



सर्वे भवन्तु सुखिनः

SATYA

MicroCapital Limited

Twenty Third Annual Report and Accounts
2017-18



CONTENTS

- 1- Our Vision, Mission and Motto**
- 2- Soul of SATYA**
- 3- Message from Managing Directors**
- 4- Messages from Board Members**
- 5- Messages from Leadership Team**
- 6- Innovation @ SATYA**
- 7- Key Highlights**
- 8- Corporate Information**
- 9- Journey of Our Entrepreneurs**
- 10- Report on Corporate Governance**
- 6- Board Report**
- 7- Independent Auditor's Report**
- 8- Balance Sheet**
- 9- Statement of Profit & Loss**
- 10- Cash Flow Statement**
- 11- Notes to the Financial Statements**
- 12- Notice**
- 13- Attendance Slip**
- 14- Proxy Form**



VISION

"To be a catalyst for the socio-economic upliftment of 5 million households by year 2025"

"वर्ष २०२५ तक ५० लाख परिवारों के सामाजिक एवं आर्थिक उत्थान के लिए एक उत्प्रेरक होना"

MISSION

"To be a preferred choice for the people at bottom of pyramid in creation of their enterprise and livelihood through holistic approach"

"सीमित सुविधा प्राप्त लोगों की आजीविका एवं उद्दम-विकास हेतु, बृहद दृष्टिकोण के साथ एक प्राथमिक विकल्प होना"

MOTTO

"May all be prosperous and happy"

"सर्वे भवन्तु सुखिनः"

SOUL OF SATYA



Trust

To develop a relationship of Trust and Truthfulness within the ecosystem of SATYA.



Transparency

Aiming to develop a transparent culture across the organization.



Team

To follow the values of "team strength" and promote "coordination and cooperation" in all verticals.



Technology

Nurturing SATYA through cutting edge technology in real-time data, reducing TAT and moving towards paperless.



Training

Capacity building and social awareness programs for all stakeholders of SATYA.

Message from the Managing Director

The year which went by was extraordinary. We closed the year with a loan portfolio of approx Rs 219 crore, registering a growth of over 700% during the year. I would consider this is remarkable given the circumstances in which we had started on 28th October 2016. Few days in to our journey we were greeted with Demonetization - 87% of the currency in circulation was withdrawn by an order of the central government. For an Industry which thrived on cash transactions - almost all disbursements and collections were in cash - this was potentially a fatal blow.



We were forced to go back to drawing boards. We clearly understood that the manner in which microfinance was being conducted thus far was not going to work in the future. We scanned all available technology and payment infrastructure and came up with unique solutions which enabled us to transact with our clients without using cash. It is difficult for me to put in words the amount of effort our team has put in so far to achieve this. Results are for all to see. We have disbursed over Rs 250 crores so far without involvement of cash. Around 35% of our collections are through cashless.

When we started, we wanted to set up a client centric institution - focused on five Ts - Trust, Transparency, Team, Technology and Training. While taking smallest of decisions we ask ourselves - "How will this decision impact our current and potential clients?" While we continue to be answerable to our shareholders, we believe that the key to building a sustainable institution is being accountable to our clients.

We also believe that being client focused is also being risk focused. When clients are the center of our decision making framework, we build frameworks and systems which will help us to manage all current and potential risks facing our institution. Our risk management practices have already led to very impressive portfolio quality so far - we have negotiable overdue at the time of writing this letter. We are in the process of building a robust risk management framework which will help us weather toughest of storms. As complexity of operations increase our risk management practices will evolve.



We realize that while technology is important, our most important assets are our employees. We are fortunate to have built a committed team of almost 500 professionals in such a short time. We want to build a workplace where the employees achieve their full potential while contributing to the objectives of the company. We have put in place policies, systems and practices which will enable all employees to achieve best possible professional growth and satisfaction.

We operate in a complex socio-political environment with lots of inequalities. While we address some of the social problems through the financial services we provide, we want to expand the scope of how we want to contribute to the society. We want to see SATYA evolve as a socially responsible organization. As we scale up we want to address some of the social initiatives related to Financial Literacy, Malnutrition, Health, Social Awareness and Security, Education and Sanitation. On the night of 25th December 2017, when winter was at its peak in the Northern and Eastern India, our staff set out to distribute blankets to the homeless which will help them to overcome some of the hardships which come with the winters. We will continue making such efforts to ensure that we contribute meaningfully to our society.

We continue to strengthen our Corporate Governance practices. We are fortunate to have Mr. CP Mohan, Mrs Vijaylakshmi Das and Mr. Saneesh Singh joining our Board of Directors during the year. We look forward to their continued guidance in our journey.

The year saw SATYA receiving NBFC-MFI license from the Reserve Bank of India. We would like to thank RBI for giving opportunity to us to contribute to the cause of financial inclusion in the country.

We were happy to have Dia Vikas Capital as our first institutional equity investor. They invested Rs 16 crores in Equity to help boost our capital when we needed it at a crucial juncture. We are grateful to have Dia Vikas Capital for believing in our concept in being a partner in our journey.

During the year we have strengthened our relationship with existing lender partners and added several new to the list. As on 31st March 2018, we had relationship with 25 lenders. We are thankful to all our lenders for believing in us and contributing to our efforts.

We would like to thank all our other stakeholders - auditors, consultants and service providers for being with us in our journey.

We assure all our stakeholders that we are on course to become one of the most governed, ethical and client focused institution in the country and we seek your continued support in our efforts in the coming years.



Vivek Tiwari
CEO & Managing Director

Messages from Board Members



Rahul Gupta

Satya MicroCapital is one of the fastest growing NBFCs and has one of the strongest foundations to its basic values and will be able to achieve company Vision and Mission in a much more short span of time. It will be one of the trend setters in the industry for the accomplishment of Vision and Mission in much shorter span of time with its quality service.



Ratnesh Tiwari

Microfinance is one of the most competent and efficient weapons to fight poverty, as it provides working capital to very poor people for self-employment initiatives that generate income. SATYA is a next generation NBFC-MFI which provides access to finance to the population at the bottom of the economic pyramid. Right from its inception, SATYA's journey has been incredible and at present it is one of the fastest growing MFIs in India. SATYA has reached out to 1 lakh entrepreneurs in around 500 days of active operations and strive to make SATYA the preferred financial services partner for clients in the country, as well as the best workplace for its employees.



Mukul Jaiswal

What differentiates SATYA from other NBFC's is the human touch and technology. It does not only focus on improving the economic life of the clients but also try to improve their social life with boosting a strong confidence of entrepreneurship. Looking ahead, I believe 2018 will therefore be another year of ambition, growth and performance. Certainly, SATYA will strengthen the organizational capabilities that supports growth aspirations, maintain high standards of corporate governance & advance sustainability agenda.



Chandanathil Pappachan Mohan

SATYA is a rapidly progressing player in the Indian microfinance space. The company has taken significant efforts to adopt technology that enables it to reach the clients at their doorsteps and make transactions simple and easy. I am glad to note that the company operates with a humane spirit and that one of its core belief is to create livelihood through entrepreneurship. It is ably led by Shri Vivek Tiwari who has exhibited excellent qualities of people management and I wish SATYA to achieve its Vision of reaching 5 million clients by 2025.



Vijayalakshmi Das

Satya MicroCapital led by Vivek with his committed and energetic team is set to cross many milestones. It has nurtured entrepreneurship among its women borrowers by inspiring them to create their own livelihood enterprises and has introduced a complete Women Zone in Eastern Uttar Pradesh. Its focus to work as a catalyst for the socio-economic upliftment of poor women and their households is quite laudable. Wishing the team and Satya Micro capital the very best future.



Saneesh Singh

SATYA has emerged as rapidly growing MFI in a short span of 15 months. It has embarked on a journey to support the poor break the cycle of poverty by providing them suitable financial products and has already reached over 88,000 clients in 5 states and is now poised to grow its geographical presence to several undeserved states. Its philosophy of 'high touch, high technology' is enabling the provision of efficient and cost effective financial services to the poor with high focus on cashless transactions using technology. Dia is happy to be a key partner in SATYA's exciting journey to emerge as a leader in the provision of digital financial services and supporting grassroots micro enterprises.

Messages from Leadership team



Sudhindra Sharma

Chief Financial Officer

SATYA is a dynamic organization led by an experienced promoter with a proven track record, supported by a seasoned team. Working at SATYA has given me excellent exposure to various aspects of the industry, besides the valuable experience of facing the challenges which arise in the early stage of an organization. With a high focus on technology and good corporate governance, and process and policies backed by a robust IT system, SATYA is all set to emerge as one of the leading MFIs in the coming years.



Subhash Chandra Acharya

Head of Operations

I believe that great things are achieved by a series of small things brought together. The secret is to work hard every single day, and remember that even small wins can boost your life tremendously. In the coming years, SATYA will expand its reach to all its segments be it clients, investors, or employees, and will make a huge impact in the microfinance sector with its client-centric approach.



Sanjay Goel

Head of Finance

I joined SATYA to work under the great leadership of a microfinance specialist who has a treasure of experience in the industry and has the vision to work for the underprivileged community. SATYA has emerged as one of the fastest growing MFIs with the usage of best technology and has already made a mark in the industry in a very short span of time. It will continue to strive for excellence in future too and come out as the industry leader.



Avishek Sarkar

Head of Credit

As a leader, I am tough on myself and I raise the standard for everybody, while taking care of the needs of the team. We are team SATYA, and we exist to deliver the best experience for our clients. We are chartered to serve our communities better than the other institutions. Our focus is on teaching our members to take control of their lives and empower themselves through access to finance.



Ajay Kumar

Head of Human Capital

SATYA is a workplace that challenges the norm. It fosters an inspiring atmosphere where just about anything – from your workplace, to the people, to the community - can help you uncover a solution, or spark a fresh idea. I believe that the success of an organization hinges on how well the organization brings out the great energies, talent and value of its people. At SATYA, line managers have a very important role to play, not only in the day-to-day management of people and operations but also in the implementation of HC policies, particularly because there is a devolution of HC activities towards line management. It is therefore important that proper consideration be given to the way line managers are selected, developed and managed on an ongoing basis.



Mahima Saurabh Rana

Head of Training and Communications

At SATYA, we believe that our people are our greatest resource. Their feedback and ambitions are highly valued. You never know where your next great idea will come from, so it is important to empower everyone up and down the corporate ladder to contribute and innovate. Being a good leader is a balancing act. It might at first feel like walking a tightrope, but soon balancing multiple leadership attributes will become second nature, and allow you to lead in multiple dimensions. SATYA is set to expand by looking beyond its proven superstars and identifying new talent.



Rajeev Garg

Head of Internal Audit

I have been a part of the IT Industry for over 34 years, involved in synergising business processes in multiple industries including manufacturing, retail, telecom and banking. At SATYA, my focus has been on understanding the loopholes in various organizational processes and using technology to overcome them. SATYA is already a trendsetter in digitizing its processes, having introduced cashless collection within 6 months of starting operations, and becoming the first MFI to introduce festival holiday period for its customers. It has emerged as one of the fastest growing NBFC-MFIs despite having started operations a week before demonetisation was announced.



Sumeet Dhall

Head of Accounts

I firmly believe that building a strong team leads to high growth both for the individuals and the company. It is the people working with you whose contributions take organizations to newer heights. SATYA has given me tremendous opportunities to excel in my field, from leading a team to assisting decision making and thereby adding to the growth of the Company. SATYA is on a high growth trajectory and will be among the industry leaders in the coming years.



Indramani Verma

Head of Business & Development

SATYA is a technology driven organization with a vast vision for positively influencing the lives of the needy and financially vulnerable sections of the society. It provides a conducive atmosphere to its employees to cultivate innovative ideas, backed by thorough training and effective leadership which will help us establish SATYA as a frontrunner in the microfinance industry. I believe that growth is never achieved by chance, it is rather a result of continuous efforts and struggle.



Ashutosh Srivastava

AVPIT

Having worked in IT Departments of various MFIs, I was highly motivated to join a budding futuristic organization. I got the opportunity to be a part of the management team at SATYA, and deploy cutting-edge technology and solutions such as Aadhaar pay for cashless collection, eKYC, e-Mudra for digital signing, eNACH for replacement of post-dated cheques with e-Mandate, to name a few, in our business processes with an aim to take SATYA a step ahead of the competition. SATYA will be making a big change in the way the NBFC-MFI industry works in India with Information Technology being one of its key enablers.

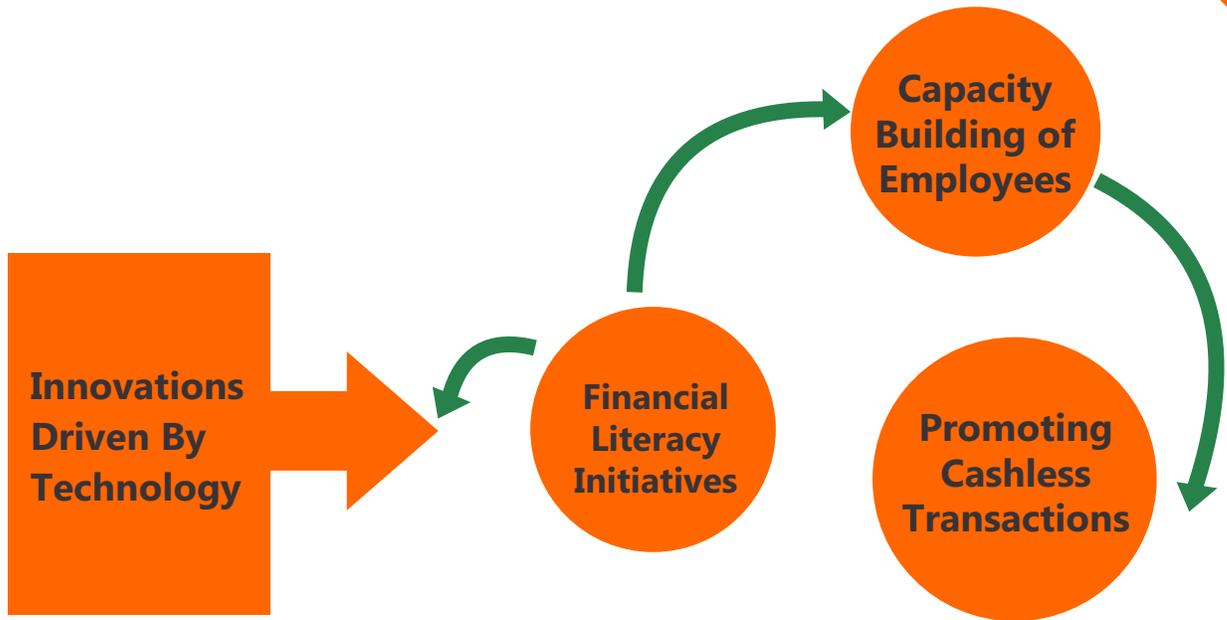


Vipin Kumar Pandey

Circle Head Operation

The value system of SATYA that promises to invest its returns for the well-being of those who are at the bottom of the pyramid, inspired me to join it. The growth story of SATYA is a story of professional development of its team members. The culture of innovation in every aspect of the organization poses a challenge before every leader and broadens his intellectual and professional horizons. SATYA is emerging as a silent cartographer of microfinance industry. Use of cutting-edge technologies, culture of innovation, openness to learning and teamwork enable us to thrive in any uncertainty.

Innovation @ SATYA



SATYA's Clients are its most important stakeholders



All our initiatives are meant to ensure that our clients have access to class leading services



Challenges await us in the form of infrastructural bottlenecks as we seek to serve in the most challenging locations



This has not deterred us from following a path of innovation driven by a constant craving to use the best of technological advancements to improve our service

KEY HIGHLIGHTS

Over the last year, Satya has expanded its presence to 42 districts in 7 states of the country. We are proud to have 87,305 clients, and 489 dedicated employees.



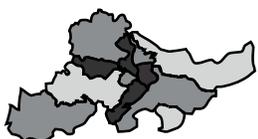
STATES

7



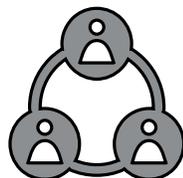
CENTERS

9,563



DISTRICTS

42



CLIENTS

87,305



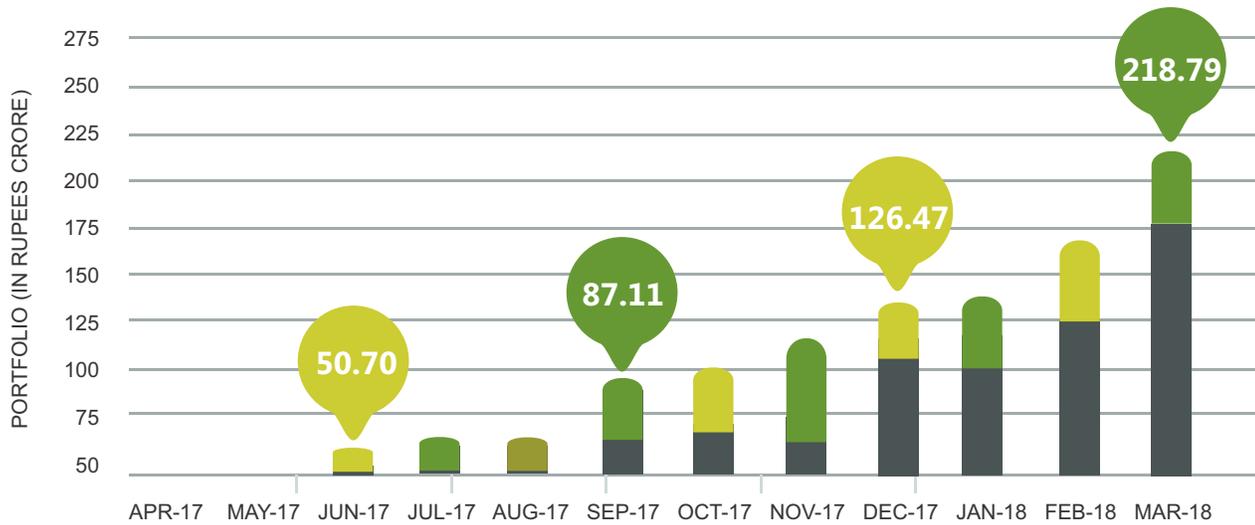
PORTFOLIO

218.79 CRORES

OUR REACH



PORTFOLIO GROWTH

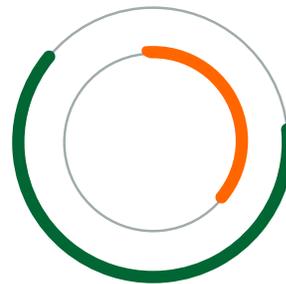


DISTRIBUTION OF PORTFOLIO



State-wise Portfolio

- UTTAR PRADESH - 24.59
- HARYANA - 14.95
- RAJASTHAN - 15.11
- PUNJAB - 24.77
- UTTARAKHAND - 4.11
- BIHAR - 11.16
- CHATTISGARH - 5.26



Area-wise Distribution of Portfolio

- Rural - 89.60%
- Urban - 10.40%



Caste-wise Distribution of Portfolio

- SC/ST - 42.83%
- OBC - 42.53%
- General - 10.09%
- Minority - 4.55%



**Rs 262.52
CRORES**

TOTAL DISBURSEMENTS

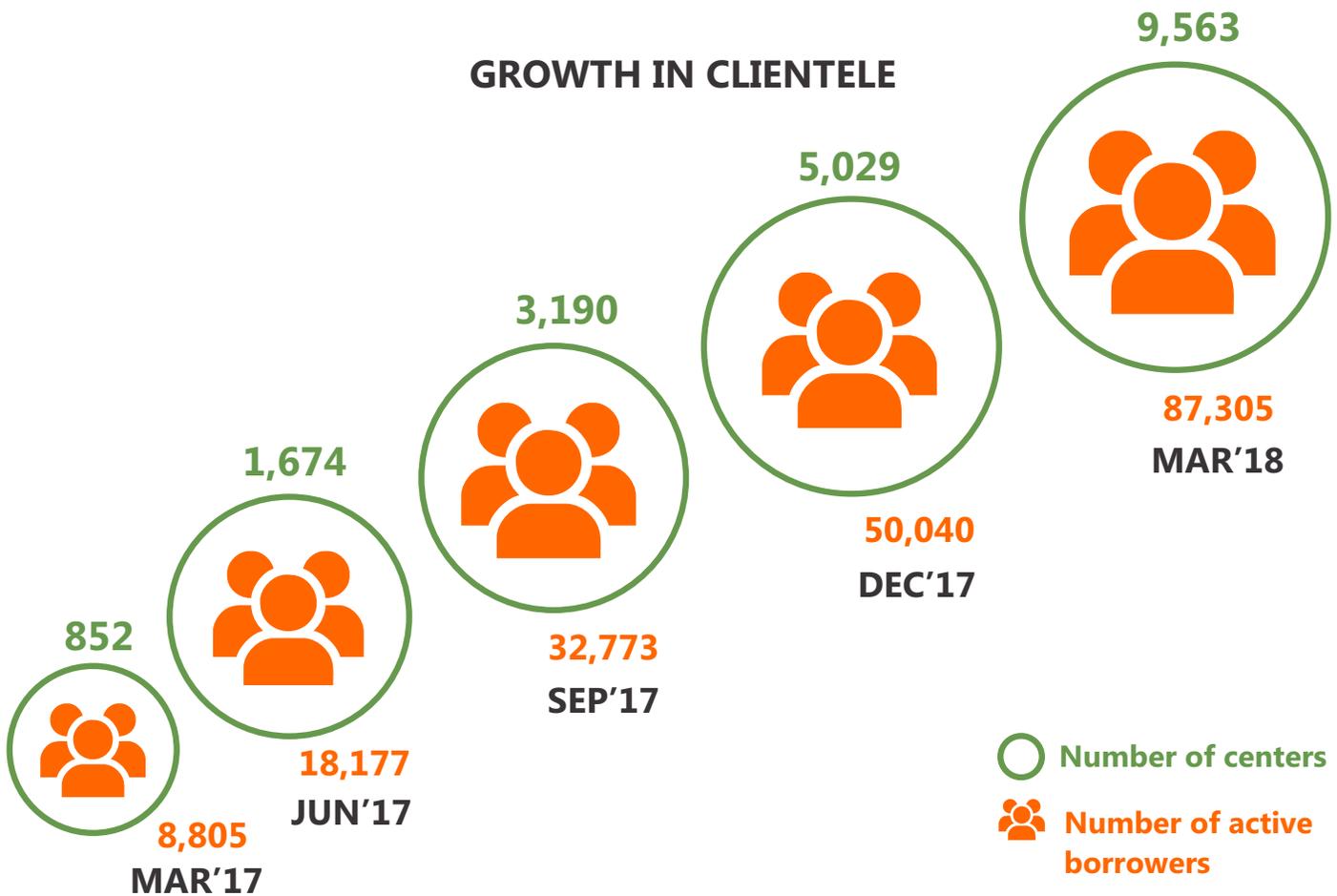
CASHLESS

**100%
CASHLESS
DISBURSEMENTS**



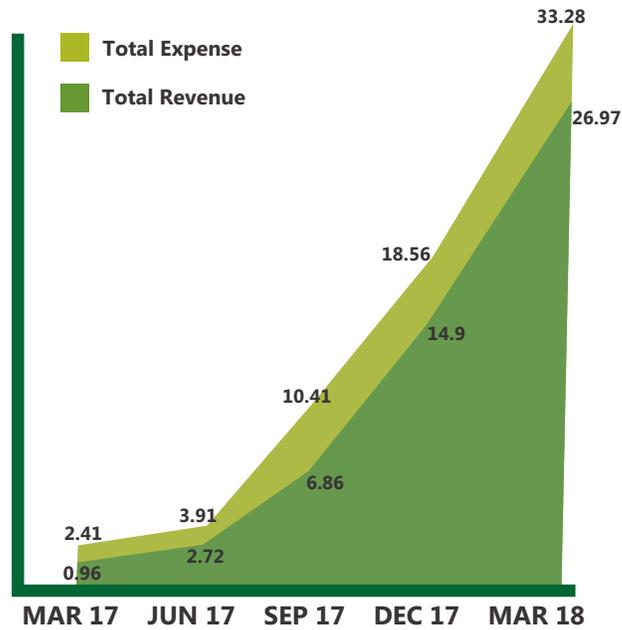
**35%
CASHLESS
COLLECTION**

GROWTH IN CLIENTELE



FINANCIAL INFORMATION

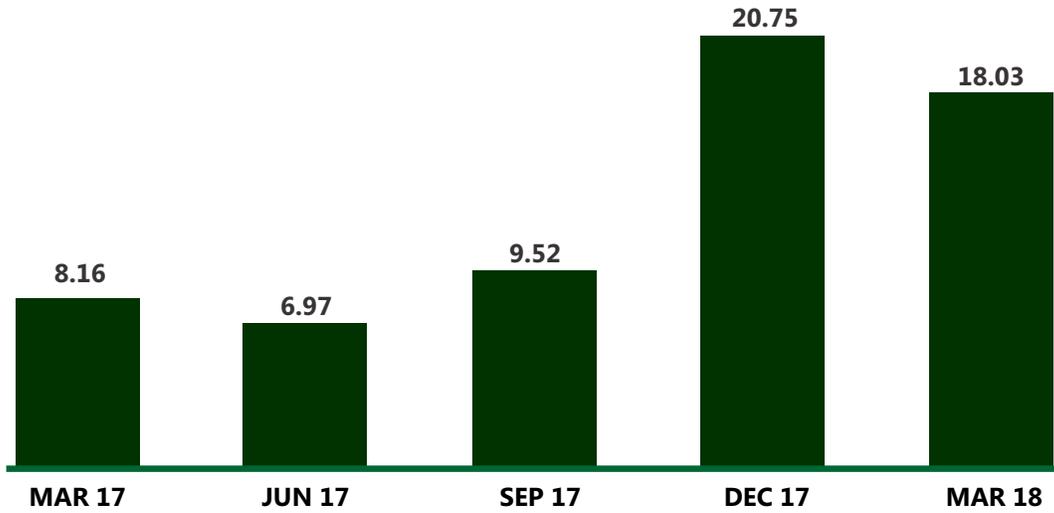
Revenue Vs Expense



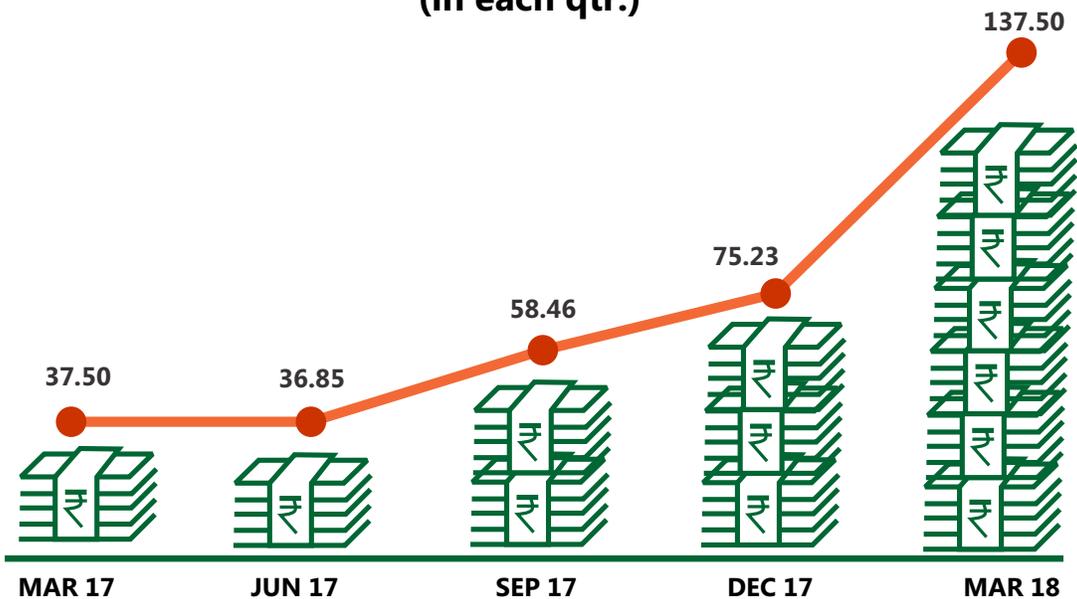
CRAR



Net Worth (in Rs. Crores)



Fund Raised (in Rs. Crores) (in each qtr.)



Products

Satya strives towards consistently designing products that are innovative in nature with appropriate delivery mechanisms. These products are designed in such a way that it caters to the needs of our clients.



Limited Liability Group Loans

Rs. 25,000 to Rs. 35,000; 2 year Tenure,
Bi Weekly Repayments



Consumer Durable Loans

Rs. 5000 to Rs 15,000; <1 year Tenure,
Bi-weekly Repayments



Individual Loans

Rs. 50,000 to 1 Lakh; 3 year Tenure,
Monthly Repayments



Loan Against Property

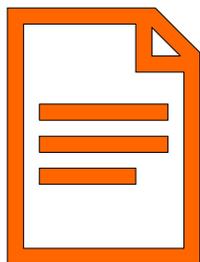
Rs. 12.5 Lakh; 5 year Tenure,
Monthly Repayments

Description	LLG	Individual Loans	Consumer Durable Loans	Loans Against Properties
Loan Amount	Rs. 25,000 - Rs. 35,000	Rs. 50,000 Rs. 1 Lakh	Rs. 5,000 Rs. 15,000	Rs 12.5 Lakhs
Loan Term	2 Year	3 Years	< 1 Year	5 Years
Interest Rate	24.5% to 25%	24.5% to 25%	25%	21%
Processing Fee	1% of Loan Amount	1% of Loan Amount	2% of Loan Amount	2% of Loan Amount
Repayment Frequency	Bi-Weekly	Monthly	Bi-Weekly	Monthly

Technology Infrastructure

At SATYA, we believe in enhancing efficiency through the use of technology. The use of technology will enable us to improve our processes through utilization of real time data for decision making, reduction in turnaround time of various processes and enabling us to move towards paperless operations. During the year, we have tried to incorporate technology into most of our processes such as client application and appraisal, loan sanction and disbursement, loan collection & utilization and Payroll processes. In the client application and appraisal process we have mainly adopted eKYC which has enabled us to conduct immediate client authentication and switching to online Credit Bureau check has resulted in saving approval time and reducing the overall turnaround time.

Br.Glow



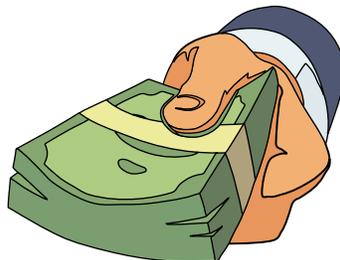
Loan Appraisal

Br.Web



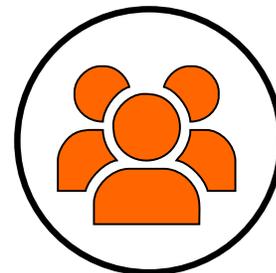
Loan Sanction

Trucell



Loan Collection

Zing HR

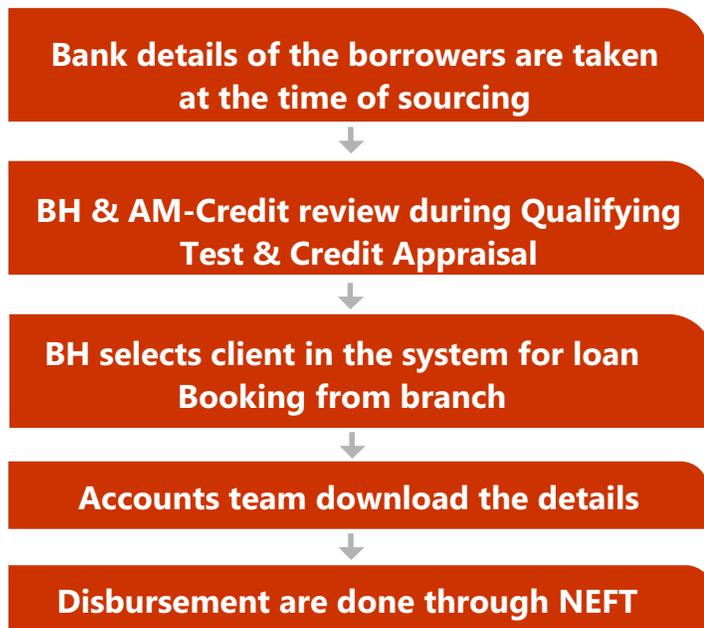


Payroll Leaves

Cashless Microfinance

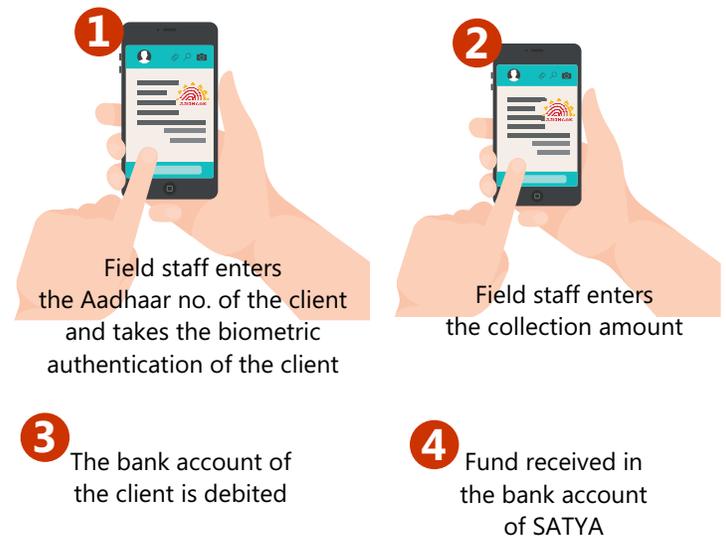
Last year when demonetization stirred India, we at SATYA accepted it as an opportunity to move towards cashless disbursement. Cashless transactions complimented well with our ideologies for Microfinance's new era. We adopted the process of disbursing the loan amount directly in the bank account of the borrower through NEFT. This year we have been able to achieve 100% cashless disbursement through NEFT.

Disbursement (NEFT)



Collection (AEPS: Aadhaar Enabled Payment System)

How AEPS Works



With the objective of moving towards cashless collections, we have implemented Aadhaar Enabled Payment System (AEPS). Under the system, the field staff enters the Aadhaar number of the client and takes biometric authentication and the collection amounts are entered. Based on the biometric verification, the bank account of the clients is debited and fund is received from the client to SATYA's bank account. We have been able to proceed towards 35% cashless collections.



Risk Management

Risks are an inherent part of business for any Microfinance Institution. SATYA had its first encounter with risk just within eight days of its inception, when the microfinance industry of India faced arguably the worst risk event in the form of after effects of demonetization. This has led us in recognizing the need to proactively manage risks. SATYA has developed a draft risk management policy with the objective of identifying, measuring, managing and monitoring risk.

Risk Governance

SATYA has proposed the development of a risk management structure comprising of the Board of Directors, Risk Management Committee, Audit Committee and Risk Management Department. The Board of Directors shall be responsible for approving risk policies and establishing procedures for the management of risk in the organization. The Risk Management Committee shall be responsible for analyzing exposure of the organization to various issues and monitor breaches of risk tolerance limits. The Risk Management Department will be responsible for implementation of the risk management framework in the organization. The Audit Committee of the board shall support the risk management function by evaluating the internal financial controls and risk management systems on a regular basis.

Risk Management Framework

SATYA has laid down guidelines with regard to the response to various risks faced by the organization in its draft risk management policy. The organization will assess and identify various risks, the consequences and occurrences will be quantified to arrive at risk prioritization. Appropriate strategies will be formulated for risk management.

Fraud Risk

Fraud risk is considered as a high priority risk in any Microfinance Institution. In the aftermath of demonetization, SATYA moved towards cashless disbursements and was able to achieve 100% cashless disbursement through NEFT. SATYA is also working on implementing cashless collections through AEPS as discussed in the section on technology infrastructure. These steps can go a long way in mitigating fraud related risks. SATYA has also developed a detailed policy for monitoring of frauds as required by RBI.

Customer Experience



Providing good customer experience lies at the soul of SATYA. The initiatives of the organization are primarily focussed on its 5T philosophy of developing trust of clients; following fair practices and transparency in its dealings with clients; developing human resource within the organization which is focussed on the well-being of the client; Introduction of technological solutions that can enhance customer experience and providing training and creating awareness among clients.

Staff Trainings

SATYA as an organization believes and emphasizes on fair lending practices. The organization has invested significantly in developing a trained frontline staff. Every person that joins SATYA is provided induction training followed by refresher trainings from time to time; focussed on the importance of following code of conduct, transparency in dealing with clients and client grievance redressal. The staff is also trained on creating awareness among clients on aspects of avoidance of over-indebtedness, detrimental effects of multiple borrowings and the importance of maintaining a good credit history.

Staff Code of Conduct

As a responsible lender, SATYA is committed towards protection of its clients. The organization has laid down a staff code of conduct which is aligned with the industry code of conduct standards.

KEY ELEMENTS UNDER STAFF CODE OF CONDUCT

Adherence to the highest standards of honesty and ethical conduct

Transparency in client transactions.
Communicate clearly and in a language that the client can understand

Ensure privacy and confidentiality of client data

Follow appropriate collection policies and not to indulge in coercive practices



Employee engagement initiatives

SATYA is committed towards the development of its most important resource - the human resource. The organization is determined to create an environment of continuous training and development and is involved in various employee engagement activities. SATYA is focussed towards providing competitive salaries and employee benefits, creating a comfortable work environment and providing an opportunity to its staff for refining their skill sets.

Training and Development

SATYA undertakes various training and development initiatives with the objective of building the potential of its employees. The organization pays special attention to new joinees at the field level to ensure that the values of SATYA are conveyed during the induction program. The organization arranges various refresher trainings and learning programs to provide skill updating opportunity to its team members.



Compensation and Benefits



SATYA strives to offer competitive salary and benefits to its employees at all levels. The Compensation benefits are offered to all employees including PF, ESI, Gratuity, Group Medical Insurance, Group Accidental Insurance, Annual Bonus and Lucrative Incentive.



Opportunity for Refining the Skill Sets

SATYA believes in building a resource pool that is geared to work on latest technologies, addresses the dynamic business needs of the organization and contribute towards employees' career growth. The organization facilitates its employees to upgrade and broaden their skill sets by undertaking certification courses.

Employee Engagement Activities



SATYA believes in a culture of “Happiness at Work”. The organization is always looking for opportunities to infuse enthusiasm at the workplace. SATYA believes in providing an opportunity to its staff to interact beyond the routine operations and develop an environment of cordiality in the office. SATYA takes the following two initiatives:

- Create an environment of fun within the organisation by organising events for participation of Team SATYA. During the events; fun games and competitions are organized and winners are rewarded
- Involving employees' family members in events with the objective of creating emotional bonds and a feeling of belongingness

Social initiatives

SATYA believes in the inclusive development of the community where it operates and the society at large. As we scale up we want to address some of the social issues. We have defined social goals to guide us in our endeavour to bring about a positive change.



Social Goals

SATYA plans to engage in activities relating to Health, Financial literacy, Malnutrition, Education, Sanitation, Social Awareness & Security.

The organization plans to undertake various activities during its center meetings, indulge in client awareness campaigns and train its staff on social objectives.

On Christmas Eve last year, the organization was involved in undertaking social activities in SATYA's operating district and undertook the distribution of blankets to the needy through its branches.





Vihangam - First Annual Day Celebration

SATYA celebrated its first Annual Day, Vihangam (which means a panoramic bird-eye's view), on 25-26 October, 2017 at Mapple Emerald, New Delhi. Celebrations were more special on account of the fact that this day marked SATYA achieving Rs 100 crores in loans outstanding in the very first year of its existence - a feat probably unachieved by any other MFI in India. Members of the Board of Directors and the entire team of SATYA was part of this celebration.

The senior management team shared a brief snapshot of SATYA's journey of first year. The organisation also recognised best performing staff in various categories.

The second day commenced with the blessings of great spiritual figure, Sadguru Madhu Paramhans Sahib Ji, who appreciated the SATYA family for its social and ethical orientation.

The event was also graced by representatives from organisations like Sa-Dhan, MFIN, UPMA, M2i, Vidura Capital and several MFIs. They appreciated the mission and vision of SATYA and hoped that it will emerge as an unique, client focused and sustainable institution.

During Vihangam Navratna Awards were instituted by SATYA to recognise nine exceptional leaders at SATYA in their respective domains. These nine Navratnas of SATYA will be the flag bearers of SATYA as it establishes a professional management team.

The event also provided an opportunity for the team members to enjoy and share their talent in various cultural sessions over the two days.

Mr. Vivek Tiwari emphasized on the need of responsible lending while maintaining quality of portfolio. In alignment with the social upliftment strategy, he announced that team SATYA would provide quality and affordable consumer durables to its customers by cross-selling, that will ultimately enhance their quality of life. He declared to enhance the ratio of women manpower significantly in SATYA and pledged the industry to recognize the strength of women.



Journey of Our Entrepreneurs

Seema, Mathura

Seema resides in Mathura with her husband, who is a daily wage labourer. The ad-hoc nature of their income spelled a daily struggle to make ends meet. She saw an opportunity to transform their situation when she learnt about SATYA's microloan. Their life changed when she decided to set up her own enterprise - sugarcane juice machine.

Sugarcane juice machine operates on electricity and can process 200-300 glasses of juice per day. She faced some challenges but was determined to eke out a higher standard of life for her family. After the successful completion of her enterprise, her life took a new turn and drastically evolved her income to around Rs. thousand per day.

Now she could get nutritious food for her family, affords better education for her kids and was no longer tagged as a daily wage labourer's wife.

She now aims to expand the business to a juice bar where she could provide a greater variety of juices to her clients. Her success gave her a sense of pride and confidence in her abilities and she is grateful to SATYA for propelling her life into a positive direction.



Sashi Bala, Panipat

Sashi Bala, 36, is an artist in Vivi village. She specializes in pottery and handicrafts depicting native animals, Indian gods & goddess and characters on masks, wood and other materials.

Sashi was always interested in art; in fact, it was her dream to become an artist. Even as a young housewife, she would always be seeking opportunities to turn her artistic ambitions into reality. Once, Sashi stumbled upon some pieces of clay while roaming around in a landfill. She moulded the clay into a sculpture and asked her husband to paint it. She showed the sculpture to her neighbour, who loved it so much that he bought it for 25 rupees.

In 2017, she learned about SATYA's microloans and decided to raise funds to start a handicrafts business. She took a loan to buy material and machines for her handicrafts business, besides renting a room to be used as a warehouse. Soon, she began to sell her creations in her community. She met other artists in the community and decided to organize with them to sell their work together.

The growth of her business has led to an incredible increase in her family's income. She dreams to send her three kids- one son and two daughters to a reputed University for higher education so as to ensure a decent lifestyle for them. She hopes to open an exhibition centre for handcrafters and artists in the city in the coming years.



Seema Devi, Behrod

From a young age, Seema aspired to be financially independent and to contribute to her community by setting up her own business. To realise this goal, she decided to set up a Salon and General Store business, in her hometown of Behrod, in the north of the country. Over time, as her income grew further, she decided to expand her businesses. She took a loan of INR 30,000 from SATYA in 2017.

Through savings and loans, backed by her full dedication and commitment, she was able to accomplish this expansion, and has become a successful Salon and General Store business, owning a profitable business. She has generated employment for 4-5 locals to support her in sales and delivery.

Her daily income is close to 1000-1500 INR, which enables her to afford a better quality of life for her family. Her three children now study at private schools. Moreover, her enterprise enabled her family to sail through the financial crisis that hit them when her husband got bedridden due to an unfortunate incident over a year ago. She has also become a source of inspiration for local youth- observing her success, many educated yet unemployed youngsters have been motivated to take up Beauty & Salon courses.

While competition in the market will always remain a challenge, Seema's enthusiasm and commitment are evident in the way she manages her business, refusing to compromise on quality and communicating well with her customers to ensure their satisfaction. Seema looks forward to continuing her relationship with SATYA. She plans to use further loans as well as profits from her business to invest in technology for her enterprises and further expand them, which will also help create more jobs in her village.

Pushpa Jagdish Pura, Agra

Pushpa Jagdish Pura is a 34-year-old mother of two. She always dreamt of being an entrepreneur and lead her business on her own terms. Her husband, Mr. Jagdish Pura, had shoe making experience of 20 years as a worker at many shoe companies. Pushpa did a lot of soul-searching and discovered the path of turning her dream into reality with her husband's partnership. She convinced him to start shoe manufacturing business with her. She secured a loan of INR 30,000 from SATYA and smartly invested the money in raw materials for shoe making. It takes 8 hours of dedication and hard work for making one pair of shoes. Pushpa and her husband were able to manufacture close to 20-30 pairs of shoes and their hard work paid off as they succeeded in selling their entire first batch in the local market.



Pushpa's enterprising ideas have paid off. Pushpa dreams to see both her kids in white collar jobs. "I have used my profits to invest in the education of my two children- Yash, who is 8 years old and Sheena, who is 9 years old. I was able to get them enrolled in one of the best private schools in town."

She stays connected with technology and upgrades herself by learning time management techniques in shoe making manufacturing on the internet, so she can cut down on the time taken per shoe, and manufacture more shoe pieces. She plans to expand her business and add a greater variety of shoes as per her clients' tastes.

Report on Corporate Governance

Company's Philosophy on Code of Governance

Mission of Satya MicroCapital Limited is to be a preferred choice for the people at the bottom of pyramid in creation of their enterprise and livelihood through holistic approach. For achieving this, the organization strives to adopt best practices and policies on corporate governance through transparency in business ethics and accountability to customers and stakeholders.

Board of Directors

Board Composition

As on March 31, 2018, the Board comprised of 7 (Seven) Directors out of which 4 (Four) are Independent Directors. The names and categories of Directors and the nature of Directorships as on March 31, 2018 are given below:

Name of the Director	Nature of Directorship	DIN
Vivek Tiwari	Managing Director	02174160
Rahul Gupta	Independent Director	07478822
Ratnesh Tiwari	Director	07131331
Mukul Jaiswal	Independent Director	02696656
Vijayalakshmi Das	Independent Director	00624128
C P Mohan	Independent Director	02661757
Saneesh Singh	Nominee Director	02254868

Board Meetings and Attendance

The Board of Directors met 7 (Seven) times on: April 28, 2017, June 27, 2017, August 11, 2017, September 25, 2017, October 26, 2017, January 19, 2018 and March 12, 2018.



Attendance of directors at board meetings and their directorships in other companies as on March 31, 2018, are given below:

Name of the Director	Nature of Directorship	Number of Board Meetings		Whether attended last AGM	Directorships in other companies
		Held during the tenure	Attended		
Vivek Tiwari	Managing Director	7	7	Yes	Koshish Renewable Energy Services Private Limited
Rahul Gupta	Independent Director	7	7	Yes	NA
Ratnesh Tiwari	Director	7	7	Yes	Koshish Renewable Energy Services Private Limited
Mukul Jaiswal	Independent Director	7	7	Yes	-Cashpor Micro Credit -Cashpor Financial Services Pvt Ltd -Cashpor Financial And Technical Services Pvt Ltd -Bhartiya Micro Credit -Aayushya Foundation -Jeevanshree Inclusive Finance India Pvt Ltd



Name of the Director	Nature of Directorship	Number of Board Meetings		Whether attended last AGM	Directorships in other companies
		Held during the tenure	Attended		
Vijayalakshmi Das	Independent Director	5	2	NA	-Light Microfinance Private Limited -MSM Microfinance Limited -Ananya Finance For Inclusive Growth Private Limited -Access Holding Ventures India Private Limited -Grameen Foundation For Social Impact Nanayasurabhi Affordable Housing Finance Limited
C P Mohan	Independent Director	4	4	NA	NA
Saneesh Singh	Nominee Director	2	2	NA	-ESAF Small Finance Bank Limited -Mi India Capital Consultants Pvt Ltd -Samhita Community Development Services -Growing Opportunity Finance (India) Pvt Ltd -Dia Vikas Capital Pvt Ltd -Cashpor Micro Credit -Margdarshak Financial Services Ltd -ESAF Microfinance And Investments Pvt Ltd -Mi India Capital & Investment Pvt Ltd



Committees of the Board

As on March 31, 2018, the company has Two (2) statutory committees of the Board, constituted in accordance with the provisions of the Act and RBI Guidelines and Directions issued to companies from time to time viz.,

1. **Audit Committee;**
2. **Nomination and Remuneration Committee**

The Board fixes the terms of reference of Committees and also delegates powers from time to time. The Minutes of the Meetings of the Committees are circulated to the Directors and placed before the Board for its information.

1. AUDIT COMMITTEE OF THE BOARD

Composition

The Audit Committee of the Board, which was constituted on October 26, 2017 comprised of 3 (Three) directors as on March 31, 2018:

1. Mukul Jaiswal
2. C P Mohan
3. Saneesh Singh

Meetings and Attendance

One meeting of Audit Committee held during the year on January 19, 2018:

Name	No. of Meetings	
	Held	Attended
Mukul Jaiswal	1	1
C P Mohan	1	1
Saneesh Singh	1	1



Terms of Reference

The Audit Committee has the following responsibilities:

- To take cognizance of the internal Audit Reports, independence of auditors and effectiveness of the audit report
- To review the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage, scope of audit and frequency of internal audit
- To recommend appointment, remuneration and terms of appointment of auditors
- To ensure adequacy of whistle blower policy
- To look into cases of defaults, frauds done to or done by the organization
- To periodically interact with the statutory auditor and approval of payment to statutory auditors for any other services rendered by the statutory auditors
- To ensure that the financial statements are correct, sufficient and credible
- To review, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with reference to:
 - A. Any matter required to be included in the director's 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. Any change in accounting policy
 - C. Any significant transaction or financial irregularity
 - D. Loan write-offs
 - E. Related party transaction
 - F. Capital expenditure
 - G. Any significant accounting adjustment
 - H. Any significant increase in liabilities
 - I. Contingent liabilities
- Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- The Audit Committee ensures the rotation of partner/Chartered account firm in conducting the audit. The Audit firm need to be replaced after carrying out three consecutive audits and can be eligible for company audit after an interval of three years.
- The Audit Committee mandatorily reviews 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; and
- E. The appointment, removal and terms of remuneration of the chief internal auditor is subject to review by the audit committee

2. NOMINATION AND REMUNERATION COMMITTEE

Composition

The Nomination and Remuneration Committee of the Board, which was constituted on October 26, 2017 comprised of Four (4) directors as on March 31, 2018:

1. Mukul Jaiswal;
2. C P Mohan;
3. Saneesh Singh;
4. Vivek Tiwari

Meetings and Attendance

One meeting of Audit Committee held during the year on January 19, 2018:

Name	No. of Meetings	
	Held	Attended
Mukul Jaiswal	1	1
C P Mohan	1	1
Saneesh Singh	1	1
Vivek Tiwari	1	1



Terms of Reference

The Nomination and Remuneration Committee has the following responsibilities:

- Formulate criteria for determining directors for Board. This includes qualifications, positive attributes and independence of a Director.
- Ensure 'fit and proper' status of proposed/ existing Directors
- To recommend the Board the appointment, extension or removal of Directors/Senior Management in accordance with criteria laid down or on the basis of the report of performance evaluation of Directors / Senior Management.
- To recommend to the Board on: a. Policy relating to remuneration for Directors, key Managerial Personnel and Senior Management and b. Executive Directors remuneration and incentive.
- To make 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

General Body Meetings

Annual General Meeting

Details of the Annual General Meetings held during the financial year 2017-18 are given below:

Year	Date	Time	Location	No. of special resolutions passed
2017	June 03, 2017	10:00 AM	519,5th Floor, DLF Prime Towers, Okhla Industrial Area, Phase-1, New Delhi-1100201	11

Extra-ordinary General Meeting

Details of the Extra-ordinary General Meetings held during the financial year 2017-18 are given below:

Year	Date	Time	Location	No. of special resolutions passed
2017	June 27, 2017	05:00 PM	519,5th Floor, DLF Prime Towers, Okhla Industrial Area, Phase-1, New Delhi-1100201	2



Year	Date	Time	Location	No. of Special Resolutions Passed
2017	August 30, 2017	05:00 PM	519,5th Floor, DLF Prime Towers, Okhla Industrial Area, Phase-1, New Delhi-1100201	6
2017	October 05, 2017	04:00 PM	519,5th Floor, DLF Prime Towers, Okhla Industrial Area, Phase-1, New Delhi-1100201	1
2017	December 05, 2017	11:00 AM	519,5th Floor, DLF Prime Towers, Okhla Industrial Area, Phase-1, New Delhi-1100201	1

- **Means of Communication**

The Company has an operational website www.satyamicrocapital.com wherein inter alia annual financials are placed.

- **General Shareholder Information**

Annual General Meeting – 23rd

Date: August 20, 2018

Time: 11:00 AM

Venue: 519,5th Floor, DLF Prime Towers, Okhla Industrial Area, Phase-1, New Delhi-110020

- **Financial Year**

April 01, 2017 to March 31, 2018.

- **Shareholding Pattern**

Shareholding of the Company as on March 31, 2018 is as follows;

S. No	Name of Shareholder	No. of Shares	% age of Shareholding
1	Vivek Tiwari	4,522,500	35.31
2	Maneesha Gupta	1,755,500	13.71
3	Ratnesh Tiwari	41,500	0.32
4	Sadhna Tiwari	10,000	0.08
5	Vandna Tiwari	83,500	0.65
6	Public	3,195,230	24.95
7	Dia Vikas Capital Pvt Ltd	3,200,000	24.98
Total		12,808,230	100.00

Address for Correspondence

Satya MicroCapital Limited

519,5th Floor, DLF Prime Towers, Okhla Industrial Area, Phase-1, New Delhi-110020

Email id: investors@satyamicrocapital.com

Phone: +911149724000

Website: www.satyamicrocapital.com

RTA Contact Details (For Equity Shares and Non-Convertible Debentures)

Link Intime India Pvt. Ltd

44, Community Centre, Phase-I, Near PVR, Naraina Ind. Area, New Delhi-110028

Phone: +91 11 4141 0592

Website: www.linkintime.co.in



Management Discussion and Analysis

Overview

SATYA started its microfinance operations from the Sikandrabad Branch in Bulandshahar District of Uttar Pradesh. The organization is engaged in providing microfinance to the low income households of India. SATYA adopted the “Limited Liability Group (LLG) Model” with adequate use of technology and new adaptations. The traditional Joint Liability Group model has been adapted to Limited Liability Group model wherein joint liability is enforced only up to 10 installments.

Financial Year 2017-18 has been a remarkable year for SATYA; as of March 31, 2018, the organization had 87,305 clients spread across 42 branches in 7 states with a gross loan portfolio of 218.79 Cr.

Last year when demonetization stirred India, SATYA accepted it as an opportunity to move towards cashless transactions. We adopted the process of disbursing the loan amount directly in the bank account of the borrower through NEFT. This year the organization has been able to achieve 100% cashless disbursement through NEFT. The organization also made an attempt to move towards cashless collections through adoption of Aadhar Enabled Payment System (AEPS). Around 35% of the collections are through cashless mode.

Industry Scenario

As per MFIN Micrometer, the microfinance industry has a total loan portfolio of Rs.1,36,633 Cr., as on Mar 31, 2018. Banks hold the largest share (37%) of portfolio in micro-credit with total loan outstanding of Rs. 50,418 Cr. (Including direct lending as well as indirect lending through BC partnerships). NBFC-MFIs remain the second largest provider of micro-credit with a loan amount outstanding of Rs.44,892 Cr. (excluding BC) accounting for 33% of the total industry portfolio. Small Finance Banks (SFBs) have a total loan amount outstanding of Rs.30,019 Cr with total share of 22%. NBFCs account for another 7% and the non-profit MFIs account for 1% of the total industry portfolio.

The NBFC-MFIs work through a network of 10,077 branches and an employee base of 82,004 of which 64% are loan officers providing doorstep credit to low-income clients. The client base of the industry has increased to 2.53 Cr clients with 2.84 Cr loan accounts (which is a 22% growth in clients on an Year on Year basis). Post Demonetisation, the microfinance industry had witnessed a deterioration in portfolio quality as the Portfolio at Risk (PAR) 30 increased to 11.05% as on March 31, 2017.

During the financial year 2017-18, the portfolio quality has been gradually improving with PAR30 at 4.44% as on Mar 31, 2018.



Business Growth

In Financial Year 2017-18, SATYA strengthened its operations by expanding in two more states, making us operational in seven states now. The number of branches increased from 15 in March 2017 to 42 in March 2018. The organization closed the year with a loan portfolio of Rs 217 crore, registering a growth of over 700% during the year. We have been able to achieve this growth in portfolio by maintaining our portfolio quality with PAR30 at 0.01% as on March 31, 2018. Our human resource strength grew over thrice during the year, from 135 employees in March 2017 to 489 in March 2018.

Regulations and Compliance

SATYA registered as an NBFC-MFI under directions of the Reserve Bank of India (RBI), received its licence this year. The organization complies with the requirements of prescribed by the Reserve Bank of India as applicable to it.

Financials

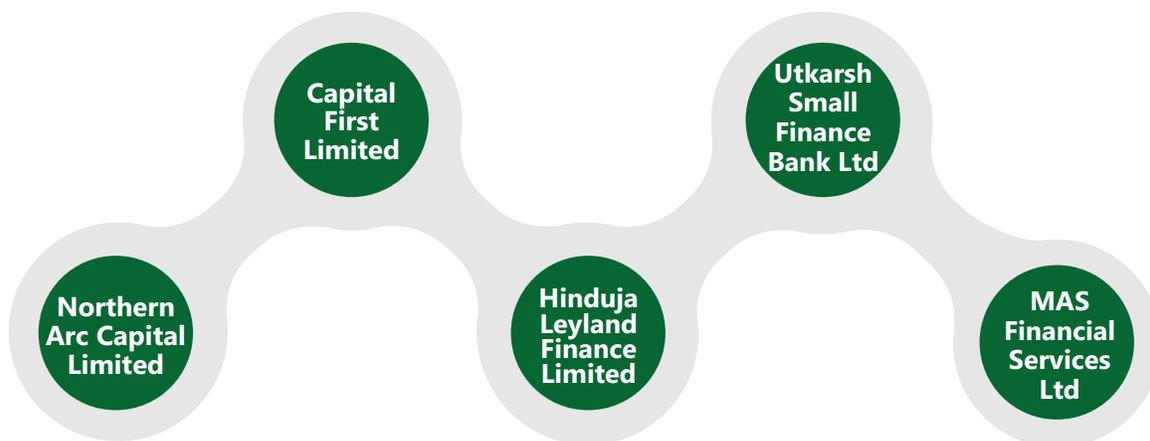
The total revenue generated by the organization was Rs.27.03 Crores as compared to Rs. 96.3 lakhs in March 2016-17. However, as the organization is still in its initial phase, where we are concentrating our efforts on expansion, the organization incurred a loss of Rs. 6.4 Crores.

The shareholders funds increased from Rs. 7.32 Crore in March 2016-17 to Rs. 18.02 Crore in March 2017-18. The details of the shareholders holding more than 5% of the ordinary shares of the organization are as under:

Name	No. of Shares	% of Shares
Promoter	64,13,000	50.07%
Dia Vikas Capital Pvt. Ltd	3,200,000	24.98%
Public	31,95,230	24.95%
Total	1,28,08,230	100.00%

In Financial Year 2018, SATYA raised total funds amounting to Rs. 305.18 Crores - which includes Rs. 256.98 Crore through term loans including NCD, OCD and CCD; Rs. 49.06 Crores through Securitization and Rs. 2 Crores through cash credit.

The top five funders of SATYA in terms of outstanding as at 31st March 2018 are:



Source	% of total outstanding
Public Sector Banks	1.49%
Private Sector banks including small finance banks	13.79%
NBFCs	70.63%
Others (Securitization)	14.09%
Total	100.00%

Risk Management

This year, we have been able to develop a draft risk management policy with the objective of identifying, measuring, managing and monitoring risk. We have proposed the development of a risk management structure comprising of the Board of Directors, Risk management committee, audit committee and Risk management department. The organization has laid down guidelines with regard to the response to various risks faced. With the objective of mitigating fraud related risks, we have developed a fraud risk monitoring policy.

Although, we have not formally operationalised the risk management policy, but have taken certain key initiatives which will go a long way in minimizing/ mitigating risks, such as:

- Moving towards cashless disbursements and collections can help us in controlling cash carrying risk
- e-KYC validation can help in identifying and eliminating clients with fake KYC

For the coming year we plan to operationalize the risk management policy with the objective of making risk management an integral part of SATYA's business strategy and decision making process.

Human Resource Management

Human Resource plays an instrumental role in securing the future success of SATYA. Aim of SATYA is to create an environment where employees can thrive and are enabled to deliver sustainable organizational performance. During the year the employee strength at SATYA increased from 139 employees in March 2017 to 489 employees by March 2018.

SATYA organises induction program for all the new joinees to ensure that values of SATYA are conveyed to them. Refresher trainings and learning programs are arranged from time to time with the objective of building the potential of its employees. SATYA facilitates its employees to upgrade and broaden their skill sets by undertaking certification courses.

SATYA is committed to an inclusive culture that respects and embraces the diversity of employees. SATYA strives to substantially raise the proportion of female employees. To achieve this, the company has opened UP-East as an, all female employees region with first branch at Varanasi.

Technology

Technology lies at the soul of our organization. Our goal is to nurture SATYA through cutting edge technology in real-time data, reducing turnaround time and moving towards paperless operations. In order to achieve our goals, we undertook various key initiatives this year, such as:

- Incorporated the use of technology in the client application and appraisal process through the adoption of e-KYC and online credit bureau check
- Use of NEFT for cashless disbursements and AEPS for cashless collections.
- Zing HR for payroll, leaves, attendance, travel and benefits

The major technology related initiatives have been discussed in detail in technology infrastructure section of the report.



BOARD'S REPORT

Dear Shareholders,

Your Board of Directors (the "Board") take pleasure in presenting the 23rd Annual Report of SATYA MicroCapital Limited (the "Company") together with the Audited Accounts for the financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

Particulars	31st March 2018	31st March 2017
Total Revenue	26,96,75,914	96,26,792
Total expenditure	33,27,19,374	2,41,25,158
Profit (Loss) Before Tax	(6,30,43,460)	(1,44,98,366)
Tax Expense	8,15,972.75	1,17,620
Prior Period Adjustment		
Profit (Loss) after Tax	(6,38,59,433)	(1,46,15,986)
Transfer to Statutory Reserve Fund		
Earnings Per Share (EPS)	(6.27)	(6.18)
Diluted EPS	(5.45)	(6.18)

OPERATIONS

During the year, Company has started the business of Micro Credit lending. The Gross Loan Portfolio of the Company as on 31st March 2018 stood Rs. 218.67 Crores.

During the year, Company has stated its operation in Rajasthan, Punjab, Haryana, Uttar Pradesh, Uttarakhand, Chhatisgarh and Bihar. As on 31st March 2018 Company has distributed loans to 87293 Clients. Total 42 Branches are operational at the end of 31st March 2018.

CHANGE IN CAPITAL STRUCTURE OF THE COMPANY

During the year under review the Authorised Share Capital of the Company has increased from 10 Crore to 30 Crore for which Shareholder consent was sought in Annual General Meeting held on 03rd June, 2017.

During the Financial Year 2017-18, the paid-up share capital of the Company has been increased from Rs. 7,32,07,500 to Rs. 12,80,82,300 through following means:

- Issue of 14,07,480 Equity Shares of Rs. 10 each at a premium of Rs. 17 per share on private placement basis.
- Issue of 8,50,000 Sweat Equity Shares of Rs. 10 each for consideration other than cash.
- Issue of 32,00,000 Equity Shares of Rs. 10 each at a premium of Rs. 26 per share on private placement basis.
- Issue of 30,000 Equity Shares of Rs. 10 each for consideration other than cash.

DIVIDEND

The Directors do not recommend any dividend for the year.

CONVERSION OF COMPANY FROM NBFC TO NBFC-MFI

Directors are happy to inform you that Company has applied for Change in status of Company from NBFC to NBFC-MFI on March 15,2017 to the Reserve Bank of India (RBI).

RBI has approved Company's application on February 02,2018 and issued Certificate on Registration (COR).

RESERVE BANK OF INDIA- REGISTRATION AND DIRECTIONS

Your Company has been following all relevant guidelines issued by the Reserve Bank of India from time to time.

SUBSIDIARY AND ASSOCIATE COMPANIES

The Company has neither any subsidiary, associate Company nor any Joint Venture during the financial year 2017-18.

DIRECTORS AND KEY MANAGEMENT PERSONNEL (KMP)

Mr. Ratnesh Tiwari (DIN. 07131331) retire by rotation and being eligible offers himself for re-appointment. Mr. Ratnesh Tiwari has shown his interest for his re-appointment. The Board of Directors have recommended his re-appointment for consideration of the Shareholders.

Mr. C P Mohan appointed as Additional Director on 11.08.2017. Pursuant to Section 149, 150, 152, 161 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV of the Companies Act, 2013, and as per Articles of Association of the Company, Mr. C P Mohan appointed as a Non-Executive and Independent Director(s) of the Company, who have submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013. The Board of Directors have also recommended his appointment for consideration of the shareholders. Mr. C P Mohan will be appointed as Independent Director of the Company to hold office for a period of five years from the date of his appointment as additional director(s) or till such earlier date as may be determined by any applicable statutes, rules, regulations or guidelines and not liable to retire by rotation

Mrs. Vijayalakshmi Das (DIN:00624128) appointed as Additional Director on July 11,2017. Pursuant to Section 149, 150, 152, 161 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV of the Companies Act, 2013, and as per Articles of Association of the Company, Mrs. Vijayalakshmi Das appointed as a non-executive and independent Director(s) of the Company, who have submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013. The Board of Directors have also recommended her appointment for consideration of the shareholders. Mrs. Vijayalakshmi Das will be appointed as Independent Director of the Company to hold office for a period of five years from the date of his appointment as additional director(s) or till such earlier date as may be determined by any applicable statutes, rules, regulations or guidelines and not liable to retire by rotation.

Mr. Saneesh Singh appointed as Additional Director on October 26,2017. Pursuant to Section 149, 152 and 161 other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, and as per Articles of Association of the Company, Mr. Saneesh Singh appointed as a non-executive Director(s) of the Company. The Board of Directors have also recommended his appointment for consideration of the shareholders. Mr. Saneesh Singh will be appointed as Non-Executive and Nominee Director of the Company and liable to retire by rotation.

Brief resume of these Directors, their educational and professional qualifications, nature of their working experience, their achievements, name(s) of the companies in which they hold directorships, memberships and chairmanships in various Committees, their shareholding in the Company, relationship between directors inter-se are provided in Notice of Annual General Meeting.

BOARD MEETINGS

During the year Board met 7 (Seven) times on April 28, 2017, June 27, 2017, August 11, 2017, September 25, 2017, October 26, 2017, January 19, 2018 and March 12, 2018.

EMPLOYEES

SATYA gives paramount importance to managing its employees professionally. As of March 31, 2018, SATYA had 489 employees on its rolls. The Company has fair and transparent recruitment and other policies which safeguard the interest of its employees. With an objective to develop the skill set of its employee, the Company has created a separate department for Training & Development.

STATEMENT ON DECLARATION “CERTIFICATE OF INDEPENDENCE” U/S 149 (6) FROM INDEPENDENT DIRECTOR

Pursuant to Schedule IV and Section 149(6) of the Companies Act, 2013, the Board has independent director and there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively. The independent director has submitted a declaration that the independent director meet with the criteria of independence as required under Section 149(6) of the Companies Act, 2013.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to section 134 (5) of the Companies Act, 2013, the Directors hereby confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. That the directors had 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 at the end of the financial year and of the profit and loss of the Company for that period;
3. That the directors had 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. That the directors had prepared the annual accounts on a going concern basis;
5. That the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
6. That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Information on material orders passed by the regulators or courts or tribunal:

There are no material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

RELATED PARTY TRANSACTIONS

All the transactions entered into with Related Parties as defined under the Companies Act, 2013 during the year under review were in the ordinary course of business and at an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013.

AUDITORS & THEIR REPORTS

Statutory Auditors & their Report:

S.R. Batliboi & Associates LLP (LLP Identity No. LLP Identity No.AAB-4295), Chartered Accountants (Firm No. FRN 101049W / E300004) is appointed as statutory auditor of the term of 5 years.

Qualifications in Audit Reports:

Your Directors do not observe any qualification, reservation or adverse remark or disclaimer made by the statutory auditor in his report.

POLICIES

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

Your company is committed to ensure fair environment for its executives, staff and workers. In compliance of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013, the company has adopted Sexual Harassment Policy approved vide Board of Directors meeting held on April 28, 2017 which ensure a free and fair enquiry process with clear timelines. Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Resources and liquidity

During the year of operation, Satya has developed partnerships with 25(Twenty Five) financial institutions. During the year, the Company has availed term loan and sub-debt facility for its microfinance operation which is the main activity of the Company. Total borrowings of the Company as at March 31, 2018 was Rs. 256.77 Crores.

During the Financial Year 2017-18, the paid-up share capital of the Company has been increased from Rs. 7,32,07,500 to Rs. 12,80,82,300 through following means:

1. Issue of 14,07,480 Equity Shares of Rs. 10 each at a premium of Rs. 17 per share on private placement basis.
2. Issue of 8,50,000 Sweat Equity Shares of Rs. 10 each for consideration other than cash.
3. Issue of 32,00,000 Equity Shares of Rs. 10 each at a premium of Rs. 26 per share on private placement basis.
4. Issue of 30,000 Equity Shares of Rs. 10 each for consideration other than cash.

The Company generally maintain enough liquidity in the system so as to meet requirement of funds for scheduled disbursements and repayments to lenders for about 30-45 days. The Company has strong Asset Liability Maturity profile wherein the Company has positive gap in all time buckets.

In view of the overall positive environment in the Microfinance Industry in India and better regulatory clarity, the overall liquidity and funding to NBFC-MFI has further improved. The Company has been regular in repayment to all its lenders and has excellent relationship with all the financial institutions.

Industry Scenario

The Industry has matured with stronger institutions after demonetisation and GST, the credit bureaus are functional, the investors and lenders are back in business, there is greater focus of the government on financial inclusion with launch of Micro Units Developments and Refinance Agency (Mudra), greater regulatory clarity, In view of the above, there are better days ahead for Indian Microfinance industry. Microfinance institutions have never had it so good in the past six years, at least in terms of receiving funds. Banks have opened their purse strings to MFIs more than ever with the sector showing steady traction backed by a strong regulatory framework. The RBI allowed NBFCs to issue Masala Bond, rupee denominated overseas bonds to overseas investors and significantly relaxed a number of restrictions. There were several developments at the national level that have been geared towards making rapid strides towards more inclusive and strategic financial access. Moreover, alongside increasing schemes and policies to target more segments of the "ultra-poor", there have also been initiatives towards directed development programmes for the microfinance industry.

Business Review

The Company has done well during the financial year 2017-18. First time, the Company has raised funds through the issuance of Non-Convertible Debentures (NCD). From the first day of operation Company has started cashless disbursement in all the states, of operation. Company is developing the mechanism of cashless collection.

The Company has an experienced and stable management team and Board of Directors. The Company is hopeful of performing well during the current year.

Opportunities

Financial sector development provides small enterprises and households with market access leading to their inclusion in the regional and ultimately the national economy. The Reserve Bank of India (RBI) has recently increased the limit of eligible borrowers to whom NBFC-MFI can lend and further liberalized some norms which is good for the growth of the industry and for the borrowers. This has improved the support and confidence of all stakeholders for the microfinance sector. Currently Company is working in Rajasthan, Punjab, Haryana, Uttar Pradesh, Uttarakhand, Chhattisgarh and Bihar and looking for expansion opportunities in other states.

Challenges

While the regulatory environment has improved the stakeholder's confidence still continue to be exposed to inherent risks in business model. Given that the microfinance borrowers belong to low income segment, customers are more prone to default. Client retention and acquisition are also concern for microfinance industry. Moreover, with MFI operations concentrated in specific geographies, geographic concentration risks persist, these risks include natural disasters, social unrests, or political upheavals. As the Company target to tap the opportunities by entering into new geographical areas, the Company encounter with some key challenges with respect to meeting its expansion plans. Considering changes in state laws and with new partners in industry, opening of new branches and split of existing branches is challenging task before the management. Further, as industry is looking for more partners in coming time, talent acquisition and retention is also one of the major challenges. Training and development for employees and security risk are other potential challenge for the management. The Reserve Bank of India has issued a series of circulars, directions and notifications to give the required regulatory clarity. Also, the MFI industry has collectively worked to bring back the stakeholders' confidence by working responsibly. The Company has a strong and experienced Board having multiple personalities having experience in different areas. The Company's senior management team has expertise in their respective field and the Company has geographical advantage, time tested systems and processes, effective internal audit and association with a large number of lenders and clean repayment track record in the sector which helped the Company to achieve the performance better than its peers.

Outlook

The overall outlook for the Microfinance Industry has improved during the financial year 2017-18. The Reserve Bank of India has issued a number of circulars and provided the required regulatory clarity. A major outcome of the guidelines was the involvement of credit bureaus to record and monitor the creditworthiness of borrowers. More and more use of Aadhaar as KYC by the industry. There is greater emphasis today on credit score prior to disbursement of loans, and subsequent data sharing with credit bureaus. The credit bureau checks enable MFIs to assess the extent of leverage of prospective customers, and their repayment track record. Additionally, the Microfinance Institutions Network (MFIN) has prescribed a code of conduct that provides guidelines for MFI operations, and greater uniformity in their functioning.

With various schemes launched by Government for financial inclusion there is greater opportunities in microfinance sectors in the years to come.

Risk & Concerns

The Company is exposed to financial, operational and political risks. As an MFI's loan portfolio is its most valuable asset, the financial risks i.e. credit, market, and liquidity are of greatest concern. To prepare for these risks, Company usually hold in reserve certain percent of assets in cash and in short-term assets. The Company maintain reserves and provisions in its financials for meeting expected or unexpected future contingencies. The Company follows a conservative financial approach by following prudent business and risk management practices.

Adequacy of Internal Controls

The Company has proper and adequate internal controls systems to ensure that all activities are monitored and controlled against any unauthorised use or disposition of assets, misappropriation of funds and to ensure that all the transactions are authorised, recorded, reported and monitored correctly. For the purpose of correctness and accuracy the process of job rotation is followed in different departments. The Company has adequate working infrastructure having computerization in all its operations including accounts and MIS.

Human Resource Development

The Company has young, capable, experienced and dedicated manpower and various professionals support from in house and external sources with expertise in different areas leading the growth of Company towards better operational and financial position.

The number of employees as at March 31, 2018 stood at 489.

Deposits

The Reserve Bank of India in exercise of its powers under The Reserve Bank of India Act, 1934, has granted NBFC status to the Company and the Company has no public deposit. The Board of Directors of the Company has passed a resolution that the Company will not accept public deposit during 2018-19.

Other Information

Information pursuant to section 134 of the Companies Act, 2013 read with Rule 8(3) (a) & (b) of the Companies (Accounts) Rules, 2014 being not applicable and hence not being disclosed.

Further Information pursuant to Rule 8(3) (c) of the above said rule is mentioned below.

FOREIGN EXCHANGE TRANSACTIONS

S. No.	Particulars	Current Year (Rs.)	Previous Year (Rs.)
1	Expenditure/Remittances (Outward) in Foreign Exchange		
	Travelling Expenses	0	0
	Fees and Subscription	0	0
	Professional Fee	0	0
	Interest Payment – External Commercial Borrowing	0	0
	Sitting Fees	0	0
2	Earning/Remittances (Inward) in Foreign Exchange		
	Share Application Money/Share Capital Received	0	0
	External Commercial Borrowing Received	0	0
	Reimbursement of Expenditure	0	0

DISCLOSURE PURSUANT TO ISSUANCE OF SWEAT EQUITY SHARES

The class of director or employee to whom sweat equity shares were issued	Sweat Equity Shares were issued to Mr. Vivek Tiwari, Managing Director of the Company
The class of shares issued as Sweat Equity Shares	Fully paid Equity Shares

The number of sweat equity shares issued to the directors	Total 17,00,000 Sweat Equity were issued to Mr. Vivek Tiwari, Managing Director. 8,50,000 shares have been allotted to Mr. Vivek Tiwari.
The reasons or justification for the issue	For expertise, knowledge and experience that Mr. Vivek Tiwari is bringing to the business of the Company
The principal terms and conditions for issue of sweat equity shares, including pricing formula;	Equity shares are being issued to the Mr. Vivek Tiwari, Managing Director for bringing the expertise and knowledge to the business of the Company. Mr. Vivek Tiwari will keep working as a whole time director of the Company and his varied experience and knowledge has brought the company in its present shape and valuation.
The total number of shares arising as a result of issue of sweat equity shares	17,00,000 Equity Shares
The percentage of the sweat equity shares of the total post issued paid up share capital	10.40% after issuance of 8,50,000 Equity Shares.
The consideration (including consideration other than cash) received or benefit accrued to the company from the issue of sweat equity shares	Sweat Equity shares are issued for consideration other than cash.
The diluted Earnings Per Share (EPS) pursuant to issuance of sweat equity shares	Diluted Earnings Per Share as per audited balance sheet of 2017 is Rs. (1.62) per share

ACKNOWLEDGEMENTS

Your Directors would like to place on record their gratitude for the cooperation received from lenders, our valued customers and shareholders. 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

Place: Delhi
Date: May 28, 2018

(Vivek Tiwari)
Managing Director
DIN: 02174160

(Ratnesh Tiwari)
Director
DIN: 07131331

Annexure I

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2018

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

I. REGISTRATION & OTHER DETAILS:

1. Corporate Identification Number (CIN)	U74899DL1995PLC068688
2. Registration Date	May 05, 1995
3. Name of the Company	Satya MicroCapital Limited (Formerly Known as TFC Finvest Limited)
4. Category/Sub-category of the Company	Public Limited Company/Limited by Shares
5. Address of the Registered Office & contact details	519, 5th Floor, DLF Prime Towers, Okhla Industrial Area, Phase-1, Delhi-110020, India Phone: +91-11-49724000
6. Whether listed company	Unlisted Company
7. Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd 44, Community Centre, Phase-I, Near PVR, Naraina Ind. Area, New Delhi-110028 Phone: +91 11 4141 0592 Website:www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the product/service	% to total turnover of the company
1	Non-Banking Financial activities / Microfinance activities	64990	100%

III. Particulars of Holding, Subsidiary and Associate Companies

S. No.	Name & Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
-----Not applicable-----					

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

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01 st April, 2017]				No. of Shares held at the end of the year [As on 31 st March, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	5,553,000	5,553,000	75.85	0	6,413,000	6,413,000	50.07	(25.78)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01 st April, 2017]				No. of Shares held at the end of the year [As on 31 st March, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (1)	0	5,553,000	5,553,000	75.85	0	6,413,000	6,413,000	50.07	(25.78)
(2) Foreign									
a)NRI-Individuals	0	0	0	0	0	0	0	0	0
b)Other-Individuals	0	0	0	0	0	0	0	0	0
c)Bodies Corp.	0	0	0	0	0	0	0	0	0
d)Banks/FI	0	0	0	0	0	0	0	0	0
e)Any other	0	0	0	0	0	0	0	0	0
Sub Total(A)(2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)=(A)(1) = (A)(2)	0	5,553,000	5,553,000	75.85	0	6,413,000	6,413,000	50.07	(25.78)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01 st April, 2017]				No. of Shares held at the end of the year [As on 31 st March, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (Foreign Portfolio Investors)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01 st April, 2017]				No. of Shares held at the end of the year [As on 31 st March, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	2,50,000	2,50,000	3.41	0	3,485,000	3,485,000	27.20	23.79
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	1,62,750	1,62,750	2.22	0	4,19,332	4,19,332	3.27	1.05
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	1,280,000	1,280,000	17.48	1,500	2,426,898	2,468,398	19.2	1.79
c) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
d-i) Trust	0	0	0	0	0	0	0	0	0
d-ii) Non Resident Indian	0	25,000	25,000	0.34	0	0	0	0	(0.34)
d-iii) Hindu Undivided Family	0	0	0	0	0	0	0	0	0
d-iv) Directors & their Relatives	0	50,000	50,000	0.68	0	64,000	64,000	.50	(0.18)
Sub Total (B)(2)	0	1,767,750	1,767,750	24.144	1,500	6,353,730	6,395,230	49.93	25.79

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01 st April, 2017]				No. of Shares held at the end of the year [As on 31 st March, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total Public Shareholding (B) =(B)(1)+(B)+(2)	0	1,767,750	1,767,750	24.144	1,500	6,353,730	6,395,230	49.93	25.79
Total (A)+(B):-	0	7,320,750	7,320,750	100.00	1,500	2,766,730	2,808,230	100.0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	7,320,750	7,320,750	100.00	1,500	12,806,730	12,808,230	100.00	0

(ii) Shareholding of Promoters:

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year*
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	VIVEK TIWARI	35,97,500	49.14	0	4,522,500	35.31	0	(13.83)
2.	MANEESHA GUPTA	17,15,500	23.43	0	1,755,500	13.71	0	(9.72)
3.	AVISHEK SARKAR*	1,00,000	1.36	0	0	0	0	(1.36)

(ii) Shareholding of Promoters:

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year*
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
4.	SUBHASH ACHARYA*	75,000	1.02	0	0	0	0	(1.02)
5.	RATNESH TIWARI	30,000	0.40	0	41,500	0.32	0	(0.08)
6.	SADHNA TIWARI	10,000	0.15	0	10,000	0.08	0	(0.07)
7.	VANDNA TIWARI	25,000	0.34	0	83,500	0.65	0	0.31
Total		55,53,000	75.85		6,413,000	50.07		

Note*- Name of Mr. AVISHEK SARKAR and Mr. SUBHASH ACHARYA has been removed from the promoter category through Board Resolution dated 19.01.2018 and added in public category.

(iii) Change in Promoters' Shareholding

S. No.	Name & Type of Transaction	Shareholding at the beginning of year		Transactions during the year	Cumulative Shareholding at the end of year		
		No. of Shares Held	% of total Shares of the company		Date of Transaction	No. of Shares Held	% of total Shares of the company
1	VIVEK TIWARI	35,97,500	49.14				
	Allotment of Sweat Equity Shares			31.08.2017	8,50,000	44,47,500	34.72
	Transfer			26.10.2017	50,000	44,97,500	35.11
	Transfer			12.03.2018	25,000	45,22,500	35.31
	At the end of Year					45,22,500	35.31

(iii) Change in Promoters' Shareholding

S. No.	Name & Type of Transaction	Shareholding at the beginning of year		Transactions during the year		Cumulative Shareholding at the end of year	
		No. of Shares Held	% of total Shares of the company	Date of Transaction	No. of Shares	No. of Shares Held	% of total Shares of the company
2.	MANEESHA GUPTA	17,15,500	23.43				
	Allotment of Equity Shares			31.08.2017	40,000	17,55,500	18.33
	At the end of Year					17,55,500	13.71
3.	RATNESH TIWARI	30,000	0.41				
	Allotment of Equity Shares			31.08.2017	11,500	41,500	0.43
	At the end of Year					41,500	0.32
4.	SADHNA TIWARI	10,000	0.14	NA	NA	--	-
	At the end of Year					10,000	0.08
5.	VANDNA TIWARI	25,000	0.34				
	Allotment of Equity Shares			31.08.2017	58,500	83,500	0.87
	At the end of Year					83,500	0.65

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

Name of Shareholder	For Each of the Top 10 Shareholders	Shareholding		Cumulative Shareholding during the Year (01st April, 2017 to 31st March, 2018)	
		No. of Shares Held	% of total Shares of the company	No. of Shares Held	% of total Shares of the company
DIA VIKAS CAPITAL PRIVATE LIMITED	At the beginning of the year	NIL	NIL	NIL	NIL

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

Name of Shareholder	For Each of the Top 10 Shareholders	Shareholding		Cumulative Shareholding during the Year (01st April, 2017 to 31st March, 2018)	
		No. of Shares Held	% of total Shares of the company	No. of Shares Held	% of total Shares of the company
	Increase in Shareholding due to Allotment of Equity Shares on 09.10.2017	3200000	24.98	3200000	24.98
	At the end of the year			3200000	24.98
NEWGEN MEDITECH PRIVATE LIMITED	At the beginning of the year	250000	5.12	250000	5.12
	At the end of the year			250000	1.95
FARAH SIDDIQI	At the beginning of the year	NIL	NIL	NIL	NIL
	Increase in Shareholding due to Allotment of Equity Shares on 31.08.2017	1,85,000	1.93	1,85,000	1.93
	At the end of the year			1,85,000	1.44
AVISHEK SARKAR	At the beginning of the year	1,000,00	1.37	1,000,00	1.37
	Increase in Shareholding due to Allotment of Equity Shares on 31.08.2017	31,000	0.32	131,000	1.37
	At the end of the year			131,000	1.02
NEERAJ MAHESHWARI	At the beginning of the year	NIL	NIL	NIL	NIL
	Increase in Shareholding due to Allotment of Equity Shares on 31.08.2017	1,30,000	1.36	1,30,000	1.36
	At the end of the year			1,30,000	1.01

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

Name of Shareholder	For Each of the Top 10 Shareholders	Shareholding		Cumulative Shareholding during the Year (01st April, 2017 to 31st March, 2018)	
		No. of Shares Held	% of total Shares of the company	No. of Shares Held	% of total Shares of the company
SUBHASH ACHARYA	At the beginning of the year	75,000	1.02	75,000	1.02
	Increase in Shareholding due to Allotment of Equity Shares on 31.08.2017	31,000	0.32	1,06,000	1.11
	At the end of the year			1,06,000	0.83
SUDHINDRA KUMAR SHARMA	At the beginning of the year	NIL	NIL	NIL	NIL
	Increase in Shareholding due to Allotment of Equity Shares on 31.08.2017	76,000	0.79	76,000	0.79
	At the end of the year			76,000	0.59
MANU MEHTA	At the beginning of the year	75,000	1.02	75,000	1.02
	At the end of the year			75,000	0.59
NEERAJ KUMAR	At the beginning of the year	75,000	1.02	75,000	1.02
	At the end of the year			75,000	0.59
MEERA BISTH	At the beginning of the year	70,000	0.95	70,000	0.95
	At the end of the year			70,000	0.55

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

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

v) Shareholding of Directors and Key Managerial Personnel:

Name of Directors and Key Managerial Personnel	Shareholding of each Directors and each Key Managerial Personnel	Shareholding		Cumulative Shareholding during the Year	
		No. of Shares Held	% of total Shares of the company	No. of Shares Held	% of total Shares of the company
VIVEK TIWARI, Managing Director	At the beginning of the year	35,97,500	49.14	35,97,500	49.14
	31.08.2017	8,50,000	8.87	44,47,500	34.72
	26.10.2017	50,000	0.39	44,97,500	35.11
	12.03.2018	25,000	0.20	45,22,500	35.31
	At the end of the year			45,22,500	35.31
RATNESH TIWARI, Director	At the beginning of the year	30,000	0.40	30,000	0.40
	31.08.2017	11,500	0.12	41,500	0.43
	At the end of the year			41,500	0.32
RAHUL GUPTA, Director	At the beginning of the year	50,000	0.68	50,000	0.68
	31.08.2017	10,000	0.10	60,000	0.63
	At the end of the year			60,000	0.47
ANKIT TIWARI, CS	At the beginning of the year	Nil	Nil	Nil	Nil
	31.08.2017	15,000	0.16	15,000	0.16
	At the end of the year			15,000	0.12
SUDHINDRA SHARMA, CFO	At the beginning of the year	Nil	Nil	Nil	Nil
	31.08.2017	76,000	0.79	76,000	0.79
	At the end of the year			76,000	0.59

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

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2016				
i) Principal Amount	37,06,03,481	4,50,00,000	-	41,56,03,481
ii) Interest due but not paid	0	0	-	0
iii) Interest accrued but not due	13,33,606	0	-	13,33,606
Total (i+ii+iii)	37,19,37,087	4,50,00,000	-	41,69,37,087
Change in Indebtedness during the financial year				
Addition*	1,85,21,44,055	30,00,00,000	-	2,15,21,44,055
Reduction	0	0	-	0
Net Change	96,18,803	12,86,712	-	1,09,05,515
Indebtedness at the end of the financial year 31.03.2017				
i) Principal Amount	2,22,27,47,536	34,50,00,000	-	2,56,77,47,536
ii) Interest due but not paid	0	0	-	0
iii) Interest accrued but not due	1,09,52,409	12,86,712	-	1,22,39,121
Total (i+ii+iii)	37,19,37,088	4,50,00,000	-	4,16,937,088

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1	Gross Salary	Mr. Vivek Tiwari (Managing Director)	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	42,00,000	42,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	85,00,000	85,00,000
4	Commission - as % of profit - others, specify...	-	-
5	Provident Fund	-	-
	Total (A)	1,27,00,000	1,27,00,000
	Ceiling as per the Act	Remuneration is being paid as per Schedule V of the Companies Act, 2013	

B. Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of Director				Total Amount
1	Independent Directors	Mukul Jaiswal	Rahul Gupta	CP Mohan	Vijayalaxmi Das	
	Sitting Fee (Board / Committee meetings)	1,70,000	1,40,000	1,10,000	40,000	4,60,000
	Commission	Nil	Nil	Nil	Nil	Nil

B. Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of Director				Total Amount
1	Independent Directors	Mukul Jaiswal	Rahul Gupta	CP Mohan	Vijayalaxmi Das	
	Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	1,70,000	1,40,000	1,10,000	40,000	4,60,000
2	Other Non-Executive Directors	Ratnesh Tiwari		Saneesh Singh		
	Fee for attending board committee meetings	1,40,000		70,000		2,10,000
	Commission	Nil				Nil
	Others, please specify	Nil				
	Total (2)	1,40,000		70,000		2,10,000
	Total (B)=(1+2)					6,70,000
	Total Managerial Remuneration					
	Overall Ceiling as per the Act	Remuneration is being paid as per Schedule V of the Companies Act, 2013				

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

Sl. No.	Particulars of Remuneration	Name		Total Amount
1	Gross salary	Ankit Tiwari Company Secretary	Sudhindra Sharma CFO	40,22,317
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,80,625	35,41,692	

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

Sl. No.	Particulars of Remuneration	Name		Total Amount
		Ankit Tiwari Company Secretary	Sudhindra Sharma CFO	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission -as % of profit -others, specify...			
5	Provident Fund	31,355	2,10,000	2,41,355
	Total	5,11,980	37,51,692	42,63,672

VII. Penalties/Punishments/Compounding of Offences:

No penalties, punishments & Compounding of offence were imposed on the Company during Financial year 2017-18.

Independent Auditors Report

To the Members of SATYA MICROCAPITAL LIMITED

(FORMERLY KNOWN AS TFC FINVEST LIMITED)

Report on the financial statements

We have audited the accompanying financial statements of Satya MicroCapital Limited (formerly known as HC Finvest Limited) (the "Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, its loss, and its cash flows for the year ended on that date.

Other Matter

The financial statements of the Company for the year ended March 31, 2017, included in these financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on April 28, 2017.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the Books of Account;
 - (d) In our opinion, the aforesaid financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the



Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- I. The Company does not have any pending litigations which would impact its financial position;
- II. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S. R. BATLIBOI & ASSOCIATES LLP**
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-

per **Amit Kabra**

Partner

Membership Number: 094533

Place: Gurgaon

Date: May 28, 2018

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Satya MicroCapital Limited

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets will be physically verified by the management in the next year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.

II. The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.

III. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

IV. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

V. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

VI. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.

VII. (a) 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 statutory dues have generally been regularly deposited with the appropriate authorities though there have been slight delays in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



(b) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

VIII. In our opinion and according to information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or dues to debenture holders

IX. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer.

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

X. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

XI. According to the information and explanations given by the management, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197, read with schedule V to the Act.

XII. In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

XIII. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements as required by the applicable accounting standards.

XIV. According to the information and explanations given to us anti on an overall examination of the balance sheet, the Company has complied with provisions of section 42 of the Act in respect of the preferential allotment or private placement of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of fully or partly convertible debentures during the year.

XV. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

XVI. According to the information and explanations given to us, the Company is already registered as a Non-Banking Finance Company - Microfinance Institution and therefore has complied with the provisions of section 45-IA of the Reserve Bank of India Act, 1934.

For **S. R. BATLIBOI & ASSOCIATES LLP**
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-

per **Amit Kabra**

Partner

Membership Number: 094533

Place: Gurgaon

Date: May 28, 2018

Annexure 2 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date

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

We have audited the internal financial controls over financial reporting of Satya MicroCapital Limited (the "Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S. R. BATLIBOI & ASSOCIATES LLP**

ICAI Firm registration number: 101049W/E300004

Chartered Accountants

Sd/-

per **Amit Kabra**

Partner

Membership Number: 094533

Place: Gurgaon

Date: May 28, 2018

SATYA MICROCAPITAL LIMITED

(FORMERLY KNOWN AS TFC FINVEST LIMITED)

Balanced Sheet as at 31st March 2018

Particulars	Notes	As At 31st March 2018 (INR)	As At 31st March 2017 (INR)
EQUITY AND LIABILITIES			
Shareholders Funds			
a) Share Capital	2	128,082,300	73,207,500
b) Reserves and Surplus	3	52,172,629	8,354,902
		180,254,929	81,562,402
Non-Current liabilities			
a) Long- term Borrowings	4	1,484,695,825	208,831,753
b) Deferred tax Liabilities(Net)	5	933,593	117,620
c) Other Long term liabilities	6	340,908	-
d) Long-term Provisions	7	11,585,616	770,392
		1,497,555,942	209,719,765
Current Liabilities			
a) Short-Term Borrowings	8	101,554,344	18,444,834
b) Other Current Liabilities	9A	1,050,835,804	191,194,950
c) Short Term Provisions	9B	9,774,451	275,799
		1,162,164,599	209,915,583
Total		2,839,975,470	501,197,750
B ASSETS			
Non Current Assets			
a) Property , Plant and Equipment			
(i) Tangible Assets	10	11,185,520	4,932,348
(ii) Intangible Assets	10	791,667	1,291,667
b) Long term Loans and Advances	11	816,226,074	155,004,827
c) Other Non-Current Assets	12	281,176,974	22,547,324
		1,109,380,235	183,776,166
Current Assets			
a) Trade Receivables	13	11,938,442	28,633
b) Cash and Bank Balances	14	662,831,556	202,116,332
c) Current Investment	15	1,878,747	4,020,273
d) Short Term Loans and Advances	16	946,639,733	106,224,550
e) Other Current Assets	17	107,306,757	5,031,797
		1,730,595,235	317,421,584
Total		2,839,975,470	501,197,750
Summary of Significant accounting policies	1		
The accompanying notes are integral part of the financial statements			

As per our report of even date attached

For S. R. BATLIBOI & ASSOCIATES LLP

ICAI Firm Registration Number : 101049W/E300004

Chartered Accountants

Sd/-
Amit Kabra
Partner
Membership Number. 094533

Sd/-
Vivek Tiwari
Managing Director
Din No. 02174160

Place: New Delhi
Date: 28 May 2018

Sd/-
Ankit Tiwari
Company Secretary
M. No. : A47270

For and on behalf of Board of Directors of
Satya MicroCapital Limited
(formerly known as "TFC Finvest Limited")

Sd/-
Ratnesh Tiwari
Director
Din No. 07131331

Sd/-
Sudhindra Kumar Sharma
Chief Financial Officer

SATYA MICROCAPITAL LIMITED
(FORMERLY KNOWN AS TFC FINVEST LIMITED)

Statement of profit and loss for the year ended 31st March 2018

Particulars	Notes	For the year ended 31st March 2018 (INR)	For the period ended 31st March 2017 (INR)
REVENUE			
Revenue From Operations	18	269,361,064	9,606,519
Other Income	19	314,850	20,273
Total Revenue (A)		269,675,914	9,626,792
EXPENSES			
Employee Benefits Expenses	20	103,442,127	11,763,666
Finance Costs	21	162,313,211	3,182,486
Depreciation and Amortization Expenses	10	5,187,752	737,642
Contingent Provision On Standard Assets	22	17,236,011	463,825
Other Expenses	23	44,590,274	7,977,539
Total Expenses (B)		332,769,375	24,125,158
Profit Before Tax (C) = A-B		(63,093,461)	(14,498,366)
Tax Expenses : (D)			
1) Current Tax		-	-
2) Deferred Tax		815,973	117,620
Loss for the Year ended (E) = C-D		(63,909,434)	(14,615,986)
Earning per Share			
Basic (Computed on the basis of Total Profit/(Loss) for the Year)	24	(6.28)	(6.18)
Diluted (Computed on the basis of Total Profit/(Loss) for the Year)		(5.45)	(6.18)
Nominal value Per Share		10.00	10.00
Summary of Significant accounting policies	1		

The accompanying notes are integral part of the financial statements.

**As per our report of even date attached
For S. R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration Number : 101049W/E300004
Chartered Accountants**

**For and on behalf of Board of Directors of
Satya MicroCapital Limited
(formerly known as "TFC Finvest Limited")**

Sd/-
Amit Kabra
Partner
Membership Number. 094533

Sd/-
Vivek Tiwari
Managing Director
Din No. 02174160

Sd/-
Ratnesh Tiwari
Director
Din No. 07131331

Place: New Delhi
Date: 28 May 2018

Sd/-
Ankit Tiwari
Company Secretary
M. No. : A47270

Sd/-
Sudhindra Kumar Sharma
Chief Financial Officer

SATYA MICROCAPITAL LIMITED

(FORMERLY KNOWN AS TFC FINVEST LIMITED)

Cash flow statement for the year ended 31st March 2018

Particulars	For the year ended 31st March 2018 (INR)	For the period ended 31st March 2017 (INR)
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Loss before Tax	(63,093,461)	(14,498,366)
Adjustment for Non Cash Expenses and Non Operating activities		
Depreciation	5,187,752	737,643
Mutual Fund Income	(314,850)	(20,273)
Interest on FDR	(22,567,459)	(950,210)
Operating Profit before Working Capital Changes	(80,788,018)	(14,731,206)
Increase in Long Term Loans & Advances	(661,221,247)	(155,004,827)
Increase in Short Term Loans and Advances	(840,415,183)	(96,224,550)
Increase in Other Non Current Assets	(258,629,650)	(22,547,324)
Increase in Other Current Assets	(102,274,959)	(2,437,531)
Increase in Trade Recievable	(11,909,809)	(28,633)
Increase in Short Term Provisions	9,498,653	1,488,866
Increase in Long Term Provisions	10,815,225	581,476
Increase in Other Current Liabilities	859,640,854	1,639,989
Increase in Other Long Term Liabilities	340,908	-
Cash Flow from Operating Activities	(1,074,943,226)	(287,263,740)
Tax Expense	-	-
A. Net Cash Outflow from Operating Activities	(1,074,943,226)	(287,263,740)
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Sale of Fixed Assets	56,700	-
Purchase of Fixed Assets	(10,997,624)	(6,961,657)
Mutual Fund Income	314,850	20,273
Interest on FDR	22,567,458	950,210
Purchase of Investments	2,141,526	(4,020,273)
B. Cash outflow from Investing Activities	14,082,910	(10,011,447)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Proceed from issue of Share Capital includes share premium	162,601,960	82,085,000
Proceeds from Short Term Borrowings (Net)	83,109,510	206,771,728
Proceeds from Long Term Borrowings (Net)	1,275,864,072	208,831,753
C. Net Cash from Financing Activities	1,521,575,542	497,688,481
Net Increase in Cash & Cash Equivalents (A+B+C)	460,715,224	200,413,294
Opening Cash and Cash Equivalents	202,116,332	1,703,038
Closing Cash and Cash Equivalents (Note No. 14)	662,831,556	202,116,332

As per our report of even date attached

For S. R. BATLIBOI & ASSOCIATES LLP

ICAI Firm Registration Number : 101049W/E300004

Chartered Accountants

For and on behalf of Board of Directors of
Satya MicroCapital Limited
(formerly known as "TFC Finvest Limited")

Sd/-
Amit Kabra
Partner
Membership Number. 094533

Sd/-
Vivek Tiwari
Managing Director
Din No. 02174160

Sd/-
Ratnesh Tiwari
Director
Din No. 07131331

Place: New Delhi
Date: 28 May 2018

Sd/-
Ankit Tiwari
Company Secretary
M. No. : A47270

Sd/-
Sudhindra Kumar Sharma
Chief Financial Officer

Notes to the financial statements

SATYA MICROCAPITAL LIMITED (FORMERLY KNOWN AS TFC FINVEST LIMITED)

Notes to Financial Statements for the year ended March 31,2018

Corporate information

Satya MicroCapital Limited (formerly known as "TFC Finvest Limited") ('the Company') was incorporated on 15th May 1995 under the Companies Act vide CIN U74899DL1995PLC068688. The Company was registered as a Non-Banking Financial (Non – Deposit Accepting or Holding) Company ('NBFC- ND') under section 45-IA of the Reserve Bank of India Act, 1934 vide certificate no.14.01513 with effect from 17, July 2000 and got classified to Non-Banking Financial Company-Micro Finance Institution ('NBFC-MFI') with effect from 02, February 2018. The Company is engaged in the Business of Micro Finance providing small value unsecured loans to low income clientele in Urban and Rural areas.

1. Significant accounting policies

(a) Basis of preparation of financial statements:

The company has prepared these Financial Statements to comply in all material respects with the Accounting Standards ('AS') notified under section 133 of the Companies Act, 2013 (the 'Act') read together with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) amendment Rules,2016 as per the provisions of Reserve Bank of India ('RBI') as applicable to a Non-Banking Financial (Non-deposit accepting or holding) Companies- MFI('NBFC-MFI Regulation'). The financial statements have been prepared on an accrual basis and under the historical cost convention except as disclosed in specific accounting policies.

The accounting policies adopted in the preparation of financial statements are consistent with those of the previous Year.

(b) Current / non-current classification of assets / liabilities

As required by Revised Schedule III, the Company has classified assets and liabilities into current and non-current based on the operating cycle. An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Since in case of non-banking financial Company normal operating cycle is not readily determinable, the operating cycle has been considered as 12 months.

(c) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting

Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any changes in estimates are recognized prospectively.

(d) Revenue Recognition

(I) Interest income on loans is accounted for by applying the Interest Rate, implicit in the agreement, on the diminishing balance of the financed amount, over the period of the agreement so as to provide a constant periodic rate of return on the net amount outstanding on the contracts. Income or any other charges Non Performing Assets is recognized only when realized and any such income recognized before the asset becoming Non Performing and remaining unrealized is reversed.

(ii) Loan installments received are apportioned between interest income and principal portion. The principal amount is reduced from the loan outstanding, so as to achieve the constant rate of interest on the remaining balance.

(iii) Processing fees is recognized as income on accrual basis and servicing fees on assignment of loans in respect of loans agreement is recognized as income over the tenor of the underlying pool.

(iv) Interest income on fixed deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(v) All other income is recognized on an accrual basis.

(e) Property, Plant and Equipment

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

(f) Intangible Fixed Assets

(i) Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the Year in which the expenditure is incurred.

(ii) Intangible assets are amortized on a straight line basis over the estimated useful economic life. All intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

(iii) Software expenditure is capitalized in accordance with Accounting Standard-26 "Intangible Assets".

(g) Depreciation on Tangible asset / Amortization of Intangible asset

(i) The Company follows the written down value (WDV) method for tangible fixed assets and Straight Line Method (SLM) for intangible fixed assets for computing the depreciation charge. All the fixed assets are depreciated over the estimated economic useful lives as estimated by the management. Such rates are higher than the corresponding depreciation rates prescribed in Schedule II of the Companies Act, 2013.

(ii) The management's estimate of the useful lives of the various fixed assets is as follows:

Asset description	Useful life (in Years)
Computers and peripherals	3
Furniture and Fixtures	10
Vehicles	8
Office equipment	5
Mobile and Tablet	3
Software	3

(h) Investment

Investments that are readily realizable and intended to be held for not more than a Year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at the lower of cost and fair value determined on an individual investment basis except for investments in the units of mutual funds in the nature of current investments that have been valued at the net asset value declared by mutual fund in respect of each particular scheme, in accordance with the NBFC Prudential Norms. Long-term investments are stated at cost.

On disposal of investment, the difference between the carrying amount and disposal proceeds are charged to the statement of profit and loss.

(i) Borrowing Cost

Borrowing costs consists of interest and other ancillary cost that an entity incurs in connection with borrowing of funds.

(j) Classification of Loan Portfolio

Loan Portfolio is classified in accordance with Non-Banking Financial Company-Microfinance Institutions (NBFC-MFI) Directions issued by Reserve Bank of India as mentioned below.

Asset Classification Norms

(i) Standard Assets means the assets in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.

(ii) Non Performance asset means an asset for which interest or principal has remained overdue for a period of 90 days or more.

(k) Provisioning policy for loan portfolio

Unsecured loan portfolio is provided for in accordance with Chapter IX of the NBFC Master Directions which require the total provision to be higher of:

(i) 1% of the outstanding loan portfolio, or

(ii) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for more than 180 days or more.

In addition to the provision created above, loans considered irrecoverable in the opinion of the company, are fully provided for/written off.

(l) Sale of asset portfolios by way of assignment/ securitization

The Company undertakes sale of its loan portfolios by way of securitization/ assignment of its loan portfolio. The assigned/ securitized portfolio is de-recognized from the books of the Company in situations where the Company relinquishes its contractual rights over the underlying loan

receivables and all risks and rewards are transferred to assignee/ buyer.

(m) Employee Benefits:

The Company has various schemes of retirement benefits, namely provident fund, gratuity and leave encashment.

(i) Short term employee benefits:

All employee benefits payable/ available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognized in the Statement of Profit and Loss in the period in which the employee renders the related service.

(ii) Other long term employee benefits:

Entitlements to annual leave are recognized when they accrue to employees. Leave entitlements can be availed while in service of employment subject to restriction on the maximum number of accumulation. The company determines the liability for such accumulated leave entitlements on the basis of actuarial valuation carried out by an independent actuary at the Year end.

(iii) Defined contribution plan:

Contributions towards Provident Fund are considered as defined contribution plan and the contributions are charged to the Statement of Profit and Loss for the Year when the expense is actually incurred.

(iv) Defined benefit plans:

The present value of obligations under such defined benefit plans are based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(n) Income Tax

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current Year and reversal of timing differences for the earlier Years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(o) Provision, contingent liabilities and contingent assets

The Company recognizes a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

(p) Earnings per share

Basic earnings per equity share is computed by dividing net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding for the year. Diluted earnings per share is computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares except where results are anti-dilutive. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at the fair value.

(q) Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term fixed deposits/ investments with an original maturity of three months or less.

2. Share Capital

Particulars of Share Capital - Authorised, Issued and Subscribed Authorised	As at March 2018 (INR)	As at March 2017 (INR)
Authorised 25000000 (Previous year 10000000) Equity Shares of Rs. 10/- each 5000000 Preference Shares of Rs. 10/- each	250,000,000 50,000,000	100,000,000 -
Issued *13658230 Equity Shares of Rs. 10/- each	136,582,300	73,207,500
Subscribed *12808230 Equity Shares of Rs. 10/- each	128,082,300	73,207,500
Paid up 12808230 Equity Shares of Rs. 10/- each	128,082,300	73,207,500
a) Reconciliation of number of Ordinary Shares outstanding		
I) As at beginning of the year	7,320,750	1,383,000
**Add: issue of Shares during the period at the end of the period	6,337,480	5,937,750
	13,658,230	7,320,750
b) Share holder holding more than 5% of the Ordinary Shares in the company	No. of Shares %	No. of Shares %
Vivek Tiwari	4,497,500 33%	3,597,500 49%
Maneesha Gupta	1,755,500 13%	1,715,500 23%
Dia Vikas Capital Private Limited	3,200,000 23%	

* 17,00,000 Equity Shares of Rs 10 face value have been issued to Mr.Vivek Tiwari (MD) of the Company as Sweat Equity out of which 8,50,000 Equity Shares of Rs 10 face value have been subscribed during the financial year.

**1,00,000 Equity Shares of Rs 10 face value are issued to MZI Consulting at a premium of Rs 20/- for consideration other than cash.

Terms/Rights attached to equity Shares

Any dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, after distribution of all preferential amounts.

3. Reserves and Surplus	As at March 2018 (INR)	As at March 2017 (INR)
Securities Premium Account		
At the beginning of the year	22,707,500	-
Add: on Issue of Shares	107,727,160	22,707,500
Closing Balance	130,434,660	22,707,500
Statutory Reserves		
U/s 451C of RBI Act 1934		
At the beginning of the year	91,428	91,428
Add: Current Period Amount	-	-
Closing Balance	91,428	91,428
Surplus (Deficit) in the Statement of Profit and Loss account		
At the beginning of the year	(14,444,026)	171,960
Add:-Net (Loss) for the Year	(63,909,434)	(14,615,986)
Closing Balance	(78,353,460)	(14,444,026)
Total Reserves & Surplus	52,172,629	8,354,902
4. Long Term Borrowings	As at March 2018 (INR)	As at March 2017 (INR)
Subordinated Debt	100,000,000	45,000,000
Term Loan		
-From Banks	250,179,789	-
-From Others	839,716,036	163,831,753
Compulsory Convertible Debentures	44,800,000	-
Optionally Convertible Debentures	50,000,000	-
Non Convertible Debentures	200,000,000	-
Total Long Term Borrowings	1,484,695,825	208,831,753
5. Deferred Tax Liabilities	As at March 2018 (INR)	As at March 2017 (INR)
Deferred Tax Liabilities	933,593	117,620
Total Deferred Tax Liabilities	933,593	117,620

6. Other Long Term Liabilities	As at March 2018 (INR)	As at March 2017 (INR)
Unamortized Servicer Fee	340,908	-
Total Other Long Term Liabilities	340,908	-
7. Long Term Provisions	As at March 2018 (INR)	As at March 2017 (INR)
Provision for Gratuity	1,139,143	-
Provision for Leave Encashment	1,957,655	382,879
Rent Equalisation Reserve	55,000	
Contingent Provision against Standard assets	8,433,818	387,513
Total Long Term Provisions	11,585,616	770,392
CURRENT LIABILITIES		
8. Short Term Borrowings	As at March 2018 (INR)	As at March 2017 (INR)
Term Loan		
-From Banks	-	-
-From Others	101,554,344	18,444,834
Total Short Term Borrowings	101,554,344	18,444,834
Overdraft Facility availed from ICICI Bank is against Fixed Deposit Receipt of Rs. 4,99,00,000 @ 6.9% with maturity period of 1 year, the rate of interest payable on this facility @ 7.4%		

9A. Other Current Liabilities	As at March 2018 (INR)	As at March 2017 (INR)
Current maturities of borrowings		
-From Banks	198,657,740	-
-From Others	739,283,666	144,412,379
Bank Overdraft	43,555,961	43,914,515
Interest Accrued but not due	12,239,122	1,333,606
Expense Payable	8,382,198	310,812
Payable towards Securitization/DA	19,770,694	
Unamortised Servicer fee	872,728	-
Unamortised income on securitisation	8,188,207	-
Statutory Liabilities	15,867,531	1,223,638
Other Payables	4,017,958	-
Total Other Current Liabilities	1,050,835,804	191,194,950
-		
9B. Short Term Provisions	As at March 2018 (INR)	As at March 2017 (INR)
Contingent Provision against Standard Assets	9,454,933.26	265,228
Provision for Leave Encashment	319,518	10,571
Total Short Term Provisions	9,774,451	275,799

10. Schedule of Property, Plant and Equipment as on 31st March 2018

NAME OF FIXED ASSETS	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK			
	AS ON 01.04.2017	ADDITION	SALE	TOTAL	AS ON 31.03.2017	WRITTEN BACK	DURING THE YEAR	UPTO 31.03.2018	AS ON 31.03.2018	AS ON 31.03.2017
COMPUTER	1,606,111	3,926,756	-	5,532,867	301,078	-	1,972,974	2,274,052	3,258,815	1,305,033
FURNITURE & FIXTURE	2,201,931	3,409,202	-	5,611,133	72,563	-	1,048,435	1,120,998	4,490,135	2,129,368
OFFICE EQUIPMENT	291,366	1,156,149	-	1,447,515	25,635	-	297,346	322,981	1,124,534	265,731
CAR	500,000	-	-	500,000	33,802	-	146,013	179,815	320,185	466,198
MOBILE HANDSET & TABLET	862,249	2,505,517	56,700	3,311,066	96,231	17,353	1,205,631	1,319,215	1,991,851	766,018
TOTAL	5,461,657	10,997,624	56,700	16,402,581	529,309	17,353	4,670,399	5,217,061	11,185,520	4,932,348

SCHEDULE OF INTANGIBLE FIXED ASSETS AS ON 31ST MARCH 2018

NAME OF FIXED ASSETS	GROSS BLOCK			AMORTIZATION BLOCK			NET BLOCK			
	AS ON 01.04.2017	ADDITION	SALE	TOTAL	AS ON 31.03.2017	WRITTEN BACK	DURING THE YEAR	UPTO 31.03.2018	AS ON 31.03.2018	AS ON 31.03.2017
SOFTWARE	1,500,000	-	-	1,500,000	208,333	-	500,000	708,333	791,667	1,291,667
TOTAL	1,500,000	-	-	1,500,000	208,333	-	500,000	708,333	791,667	1,291,667

11. Long Term Loans and Advances Unsecured and Considered Good	As at March 2018 (INR)	As at March 2017 (INR)
Portfolio Loans	816,226,074	155,004,827
Total Long Term Loans and Advances	816,226,074	155,004,827
12. Other Non Current Assets	As at March 2018 (INR)	As at March 2017 (INR)
Security Deposit	898,983	707,033
MRR Portion of Securitisation	27,831,222	-
Unamortised Processing Fees	-	1,065,072
Balance with Scheduled Banks		
-In FDR (maturity more than 12 months)*	252,446,769	20,775,219
Total Other Non Current Assets	281,176,974	22,547,324
*Includes deposits of Rs 6,65,68,405 (Previous year Rs 2,07,75,219) maintained as Cash Collateral against Term Loans availed and Rs 2,89,53,708 (Previous year NIL) Maintained as Cash Collateral against managed Portfolio.		
13. Trade Receivable (Unsecured considered good)	As at March 2018 (INR)	As at March 2017 (INR)
Other Trade Receivables	9,655,984	-
Insurance Claim Receivable	2,282,458	28,633
Total Trade Receivable	11,938,442	28,633

14. Cash and Bank Balances	As at March 2018 (INR)	As at March 2017 (INR)
Balance with Scheduled Banks		
-In Current Account	65,842,380	39,176,204
-In FDR (Maturity within 3 months)*	267,208,728	109,482,874
Cash In Hand	11,811,387	15,347
(A)	344,862,495	148,674,425
Other Bank Balances		
-In FDR (Maturity more than 3 months but but less than 12 months)**	317,969,061	53,441,907
(B)	317,969,061	53,441,907
Total Cash and Bank Balances (A+B)	662,831,556	202,116,332
*Includes deposits of Rs 46,40,797 (Previous year Rs 11,82,874) maintained as Cash Collateral against Term Loans availed.		
**Includes deposits of Rs 2,57,31,054 (Previous year Rs 35,41,907) maintained as Cash Collateral against Term Loans availed and Rs 63,30,594 (Previous year NIL) Maintained as Cash Collateral against managed Portfolio.		
15. Current Investment	As at March 2018 (INR)	As at March 2017 (INR)
Reliance Liquid Fund (no. of Unit - FY18 - Nil, FY17 - 120)	-	476,384
Reliance Reg Savings Fund-Debt (no. of Unit - FY18 - 67,588, FY17 - 145,229)	1,712,022	1,066,921
Reliance Money Manager Fund (no. of unit FY18 - 68, FY17 - 1,090)	166,726	2,476,968
Total	1,878,747	4,020,273
# Above marked items are lein marked in favor of Reliance Commercial Finance Limited		
16. Short Term Loans and Advances (Unsecured considered good)	As at March 2018 (INR)	As at March 2017 (INR)
Portfolio Loans	940,070,523	106,091,216
Advance to Others	-	100,000
Advances to Employees	5,835,720	33,334
Advance recoverable in cash	733,490	-
Total Short Term Loans and Advances	946,639,733	106,224,550

17. Other Current Assets	As at March 2018 (INR)	As at March 2017 (INR)
Deferred Revenue expenditure	22,920,651	1,423,584
Receivable on POOL MRR	2,770,998	-
MRR Portion on Securitisation	4,747,424	-
Advance to Vendors	37,554,918	87,000
Security Deposit	10,808,485	-
Interest Accrued on Bank FDR's	5,312,620	509,034
Income Tax Refund A.Y 17-18	124,537	-
Advances Recoverable in cash or kind	7,583	57,535
Prepaid Expenses	6,396,234	569,329
Unamortized Share Issues Expenses	-	576,000
Service tax, Krishi Kalyan cess Credit	-	493,339
Interest accrued but not due on Loans	9,154,028	848,506
TDS Recoverable	7,459,279	417,470
CD Balance-Insurance	50,000	50,000
Total Other Current Assets	107,306,757	5,031,797

18. Revenue From Operations	For the Year Ended March 2018 (INR)	For the Period Ended March 2017 (INR)
Interest on Loan portfolio	182,598,182	3,790,097
Income on Securitization	13,283,334	-
Interest on FDR	22,567,459	950,210
Servicer Fee	404,205	-
Subvention Income	16,392,430	-
Other Services Fee	10,500,000	-
Loan Processing Fees	23,615,454	2,651,800
Sale of Shares	-	2,211,752
Dividend Received	-	2,660
Total Revenue from Operations	269,361,064	9,606,519
19. Other Income	For the Year Ended March 2018 (INR)	For the Period Ended March 2017 (INR)
Miscellaneous Income	314,850	20,273
Total Other Income	314,850	20,273

20. Employee Benefit Expenses	For the Year Ended March 2018 (INR)	For the Period Ended March 2017 (INR)
Staff Welfare	785,662	150,505
Directors Remuneration	12,700,000	1,000,000
Salaries	36,278,410	4,905,231
Bonus	1,461,143	148,425
Leave Encashment	1,939,616	393,450
Gratuity	1,139,143	-
Incentive	3,356,242	-
Allowances	34,161,438	4,048,304
Recruitment and Training Expenses	2,209,315	242,765
Employer contribution to ESI and PF	6,893,367	810,483
Employees Reimbursements	1,534,983	-
Health Insurance	982,808	64,503
Total Employee Benefit Expenses	103,442,127	11,763,666
21. Finance Cost	For the Year Ended March 2018 (INR)	For the Period Ended March 2017 (INR)
Interest Paid		
To Bank	20,642,465	8,515
To Others	134,308,083	3,038,378
Bank Charges	211,300	6,049
Processing Fees	4,089,837	129,544
Stamp Duty	250,368	-
Syndication Fee	2,527,752	-
Other Finance Cost	283,406	-
Total Finance Cost	162,313,211	3,182,486
22. Contingent Provision Against Standard Assets	For the Year Ended March 2018 (INR)	For the Period Ended March 2017 (INR)
Contingent Provision Against Standard Assets	17,236,011	463,825
Total Contingent Provision against Standard Assets	17,236,011	463,825

23. Other Expenses	For the Year Ended March 2018 (INR)	For the Period Ended March 2017 (INR)
Purchases of Stock-in-Trade	-	184,934
Changes in Stock-in-Trade	-	2,020,933
Advertisement Expenses	143,016	-
Commission & Brokerage	22,750	-
Business Promotion	1,785,884	283,660
Courier Expenses	560,747	-
General Insurance Expenses	173,251	68,992
Legal & Professional Fee	11,288,420	1,440,194
Cashless POS Fee	895,516	-
Membership Fees	83,900	152,350
Meeting & Conference	446,205	-
Software Expenses	5,200,939	174,923
Postage, Internet & Telephone Expenses	4,008,662	458,952
Electricity Charges	524,195	34,111
Printing & Stationeries	1,515,193	140,107
Office Maintenance	3,387,835	434,716
Rates & Taxes	1,917,957	-
Rent Including Lease Rent	5,221,575	1,054,755
Branch Establishment Expenses	335,816	348,793
Director Siting Fee	632,000	-
Travelling & Conveyance	4,119,324	850,103
Vehicle Maintenance	256,025	85,324
ROC Fee	58,350	2,000
Festival Expenses	217,214	166,192
Annual Meet Expenses	1,661,290	-
Freight & Forwarding	134,210	76,500
Total Other Expenses	44,590,274	7,977,539

24. Earnings Per Share (EPS)

Particulars	March 31, 2018	March 31, 2017
Profit after tax as per the statement of Profit and Loss	(6,39,09,434)	(1,46,15,986)
Net profit attributable to equity shareholders for calculation of basic EPS	(6,39,09,434)	(1,46,15,986)
Opening balance of equity shares	73,20,750	13,83,000
Add: Issued/ converted during the Year:	54,87,480	59,37,750
Closing balance of equity shares	1,28,08,230	73,20,750
Nominal value of equity share (Rs.)	12,80,82,300	7,32,07,500
Weighted average number of equity shares outstanding during the period for calculation of basic EPS	1,01,77,910	23,64,242
Effect of diluted potential equity shares	9,98,538	NIL
Weighted average number of equity shares for calculation of diluted EPS	1,11,76,448	23,64,242
Basic earnings per share (INR)	(6.28)	(6.18)
Diluted potential equity shares (INR)	(5.45)	(6.18)

25. Auditor's remuneration (excluding tax)

Particulars	For the Year ended March 31, 2018 (INR)	For the Period ended March, 31 2017 (INR)
As auditor		
-Statutory audit	7,50,000	25,000
-Reimbursement of expenses	50,000	Nil
Total	8,00,000	25,000

26. Operating leases

Head Office and branch Office premises are acquired on operating lease. The branch office premises are generally rented on cancellable term of 11 Months with or without escalation clause however none of the branch lease agreement carries non-cancellable lease period .The Head Office premises have been obtained on a lease term of 9 Years with an escalation clause of 5% annually. The rent agreement for Head Office premises have a no non-cancellable lease period of 3 years.

The aggregate lease rentals payable are charged to Statement of Profit and Loss.

Particulars	For the Year ended March 31, 2018 (In Lakhs)	For the Period ended March, 31 2017 (In Lakhs)
Lease payments recognized in the Statement of Profit and Loss	52,21,575	10,54,755

27. Disclosure with respect to Accounting Standard (AS)-15 (Revised) Employee Benefits

Defined benefit plan (Gratuity):

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days (for a month of 26 days) of total basic salary last drawn for each completed Year of service. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972, except that there is no limit on payment of gratuity.

The Company had carried out an actuarial valuation in accordance with AS-15(Revised) "Employee Benefits" during the Year ended March 31,2018. Disclosures with respect to changes in defined benefit obligation, funded status, expense for the year with respect to the year ended March 31, 2018 are made based on the report received from Actuary.

The following table sets out the status of the gratuity plan as required under AS-15 (Revised):

Particulars	For the Year ended March 31, 2018	For the Period ended March 31, 2017
A) Reconciliation of benefit obligations and plan assets		
Opening defined benefit obligation	-	-
Current service cost	16,39,965	-
Interest cost	-	-
Actuarial losses/ (gains)	(5,00,822)	-
Benefits paid	-	-
Settlement loss/ (gain)	-	-
Closing Benefit Obligation	11,39,143	-
B) Reconciliation of present value of the obligations and the fair value of the plan assets		
Present value of obligations	11,39,143	-
Fair value of plan assets	-	-
Net liability to be recognized in Balance Sheet	11,39,143	-
C) Gratuity cost for the Year:		
Current service cost	16,39,965	-
Interest cost	-	-
Expected return/ (loss) on plan assets	-	-
Settlement loss/ (gain)	-	-
Net actuarial losses/ (gain) recognized in Year	(5,00,822)	-
Prior period charge for current cost	-	-
Net gratuity cost/ (income) to be recognized in Statement of Profit and Loss	11,39,143	-

Assumptions	March 31, 2018	March 31, 2017
Discount rate	7.70%	-
Expected rate of return on plan assets	-	-
Salary escalation rate	7.00%	-

Financial assumptions

The discount rate mentioned above reflects the estimated timing and currency of benefit payments. It is based on the yields/ rates available on applicable bonds as on current valuation date.

The salary growth indicated above is the Company's best estimate on an increase in the salary of the employees in future Years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc

28. Contingent liabilities

Credit enhancements provided by the Company towards asset assignment / securitisation (including cash collaterals, principal and interest subordination) as at March 31, 2018 amounts to Rs. 352.84 lakhs (Previous year : Nil).

29. Segment Reporting

Since the Company's business activity falls within single primary/ secondary business segment viz., loan and financing in India, no disclosure is required to be given as per Accounting Standard (AS) – 17 "Segment Reporting" as notified under Section 133 of the Companies Act, 2013 ('the Act') read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

30. Related parties under AS-18 with whom transactions have taken during the year. Transaction with related parties

Nature of Transaction	Substantial shareholder		Key Management Personnel		Relative of Key Management	
	Year ended March'18 (In Lakhs)	Period ended March'17 (In Lakhs)	Year ended March'18 (In Lakhs)	Period ended March'17 (In Lakhs)	Year ended March'18 (In Lakhs)	Period ended March'17 (In Lakhs)
Remuneration						
Vivek Tiwari	-		127.00*	10.00		
Sudhindra Sharma	-		37.52	-	-	-
Ankit Tiwari	-		5.12	-	-	-
Advance (Given) and Received						
Vivek Tiwari			(12.00)	(15.00)		
Vivek Tiwari			12.00	15.00	-	-
Sudhindra Sharma			(4.00)			
Sudhindra Sharma			4.00			
Ankit Tiwari			(3.24)	-		
Ankit Tiwari			3.24			
Documentation Charges						
DiaVikas Capital Pvt. Ltd.	20.00		-	-	-	-
Salary						
Girijesh Tiwari	-				0.81	-
Other Transaction						
1.Allotment of Equity Shares including Share Premium						
DiaVikas Capital Pvt Ltd	1152.00				-	-
Sudhindra Sharma	-		20.52		-	-
Ankit Tiwari	-		4.05		-	-
2.Issue of Compulsory Convertible Debentures						
DiaVikas Capital Pvt Ltd	448.00					

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

*This includes 8,50,000 Sweat Equity Shares issued at the rate Rs. 10 Face Value per Share

31. Disclosures relating to Securitization in terms of the notifications issued by the Reserve Bank of India vide its circular numbered RBI/ 2012-13/170 DNBS. PD. No.301/3.10.01/ 2012-13

S.No.	Particulars	March 31, 2018	March 31, 2017
1	Number of SPVs sponsored by the NBFC for securitization transactions	4	-
2	Total amount of securitized assets as per books of the SPVs sponsored by the NBFC (INR)	41,45,12,610	-
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance sheet		
	a)Off-balance sheet exposure		
	*First loss	-	-
	*Others	-	-
	b)On-balance sheet exposure		
	*First loss (INR)	3,52,84,302	-
	*Others (INR)	3,25,78,646	-
4	Amount of exposures to securitization transactions other than MRR		
	a)Off-balance sheet exposure		
	i)Exposure to own securitizations		
	*First loss	-	-
	*Others	-	-
	ii)Exposure to third party securitizations		
	*First loss	-	-
	*Others	-	-
5	Amount of exposures to securitization transactions other than MRR		
	b)On-balance sheet exposure		
	i)Exposure to own securitizations		
	*First loss	-	-
	*Others	-	-
	ii)Exposure to third party securitizations		
	*First loss	-	-
	*Others	-	-

No securitization deal was undertaken during the period ended March 31, 2017.

32. Securitization Deal

The Company sells loans through direct securitization. The information on direct assignment activity of the Company as on Originator is as given below:

Particulars	For the year ended March 31, 2018	For the period ended March 31, 2017
(I) No. of accounts	19,444	-
(ii) Aggregate value of accounts sold (INR)	45,28,64,941	-
(iii) Aggregate consideration (INR)	46,14,80,667	-
(iv) Additional consideration realized in respect of accounts transferred in earlier Years	-	-
(v) Aggregate gain / loss over net book value (INR)	86,15,726	-

33. Assignment Deal:

The Company sells loans through direct assignments. The information on direct assignment activity of the Company as an Originator is as given below:

Particulars	For the year ended March 31, 2018	For the period ended March 31, 2017
(I) No. of accounts	1,194	-
(ii) Aggregate value (net of provisions) of accounts sold (INR)	2,91,55,586	-
(iii) Aggregate consideration (INR)	2,91,55,586	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value (INR)	-	-

SATYA MICROCAPITAL LIMITED (FORMERLY KNOWN AS TFC FINVEST LIMITED)

Notes to Financial Statements for the year ended March 31, 2018

34. Other legal and regulatory disclosure

- (i) At the year end, the Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
- (ii) There are no amounts that need to be disclosed in accordance with the Micro Small and medium enterprise development Act, 2006 (MSMED) pertaining to micro or small enterprises for the Year ended 31st March 2018 no supplier has intimated the company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.
- (iii) Figures for the previous year have been regrouped and/or reclassified wherever considered necessary, to conform to current year's classification.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES LLP

ICAI Firm Registration Number : 101049/E300004

Chartered Accountants

For and on behalf of Board of Directors of
Satya MicroCapital Limited

(Formerly known as "TFC Finvest Limited")

**Sd/-
Amit Kabra**

Partner

Membership Number. 094533

**Sd/-
Vivek Tiwari**

Managing Director

Din No. 02174160

**Sd/-
Ratnesh Tiwari**

Director

Din No. 07131331

Place: New Delhi

Date: 28 May 2018

**Sd/-
Ankit Tiwari**

Company Secretary

M. No. : A47270

**Sd/-
Sudhindra Kumar Sharma**
Chief Financial Officer

Notice

Notice is hereby given that the Twenty Third Annual General Meeting of SATYA MICROCAPITAL LIMITED will be held on Monday, the 20th day of August, 2018 at 11:00 AM at its registered office at 519,5th Floor, DLF Prime Towers, Okhla Industrial Area, Phase-1, New Delhi-110020 to transact the following business:

ORDINARY BUSINESS

1. ADOPTION OF ANNUAL AUDITED FINANCIAL STATEMENT AND REPORTS THEREON

To receive, consider and adopt:

The audited financial statement of the Company for the financial year ended March 31, 2018, the Reports of Directors and Auditors thereon.

2. APPOINTMENT OF DIRECTOR IN PLACE OF THOSE RETIRING BY ROTATION

To appoint a Director in place of Mr. Ratnesh Tiwari (DIN: 07131331), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

3. TO APPOINT MR. C P MOHAN (DIN: 02661757) AS AN INDEPENDENT DIRECTOR

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV of the Companies Act, 2013, and as per Articles of Association of the Company and pursuant to applicable provisions, if any, Mr. C P Mohan (DIN: 02661757), appointed vide resolution passed by the Board of Directors on 11.08.2017 as a non-executive Director (Additional Director) of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and in respect of whom the Company has received notice in writing under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose him as a candidate for the office of the Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five years from 11.08.2017 or till such earlier date as may be determined by any applicable statutes, rules, regulations or guidelines and he shall not be liable to retire by rotation.”

4. TO APPOINT MRS. VIJAYALAKSHMI DAS (DIN: 00624128) AS AN INDEPENDENT DIRECTOR

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV of the Companies Act, 2013, and as per Articles of Association of the Company and pursuant to applicable provisions, if any, Mrs. Vijayalakshmi Das (DIN: 00624128) appointed vide resolution passed by the Board of Directors on 11.07.2017 as a non-executive Director (Additional Director) of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and in respect of whom the Company has received notice in writing under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose him as a candidate for the office of the Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five years from 11.07.2017 or till such earlier date as may be determined by any applicable statutes, rules, regulations or guidelines and he shall not be liable to retire by rotation.”

5. TO APPOINT MR. SANEESH SINGH (DIN: 02254868) AS A DIRECTOR

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013 (“the Act”) read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof), Mr. Saneesh Singh (DIN: 02254868), who was appointed as an Additional Director of the Company with effect from 26.10.2017 pursuant to Section 161 of the Act and the Articles of Association of the Company and who holds office up to the date of this 23rd Annual General Meeting and who has given a notice in writing under Section 160 of the Act, signifying his candidature for the office of Director along with the necessary deposit, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

6. TO INCREASE THE LIMIT U/S 42 OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER (OFFERS OR INVITATIONS FOR NON-CONVERTIBLE DEBENTURES)

To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provision of Sections 42 and 71 of the Companies Act, 2013 and Rule 14(2) of Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force) and in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the “Board” which terms shall be deemed to include any committee duly constituted by the Board or any committee, which the Board may hereafter constitute), to issue/offer/invite for subscription of secured/unsecured, rated/unrated, listed/unlisted non-convertible debentures (“Debentures”) by way of private placement, in one or more tranches, from time to time, to any category of investors eligible to invest in the Debentures, aggregating upto Rs. 2,00,00,00,000 /- (Rupees Two Hundred Crores only) on such terms and conditions and at such times whether at par//premium/discount, as may be decided by the Board to such person or persons including one or more company(ies), body Corporate(s), statutory corporation(s), commercial Bank(s), Lending Agency(ies), Financial Institution(s), insurance company(ies), mutual fund(s) and individual(s), as the case may be or such other person/persons as the Board may decide so for a period of one year from the date of approval of the shareholders, within the overall borrowing limits of the Company, as approved by the members of the Company from time to time.

RESOLVED FURTHER THAT in connection with the above, the Board be and are hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this Resolutions and for matters connected therewith or incidental thereto.

RESOLVED FURTHER THAT, any Director of the Company or the Company Secretary of the Company be and are hereby severally authorized to issue a Certified Copy of the Resolution.”

7. TO INCREASE THE BORROWING POWER OF BOARD OF DIRECTORS U/S 180(1) (C) OF THE COMPANIES ACT, 2013

To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT consent of the members be and is hereby accorded pursuant to section 180(1)(c) and other applicable provisions if any, of the Companies Act, 2013 and the Rules made thereunder, to the Board of Directors of the company to raise or borrow from time to time such sum or sums as they may deem appropriate for the purposes of the company notwithstanding that the monies already borrowed and the monies to be borrowed (apart from temporary loans obtained from company's bankers in the ordinary course of business) will exceed the paid-up capital of the



company and free reserves not set apart for any specific purpose provided that the total amount upto which monies may be borrowed by the Board of Directors shall not exceed Rs. 15,00,00,00,000/- (Rupees Fifteen Hundred Crores Only) at any time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do such acts, deeds, things and execute all such documents, undertakings as may be necessary for giving effect to the above resolution.”

8. TO INCREASE THE POWER OF BOARD OF DIRECTORS FOR CREATING CHARGE OVER MOVABLE AND IMMOVABLE PROPERTIES OF THE COMPANY U/S 180(1)(a) OF THE COMPANIES ACT, 2013

To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

“**RESOLVED THAT** consent of the members be and is hereby accorded pursuant to section 180(1)(a) and other applicable provisions if any, of the Companies Act, 2013 and the Rules made thereunder, to the Board of Directors of the Company to pledge, mortgage and/or charge in all or any part of the moveable or immovable properties of the Company and the whole or part of the undertaking of the Company of every nature and kind whatsoever and/or creating a floating charge in all or any movable or immovable properties of the Company and the whole of the undertaking of the Company to or in favour of Banks, Financial Institutions, any other lenders or debenture trustees to secure the amount borrowed by the Company or any third party from time to time for the due payment of the Principal together with interest, charges, costs, expenses and all other monies payable by the Company or any third party in respect of such borrowings provided that the maximum extent of the indebtedness secured by the properties of the Company does not exceed Rs. 15,00,00,00,000/- (Rupees Fifteen Hundred Crores Only) at any time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do such acts, deeds, things and execute all such documents, undertakings as may be necessary for giving effect to the above resolution.”

9. INCREASE IN THE AUTHORISED SHARE CAPITAL AND ALTERATION OF THE CAPITAL CLAUSE IN THE MEMORANDUM OF ASSOCIATION OF THE COMPANY

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 13, 61 and 64 of Companies Act, 2013 (hereinafter referred as the “Companies Act”) read with Companies (Share Capital and Debentures) Rules, 2014 and other applicable provisions, if any and the provisions of the Memorandum of Association and Articles of Association of the Company, Authorised Share Capital of the Company be and is hereby increased from the existing Rs. 30,00,00,000 (Thirty Crores) divided into into 2,50,00,000 (Two Crores Fifty Lacs) equity shares of Rs. 10/- (Rupees Ten) each and 5,000,000 (Fifty Lacs) Preference shares of Rs. 10/- (Rupees Ten) each to Rs. 50,00,00,000 (Rupees Fifty Crores) divided into 4,00,00,000 (Four Crores) Equity Shares of Rs. 10/- (Rupees Ten only) each and 1,00,00,000 (One Crore) Preference shares of Rs. 10/- (Rupees Ten) each.

RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following new Clause V as under:

V. The Authorised Share capital of the company is Rs. 50,00,00,000/- (Rupees Fifty Crores Only) divided into 4,00,00,000 (Four Crores) equity shares of Rs. 10/- (Rupees Ten) each and 1,00,00,000 (One Crores) Preference shares of Rs. 10/- (Rupees Ten) each).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate.”

**By Order of the Board of Directors
For SATYA MICROCAPITAL LIMITED**

**Place: Delhi
Dated: 28th May, 2018**

**Sd/-
Ankit Tiwari
Company Secretary
M.No- A47270**

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
2. The proxy form duly completed must reach the registered office not later than 48 hours before the commencement of the Meeting. A body corporate being a member shall be deemed to be personally present at the meeting if represented in accordance with the provisions of Section 113 of the Companies Act, 2013. The representative so appointed, shall have the right to appoint a proxy.
3. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 and Rule 22 of the Companies (Management and Administration) Rules, 2014, ("Rules") setting out all material facts in respect of the business specified in this notice and the reasons thereto is annexed hereto.
4. Relevant documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and Public holidays up to the date of the Annual General Meeting.
5. Members may please note that no gifts/ gift coupons shall be distributed at the venue of the General Meeting.
6. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices, Circular, etc. from the Company in electronic mode.

**By Order of the Board of Directors
For SATYA MICROCAPITAL LIMITED**

**Place: Delhi
Dated: 28th May, 2018**

**Sd/-
Ankit Tiwari
Company Secretary
M.No- A47270**

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ATTACHED ALONG WITH THE NOTICE DATED 28TH MAY, 2018

Item No. 3

Mr. C P Mohan was appointed vide Board Resolution dated 11.08.2017 as an additional Independent director pursuant to section 161 of the Companies Act, 2013. He will hold office as a Director only till the date of this Annual General Meeting. The Company has received a notice as prescribed under Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs.1,00,000/- signifying his intention to propose Mr. C P Mohan as a Director of the Company not liable to retire by rotation. The Company has received from Mr. C P Mohan (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, (iii) Declaration of Independence u/s 149 (7) of The Companies Act, 2013 .

The Board of Directors recommends the passing of the resolution.

Except Mr. C P Mohan, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution.

Item No. 4

Mrs. Vijayalaxmi Das was appointed vide Board Resolution dated 11.07.2017 as an additional Independent director pursuant to section 161 of the Companies Act, 2013. She will hold office as a Director only till the date of this Annual General Meeting. The Company has received a notice as prescribed under Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs.1,00,000/- signifying his intention to propose Mrs. Vijayalaxmi Das as a Director of the Company not liable to retire by rotation. The Company has received from Mrs. Vijayalaxmi Das (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, (iii) Declaration of Independence u/s 149 (7) of The Companies Act, 2013 .

The Board of Directors recommends the passing of the resolution.

Except Mrs. Vijayalaxmi Das, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution.

Item No. 5

Mr. Saneesh Singh who has been appointed as an Additional Director of the Company pursuant to the provision of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company effective from 26.10.2017 holds office upto the date of this Annual General Meeting and is eligible for appointment as a Director.

Mr. Saneesh Singh is not disqualified from being appointed as Director in terms of Section 164 of Companies Act, 2013 and has given his consent to act as Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Saneesh Singh as Nominee Director, for the approval by the shareholders of the Company.

Except Mr. Saneesh Singh, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution.

Item No. 6

Pursuant to Section 42 of the Companies Act, 2013 and other applicable provisions read with the relevant rules thereunder requires every issuance of securities/non-convertible debentures of the Company to be authorized by way of a special resolution. It may be noted that Rule 14(2) of Companies (Prospectus and Allotment of Securities) Rules, 2014 read with Section 42 of the Companies Act, 2013, allows a company to pass a special resolution once in a year for all the offer or invitation for Non-Convertible Debentures/ Bonds to be made during the year through Private placement basis in one or more tranches.

Consent of the Members is therefore sought in connection with the aforesaid issue of Non-Convertible Debentures/ Bonds from time to time and they are requested to authorize the Board (including any committee of the Board) to issue Non-Convertible Debentures/Bonds during the year on private placement basis upto Rs. 200 Crores (Rupees Two Hundred Crores only) in one or more tranches. For every issue of non-convertible debentures proposed to be offered during this year, the pricing of the debentures (including premium if any) will be determined on the basis of the prevailing market consideration and as specially approved by the Board at such time.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution. The Board of Directors recommend the Resolution for approval of the members of the Company

Item No. 7 & 8

Being into the business of Micro Finance, the Company requires more funds from various lenders of repute to run its operations smoothly and consistently. Therefore, it is required by the Company to raise the limit of indebtedness against the property from Rs. 500 Crores to Rs. 1,500 Crores. Pursuant to section 180(1)(c) of the Companies Act, 2013 a Company will require Shareholders approval if the money borrowed together with the money already borrowed by it exceeds aggregate of paid up share capital of it and free reserve, apart from temporary loans obtain from its bankers' in the ordinary course of business. In light of it the present limit of borrowing as approved by shareholders is Rs. 500 Crores at any time which is required to be enhanced pursuant to the business/working capital requirements of the Company.

Further, pursuant to section 180(1)(a) of the Companies Act, 2013 at present the Company can incur up to Rs. 500 Crores at any time, as maximum indebtedness against the property whether movable or immovable which can be pledged, mortgage and/or charged and the whole or part of the undertaking of the Company of every nature and kind whatsoever and/or creating a floating charge in all or any movable or immovable properties of the Company and the whole of the undertaking of the Company to or in favour of Banks, Financial Institutions, any other lenders or debenture trustees to secure the amount borrowed by the Company or any third party from time to time for the due payment of the Principal together with interest, charges, costs, expenses and all other monies payable by the Company or any third party in respect of such borrowings.

Therefore, the Board in its meeting dated 28th May, 2018 has approved the enhancement in borrowing limit pursuant to section 180(1)(c) of the Company Act, 2013 from Rs. 500 Crores to Rs. 1,500 Crores and recommend the same for your approval.

Therefore, your consent is required pursuant to section 180(1)(a) and section 180(1) (b) of the Companies Act, 2013 and Rules made thereunder.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding (if any) in the Company. Board of Directors recommends the passing of the resolution as Special Resolution.

Item No. 9

The Company proposes to raise funds in future by issuing further equity shares on preferential basis/ Private Placement/Right Issue and any other securities in one or more combination thereof. The existing Authorized Capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty Crores only) divided

into 2,50,00,000 (One Two Crores Fifty Lacs) Equity Shares of Rs. 10/- each and 50,00,000 (Fifty Lacs Preference Shares) of Rs. 10 each which would not be sufficient to cover the proposed amount of issue. In view of this, the Company proposes to increase the existing authorised equity capital from Rs. 30,00,00,000/- (Rupees Thirty Crores only) to Rs. 50,00,00,000/- (Rupees Fifty Crores only) by creating additional 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each and 50,00,000 (Fifty Lacs) Preference shares of Rs. 10/- (Rupees Ten only) each thereby increasing the existing Authorised Capital from Rs. 30,00,00,000/- (Rupees Thirty Crores only) to Rs. 50,00,00,000/- (Rupees Fifty Crores only) divided into 4,00,00,000 (Four Crores only) equity shares of Rs. 10/- each and 1,00,00,000 (One Crore only) Preference shares of Rs. 10/- (Rupees Ten only) each.

The proposed increase in Authorised Capital will consequently require alteration in Capital clause V of Memorandum of Association of the Company.

The Ordinary resolution is therefore proposed at item no. 9 of the notice to increase the Authorised Share Capital of the Company and necessary alternation in clause V of Memorandum of Association. None of the Directors and Key Managerial Personnel of the Company or their relatives is directly or indirectly concerned or interested in this Resolution. The Board recommends this resolution for the approval of the members as Special Resolution

**By Order of the Board of Directors
For SATYA MICROCAPITAL**

LIMITED

**Place: Delhi
Dated: 28th May, 2018**

**Sd/-
Ankit Tiwari
Company Secretary
M.No- A47270**



(Annexure-A)
**DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT
IN ANNUAL GENERAL MEETING**

S. No.	Name	DIN	Brief Profile	Qualification	Date of Appointment	Date of Birth	Number of Equity Shares held in the Company	Relationship between directors inter-se	Director in other Companies
1.	RATNESH TIWARI	07131331	Mr. Ratnesh Tiwari has on-the-ground experience in understanding, identifying and resolving operational and technical issues in biomass-based rural energy systems. He is passionate about socio-economic development of villages. He has excellent	Mr. Ratnesh is an engineering postgraduate and pursuing his doctoral degree (Ph.D.) from Indian Institute of Technology (IIT) Delhi.	28.10.2016	07.04.1987	41,500	Brother of Vivek Tiwari, MD	KOSHISH RENEWABLE SERVICES PVT LTD
2.	VJAYLAKSHMI DAS	00624128	Mrs. Vijayalakshmi Das is the Chief Executive of FWWB, India. She was also the Managing Director of Ananya Finance for Inclusive Growth Pvt. Ltd.	A Postgraduate in Economics, also she did advance courses in Economics from Economic Institute, Harvard Institute for International Development, and Women's World Banking of USA.	11.07.2017	17.07.1951	NIL	None	

S. No.	Name	DIN	Brief Profile	Qualification	Date of Appointment	Date of Birth	Number of Equity Shares held in the Company	Relationship between directors inter-se	Director in other Companies
3.	Mohan Chandanathil Pappachan	02661757	Mr. M C Pappachan has worked for NABARD as Chief General Manager and is known for his leadership in Micro finance, Rural Finance and bankers training. During his thirty years tenure in NABARD, apart from his role in building strong rural financial networks in newly formed states like Uttarakhand and Jharkhand. He is recognised for his contributions to building up NABFINS as its Managing Director. Mr. Mohan was involved as the Leader of the support Team for the Khan	A Post Graduate from Institute of Rural Management.	11.08.2017	25.05.1956	NIL	None	NA

S. No.	Name	DIN	Brief Profile	Qualification	Date of Appointment	Date of Birth	Number of Equity Shares held in the Company	Relationship between directors inter-se	Director in other Companies
4.	SANEESH SINGH	02254868	Mr. Saneesh has 25 years of experience in the fields of development, banking, and finance, financial inclusion, MSME lending and impact investments. Saneesh is a member of Inclusive Finance India Group of Advisors and serves on MFI and Small Finance Bank boards. He also serves on key committees and industry forums associated with social performance, responsible finance and impact investments. He has earlier worked in various senior managerial capacities at Small Industries Development Bank of India and was part of the core team that initiated its highly successful microfinance program. He successfully implemented prestigious bilateral projects with UK Aid, IFAD, World Bank, and GIZ during his SIDBI stint. He also played a key role in start-up support and growth of Bandhan, the leading Indian MFI (now a universal bank)	Saneesh holds a PGD in Information Management and Systems Administration; a Master's Degree in Social Work and is a British Chevening Scholar of Banking and Finance from The London School of Economics and Political Science.	26.10.2017	19.09.1968	NIL	None	-ESAF SMALL FINANCE BANK LIMITED -MI INDIA CAPITAL CONSULTANTS PRIVATE LIMITED -SAMHITA COMMUNITY DEVELOPMENT SERVICES -GROWING OPPORTUNITY FINANCE (INDIA) PRIVATE LIMITED -DIA VIKAS CAPITAL PRIVATE LIMITED -CASHPOR MICRO CREDIT -MARGDARSHAK FINANCIAL SERVICES LIMITED -ESAF MICROFINANCE AND INVESTMENTS PRIVATE LIMITED -MI INDIA CAPITAL & INVESTMENT PRIVATE LIMITED

ATTENDANCE SLIP

Folio No.*: _____
DP ID: _____

No. of Shares: _____
Client ID: _____

Members or their Proxies are requested to present this Slip in accordance with the Specimen Signatures registered with the Company, at the entrance of the Meeting Hall, for admission.

Name of the attending Member / Proxy(s) _____
(in BLOCK LETTERS)

I hereby record my presence at the Annual General Meeting of the Company held on Monday, the 20th day of August, 2018 at 11:00 A.M. at the registered office of the Company at office 519,5th Floor, DLF Prime Towers, Okhla Industrial Area, Phase-1, New Delhi-110020.

Member's Signature

Proxy's Signature

*Applicable for Members holding shares in Physical form.

Form No. MGT-11
Proxy form

**[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3)
of the Companies (Management and Administration) Rules, 2014]**

Name of the Company:

SATYA MICROCAPITAL LIMITED Registered Office: office 519,5th Floor, DLF Prime Towers, Okhla Industrial Area, Phase-1, New Delhi-110020

Name of the Member(s).....

Registered Address.....

E-mail Id.....

Folio No /Client ID.....

DP ID.....

I/We, being the member(s) of _____ shares of the above-named Company. Hereby appoint:

S. No.	Name	Address	E-mail Id	Signature

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company held on Monday, the 20th day of August, 2018 at 11:00 A.M. at the registered office of the Company at office 519,5th Floor, DLF Prime Towers, Okhla Industrial Area, Phase-1, New Delhi-110020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.:-

1. Adoption of Annual Audited Financial Statements and Reports Thereon for Financial Year 2017-18;
2. Appointment of Director in place of Director retiring by rotation;
3. Appointment of Mr. C P Mohan as an Independent Director;

4. Appointment of Mrs. Vijayalakshmi Das as an Independent Director;
5. Appointment of Mr. Saneesh Singh as a Director;
6. Increase in the limit u/s 42 of the Companies Act, 2013 and rules framed thereunder (Offers or Invitations for Non-Convertible Debentures);
7. Increase in the Borrowing Power of Board of Directors u/s 180(1)(c) of the Companies Act, 2013;
8. Increase in the Power of Board of Directors for Creating Charge over Movable & Immovable Properties of the Company u/s 180(1)(a) of the Companies Act, 2013;
9. Increase in the Authorised Share Capital and alteration of the Capital Clause in the Memorandum of Association of the Company.

Affix Revenue Stamps.

Signed this ____ day of ____ 20__

Affix Revenue Stamps

Signature of Shareholder

Signature of Proxy holder(s)

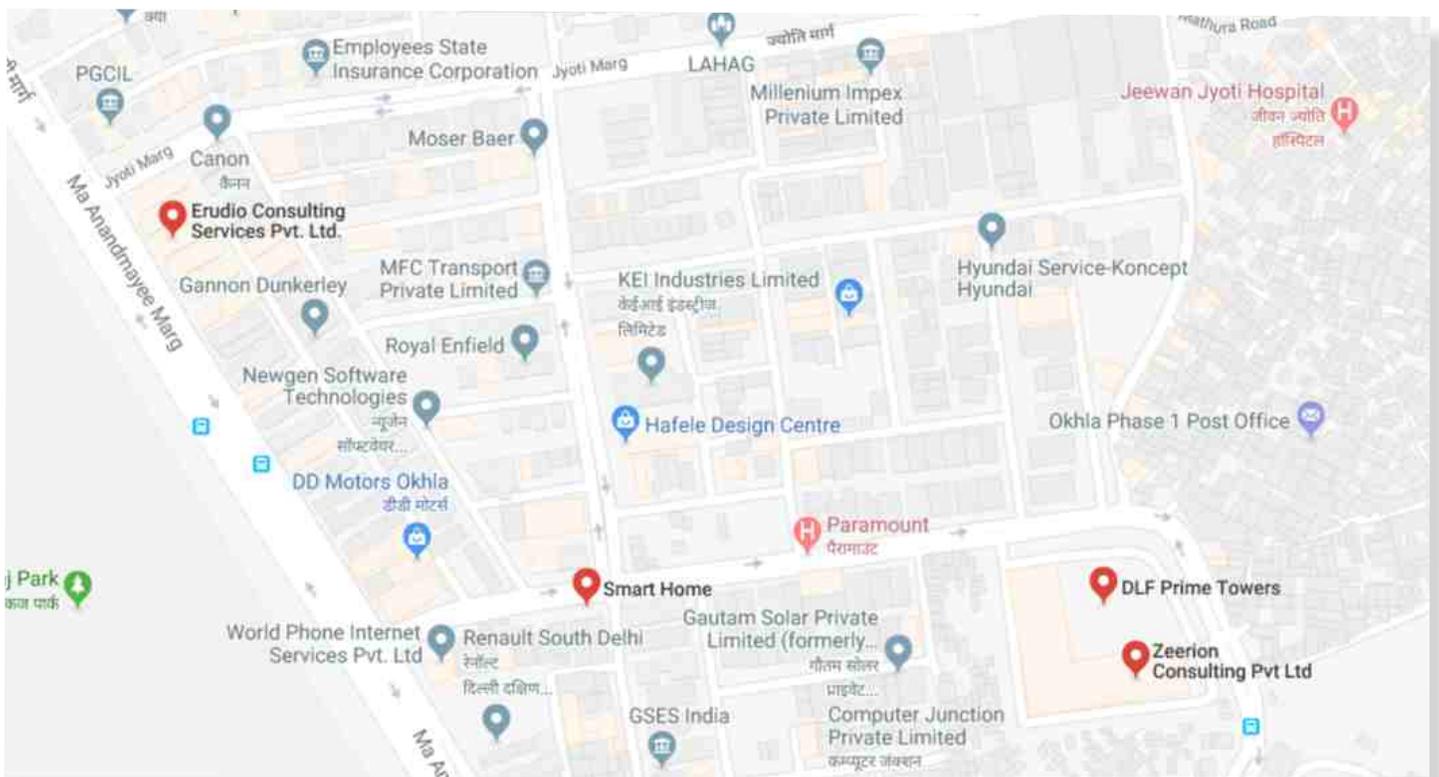
Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

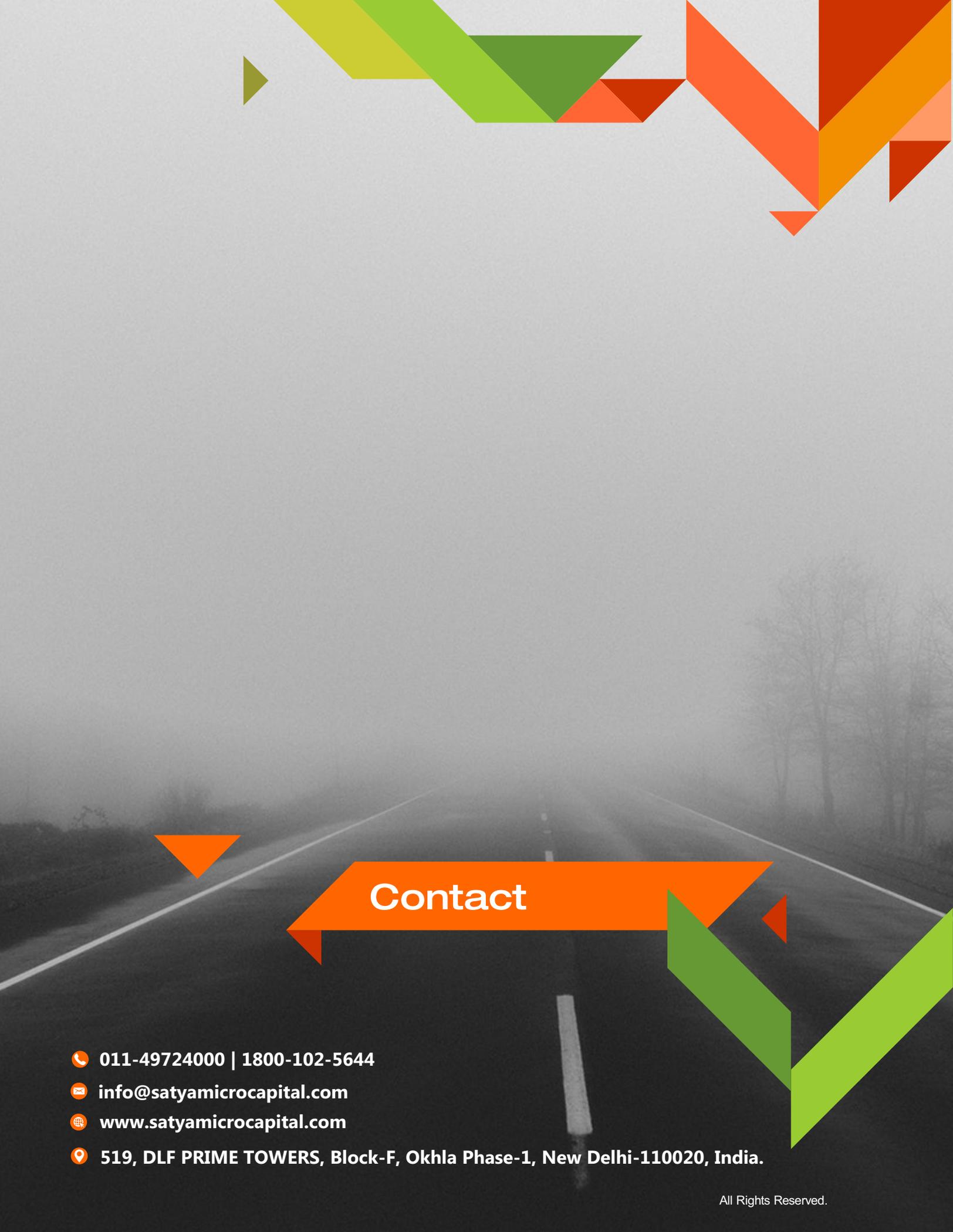
ROUTE MAP

Date of AGM: August 20, 2018

Time: 11:00 AM

Venue: 519, 5th Floor, DLF Prime Towers, Okhla Industrial Area, Phase-1, Delhi-110020, India





Contact

 011-49724000 | 1800-102-5644

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 www.satyamicapital.com

 519, DLF PRIME TOWERS, Block-F, Okhla Phase-1, New Delhi-110020, India.