihood of customers defaulting and resulting losses). The Group makes significant judgments 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 judgment.

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.

v) 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, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	5,004.71	5,359.21
Balances with banks and financial institutions		
- Balance with banks in current accounts	56,503.50	55,276.38
- Deposits for original maturity of less than 3 months	53,852.06	56,019.75
- Balance with banks and financial institutions to the extent held as margin money deposits against borrowings and guarantees	1,043.08	1,043.13
Total	**1,16,403.35**	**1,17,698.47**

5. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits for remaining maturity of more than 3 months and upto 12 months	8,770.88	1,126.17
Deposits with remaining maturity more than 12 months	-	280.97
Balance with banks and financial institutions to the extent held as margin money deposits against borrowings and guarantees	70,658.31	69,010.50
Total	**79,429.19**	**70,417.64**

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, 2021	As at March 31, 2020
Term loans	25,043.62	21,139.44
Overdraft facilities	38,434.12	41,181.12
Securitizations	748.16	718.34
Derivatives	564.77	530.45
Bank guarantee against rights issue	61.98	-
Security against first loss default guarantee	6,846.35	6,481.96
Security against facilities	2.39	2.32
Total	**71,701.39**	**70,053.63**

6. DERIVATIVE FINANCIAL INSTRUMENTS

Particulars	As at March 31, 2021		As at March 31, 2020	
	Notional amounts (₹)	Fair value (₹)	Notional amounts (₹)	Fair value (₹)
Currency and interest swap (refer to note 53)	27,089.80	34.13	21,227.46	673.63
	27,089.80	**34.13**	**21,227.46**	**673.63**
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	27,089.80	34.13	14,141.19	47.29
Total of derivative financial instruments	**27,089.80**	**34.13**	**21,227.46**	**673.63**

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 had elected to apply hedge accounting for one of the derivatives in previous year. During the year ended March 31, 2021, Hedge accounting has been discountinued on account of ineffectiveness.

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, 2021 (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 Holding Company's risk management strategy and how it is applied to manage risk are explained in Note 53 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 US $ 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 US $ 9.4 million to cash outflows in INR 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 Holding 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, 2021	As at March 31, 2020
Unsecured		
Considered good - unsecured	1,945.52	1,232.97
	1,945.52	1,232.97
Less: Impairment loss allowance	-	-
Total	**1,945.52**	**1,232.97**

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, 2021		As at March 31, 2020	
	At fair value through other comprehensive income	At amortized cost	At fair value through other comprehensive income	At amortized cost
Portfolio loans	5,05,504.25	41,891.98	4,20,819.04	48,620.06
Housing and other loans	-	33,719.37	-	24,672.07
	5,05,504.25	**75,611.35**	**4,20,819.04**	**73,292.13**
Portfolio loans				
Secured	-	16,950.41	-	8,707.81
Unsecured	5,05,504.25	24,941.57	4,20,819.04	39,912.25
Housing and other loans				
Secured	-	28,470.32	-	21,112.00
Unsecured	-	5,249.05	-	3,560.07
	5,05,504.25	**75,611.35**	**4,20,819.04**	**73,292.13**
Total loans		**5,81,115.60**		**4,94,111.17**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Secured by property, plant and equipment including land and building	44,257.23	24,463.05
(ii) Secured by book debts, inventories, margin money and other working capital items	1,163.50	5,356.76
(iii) Unsecured	5,35,694.87	4,64,291.36
Total	**5,81,115.60**	**4,94,111.17**
Loans in India		
(i) Public sector	-	-
(ii) Others	5,81,115.60	4,94,111.17
Total	**5,81,115.60**	**4,94,111.17**

9. INVESTMENTS

Particulars	As at March 31, 2021		As at March 31, 2020	
	At fair value Through profit and loss	Total	At fair value Through profit and loss	Total
Mutual funds				
294,091.70 (March 31, 2020 : 294,091.70) units in Union Dynamic Bond Fund	57.55	57.55	54.23	54.23
Government securities				
500 (March 31, 2020 : 500), Government of India, Inscribed stock having face value ₹ 100 each	0.51	0.51	0.51	0.51
Commercial paper				
Nil (March 31, 2020 : 2,500) units in HDFC Limited	-	-	12,202.18	12,202.18
Nil (March 31, 2020 : 2,500) units in Bajaj Finance Limited	-	-	12,316.29	12,316.29
Total	**58.06**	**58.06**	**24,573.21**	**24,573.21**
(i) Investments in India	58.06	58.06	24,573.21	24,573.21
(ii) Investments outside India	-	-	-	-
Total	**58.06**	**58.06**	**24,573.21**	**24,573.21**

Investment designated at fair value through profit and loss includes commercial papers. The Group has not entered in to any credit derivative to mitigate the credit risk (if any).

10. OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	406.30	419.70
Staff advances	206.93	248.18
Insurance recoverable	738.53	705.37
Other recoverable	2,033.18	804.32
Unbilled revenue	610.97	512.86
	3,995.91	**2,690.43**
Less: Impairment loss allowance	(6.43)	(168.54)
Total	**3,989.48**	**2,521.89**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

11. CURRENT TAX ASSETS (NET)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance income tax (net)	-	3,778.61
Total	**-**	**3,778.61**

12. DEFERRED TAX ASSETS/(LIABILITIES) (NET)

Particulars	As at March 31, 2021	As at March 31, 2020
(A) Deferred tax assets		
Provision for employee benefits	379.17	282.70
Difference in written down value as per Companies Act and Income Tax Act	243.78	260.86
Unabsorbed business losses and depreciation	26.08	28.73
Financial assets measured at amortized cost	24.12	8.26
Impairment loss allowance	8,153.72	4,370.48
Minimum alternate tax credit entitlement	130.49	88.22
Liability against leases	166.04	226.62
Others	22.85	2.30
	9,146.25	**5,268.17**
(B) Deferred tax liabilities		
Financial liabilities measured at amortized cost	23.40	39.38
Fair valuation of financial instruments through profit and loss	-	2.70
Fair valuation of loan assets through other comprehensive income	1,309.21	2,439.19
Cash flow hedge reserve	-	23.50
Special reserve u/s 36 (i) (viii) under Income Tax Act	15.06	-
Right of use assets	146.35	213.88
Deferment of excess interest spread	2,433.45	3,277.42
Total deferred tax liabilities	**3,927.47**	**5,996.07**
Net deferred tax assets/(liabilities)	**5,218.78**	**(727.90)**

(i) Movement in deferred tax assets/(liabilities) (net)

Particulars	As at March 31, 2020	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2021
Assets				
Provision for employee benefits	282.70	67.63	28.84	379.17
Difference in written down value as per Companies Act and Income Tax Act	260.86	(17.08)	-	243.78
Unabsorbed business losses and depreciation	28.73	(2.65)	-	26.08
Financial assets measured at amortized cost	8.26	15.86	-	24.12
Impairment loss allowance and first loss default guarantee	4,370.48	3,783.24	-	8,153.72
Minimum alternate tax credit entitlement*	88.22	42.27	-	130.49
Liability against leases	226.62	(60.58)	-	166.04
Others	2.30	20.55	-	22.85
Liabilities				
Difference in written down value as per Companies Act and Income Tax Act	-	-	-	-
Financial liabilities measured at amortized cost	39.38	(15.98)	-	23.40
Fair valuation of financial instruments through profit and loss	2.70	(2.70)	-	-
Fair valuation of loan assets through other comprehensive income	2,439.19	0.01	(1,129.99)	1,309.21
Cash flow hedge reserve	23.50	(6.92)	(16.58)	-
Special reserve u/s 36 (i) (viii) under Income Tax Act	-	15.06	-	15.06
Right of use assets	213.88	(67.53)	-	146.35
Deferment of excess interest spread	3,277.42	(843.97)	-	2,433.45
Total	**(727.90)**	**4,771.27**	**1,175.41**	**5,218.78**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at April 1, 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	1,369.85	(377.21)	1,446.55	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	**865.27**	**(90.21)**	**(1,502.96)**	**(727.90)**

* Minimum alternate tax credit pertains to financial year ended March 31, 2021 having expiry financial year ended March 31, 2034.

13. INVESTMENT PROPERTY

Particulars	As at March 31, 2021	As at March 31, 2020
A. Reconciliation of carrying amount (Cost or deemed cost)		
Opening balance	-	-
Additions during the year	729.24	-
Total	**729.24**	**-**
Accumulated depreciation		
Opening balance	-	-
Additions during the year	35.51	-
Total	**35.51**	**-**
Carrying amounts (Balance at date)	**693.73**	**-**
B. Amounts recognized in Statement of profit and loss for investment property		
Rental income	17.10	-
Less: Depreciation expense	35.51	-
Loss from investment property	**(18.41)**	**-**
C. Measurement of fair value		
Investment property	789.06	-
	789.06	**-**

The Holding Company's investment properties consist of two residential properties in India. As at March 31, 2021, the fair values of the properties are ₹ 789.06 lakhs. These valuations are based on valuations performed by an independent valuer. Valuation techniques used by the valuer is fair market value.

The Holding Company has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

14. PROPERTY, PLANT AND EQUIPMENT

Gross Block	Freehold land	Buildings (refer note (i))	Right of use	Computer equipment	Electric equipement	Office equipment	Furniture & fixtures	"Vehicles (refer note (iii))"	Total	Capital work in progress
Balance as at April 1, 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**
Property, plant and equipment reclassified to Investment Property		(818.56)							(818.56)	
Additions	-	3,162.77	213.56	522.79	817.30	159.27	433.69	52.73	5,362.11	1,536.38
Disposals	-	-	(157.90)	(78.80)	-	(54.42)	(2.80)	(29.96)	(323.88)	(4,585.06)
Balance as at March 31, 2021	**1,518.37**	**3,931.53**	**1,651.74**	**3,370.93**	**817.30**	**848.63**	**1,971.93**	**241.27**	**14,351.70**	**364.96**
Accumulated depreciation										
Balance as at April 1, 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**	**-**
Accumulated depreciation transfer to investment property		(89.32)							(89.32)	
Depreciation charge for the year	-	49.72	401.38	569.65	29.62	118.84	210.56	32.92	1,412.69	-
Adjustment on account of disposals	-	-	(98.76)	(69.50)	-	(47.51)	(2.08)	(18.74)	(236.59)	-
Balance as at March 31, 2021	**-**	**377.59**	**866.29**	**2,582.61**	**29.62**	**581.23**	**1,023.13**	**139.51**	**5,599.99**	**-**
Net block										
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**
Balance as at March 31, 2021	**1,518.37**	**3,553.94**	**785.44**	**788.32**	**787.68**	**267.40**	**948.80**	**101.76**	**8,751.71**	**364.96**

Notes:

(i) Buildings acquired under amalgamation continue in the name of Satin Intellicomm Limited.

(ii) For disclosure of contractual commitments to be executed on capital account, refer note 51.

(iii) Vehicles are taken on finance lease; monthly installments are paid as per agreed terms and conditions.

(iv) Property, plant and equipment have been mortgaged/pledged as security for borrowings, refer note 52.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

15. OTHER INTANGIBLE ASSETS

Particulars	Intangible assets	Total
Gross Block		
Balance as at April 1, 2019	**1,038.83**	**1,038.83**
- Additions – being internally developed	84.61	84.61
- Additions – others	167.54	167.54
Balance as at March 31, 2020	**1,290.98**	**1,290.98**
Additions		
- Additions – being internally developed	-	-
- Additions – others	0.24	0.24
Disposals	-	-
Balance as at March 31, 2021	**1,291.23**	**1,291.23**
Accumulated amortization		
Balance as at April 1, 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**
Amortization charge for the year	94.95	94.95
Adjustment on account of disposal	-	-
Balance as at March 31, 2021	**980.32**	**980.32**
Net block		
Balance as at March 31, 2020	**405.61**	**405.61**
Balance as at March 31, 2021	**310.91**	**310.91**

16. OTHER NON-FINANCIAL ASSETS

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	1,059.74	1,394.76
Balances with government authorities	159.71	133.38
Capital advance	66.72	146.87
Gratuity fund asset	68.19	185.89
Other assets	1,430.63	284.55
Total	**2,784.99**	**2,145.45**

17. TRADE PAYABLES

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises (refer to note 60)	10.84	83.62
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,130.83	848.47
Total	**1,141.67**	**932.09**

18. OTHER PAYABLES

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises (refer to note 60)	223.90	227.71
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,998.00	1,332.60
Total	**2,221.90**	**1,560.31**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

19. DEBT SECURITIES (AT AMORTIZED COST)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-convertible debentures	1,71,003.09	86,386.14
Total	**1,71,003.09**	**86,386.14**
Debt securities in India	1,71,003.09	86,386.14
Debt securities outside India	-	-
Total	**1,71,003.09**	**86,386.14**

A. Non-convertible debentures (secured)

	Particulars	Terms of repayment	As at March 31, 2021	As at March 31, 2020
1	Nil (March 31, 2020: 250), @10.35% (Previous year : 10.35%), Secured, rated, unlisted redeemable non-convertible debentures of face value of ₹ 10,00,000 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	200 (March 31, 2020: 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 30, 2023, subject to call/put option on July 15, 2021.	5,000.00	5,000.00
3	Nil (March 31, 2020: 250), @13.35% (Previous year : 13.35%), Secured, rated, redeemable, listed, non-convertible debentures of face value of ₹ 10,00,000 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
4	Nil (March 31, 2020: 450), @11.34% (Previous year : 11.34%), Secured, unlisted, redeemable non-convertible debentures of face value of ₹ 10,00,000 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
5	Nil (March 31, 2020: 330), @11.99% (Previous year : 11.99%), Secured, unlisted, redeemable non-convertible debentures of face value of ₹ 10,00,000 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
6	Nil (March 31, 2020: 20), @14.50% (Previous year : 14.50%), Secured, senior, rated, redeemable, non-convertible debentures of face value of ₹ 10,00,000 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
7	Nil (March 31, 2020: 600), @11.95% (Previous year : 11.95%), Secured, listed, redeemable non-convertible debentures of face value of ₹ 10,00,000 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
8	300 (March 31, 2020: 300), @10.60% (Previous year : 10.60%), Secured, rated, unlisted redeemable non-convertible debentures of face value of ₹ 10,00,000 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.	416.66	1,416.66

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Particulars	Terms of repayment	As at March 31, 2021	As at March 31, 2020
9	2,130 (March 31, 2020: 2,130), @11.095% (Previous year : 11.095%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 10,00,000 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.	18,257.14	21,300.00
10	1,500 (March 31, 2020: Nil) @10.30% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is December 31, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable ₹ 3,750 lakhs on October 02, 2021, ₹ 3,750 lakhs on December 31, 2021, ₹ 3,750 lakhs March 31, 2022 and ₹ 3,750 lakhs on June 30, 2022.	15,000.00	-
11	387 (March 31, 2020: 387), @11.00% (Previous year : 11.00%),Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 10,00,000 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
12	500 (March 31, 2020: Nil) @10.25% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is August 18, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding)	Redeemable at par on February 18, 2022.	5,000.00	-
13	1000 (March 31, 2020: Nil) @10.25% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is August 24, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 115% of principal amount of the debentures outstanding.)	Redeemable at par on February 24, 2022.	10,000.00	-
14	500 (March 31, 2020: Nil) @10.20% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is August 31, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 125% of principal amount of the debentures outstanding.)	Redeemable at par on February 28, 2022.	5,000.00	-
15	500 (March 31, 2020: Nil) @10.25% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is September 15, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 115% of principal amount of the debentures outstanding.)	Redeemable at par on March 15, 2022.	5,000.00	-
16	1750 (March 31, 2020: Nil) @10.40% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is September 30, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on March 30, 2022.	17,500.00	-
17	250 (March 31, 2020: Nil) @10.25% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is October 13, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on April 13, 2022.	2,500.00	-
18	9750 (March 31, 2020: Nil) @10.50% (Previous year: Nil %), Secured, unlisted, redeemable, non-convertible debentures of face value of ₹ 50,000 each, The date of allotment is December 16, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable ₹ 4,874.51 lakhs (99.99%) on May 06, 2022 and rest ₹ 0.49 lakhs (.01%) on May 06, 2024.	4,875.00	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Particulars	Terms of repayment	As at March 31, 2021	As at March 31, 2020
19	250 (March 31, 2020: Nil) @10.40% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is November 09, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on May 09, 2022.	2,500.00	-
20	500 (March 31, 2020: Nil) @10.20% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is December 10, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 125% of principal amount of the debentures outstanding.)	Redeemable at par on June 10, 2022.	5,000.00	-
21	680 (March 31, 2020: 680), @11.70% (Previous year : 11.70%), Secured, rated, redeemable, listed non-convertible debentures of face value of ₹ 10,00,000 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 at par on June 15,2022 (in case second put/call option is exercised, otherwise if put/call option not exercised then redeemable at par on June 15, 2025)	6,800.00	6,800.00
22	650 (March 31, 2020: 650), @12.06% (Previous year : 12.06%), Secured, listed, redeemable non - convertible debentures of face value of ₹ 10,00,000 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
23	600 (March 31, 2020: Nil) @11.50% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is October 23, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable ₹ 1,500 lakhs (25%) on April 24, 2023, ₹ 1,500 lakhs (25%) on October 24, 2023 rest ₹ 3,000 lakhs (50%) on April 23, 2024.	6,000.00	-
24	18,750 (March 31, 2020: Nil) @11.10%, Secured, unlisted, redeemable, non-convertible debentures of face value of ₹ 100,000 each, The date of allotment is December 22, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 100% of principal amount of the debentures outstanding.)	Redeemable ₹ 18,748.13 lakhs (99.99%) on June 05, 2023 and rest ₹ 1.87 lakhs (.01%) on June 05, 2025.	18,750.00	-
25	50 (March 31, 2020: NIL), @14.50% (Previous year : NIL), rated, listed, fully paid up, senior, secured, redeemable, taxable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is June, 29, 2020. (Secured by way of hypothecation of first ranking, exclusive and continuing charge on book debt which shall be maintained at 110% of principal including interest accrued amount of the debentures outstanding.)	Redeemable at par on June 29, 2023	500.00	-
26	250 (March 31, 2020: Nil) @11.25% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is June 30, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on June 30, 2023.	2,500.00	-
27	250 (March 31, 2020: Nil) @11.00% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is July 28, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on July 28, 2023.	2,500.00	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Particulars	Terms of repayment	As at March 31, 2021	As at March 31, 2020
28	970 (March 31, 2020: 970), @11.67% (Previous year : 11.67%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 10,00,000 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
29	250 (March 31, 2020: Nil) @10.95% (Previous year: Nil %), Secured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is July 31, 2020. (Secured by way of hypothecation of book debt which shall be maintained at 110% of principal amount of the debentures outstanding.)	Redeemable at par on July 31, 2023.	2,500.00	-
30	1200 (March 31, 2020: 1200), @11.45% (Previous year: 11.45%), Secured, rated, listed redeemable non-convertible debentures of face value of ₹ 10,00,000 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	12,000.00
	Total (A)		**1,67,668.80**	**81,586.66**

(B) Non convertible debentures (unsecured)

	Particulars	Terms of repayment	As at March 31, 2021	As at March 31, 2020
1	Nil (March 31, 2020: 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	150 (March 31, 2020: Nil) @11.69% per annual, Rated, Unsubordinated, Unsecured, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is August 07, 2020.	Redeemable at par on August 09, 2021.	1,500.00	-
3	2,628 (March 31, 2020: 2628), @14.15%, (Previous Year : 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)		**4,128.00**	**5,128.00**
	Total (A+B)		**1,71,796.80**	**86,714.66**
	Less: Unamortized transaction costs		(793.71)	(328.52)
	Total		**1,71,003.09**	**86,386.14**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

20. BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTIZED COST)

Particulars	As at March 31, 2021	As at March 31, 2020
Term loans		
From banks		
Secured	1,94,425.08	2,07,249.46
From other parties		
Secured	1,52,750.65	1,65,668.87
Unsecured	421.82	782.63
Overdraft facility against term deposits		
From banks		
Secured	10,989.97	13,793.17
Unsecured	0.33	-
External commercial borrowings		
Secured	19,019.65	11,936.89
Unsecured	6,877.21	7,030.14
Commercial paper	3,838.25	-
Liability against securitized assets (net of over collateralization amount)	5,501.35	3,910.50
Liability against leased assets	877.73	1,090.95
Total	**3,94,702.04**	**4,11,462.61**
Borrowings in India	3,68,805.18	3,92,495.58
Borrowings outside India	25,896.86	18,967.03
Total	**3,94,702.04**	**4,11,462.61**

21. SUB-ORDINATED LIABILITIES (AT AMORTIZED COST)

Particulars	As at March 31, 2021	As at March 31, 2020
Preference shares other than those that qualify as equity (refer notes A)	2,499.63	2,493.44
Non-convertible debentures (refer note B)	23,660.13	26,105.44
Term loans from banks	25,500.00	25,500.00
Term loans from parties other than banks	-	999.75
External commercial borrowings	748.09	1,203.91
Total	**52,407.85**	**56,302.54**
Sub-ordinated liabilities in India	51,659.76	55,098.63
Sub-ordinated liabilities outside India	748.09	1,203.91
Total	**52,407.85**	**56,302.54**

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. Subsequent to the balance sheet date, these preference shares have been redeemed on April 22, 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

B Non convertible debentures (unsecured)

	Particulars	Terms of repayment	As at March 31, 2021	As at March 31, 2020
1	Nil (March 31, 2020: 150), @16.90%, Unsecured, listed, redeemable, Subordinate, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is March 20, 2015.	Redeemable at par on September 20, 2020	-	1,500.00
2	Nil (March 31, 2020: 130), @17.75%, Unsecured, unlisted, redeemable, Subordinate, non - convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is March 31, 2015.	Redeemable at par on December 18, 2020	-	1,300.00
3	250 (March 31, 2020: 250), IDFC 1 Yr MCLR + 5.90 spread i.e.15.10%, Unsecured, rated, redeemable, Subordinate, 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
4	250 (March 31, 2020: 250), @15.50%, Unsecured, rated, subordinated, redeemable, Subordinate, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is December 30, 2015.	Redeemable on April 15, 2022	2,500.00	2,500.00
5	100 (March 31, 2020: 100), @15.50%, Unsecured, rated, unlisted, redeemable, Subordinate, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is June 28, 2016.	Redeemable on September 28, 2022	1,000.00	1,000.00
6	100 (March 31, 2020: 100), @15.00%, Unsecured, rated, unlisted, redeemable, Subordinate, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is June 29, 2016.	Redeemable on September 30, 2022	1,076.19	1,000.00
7	100 (March 31, 2020: 100), @15.00%, Unsecured, rated, unlisted, redeemable, Subordinate, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is June 29, 2016.	Redeemable on December 31, 2022	1,076.19	1,000.00
8	100 (March 31, 2020: 100), @15.00% Unsecured, rated, unlisted, redeemable, Subordinate, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is June 29, 2016.	Redeemable on March 31, 2023	1,076.19	1,000.00
9	350 (March 31, 2020: 350), @13.85%, Unsecured, unrated, unlisted, redeemable, Subordinate, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is March 29, 2017.	Redeemable on April 30, 2023	3,500.00	3,500.00
10	100 (March 31, 2020: 100), @15.00%, Unsecured, rated, unlisted, redeemable, Subordinate, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is June 29, 2016.	Redeemable on June 30, 2023	1,076.19	1,000.00
11	300 (March 31, 2020: 300), @15.50%, Unsecured, rated, listed, redeemable, Subordinate, taxable, transferable, non-convertible debentures of face value of ₹ 10,00,000 each, The date of allotment is December 17, 2019.	Redeemable on December 31, 2026	3,000.00	3,000.00
12	5,005 (March 31, 2020: 5,005), @ 13.14%, Unsecured, rated, unlisted, redeemable, Subordinate, 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	2,502.50
13	5,005 (March 31, 2020: 5,005), @ 13.14%, Unsecured, rated, unlisted, redeemable, Subordinate, 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	2,502.50
14	20 (March 31, 2020: 20), @ 14%, Unsecured, rated, listed, redeemable, Subordinate, 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	2,000.00
	Total		**23,809.76**	**26,305.00**
	Less: Unamortized transaction costs		(149.63)	(199.56)
	Total		**23,660.13**	**26,105.44**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (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, 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**
Adoption of Ind AS 116	-	-	-	-	-
Cash flows:					
- Repayment	(21,542.85)	(2,61,983.40)	(4,169.77)	(463.91)	(2,88,159.93)
- Proceeds from overdraft facility	-	(1,903.20)	-	-	(1,903.20)
- Proceeds other than overdraft facility	1,06,625.00	2,47,158.61	-	-	3,53,783.61
	85,082.15	**(16,727.99)**	**(4,169.77)**	**(463.91)**	**63,720.48**
Non-cash:					
- Addition during the year	-	163.19	304.77	213.57	681.53
- Foreign exchange	-	(291.98)	(89.19)	-	(381.17)
- Amortization of upfront fees	301.83	1,818.76	59.50	-	2,180.09
- Deferment of upfront processing fee	(767.03)	(1,509.33)	-	-	(2,276.36)
- Others	-	-	-	37.12	37.12
March 31, 2021	**1,71,003.09**	**3,93,824.31**	**52,407.85**	**877.73**	**6,18,112.97**

Notes:

i) 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 has also been guaranteed by two of the directors of the Holding Company in their personal capacity.

ii) Vehicles and building are hypothecated for respective borrowings availed for purchase of property plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Terms of repayment of debt securities, other borrowings and subordinated liabilities as on March 31, 2021 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	Amount
Monthly	Below 9.00%	193	10,419.52	109	2,771.84	71	36.22	43	13.96	9	2.10	13,243.64
	9% to 12%	391	55,009.78	235	28,901.26	105	2,927.02	52	542.75	10	156.25	87,537.06
	12.01% to 15%	1,160	23,456.41	435	8,051.66	146	1,610.40	49	605.71	14	208.50	33,932.68
Quarterly	Below 9.00%	21	7,029.15	16	5,263.32	10	763.32	8	263.32	16	196.05	13,515.16
	9% to 12%	76	51,101.07	46	26,800.57	23	11,748.42	5	3,520.83	-	-	93,170.89
	12.01% to 15%	18	3,620.97	14	2,502.14	6	1,187.50	-	-	-	-	7,310.61
Semi-annually	Below 9.00%	4	10,171.50	3	6,421.50	2	2,671.50	2	2,671.50	-	-	21,936.00
	9% to 12%	22	33,465.71	16	16,685.71	8	8,685.71	3	1,000.00	-	-	59,837.13
	12.01% to 15%	1	3,000.00	2	6,000.00	3	6,000.00	1	3,000.00	4	2,000.00	20,000.00
	Above 15%	-	-	-	-	-	-	-	-	4	3,000.00	3,000.00
Annually	9% to 12%	1	833.33	1	833.33	1	833.33	-	-	-	-	2,499.99
Bullet	Below 9.00%	6	20,507.62	-	-	-	-	-	-	-	-	20,507.62
	9% to 12%	14	69,322.88	6	28,709.44	2	5,000.00	-	-	1	7,350.47	1,10,382.79
	12.01% to 15%	1	2,628.00	2	10,804.77	4	20,700.00	-	-	1	20,000.00	54,132.77
	Above 15%	1	2,500.00	3	6,500.00	1	500.00	-	-	-	-	9,500.00
Bullet		1	2,500.00	-	-	-	-	-	-	-	-	2,500.00
On demand	Variable rates	1	30,989.97	1	14,874.51	2	18,748.13	2	0.49	6	5,006.88	69,619.98
Total		**1,911**	**3,26,555.91**	**889**	**1,65,120.05**	**384**	**81,411.55**	**165**	**11,618.56**	**65**	**37,920.25**	**6,22,626.32**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (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	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%	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
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
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
Bullet	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
	Above 15%	3	3,800.00	1	2,500.00	3	6,500.00	-	-	-	-	12,800.00
Bullet		-	-	-	-	1	2,500.00	-	-	-	-	2,500.00
On demand	Variable rates	-	13,793.17	1	3,000.00	2	6,000.00	1	3,000.00	4	5,005.00	30,798.17
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**

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, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

22. OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued on debt securities	5,128.29	2,544.26
Interest accrued on borrowings other than debt securities	2,144.12	2,506.61
Interest accrued on subordinated liabilities	588.62	828.16
Payable towards assignment and securitization transactions	19,946.50	17,192.41
Margin money received from customers	203.21	664.62
First loss default guarantee	2,956.25	1,489.75
Payable to employees	528.62	212.99
Security deposit received	34.48	18.37
Insurance payables	200.29	48.63
Financial liability for corporate guarantee	45.95	26.53
Total	**31,776.33**	**25,532.33**

23. CURRENT TAX LIABILITIES (NET)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for tax (net)	87.90	-
Total	**87.90**	**-**

24. PROVISIONS

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for gratuity	36.11	13.39
Provision for compensation absences	1,605.84	1,272.32
Provision for compassionate	0.90	-
Total	**1,642.85**	**1,285.71**

25. OTHER NON-FINANCIAL LIABILITIES

Particulars	As at March 31, 2021	As at March 31, 2020
Interest received in advance	50.73	30.19
Deferred income	11.75	21.17
Statutory dues payables	808.50	851.87
Total	**870.98**	**903.23**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

26. EQUITY SHARE CAPITAL

	Particulars	As at March 31, 2021		As at March 31, 2020	
		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	3,00,00,000	3,000.00	-	-
		9,50,00,000	**9,500.00**	**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	5,20,84,694	5,208.47	4,89,50,367	4,895.04
	Additions during the year	1,99,82,283	1,998.23	31,34,327	313.43
		7,20,66,977	**7,206.70**	**5,20,84,694**	**5,208.47**
C	**Issued and paid-up**				
	Fully paid-up				
	Equity share capital of face value of ₹ 10 each				
	At the beginning of the year	5,20,38,194	5,203.82	4,89,03,867	4,890.39
	Additions during the year	-	-	31,34,327	313.43
		5,20,38,194	**5,203.82**	**5,20,38,194**	**5,203.82**
	Partly paid-up				
	Equity share capital of face value of ₹ 10 each and paid up of ₹ 7.5 each				
	At the beginning of the year	-	-	-	-
	Additions during the year	1,99,82,283	1,498.67	-	-
		1,99,82,283	**1,498.67**	**-**	**-**
	Less: Calls in arrears	(2,55,678)	(12.78)	-	-
		1,97,26,605	**1,485. 89**	**-**	**-**
	Less: Amount recoverable from Satin Employees Welfare Trust	(4,82,946)	(44.94)	(3,48,950)	(34.90)
	(Equity shares of ₹ 10 each allotted to the Satin Employees Welfare Trust)	**7,12,81,853**	**6,644.77**	**5,16,89,244**	**5,168.92**
	Add: forfeited shares (Amount originally paid on 46,500 equity shares)	-	2.35	-	2.35
		7,12,81,853	**6,647.12**	**5,16,89,244**	**5,171.27**
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	5,20,38,194	5,203.82	4,89,03,867	4,890.39
	Add: Issued during the year	1,99,82,283	1,498.67	31,34,327	313.43
		7,20,20,477	**6,702.49**	**5,20,38,194**	**5,203.82**
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	3,48,950	34.89	3,96,700	39.67
	Add: Allotted to trust during the year	1,33,996	10.05	-	-
	Less: Allotted to employees during the year	-	-	47,750	4.78
		4,82,946	**44.94**	**3,48,950**	**34.89**

F (i) During the current year, the authorized share capital of the Holding Company was increased vide approval of equity shareholders from ₹ 6,500 lakhs divided into 65,000,000 equity shares of ₹ 10 each to 9,500 lakhs divided into 95,000,000 equity shares of ₹ 10 each.

(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 Limited (THIPL) (entity belonging to promoter group).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(iv) During the year ended March 31, 2021, the Holding Company has come up with the rights issue of equity shares amounting upto ₹ 120.00 crores and allotted 1,99,82,283 Partly Paid Equity shares of ₹ 10 each at the price of ₹ 60 per share (Including premium of ₹ 50) on September 1, 2020 to existing shareholders of the Holding Company on rights basis. The Holding Company has received ₹ 15 per partly paid share (comprising paid up value of ₹ 2.50 and premium of ₹ 12.50) on subscription of the aforesaid shares aggregating to amount of ₹ 29.97 crores, remaining balance of ₹ 45 per share (including premium of ₹ 37.50) was to be received in one or more calls as may be decided by the Board from time to time.

The Board of Directors of Holding Company in their meeting held on February 12, 2021, made first call of ₹ 30 per share on the 1,99,82,283 partly paid equity shares of ₹ 10 each (₹ 2.50 paid up).

During the first call money period i.e. March 3, 2021 to March 17, 2021, the Holding Company has recieved first call money on 1,97,26,605 partly paid equity shares at ₹ 30 per share (including premium of ₹ 25) aggregating to amount of ₹ 59.18 crores. For remaining 2,55,678 partly paid shares of ₹ 10 each (₹ 2.50 paid up), the final demad cum forfeiture notice has been issued. As on date partly paid equity shares of ₹ 10 each (₹ 7.50 Paid up) has been listed on BSE Limited and National Stock Exchange of India Limited. As on March 31, 2021, the Holding Company has recieved funds amounting to ₹ 89.15 crores out of ₹ 119.89 crores raised vide rights issue.

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 fully paid share held or in case of partly paid shares to the proportion of the paid-up value . 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. In the event of liquidation of the Holding 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 or in case of partly paid shares the paid-up amount.

H Details of shareholder holding more than 5% share capital:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	%	Number	%
Trishashna Holdings & Investments Private Limited (THIPL)	2,54,77,128	35.37%	1,43,23,264	27.52%
Nordic Microfinance Initiative Fund III KS	46,63,136	6.47%	33,69,318	6.47%
DSP Equity & Bond Fund	-	-	4,785,520	9.20%
SBI FMO Emerging Asia Financial Sector Fund Pte. Limited	-	-	33,13,609	6.37%
Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Small Cap Fund	-	-	2,922,786	5.62%

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 59.

K In respect of securities convertible into equity shares issue along with their earliest date of conversion and other related terms and conditions.

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 44.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

27. OTHER EQUITY

Particulars	As at March 31, 2021	As at March 31, 2020
Reserve and surplus		
Capital redemption reserve	277.00	277.00
Share options outstanding account	217.77	540.99
Statutory reserve fund	10,102.09	9,979.33
General reserve	29.94	29.94
Securities premium	1,01,809.54	94,548.74
Retained earnings	26,007.99	27,387.58
Other comprehensive income:		
Equity instruments through other comprehensive income	(5.00)	(5.00)
Changes in fair value of loan assets	3,509.45	6,869.19
Cash flow hedge reserve	20.56	69.87
Total	**1,41,969.34**	**1,39,697.64**

Nature and purpose of other reserves

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 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

28. INTEREST INCOME

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	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	1,02,914.58	-	96,533.90	-
Income from housing and other loans	4,729.10	-	2,868.67	-
Interest income on deposits, certificate of deposits and commercial papers	7,058.53	-	7,183.24	-
Interest income on investments	-	91.35	-	2,978.17
Interest income on unwinding of assigned portfolio	1,922.88	-	1,436.54	-
Sub total	**1,16,625.09**	**91.35**	**1,08,022.35**	**2,978.17**
Total		**1,16,716.44**		**1,11,000.52**

29. DIVIDEND INCOME

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Dividend income	-	2.21
Total	**-**	**2.21**

30. FEES AND COMMISSION INCOME

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Service fee and facilitation charges	759.28	1,032.11
Income from business correspondent operations*	8,796.68	12,746.31
Total	**9,555.96**	**13,778.42**

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

Type of Services or service	For the year ended March 31, 2021	For the year ended March 31, 2020
Commission income	8,796.68	12,746.31
Total revenue from contracts with customers	**8,796.68**	**12,746.31**
Geographical markets		
India	8,796.68	12,746.31
Outside India	-	-
Total revenue from contracts with customers	**8,796.68**	**12,746.31**
Timing of revenue recognition		
Services transferred at a point in time	-	-
Services transferred over time	8,796.68	12,746.31
Total revenue from contracts with customers	**8,796.68**	**12,746.31**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Contract balances		
Trade receivable	2,177.49	1,460.89
Contract Assets	1,268.85	-
Contract Liabilities	-	115.79

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Reconciling the amount of revenue recognized in the statement of profit and loss with the contracted price

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue as per contract	8,796.68	12,746.31
Adjustments	-	-
Discount	-	-
Revenue from contract with customers	8,796.68	12,746.31

31. NET (LOSS)/GAIN ON FAIR VALUE CHANGES

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) Net (Loss) / gain on financial instruments measured at fair value through profit and loss		
- Investments		
Gain on sale of mutual funds	32.80	1,568.59
(Loss)/gain on fair valuation of other investments	(10.71)	8.94
(B) Others		
- Derivatives	(639.50)	(139.70)
Total	**(617.41)**	**1,437.83**
Fair value changes		
- Realized	(10.71)	1,568.59
- Unrealized	(606.70)	(130.76)
Total	**(617.41)**	**1,437.83**

32. NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTIZED COST CATEGORY

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Gain on sale of loan portfolio through assignment	11,191.52	23,608.14
Total	**11,191.52**	**23,608.14**

33. OTHER OPERATING INCOME

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Commitment and other charges	105.65	124.42
Total	**105.65**	**124.42**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

34. OTHER INCOME

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Promotion of financial products	187.50	225.00
Rental income on building	16.19	32.06
Net gain on derecognition of property, plant and equipment	10.11	2.83
Net gain on termination of leases	3.15	42.44
Interest income on income-tax refund	128.52	-
Miscellaneous income	102.64	89.32
Total	**448.11**	**391.65**

35. FINANCE COSTS (ON FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on debt securities	14,813.27	11,130.70
Interest on borrowings (other than debt securities)	40,744.40	39,863.37
Interest on subordinated liabilities	7,934.61	7,350.85
Interest expense for leasing arrangements	99.40	188.19
Other interest expenses	69.39	75.89
Bank charges	125.64	320.39
Total	**63,786.71**	**58,929.39**

36. IMPAIRMENT ON FINANCIAL INSTRUMENTS

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Loans written off	14,081.58	10,976.73
Impairment loss allowance on other receivable	274.09	479.23
Impairment loss allowance on housing and other loans	13,546.98	7,724.70
Total	**27,902.65**	**19,180.66**

37. EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	30,819.67	30,775.07
Contribution to provident and other funds	2,696.55	3,642.64
Share based payment to employees	(64.04)	196.19
Staff welfare expenses	280.34	520.68
Total	**33,732.52**	**35,134.58**

38. DEPRECIATION AND AMORTIZATION

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on property, plant and equipment	1,011.30	1,064.51
Depreciation on right-of-use assets	401.38	606.21
Amortization on intangible assets	94.95	83.00
Total	**1,507.63**	**1,753.72**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

39. OTHER EXPENSES

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Traveling and conveyance	466.96	997.82
Legal and professional charges	1,669.40	2,610.37
Insurance	560.41	688.18
Rent	1,654.22	1,565.64
Auditor's fee and expenses	77.87	48.78
Rates and taxes	116.19	115.33
Repairs and maintenance	591.22	627.67
Software expenses	67.09	112.49
Exchange fluctuation loss (net)	(386.16)	189.17
Documentation charges	152.55	126.23
Corporate social responsibility#	586.00	2.80
Property, plant and equipment written off	25.08	-
Loss on investment property net of Rental income	18.41	-
Car lease rent	-	75.00
Printing and stationery	454.30	469.60
Communication costs	518.08	586.88
Write off against first loss default guarantee	573.91	2,167.37
First loss default guarantee expenses	1,711.16	921.74
Website and maintenance charges	34.59	29.11
Advertisement and publicity	110.58	256.52
Cash embezzlement	101.50	93.13
Interest on interest to borrowers	10.64	-
Other administrative expenses	1,386.63	1,504.74
Miscellaneous expenses	945.52	993.63
Total	**11,446.15**	**14,182.20**
*** Remuneration to auditors comprises of (excluding applicable taxes):**		
As auditors	49.20	37.52
Other services	22.50	5.88
Reimbursement of expenses	6.17	5.38
Total	**77.87**	**48.78**

 # Corporate social responsibility expenses

The Group spent ₹ 586.00 lakhs (March 31, 2020 ₹ 2.80 lakhs), towards Corporate Social Responsibility (CSR) activities as follows:

Particulars	For the year ended March 31, 2021		
	Amount spent	Amount unpaid	Total
Construction/acquisition of any asset			-
On purpose other than above	586.00	-	586.00

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

40. TAX EXPENSE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax	4,802.05	5,575.17
Income tax for earlier years	392.05	-
Deferred tax charge/(credit)	(4,771.27)	90.21
Tax expense reported in the Statement of Profit and Loss	**422.83**	**5,665.38**

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: 25.168%) and the reported tax expense in statement of profit and loss are as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Accounting (Loss) / profit before tax expense	**(975.39)**	**21,162.64**
Income tax rate	25.168%	25.168%
Expected tax expense	(245.49)	5,326.21
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax impact of expenses which is non deductible	236.93	191.92
Tax impact on items exempt under income tax	(2.57)	(6.28)
Income tax for earlier years	382.17	187.93
Tax on profit elimination	38.87	-
Others	12.91	(34.40)
Tax expense	**422.83**	**5,665.38**

41. EARNINGS PER SHARE (EPS)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net (Loss) / profit after tax attributable to equity shareholders		
Net (Loss) / profit for the year for basic EPS	**(1,398.22)**	**15,497.26**
Dilutive impact of optionally convertible and redeemable preference shares	-	149.40
Net (Loss) / profit for the year for diluted EPS	**(1,398.22)**	**15,646.66**
Nominal value of equity share (₹)	10	10
Weighted-average number of equity shares for basis earnings per share	6,19,95,970	5,37,59,437
Effect of dilution:		
Optionally convertible preference shares	-	3,19,305
Share warrants	-	4,25,740
Share options	-	23,461
Rights Issue	24,89,342	-
Weighted-average number of equity shares used to compute diluted earnings per share	**6,44,85,312**	**5,45,27,943**
Basic earnings per share (₹)	**(2.26)**	**28.83**
Diluted earnings per share (₹)	**(2.26)**	**28.69**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

42. FINANCIAL INSTRUMENTS

A Financial assets and liabilities

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

Particulars	Note	As at March 31, 2021	As at March 31, 2020
Financial assets measured at fair value			
Derivative financial instruments	Note - 6	34.13	673.63
Loans measured at fair value through other comprehensive income	Note - 8	5,05,504.25	4,20,819.04
Investments* measured at			
Fair value through profit and loss	Note - 9	58.06	24,573.21
Financial assets measured at amortized cost			
Cash and cash equivalents	Note - 4	1,16,403.35	1,17,698.47
Bank balances other cash and cash equivalents	Note - 5	79,429.19	70,417.64
Trade receivables	Note - 7	1,945.52	1,232.97
Loans	Note - 8	75,611.35	73,292.13
Security deposits	Note - 10	406.30	419.70
Other financial assets	Note - 10	3,583.18	2,102.19
Total		**7,82,975.33**	**7,11,228.98**
Financial liabilities measured at amortized cost			
Trade payables	Note - 17	1,141.67	932.09
Other payables	Note - 18	2,221.90	1,560.31
Debt securities (including interest accrued)	Note - 19 and 22	1,76,131.38	88,930.40
Borrowings other than debt securities (including interest accrued)	Note - 20 and 22	3,96,846.16	4,13,969.22
Sub-ordinated liabilities (including interest accrued)	Note - 21 and 22	52,996.47	57,130.70
Other financial liabilities	Note - 22	23,915.30	19,653.30
Total		**6,53,252.88**	**5,82,176.02**

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 that 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Loans at fair value through other comprehensive income				
Loans	-	5,05,504.25	-	**5,05,504.25**
Investments at fair value through profit and loss				
Mutual funds	57.55	-	-	**57.55**
Government securities	-	0.51	-	**0.51**
Derivative financial assets at fair value through profit and loss				
Currency and interest swaps	-	34.13	-	**34.13**

As at March 31, 2020	Level 1	Level 2	Level 3	Total
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**

Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

(a) 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 securitization approach.

(b) The use of net asset value for mutual funds and certificated of deposits on the basis of the statement received from investee party.

(c) 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, 2021		As at March 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	1,16,403.35	1,16,403.35	1,17,698.47	1,17,698.47
Bank balances other than cash and cash equivalents	79,429.19	79,429.19	70,417.64	70,417.64
Trade receivables	1,945.52	1,945.52	1,232.97	1,232.97
Loans	75,611.35	76,997.73	73,292.13	74,715.10
Security deposits	406.30	405.84	419.70	423.73
Other financial assets	3,583.18	3,583.18	2,102.19	2,102.19
Total	**2,77,378.89**	**2,78,764.81**	**2,65,163.10**	**2,66,590.10**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities				
Trade payables	1,141.67	1,141.67	932.09	932.09
Other payables	2,221.90	2,221.90	1,560.31	1,560.31
Debt securities (including interest accrued)	1,76,131.38	1,81,646.60	88,930.40	90,129.05
Borrowings other than debt securities (including interest accrued)	3,96,846.16	4,06,018.67	4,13,969.22	4,16,036.85
Sub-ordinated liabilities (including interest accrued)	52,996.47	53,610.42	57,130.70	58,597.52
Other financial liabilities	23,915.30	23,455.74	19,653.30	19,369.99
Total	**6,53,252.88**	**6,68,094.99**	**5,82,176.02**	**5,86,625.81**

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:

(i) 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.

(ii) 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.

43. FINANCIAL RISK MANAGEMENT

i) Risk Management

The Group's activities expose it to market risk, liquidity risk and credit risk. The Holding Company 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) Maintaining high level of liquidity by investing in liquid instruments
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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.

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:

Nature	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	As at March 31, 2021	As at March 31, 2020
(i) Low credit risk		
Cash and cash equivalents	1,11,398.64	1,12,339.26
Bank balances other than cash and cash equivalents	79,429.19	70,417.64
Trade receivables	1,945.52	1,232.97
Loans	5,17,768.24	4,72,795.37
Security deposits	406.30	419.70
Other financial assets	3,583.18	2,102.19
(ii) Moderate credit risk		
Loans	13,567.49	6,263.00
(iii) High credit risk		
Loans	49,779.87	15,052.80
Other financial assets	6.43	168.54

* 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 include 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, 2021 (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.

Category*	Inputs	Assumptions
Micro finance loans	1. Aging 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
Housing and other loans		

* The Holding Company has used forward looking information in form of Real domestic demand and Real agriculture growth rate for Micro finance loans and Consumer prices growth rate for Micro Small and Medium Enterprises loans and subsidiary Companies has used forward looking information in form of inflation rate for housing and other 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.

b) Credit risk exposure

i) Expected credit losses for financial assets other than loans

As at March 31, 2021	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	1,11,398.64	-	1,11,398.64
Bank balances other than cash and cash equivalents	79,429.19	-	79,429.19
Trade receivables	1,945.52	-	1,945.52
Security deposits	406.30	-	406.30
Other financial assets	3,589.61	6.43	3,583.18

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (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, 2019	**4,44,629.66**	**2,871.04**	**17,788.64**
Assets originated*	4,23,114.10	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	**4,87,770.42**	**6,423.96**	**15,852.51**
Assets originated*	3,69,167.79	3,226.19	9,549.75
Net transfer between stages	-	-	-
Transfer to stage 1	272.41	(236.23)	(52.24)
Transfer to stage 2	(13,466.97)	13,473.24	(6.27)
Transfer to stage 3	(37,340.49)	(3,783.65)	41,124.14
Assets derecognized or collected (excluding write offs)	(2,61,108.20)	(5,427.72)	(2,606.45)
Write - offs (including death cases)	-	-	(13,883.71)
Gross carrying amount as at March 31, 2021	**5,45,294.96**	**13,675.79**	**49,977.73**

* 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 as at April 1, 2019	**2,229.11**	**867.95**	**7,179.54**	**138.17**
Increase of provision due to assets originated during the year	6,025.22	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 as at March 31, 2020	**7,153.04**	**2,190.42**	**6,592.26**	**168.54**
Increase of provision due to assets originated during the year	1,855.06	3,046.20	5,315.00	-
Net transfer between stages	-	-	-	-
Transfer to stage 1	94.35	(71.61)	(22.74)	-
Transfer to stage 2	(196.57)	199.30	(2.73)	-
Transfer to stage 3	(695.05)	(1,151.62)	1,846.67	-
Assets derecognized or collected	(2,110.22)	(923.32)	(6,158.84)	(162.11)
Impact of ECL on exposures transferred between stages during the year	(3,352.77)	2,565.43	13,160.62	-
Loss allowance as at March 31, 2021	**2,747.84**	**5,854.80**	**20,730.24**	**6.43**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

c) Concentration of loans

Particulars	As at March 31, 2021	As at March 31, 2020
Micro finance loans	5,53,479.08	4,63,091.55
Micro, Small and Medium Enterprises (MSME)	39,843.52	36,521.69
Housing finance and other loans	21,436.03	14,210.44
Less: Unamortized processing fee	(4,409.90)	(3,927.49)
Total	**6,10,348.73**	**5,09,896.19**

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, 2021	
MSME loans secured by property, plant and equipment (including land, building and plots)	44,257.23
MSME loans secured by book debts, inventories, margin money and other working capital items	1,163.50
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

Wherever required, the Group holds other types of collateral and credit enhancements, such as cross-collateralization 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 initiates 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:

As at March 31, 2021	Total facility	Drawn	Undrawn
- Expiring within one year	67,866.85	44,490.31	23,376.54
- Expiring beyond one year	9,09,106.40	8,77,061.40	32,045.00
Total	**9,76,973.25**	**9,21,551.71**	**55,421.54**

As at March 31, 2020	Total facility	Drawn	Undrawn
- 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**

(ii) Maturities of financial assets and liabilities

The table below analyze 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 analyzed 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 behavior 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, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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

As at March 31, 2021	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Financial assets					
Non-derivatives					
Cash and cash equivalents	1,16,445.51	-	-	-	**1,16,445.51**
Bank balances other than cash and cash equivalents	65,621.30	13,774.91	2,059.55	225.07	**81,680.83**
Trade receivables	1,945.52	-	-	-	**1,945.52**
Loans	4,13,524.96	2,58,596.92	21,460.07	42,342.08	**7,35,924.03**
Investments	63.06	-	-	-	**63.06**
Other financial assets	3,871.04	109.15	29.63	40.32	**4,050.14**
Derivatives (net settled)					
Derivative financial instruments	34.13	-	-	-	**34.13**
Total undiscounted financial assets	**6,01,505.52**	**2,72,480.98**	**23,549.25**	**42,607.47**	**9,40,143.22**
Financial liabilities					
Non-derivatives					
Debt Securities	86,486.58	59,381.56	55,603.91	3,184.65	**2,04,656.70**
Borrowings other than debt securities	2,84,924.68	1,12,330.44	26,634.18	21,749.76	**4,45,639.06**
Subordinated liabilities	12,625.29	16,944.48	10,421.85	35,917.48	**75,909.10**
Trade payables	1,141.67	-	-	-	**1,141.67**
Other payables	2,221.90	-	-	-	**2,221.90**
Other financial liabilities	23,915.30	-	-	-	**23,915.30**
Provision for compassionate	0.90	-	-	-	**0.90**
Total undiscounted financial liabilities	**4,11,316.32**	**1,88,656.48**	**92,659.94**	**60,851.89**	**7,53,484.63**
Net undiscounted financial assets/(liabilities)	**1,90,189.20**	**83,824.50**	**(69,110.69)**	**(18,244.42)**	**1,86,658.59**

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	932.09	-	-	-	**932.09**
Other payables	1,560.31	-	-	-	**1,560.31**
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**

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, 2021 and as at March 31, 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (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 arises majorly on account of foreign currency borrowings. The Group manages its foreign currency risk by entering into cross currency swaps and forward contract. When a derivative is entered into 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, 2021	As at March 31, 2020
Financial liabilities			
External commercial borrowings (including interest accrued)	USD	27,160.79	20,454.71
(Gain)/loss: Derivative contract		(34.13)	(673.63)

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, 2021	For the year ended March 31, 2020
USD sensitivity*		
INR/USD- increase by 5%	(1,358.04)	(1,022.74)
INR/USD- decrease by 5%	1,358.04	1,022.74

* *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 minimize interest rate cash flow risk exposures on long-term financing. As at March 31, 2021, 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, 2021	As at March 31, 2020
Variable rate liabilities		
Debt securities	-	-
Borrowings other than debt securities	1,57,166.93	2,16,680.13
Subordinated liabilities	20,000.00	-
Fixed rate liabilities		
Debt securities	1,71,003.09	86,386.14
Borrowings other than debt securities	2,37,535.11	1,94,782.48
Subordinated liabilities	32,407.85	56,302.54
Total	**6,18,112.98**	**5,54,151.29**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Sensitivity

The profits / (loss) earned by the Group are sensitive to the change in interest rates on debt securities. The following table shows the sensitivity of profit / (loss) due to change in interest rates:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest sensitivity*		
Interest rates – increase by 0.50%	741.05	863.16
Interest rates – decrease by 0.50%	(741.05)	(863.16)

* *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, 2021	As at March 31, 2020
Fixed deposits- variable rate	-	53,102.70
Fixed deposits- fixed rate	1,32,244.44	71,536.43
	1,32,244.44	**1,24,639.13**

Sensitivity

The profits / (loss) earned by the Group are sensitive to the change in MIBOR interest rates on fixed deposits. The following table shows the sensitivity of profit / (loss) due to change in MIBOR interest rates:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest sensitivity*		
Interest rates – increase by 1.00%	-	531.03
Interest rates – decrease by 1.00%	-	(531.03)

* *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 summarizes the impact of increases/decreases of the index on the Group's equity and profit/(loss) for the period:

Impact on profit / (loss) after tax

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Certificate of deposits and commercial paper		
Net assets value – increase by 5%	2.90	1,228.66
Net assets value – decrease by 5%	(2.90)	(1,228.66)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

44. 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 maximize 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, 2021	As at March 31, 2020
Net debt*	4,30,141.47	3,71,914.21
Total equity	1,48,616.46	1,44,868.91
Net debt to equity ratio	**2.89**	**2.57**

* 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.

45. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analyzed 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, 2021		As at March 31, 2020	
ASSETS	**Within 12 months**	**After 12 months**	**Within 12 months**	**After 12 months**
Financial assets				
Cash and cash equivalents	1,16,403.35	-	1,17,698.47	-
Bank balances other than cash and cash equivalents	63,964.58	15,464.61	54,194.37	16,223.27
Derivative financial instruments	34.13	-	673.63	-
Trade receivables	1,945.52	-	1,232.97	-
Loans	3,03,774.98	2,77,340.62	2,31,444.53	2,62,666.64
Investments	58.06	-	24,573.21	-
Other financial assets	3,810.98	178.50	2,353.39	168.50
	4,89,991.60	**2,92,983.73**	**4,32,170.57**	**2,79,058.41**
Non-financial assets				
Current tax assets (net)	(804.46)	804.46	3,157.18	621.43
Deferred tax assets (net)	63.98	5,154.80	-	-
Property, plant and equipment	135.76	8,615.95	-	5,618.82
Capital work-in-progress	-	364.96	-	3,413.64
Investment Property	-	693.73		
Goodwill	-	3,370.66	-	3,370.66
Other intangible assets	7.36	303.55	-	405.61
Other non-financial assets	2,568.80	216.19	2,036.74	108.71
	1,964.09	**19,531.65**	**5,193.92**	**13,538.87**
TOTAL ASSETS	**4,91,955.69**	**3,12,515.38**	**4,37,364.49**	**2,92,597.28**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2021		As at March 31, 2020	
LIABILITIES AND EQUITY	**Within 12 months**	**After 12 months**	**Within 12 months**	**After 12 months**
LIABILITIES				
Financial liabilities				
Payables				
Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	10.84	-	83.62	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,130.83	-	848.47	-
Other payables				
(i) total outstanding dues of micro enterprises and small enterprises	223.90	-	227.71	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,998.00	-	1,332.60	-
Debt securities	66,916.08	1,04,087.01	26,462.05	59,924.09
Borrowings (other than debt securities)	2,54,497.17	1,40,204.87	2,39,841.10	1,71,621.51
Subordinated liabilities	5,425.18	46,982.67	4,185.84	52,116.70
Other financial liabilities	31,738.62	37.71	25,459.86	72.47
	3,61,940.62	**2,91,312.26**	**2,98,441.25**	**2,83,734.77**
Non-financial liabilities				
Current tax liabilities (net)	87.90	-	-	-
Deferred tax liabilities (net)	-	-	-	727.90
Provisions	88.72	1,554.13	269.62	1,016.09
Other non-financial liabilities	866.28	4.70	892.08	11.15
	1,042.90	**1,558.83**	**1,161.70**	**1,755.14**
TOTAL LIABILITIES	**3,62,983.52**	**2,92,871.09**	**2,99,602.95**	**2,85,489.91**
Net equity	**1,28,972.17**	**19,644.29**	**1,37,761.54**	**7,107.37**

46. 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 the 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:

Securitizations	As at March 31, 2021	As at March 31, 2020
Gross carrying amount of securitized assets	7,184.45	4,632.10
Gross carrying amount of associated liabilities	5,501.35	3,910.50
Carrying value and fair value of securitized assets	6,870.23	4,569.17
Carrying value and fair value of associated liabilities	5,501.35	3,910.50
Net position	**1,368.88**	**658.67**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

47. 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 these accrue.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Employers contribution to provident and other fund	2,696.55	3,642.64

B Defined benefit plans

Gratuity

The holding company and one of its subsidiary 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, 2021	As at March 31, 2020
Present value of obligation	1,498.59	1,311.89
Fair value of plan assets	1,530.67	1,484.39
Net obligation recognized in balance sheet as non-financial assets	**(32.08)**	**(172.50)**

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	271.13	248.35
Past service cost including curtailment gains/losses	-	0.20
Interest cost on defined benefit obligation	82.00	85.31
Interest income on plan assets	(93.66)	(52.90)
Net impact on profit / (loss) (before tax)	**259.47**	**280.95**

Amount recognized in the other comprehensive income:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Actuarial gain/(loss) unrecognized during the year	(111.96)	126.65

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (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, 2021	For the year ended March 31, 2020
Present value of defined benefit obligation as at the beginning of year	1,311.89	1,235.26
Current service cost	271.13	248.35
Interest cost	88.68	94.62
Past service cost including curtailment gains/losses	-	0.20
Benefits paid	(227.05)	(130.64)
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	1.77	(311.67)
Actuarial loss on arising from experience adjustment	52.17	437.69
Present value of defined benefit obligation as at the end of the year	**1,498.59**	**1,311.89**

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

Particulars	As at March 31, 2021	As at March 31, 2020
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, 2021	For the year ended March 31, 2020
Fair value of plan assets at beginning of year	1,484.39	812.07
Actual return on plan assets	107.30	81.39
Employer's contribution	231.00	750.00
Fund management charges	(64.97)	(28.43)
Benefits paid	(227.05)	(130.64)
Expected return on plan assets	-	-
Actuarial loss/(gain) on plan assets	-	-
Fair value of plan assets at the end of the year	**1,530.67**	**1,484.39**

(vi) Actuarial assumptions

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Discounting rate	6.76%	4.66%
Future salary increase	4.00% - 8.00%	4.00% - 10.00%
Retirement age (years)	58 - 60	58 - 60
Withdrawal rate		
Up to 30 years	56.21% - 5.00%	56.21% - 5.00%
From 31 to 44 years	43.75% - 3.00%	43.75% - 3.00%
Above 44 years	50.00% - 0.00%	50.00% - 2.00%
Weighted average duration	1.36 - 17.58	1.36 - 16.96

Mortality rates inclusive of provision for disability -100% of IALM (2012 – 14)

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 (2012 – 14) Ultimate table.

(vii) Sensitivity analysis for gratuity liability

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Impact of the change in discount rate		
Present value of obligation at the end of the year	1,498.59	1,311.89
- Impact due to increase of 0.50%	(17.43)	(15.77)
- Impact due to decrease of 0.50%	18.01	16.26
Impact of the change in salary increase		
Present value of obligation at the end of the year	1,498.59	1,311.89
- Impact due to increase of 0.50%	18.36	16.61
- Impact due to decrease of 0.50%	(17.94)	(16.26)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

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

year	As at March 31, 2021	As at March 31, 2020
	Amount	Amount
0 to 1 year	540.52	440.94
1 to 2 year	296.01	277.69
2 to 3 year	197.08	180.38
3 to 4 year	130.51	117.54
4 to 5 year	83.42	76.20
5 to 6 year	54.06	49.13
6 year onwards	196.99	170.01
Total	**1,498.59**	**1,311.89**

48. RELATED PARTY DISCLOSURES

A List of related parties and disclosures

Key managerial personnel and their relatives:

Name of key managerial personnel	Designation	Relatives
Mr. Harvinder Pal Singh	Chairman cum Managing Director	Mr. Satvinder Singh Mrs. Anureet H P Singh Mrs. Ashna Pruthi
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 to December 12, 2020)	Chief Financial Officer	
Mr. Rakesh Sachdeva (w.e.f. December 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 to May 11, 2021)	Company Secretary and Compliance Officer	
Mr. Vipul Sharma (w.e.f. May 12, 2021)	Company Secretary and Compliance Officer	
Mr. Satvinder Singh	Non-Executive and Non-Independent Director	
Mr. Rakesh Sachdeva (till November 4, 2020)	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 (till May 30, 2020)	Nominee Director	
Mr. Chrisitan Bernhard Ramm (w.e.f. May 30, 2020)	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 to April 30, 2020)	Nominee Director	
Mrs. Ashna Pruthi (w.e.f. November 5, 2020 to January 6, 2021)	General Manager - Legal	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Name of key managerial personnel	Designation	Relatives
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 & Whole Time Director	
Mr. Partha Sengupta (w.e.f. October 14, 2019 till February 10, 2021)	Chief Executive Officer & Whole Time Director	
Mr. Partha Mukherjee (w.e.f. February 11, 2021)	Chief Executive Officer & Whole Time Director	
Satin Housing Finance Limited		
Mr. Sachin Sharma	Chief Financial 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 (till March 30, 2021)	Company secretary and Compliance officer	
Mr. Puneet Jolly (w.e.f. March 31, 2021)	Company secretary and Compliance officer	
Mr. Sumit Mukherjee	Director & Chief Executive Officer	

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

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, 2021	For the year ended March 31, 2020
Mr. Harvinder Pal Singh	Remuneration	136.72	226.54
	Provident fund and others	17.99	65.34
	Personal guarantees withdrawn	-	700.00
Mr. Satvinder Singh	Personal guarantees given	30,000.00	-
Mr. Harvinder Pal Singh and Mr. Satvinder Singh	Personal guarantees given (jointly)	-	66,769.10
	Personal guarantees withdrawn (jointly)	6,410.55	-
Mr. Jugal Kataria	Remuneration	95.76	105.35
Mr. Rakesh Sachdeva	Remuneration	30.88	-
Mr. Krishan Gopal	Remuneration	40.84	11.08
Mr. Choudhary Runveer Krishanan	Remuneration	-	16.12
Mr. Adhish Swaproop	Remuneration	25.03	12.91
Mrs. Ashna Pruthi	Remuneration	2.58	-
Mr. Partha Sengupta (w.e.f. October 14, 2019 till February 10, 2021)	Remuneration	45.27	26.81
Mr. Partha Mukherjee (w.e.f. February 11, 2021)	Remuneration	6.26	-
Mr. Sanjeev Vij (till October 15, 2019)	Remuneration	-	69.26
Mr. Abhay Thakkar (till April 10, 2020)	Remuneration	0.32	14.57
Mr. Rahul Garg (w.e.f. June 03, 2020)	Remuneration	11.14	-
Mr. Prashant Sharma (till October 25, 2019)	Remuneration	-	5.14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Name of related party	Nature of transaction	For the year ended March 31, 2021	For the year ended March 31, 2020
Mr. Manoj Kumar Jasoria (w.e.f. October 25, 2019)	Remuneration	8.09	3.81
Mr. Amit Sharma	Remuneration	57.60	78.37
Mr. Sachin Sharma	Remuneration	23.98	27.91
Mr. Prince Kumar	Remuneration	8.53	8.50
Mr. Sumit Mukherjee	Remuneration	70.00	80.00
Mr. Jitendra Jain	Remuneration	23.56	25.15
Mrs. Bhanu Priya	Remuneration	7.31	7.69
Mr. Puneet Jolly	Remuneration	0.84	-
Mr. Satvinder Singh	Sitting fees	5.75	3.55
Mr. Rakesh Sachdeva	Sitting fees	4.05	2.30
Mr. Sundeep Kumar Mehta	Sitting fees	7.70	4.00
Mrs. Sangeeta Khorana	Sitting fees	4.40	2.10
Mr. Goh Colin	Sitting fees	3.90	1.60
Mr. Sanjay Kumar Bhatia	Sitting fees	5.50	2.45
Mr. Anil Kumar Kalra	Sitting fees	4.15	2.35
Rental Stay Private Limited	Interest income	-	17.11
	Inter corporate loan received back	-	135.50
Satin Neo Dimensions Private Limited	Interest income	28.64	28.82
	Inter corporate loan given	150.00	-
	Inter corporate loan received back	31.11	19.62
	Repayment of security deposit	4.00	-
	Purchase of property, plant & equipment (WIP)	207.66	441.90
Niryas Food Products Private Limited	Rent received	5.80	5.23
	Office expenses	-	0.23
	Received amount of loan instalment deducted from creditors of milk product	-	38.15

C Key management personnel compensation includes the following expenses:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Short-term employee benefits	610.12	784.55
Post employment benefits	17.28	154.94
Other long-term benefits	22.81	22.95
Share based payment	(11.88)	54.57

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

Name of related party	Nature of balance	As at March 31, 2021	As at March 31, 2020
Mr. Satvinder Singh	Personal guarantees	30,000.00	-
Mr. Harvinder Pal Singh and Mr. Satvinder Singh	Personal guarantees (jointly)	1,57,405.55	1,63,816.10
Mr. Goh Colin	Sitting fees	0.34	0.60
Satin Neo Dimensions Private Limited	Inter corporate loan*	253.00	127.49
	Other Payable	27.52	65.49
	Security deposit payable	-	4.00
	Interest accrued	3.86	2.23
Niryas Food Products Private Limited	Security deposit payable	0.34	0.34

* During the financial year 2020-21, inter corporate laon includes interest capitalization on moratorium.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

49. LEASES DISCLOSURE AS LESSEE

1 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	105	8 Months-90 Months	9 Months-35 Months	105	-	-	105

2 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, 2020	Additions	Depreciation	Impairment	Carrying amount as on March 31, 2021
Office building	1,032.40	213.56	401.38	59.14	785.44

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.

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

Particulars	As At March 31, 2021	As At March 31, 2020
Current	254.57	331.42
Non-current	623.16	759.53
Total	**877.73**	**1,090.95**

4 At March 31, 2021 the Group had not committed to leases which had not commenced.

5 The undiscounted maturity analysis of lease liabilities at March 31, 2021 is as follows:

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 years
Lease payments	335.83	271.22	216.51	265.26
Finance charges	81.26	55.40	35.81	38.62
Net present values	**254.57**	**215.82**	**180.70**	**226.64**

6 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.

7 The Group had total cash outflows for leases of ₹ 2142.73 lakhs in March 31, 2021 (March 31, 2020: ₹ 2,301.63 lakhs).

The following are the amounts recognized in profit or loss:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation expense of right-of-use assets	401.38	606.20
Interest expense on lease liabilities	99.40	188.20
Expense relating to short-term leases (included in other expenses)	1,692.12	1,611.95
Total amount recognized in profit or loss	**2,192.90**	**2,406.35**

The Group has lease contracts for 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 judgment in determining whether these extension and termination options are reasonably certain to be exercised.

The Group does not have any lease contracts that contain variable payments.

The Group does not anticipate any material leases to be terminated in next three years or beyond that.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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	For the year ended March 31, 2021	For the year ended March 31, 2020
Short term leases	1,992.41	2,144.53

Particulars	As at March 31, 2021	As at March 31, 2020
Minimum lease obligations:		
- within one year	65.38	118.58
- Later than one year but not later than five years	9.30	53.09
- Later than five years	-	-

50. 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.

51. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

The Holding Company has received income tax notice under section 143(3) of the "Income Tax Act 1961" dated April 05, 2021 for tax demand amounting to ₹ 194.63 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 Holding Company is in process of filling appeal to NATIONAL FACELESS APPEAL CENTER (NFAC).

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Estimated amount of contract remaining to be executed on capital account and not provided for	242.83	765.13
The Group has undrawn exposure towards borrowers	1,862.91	1,518.45
Total	**2,105.74**	**2,283.58**

52. ASSETS PLEDGED/HYPOTHECATED AS SECURITY

The carrying amounts of assets pledged/hypothecated as security are:

Particulars	As at March 31, 2021	As at March 31, 2020
Loan assets	4,98,139.94	4,03,307.38
Vehicles	95.47	83.19
Buildings	159.11	167.26
Total assets pledged as security	**4,98,394.52**	**4,03,557.83**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

53. HEDGING STRATEGY

The Group's hedging strategy is to manage its exposure to interest rate risk on a net variable basis in INR for US $ 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 Holding Company has opted for hedge accounting in previous year for one the the hedged item as mentioned below. Basis on the quarterly hedge effectiveness assessment it has been noted that the hedging relationship is no longer highly effective and therefore, hedge relationship is discontinued. Fluctuation in foreign currency exchange rates and interest rates globally has led to the ineffectiveness that is expected to affect the hedging relationship during the term of said hedge. Hence, during the year the said hedge accounting is discontinued, however, the disclosures continued pertains to the previous year.

The following table shows the maturity profile of hedging derivatives based on their notional amounts.

Particulars	As at March 31, 2021				As at March 31, 2020			
	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: INR 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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.

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:

(a) 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
(b) differences arise between the credit risk inherent within the hedged item and the hedging instrument.

During the year ended March 31, 2021, Hedge accounting has been discountinued on account of ineffectiveness, 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 $ 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 August 5, 2020. The Group 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 $ 94,00,000 to cash outflows in ₹ with a notional amount of ₹ 6,487.41 lakhs and fixed interest of 11.18% p.a.

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.

As mentioned previously above, due the hedge ratio has become ineffective in current year, the hedge accounting is discontinued. Therefore, below disclosures continued pertains to the previous year.

The impact of the hedging instruments on the Balance Sheet is, as follows

Particulars	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

The impact of hedged items on the Balance Sheet is, as follows:

Particulars	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
US$ denominated fixed rate borrowing	(577.86)	69.87	-

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
US$ denominated fixed rate borrowing	(577.86)	-	N/A	-	-	-	501.85

Movements in cash flow hedging reserve

As mentioned previously above, due the hedge ratio has become inneffective in current year, the hedge accounting is discontinued. Below table represents the movement in hedge reserve.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Derivative instruments		
Add: Changes in fair value of cross currency interest rate swaps	6,487.41	626.34
Less: Translation loss on loan	-	(598.86)
Add: Interest expense on borrowing	(6,553.30)	65.89
Add: Deferred tax relating to above	16.58	(23.50)
Amount recognized in the other comprehensive income:	(49.31)	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.

54. IMPACT OF COVID-19 PANDEMIC

The COVID-19 pandemic has continued to cause a significant disruption of the economic activities across the globe including India throughout the year, with second wave of the pandemic emerging towards the later part of the financial year in India. The Government of India announced a nation-wide lockdown to contain the spread of the virus which continued till May 31, 2020. Subsequently, various state governments and local statutory authorities imposed restrictions on economic activities in different parts of the country which continued to impact Group's operations including lending and collection activities. Further, pursuant to the Reserve Bank of India ('RBI') COVID-19 Regulatory package issued vide circulars dated March 27, 2020 and May 23, 2020 which allowed lending institutions to offer moratorium to borrowers on payment of Installments falling due between March 1, 2020 and August 31, 2020, and consequently the Group had offered a moratorium to its eligible borrowers until August 31, 2020.

In assessing the impairment allowance for loan portfolio, the Group has considered internal and external sources of information available including indicators of deterioration in the macro-economic factors. Further, the management has estimated the impact of the ongoing second wave of the pandemic on its loan portfolio, based on reasonable and supportable information available till date and considering performance after the first wave, and has noted that the existing provisioning levels are adequate to cover any further delinquencies. Given the unique nature and scale of this pandemic, its full extent of impact on the Group's operations and financial metrics, more specifically on the borrower's ability to service their obligations on a timely basis, will depend on the severity and duration of the pandemic as well as on highly uncertain future developments including governmental

(All amounts in ₹ lakhs, unless otherwise stated)

and regulatory measures and the Group's responses thereto. Accordingly, the management's estimate of impairment losses based on various variables and assumptions could result in actual credit loss being different than that being estimated.

The Group has assessed the impact of the pandemic on its liquidity and ability to repay its obligations as and when they are due. The Group has considered its current liquidity position, expected inflows from various sources of borrowings and stimulus packages announced by the Government of India. Based on the foregoing, management believes that the Group will be able to pay its obligations as and when these become due in the foreseeable future. The impact of the pandemic on the operations of the Group are significantly dependent on uncertain future economic conditions.

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.

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 installments falling due between March 1, 2020 and August 31, 2020, the Group has extended 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 was granted, the asset classification remained 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, 2021, 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 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 portfolios are preferred. Group has

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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 fulfill 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 installments 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. Based on the foregoing, current liquidity position and necessary stress tests considering various scenarios, management is confident that the Group will be able to fulfill its obligations as and when these become due in the foreseeable future.

vii Credit risk on loans

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

During the year ended as at March 31, 2021, The Group has restructured MSME loans amounting to ₹ 1,379.68 lakhs and therefore the Group has considered these loans for significant increase in credit risk assessment. The Group has made additional ECL to the tune of ₹ 91.78 lakhs on these loans on account of SICR provisioning. Also, the Group has made additonal provision to the tune of ₹ 4,361.14 lakhs on JLG loans where the Group has provided additional support/re-finance to such borrowers, considering thier repayment behavior during and after moratorium period till the date of additional support / re-finance.

55. In accordance with notification no. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 issued by the RBI, all lending institutions shall refund/adjust 'interest on interest' amounting to ₹ 31.34 lakhs to all borrowers including those who had availed working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the Indian Banks Association (IBA) in consultation with other industry participants/bodies published the methodology for calculation of the amount of such 'interest on interest'. Accordingly, the Group has estimated the said amount and made provision for refund/adjustment in these financial results

56. During the year the Holding Company and its subsidiaries have restructured SME loans in accordance with the RBI circular RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 as presented in below table:

Type of borrower	(A)	(B)
	Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan
MSME Borrowers	135	1,379.68

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

57. 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, 2021	As at March 31, 2020	
Taraashna Financial Services Limited	India	INR	100.00%	100.00%	Business correspondent
Satin Housing Finance Limited	India	INR	100.00%	100.00%	Financing
Satin Finserv Limited	India	INR	100.00%	100.00%	Financing

Subsidiary with material non-controlling interests (NCI)

No subsidiary company has non-controlling interests that are material to the group for the year ended March 31, 2021 and March 31, 2020.

58. 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	100.33%	1,49,105.23	96.94%	(1,355.49)	99.48%	(3,473.87)	98.75%	(4,829.36)
Indian Subsidiaries								
Taraashna Financial Services Limited	3.08%	4,584.69	36.00%	(503.41)	0.49%	(17.01)	10.64%	(520.42)
Satin Housing Finance Limited	6.27%	9,324.43	-9.82%	137.27	0.09%	(3.16)	-2.74%	134.11
Satin Finserv Limited	7.16%	10,646.14	-34.17%	477.82	-0.05%	1.87	-9.81%	479.69
Elimination	-16.85%	(25,044.03)	11.04%	(154.41)	-	-	3.16%	(154.41)
Total	**100.00%**	**1,48,616.46**	**100.00%**	**(1,398.22)**	**100.00%**	**(3,492.17)**	**100.00%**	**(4,890.39)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

59. EMPLOYEE STOCK OPTION PLAN / SCHEME (ESOP/ ESOS)

Pursuant to the approval accorded by shareholders of Satin Creditcare Network Limited ('Holding Company")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 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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	-	13	-	NA
No. of options exercised	12,200	13,500	-	20,950	-	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: ESOS 2009 scheme was repealed in terms of Resolution passed by the Shareholders at their meeting held on July 6, 2017.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Details of Vesting and Exercise of Options (Grant 1 of ESOS 2017):

Vesting Date	Vested options	No of options exercised
August 14, 2018	21,400	12,200
August 14, 2019	15,800	13,500
August 14, 2020*	11,400	-

* These options are available for exercise till August 13, 2021

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
May 30 2020*	96,850	-

* These options are available for exercise till August 13, 2021

i) The details of ESOS 2009 are summarized below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	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
Number of shares arising as a result of exercise of options	-	-	13,300	20
Expired/ lapsed during the year	-	-	6,000	20
Options shifted to new ESOS Scheme 2017	-	-	6,000	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years) of the option exercisable	-	-	-	-
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	-

* Being ESOS 2009 doesn't exist as of March 31, 2021, 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, 2021: NA (March 31, 2020: ₹ 218.18).

iii) The details of ESOS Scheme 2017 are summarized below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	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	1,49,150	At a discount/ premium on fair value	1,25,700	At a discount/ premium on fair value
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	160	34,450	160
Number of shares arising as a result of exercise of options	-	160	34,450	160
Expired/ lapsed during the year under ESOS Scheme, 2017	1,20,500	160	17,450	160
Options expired/ lapsed under earlier ESOP Scheme's (adjusted)*	-	-	6,000	-
Outstanding options at the end of the year	2,69,500	-	1,49,150	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2021		As at March 31, 2020	
	ESOS 2017		ESOS 2017	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Exercisable at the end of the year	79,300	160	1,99,800	160
Weighted average remaining contractual life (in years) of the option exercisable	-	0.19	-	0.32
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	-

* **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, 2021: NA (March 31, 2020: ₹ 278.20).

The detail of exercise price for stock option at the end of the financial year 2020-2021 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	10,200	0.37	160	New Scheme
Grant-2 ESOS Scheme 2017	160 per option	69,100	0.16	160	New Scheme

v) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) - NIL*

*There was no grant this year, however Outstanding Grants has been adjusted due to rights issue. Further Grant for Rights Issue can be exercised only along with exercise of Original Grant

There are no identified employees who were granted an 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

vii) The Holding Company has recognized share based payment expense of ₹ 19.02 lakhs (March 31, 2020: ₹ 147.97 lakhs) during the year as proportionate cost.

viii) The Holding Company has ₹ 79.69 lakhs (March 31, 2020: ₹ 79.69 lakhs) recoverable from Satin Employees Welfare Trust pursuant to ESOP schemes.

ix) During the year under review, the Holding Company has come out with the rights issue of partly paid up equity shares for the existing shareholders of the Holding Company as on record date. Further Pursuant to para 5 of the ESOP Scheme 2017, the Number of Shares to be issued, upon excercising the vested options, shall be adjusted/enhanced in accordance with the corporate action. Accordingly, Employee who exercises the vested option, will also be entitled for the Rights Equity shares in the ratio of 48 Rights Equity Share for every 125 Equity Shares issued on exercise of vested options. The employee can apply for Rights issue shares only after exercising corresponding options and will be entitled on the basis of Rights issue Ratio. Rights Issue Shares will be issued to an employee at par, i.e. the price at which the rights shares were acquired by trust. As on March 31, 2021 , Employee Welfare Trust has paid ₹ 45 per Rights Equity Share.

60. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

Particulars	As at March 31, 2021	As at March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	234.74	311.33
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.	-	-

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

Manish Gujral
Partner
Membership Number: 105117

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

Harvinder Pal Singh
(Chairman cum Managing Director)
DIN: 00333754
Place : Gurugram

Satvinder Singh
(Director)
DIN: 00332521
Place : Gurugram

Sanjay Kumar Bhatia
(Chairman Audit Committee cum Director)
DIN: 07033027
Place : Dehradun

Vipul Sharma
(Company Secretary & Compliance Officer)
Membership Number: A27737

Rakesh Sachdeva
(Chief Financial Officer)
Place : Gurugram

Place : Mumbai
Date : June 14, 2021

Place : Gurugram
Date : June 14, 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (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	9,500.00	10,250.00
Other equity	2,980.69	(175.57)	396.14
Total assets	9,208.99	23,627.85	14,133.99
Total Liabilities	4,624.30	14,303.42	3,487.85
Investments	Nil	Nil	Nil
Revenue	5,932.77	2,957.30	2,480.88
Profit /(loss) before taxation	(698.72)	211.47	642.57
Tax expenses	(195.31)	74.20	164.75
Profit /(loss) after taxation	(503.41)	137.27	477.82
Other comprehensive income	(17.01)	(3.16)	1.87
Total comprehensive income	(520.42)	134.11	479.69
Proposed dividend	Nil	Nil	Nil
Extent of shareholding (in percentage)	100%	100%	100%

i) Names of subsidiaries which are yet to commence operations: N.A.

ii) Names of subsidiaries which have been liquidated or sold during the year - N.A.

NOTICE

NOTICE is hereby given that the Thirty First Annual General Meeting ("AGM") of the Members of **Satin Creditcare Network Limited** will be held on Wednesday, August 11, 2021 at 11:00 A.M. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business:

ORDINARY BUSINESS:

1. **Adoption of Financial Statements and the reports of the Board of Directors and Auditors**

   To receive, consider and adopt the Audited Standalone Financial Statements and Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2021 and the Reports of the Board of Directors of the Company and the Auditors thereon.

2. **Re-Appointment of Director**

   To appoint a Director in place of Mr. Christian Bernhard Ramm (DIN: 08096655), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.

3. **Appointment of Statutory Auditors**

   To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 139 & 142 and other applicable provisions, if any, of the Companies Act, 2013 read with rules framed thereunder, appointment procedure and eligibility criteria prescribed under the RBI Guidelines (Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22) dated April 27, 2021 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 "SEBI Listing Regulations" as amended from time to time including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force, M/s S S Kothari Mehta & Company, Chartered Accountants, New Delhi, Firm Registration No. 000756N issued by Institute of Chartered Accountants of India, having a valid Peer review Certificate issued by the Peer Review Board of ICAI, be and are hereby appointed as Statutory Auditors of the Company effective from the conclusion this Annual General Meeting till the conclusion of 34th Annual General Meeting to be held in calendar year 2024 on such terms including remuneration, reimbursement of expenses (if any) as may be fixed and determined by the Board of Directors of the Company in consultation with the said Auditors.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to finalize their terms of engagement according to the scope of their services as Statutory Auditors and other permissible assignments, if any, in line with the relevant, prevailing statutory/ regulatory provisions including their terms of appointment as per the provisions of Clause 6(A) and 6(B) of SEBI Circular No. CIR/CFD/CMD1/114/2019 dated October 18, 2019, RBI Guidelines vide notification dated April 27, 2021 and Policy for appointment of Statutory Auditors of the Company.

   RESOLVED FURTHER THAT the Board of Directors of the Company, including any Committee thereof, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

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 30th Annual General Meeting held on August 5, 2020 and pursuant to the provisions of Sections 23, 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and the enabling provision of the Listing Agreements entered into with the Stock Exchanges where the shares or other securities of the Company are listed, 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, the Memorandum of Association and the Articles of Association of the Company and subject to such 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 create, offer, invite for subscription, issue and allot secured/unsecured/subordinated/senior, rated/unrated, listed/unlisted, perpetual or non-perpetual, redeemable (including marked linked debentures), cumulative or non-cumulative 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 Crore (Indian Rupees Five Thousand Crore 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 within the overall borrowing limits of the Company, as approved by the members of the Company from time to time under Section 180(1) (c) of the Act.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, 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 deems fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of its powers conferred herein to any Committee of the Board, or any Director(s) or executive(s) /officer(s) of the Company."

5. **Provision of money by the Company for Purchase / Subscription made or to be made of its own shares by the Trust / Trustees for the benefit of employees under Satin Employee Stock Option Scheme - 2017**

To consider and if thought fit, to pass, the following as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b), 67(3), of the Companies Act, 2013, Rule 16 of the Companies (Share Capital and Debentures) Rules, 2015 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any amendment thereto or re–enactment thereof), the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **("SEBI Regulations"),** relevant provisions of Memorandum of Association and Articles of Association of the Company and further subject to such other approval(s), permission(s) and sanction(s) as may be necessary from the appropriate regulatory authority(ies)/ institution(s) and such conditions and modifications as may be prescribed/imposed by the appropriate regulatory authority(ies)/ institution(s) while granting such approval(s), consent(s), permission(s) and/or sanction(s), the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board of Directors" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee, which the Board of Directors has constituted to exercise its powers, including the powers, conferred by this resolution) to grant loan, to provide guarantee or security in connection with a loan granted or to be granted to Satin Employee Welfare Trust ***("Trust")***, in one or more tranches upto ₹ 5,00,00,000 (Indian Rupees Five Crores), being an amount not exceeding five percent of the aggregate Paid Up Capital and Free Reserves of the Company, for the purpose of equity shares acquired/ subscribed or to be acquired/subscribed by the ESOP Trust/ Trustees, in one or more tranches, subject to the ceiling of Equity Shares **("Shares")** as may be prescribed under Satin Employee Stock Option Scheme – 2017 **("Scheme")** or any other share based Employee benefit plan which may be introduced by the Company from time to time **("Employee Benefit Scheme(s)")**, with a view to purchase such Shares in line with contemplated objectives of the Scheme or for any other purpose(s) as permitted under and in due compliance with the provisions of the SEBI (SBEB) Regulations, Companies Act, 2013 and any other applicable laws and regulations.

RESOLVED FURTHER THAT any interest free loan provided by the Company shall be repayable to and recoverable by the Company from time to time during the term of the Plan and or Plans as the case may be subject to exercise price being paid by the Employees or Employees of Subsidiaries on exercise of Employee

NOTICE (Contd.)

Stock Options under the respective Employee Benefit Plan.

RESOLVED FURTHER THAT the Trust shall not deal in derivatives and shall undertake transactions as permitted by SEBI SBEB Regulations.

RESOLVED FURTHER THAT the Trustees of the Trust shall not vote in respect of the shares held by such Trust and for the purposes of disclosures to the stock exchange, the shareholding of the Trust shall be shown as non-promoter and non-public shareholding.

RESOLVED FURTHER THAT the Trustees of the Trust shall ensure compliance with the provisions of the SEBI SBEB Regulations, Companies Rules and all other applicable laws, if any at all times in connection with dealing with the shares of the Company including but not limited to maintenance of proper books of account, records and documents as prescribed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to comply with the legal provisions and do all ancillary and consequential matters and to take such steps and to do such acts, deeds, matters and things as they may deem proper and give/send such notices, directions as may be necessary to give effect to the above resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient and to delegate all or any of the powers herein conferred by this resolution to any Committee of Directors, Director, Officer or Authorized Representative of the Company and to settle any questions, difficulties or doubts that may arise in this regards without requiring the Board to secure any further consent or approval of the Members of the Company."

By Order of the Board of Directors
For Satin Creditcare Network Limited

Vipul Sharma
Company Secretary &
Compliance Officer
ACS:27737

Place: Gurugram
Date: July 14, 2021

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. 2, is annexed to this notice.

2. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its Circular nos. 14/2020 and 17/2020 dated April 8, 2020 and April 13, 2020 respectively, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19", Circular no. 20/2020 dated May 5, 2020 and Circular no. 02/2021 dated January 13, 2021 in relation to "Clarification on holding of Annual General Meeting ("AGM") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM")" (collectively referred to as **"MCA Circulars"**) and Securities and Exchange Board of India ("SEBI") vide its Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 in relation to "Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 due to the Covid -19 pandemic" (collectively referred to as "**SEBI Circulars"**) permitted the holding of the AGM through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars and SEBI Circulars, the AGM of the members of the Company is being held through VC / OAVM. The registered office of the Company shall be deemed to be the venue for the AGM. The procedure for participating in the meeting through VC is explained in Note No. 15 below.

3. Pursuant to the provisions of the Companies Act, 2013 ("Act") a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars and SEBI Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and route map of the AGM are not annexed to this Notice.

4. Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF / JPG Format) of their respective Board or governing body Resolution / Authorization etc., authorizing their representative to attend the AGM through VC / OAVM on their behalf and to vote through remote e-Voting. The said Resolution / Authorization shall be sent to the Scrutinizer by e-mail on its registered e-mail address to rajivbhatia251@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com.

5. The Company has fixed Wednesday, August 4, 2021 as the 'Cut-off date' for determining entitlement of members who will be eligible to attend and vote at the Meeting.

6. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition and re-lodged transfers of securities. Further, SEBI vide its circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/236 dated December 2, 2020 had fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Link Intime India (Private) Limited ("LIIPL") for assistance in this regard. Members may also refer to Investor FAQ on Company's website https://satincreditcare.com/investor-relations-satin-creditcare/#Other.

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, July 9, 2021. A person who is not a member as on cut-off date 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, MCA Circulars and SEBI Circulars, 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

NOTES (Contd.)

to intimate their e-mail address to Link Intime India Private Limited, Noble Heights, 1st Floor, Plot No. 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@ satincreditcare.com** by sending a communication, in a prescribed format, at the above-mentioned address or at the 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. 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 investor holding securities in physical or electronic mode with the Registrar and Share Transfer Agent.

10. 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.

11. **Voting Rights on Equity Shares:**

    For Fully Paid Shares (₹ 10 paid up) : 1 vote per Share

    For Partly Paid Shares (₹ 7.50 paid up) :In the proportion of Paid up Value

12. 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.

13. 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.

14. 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.

15. **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 read with General Circular No. 02/2021 dated January 13, 2021. 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 read with General Circular No. 02/2021 dated January 13, 2021 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 a proxy to attend and cast a 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 has been 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 read with General Circular No. 02/2021 dated January 13, 2021.
8. In continuation of this **MCA General Circular** No. 20/2020, dated May 5, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before December 31, 2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January 13,2021.

THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

(i) The voting period begins on Sunday, August 8, 2021 (10:00 A.M. IST) and ends on Tuesday, August 10, 2021 (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 August 4, 2021 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) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

(iv) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

NOTES (Contd.)

Pursuant to aforesaid SEBI Circular, Login method **for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with **CDSL**	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers i.e. CDSL/ NSDL/ KARVY/ LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from an e-voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with **NSDL**	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting

NOTES (Contd.)

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants**	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above-mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.comor contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

1) The shareholders should log on to the e-voting website www.evotingindia.com.

2) Click on "Shareholders" module.

3) 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.

4) Next enter the Image Verification as displayed and Click on Login.

5) 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.

6) If you are a first time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) ● 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. ● 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 (3).

(vi) After entering these details appropriately, click on "SUBMIT" tab.

NOTES (Contd.)

(vii) 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.

(viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN for the relevant **Satin Creditcare Network Limited** on which you choose to vote.

(x) 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.

(xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xii) 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.

(xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xv) 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.

(xvi) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**

- 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 favor 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; rajivbhatia251@gmail.com and secretarial@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.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/EGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. 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.

NOTES (Contd.)

7. 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 to by the Company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM/ EGM through VC/OAVM facility and have not cast 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 EGM/ AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM 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.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/ MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.

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 update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

   If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

   All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. 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 on 022-23058542/43.

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

Vipul Sharma
Company Secretary &
Compliance Officer
ACS:27737

Place: Gurugram
Date: July 14, 2021

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

The Reserve Bank of India vides its Circular No. RBI/2021-22/25 Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 **("RBI Circular")**, has issued guidelines w.r.t. appointment of Statutory Auditors in Banks including NBFCs and FAQ's released subsequently. The guidelines will be applicable to the NBFCs for Financial year 2021-22 and onwards in respect of appointment/ re-appointment of Statutory Auditors. Pursuant to the said guidelines in order to protect the independence of the auditors, the Company will have to appoint the Statutory Auditors for a continuous period of three years subject to the firm satisfying the eligibility norms each. Further, an audit firm would not be eligible for reappointment in the same Entity for six years (two tenures) after completion of full or part of one term of the audit tenure.

The members of the Company had approved the appointment of M/s Walker Chandiok & Co. LLP **("Existing Auditors")** as Statutory Auditors of the Company in 27th Annual General Meeting ("AGM") held on July 6, 2017 for the period of Five Years till the conclusion of 32nd AGM of the Company.

As our Existing Auditors has already completed 4 years as a Statutory Auditors of the Company, therefore in terms of the RBI Circular they are not eligible to continue w.e.f. October 1, 2021 i.e. w.e.f. applicability of the RBI Circular.

Accordingly, existing Auditors have provided their intent letter dated July 13, 2021 expressing that they are not eligible to continue as Statutory Auditors of the Company and intent to resign from the office of Statutory Auditors, which will be effective from the date of conclusion of this AGM.

Further, in terms of RBI Circular, Company's policy for appointment of Statutory Auditors, approval of Stakeholders, as required and after recommendation of Audit Committee, Board has shortlisted and proposed the appointment of M/s S S Kothari Mehta & Company, Chartered Accountants, (Firm Registration No. 000756N) **("SSKM")**, as Statutory Auditors of the Company for the period of 3 years starting from conclusion of this AGM till the conclusion of 34th AGM of the Company to be held in calendar year 2024.

SSKM, being eligible in terms of RBI Circular and other applicable provisions have provided their consent and eligibility letter to act as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013, and RBI Circulars, vide their letter dated July 12, 2021.

Pursuant to the provisions of Sections 139 & other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder, the Board of Directors of the Company, based on the recommendations of the Audit Committee, approved the appointment of SSKM.

Additional information about Statutory Auditors pursuant to Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided below:-

Terms of Appointment	In terms of RBI Circular, the Statutory Auditors of the Company is being appointed for the period of 3 years starting from conclusion of this AGM till the conclusion of 34th AGM of the Company to be held in calendar year 2024.
Proposed Audit fees payable to Auditor and material change in fee payable	₹ 33 lakhs (Indian Rupees Thirty-Three lakhs only) from conclusion of 31st AGM till the conclusion of 32nd AGM in addition to applicable taxes and reimbursement of out of pocket expenses, if any and/or such other remuneration as may be decided by the Board of Directors from time to time. Further, the Existing Auditors have been paid the fee of ₹ 30 lakhs in addition to applicable taxes and reimbursement of out of pocket expenses, if any during the 2021-22. Apart from annual incremental fees in line with industrial practice there are no material changes in the fee payable to new Statutory Auditors from that paid to the outgoing Statutory Auditors.
Basis of recommendation and Auditor credentials	The SSKM is a firm of Chartered Accountants has over 50 years standing with multi industry and multi-disciplinary experience. The firm has India wide presence with offices in all three regions of India (i.e. Mumbai, Delhi & Kolkata). They have various large, medium & MNCs as clients across industry i.e., cement, power, engineering, textile, sugar, construction, banking and financial sector. The firm is acting as auditors to various companies listed on the Stock Exchanges.

The said appointment of SSKM, shall be pursuant to applicable provisions of the Companies Act 2013, SEBI (LODR) Regulations, 2015 and terms as contained in SEBI circular No.CIR/CFD/CMD/1/114/2019 dated October 18, 2019.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (Contd.)

otherwise, in the said Resolution.

Since the resignation of existing Statutory Auditors is effective from the conclusion of this AGM and new Audit firm is being appointed w.e.f. same date subject to shareholders' approval, there will be no casual vacancy in terms of Section 139(8).

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out in Item No. 3 of the Notice for appointment and payment of remuneration to the Statutory Auditors.

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 a 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	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 previous special resolution only once in a year for all the offers or invitations for such NCDs during such year. 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.
Kinds of securities offered and the price at which the security is being offered	Non-convertible debt instruments / NCDs. 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.
Basis or justification for the price (including premium, if any) at which the offer or invitation is being made	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).

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (Contd.)

Name and address of valuer who performed valuation	Not applicable as the securities proposed to be issued (in multiple issues/tranches) are non-convertible debt instruments / NCDs.
Amount which the Company intends to raise by way of securities	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 shareholder's 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.
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 Crore (Indian Rupees Five Thousand Crore only) as stipulated above, in one or more series / tranches on private placement basis within the overall borrowing limits of the Company pursuant to Section 180(1)(c) of the Companies Act, 2013.

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

The Shareholders of the Company in their meeting held on July 06, 2017 had approved Satin Employee Stock Option Scheme – 2017 ***("Scheme")*** in accordance with the applicable laws.

Since, Scheme is administered through ESOP Trust i.e. shares are transferred to employees from the ESOP Trust, on exercise of an option.

Pursuant to the Scheme, number of Shares to be issued, pursuant to exercise of Options, shall be adjusted for any corporate action like bonus, rights issue or stock spilt etc.

As ESOP Trust has no funding arrangement except fund received from employees on exercise of options granted under ESOP Scheme or money borrowed from third party. To pay the amount for the said subscription, the Company needs to make provisioning of funds to the ESOP Trust and the approval of the Shareholders is required for the same.

The disclosures as per Rule 16 of the Chapter IV of the Companies Act, 2013, are as under:

1	The class of Employees for whose benefit the Scheme is being implemented and money is being provided for purchase of or subscription to Shares	a) A permanent Employee of the Company and its subsidiaries who has been working in India or outside India; or b) A Director of the Company and its subsidiaries, whether a whole-time director or not but excluding an independent director But does not include: a) An Employee who is a Promoter or a person belonging to the Promoter Group; or b) A Director who either himself or through his Relative or through any Body Corporate, directly or indirectly, holds more than ten percent of the outstanding Shares of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (Contd.)

2	The particulars of the Trustee or Employees in whose favor such Shares are to be registered.	**Name of the Trust:** Satin Employee Welfare Trust **Name of the Trustees:** 1) Mr. Subir Roy Chowdhury 2) Mr. Amit Kumar Gupta 3) Mrs. Urvashi Tyagi 4) Mrs. Aditi Singh
3	Particulars of Trust	**Name of the Trust:** Satin Employee Welfare Trust **Address of the Trust:** - 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, New Delhi – 110033
4	Name, Address, Occupation and Nationality of Trustees	1. Name: Mr. Subir Roy Chowdhury Address: A1601 Time Residency, Sector 63, Gurugram 122011 Occupation: Service / Trustee Nationality: Indian 2. Name: Mr. Amit Kumar Gupta Address: B- 2/34,G.K.-I, INDIRAPURAM, Ghaziabad, UP - 201010 Occupation: Service / Trustee Nationality: Indian 3. Name: Mrs. Urvashi Tyagi Address: B-202 PLOT NO.14, SECTOR 12 DWARKA, Delhi - 110078 Occupation: Service / Trustee Nationality: Indian 4. Name: Mrs. Aditi Singh Address: House No. 231 First Floor Sector 27, Gurgaon, Haryana - 122003 Occupation: Service / Trustee Nationality: Indian
5	Relationship of Trustees with Promoters, Directors or Key Managerial Personnel, if any.	None
6	Any interest of Key Managerial Personnel, Directors or Promoters in such Scheme or Trust and effect thereof.	The Key Managerial personnel and Directors are interested in the Satin Employee Stock Option Scheme – 2017 only to the extent, to the Options that may be granted to them, if any, under the Scheme
7	The detailed particulars of benefits which will accrue to the Employees from the implementation of the Scheme	a) To motivate the Employees to contribute to the growth and profitability of the Company; b) To provide means to enable the Company to attract and retain appropriate human talent in the employment of the Company; c) To achieve sustained growth and the creation of shareholder value by aligning the interests of the Employees with the long-term interests of the Company; d) To create a sense of ownership and participation amongst the Employees to share the value they create for the Company in the years to come. Further, the employees will be entitled to exercise the options granted to them at the exercise price during the exercise period pursuant to Satin Employee Stock Option Scheme – 2017.
8	The detailed particulars of benefits which will accrue to the Employees from the implementation of the Scheme	The Trust would be considered as the registered Shareholder of the Company till the date of transfer of Shares to the Employees. However, the Trustees will not have any right to vote on the Equity Shares held by the Trust. Once the shares are transferred to the Employees upon their Exercise, then the Employees will be treated as the Shareholder of the Company and shall exercise the right to vote in respect of such shares.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (Contd.)

In terms of the Companies Act, 2013, read with Rule 16 of Chapter IV of the Companies Act, 2013, the approval of the Shareholders is sought by way of Special Resolution for the approval for the provisioning of money to the Trust.

Therefore, your Directors recommend the Resolution as set out at item no. 5 for your approval by way of Special Resolution.

None of the Directors, Manager, Key Managerial Personnel of the Company, and any relatives of such Director, Manager, Key Managerial Personnel is in any way concerned or interested, financially or otherwise, in these resolutions except to the extent of Equity Shares held by them in the Company or the Options that may be held / granted under the said Scheme.

By Order of the Board of Directors
For Satin Creditcare Network Limited

Vipul Sharma
Company Secretary &
Compliance Officer
ACS:27737

Place: Gurugram
Date: July 14, 2021

ANNEXURE - 1 TO THE NOTICE

(Director seeking re-appointment at AGM pursuant to Regulation 36(3) of the Listing Regulations forming part of this Notice)

Name of the Director	Mr. Christian Bernhard Ramm
DIN	08096655
Date of first Appointment on the Board of the Company	May 30, 2020
Age	45 Years
Qualification	Mr. Ramm 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.
Brief Profile/ Nature of Expertise	Mr. Christian Bernhard. 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.
Terms and conditions of re-appointment	As per the resolution at item no. 2 of the Notice convening this meeting.
Remuneration last drawn	Nil
Names of other companies in which the person also holds the directorship as at March 31, 2021	Sub-K Impact Solutions Limited
Names of companies in which the person also holds the membership of Committees of the Board as at March 31, 2021	**Chairmanship:** 1. Sub-K Impact Solutions Limited – Social Performance Committe **Membership:** 1. Satin Creditcare Network Limited- Nomination and Remuneration Committee 2. Satin Creditcare Network Limited – IT Strategy Committee
Shareholding in Satin Creditcare Network Limited	Nil
Relationship between directors inter-se	He is not related to any Director or Key Managerial Personnel of the Company.
Number of Meetings of the Board attended during the Financial Year – 2020-21	9 out of 10 meetings

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

NOTES

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NETWORK LIMITED
REACHING OUT!

Follow us on:

www.satincreditcare.com

For further communication, write to us
communications@satincreditcare.com