S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Satya MicroCapital Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Satya MicroCapital Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 46 of the financial statement which describes the extent to which CoVID-19 Pandemic impacts the Company's operations and financial results will depend on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
(a) Impairment of financial instruments (including provision for expected credit losses) *(as described in note 3(e) of the Ind AS financial statements)*	
Ind AS 109 requires the Company to provide for impairment of its loan	• Our audit procedures included considering the Company's accounting policies for impairment of loan

Key audit matters	How our audit addressed the key audit matter
receivables (financial assets) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial assets over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In this process, a significant degree of judgement has been applied by the management for: a) Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default'. b) Grouping of loan portfolio under homogenous pools to determine probability of default on a collective basis. c) Determining effect of less frequent past events on future probability of default. **Additional considerations on account of CoVID-19** Pursuant to the Reserve Bank of India circular dated March 27, 2020 ("RBI circular") allowing lending institutions to offer a moratorium to customers on payment of instalments falling due between March 1, 2020 and May 31, 2020 read with advisory issued by the Microfinance Institutions Network dated March 30, 2020 ("MFIN advisory"), the Company has extended a moratorium to its borrower in accordance with its Board approved policy as described in Note 7.1. As per the guidance from ICAI, extension of the moratorium to borrowers by itself is not considered to result in a SICR for a borrower, however the entity needs to evaluate whether the borrowers to which moratorium is granted will remain regular once the moratorium period gets over. The Company has recorded a macroeconomic overlay of Rs.25.51Mn as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronavirus (CoVID-19) pandemic. Given the unique nature and scale of the economic impact of this pandemic, its timing being close to the	receivables and assessing compliance with the policies in terms of Ind AS 109. • Tested the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets for determining the PD and LGD rates. • Tested the operating effectiveness of the controls for staging of loans based on their past-due status. Tested a sample of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3. • Tested the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. • Performed inquiries with the Company's management and its risk management function to assess the impact of lock-down on the business activities of the Company. • Assessed the Company's policy with respect to moratorium pursuant to the RBI circular and MFIN advisory and tested the implementation of such policy on a sample basis. • Assessed the additional considerations applied by the management for staging of loans as SICR/ default in view of Company's policy on moratorium. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including CoVID-19 pandemic) in accordance with the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. • Compared the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109. Reviewed specific disclosures made in the Ind AS financial statements with regards to the impact of CoVID-19 on ECL estimation.

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Key audit matters	How our audit addressed the key audit matter
year-end, and no reliable data being available regarding the impact of various regulatory packages, the macroeconomic overlay estimate is based on various highly uncertain and unobservable factors. In accordance with the guidance in Ind AS 109, the macroecnomic overlay estimate takes into account reasonably and supportable information without incurring significant cost. The actual credit losses for the next 12 months could be significantly different than the ECL estimates prepared by the Company depending upon the impact and duration of the pandemic and various regulatory and policy measures announced by the Government. Given the high degree of management's judgement involved in estimation of ECL, accentuated by the considerations for CoVID-19 related developments, it is an area of material uncertainty and a key audit matter.	
(b) Transition to Ind AS accounting framework *(as described in note 35 of the Ind AS financial statements)*	
In accordance with the roadmap for implementation of Indian Accounting Standards (Ind AS) for non-banking financial companies, as announced by the Ministry of Corporate Affairs, the Company has adopted Ind AS from April 1, 2019 with an effective date of April 1, 2018 for such transition. For periods up to and including the year ended March 31, 2019, the Company had prepared and presented its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "previous GAAP"). In order to give effect of the transition to Ind AS, these financial statements for the year ended March 31, 2020, together with the comparative financial information for the previous year ended March 31, 2019 and the transition date balance sheet as at April 1, 2018 have been prepared under Ind AS. The transition has involved significant changes in the Company's financial reporting policies and processes, including generation of reliable and supportable financial information. Further, the management has exercised significant judgement for giving an appropriate effect of the first-time adoption principles of Ind AS 101, as at transition date and to	• Read the Ind AS impact assessment performed by the management and the resultant changes made to the accounting policies considering the requirements of the new framework. • Assessed the judgement exercised by the management in applying the first-time adoption principles of Ind AS 101 especially in respect of fair valuation of assets and liabilities existing as at transition date. • Read changes made to accounting policies in light of the requirements of the new framework. • We understood the financial statement closure process and the additional controls (including IT controls) established by the Company for transition to Ind AS. • Assessed the judgement applied by the Company in determining its business model for classification of financial assets. • Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. • Assessed the judgements applied by the Company in respect of areas where the accounting treatment adopted or the disclosures made under the new accounting framework were inconsistent with the extant RBI Directions. • Assessed disclosures prescribed under Ind AS

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Key audit matters	How our audit addressed the key audit matter
determine the impact of the new accounting framework on certain accounting and disclosure requirements prescribed under Reserve Bank of India (RBI) directions, to the extent applicable. In view of the material impact and complexities and significant judgement involved in implementing Ind AS, we have focused on this area in our audit.	
(c) IT systems and controls	
The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	We performed the following procedures assisted by specialized IT auditors on the IT infrastructure and applications relevant to financial reporting: • Tested the design and operating effectiveness of IT access controls over the information systems. • Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. • Tested the Company's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorization. • In addition to the above, we tested the design and operating effectiveness of certain automated and IT dependent manual controls that were considered as key internal controls over financial reporting. • Where deficiencies were noted, we tested the design and operating effectiveness compensating controls and, where necessary, extended the scope of our substantive audit procedures.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis and Board's Report including Annexures to Board's Report, but does not include the Ind AS financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read such other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to comply with the relevant applicable requirements of the standard on auditing for auditor's responsibility in relation to other information in documents containing audited financial statements.

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Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and

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events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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 purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

      i. The Company 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;

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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**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra
Partner
Membership Number: 094588

UDIN: 20094533AAAACV3303
Gurugram
May 20, 2020

Annexure 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 were physically verified by the management in the previous 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. No material discrepancies were noticed on such verification.

(C) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(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 Companies Act, 2013. 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 given 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 Companies Act, 2013, 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 custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) 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, goods and service 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.

(c) 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 the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, 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.

S.R. BATLIBOI & ASSOCIATES LLP

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 / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(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 by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 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.

(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 Companies Act, 2013.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra
Partner
Membership Number: 094533

UDIN: 20094533AAAACV3303
Gurugram
May 20, 2020

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

We have audited the internal financial controls over financial reporting of Satya MicroCapital Limited ("the Company") as of March 31, 2020 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 With Reference to these Financial Statements

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 With Reference to these Standalone Financial Statements

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, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2020, 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**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. BATLIBOI & ASSOCIATES LLP

per Amit Kabra
Partner
Membership Number: 094533

UDIN : 20094533AAAACV3303
Gurugram
May 20, 2020

Satya MicroCapital Limiited
Balance Sheet as at March 31, 2020

(Rupees in millions unless otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
ASSETS				
Financial assets				
Cash and cash equivalents	4	471.83	362.20	413.40
Bank balances other than cash and cash equivalents	5	981.78	1,830.94	507.19
Trade receivables	6	22.29	13.55	11.94
Loan portfolio	7	9,172.52	6,054.91	2,142.06
Investments	8	-	-	1.88
Other financial assets	9	113.70	107.42	53.51
Total financial assets		**10,762.12**	**8,369.02**	**3,129.98**
Non-financial assets				
Current tax assets (net)	10	62.92	12.84	7.58
Deferred tax assets (net)	11	45.31	42.02	27.75
Property, plant and equipment	12	43.76	26.02	19.17
Intangible assets	12	0.75	0.61	0.79
Other non-financial assets	13	120.34	22.79	9.37
Total non-financial assets		**273.08**	**104.28**	**64.66**
Total assets		**11,035.20**	**8,473.30**	**3,194.64**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Debt securities	14	2,425.84	1,624.32	249.97
Borrowings (other than debt securities)	14	6,678.97	5,674.52	2,571.80
Subordinated liabilities	14	125.72	125.50	100.57
Other financial liabilities	15	60.54	152.02	12.39
Total financial liabilities		**9,291.07**	**7,576.36**	**2,934.73**
Non-financial liabilities				
Provisions	16	13.40	6.22	3.42
Other non-financial liabilities	17	13.04	25.73	25.78
Total non-financial liabilities		**26.44**	**31.95**	**29.20**
EQUITY				
Equity share capital	18	304.47	257.54	128.08
Other equity	19	1,413.22	607.45	102.63
Total equity		**1,717.69**	**864.99**	**230.71**
Total liabilities and equity		**11,035.20**	**8,473.30**	**3,194.64**

Summary of significant accounting policies 3

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

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number : 101049W/E300004

per Amit Kabra
Partner
Membership No.094533

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

Vivek Tiwari
Managing Director and CEO
DIN: 02174160

Ratnesh Tiwari
Director
DIN: 07131331

Rachna Khantwal
Company Secretary
M. No. : A43785

Sudhindra Sharma
Chief Financial Officer

S.R. BATLIBOI & ASSOCIATES LLP

Satya MicroCapital Ltd. New Delhi

Place: Gurugram
Date: May 20, 2020

Place: New Delhi
Date: May 20, 2020

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

(Rupees in millions unless otherwise stated)

	Notes	For year ended March 31, 2020	For year ended March 31, 2019
Revenue from operations			
Interest income	20	1,973.52	977.93
Fee and commission income	21	14.96	11.29
Net gain on derecognition of financials instruments under amortised cost category	22	96.56	15.60
Total revenue from operations		**2,085.04**	**1,004.82**
Other income	23	1.09	12.25
Total income		**2,086.13**	**1,017.07**
Expenses			
Finance cost	24	1,159.04	602.47
Impairment on financial instruments	25	99.27	41.87
Employee benefits expense	26	473.16	234.18
Depreciation and amortization expense	12	26.43	16.00
Other expenses	27	217.26	125.97
Total expenses		**1,975.16**	**1,020.49**
Profit before tax		**110.97**	**(3.42)**
Tax expense:	28		
Current year tax		44.78	13.56
Earlier year tax		0.32	-
Deferred tax		(9.42)	(14.35)
Income-tax expense		**35.68**	**(0.79)**
Profit for the year		**75.29**	**(2.63)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		(1.26)	0.30
Income tax effect		0.37	(0.08)
Total comprehensive income for the year		**74.40**	**(2.41)**
Earnings per share (equity share, face value of Rs.10 each)			
Computed on the basis of total profit for the year			
Basic (Rs.) (EPS)	29	2.48	(0.12)
Diluted (Rs.) (DPS)	29	2.43	(0.12)
Nominal value		10.00	10.00
Summary of significant accounting policies	3		

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

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number : 101049W/E300004

per Amit Kabra
Partner
Membership No.094533

Place: Gurugram
Date: May 20, 2020

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

Vivek Tiwari
Managing Director and CEO
DIN: 02174160

Ratnesh Tiwari
Director
DIN: 07131331

Rachna Khantwal
Company Secretary
M. No. : A43785

Sudhindra Sharma
Chief Financial Officer

Place: New Delhi
Date: May 20, 2020

Satya MicroCapital Limited
Cash Flow Statement for the year ended March 31, 2020

(Rupees in millions unless otherwise stated)

	For year ended March 31, 2020	For year ended March 31, 2019
Cash flow from operating activities		
Profit before tax	110.97	(3.42)
Adjustments for:		
Depreciation and amortization	26.43	16.00
Share based payment to employees	11.43	0.22
Provision for gratuity and leave encashment	7.18	2.80
Re-measurement gains/(losses) on defined benefit plans	(1.26)	0.30
Impairment of financial instruments	90.50	40.22
Net gain on derecognition of financials instruments under amortised cost category	(96.56)	(15.60)
Interest income	(1,973.52)	(977.93)
Interest expense	1,139.44	598.14
	(685.39)	**(339.27)**
Operating cash flows on account of:		
Interest income	1,776.29	882.88
Interest expense	(1,174.65)	(603.20)
Lease rental reversed upon implementaion of Ind AS 116	(5.37)	(4.07)
Operating profit before working capital changes	**(89.12)**	**(63.66)**
Movements in working capital:		
Increase/(decrease) in other financial liabilities	(91.48)	139.63
Increase/(decreases) in other non-financial liabilities	(12.69)	(0.05)
(Increase)/decrease in bank balances other than cash and cash equivalents	849.16	(1,323.75)
(Increase)/decrease in trade receivables	(8.74)	(1.61)
(Increase)/decrease in loan portfolio	(2,967.92)	(3,849.85)
(Increase)/decrease in other financial assets	(6.28)	(53.91)
(Increase)/decrease in other non-financial assets	(43.94)	(6.01)
Cash used in operations	**(2,371.01)**	**(5,159.21)**
Income-tax paid	(88.67)	(18.82)
Net cash used in operating activities (A)	**(2,459.68)**	**(5,178.03)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(40.39)	(21.58)
Purchase of intangible assets	(0.57)	(0.38)
Proceeds from derecognition of property, plant and equipment	-	1.19
Proceeds from sale of investments	-	1.88
Net cash used in investing activities (B)	**(40.96)**	**(18.89)**
Cash flow from financing activities		
Proceeds from issue of equity shares (including securities premium)*	399.37	636.47
Issue of compulsorily convertible preference shares (including securities premium)	367.50	-
Net proceeds from borrowings#	1,843.40	4,509.25
Net cash from financing activities (C)	**2,610.27**	**5,145.72**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**109.63**	**(51.20)**
Cash and cash equivalents at the beginning of the year	362.20	413.40
Cash and cash equivalents at the end of the year (refer note 4)	**471.83**	**362.20**
Components of cash and cash equivalents as at the end of period		
Cash on hand	8.81	7.86
Balance with banks - on current account	460.52	351.83
Deposits with original maturity of less than or equal to 3 months	2.50	2.51
Total cash and cash equivalents	**471.83**	**362.20**

* Net of amount recoverable from Satya Employee Welfare Trust.
# Represents net proceeds from debt securities, borrowings (other than debt securities) and subordinated liabilities.
For disclosure of investing and financing activities that do not require the use of cash and cash equivalents, refer note 42.

Summary of significant accounting policies 3

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

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number : 101049W/E300004

per Amit Kabra
Partner
Membership No.094533

S.R. BATLIBOI & ASSOCIATES LLP

Satya MicroCapital Ltd. New Delhi

Place: Gurugram
Date: May 20, 2020

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

Vivek Tiwari
Managing Director and CEO
DIN: 02174160

Ratnesh Tiwari
Director
DIN: 07131331

Rachna Khantwal
Company Secretary
M. No. : A43785

Sudhindra Sharma
Chief Financial Officer

Place: New Delhi
Date: May 20, 2020

Satya MicroCapital Limited
Statement of Changes in Equity for year ended on March 31, 2020

A. Equity Shares
Equity Share of Rs. 10 each issued

(Rupees in millions unless otherwise stated)

Particulars	No. of Shares	Amount
As at April 1, 2018	**13,658,230**	**136.58**
Equity share capital issued during the year ended March 31, 2019 (refer note 18)	12,751,600	127.52
As at March 31, 2019	**26,409,830**	**264.10**
Equity share capital issued during the year ended March 31, 2020 (refer note 18)	6,911,898	69.12
As at March 31, 2020	**33,321,728**	**333.22**

Equity Share of Rs. 10 each subscribed

Particulars	No. of Shares	Amount
As at April 1, 2018	**12,808,230**	**128.08**
Equity share capital subscribed during the year ended March 31, 2019 (refer note 18)	13,601,600	136.02
As at March 31, 2019	**26,409,830**	**264.10**
Equity share capital subscribed during the year ended March 31, 2020 (refer note 18)	6,911,898	69.12
As at March 31, 2020	**33,321,728**	**333.22**

Equity Share of Rs. 10 each paid-up

Particulars	No. of Shares	Amount
As at April 1, 2018	**12,808,230**	**128.08**
Equity share capital raised during the year ended March 31, 2019* (refer note 18)	13,601,600	129.46
As at March 31, 2019	**26,409,830**	**257.54**
Equity share capital raised during the year ended March 31, 2020* (refer note 18)	6,911,898	46.93
As at March 31, 2020	**33,321,728**	**304.47**

* Net of amount recoverable from Satya Employee Welfare Trust amounting to Rs.10 mn as at March 31, 2020 and Rs.6.56 mn as at March, 2019.

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Satya MicroCapital Ltd. New Delhi

B. Other equity

Particulars	Notes	Reserves & Surplus						Compulsorily Convertible Preference Shares	Compulsorily Convertible Debentures	Grand Total
		Securities Premium	Retained Earnings	General Reserve	Statutory Reserve (as required by Section 45-IC of the Reserve Bank of India Act, 1934)	Share Options Outstanding Reserve	Total			
Balance as at April 1, 2018	19	130.43	(72.70)	-	0.09	-	57.83	-	44.80	102.63
Profit for the year ended March 31, 2019		-	(2.63)	-	-	-	(2.63)	-	-	(2.63)
Other comprehensive income (net of income-tax effect)		-	0.22	-	-	-	0.22	-	-	0.22
Total comprehensive income		-	(2.41)	-	-	-	(2.41)	-	-	(2.41)
Transfer to Statutory Reserve*		-	(6.47)	-	6.47	-	-	-	-	-
Fair value of stock option - charge for the year		-	-	-	-	0.22	0.22	-	-	0.22
Premium on issue of equity share capital made during the year ended March 31, 2019		585.25	-	-	-	-	585.25	-	-	585.25
Amount recoverabe from Satya Employee Welfare Trust		(33.44)	-	-	-	-	(33.44)	-	-	(33.44)
Conversion of Compulsorily Convertible Debentures into equity		-	-	-	-	-	-	-	(44.80)	(44.80)
Balance as at March 31, 2019	19	682.24	(81.58)	-	6.56	0.22	607.45	-	-	607.45
Profit for the year ended March 31, 2020		-	75.29	-	-	-	75.29	-	-	75.29
Other comprehensive income (net of income-tax effect)		-	(0.89)	-	-	-	(0.89)	-	-	(0.89)
Total comprehensive income		-	74.40	-	-	-	74.40	-	-	74.40
Transfer to Statutory Reserve		-	(15.06)	-	15.06	-	-	-	-	-
Fair value of stock option - charge for the year		-	-	-	-	11.43	11.43	-	-	11.43
Premium on issue of equity share capital made during the year ended March 31, 2020		370.00	-	-	-	-	370.00	-	-	370.00
Amount recoverabe from Satya Employee Welfare Trust		(17.56)	-	-	-	-	(17.56)	-	-	(17.56)
Issue of Compulsorily Convertible Preference Shares		340.28	-	-	-	-	340.28	27.22	-	367.50
Balance as at March 31, 2020	19	1,374.97	(22.24)	-	21.62	11.65	1,385.99	27.22	-	1,413.22

* As determined on the basis of profit calculated under previous GAAP.

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number : 101049W/E300004

per Amit Kabra
Partner
Membership No.094533

Place: Gurugram
Date: May 20, 2020

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

Vivek Tiwari
Managing Director and CEO
DIN: 02174160

Ratnesh Tiwari
Director
DIN: 07131331

Rachna Khantwal
Company Secretary
M. No. : A43785

Sudhindra Sharma
Chief Financial Officer

Place: New Delhi
Date: May 20, 2020

1. Corporate information

Satya MicroCapital Limited ('Satya' or the 'Company') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on May 18, 1995. The Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND-SI') with the Reserve Bank of India ('RBI') and got classified as Non-Banking Financial Company – Micro Finance Institution (NBFC – MFI) effective February 2, 2018.

The Company is primarily engaged in the business of micro finance providing small value unsecured loans to low-income customers in urban, semi-urban and rural areas. The tenure of these loans is generally spread over one to two years.

2. Basis of preparation

a) Statement of compliance in preparation of financial statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The financial statement has been prepared on a going concern basis.

For all periods up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP) notified under section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the Master Direction – Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI.

The financial statements for the year ended March 31, 2020 are the first, the Company has prepared in accordance with Ind AS. The Company has applied Ind AS 101 - First time adoption of Indian Accounting Standards, for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note No.35.

The financial statements have been prepared on a historical cost basis, except for financial instruments which have been measured at fair value. Further, the carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortized cost, are adjusted to record changes in fair value attributable to the risks that are being hedged. The financial statements are presented in Indian Rupees (INR).

b) Presentation of financial statements

The Company presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when Ind AS specifically permits the same or it has an unconditionally legally enforceable right to offset the recognized amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically.

3. Significant accounting policies

a) Use of estimates, judgments and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

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In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Defined employee benefit assets and liabilities
The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

ii) Fair value measurement
When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

iii) Impairment of loan portfolio
Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Company makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance. Refer note 46 for further details of the increased uncertainty relating to the estimation of impairment of loan portfolio due to the impact of the pandemic as at Mach 31, 2020.

iv) Provisions other than impairment on loan portfolio
Provisions are held in respect of a range of future obligations such as employee entitlements and litigation provisions. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than one year are discounted at a rate which reflects both current interest rates and the risks specific to that provision.

v) Share Based Payment
Estimating fair value for share-based payment transactions requires determining of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

vi) Other estimates
These include contingent liabilities, useful lives of tangible and intangible assets etc.

b) Recognition of income and expense

(i) Interest income
The Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest revenue is recognized using the effective interest method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

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The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income to the extent recoverable. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

(ii) Interest expense
Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

(iii) Dividend income
Dividend income is recognized when the Company's right to receive the payment is established, which is generally when the shareholders approve the dividend.

(iv) Other income and expense
All Other income and expense are recognized on an accrual basis in the period they occur.

c) Property, plant and equipment (PPE) and intangible asset

PPE

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

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

Intangible Asset

Intangible assets represent capital expenditure towards software which is stated at cost less accumulated amortization and any accumulated impairment losses.

d) Depreciation and amortization

Depreciation

i. Depreciation on property, plant and equipment provided on a written down value method at the rates arrived based on useful life of the assets, prescribed under Schedule II to the Companies Act, 2013, which also represents the estimate of the useful life of the assets by the management.

ii. Property, plant and equipment costing up to Rs.5,000 individually are fully depreciated in the year of purchase.

The Company has used the following useful lives to provide depreciation on its Property, plant and equipment:

Asset Category		Useful Life (In Years)
(i)	Furniture and fittings	10
(ii)	Computers and data processing units	
	(a) Servers and networks	6
	(b) End user devices, such as, desktops, laptops, etc.	3
(iii)	Office equipment	5
(iv)	Motor vehicles	
	(a) Motor cars	8

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Amortization
Intangible assets are amortized on the basis of Straight-Line Method over a period of 4 years.

e) **Impairment**

i) Overview of principles for measuring expected credit loss ('ECL') on financial assets.
In accordance with Ind AS 109, the Company is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. Accordingly, the Company is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Company is required to recognize credit losses over next 12 months period. The Company has an option to determine such losses on individual basis or collectively depending upon the nature of underlying portfolio. The Company has a process to assess credit risk of all exposures at each year end as follows:

Stage I
These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. The Company has assessed that all standard exposures (i.e. exposures with no overdues) and exposure upto 30 days overdues fall under this category. In accordance with Ind AS 109, the Company measures ECL on such assets over next 12 months.

Stage II
Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Company classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Company measures lifetime ECL on stage II loans.

Stage III
All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Company measures lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount. The method is similar to Stage II assets, with the probability of default set at 100%.

When estimating ECL on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Methodology for calculating ECL
The mechanics of the ECL calculation involve the use of following key elements:

Probability of default (PD) - The probability of default is an estimate of the likelihood of default over a given time horizon (12-month or lifetime, depending upon the stage of the asset). PD estimation is done based on historical internal data available with the Company. For credit impaired assets, a PD of 100% has been applied.

Exposure at default (EAD) – It represents an estimate of the exposure of the Company at a future date after considering repayments by the counterparty before the default event occurs. The outstanding balance as at reporting date is considered as EAS by the Company. Considering the PD determined above factors in amount at default, there is no separate requirement to estimate EAD.

Loss given default (LGD) – It represents an estimate of the loss expected to be incurred when the event of default occurs. The Company uses historical loss data/external agency LGD for identified pools for the purpose of calculating LGD.

Forward looking information
While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company

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based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

Definition of default and cure

The Company considers a financial instrument as defaulted and classifies it as Stage III (credit-impaired) for ECL calculations typically when the borrower becomes 90 days past due on contractual payments. The Company may also classify a loan in Stage III if there is significant deterioration in the financial condition of the borrower or an assessment that adverse market conditions may have a disproportionately detrimental effect on the loan repayment. Thus, as a part of the qualitative assessment of whether an instrument is in default, the Company also considers a variety of instances that may indicate delay in or non-repayment of the loan. When such events occur, the Company carefully considers whether the event should result in treating the borrower as defaulted and therefore assessed as Stage III for ECL calculations or whether Stage II is appropriate.

Classification of accounts into Stage II is done when there is a significant increase in credit risk since initial recognition, typically when contractual repayments are more than 30 days past due.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage III or Stage II when none of the default criteria which resulted in their downgrade are present.

Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. All such write-offs are charged to the statement of profit and loss. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

ii) Non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the Company is lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (d) Impairment of non-financial assets.

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ii) Lease Liability
At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments).

iii) Short term lease
The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as and when due.

g) Foreign currency transactions

- **Functional and presentation currency**
  The financial statements are presented in Indian Rupees (INR), which are the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

- **Transaction and balance**
  Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

h) Retirement and Employee benefits
Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Company operates following employee benefit plans:

i) Employee Provident Fund
Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service.

ii) Gratuity
In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation.

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Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses, are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

iii) Leaves

Entitlements to annual leave are recognized when they accrue to the employees. Leave entitlements can be availed while in service of employment subject to restriction on the maximum number of accumulations. 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.

i) Income taxes

Current Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with The Income Tax Act, 1961. 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 outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred Taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement except for tax related to the FVOCI instruments. The Company also recognizes the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Company's intention to settle on a net basis.

Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. A deferred tax asset is recognized for MAT credit available only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

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j) Earnings per share (EPS)

The Company reports basic and diluted earnings per share in accordance with Ind AS33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

k) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The increase in the provision due to un-winding of discount over passage of time is recognized within finance costs.

l) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not have any contingent assets in the financial statements.

m) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instruments.

Financial Assets

Initial Measurement and recognition

Financial assets are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets (not measured subsequently at fair value through profit or loss) are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in the following categories:

- Loan Portfolio at amortized cost
- Loan Portfolio at fair value through other comprehensive income (FVOCI)
- Equity instruments and mutual funds

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Loan Portfolio at amortized cost:

Loan Portfolio is subsequently measured at amortized cost where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the statement of profit and loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note: Impairment of financial assets (refer note 3(e)).

Loan Portfolio at FVOCI:

Loan Portfolio is subsequently measured at FVOCI where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- the financial asset is held within a business model where objective is achieved by both collecting contractual cash flows and selling financial assets.

Loans included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is recognized as interest income using the EIR method.

Equity instruments and Mutual Funds

Equity instruments and mutual funds included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

Financial liabilities

Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

De-recognition of financial assets and financial liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognized when the rights to receive cash flows from the financial asset have expired. The Company also de-recognizes the financial asset if it has transferred the financial asset and the transfer qualifies for de-recognition.

The Company has transferred the financial asset if, and only if, either:

It has transferred its contractual rights to receive cash flows from the financial asset or

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- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients. A transfer only qualifies for de-recognition if either:

- The Company has transferred substantially all the risks and rewards of the asset
  or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Company's continuing involvement, in which case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
On derecognition of a financial asset in its entirety, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received (including any new asset obtained less any new liability assumed) is recognized in the statement of profit or loss account.

Financial Liabilities
Financial liability is de-recognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the re-cognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

n) Fair value measurement
The Company measures financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Company's accounting policies require, measurement of certain financial instruments at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements.

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- *Level 1 financial instruments* - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

- *Level 2 financial instruments* - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

- *Level 3 financial instruments* – include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

o) Share based payments

Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments transactions are set out in Note 41.

The cost of equity-settled transactions is measured using the fair value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for the year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense.

p) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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(Rupees in millions unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
4: Cash and cash equivalents			
Cash on hand	8.81	7.86	11.81
Balances with banks			
On current accounts	460.52	351.83	65.84
Deposits with original maturity of less than three monthss	2.50	2.51	335.75
	471.83	**362.20**	**413.40**

Balances with banks in current accunts do not earn any interest. Short-term deposits are made for varying maturity upto three months, depending upon the funding requirements of the Company, and earn interest at the respective short-term rates.

The Company has not taken any bank overdraft against such deposits, therefore the cash and cash equivalents for cash flow statements are the same as cash and cash equivalents given above.

5: Bank balance other than cash and cash equivalents			
Deposits with remaining maturity of less than 12 months	610.84	-	220.11
Deposits with remaining maturity of more than 12 months	13.94	1,575.27	150.30
Margin money deposits (refer note below)	357.00	255.67	136.78
	981.78	**1,830.94**	**507.19**

Fixed deposits and margin money deposits with banks earn interest at fixed rates or floating rates based on daily bank deposit rates.

Margin money deposits are placed as collateral to avail term loans from banks in connection with securitization transactions.

6: Trade receivables
Outstanding for a period less than six months from the date they are due for payment

Unsecured, considered good	22.29	13.55	11.94
	22.29	**13.55**	**11.94**

Trade receivables are non-interest bearing and generally due in short-term. Based on the management's assessment, no impairment allowance is considered necessary for trade receivables.

	As at March 31, 2020 At amortised cost	As at March 31, 2019 At amortised cost	As at April 1, 2018 At amortised cost
7: Loan portfolio			
(a) Term loans			
Joint Liability Group Loans	8,884.41	5,952.72	2,154.85
Individual Loans	441.19	164.77	9.58
Less: Impairment loss allowance	(153.08)	(62.58)	(22.37)
Total (net)	**9,172.52**	**6,054.91**	**2,142.06**
(b) (i) Secured	-	-	-
(ii) Unsecured	9,325.60	6,117.49	2,164.43
Less: Impairment loss allowance	(153.08)	(62.58)	(22.37)
Total (net)	**9,172.52**	**6,054.91**	**2,142.06**
(c) (i) Loans in India	9,325.60	6,117.49	2,164.43
Less: Impairment loss allowance	(153.08)	(62.58)	(22.37)
Total (net)	**9,172.52**	**6,054.91**	**2,142.06**

Overview of the loan portfolio of the Company
The Company is primarily in the business of providing micro loans towards income generating activities with its operations spread out in different parts of India. The Company's focus is to reach out to the unbanked section of society and providing financial services to women entrepreneurs.

The table below discloses credit quality of the Company's exposures (net of impairment loss allowance) as at reporting date:

Portfolio classification as at March 31, 2020:

Particulars	Stage I	Stage II	Stage III	Total
Term Loans				
Joint Liability Group Loans	8,668.91	67.49	148.02	**8,884.42**
Individual Loans	434.74	3.76	2.68	**441.18**
Less: Impairment loss allowance	(39.25)	(14.16)	(99.67)	**(153.08)**
Total (net)	**9,064.40**	**57.09**	**51.03**	**9,172.52**

Portfolio classification as at March 31, 2019:

Particulars	Stage I	Stage II	Stage III	Total
Term Loans				
Joint Liability Group Loans	5,946.53	3.73	2.46	**5,952.72**
Individual Loans	164.66	0.09	0.02	**164.77**
Less: Impairment loss allowance	(62.51)	(0.04)	(0.03)	**(62.58)**
Total (net)	**6,048.68**	**3.78**	**2.45**	**6,054.91**

Portfolio classification as at April 1, 2018:

Particulars	Stage I	Stage II	Stage III	Total
Term Loans				
Joint Liability Group Loans	2,154.62	0.17	0.06	**2,154.85**
Individual Loans	9.58	-	-	**9.58**
Less: Impairment loss allowance	(22.37)	(0.00)	(0.00)	**(22.37)**
Total (net)	**2,141.83**	**0.17**	**0.06**	**2,142.06**

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Gross portfolio movement for the year ended March 31, 2020:

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2019	6,111.19	3.82	2.48	6,117.49
Total (A)	**6,111.19**	**3.82**	**2.48**	**6,117.49**
Inter-stage movements				
Stage I	-	-	-	-
Stage II	(33.23)	33.23	-	-
Stage III	(69.04)	(2.16)	71.20	-
Total (B)	**(102.27)**	**31.07**	**71.20**	-
Write-offs*	-	-	(8.77) -	8.77
Total (C)	-	-	**(8.77)**	**(8.77)**
New assets originated, netted off for repayment and lons derecognised during the year	3,094.73	36.36	85.79	3,216.88
Total (D)	**3,094.73**	**36.36**	**85.79**	**3,216.88**
Gross carrying amount as at March 31, 2020	9,103.65	71.25	150.70	9,325.60
Total (A+B+C+D)	**9,103.65**	**71.25**	**150.70**	**9,325.60**

* The contractual amount of loans written-off during the period are not subject to enforcement activity/legal proceedings.

Gross portfolio movement for the year ended March 31, 2019:

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2018	2,164.20	0.17	0.06	2,164.43
Total (A)	**2,164.20**	**0.17**	**0.06**	**2,164.43**
Inter-stage movements				
Stage I	-	-	-	-
Stage II	(1.00)	1.00	-	-
Stage III	(3.29)	(0.17)	3.45	(0.01)
Total (B)	**(4.29)**	**0.83**	**3.45**	**(0.01)**
Write-offs*	-	-	(1.65)	(1.65)
Total (C)	-	-	**(1.65)**	**(1.65)**
New assets originated, netted off for repayment and lons derecognised during the year	3,951.28	2.82	0.62	3,954.72
Total (D)	**3,951.28**	**2.82**	**0.62**	**3,954.72**
Gross carrying amount as at March 31, 2019	6,111.19	3.82	2.48	6,117.49
Total (A+B+C+D)	**6,111.19**	**3.82**	**2.48**	**6,117.49**

* The contractual amount of loans written-off during the period are not subject to enforcement activity/legal proceedings.

ECL movement during the year ended March 31, 2020:

Particulars	Stage I	Stage II	Stage III	Total
Balance at the beginning of the year	62.51	0.04	0.03	62.58
Provision made/ (reversed) during the year	(23.26)	14.12	108.41	99.28
Write-offs	-	-	(8.77)	(8.77)
Balance at the end of the year	**39.25**	**14.16**	**99.67**	**153.08**

Note: The increase in ECL of the portfolio was driven by an increase in the amount of loans classified as Stage II and Stage III as a result of deterioration in economic conditions.

ECL movement during the year ended March 31, 2019:

Particulars	Stage I	Stage II	Stage III	Total
Balance at the beginning of the year	22.37	0.00	0.00	22.37
Provision made/ (reversed) during the year	40.15	0.04	1.67	41.86
Write-offs	-	-	(1.65)	(1.65)
Balance at the end of the year	**62.51**	**0.04**	**0.03**	**62.58**

Note: The increase in ECL of the portfolio was mainly driven by an increase in the gross size of the Company's portfolio.

7.1 The Company, pursuant to RBI circular dated March 27, 2020, has passed a policy in its Board of Directors Meeting dated March 27, 2020 to grant moratorium to all its borrowers which were less than 90 days past due as on March 1, 2020. As per the policy, the day past due status of the borrowers as on the date of the implementation of the moratorium shall continue. The Company has not considered such extension of moratorium to borrowers by itself to have resulted in significant increase in credit risk.

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	As at March 31, 2020 At fair value through profit or loss	As at March 31, 2019 At fair value through profit or loss	As at April 1, 2018 At fair value through profit or loss
8: Investments			
Investment in Mutual Fund			
NIL (March 31, 2019: NIL, April 1, 2018: 67,588) in Reliance Reg Savings Fund-Debt	-	-	1.71
NIL (March 31, 2019: NIL, April 1, 2018: 68) in Reliance Money Manager Fund	-	-	0.17
	-	-	**1.88**
Above amount includes			
Investment in India	-	-	1.88
Investment outside India	-	-	-
Total	-	-	**1.88**

9: Other financial assets (at amortised cost)			
A. Security deposits			
Unsecured, considered good	12.58	11.80	11.71
(A)	**12.58**	**11.80**	**11.71**
B. Other assets			
Loans to employees	57.60	26.43	4.20
Advance to vendors	40.14	68.96	37.55
Other advances	3.38	0.23	0.05
(B)	**101.12**	**95.62**	**41.80**
Total (A+B)	**113.70**	**107.42**	**53.51**

10: Current tax assets (net)			
Advance income-tax (net of provision for income-tax)	62.92	12.84	7.58
	62.92	**12.84**	**7.58**

11: Deferred tax assets (net)			
Deferred tax assets/(liabilities)			
Impairment of financials instruments	44.58	17.41	6.16
Brought forward losses/unabsorbed depreciation	-	-	14.80
Provision for gratuity and leave encashment	3.90	1.73	0.94
Difference of written down value of property, plant and equipment	4.90	1.93	0.74
Others	(8.07)	14.45	5.11
MAT credit entitlement	-	6.50	-
Net deferred tax assets	**45.31**	**42.02**	**27.75**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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12: Property, plant and equipment

Particulars	Furniture and Fixtures	Office Equipments	Vehicles	Computers and Data Processing Units	Right-of-use Asset (refer note 37)	Total
Gross block (at cost)						
As at April 1, 2018	5.61	1.45	0.50	8.84	7.99	24.39
Additions	8.67	1.81	-	11.10	1.87	23.45
Disposals	(0.64)	(0.31)	-	(0.24)	-	(1.19)
As at March 31, 2019	**13.65**	**2.96**	**0.50**	**19.70**	**9.86**	**46.65**
Additions	8.52	7.85	3.72	20.31	3.38	43.77
Disposals	(0.16)	(0.13)	-	(0.40)	-	(0.69)
As at March 31, 2020	**22.01**	**10.67**	**4.22**	**39.61**	**13.24**	**89.73**
Depreciation						
As at April 1, 2018	1.12	0.32	0.18	3.59	-	5.22
Charge for the period	2.24	0.84	0.10	6.21	6.04	15.43
Write-offs	-	-	-	-	-	-
As at March 31, 2019	**3.36**	**1.17**	**0.28**	**9.81**	**6.04**	**20.65**
Charge for the period	5.87	2.61	1.13	12.04	4.35	26.00
Disposals	(0.15)	(0.11)	-	(0.43)	-	(0.68)
As at March 31, 2020	**9.08**	**3.66**	**1.41**	**21.42**	**10.39**	**45.97**
Net carrying amount						
As at April 1, 2018	4.49	1.12	0.32	5.25	7.99	19.17
As at March 31, 2019	10.29	1.79	0.22	9.90	3.82	26.02
As at March 31, 2020	**12.93**	**7.01**	**2.81**	**18.19**	**2.85**	**43.76**

Intangible assets

Particulars	Computer Software	Total
Gross block (at cost)		
As at April 1, 2018	1.50	1.50
Additions	0.38	0.38
As at March 31, 2019	**1.88**	**1.88**
Additions	0.57	0.57
As at March 31, 2020	**2.45**	**2.45**
Amortization		
As at April 1, 2018	0.71	0.71
Charge for the period	0.56	0.56
As at March 31, 2019	**1.27**	**1.27**
Charge for the period	0.43	0.43
As at March 31, 2020	**1.70**	**1.70**
Net Carrying Amount		
As at April 1, 2018	0.79	0.79
As at March 31 2019	0.61	0.61
As at March 31, 2020	**0.75**	**0.75**

	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
13: Other non-financial assets			
Unsecured, considered good			
Prepaid expenses	10.86	9.32	6.40
Interest only strip receivable	61.62	8.01	0.60
Balance in employee imprest accounts	46.76	4.79	1.63
Others	1.10	0.67	0.74
	120.34	**22.79**	**9.37**

S.R. BATLIBOI & ASSOCIATES LLP

Satya MicroCapital Ltd. New Delhi

Satya MicroCapital Limited
Notes to the Financial Statements for year ended March 31, 2020

(Rupees in millions unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
14: Debt Securities (at amortised cost)			
(a) Debentures			
Secured			
200 (March 31, 2019: 200 and April 1 2018: 200), 14.55% secured, rated, transferable, reedemable, non-convertible debentures of face value of Rs. 10,00,000 each	199.04	199.97	200.00
1,500 (March 31, 2019: 1500 and April 1, 2018: NIL), 14.50%, senior secured, rated, transferable, reedemable, principal protected market linked debentures of Rs.1,00,000 each	171.18	148.65	-
400 (March 31, 2019: 400 and April 1, 2018: NIL), 13.80%, secured, rated, listed transferable NCD of Rs 10,00,000 each	402.97	402.94	-
340 (March 31, 2019: 340 and April 1, 2018: NIL), 12.85% secured, rated, listed, transferable NCD of Rs 10,00,000 each	256.00	343.78	-
24,983 (March 31, 2019: NIL and April 1, 2018: NIL) 13.60%, secured, rated, redeemable, non-convertible debenture of Rs.10,000 each	248.63	-	-
24,983 (March 31, 2019: NIL and April 1, 2018: NIL) 13.60%, unlisted, unsubordinated, secured, transferable, redeemable non-convertible debentures of Rs.10,000 each	244.10	-	-
285 (March 31, 2019: NIL and April 1, 2018: NIL) 12.85%, secured, listed, non-convertible debentures of Rs.10,00,000 each	287.32	-	-
Unsecured			
NIL (March 31, 2019: 500 and April 1, 2018: 500) 16.5% unsecured, redeemable, unlisted Optionally Convertible Debentures of Rs.1,00,000 each	-	58.74	49.97
200 (March 31, 2019: 200 and April 1, 2018: NIL) 15.75% rated, subordinated, unsecured, transferable, redeemable, non-convertible debentures of Rs.10,00,000 each	205.93	200.17	-
200 (March 31, 2019: 200 and April 1, 2018: NIL) 14% rated, listed, senior, unsecured, redeemable, taxable, non-convertible debentures of Rs.10,00,000 each	109.99	200.08	-
2,50,00,000 (March 31, 2019: NIL and April 1, 2018: NIL) 14.27% rated, listed, unsecured, subordinated, redeemable, taxable, non-convertible debentures of Rs. 10 each	241.33	-	-
Commercial papers	59.35	49.99	-
Preference shares other than those that qualify as equity			
NIL (March 31, 2019: 20,00,000 and April 1, 2018: NIL) 11.12% non-covertible, redeemable, cumulative preference shares of Rs. 10 each	-	20.00	-
Total debt securities	**2,425.84**	**1,624.32**	**249.97**

S.R. BATLIBOI & ASSOCIATES LLP *

Satya MicroCapital Ltd. New Delhi *

(Rupees in millions unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
(b) Borrowings (other than debt securities) (at amortised cost)			
Secured term loan			
From banks	2,128.75	1,921.18	735.40
From others	2,524.09	2,162.71	1,389.08
Bank overdraft (secured)*	451.43	117.95	43.56
Cash credit from bank (secured)*	48.57	0.52	-
Borrowing under securitisation arrangement			
From banks	415.88	459.72	
From others	1,104.55	1,005.64	395.72
Lease liability (refer note 37)	5.70	6.80	8.04
Total borrowings (other than debt securities)	**6,678.97**	**5,674.52**	**2,571.80**

*Bank overdraft and cash credit from bank is secured by term deposits with banks.

	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
(c) Subordinated liabilities (at amortised cost)			
Unsecured term loan			
From banks	95.75	95.67	95.60
From others	29.97	29.83	4.97
Total subordinated liabilities	**125.72**	**125.50**	**100.57**
	9,230.53	**7,424.34**	**2,922.34**
Above amount includes			
Secured borrowings*	8,488.21	6,769.86	2,771.79
Unsecured borrowings #	742.32	654.48	150.54
Net amount	**9,230.53**	**7,424.34**	**2,922.33**
Borrowings in India	9,230.53	7,424.34	2,922.32
Borrowings outside India	-	-	-
Total	**9,230.53**	**7,424.34**	**2,922.32**

* The Indian rupee loans are secured by hypothecation of book debts and margin money deposits.

The Unsecured borrowings are in the nature of subordinated liabilities and non-convertible debentures.

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

(Rupees in millions unless otherwise stated)

Original maturity	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due beyond 3 Years		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
(A) Debt Securities										
(i) Non-convertible debentures										
Quarterly										
1-3 years	13.51%-14.00%	4	88.89	1	22.22	0	-	0	-	111.11
Half Yearly										
Above 3 years	14.01%-14.50%	0	-	0	-	0	-	3	250.00	250.00
Yearly										
1-3 years	13.51%-14.00%	1	85.00	1	170.00	0	-	0	-	255.00
	13.51%-14.00%	1	83.28	1	83.28	1	83.28	0	-	249.83
	13.51%-14.00%	1	83.28	1	83.28	1	83.28	0	-	249.83
Repayable at the end of the tenure										
Above 3 years	13.51%-14.00%	0	-	0	-	1	400.00	0	-	400.00
	14.01%-14.50%	0	-	0	-	1	150.00	0	-	150.00
	14.51%-15.00%	0	-	1	200.00	0	-	0	-	200.00
	15.51%-16.00%	0	-	0	-	0	-	1	200.00	200.00
	13.51%-14.00%	0	-	0	-	0	-	1	285.00	285.00
(ii) Commercial Paper										
Repayable at the end of the tenure										
1-3 years	13.51%-14.00%	1	60.00	0	-	0	-	0	-	60.00
(B) Borrowings (other than debt securities)										
(i) Term loan										
Monthly										
1-3 years	10.51%-11.00%	8	10.91	0	-	0	-	0	-	10.91
	12.01%-12.50%	8	12.75	0	-	0	-	0	-	12.75
		11	229.17	0	-	0	-	0	-	229.17
		12	50.00	3	12.50	0	-	0	-	62.50
	12.51%-13.00%	12	25.00	2	4.17	0	-	0	-	29.17
		12	25.00	5	10.42	0	-	0	-	35.42
		12	75.00	3	18.75	0	-	0	-	93.75
		12	100.00	7	58.33	0	-	0	-	158.33
		12	50.00	7	29.17	0	-	0	-	79.17
	13.01%-13.50%	6	25.00	0	-	0	-	0	-	25.00
		6	11.02	0	-	0	-	0	-	11.02
		6	17.50	0	-	0	-	0	-	17.50
		7	12.80	0	-	0	-	0	-	12.80
		10	62.50	0	-	0	-	0	-	62.50
		12	100.00	6	50.00	0	-	0	-	150.00
		12	70.00	6	35.00	0	-	0	-	105.00
		12	28.95	10	24.44	0	-	0	-	53.39
		12	125.00	9	93.75	0	-	0	-	218.75
		12	25.00	8	16.67	0	-	0	-	41.67
		12	48.04	9	40.52	0	-	0	-	88.56
		12	50.00	10	41.67	0	-	0	-	91.67
		8	76.19	13	123.81	0	-	0	-	200.00
	13.51%-14.00%	9	12.50	0	-	0	-	0	-	12.50
		1	1.25	0	-	0	-	0	-	1.25
		3	6.25	0	-	0	-	0	-	6.25
		10	108.70	0	-	0	-	0	-	108.70
		12	53.52	0	-	0	-	0	-	53.52
		12	40.00	6	16.67	0	-	0	-	56.67
		12	34.92	6	19.35	0	-	0	-	54.27
		12	23.97	5	11.01	0	-	0	-	34.98
		12	148.38	8	106.84	0	-	0	-	255.22
		10	19.40	12	26.43	1	2.25	0	-	48.08
		12	114.99	12	135.01	0	-	0	-	250.00
	14.01%-14.50%	3	5.88	0	-	0	-	0	-	5.88
		12	35.84	4	14.42	0	-	0	-	50.26
		12	17.24	7	11.97	0	-	0	-	29.21
		12	25.41	8	21.11	0	-	0	-	46.52
		12	10.06	9	9.19	0	-	0	-	19.25
		12	15.09	9	13.70	0	-	0	-	28.80
		12	75.00	11	68.75	0	-	0	-	143.75
		10	17.19	12	23.54	2	4.27	0	-	45.00
		12	26.16	2	4.76	0	-	0	-	30.92
		12	26.16	2	4.76	0	-	0	-	30.91
		12	29.88	12	27.87	1	0.10	0	-	57.85
	14.51%-15.00%	12	52.34	2	9.49	0	-	0	-	61.83
		10	16.61	0	-	0	-	0	-	16.61
		10	69.84	0	-	0	-	0	-	69.84
		10	41.67	0	-	0	-	0	-	41.67
		12	25.13	11	26.50	0	-	0	-	51.63
		12	106.01	1	9.56	0	-	0	-	115.57

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

(Rupees in millions unless otherwise stated)

Original maturity	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due beyond 3 Years		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
1-3 years	15.01%-15.50%	9	37.50	0	-	0	-	0	-	37.50
		12	33.90	10	32.46	0	-	0	-	66.36
		12	16.49	12	19.48	0	-	0	-	35.98
		12	16.50	12	19.46	0	-	0	-	35.95
		12	33.11	12	38.32	0	-	0	-	71.42
		12	16.59	12	18.88	0	-	0	-	35.47
		12	15.55	12	18.07	5	8.26	0	-	41.88
Above 3 years	11.51%-12.00%	12	56.07	0	-	0	-	0	-	56.07
	12.51%-13.00%	0	-	0	-	0	-	24	150.00	150.00
	13.01%-13.50%	12	83.33	12	83.33	1	6.93	0	-	173.60
	13.51%-14.00%	11	9.17	0	-	0	-	0	-	9.17
Quarterly										
1-3 years	12.51%-13.00%	4	75.00	1	18.75	0	-	0		93.75
	13.51%-14.00%	3	25.00	0	-	0	-	0	-	25.00
		4	100.00	1	25.00	0	-	0	-	125.00
	14.51%-15.00%	2	1.67	0	-	0	-	0	-	1.67
Above 3 years	13.01%-13.50%	4	33.33	1	8.33	0	-	0	-	41.67
	13.51%-14.00%	4	30.77	0	-	0	-	0	-	30.77
Repayable at the end of the tenure										
Above 3 years	12.01%-12.50%	0	-	0	-	2	106.00	0	-	106.00
(ii) Bank overdraft										
Repayable on Demand										
1-3 years	8.01%-8.50%	1	84.79	0	-	0	-	0	-	84.79
	10.01%-10.50%	1	277.61	0	-	0	-	0	-	277.61
	12.51%-13.00%	1	89.03	0	-	0	-	0	-	89.03
(iii) Cash credit from bank										
Repayable on demand										
1-3 years	13.51%-14.00%	1	48.57	0	-	0	-	0	-	48.57
(iv) Securitization										
1-3 years	12.01%-12.50%	4	61.48	0	-	0	-	0	-	61.48
		6	25.45	0	-	0	-	0	-	25.45
		6	33.54	0	-	0	-	0	-	33.54
	12.51%-13.00%	4	65.40	0	-	0	-	0	-	65.40
		12	135.67	0	-	0	-	0	-	135.67
	13.01%-13.50%	10	137.00	0	-	0	-	0	-	137.00
	13.51%-14.00%	11	134.40	0	-	0	-	0	-	134.40
	14.01%-14.50%	12	138.00	4	48.81	0	-	0	-	186.81
		12	221.58	5	88.08	0	-	0	-	309.65
		12	138.20	0	-	0	-	0	-	138.20
	15.01%-15.50%	4	17.95	0	-	0	-	0	-	17.95
		7	35.22	0	-	0	-	0	-	35.22
	15.51%-16.00%	4	36.79	0	-	0	-	0	-	36.79
	16.01%-16.50%	11	147.25	0	-	0	-	0	-	147.25
(C) Subordinated liabilities										
(i) Term loan										
Repayable at the end of the tenure										
Above 3 years	14.51%-15.00%	0	-	0	-	0	-	1	50.00	50.00
	15.01%-15.50%	0	-	0	-	0	-	1	5.00	5.00
	15.51%-16.00%	0	-	0	-	0	-	1	25.00	25.00
	16.51%-17.00%	0	-	0	-	0	-	1	45.00	45.00
Total		**782**	**5,201.54**	**336**	**2,097.86**	**16**	**844.37**	**33**	**1,010.00**	**9,153.77**
Impact of lease liability recognized under Ind AS 116										**5.70**
Impact of effective interest rate on borrowings										**15.45**
Impact of effective interest rate on securitization										**55.61**
Grand total										**9,230.53**

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(Rupees in millions unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
15: Other financial liabilities			
Expense payable	12.63	24.98	8.38
Employee benefits payable	7.44	3.20	2.25
Payable towards direct assignment	30.79	14.61	1.76
Other liabilities	9.68	109.23	-
	60.54	**152.02**	**12.39**
16: Provisions			
Provision for employee benefits			
Gratuity	5.58	2.24	1.14
Leave encashment	7.82	3.98	2.28
	13.40	**6.22**	**3.42**
17: Other non-financial liabilities			
Provision for expenses	6.20	5.51	1.72
Statutory dues payable	6.72	18.77	15.87
Advances from vendors	-	1.45	8.19
Other liabilities	0.12	-	-
	13.04	**25.73**	**25.78**

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

(Rupees in millions unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
18: Equity Share capital			
Authorized			
6,00,00,000 (March 31, 2019: 4,00,00,000, April 1, 2018: 2,50,00,000) equity shares of Rs 10 each	600.00	400.00	250.00
	600.00	**400.00**	**250.00**
Issued			
3,33,21,728 (March 31, 2019: 2,64,09,830, April 1, 2018: 1,36,58,230) equity shares of Rs 10 each fully paid up	333.22	264.10	136.58
Total	**333.22**	**264.10**	**136.58**
Subscribed			
3,33,21,728 (March 31, 2019: 2,64,09,830, April 1, 2018: 1,36,58,230) equity shares of Rs.10 each fully paid up	333.22	264.10	128.08
Total	**333.22**	**264.10**	**128.08**
Paid-up			
3,08,21,728 (March 31, 2019: 2,64,09,830, April 1, 2018: 1,36,58,230) equity shares of Rs 10 each fully paid up	308.22	264.10	128.08
25,00,000 (March 31, 2019: NIL, April 1, 2018: NIL) equity shares of Rs 10 each partly paid-up to the extent of Rs. 2.5 per share	6.25	-	-
	314.47	**264.10**	**128.08**
Less: Amount recoverable from Satya Employee Welfare Trust	(10.00)	(6.56)	-
Total	**304.47**	**257.54**	**128.08**

(a) Terms/rights attached to equity shares

The Company has only one class of equity shares of face value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. 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, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended March 31, 2018, 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 previous year and 8,50,000 Equity Shares been subscribed during financial year ended March 31, 2019.

During the year ended March 31, 2018, 1,00,000 Equity Shares of Rs 10 face value are issued to M2I consulting at a permium of 20/- for consideration other than cash out of which 30,000 Equity Shares of Rs 10 face value have been subscribed during previous year and 70,000 Equity Shares been subscribed during financial year ended March 31, 2019.

On July 26, 2019, the Company issued 25,00,000 partly paid-up equity shares of Rs.75 per share to Mr. Vivek Tiwari, Managing Director & CEO, on which Rs.2.5 per share is paid till March 31, 2020 and 5,33,333 Equity Shares were allotted to Koshish Marketing Solutions Private Limited at a price of Rs.75 each (face value of Rs.10 each and a premium of Rs.65 each).

On September 4, 2019, the Company issued 3,76,574 Equity Shares to Dia Vikas Capital Private Limited, 6,42,126 to Gojo & Company, Inc. at price of Rs 75 each (face value of Rs.10 each and premium of Rs.65 each) and 34,250 equity shares were allotted to Satya Employee Welfare Trust at a price of Rs.61 each (face value of Rs.10 each and premium of Rs.51 each).

On October 18, 2019, the Company issued 25,15,615 equity shares by way of right issue at a price of Rs 110 each (face value of Rs.10 each and premium of Rs 110 each).

(b) Reconciliation of the number of equity shares issued outstanding at the beginning and at the end of the year:

Particulars	March 31, 2020		March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	2,64,09,830	264.10	13,658,230	136.58
Issued during the year	69,11,898	69.12	12,751,600	127.52
Outstanding at the end of the year	**33,321,728**	**333.22**	**26,409,830**	**264.10**

(c) Reconciliation of the number of equity shares subscribed at the beginning and at the end of the year:

Particulars	March 31, 2020		March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	26,409,830	264.10	12,808,230	128.08
Issued during the year	6,911,898	69.12	13,601,600	136.02
Outstanding at the end of the year	**33,321,728**	**333.22**	**26,409,830**	**264.10**

(d) Reconciliation of the number of equity shares paid-up outstanding at the beginning and at the end of the year:

Particulars	March 31, 2020		March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	26,409,830	264.10	12,808,230	128.08
Issued during the year	6,911,898	50.37	13,601,600	136.02
Outstanding at the end of the year	**3,33,21,728**	**314.47**	**2,64,09,830**	**264.10**

(e) Details of shareholders holding more than 5% in the Company:

As per the records of the Company, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the shareholding given below represents both legal and beneficial ownership of shares.

Name of the shareholder	March 31, 2020		March 31, 2019		April 01, 2018	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
Equity shares						
Vivek Tiwari	9,789,700	29.38%	7,014,500	26.56%	4,497,500	32.93%
GOJO & Company, Inc.	8,135,537	24.42%	6,717,949	25.44%	-	0.00%
Dia Vikas Capital Private Limited	6,773,475	20.33%	6,396,901	24.22%	3,200,000	23.43%
Maneesha Gupta	1,755,500	5.27%	1,755,500	6.65%	1,755,500	12.85%

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(Rupees in millions unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
19: Other Equity			
Authorized			
1,00,00,000 (March 31, 2019: 1,00,00,000 April 1, 2018: 50,00,000) preference shares of Rs.10 each	100.00	100.00	50.00
	100.00	**100.00**	**50.00**
Issued, subscribed and fully paid			
Compulsorily Convertible Preference Shares			
27,22,222 (March 31, 2019: NIL, April 1, 2018: NIL) 0.01%, non-cumulative, participating, compulsorily convertible preference shares of Rs.10 each.	27.22	-	-
	27.22	-	-

(a) Terms/rights attached to compulsorily convertible preference shares

During the year ended March 31, 2020, the Company issued 27,22,222, 0.01% non-cumulative, participating, Compulsorily Convertible Preference Shares (CCPS) at Rs.135 per CCPS (face value of Rs.10 and premium of Rs.125 per CCPS) to Gojo & Company, Inc. The terms of CCPS are as follows:

Dividend

CCPS carry minimum preferential dividend rate of 0.01% per annum. The preferential dividend is non-cumulative and shall be paid in preference to any dividend and the preferential dividend shall be due only when declared by the Board. Each preference shares would be entitled to participate pari passu in any cash or non-cash dividends paid to the holders of shares of all other classes (including equity shares) or series on a pro rata, as-if-converted basis.

Liquadation preference

In the event of liquidation event, the proceeds from the liquidation (less any amounts required by applicable law to be paid or set aside for the payment of creditors of the Company, if applicable) (the 'Liquidation Preference Amount') shall be paid or distributed such that the holders of preference shares receive, in preference to any other shareholders, an amount which is the higher of:

(a) Total amount invested in the Company by the relevant holder of the preference shares along with any arrears of declared and accrued but unpaid dividends calculated to the date of such payment; or

(b) The share of the liquidation preference amount pro-rata to its shareholding in the Company (on a fully diluted basis) on account of the preference shares, on an as-if-converted basis (the "Preference Amount").
Any proceeds remaining after full payment of the preference amount shall be distributed among all the shareholders on a pro rata, as-if-converted basis (excluding holders of the preference shares)
If the proceeds available for distribution to the shareholders are insufficient to pay the amounts as above, the entire available proceeds would be allocated among the holders of preference shares pro rata to the respective amounts invested by the holders of preference shares.

Voting rights

Each preference shares shall be entitled to vote, as may be permitted under applicable law, only on matters relating to the rights of and the terms of the preference shares and any variation thereof.

Each preference shares shall be convertible into 1 (one) equity share at any time at the option of the holder of the preference shares at the conversion price of Rs.135 per share without the payment of additional consideration by the holder thereof.

Each preference shares shall automatically be converted into equity shares, at its respective conversion price then in effect, upon the earlier of (i) 1 (one) day prior to the expiry of 20 (twenty) years from the date of allotment of such preference shares; or (ii) in connection with an initial public offering, prior to the filing of a prospectus (or equivalent document, by whatever name called) by the Company with the competent authority or such later date as may be permitted under applicable law.

Equity component of compound financial instruments			
Compulsorily Convertible Debentures			
NIL (March 31, 2019: NIL April 1, 2018: 448) 14% unsecured, unlisted Compulsorily Convertible Debentures of Rs.1,00,000 each	-	-	44.80
	-	**-**	**44.80**

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	As at March 31, 2020	As at March 31, 2019
Securities premium account		
Balance at the beginning of the year	715.69	130.43
Add: Premium on issue of equity shares	370.00	585.25
Add: Premium on issue of compulsorily convertible preference shares	340.28	-
	1,425.97	**715.69**
Less: Amount recoverable from Satya Employee Welfare Trust	(51.00)	(33.44)
Balance at the end of the year	**1,374.97**	**682.24**
Statutory reserve		
Balance at the beginning of the year	6.56	0.09
Add: Amount transferred from surplus of profit and loss*	15.06	6.47
Balance at the end of the year	**21.62**	**6.56**

* In terms of section 45IC of the Reserve Bank of India Act, 1934, the company is required to transfer atleast 20% of its profit after tax to Statutory Reserve. Accordingly, the company has transferred a sum of Rs 15.06 mn, representing 20% of its profit after tax for the current financial year. The amount transferred to such reserve in the year ended March 31, 2019 has been made based on the profit after tax for such financial year under the previous GAAP.

	As at March 31, 2020	As at March 31, 2019
Share options outstanding reserve (refer note 41)		
Balance at the beginning of the year	0.22	-
Fair value of stock option - charge for the year	11.43	0.22
Balance at the end of the year	**11.65**	**0.22**
Surplus/(deficit) in the statement of profit and loss		
Balance at the beginning of the year	(81.58)	(72.70)
Add: Profit/(loss) for the year	75.29	(2.63)
Add: Other comprehensive income (re-measurement gains/(losses) on defined benefit plans)	(1.26)	0.30
Less: Income-tax effect on other comprehensive income	0.37	(0.08)
Less: Transfer to Statutory Reserve (20% of profit after tax as required by Section 45-IC of the Reserve Bank of India Act, 1934)	(15.06)	(6.47)
Net surplus/(deficit) in the statement of profit and loss	**(22.24)**	**(81.58)**
Total other equity	**1,413.22**	**607.45**

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	For period ended March 31, 2020	For period ended March 31, 2019
20: Interest Income		
Measured at amortised cost		
Interest income on portfolio loans	1,815.72	882.19
Interest on fixed deposits*	157.80	95.74
	1,973.52	**977.93**

* Includes interest income on margin money deposits placed to avail term loans from banks, non-banking financial companies and placed as cash collateral in connection with securitisation transactions.

21: Fee and commission income		
Fee and commission income	14.96	11.29
	14.96	**11.29**
22: Net gain on dereconition of financial instruments under amortised cost category		
Net gain on derecognition of financials instruments under amortised cost category	96.56	15.60
	96.56	**15.60**
23: Other income		
Financial advisory services	-	5.00
Miscellaneous income	1.09	7.25
	1.09	**12.25**
24: Finance costs		
Interest		
On debt securities	299.06	101.44
On borrowings (other than debt securities)	819.42	478.51
On subordinated liabilities	20.96	18.20
Other finance cost	19.60	4.33
	1,159.04	**602.47**
25: Impairment on financial instruments		
Impairment on portfolio loans measured at amortised cost	90.50	40.22
Portfolio loans written off	8.77	1.65
	99.27	**41.87**
26: Employee benefits expense		
Salaries, wages and bonus	415.87	213.47
Contribution to provident fund and other funds	29.87	13.10
Expense for employee stock option plan	11.43	0.22
Staff welfare expenses	7.20	3.46
Gratuity and leave encashment expenses	8.79	3.93
	473.16	**234.18**
27: Other expenses		
Advertisement expenses	1.55	1.96
Commission and brokerage	0.01	0.03
Business promotion	3.50	0.66
Courier expenses	2.45	1.82
General insurance expenses	1.19	0.75
Legal and professional fee	39.87	20.53
Auditor's remuneration (refer details below)	2.93	1.92
Cashless POS fee	1.00	0.71
Membership fees	3.32	1.78
Meeting and conference	3.42	2.00
Software expenses	25.61	11.69
Postage, internet and telephone expenses	10.15	7.59
Electricity charges	2.46	1.08
Printing and stationeries	7.18	3.87
Repair and maintainance	11.22	2.65
Branch Office maintainance	7.26	3.81
Rent (refer note 37)	23.66	10.79
Branch establishment expenses	4.70	4.87
Director siting fee	2.51	1.23
Travelling and conveyance	27.18	25.50
Rates and taxes	1.96	1.85
Festival expenses	0.82	0.48
Annual meet expenses	12.50	4.85
Freight and forwarding	1.04	1.32
Donation expenses	3.38	0.33
Cenvat credit disallowed	13.53	11.87
Miscellaneous expenses	2.85	0.03
	217.26	**125.97**

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	For period ended March 31, 2020	For period ended March 31, 2019
Payment to auditors		
As auditor:		
Audit fee	2.65	1.60
Certification fee	0.20	0.14
Out of pocket expenses	0.08	0.18
	2.93	**1.92**

28: Income-tax expense

A. Income-tax expense in the statement of profit and loss consists of:

Income-tax:		
Current year tax	44.78	13.56
Earlier year tax	0.32	-
Deferred tax credit	(9.42)	(14.35)
Income-tax expense reported in the statement of profit or loss	**35.68**	**(0.79)**
Income-tax recognised in other comprehensive income		
Deferred tax arising on income and expenses recognised in other comprehensive income	(0.37)	0.08
Total	**35.31**	**(0.71)**

B. The reconciliation between the provision for income-tax of the company and amounts computed by applying the Indian statutory income-tax rate to profit before taxes is as follows:

Profit before tax	110.97	(3.42)
Re-measurement gains/(losses) on defined benefit plans	(1.26)	0.30
Profit before tax (re-measurement gains/(losses) on defined benefit plans)	109.71	(3.12)
Enacted tax rates in India	29.12%	27.82%
Computed tax expense/(savings)	31.95	(0.87)
Effect of :		
Non-deductible expenses	4.70	0.44
Difference on account of change in tax rate	(1.66)	(0.28)
Earlier year tax	0.32	-
Total income-tax expense/(savings)	**35.31**	**(0.71)**

29: Earnings per share

Net profit after tax as per statement of profit and loss	75.29	(2.63)
Less: Dividend on preference shares	-	-
Net profit for calculation of basic earnings per share	**75.29**	**(2.63)**
Net profit as above	75.29	(2.63)
Add: Dividend on preference shares and tax thereon		
Net profit for calculation of diluted earnings per share	**75.29**	**(2.63)**
Calculation of weighted average number of equity shares for basic earning per share		
Equity shares		
Number of shares at the beginning of the year	26.41	12.81
Add: Issued during the year	3.99	8.51
Number of shares at the end of the year	**30.40**	**21.32**
Compulsorily Convertible Preference Shares (CCPS)		
Number of shares at the beginning of the year	-	-
Add: Issued during the year	0.01	-
Number of shares at the end of the year	**0.01**	-
Weighted average number of equity shares for basic earning per share	**30.41**	**21.32**
Effect of dilution		
Employee stock option	0.63	-
Weighted average number of equity shares for diluted earning per share	**31.04**	**21.32**
Basic earnings per share (in rupees)	**2.48**	**(0.12)**
Diluted earnings per share (in rupees)	**2.43**	**(0.12)**

Nominal value per share: Rs.10 (Previous year: Rs.10)

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30: Segment Reporting

The Company's main business is of lending to customers who have similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. All other activities of the Company revolve around the main business. Accordingly, there are no separate reportable segments as per Ind AS 108 dealing with Operating Segments.

31: Related parties under Ind AS 24 with whom transactions have taken place during the year.

I. Other related party in accordance with Ind AS 24 with whom transactions have taken place

I. Key Management Personnel

(a) Mr.Vivek Tiwari - Managing director and Chief Executive Officer
(b) Mr. Sudhindra Sharma - Chief Financial Officer
(c) Ms. Rachna Khantwal - Company Secretary (with effect from September 19, 2018)
(d) Mr. Ankit Tiwari - Company Secretary (upto September 5, 2018).

II. Relative of Key Managerial Personnel

(a) Mr.Girijesh Tiwari - Senior Manager

III. Substantial Shareholders

(a) Dia Vikas Capital Private Limited
(b) GOJO and Company, Inc.

IV. Other related party in accordance with Ind AS 24 with whom transactions have taken place

(a) Koshish Sustainable Solutions Private Limited
(b) Koshish Marketing Solutions Private Limited
(c) Satya Employee Welfare Trust

Related party transactions during the year:

S. No.	Nature of Transactions	Related Party	Transactions during year ended March 31, 2020	Transactions during year ended March 31, 2019	(Payable)/Receivable		
					As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
1	Remuneration	Mr.Vivek Tiwari	16.49	13.60	-	-	-
		Mr.Sudhindra Sharma	6.07	5.12	-	-	-
		Mr.Ankit Tiwari	-	0.30	-	-	-
		Ms.Rachna Khantwal	0.59	0.40	-	-	-
		Girijesh Tiwari	0.76	0.54	-	-	-
2	Advances given/(repayment received)	Mr.Vivek Tiwari	11/(11)	3/(3)	-	-	-
		Mr.Sudhindra Sharma	-	0.8/(0.8)	-	-	-
		Mr.Ankit Tiwari	-	0.1/(0.1)	-	-	-
		Ms.Rachna Khantwal	0.05/(0.05)	-	-	-	-
3	Share Allotment inluding premium (partly paid-up shares)	Mr.Vivek Tiwari	6.25	-	-	-	-
4	Share Allotment inluding premium	Dia Vikas Capital Private Limited	28.24	117.88	-	-	-
		Mr.Sudhindra Sharma	-	0.99	-	-	-
		Mr.Ankit Tiwari	-	0.14	-	-	-
		Ms.Rachna Khantwal	0.11	-	-	-	-
		GOJO & Company, Inc.	133.46	409.80	-	-	-
		Koshish Marketing Solutions Private Limited	125.25	-	-	-	-
		Koshish Sustainable Solutions Private Limited	30.00	-	-	-	-
		Satya Employee Welfare Trust	21.00	-	-	-	-
5	Issue of Compulsorily Convertible Preference Shares including premium	GOJO & Company, Inc.	367.50	-	-	-	-
6	Conversion of Compulsoily Convertible Debentures	Dia Vikas Capital Private Limited	-	4.48	-	-	-

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32: Fair Value

The carrying value and fair value of financial instruments by categories are as follows:

Particulars	Carrying Value			Fair Value		
	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Financial assets measured at fair value through profit or loss						
Investments	-	-	1.88	-	-	1.88
Financial assets measured at amortised cost						
Loan portfolio	9,172.52	6,054.91	2,142.06	9,402.49	6,209.62	2,211.77
Financial liabilities measured at amortised cost						
Borrowings*	9,230.53	7,424.34	2,922.34	9,266.56	7,376.92	2,917.87

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other financial assets/liabilities, other non-financial assets/liabilities, payables and provisions are considered to be the same as their fair values, due to their short-term nature

33: Fair Value Hierarchy of assets and liabilities

Fair value measurement

I. The carrying amount and fair value measurement hierarchy for assets and liabilities as at March 31, 2020 is as follows:

Assets

Particulars	Measured at amortised cost					
	Carrying Value	Fair Value	Level 1	Level 2	Level 3	Total
Loan portfolio	9,172.52	9,402.49	-	9,402.49	-	9,402.49
Total	**9,172.52**	**9,402.49**	-	**9,402.49**	-	**9,402.49**

Liabilities

Particulars	Measured at amortised cost					
	Carrying Value	Fair Value	Level 1	Level 2	Level 3	Total
Borrowings*	9,230.53	9,266.56	-	9,266.56	-	9,266.56
Total	**9,230.53**	**9,266.56**	-	**9,266.56**	-	**9,266.56**

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities

II. The carrying amount and fair value measurement hierarchy for assets as at March 31, 2019 is as follows:

Assets

Particulars	Measured at amortised cost					
	Carrying Value	Fair Value	Level 1	Level 2	Level 3	Total
Loan Portfolio	6,054.91	6,209.62	-	6,209.62	-	6,209.62
Total	**6,054.91**	**6,209.62**	-	**6,209.62**	-	**6,209.62**

Liabilities

Particulars	Measured at amortised cost					
	Carrying Value	Fair Value	Level 1	Level 2	Level 3	Total
Borrowings*	7,424.34	7,376.92	-	7,376.92	-	7,376.92
Total	**7,424.34**	**7,376.92**	-	**7,376.92**	-	**7,376.92**

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities

III. The carrying amount and fair value measurement hierarchy for assets as at April 1, 2018 is as follows:

Assets

Particulars	Measured at fair value through profit or loss					
	Carrying Value	Fair Value	Level 1	Level 2	Level 3	Total
Investments	1.88	1.88	1.88	-	-	1.88
Total	**1.88**	**1.88**	**1.88**	-	-	**1.88**

Particulars	Measured at amortised cost					
	Carrying Value	Fair Value	Level 1	Level 2	Level 3	Total
Loan Portfolio	2,142.06	2,211.77	-	2,211.77	-	2,211.77
Total	**2,142.06**	**2,211.77**	-	**2,211.77**	-	**2,211.77**

Liabilities

Particulars	Measured at amortised cost					
	Carrying Value	Fair Value	Level 1	Level 2	Level 3	Total
Borrowings*	2,922.34	2,917.87	-	2,917.87	-	2,917.87
Total	**2,922.34**	**2,917.87**	-	**2,917.87**	-	**2,917.87**

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

Valuation technique used for

Loan portfolio

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month. The overdue cash flows upto 90 Days (upto stage 2) are discounted assuming they will be received evenly in the first month following the balance sheet date. Further, the fair value of cash flows for Stage III loans are assumed as carrying value less provision for expected credit loss.

Borrowings

The fair value of fixed rate borrowings (including debt securities, borrowings (other than debt securities) and subordinated liabilities) is determined by discounting expected future contractual cash flows using current market interest rate being charged for new borrowings. The fair value of floating rate borrowing, borrowings recognised towards securitisation deals and lease liability created under Ind AS 116 is deemed to equal its carrying value.

There have been no transfer between Level 1, Level 2 and Level 3 during the year ended March 31, 2020 and March 31, 2019.

34: Capital management

The Company's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated

As an NBFC-MFI, the RBI requires the Company to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of its aggregate risk weighted assets. Further, the total of Tier II capital cannot exceed 100% of its Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

The Company has a board approved policy on resource planning which states that the resource planning of the Company shall be based on its Asset Liability Management (ALM) requirement. The policy of the Company on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure, manner of raising the funds etc.

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35: First time adoption

The Company has prepared its Ind AS compliant financial statements for year ended on March 31, 2020, the comparative period ended on March 31, 2019 and an opening Ind AS balance sheet as at April 1, 2018 (the date of transition), as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the balance sheet as at April 1, 2018 and the financial statements as at and for the year ended March 31, 2019

For years ended upto March 31, 2019, the Company had prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (previous GAAP).

Exemption availed:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions/exceptions

Estimates

The estimates as at April 1, 2018 and as at March 31, 2019 are consistent with those made for the same dates in accordance with Indian GAAP apart from the following adjustments

- Fair valuation of financial instruments carried at fair value through profit or loss (FVTPL)
- Impairment of financial assets based on Expected Credit Loss (ECL) model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2018 the date of transition to Ind AS, and as of March 31, 2019

Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS

Impairment of financial assets

The Company has applied the exception related to impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognized and compared that to the credit risk as at April 1, 2018.

Property, plant and equipment and intagible assets

The Company has elected to continue with the carrying value for all of its property, plant and equipment, intangible assets and investment properties as recognized in its Indian GAAP financials as deemed cost at the transition date.

Reconciliation of equity under Ind AS and previous GAAP	Note	31-Mar-19	01-Apr-18
Total equity as per previous GAAP		912.54	180.25
Loan Portfolio			
Processing fee on financial assets reversed on account of EIR model	A	(48.15)	(17.98)
Provision based on ECL model on financial assets	B	(18.36)	(4.47)
Assignment and securitization transaction			
Recognition of EIS upfronting on assignment deals (net of reversal)	C	8.01	0.60
Impact of re-recognition of securitization transaction in books	D	17.90	5.12
Borrowings			
Measurement of financial liabilities at amortised cost using EIR method	E	(26.66)	(6.30)
Others			
Impact of Ind AS 116	F	(2.06)	-
Non-convertible preference shares considered as borrowings under Ind AS	G	(20.00)	-
Compulsorily Convertible Debentures considered as other equity under Ind AS	H	-	44.80
Recognition of deferred tax charge	I	41.77	28.69
Total equity as per Ind AS		**864.99**	**230.71**

Reconciliation of profit/(loss) under Ind AS and previous GAAP	Note	31-Mar-19
Profit as per previous GAAP		32.37
Loan Portfolio		
Measurement of financial assets at amortised cost using EIR method	A	(30.17)
Impairment on financial instruments	B	(13.89)
Borrowings		
Measurement of financial liabilities at amortised cost using EIR method	E	(20.29)
Others		
Re-recognition of securitization arrangement (net)	D	12.71
Upfronting of excess interest spread on direct assignment (net)	C	7.41
Impact of Ind AS 116	F	(2.06)
Interest on preference shares included in other liabilities	G	(1.35)
Recognition of Deferred tax charge	I	13.08
Fair Value of Employee Stock Options	J	(0.22)
Total Profit as per Ind AS		**-2.41**

Notes to Reconciliation of the previous GAAP and Ind AS:

Loan portfolio

A. Under previous GAAP, loan processing fees received in connection with loans portfolio is recognized upfront and credited to profit or loss for the year.
Under Ind AS, loan processing fee is credited to profit and loss using the effective interest rate method. The unamortized portion of loan processing fee is adjusted from the loan portfolio.

B. Under the Ind AS, allowance is provided on the loans given to customers is on the basis of percentage obtained by evaluating the loss of the previous years and management expectations for future losses based on quantitative and qualitative evaluation of the financial assets and macro-economic factors. Under the previous GAAP, the Company has created provision for loans and advances based on the Guidelines on prudential norms issued by the Reserve Bank of India.

Interest income under Assignment arrangement

C. The company transferred the loan portfolio in a transfer that qualified for derecognition in its entirety therefore under IndAS the whole of the interest spread (over the expected life of the asset) is recognised on the date of derecognition itself as interest-only strip receivable and correspondingly recognised as profit on derecognition of financial asset.

Securitization Arrangement

D. The Company has entered into securitization transactions. The Company has de-recognized the securitised assets under previous GAAP as the same meets the de-recognition criteria as per previous GAAP. However, as per Ind AS, as the Company has not transferred substantially all the risks and rewards, the securitized asset has been recognised in the books and a corresponding liability is also recognized. The transferred asset and the corresponding liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Borrowings

E. Under previous GAAP, transaction costs incurred in connection with borrowings were recognised as deferred revenue expenditure and charged to profit or loss on a straight-line basis over the tenure of such borrowings. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

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Implementation of Ind AS 116

F. Ind AS 116 requires lessees to recognize leases (other than short-term leases) on their balance sheets. Lessees are required to initially recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The lease liability is measured at the present value of the lease payments to be made over the lease term. The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the lessee's initial direct costs (e.g. commissions) and an estimate of restoration, removal and dismantling costs. Lessees accrete the lease liability to reflect interest and reduce the liability to reflect lease payments made. The related right-of-use asset is depreciated in accordance with the depreciation requirements of Ind AS 16 Property, Plant and Equipment. Under the previous GAAP, lease expense in respect of operating leases (other than short term leases) is booked on a straight-line basis over the tenure of the lease through the creation of a Lease Equalisation Reserve.

Optionally Convertible Preference Shares (OCPS)

G. Under previous GAAP, the Company had recognised balance in OCPS as equity. Based on assessment of terms associated with such OCPS, the instruments do not meet the condition of an equity instrument as per Ind AS 32 and accordingly have been classified as financial liability as at March 31, 2019.

Compulsorily Convertible Debentures (CCD)

H. Under previous GAAP, the Company had recognised balance in CCD as borrowings. Based on assessment of terms associated with such CCD, the instruments meet the condition of an equity instrument as per Ind AS 32 and accordingly have been classified as other equity as at April 1, 2018.

Deferred Tax Asset (DTA)

I. Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

Share-based payments

J. Under Indian GAAP, the Group recognised only the intrinsic value for the share based payments plans as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period.

36: Employee Benefit Plans

The Company has an unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity, on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of Rs.2,000,000 as per the Payment of Gratuity Act, 1972. Provision for unfunded gratuity liability for all employees is based upon actuarial valuations carried out at the end of every financial year. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. In accordance with Indian Accounting Standard (Ind AS) 19 on 'Employee Benefits', commitments are actuarially determined using the 'Projected Unit Credit' Method. Gains and losses on changes in actuarial assumptions are accounted for in the statement of profit and loss as other comprehensive income.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the Balance Sheet for the gratuity plan:

Movement in defined benefit obligations

Particulars	March 31, 2020	March 31, 2019
Defined benefit obligation as at the beginning of the year	2.24	1.14
Current service cost	1.91	1.31
Interest on defined benefit obligation	0.17	0.09
Re-measurement (gains)/losses on defined benefit plans	1.26	(0.30)
Benefits paid	-	-
Defined benefit obligation as at the end of the year	**5.58**	**2.24**

Balance Sheet

Amount recognised in balance sheet

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Present value of obligations	5.58	2.24	1.14
Fair value on plan assets	NA	NA	NA
Net defined benefit liability recognised in balance sheet	**5.58**	**2.24**	**1.14**

Expenses charged to the statement of profit and loss

Particulars	March 31, 2020	March 31, 2019
Current service cost	1.91	1.31
Interest cost	0.17	0.09
Total	**2.09**	**1.40**

Re-measurement gains/(losses) in the other comprehensive income

Particulars	March 31, 2020	March 31, 2019
Re-measurement gains/(losses) on defined benefit plans	(1.26)	0.30
Amount recognised under other comprehensive income	**(1.26)**	**0.30**

Summary of Actuarial Assumptions

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.60%	7.65%
Expected return on plan assets	NA	NA
Rate of Increase in compensation levels	6.00% p.a. for next 2 years and 4.00% p.a. thereafter	6.00% p.a. for next 3 years and 4.00% p.a. thereafter
Retirement age (years)	58	58

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

Particulars	March 31, 2020	March 31, 2019
Discount rate (+0.5%)	(5.34)	(2.14)
Discount rate (-0.5%)	5.84	2.34
Salary Inflation (+0.5%)	5.84	2.34
Salary Inflation (-0.5%)	(5.35)	(2.15)
Withdrawal Rate (+10%)	(5.38)	(2.14)
Withdrawal Rate (-10%)	5.78	2.34

Maturity profile of defined benefit obligation

Particulars	March 31, 2020
Year 1	0.02
Year 2	0.02
Year 3	0.49
Year 4	0.72
Year 5	0.82
After year 5	3.14

Discount rate: The rate used to discount post-employment benefit obligation is determined by reference to market yield at the balance sheet date on government bonds.

Salary escalation rate: This is Management's estimate of the increases in the salaries of the employees over the long term. Estimated future salary increases takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

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37: Leases

Company as a lessee

The company has lease contracts for office and residential spaces taken on lease. The lease terms are between 1 to 10 years.

The Company also has certain lease with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

The Ministry of Corporate Affairs (MCA), vide notification dated March 30, 2019, has notified Ind AS 116 - Leases with effect from April 1, 2019 for all Companies. Further, as per ITFG issued by ICAI on Ind AS 116, for Companies implementing Ind AS from accounting period beginning on or after April 1, 2019, this standard shall be applicable from the transition date (i.e. April 1, 2018). Accordingly, the Company has implemented Ind AS 116 with effect from April 1, 2018 by following the modified retrospective approach.
The carrying amounts of right-of-use assets recognized and the movements during the period are as follows:

The carrying amounts of right-of-use assets recognized and the movements during the period are as follows:

Particulars	March 31, 2020	March 31, 2019
Balance at the beginning of the year	3.82	7.99
Additions made during the year	3.38	1.87
Depreciation charge for the year	(4.35)	(6.04)
Balance at the end of the year	2.85	3.82

The carrying amounts of lease liabilities and the movements during the period are as follows:

Particulars	March 31, 2020	March 31, 2019
Balance at the beginning of the year	6.80	8.04
Additions made during the year	3.36	1.87
Interest accretion for the year	0.91	0.96
Payments made during the year	(5.37)	(4.07)
Balance at the end of the year	5.70	6.80

The effective interest rate for lease liabilities is between 12.59% and 12.73%, with maturity in 2020-2021.

The following are the amounts recognized in profit and loss :

Particulars	March 31, 2020	March 31, 2019
Depreciation expense in respect of right-of-use asset	4.35	6.04
Interest expense in respect of lease liabilities	0.91	0.96
Expense relating to short-term leases (included on other expenses)	23.66	10.79
Total amount recognised in profit or loss	28.92	17.79

The Company's total cash outflows for leases was Rs.29.03 mn during year ended March 31, 2020 (Rs.14.86 mn during the year ended March 31, 2019).

38: Amount payable to micro small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

As at March 31, 2020, March 31, 2019 & April 1, 2018, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

39: Risk Management and financial objectives

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors.

The Company has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the context of changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

39.1 Credit Risk

Credit risk is the risk of loss that may occur from defaults by Borrowers under loan agreements. In order to address credit risk, the Company have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. The Company also follows a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The Company is an urban, semi-urban and rural focused NBFC-MFI with a geographically diversified presence in India and offer income generation loans under the joint liability group model, predominantly to women from low-income households in urban, semi-urban and rural areas. Further, as it focuses on providing micro-loans in urban, semi-urban and rural areas, the Company's results of operations are affected by the performance and the future growth potential of microfinance in India. The Company's borrowers typically have limited sources of income, savings and credit histories and the loans are typically provided free of collateral. The borrowers generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, the Company relies on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of loans.

In order to mitigate the impact of credit risk in the future profitability, the Company creates impairment loss allowance basis the Expected Credit Loss (ECL) model for the outstanding loans as at balance sheet date. Refer Note 3(e) for details.

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39.2 Liquidity Risk

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. The Company's resource mobilization team sources funds from multiple sources, which inter-alia includes banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. Further, the maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. The Company has a Asset Liability Management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

Maturity pattern of assets and liabilities as at March 31, 2020:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings*	761.08	397.81	622.58	1,692.90	2,741.38	3,602.71	764.61	491.56	**11,074.64**
Other financial liabilities	60.54	-	-	-	-	-	-	-	**60.54**
Loan portfolio	46.50	3.80	1,215.93	2,110.50	3,662.36	4,489.15	-	-	**11,528.24**
Other financial assets	653.10	2.23	21.87	173.51	574.25	237.89	-	-	**1,662.85**

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

The above maturity pattern is based on the undiscounted contractual cash flows under the respective arrangements basis which such assets and liabilities have been recognized.

Maturity pattern of assets and liabilities as at March 31, 2019:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings*	544.39	362.99	383.74	1,380.40	1,793.94	3,265.58	935.95	410.87	**9,077.86**
Other financial liabilities	152.02	-	-	-	-	-	-	-	**152.02**
Loan portfolio	486.71	446.32	300.05	1,253.90	2,110.68	2,951.29	-	-	**7,548.95**
Other financial assets	448.53	1.95	115.23	156.03	1,056.39	711.66	-	-	**2,489.80**

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

The above maturity pattern is based on the undiscounted contractual cash flows under the respective arrangements basis which such assets and liabilities have been recognized.

Maturity pattern of assets and liabilities as at April 1, 2018:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings*	172.80	187.02	143.49	437.76	838.51	1,246.96	290.96	293.74	**3,611.25**
Other financial liabilities	12.39	-	-	-	-	-	-	-	**12.39**
Loan portfolio	127.28	144.56	130.99	408.55	812.72	1,036.73	0.13		**2,660.96**
Other financial assets	702.18	155.78	34.94	217.46	32.60	283.34	-	-	**1,426.30**

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

The above maturity pattern is based on the undiscounted contractual cash flows under the respective arrangements basis which such assets and liabilities have been recognized.

39.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company is exposed primarily to interest rate risk which has been discussed below:

(a) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is subject to interest rate risk, principally because it lends to clients at fixed interest rates and for periods that may differ from its funding sources, while the Company's borrowings are at both fixed and variable interest rates for different periods. The Company assesses and manages its interest rate risk by managing its assets and liabilities. The Company's Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The Company has an Asset Liability Management (ALM) policy, approved by the Board of Directors, for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

Finance cost	For year ended March 31, 2020	For year ended March 31, 2019
0.50% increase	(4.07)	(1.33)
0.50% decrease	4.07	1.33

40: Transfer of financial assets

a. Securitisation transactions:

During the period, the Company has entered into securitisation arrangement with various parties. Under such arrangement, the Company has transferred a pool of loan portfolio, which does not fulfil the derecognition criteria specified under Ind AS 109 as the risk and rewards with respect to these assets are not substantially transferred.

Following such transfer, the Company's involvement in these assets is as follows:

- As a servicer of the transferred assets
- To the extent of credit enhancements provided to such parties

The value of financial assets and liabilities as on:

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Carrying amount of associated assets	1,464.82	1,370.87	381.93
Carrying amount of associated liabilities	1,520.50	1,465.36	395.72
Fair value of associated assets	1,464.82	1,370.87	381.93
Fair value of associated liabilities	1,520.50	1,465.36	395.72

The carrying value of securitized loans approximate their fair value as the loans once sold cannot be transferred again.

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b. Assignment transactions:

The Company has transferred a part of its loan portfolio (measured at amortised cost) vide assignment deals executed with various parties, as a source of finance. As per the terms of deal, the derecognition criteria as per Ind AS 109 (including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer) being met, the assets have been derecognised.

The management has evaluated the impact of the assignment transactions executed during the year on its business model. Based on the future business plan, the company's business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognised financial assets and the gain/(loss) on derecognition:

Particulars	For year ended March 31, 2020	For year ended March 31, 2019
Carrying amount of derecognised financial assets	852.21	140.71
Gain/(loss) from derecognition	96.56	15.60

Since the Company transferred the above financial assets in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognised on the date of derecognition itself as interest only strip receivable and correspondingly recognised as profit on derecognition of financial assets.

41: Employee Stock Option Plan (ESOP)

The company has provided an equity settled share based payment scheme to its employees. The details of such share based payment scheme are as follows:

Particulars	Grant	Number of options granted	Vesting period (in years)	Vesting conditions
Satya ESOP 2018	Grant I	9,95,200	5	25% vests every year subject to continuance of service

Exercise period is 3 years from the date of vesting of options.

The expense recognised for employee services received during the year is Rs.11.43 mn.

(a) The following table lists the input to the Black-Scholes Model used for the options granted by the Company:

Particulars	Grant I
Date of Grant	26-Mar-19
Date of Board/Compensation Committee approval	22-Oct-18
Number of options granted	9,95,200
Method of settlement	Equity
Graded vesting period	
Day following the expiry of 12 months from grant	25%
Day following the expiry of 24 months from grant	25%
Day following the expiry of 36 months from grant	25%
Day following the expiry of 48 months from grant	25%
Exercise period	3 years from the date of vesting of options
Vesting conditions	Minimum period of one year between Grant of Options and Vesting of Options; Vesting Period in any case shall not exceed 5 (Five) years from the Grant Date; Employee must be in service at the time of vesting and and must neither be serving his notice for termination of employment with the Company nor be subject to any disciplinary proceedings pending against him on the Vesting Date.
Weighted average of remaining contractual life in years	4.49
Year I	2.98
Year II	3.99
Year III	4.99
Year IV	5.99

(b) The details of activity under Satya ESOP 2018 with an exercise price of Rs.45 for the year ended March 31, 2020 have been summarised below:

Particulars	Grant I
Options outstanding at the beginning of the year	9,95,200
Options granted during the year	-
Options lapsed during the year	1,39,450
Options outstanding at the end of the year*	8,55,750

*There are 2,14,500 options exercisable at the end of year.

(c) Details of stock options granted by the Company:

The weighted fair value of stock option granted during the year was Rs.27.74. The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Grant I
Share price on the date of grant (in Rs.)	61
Exercise price (in Rs.)	45
Historic volatility (%)	37.44%
Life of the options granted in years	2.50-5.50
Risk free interest rate (%)	6.85%
Expected dividend rate (%)	0.00%

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42: Disclosure of investing and financing transactions that do not require the use of cash and cash equivalents

For the year ended March 31, 2020

Name of instrument	Opening	Cash flows	Premium	Conversion	Other	Closing
Equity share capital (including securities premium)	939.79	80.37	319.00	-	-	1,339.16
Compulsorily convertible preference shares (including securities premium)	-	27.22	340.28	-	-	367.50
Right-of-use assets	3.82	-	-	-	(0.97)	2.85
Borrowings*	7,424.34	1,843.40	-	-	(37.21)	9,230.53
Total	8,367.95	1,950.99	659.28	-	(38.18)	10,940.04

* Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

For the year ended March 31, 2019

Name of instrument	Opening	Cash flows	Premium	Conversion	Other	Closing
Equity share capital (including securities premium)	258.52	84.66	551.81	44.80	-	939.79
Compulsorily convertible debentures	44.80	-	-	(44.80)	-	-
Right-of-use assets	7.99	-	-	-	(4.17)	3.82
Borrowings*	2,922.34	4,509.25	-	-	(7.25)	7,424.34
Total	3,233.65	4,593.91	551.81	-	(11.42)	8,367.95

* Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

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43: Additional information required by Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17

(a) Capital to Risk Assets Ratio (CRAR)

Particulars	March 31, 2020	March 31, 2019
CRAR (%)	25.47%	20.40%
CRAR-Tier I Capital (%)	19.63%	14.93%
CRAR-Tier II Capital (%)	5.84%	5.47%
Amount of subordinated debt raised as Tier II capital	125.72	125.50
Amount raised by issue of perpetual debt instruments	-	-

(b) Exposure to real estate sector

Category	March 31, 2020	March 31, 2019
A. Direct exposure		
I. Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	-	-
II.Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits	-	-
III.Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
Residential	-	-
Commercial Real Estate	-	-
B. Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
Total	-	-

(c) The Company has no loans outstanding as at March 31, 2020 and March 31, 2019 that are secured against gold.

(d) The Company has no exposure to capital market.

(e) Asset liability management:

Maturity pattern of assets and liabilities as on March 31, 2020:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings #	645.88	327.24	477.24	1,392.15	2,359.03	2,942.23	560.00	450.00	**9,153.77**
Advances *	34.34	2.39	570.75	1,610.94	2,981.82	3,869.91	-	-	**9,070.17**
Other financial assets	43.52	-	-	-	49.42	20.76	-	-	**113.70**

Net of lease liability recognized under Ind AS 116 in respect of leases (other than short-term leases).

* Net of provision for expected credit loss on Stage III loans.

The above maturity pattern is based on the undiscounted contractual cash flows under the respective arrangements basis which such assets and liabilities have been recognized.

Maturity pattern of assets and liabilities as on March 31, 2019:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings #	441.02	290.02	286.95	1,119.86	1,432.85	2,705.69	681.94	350.00	**7,308.33**
Advances *	326.09	338.13	189.71	952.12	1,717.47	2,485.91	-	-	**6,009.42**
Other financial assets	69.19	-	-	-	16.52	21.71	-	-	**107.42**

Net of lease liability recognized under Ind AS 116 in respect of leases (other than short-term leases).

* Net of provision for expected credit loss on Stage III loans.

The above maturity pattern is based on the undiscounted contractual cash flows under the respective arrangements basis which such assets and liabilities have been recognized.

(f) No instances of fraud have been reported during financial year ended March 31, 2020 and March 31, 2019.

(g) The Company has not undertaken any transaction in derivatives during financial year ended March 31, 2020 and March 31, 2019.

(h) Ratings assigned by credit rating agencies and migration of ratings during year ended March 31, 2020:

S. No.	Instrument	Rating agency	As per final rating letter	Rating assigned	Valid up to	Borrowing limit
1	Long-term bank facilities	CARE	03-Feb-20	CARE BBB-; Stable	Refer Note 1	500.00
2	Long-term bank facilities	ICRA	04-Feb-20	[ICRA]BBB-; Stable	Refer Note 1	3500.00
3	Securitization	ICRA	06-May-19	[ICRA]A(SO)	17-Nov-20	235.29
4	Securitization	ICRA	30-Aug-19	[ICRA]A(SO)	17-Apr-21	277.09
5	Securitization	ICRA	25-Feb-20	[ICRA]A-(SO)	17-Jul-21	358.46
6	Securitization	ICRA	05-Mar-20	[ICRA]A(SO)	13-Nov-21	235.13
7	Securitization	ICRA	05-Aug-19	[ICRA]A+(SO)	27-Feb-21	132.70
8	Securitization	ICRA	06-Dec-19	[ICRA]A-(SO)	27-Jun-21	241.65
9	Securitization	ICRA	06-Dec-19	[ICRA]A(SO)	17-Jul-21	224.74
10	Securitization	ICRA	27-Dec-19	[ICRA]A(SO)	17-Jul-21	224.75
11	Securitization	ICRA	26-Feb-19	[ICRA]A(SO)	12-Dec-20	412.40
12	Securitization	ICRA	27-Mar-19	[ICRA]A-(SO)	21-Jan-21	344.04
13	Securitization	ICRA	06-Jun-19	[ICRA]A-(SO)	14-Jan-21	102.97
14	Securitization	ICRA	13-Mar-20	[ICRA]A-(SO)	17-Dec-21	212.07
15	Securitization	ICRA	15-Jan-19	[ICRA]A-(SO)	22-Nov-20	111.29
16	Securitization	ICRA	24-May-19	[ICRA]A(SO)	12-Dec-20	97.74

Note 1: The rating is subject to annual surveillance till final repayment/redemption of rated facilities.

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Ratings assigned by credit rating agencies and migration of ratings during year ended March 31, 2019:

S. No.	Instrument	Rating agency	As per final rating letter	Rating assigned	Valid up to	Borrowing limit
1	Long-term bank facilities	CARE	07-Sep-18	CARE BBB-, Stable	Refer Note 1	500.00
2	Long-term bank facilities	ICRA	07-Sep-18	[ICRA]BBB-, Stable	Refer Note 1	2000.00
3	Non convertible debentures programme	ICRA	07-Sep-18	[ICRA]BBB-, Stable	Refer Note 1	940.00
4	Securitization	ICRA	15-Jan-19	[ICRA]A-(SO)	22-Nov-20	111.29
5	Securitization	ICRA	06-May-19	[ICRA]A(SO)	17-Nov-20	235.29
6	Securitization	ICRA	26-Feb-19	[ICRA]A(SO)	12-Dec-20	412.40
7	Securitization	ICRA	27-Mar-19	[ICRA]A-(SO)	21-Jan-21	344.04
8	Securitization	ICRA	05-Aug-19	[ICRA]A+(SO)	27-Feb-21	132.70
9	Securitization	ICRA	06-Jun-19	[ICRA]A-(SO)	14-Jan-21	102.97
10	Securitization	ICRA	24-May-19	[ICRA]A(SO)	12-Dec-20	97.74
11	Securitization	ICRA	22-Jan-18	[ICRA]BBB(SO)	24-Jul-19	124.56
12	Securitization	ICRA	04-Jun-18	[ICRA]A(SO)	17-Jan-20	198.51
13	Securitization	ICRA	05-Apr-18	[ICRA]A-(SO)	17-Jan-20	83.23
14	Securitization	ICRA	10-Jun-18	[ICRA]A(SO)	17-Apr-20	195.80

Note 1. The rating is subject to annual surveillance till final repayment/redemption of rated facilities.

(i) Disclosure of complaints:

Particulars	No. of complaints	
	March 31, 2020	March 31, 2019
No. of complaints pending at the beginning of the year	0	0
No. of complaints received during the year	360	859
No. of complaints redressed during the year	359	859
No. of complaints pending at the end of the year	1	0

(j) Concentration of advances, exposures and non-performing assets:

Particulars	March 31, 2020	March 31, 2019
Concentration of advances*		
Total advances to twenty largest borrowers	0.76	0.49
Percentage of advances to twenty largest borrowers to total advances	0.08%	0.08%
Concentration of exposures*		
Total exposure to twenty largest borrowers	0.76	0.49
Percentage of exposure to twenty largest borrowers to total exposure	0.08%	0.08%
Concentration of non-performing assets		
Total exposure to top four non-performing assets	0.03	0.01

* Represents amount outstanding as per contract with customers

(k) Sector-wise non-performing assets:

Sector	Percentage of NPAs to total advances in that sector	
	As at March 31, 2020	As at March 31, 2019
Agriculture and allied activities	0.00%	0.00%
MSME	0.00%	0.00%
Corporate borrowers	0.00%	0.00%
Services	0.00%	0.00%
Unsecured personal loans	1.62%	0.04%
Auto loans	0.00%	0.00%
Other personal loans	0.00%	0.00%

* Represents Stage III loans.

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(l) Movement of non-performing assets (NPAs):

Particulars	31-Mar-20	31-Mar-19
Net NPAs to net advances (%)	0.56%	0.04%
Movement of NPAs (gross)		
1. Balance at the beginning of the year	2.48	0.06
2. Additions during the year	156.99	4.07
3. Reductions during the year	(8.77)	(1.65)
4. Balance at the end of the year	150.70	2.48
Movement of NPAs (net)		
1. Balance at the beginning of the year	2.45	0.06
2. Additions during the year	48.58	2.40
3. Reductions during the year	-	-
4. Balance at the end of the year	51.03	2.45
Movement of provision for NPAs		
1. Balance at the beginning of the year	0.03	0.00
2. Provisions made during the year	108.41	1.67
3. Write-off/excess provision written back	(8.77)	(1.65)
4. Balance at the end of the year	99.67	0.03

(m) The Company has not made any drawdown from reserves during the year ended March 31, 2020 and March 31, 2019.

(n) Investments:

Particulars	31-Mar-20	31-Mar-19
1.Value of investments		
(i) Gross value of investments		
(a) In India	-	-
(b) Outside India	-	-
(ii) Provision for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	-	-
(b) Outside India	-	-
2.Movement of provisions held towards deprecation		
Opening balance	-	-
Add: Provision made during the year	-	-
Less: Write off/ write back	-	-
Closing balance	-	-

(o) Details relating to securitisation:

During the year, the Company has sold loans through securitisation. The information on securitisation activities is as under:

Particulars	31-Mar-20	31-Mar-19
Total number of loans securitized	60,303	62,002
Total book value of loans securitised	1620.20	1479.39
Total book value of loans securitised (including over collateral)	1773.89	1,632.22
Sale consideration received for loans securitized	1620.20	1479.39
Credit enhancements provided and outstanding (gross):		
Cash collateral	216.8	135.46
Outstanding value of loan securitized	1751.76	1551.53

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Particulars	31-Mar-20	31-Mar-19
1. No. of SPVs sponsored by the NBFC for securitisation transactions during the year	14	11
2. Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC as on the date of balance sheet	1751.76	1551.53
3. Total amount of exposures retained to comply with minimum retention requirement ('MRR') as on the date of balance sheet	-	-
a) Off balance sheet exposures		
- First loss	216.80	135.46
- Others	-	-
b) On balance sheet exposures		
- First loss (cash collateral and over collateral)	286.94	180.66
- Others	-	-
4. Amount of exposures to securitization transactions other than MRR:		
a) Off balance sheet exposures	-	-
i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
b) On balance sheet exposures		
i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-

(p) Details of assignment transactions undertaken

Particulars	31-Mar-20	31-Mar-19
No. of accounts sold	42,576	10,983.00
Aggregate value of accounts sold	1,019.86	205.51
Aggregate consideration*	1,019.86	205.51
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/(loss) over net book value	-	-

* The above mentioned purchase consideration doesn't include the interest spread (over the expected life of the asset) recognised on the date of derecognition as interest-only strip receivable.

(q) The Company has not sold financial assets to securitisation/reconstruction companies for asset reconstruction during the year ended March 31, 2020 and March 31, 2019.

(r) The Company has not purchased/sold non-performing financial assets during the year ended March 31, 2020 and March 31, 2019.

(s) Unsecured loan and advances – Refer Note 7

(t) Registration obtained from other financial sector regulators:

The Company is registered with the Ministry of Corporate Affairs (financial regulator as described by the Ministry of Finance)

(u) No penalties have been imposed on the Company by RBI and other regulators during the year ended March 31, 2020 and March 31, 2019.

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(Rupees in millions unless otherwise stated)

(v) Provisions and contingencies (shown under expenses in statement of profit and loss)

Particulars	31-Mar-20	31-Mar-19
Provision for income-tax (including income-tax effect on other comprehensive income)	35.31	(0.71)
Impairment loss allowance	90.50	40.22
Provision for gratuity (including re-measurement gains/(losses) on defined benefit plans)	3.34	1.10
Provision for leave encashment	3.40	1.70

(w) The Company has no unhedged foreign currency exposure as at March 31, 2020 and March 31, 2019.

(x) Information on Net Interest Margin

Particulars	31-Mar-20	31-Mar-19
	(%)	(%)
Average interest charged (A)	23.40%	23.99%
Average effective cost of borrowing (B)	13.59%	14.06%
Net Interest margin (A-B)	9.81%	9.93%

1. Interest income considered for computation of "average interest charged" excludes loan processing fee collected from customers in accordance with para 54 (vi) of the RBI Master Directions. As per Ind AS 109, such loan processing fee forms part of interest income in the Ind AS financial statements.

2. Average loan outstanding considered for computation of "average interest charged" is gross of the impairment allowance and unamortized portion of loan processing fee. As per Ind AS 109, such allowance is adjusted from the loan balance in the Ind AS financial statements.

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

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44: Prudential floor for impairment loss

Asset classification under RBI norms	Asset classification under Ind AS	Gross carrying amount as per Ind AS	Loss allowance as required under Ind AS	Net carrying amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provisions and IRACP
(1)	(2)	(3)	(4)	(5) = (3) -(4)	(6)	(7) = (4) - (6)
Performing assets						
Standard assets	Stage I	9,103.65	39.25	9,064.40	74.71	(35.46)
	Stage II	71.25	14.16	57.09	0.58	13.58
Subtotal (A)		**9,174.90**	**53.41**	**9,121.49**	**75.29**	**(21.88)**
Non-performing assets						
Sub-Standard	Stage III	150.70	99.67	51.03	1.16	98.51
Doubtful	Stage III	-	-	-	-	-
Upto 1 year	Stage III	-	-	-	-	-
1 to 3 years	Stage III	-	-	-	-	-
More than 3 years	Stage III	-	-	-	-	-
Loss assets	Stage III	-	-	-	-	-
Subtotal (B)		**150.70**	**99.67**	**51.03**	**1.16**	**98.51**
Total	Stage I	**9,103.65**	**39.25**	**9,064.40**	**74.71**	**(35.46)**
	Stage II	**71.25**	**14.16**	**57.09**	**0.58**	**(21.88)**
	Stage III	**150.70**	**99.67**	**51.03**	**1.16**	**98.51**
	Total	**9,325.60**	**153.08**	**9,172.52**	**76.45**	**41.17**

* The provision required as per IRACP norms has been calculated on the aggregate loan portfolio after derecognizing the securitised assets which meets the de-recognition criteria under the previous GAAP.

(Rupees in millions unless otherwise stated)

45: Maturity analysis of assets and liabilities

Maturity analysis of assets and liabilities as at March 31, 2020:

	Within 12 months	After 12 months	Total
ASSETS			
Financial assets			
Cash and cash equivalents	471.83	-	471.83
Bank balances other than cash and cash equivalents	787.77	194.01	981.78
Trade receivables	22.29	-	22.29
Loan portfolio	5,258.93	3,913.59	9,172.52
Investments	-	-	-
Other financial assets	92.94	20.76	113.70
Total financial assets	**6,633.76**	**4,128.36**	**10,762.12**
Non-financial assets			
Current tax assets (net)	-	62.92	62.92
Deferred tax assets (net)	-	45.31	45.31
Property, plant and equipment	-	43.76	43.76
Intangible assets	-	0.75	0.75
Other non-financial assets	116.55	3.79	120.34
Total non-financial assets	**116.55**	**156.53**	**273.08**
Total assets	**6,750.31**	**4,284.89**	**11,035.20**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Borrowings*	5,245.16	3,985.37	9,230.53
Other financial liabilities	60.54	-	60.54
Total financial liabilities	**5,305.70**	**3,985.37**	**9,291.07**
Non-financial liabilities			
Provisions	1.83	11.57	13.40
Other non-financial liabilities	13.04	-	13.04
Total non-financial liabilities	**14.87**	**11.57**	**26.44**
EQUITY			
Equity share capital	-	304.47	304.47
Other equity	-	1,413.22	1,413.22
Total equity	-	**1,717.69**	**1,717.69**
Total liabilities and equity	**5,320.57**	**5,714.63**	**11,035.20**

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

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(Rupees in millions unless otherwise stated)

Maturity analysis of assets and liabilities as at March 31, 2019:

	Within 12 months	After 12 months	Total
ASSETS			
Financial assets			
Cash and cash equivalents	362.20	-	362.20
Bank balances other than cash and cash equivalents	1,216.39	614.55	1,830.94
Trade receivables	13.55	-	13.55
Loan portfolio	3,550.19	2,504.72	6,054.91
Investments	-	-	-
Other financial assets	85.71	21.71	107.42
Total financial assets	**5,228.04**	**3,140.98**	**8,369.02**
Non-financial assets			
Current tax assets (net)	-	12.84	12.84
Deferred tax assets (net)	-	42.02	42.02
Property, plant and equipment	-	26.02	26.02
Intangible assets	-	0.61	0.61
Other non-financial assets	21.83	0.96	22.79
Total non-financial assets	**21.83**	**82.45**	**104.28**
Total assets	**5,249.87**	**3,223.43**	**8,473.30**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Borrowings*	3,627.37	3,796.97	7,424.34
Other financial liabilities	152.02	-	152.02
Total financial liabilities	**3,779.39**	**3,796.97**	**7,576.36**
Non-financial liabilities			
Provisions	0.88	5.34	6.22
Other non-financial liabilities	25.73	-	25.73
Total non-financial liabilities	**26.61**	**5.34**	**31.95**
EQUITY			
Equity share capital	-	257.54	257.54
Other equity	-	607.45	607.45
Total equity	-	**864.99**	**864.99**
Total liabilities and equity	**3,806.00**	**4,667.30**	**8,473.30**

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

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(Rupees in millions unless otherwise stated)

Maturity analysis of assets and liabilities as at April 01, 2018:

	Within 12 months	After 12 months	Total
ASSETS			
Financial assets			
Cash and cash equivalents	413.40	-	413.40
Bank balances other than cash and cash equivalents	260.68	246.51	507.19
Trade receivables	11.94	-	11.94
Loan portfolio	1,230.96	911.10	2,142.06
Investments	1.88	-	1.88
Other financial assets	41.63	11.88	53.51
Total financial assets	**1,960.49**	**1,169.49**	**3,129.98**
Non-financial assets			
Current tax assets (net)	-	7.58	7.58
Deferred tax assets (net)	-	27.75	27.75
Property, plant and equipment	-	19.17	19.17
Intangible assets	-	0.79	0.79
Other non-financial assets	9.37	-	9.37
Total non-financial assets	**9.37**	**55.29**	**64.66**
Total assets	**1,969.86**	**1,224.78**	**3,194.64**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Borrowings*	1,443.06	1,479.28	2,922.34
Other financial liabilities	12.39	-	12.39
Total financial liabilities	**1,455.45**	**1,479.28**	**2,934.73**
Non-financial liabilities			
Provisions	0.32	3.10	3.42
Other non-financial liabilities	25.78	-	25.78
Total non-financial liabilities	**26.10**	**3.10**	**29.20**
EQUITY			
Equity share capital	-	128.08	128.08
Other equity	-	102.63	102.63
Total equity	-	**230.71**	**230.71**
Total liabilities and equity	**1,481.56**	**1,713.08**	**3,194.64**

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities.

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46: Impact of COVID-19

The outbreak of COVID-19 virus continues to spread across the globe including India, resulting into a significant decline and volatility in financial markets and a significant decrease in global and local India's economic activities. On March 24, 2020, the Indian Government announced a 21 days lockdown which was further extended twice across the nation as a strict measure to contain the spread of the virus. Due to the continuous lockdowns the Company's loan collections since March 2020 were significantly disrupted as the physical movement of its staff and holding of center meetings was not possible. To deal with this disruption and in accordance with RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Company has granted moratorium of three months on the payment of all instalments falling due between March 1, 2020 to May 31, 2020 to all eligible borrowers. There have been fewer loan disbursements since the initiation of the lock down and the timeline for its resumption and normalization will be affected by several factors including, but not limited to, period and severity of lockdown continuation and availability of fresh funds to the Company. An inherent part of the Company's business model is to raise borrowing for onward lending to its customers. The total borrowing of the Company as at March 31, 2020 are Rs.7,069.23 mn.

The Company has received moratorium in respect of its borrowing amounting to Rs.3,147.89 mn accordance with RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020. The management has performed a detailed assessment of its monthly cash inflows and outflows for next 12 months and concluded that it will be able to meet its obligations even its monthly collections remain below normal due to continuation of lockdown. In its assessment, the Company has also considered an equity injection of Rs. 680 mn which has already been committed by the shareholders.

The Company has recorded an expected credit loss provision of Rs.153.08 mn at March 31, 2020 in respect of its loans and advance. In accordance with the guidance from ICAI, extension of the moratorium to borrowers by the Company pursuant to the RBI guidelines relating to COVID 19 Regulatory Package dated March 27, 2020 and April 17, 2020 by itself is not considered to result in a SICR for a borrower, however the entity needs to evaluate whether the borrowers to which moratorium is granted will remain regular once the moratorium period gets over. The Company has recorded a macro-economic overlay of Rs.25.51 mn as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronavirus (COVID-19) pandemic. Given the unique nature and scale of the economic impact of this pandemic, its timing being close to the year-end, and no reliable data being available regarding the impact of various regulatory packages, the macro-economic overlay estimate is based on various highly uncertain and unobservable factors. In accordance with the guidance in Ind AS 109, the management overlay estimate takes into account reasonable and supportable information without incurring significant cost.

As per our report of even date
For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number : 101049W/E300004

per Amit Kabra
Partner
Membership No.094533

S.R. BATLIBOI & ASSOCIATES LLP

Place: Gurugram
Date: May 20, 2020

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

Vivek Tiwari
Managing Director and CEO
DIN: 02174160

Ratnesh Tiwari
Director
DIN: 07131331

Rachna Khantwal
Company Secretary
M. No. : A43785

Sudhindra Sharma
Chief Financial Officer

Place: New Delhi
Date: May 20, 2020

Satya MicroCapital Ltd. New Delhi