

## NOTICE

**NOTICE** is hereby given that the **3<sup>rd</sup> Annual General Meeting** of the shareholders of **Satin Finserv Limited** will be held on June 14, 2021, Monday at 12:00 P.M. at its registered office at 503, 5<sup>th</sup> Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, Delhi – 110033 to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statement of the Company for the Financial Year ended on March 31, 2021 and the Reports of Board of Directors and Auditors' thereon:

**“RESOLVED THAT** the audited financial statements of the Company including the Balance Sheet as at March 31, 2021, the statement of profit and loss, the cash flow statement for the financial year ended on March 31, 2021, notes to financial statements, reports of the Board and Auditors' thereon be and are hereby received, considered and adopted.”

2. To appoint a Director in place of Mr. Harvinder Pal Singh (DIN: 00333754), Director who retires by rotation and being eligible, offers himself for re-appointment.

**“RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Harvinder Pal Singh (DIN: 00333754) who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

### Special Business:

3. To consider, discuss and approve the appointment of Ms. Jyoti Ahluwalia (DIN: 09112407) as Woman Independent Director of the Company

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 (“the Act”) and rules made thereunder (including any statutory modification or re-enactment thereof, from time to time), the relevant provisions of the Articles of Association and Nomination and Remuneration Policy of the Company and all applicable regulations or guidelines issued by the governmental authorities from time to time and subject to such regulatory approvals as may be necessary and as recommended by Nomination and Remuneration Committee and Board of Directors of the Company, the consent of the Members be and is hereby accorded to appoint Ms Jyoti Ahluwalia (DIN: 09112407), who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Act, as amended from time to time and who is eligible for appointment under the provisions of the Act, rules made thereunder as Woman Independent Director of the Company and whose term shall not be liable to retire by rotation, to hold office for a term of 5 (five) consecutive years on the Board of Directors of the Company w.e.f. March 30, 2021 to March 29, 2026.

**RESOLVED FURTHER THAT** any Director and Mr Puneet Jolly, Company Secretary & Compliance Officer of the Company be and are hereby severally Authorized to do all such acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto.”

---

**Corporate Office:**

4<sup>th</sup> Floor, ' B' Wing, Plot no. 492  
Udyog Vihar- Phase III,  
Gurugram,  
Haryana-122016

**Registered Office:**

503, 5th Floor, Kundan Bhawan  
Azadpur Commercial Complex,  
Azadpur, New Delhi - 110033, India

CIN : U65999DL2018PLC337435  
Landline No : 0124-4715400  
E-Mail ID : [info@satinfinserv.com](mailto:info@satinfinserv.com)  
Website : [www.satinfinserv.com](http://www.satinfinserv.com)

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

**Date: May 15, 2021  
Place: Delhi**

**SD/-  
Puneet Jolly  
Company Secretary**

**Notes:**

1. An explanatory statement as required under section 102 of the Companies Act, 2013 in respect of the business specified under Item No. 3 is annexed hereto.
2. A member who is entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder.
3. A blank proxy form is enclosed and if intended to be used, it should be returned duly completed at the registered office of the Company not less than 48 hours before the scheduled time of the Commencement of the Meeting.
4. Members can inspect the register of director and key managerial personnel and their shareholding and register of contracts or arrangements as maintained under section 170 and section 189 of the Companies Act, 2013 during the course of the meeting at the venue.
5. Members holding equity capital shall have one vote per share.
6. Members are requested to bring their copy of the Annual report to the meeting.
7. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
8. To route map showing direction to reach the venue of 3<sup>rd</sup> AGM is annexed.

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

**Date: May 15, 2021  
Place: Delhi**

**SD/-  
Puneet Jolly  
Company Secretary**

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **Ordinary Business**

#### **Item No. 3**

Pursuant to provisions of the Section 149 of the Companies Act, 2013 read with rules made thereunder the public companies having paid up capital of INR 100 crores or more, are required to appoint at least one woman director. Accordingly, the Company is required to appoint one woman director, Further, pursuant to the provisions of Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 (the "Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Based on the recommendation of Nomination and Remuneration Committee, Ms Jyoti Ahluwalia (DIN: 09112407) was appointed as Woman Independent Director of the Company by the Board of Directors of the Company in their meeting held on March 30, 2021 to hold office for five years i.e. March 30, 2021 till March 29, 2026, not being liable to retire by rotation, subject to approval of shareholders of the Company. Ms. Jyoti Ahluwalia has given her consent to act as Director. She has also given declaration to the effect that she is not disqualified from being appointed as Director in terms of Section 164 of the Act, and that she meet the criteria of Independence as specified under Section 149 of the Act. Notice stipulated under Section 160 of the Act has been received from a member intending to propose the candidature of Ms. Jyoti Ahluwalia for appointment as Director of the Company. In the opinion of the Board, Ms. Jyoti Ahluwalia is a person of integrity, fulfils the conditions specified in the Act and the Rules made thereunder and is independent of the Management of the Company. A copy of the draft Letter of Appointment of Ms. Jyoti Ahluwalia as Woman Independent Director is available for inspection. Details of Director as required under the Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India is attached as Annexure I. None of the Directors or Key Managerial Personnel of the Company or the relatives, except Ms. Jyoti Ahluwalia, the proposed appointee, is concerned or interested, financially or otherwise, in this resolution. The Board recommends the Special Resolution set out at Item No. 3 for the approval of members.

**Annexure 1:**

**PURSUANT TO SECRETARIAL STANDARD-2 ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA, INFORMATION ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED IS FURNISHED BELOW:**

<b>Name of Director</b>	<b>Ms. Jyoti Ahluwalia</b>
DIN:	09112407
Date of first Appointment on the Board of the Company	March 30, 2021
Age	45 years
Qualification	She is Ph.D. and Master's in Commerce from University of Allahabad, Chartered Financial Analyst from Institute of Chartered Financial Analysts of India, Cleared Six Actuarial papers, Postgraduate Diploma in Business Administration (PGDBA – Finance) from ICFAI Business School
Brief Profile/ Nature of Expertise	<p>Ms. Jyoti Ahluwalia is Associate Professor, Data Analytics and Machine Learning at Sushant University, Gurugram. She also cleared six Actuarial papers includes, Finance and Financial Reporting, Economics, Statistical Methods etc.</p> <p>She worked as Finance Professor at ICFAI Business School, Gurugram for more than 7 years. She has taught courses in Finance, Analytics, Strategy, Financial Management, Mergers and Acquisitions, Financial Business Analytics. She is certified by HDFC Bank as a Banking Faculty in their HDFC Train and Trainer Program.</p> <p>Sha has held various important roles in corporates such as Actuarial Analysts at Milliman India (Actuaries and Consultants), Syndicated Research Analyst at Corporate Executive Board.</p> <p>She has contributed as resource person in a two day MDP workshop on Personal Financing Planning and She has received Best Summer Internship Programme Award 2015.</p>
Terms and conditions of re-appointment	As per the resolution at item no. 3 of the Notice convening this meeting read with explanatory statement thereto
Remuneration last drawn	NA
Names of other companies in which the person also holds the directorship as at March 31, 2021	NA
Names of companies in which the person also holds the membership of Committees of the Board as at March 31, 2021	NA
Shareholding in Satin Finserv Limited	NA
Relationship between directors inter-se	She is not related with any Director or Key Managerial Personnel of the Company
Number of Meetings of the Board attended during the Financial Year – 2020-21	One out of one meeting

**ATTENDANCE SLIP**

(To be presented at the entrance)

Members are requested to complete this Attendance Slip and hand it over at the Entrance of the Hall. Only Members or their Proxies are entitled to be present at the Annual General Meeting.

Name: Sh. Cert. No. /Folio No. / DP & Client ID:

Address: No. of Shares Held:

I hereby record my presence at the Third Annual General Meeting held on \_\_\_\_\_at its registered office at 503, 5<sup>th</sup>Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, Delhi - 110033

**SIGNATURE OF THE SHAREHOLDER/PROXY \***

\*Strike out whichever is not applicable.

**Form No. MGT-11**  
**PROXY FORM**  
**[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies**  
**(Management and Administration) Rules, 2014]**

CIN: U65999DL2018PLC337435

Name of the Company: Satin Finserv Limited

Address: 503 5th Floor, Kundan Bhawan Azadpur Commercial Complex, Azadpur Delhi -110033

Name of the Member(s):

Registered Address:

E-mail Id:

Folio No. / Sh. Cert. No. DP & Client ID:

**We, being the member of Satin Finserv Limited for \_\_\_ Equity shares, hereby appoint**

1. Name: .....

2. Address: .....

3. Email Id: .....

4. Signature: ....., or failing him

1. Name: .....

2. Address: .....

3. Email Id: .....

4. Signature: ....., or failing him

1. Name: .....

2. Address: .....

3. Email Id: .....

4. Signature: .....

as our proxy to attend and vote by show of hands/ (on a poll) for us and on our behalf at the 2<sup>nd</sup> Annual General Meeting of the Company, to be held on \_\_\_\_\_ at its registered office at 503, 5<sup>th</sup> Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, Delhi 110033 and at any adjournment thereof in respect of such resolution as are indicated below:

**Resolution No.1:** To receive, consider and adopt the Audited Financial Statement of the Company for the Financial Year ended on March 31, 2021 and the Reports of Board of Directors and Auditors' thereon.

**Resolution No.2:** To appoint a Director in place of Mr. Harvinder Pal Singh (DIN: 00333754), who retires by rotation and being eligible, offers himself for re-appointment.

**Resolution No. 3 :** To consider, discuss and approve the appointment of Ms. Jyoti Ahluwalia (DIN: 09112407) as Woman Independent Director of the Company

Date: \_\_\_\_\_, 2021

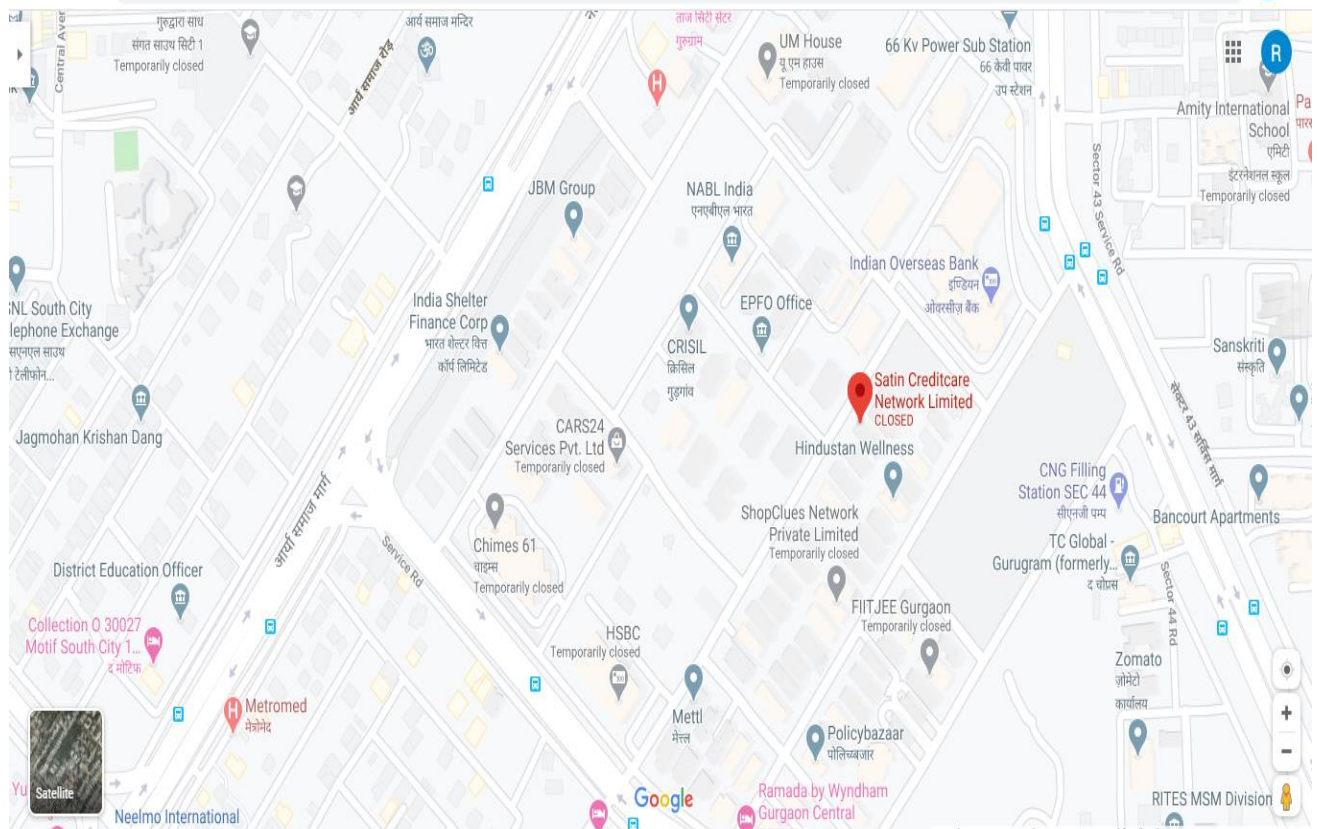
**Affix Re. 1**  
**Revenue**  
**Stamp**

**Signature of the shareholder/Authorized Representative**

**Note:**

- 1.) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- 2.) Those Members who have multiple folios with different joint holders may use copies of this attendance slip/Proxy form.

**ROUTE MAP**  
**Venue of 3rd Annual General Meeting**  
503, 5<sup>th</sup> Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, Delhi-110033



## **Independent Auditor's Report**

### **To the Members of Satin Finserv Limited**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Satin Finserv Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at March 31, 2021, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

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

#### **Emphasis of Matters**

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

Our opinion is not modified in respect of this matter.



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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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

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

Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

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

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

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

(e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act;

(f) we have also audited the internal financial controls over financial reporting of the Company as on March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated May 15, 2021 as per Annexure B expressed unmodified opinion; and

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

(i) the Company did not have any pending litigations which impacted its financial position as at March 31, 2021;

(ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2021;

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

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

BHATIA Digitally signed  
by BHATIA  
RAJEEV  
RAJEEV Date: 2021.05.15  
15:06:23 +05'30'



**Rajeev Bhatia**  
**Partner**  
**Membership No.: 089018**  
**UDIN - 21089018AAAABP1536**

**Place: Delhi**  
**Date: May 15, 2021**

### **Annexure A to the Independent Auditors' Report**

(Referred to in Paragraph 1 under the heading of "Report on other legal and regulatory requirements" of our report of even date of **Satin Finserv Limited** on the financial statements for the period ended 31 March 2021)

#### **(i) Fixed Assets**

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

#### **(ii) Inventories**

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

#### **(iii) Loans granted by company**

In our opinion and according to the information and explanations given to us, The company has not granted loans to any party covered in the register maintained under Section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is not applicable.

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

In our opinion and according to the information and explanations given to us, the Company has not given any loan, guarantee or security and not made any investment during the period under audit. Thus, paragraph 3(iv) of the Order is not applicable.

#### **(v) Acceptance of Deposits**

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

**(vi) Maintenance of Cost records**

To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for the services of the Company.

**(vii) Payment of Applicable Taxes**

- a) According to the information and explanations provided to us and the records of the company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including income-tax, goods and services tax, provident fund, employees' state insurance, and other statutory dues as applicable with the appropriate authorities in India.

According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, goods and services tax, provident fund, employees' state insurance and other statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us and the records of the company examined by us, during the period under audit, there are no dues of income tax service tax, goods and services tax and other statutory dues as applicable which have not been deposited on account of any dispute.

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

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

**(ix) Initial Public Offer**

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

**(x) Fraud by the Company or on the Company**

To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the period.

**(xi) Managerial Remuneration**

In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

**(xii) Nidhi Company**

In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

**(xiii) Related Party Transactions**

According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

**(xiv) Preferential Allotment or Private Placement**

According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made private placement of shares, u/s 42 of the Companies Act 2013, during the period. Accordingly, paragraph 3(xiv) of the Order is not applicable.

**(xv) Non – Cash Transactions**

According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

**(xvi) Registration with RBI**

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

**For Rajeev Bhatia & Associates**

**Chartered Accountants**

**Firm's Registration No.: 021776N**

BHATIA Digitally signed by  
BHATIA RAJEEV  
RAJEEV Date: 2021.05.15  
15:05:19 +05'30'



**Rajeev Bhatia**

**Partner**

**Membership No.: 089018**

**UDIN - 21089018AAAABP1536**

**Place: Delhi**

**Date: May 15, 2021**

**Annexure B to the Independent Auditor's Report of even date to the members of Satin Finserv Limited on the financial statements for the year ended 31 March 2021**

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

1. In conjunction with our audit of the financial statements of Satin Finserv Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

## Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and Directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2021, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

BHATIA Digitally signed  
by RAJEEV  
RAJEEV Date: 2021.05.15  
15:02:28 +05'30'



**Rajeev Bhatia**  
**Partner**  
**Membership No.: 089018**  
**UDIN - 21089018AAAABP1536**  
**Place: Delhi**  
**Date: May 15, 2021**



**SATIN FINSERV LIMITED****Balance Sheet as at March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	4	830.86	1,807.07
Loans	5	12,860.83	10,940.40
Other financial assets	6	86.94	17.05
		<b>13,778.63</b>	<b>12,764.52</b>
<b>Non-financial assets</b>			
Current tax assets (net)	7	1.16	4.19
Deferred tax assets (net)	8	63.97	45.88
Property, plant and equipment	9	84.37	34.80
Intangible assets	10	7.35	8.99
Other non-financial assets	11	198.51	150.74
		<b>355.36</b>	<b>244.60</b>
<b>TOTAL ASSETS</b>		<b>14,133.99</b>	<b>13,009.12</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Financial liabilities</b>			
Payables			
Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	12	44.28	29.61
Debt securities	13	550.16	-
Borrowings (other than debt securities)	14	2,673.14	2,472.24
Other financial liabilities	15	139.96	282.80
		<b>3,407.54</b>	<b>2,784.65</b>
<b>Non-financial Liabilities</b>			
Provisions	16	50.13	27.66
Other non-financial liabilities	17	30.18	30.37
		<b>80.31</b>	<b>58.03</b>
<b>Equity</b>			
Equity share capital	18	10,250.00	10,250.00
Other equity	19	396.14	(83.56)
		<b>10,646.14</b>	<b>10,166.44</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>14,133.99</b>	<b>13,009.12</b>

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

As per our review report of even date attached

For **Rajeev Bhatia & Associates**

Chartered Accountants

Firm's Registration No.: 021776N


 BHATIA  
RAJEEV
**Rajeev Bhatia**

Partner

M No. 089018

Place : Delhi

Dated: May 15, 2021

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

 SUMIT  
MUKHERJEE
**Sumit Mukherjee**

DIN: 08369056

**WTD & CEO**

Place : Mumbai


 JITENDRA  
JAIN
**Jitendra Jain**

Chief Financial Officer

Place : Gurgaon

Dated: May 15, 2021


 HARVINDER  
PAL SINGH
**Harvinder Pal Singh**

DIN: 00333754

Director

Place : Gurgaon


 PUNEET  
T JOLLY
**Puneet Jolly**

Mem No: 43608

Company Secretary

Place : Delhi

**SATIN FINSERV LIMITED**

**Statement of Profit and Loss for the year ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>I. Revenue from operations</b>			
Interest income	20	2,393.19	1,288.95
Fees and commission income	21	30.48	70.44
Net gain on fair value changes	22	-	24.17
<b>Total Revenue from operations</b>		<b>2,423.67</b>	<b>1,383.56</b>
Other Income	23	57.21	18.28
<b>Total Income</b>		<b>2,480.88</b>	<b>1,401.84</b>
<b>II. Expenses</b>			
Finance costs	24	438.89	176.27
Impairment on financial instruments	25	333.38	146.14
Employee benefit expenses	26	714.39	666.70
Depreciation and amortization expense	27	24.73	11.45
Other expenses	28	326.92	313.02
<b>Total</b>		<b>1,838.31</b>	<b>1,313.58</b>
<b>Profit / (loss) before exceptional items and tax</b>		<b>642.57</b>	<b>88.26</b>
Exceptional items		-	-
<b>Profit / (loss) before tax</b>		<b>642.57</b>	<b>88.26</b>
<b>Tax expense:</b>			
Less: - Current tax		183.47	47.24
Add / (Less): - Deferred tax charge		18.72	23.70
<b>Profit / (loss) after tax</b>		<b>477.82</b>	<b>64.72</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of the defined benefit plans		2.50	-
Income tax relating to above items		(0.63)	-
<b>Other comprehensive income</b>		<b>1.87</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>479.69</b>	<b>64.72</b>
<b>Earnings per equity share</b>			
Basic (₹)	29	0.47	0.10
Diluted (₹)		0.47	0.10

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

As per our review report of even date attached

For **Rajeev Bhatia & Associates**

Chartered Accountants

Firm's Registration No.: 021776N

BHATIA  
by eSafed  
RAJEEV  
Date: 2021.05.15  
13:09:36 +05:30

**Rajeev Bhatia**

Partner

M No. 089018

Place : Delhi

Dated: May 15, 2021

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

SUMIT  
MUKHERJEE

**Sumit Mukherjee**

DIN: 08369056

**WTD & CEO**

Place : Mumbai

JITENDRA  
JAIN

**Jitendra Jain**

Chief Financial Officer

Place : Gurgaon

Dated: May 15, 2021

HARVINDER  
PAL SINGH

**Harvinder Pal Singh**

DIN: 00333754

**Director**

Place : Gurgaon

PUNEET  
JOLLY

**Puneet Jolly**

Mem No: 43608

**Company Secretary**

Place : Delhi

**SATIN FINSERV LIMITED**

**Cash flow statement for the year ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Cash flow from operating activities</b>		
Profit / (loss) before tax	642.57	88.26
Adjustments for:		
Provision for expected credit losses	87.39	146.14
Provision for employee benefits	22.47	25.72
Depreciation and amortisation expense	10.33	5.56
Depreciation / disposal of ROU assets	19.48	5.89
Interest expense on lease rental assets	5.41	1.86
Re-measurement gains on defined benefit plans	-	-
Effective interest rate adjustment for financial instruments	6.28	2.76
<b>Operating profit before working capital changes</b>	<b>793.93</b>	<b>276.19</b>
Movements in working capital :		
Increase / (Decrease) in other liabilities and provisions	(125.86)	218.78
Decrease in term deposits	-	207.34
Increase in financial assets	(2,083.97)	(9,951.20)
(Increase) / Decrease in other assets	(47.77)	(167.64)
<b>Cash used in operations</b>	<b>(1,463.67)</b>	<b>(9,416.53)</b>
Income taxes paid (net)	(180.44)	(50.63)
<b>Net cash used in operating activities (A)</b>	<b>(1,644.11)</b>	<b>(9,467.16)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(9.43)	(19.23)
Purchase of intangible assets	(0.16)	(9.70)
<b>Net cash used in investing activities (B)</b>	<b>(9.59)</b>	<b>(28.93)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares	-	8,000.00
Proceeds from borrowings	1,833.40	6,900.15
Repayment of borrowings	(1,155.91)	(4,502.48)
Paid towards lease liability	-	(6.36)
Expenses on a/c of issue of shares	-	(85.10)
<b>Net cash from financing activities (C)</b>	<b>677.49</b>	<b>10,306.21</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(976.21)</b>	<b>810.12</b>
Cash and cash equivalents at the beginning of the year	1,807.07	996.95
<b>Cash and cash equivalents at the end of the year</b>	<b>830.86</b>	<b>1,807.07</b>
<b>Components of cash and cash equivalents as at the end of the year</b>		
Cash in hand	0.50	1.78
Balance with banks - on current account	830.36	304.19
Deposits with original maturity of less than or equal to 3 months	-	1,501.10
<b>Total cash and cash equivalents</b>	<b>830.86</b>	<b>1,807.07</b>

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

As per our review report of even date attached

For **Rajeev Bhatia & Associates**

Chartered Accountants

Firm's Registration No.: 021776N

BHATIA Digitally signed by  
RAJEEV

**Rajeev Bhatia**

Partner

M No. 089018

Place : Delhi

Dated: May 15, 2021

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

SUMIT Digitally signed by  
MUKHERJEE

**Sumit Mukherjee**

DIN: 08369056

**WTD & CEO**

Place : Mumbai

JITENDRA Digitally signed by  
JAIN

**Jitendra Jain**

Chief Financial Officer

Place : Gurgaon

Dated: May 15, 2021

HARVINDER Digitally signed by  
PAL SINGH

**Harvinder Pal Singh**

DIN: 00333754

**Director**

Place : Gurgaon

PUNEET Digitally signed by  
JOLLY

**Puneet Jolly**

Mem No: 43608

**Company Secretary**

Place : Delhi

**SATIN FINSERV LIMITED**

**Statement of changes in equity for the year ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

**A Equity share capital**

Particulars	Balance as at 01 April 2019	Change during the year	Balance as at March 31, 2020	Change during the year	Balance as at March 31, 2021
Equity Share Capital	2,250.00	8,000.00	10,250.00	-	10,250.00

**B Other equity**

Particulars	Reserves and surplus				Total
	Securities premium	Retained earnings	Statutory reserves	Other reserves	
<b>Balance as at April 01, 2018</b>	-	-	-	-	-
Profit for the period	-	(63.17)	-	-	(63.17)
<b>Balance as at March 31, 2019</b>	-	<b>(63.17)</b>	-	-	<b>(63.17)</b>
Profit for the year	-	64.72	-	-	64.72
Less: Expenses related to issue of equity shares	-	(85.10)	-	-	(85.10)
Transfer to statutory reserves	-	(12.94)	12.94	-	-
<b>Balance as at March 31, 2020</b>	-	<b>(96.50)</b>	<b>12.94</b>	-	<b>(83.55)</b>
Profit for the year	-	479.69	-	-	479.69
Transfer to statutory reserves	-	(95.94)	95.94	-	-
<b>Balance as at March 31, 2021</b>	-	<b>287.26</b>	<b>108.88</b>	-	<b>396.14</b>

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

As per our review report of even date attached

**For Rajeev Bhatia & Associates**

Chartered Accountants

Firm's Registration No.: 021776N

BHATIA Digitally signed by  
RAJEEV Date: 2021.05.15  
12:11:08 +05'30'

**Rajeev Bhatia**

Partner

M No. 089018

Place : Delhi

Dated: May 15, 2021

**For and on behalf of the Board of Directors of**

**Satin Finserv Limited**

SUMIT Digitally signed by  
MUKHERJEE Date: 2021.05.15  
13:04:51 +05'30'

**Sumit Mukherjee**

DIN: 08369056

**WTD & CEO**

Place : Mumbai

JITENDRA Digitally signed by  
JAIN Date: 2021.05.15  
13:04:51 +05'30'

**Jitendra Jain**

**Chief Financial Officer**

Place : Gurgaon

Dated: May 15, 2021

HARVINDER Digitally signed by  
PAL SINGH Date: 2021.05.15  
13:04:51 +05'30'

**Harvinder Pal Singh**

DIN: 00333754

**Director**

Place : Gurgaon

PUNEET Digitally signed by  
JOLLY Date: 2021.05.15  
13:04:51 +05'30'

**Puneet Jolly**

Mem No: 43608

**Company Secretary**

Place : Delhi

## **Satin Finserv Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021**

#### **1. Company Overview / Corporate Information**

Satin Finserv Limited (‘the Company’) is a public limited company and incorporated on August 10, 2018, under the provisions of Companies Act. The Company is a non-deposit accepting Non-Banking Financial Company (‘NBFC-ND’) and is registered as a Non-Banking Financial Company (‘NBFC’) with the Reserve Bank of India (‘RBI’) in January 09, 2019. The main objective of the Company to carry on the business of Non-Banking Financial Company and to undertake and or arrange or syndicate all types of business relating to financing of consumers, individuals, industry or corporates, for all kinds of vehicles, aircrafts, ships, machinery, plants, two-wheelers, tractors and other farm equipments, consumer durables, equipment, renewable energy equipment/infrastructure, construction equipment, housing equipment, capital equipment, office equipment, their spares and components, real estate, infrastructure work or activity, including used/refurbished products, as also services of every kind and description, computers, storage tanks, toll roads, communication satellites, communication lines, factories, rolling stock, moveable and immovable property, to engage in all forms of securitisation, instalment sale and/or deferred sale relating to goods or materials, to purchase the book debts and receivables of companies and to lend or give credit against the same, to borrow, to transact business as promoters, financiers, monetary agents, to carry out the business of a company established with the object of financing industrial enterprises and to arrange or provide financial and other facilities independently or in association with any person, Government, Financial Institutions, Banks, Industrial Companies or any other agency, in the form of lending or advancing money by way of loan, working capital finance, real estate finance, refinance, project finance or in any other form, whether with or without security, to institutions, bodies corporate, firms, associations, societies, trusts, authorities, industrial enterprises and to arrange or provide facilities for the purposes of infrastructure development work or for providing infrastructure facilities or engaging in infrastructure activities and to raise and provide venture capital and promote or finance the promotion of joint stock companies, to invest in, to underwrite, to undertake matters relating to real estate advisory, to manage the issue of, and to trade in their shares or other securities. The Company is domiciled in India and its registered office is situated at 503, 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, New Delhi – 110033.

#### **2. Basis of preparation**

##### **(i) Statement of compliance with Indian Accounting Standards (Ind AS)**

These Ind AS financial statements (‘the Financial Statements’) have been prepared in accordance with the Indian Accounting Standards (‘Ind AS’) as notified by Ministry of Corporate Affairs (‘MCA’) under Section 133 of the Companies Act, 2013 (‘Act’) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

The financial statements for the year ended March 31, 2021 are the financial statements, which has been prepared in accordance with Ind AS and other applicable guidelines issued by the Reserve Bank of India (‘RBI’).

The financial statements for the year ended March 31, 2021 were authorized and approved for issue by the Board of Directors on May 15, 2021.

##### **(ii) Historical cost convention**

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities and share based payments which are measured at fair values as explained in relevant accounting policies.

## Satin Finserv Limited

### Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

#### 3. Summary of significant accounting policies

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

##### a) Property, plant and equipment

###### *Recognition and initial measurement*

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

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

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

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

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

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

###### *De-recognition*

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

###### *Capital work-in-progress*

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

## Satin Finserv Limited

### Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

#### b) Revenue recognition

##### *Interest, administration and other charges (for loans)*

Interest, administration and other charges received are recorded on accrual basis using the effective interest rate (EIR) method along with the consideration of transaction cost directly attributable to the creation of financial instrument being Loan Asset. Additional interest/overdue interest/penal charges are recognised only when it is reasonable certain that the ultimate collection will be made.

##### *Other Charges related to Operation*

The Company collect other charges i.e. login fee, documentation charges, overdue interest, Cheque bounce charges, prepayment charges, conversion charges, document retrieval charges, Foreclosure charges etc from all the borrowers based on event, and recognise this income on collection basis.

##### *Other Income*

The Company recognise the interest income on fixed deposits and other income on accrual basis.

#### c) Borrowing costs

Borrowing costs directly attributable to the acquisition and/or construction of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the statement of profit and loss as incurred basis the effective interest rate method.

#### d) Taxation

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Minimum alternate tax ("MAT") credit entitlement is recognised as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on unrealised tax loss are recognised to the extent that it is probable that the underlying tax loss will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

## **Satin Finserv Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021**

#### **e) Employee benefits**

##### **Short-term employee benefits**

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

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

##### **Defined contribution plans**

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

##### **Defined benefit plans**

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

##### **Other long-term employee benefits**

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

#### **f) Impairment of non-financial assets**

The Company's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a prorata basis.



## Satin Finserv Limited

### Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

An impairment loss in respect of assets for which impairment loss has been recognized in prior periods, the Company reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### g) Impairment of financial assets

##### *Loan assets*

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days.
- If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

**Probability of Default (PD)** - The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

**Loss Given Default (LGD)** – LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

**Exposure at Default (EAD)** – EAD is based on the amounts the Company expects to be owed at the time of default. For a revolving commitment, the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

##### *Other financial assets*

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of

## **Satin Finserv Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021**

initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

#### **h) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand (including imprest), demand deposits and short-term highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

#### **Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### **i) Leases**

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

#### **The Company as a lessee**

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

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

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

Certain lease arrangements includes the exclusive options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs

## **Satin Finserv Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021**

less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

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

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

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

#### **The Company as a lessor**

The company does not have any leases as a lessor.

#### **Transition**

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the prospective method and has recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and corresponding right of use asset at the same value. Due to the prospective method applied, the comparatives as at and for the year ended March 31, 2019 will continue to be reported under the accounting policies included as part of our financial statements for year ended March 31, 2019.

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

#### **j) Provisions, contingent assets and contingent liabilities**

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

#### **k) Financial instruments**

##### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

## Satin Finserv Limited

### Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

#### Non-derivative financial assets

##### *Subsequent measurement*

- i. **Financial assets carried at amortised cost** – a financial asset is measured at the amortised cost if both the following conditions are met:
- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

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

##### *Impairment of financial assets*

The Company recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Statement of Profit and Loss.

##### *De-recognition of financial assets*

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Company has not retained control, it shall also derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

#### Non-derivative financial liabilities

##### *Subsequent measurement*

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

##### *De-recognition of financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

## Satin Finserv Limited

### Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### l) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### m) Segment reporting

The Company identifies segment basis the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are regularly by the executive management ("chief operating decision maker") in deciding how to allocate resources and in assessing performance. The accounting policies adopted for segment reporting are line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship with the operating activities of the segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Executive Officer (CEO) of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly identified as the chief operating decision maker. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/ expenses/ assets/ liabilities", as the case may be.

#### n) Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

##### *Significant management judgements*

**Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

**Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Expected credit loss ('ECL')** – The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. likelihood of customers defaulting and resulting losses). The Company makes significant judgements with regard to the following while assessing expected credit loss:

- Determining criteria for significant increase in credit risk;

## Satin Finserv Limited

### Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

**Provisions** – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

#### *Significant estimates*

**Fair value measurements** – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

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

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

**SATIN FINSERV LIMITED**
**Notes to the financial statements for the year ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
<b>Note 4: Cash and cash equivalents</b>		
Cash in hand	0.50	1.78
Balance with banks in current accounts	830.36	304.19
Deposits with original maturity of less than 3 months	-	1,501.10
<b>Total of cash and cash equivalents</b>	<b>830.86</b>	<b>1,807.07</b>

**Note 5: Loan portfolio (at amortised cost)**
**Portfolio loans**

Secured	7,611.78	7,510.74
Unsecured	5,487.14	3,580.36
Less: Impairment loss allowance	(238.09)	(150.70)
	<b>12,860.83</b>	<b>10,940.40</b>

**Total**

	<b>12,860.83</b>	<b>10,940.40</b>
--	------------------	------------------

(i) Secured by book debts, margin money and property plant and equipments	7,611.78	7,510.74
(ii) Covered by bank/government guarantees	-	-
(iii) Unsecured	5,487.14	3,580.36
<b>Total - Gross</b>	<b>13,098.92</b>	<b>11,091.10</b>
Less: Impairment loss allowance	(238.09)	(150.70)
<b>Total - Net</b>	<b>12,860.83</b>	<b>10,940.40</b>

**Loans in India**

(i) Public Sector	-	-
(ii) Others	13,098.92	11,091.10
<b>Total - Gross</b>	<b>13,098.92</b>	<b>11,091.10</b>
Less: Impairment loss allowance	(238.09)	(150.70)
<b>Total - Net</b>	<b>12,860.83</b>	<b>10,940.40</b>

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

<b>Particulars</b>		
Interest accrued	161.59	190.93
Unamortised loan processing fee	(99.75)	(118.06)

**Note 6: Other financial assets (at amortised cost)**

Security deposit	86.94	17.05
	<b>86.94</b>	<b>17.05</b>

**Note 7: Current tax assets (net)**

Advance Tax (net)	1.16	4.19
	<b>1.16</b>	<b>4.19</b>

**Note 8: Deferred tax assets (net)**
**Deferred tax assets**

Provision for employee benefits	12.62	6.92
Preliminary expenses	0.45	0.70
Allowance for expected credit loss	59.92	37.68
Difference in written down value as per Companies Act and Income Tax Act	0.64	0.58

**Deferred tax liabilities**

Statutory reserve u/s 36(1)(VIIa)	(9.66)	-
<b>Net deferred tax assets</b>	<b>63.97</b>	<b>45.88</b>

**Movement in deferred tax assets (net)**

Particulars	As at March 31, 2020	(Charged)/ credited to statement of profit and loss	(Charged)/credited to other comprehensive income	As at March 31, 2021
<b>Assets</b>				
Provision for employee benefits	6.92	6.33	(0.63)	12.62
Difference in written down value as per Companies Act and Income Tax Act	0.58	0.06	-	0.64
Preliminary expenses	0.70	(0.25)	-	0.45
Allowance for expected credit loss	37.68	22.24	-	59.92
<b>Liabilities</b>				
Statutory reserve u/s 36(1)(VIIa)	-	9.66	-	9.66
<b>Total (net)</b>	<b>45.88</b>	<b>18.72</b>	<b>(0.63)</b>	<b>63.97</b>

Particulars	As at March 31, 2019	(Charged)/ credited to statement of profit and loss	(Charged)/credited to other comprehensive income	As at March 31, 2020
<b>Assets</b>				
Provision for employee benefits	0.50	6.42	-	6.92
Difference in written down value as per Companies Act and Income Tax Act	-	0.58	-	0.58
Preliminary expenses	0.93	(0.23)	-	0.70
Allowance for expected credit loss	-	37.68	-	37.68
<b>Liabilities</b>				
Unused tax losses	(20.75)	20.75	-	-
<b>Total (net)</b>	<b>22.18</b>	<b>23.70</b>	<b>-</b>	<b>45.88</b>

**SATIN FINSERV LIMITED**

**Notes to the financial statements for the year ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

**Note 9: Property, Plant and Equipment**

Particulars	Plant and equipment	Office Equipment	Furniture and fixtures	ROU Assets	Total
<b>Gross carrying value</b>					
At April 1, 2019	-	-	-	-	-
Adjustment on transition to Ind AS 116	-	-	-	26.31	26.31
Addition	12.55	0.91	5.77	-	19.23
Disposals	-	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>12.55</b>	<b>0.91</b>	<b>5.77</b>	<b>26.31</b>	<b>45.54</b>
Addition	7.10	2.33	-	68.16	77.58
Disposals	-	-	-	7.97	7.97
<b>As at 31 March 2021</b>	<b>19.65</b>	<b>3.24</b>	<b>5.77</b>	<b>86.49</b>	<b>115.15</b>
<b>Accumulated depreciation</b>					
At April 1, 2019	-	-	-	-	-
Charge for the year	3.59	0.32	0.94	5.89	10.74
Disposals	-	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>3.59</b>	<b>0.32</b>	<b>0.94</b>	<b>5.89</b>	<b>10.74</b>
Addition	6.78	0.50	1.25	14.40	22.93
Disposals	-	-	-	2.89	2.89
<b>As at 31 March 2021</b>	<b>10.37</b>	<b>0.82</b>	<b>2.19</b>	<b>17.40</b>	<b>30.78</b>
<b>Net Carrying value</b>					
At April 1, 2019	-	-	-	-	-
As at March 31, 2020	8.96	0.59	4.83	20.42	34.80
<b>As at 31 March 2021</b>	<b>9.28</b>	<b>2.42</b>	<b>3.58</b>	<b>69.10</b>	<b>84.37</b>

**Note 10: Intangible assets**

Description	Intangible assets	Total
<b>Gross carrying value</b>		
At April 1, 2019	-	-
Addition	9.70	9.70
Disposals	-	-
<b>Balance as at March 31, 2020</b>	<b>9.70</b>	<b>9.70</b>
Addition	0.16	0.16
Disposals	-	-
<b>As at 31 March 2021</b>	<b>9.86</b>	<b>9.86</b>
<b>Accumulated depreciation</b>		
At April 1, 2019	-	-
Charge for the year	0.71	0.71
Disposals	-	-
<b>Balance as at March 31, 2020</b>	<b>0.71</b>	<b>0.71</b>
Addition	1.80	1.80
Disposals	-	-
<b>As at 31 March 2021</b>	<b>2.51</b>	<b>2.51</b>
<b>Net Carrying value</b>		
At April 1, 2019	-	-
As at March 31, 2020	8.99	8.99
<b>As at 31 March 2021</b>	<b>7.35</b>	<b>7.35</b>



**SATIN FINSERV LIMITED**
**Notes to the financial statements for the year ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
<b>Note 11: Other non-financial assets</b>		
Prepaid expenses	152.58	133.37
GST Input (Net of Liability)	11.76	11.60
Other advances	34.17	5.77
<b>Total</b>	<b>198.51</b>	<b>150.74</b>

**Note 12: Other payable**

Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	44.28	29.61
	<b>44.28</b>	<b>29.61</b>

**Note 13: Debt securities (at amortised cost)**

Non-convertible debentures (Secured)	550.16	-
	<b>550.16</b>	<b>-</b>
Debt securities in India	550.16	-
Debt securities outside India	-	-
	<b>550.16</b>	<b>-</b>
Unamortised Processing Fees	4.05	-
Accrued Interest	54.21	-

Particulars	Terms of Repayment	As at March 31, 2021	As at March 31, 2020
<b>Non-convertible debentures (secured)</b>			
50 (March 31, 2020: NIL), @14.50% (Previous year : NIL), rated, listed, fully paid up, senior, secured, redeemable, taxable, non-convertible debentures of face value of ₹ 1,00,00,000 each, The date of allotment is June, 29, 2020. (Secured by way of hypothecation of first ranking, exclusive and continuing charge on book debt which shall be maintained at 110% of principal including interest accrued amount of the debentures outstanding.)	Redeemable at par on June 29, 2023	550.16	-

**Note 14: Borrowings (other than debt securities)**

Term loans from other parties (At amortised Cost)#		
Secured	2,600.34	2,450.43
Lease Liability on Rental assets	72.80	21.81
<b>Total (A)</b>	<b>2,673.14</b>	<b>2,472.24</b>
Borrowings in India	2,673.14	2,472.24
Borrowings outside India	-	-
<b>Total (B)</b>	<b>2,673.14</b>	<b>2,472.24</b>

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

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

Unamortised Processing Fees	13.64	18.29
Accrued Interest	22.37	21.20

**Reconciliation of liabilities arising from financing activities**

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

Particulars	Borrowings (other than debt)	Liability against leased assets	Total
<b>March 31, 2019</b>	50.00	-	50.00
Adoption of Ind AS 116	-	26.31	26.31
<b>Cash flows:</b>			
- Repayment	(4,502.48)	(6.36)	(4,508.84)
- Proceeds from overdraft facility	-	-	-
- Proceeds other than overdraft facility	6,900.00	-	6,900.00
- Others	21.20	-	21.20
<b>Non cash:</b>			
- Conversion of Optionally Convertible, Redeemable Preference Shares	-	-	-
- Foreign exchange	-	-	-
- Amortisation of upfront fees and others	(18.29)	-	(18.29)
- Others	-	1.86	1.86
<b>March 31, 2020</b>	<b>2,450.43</b>	<b>21.81</b>	<b>2,472.24</b>
Adoption of Ind AS 116	-	68.16	68.16
<b>Cash flows:</b>			
- Repayment	(1,155.91)	(22.57)	(1,178.48)
- Proceeds from overdraft facility	-	-	-
- Proceeds other than overdraft facility	1,800.00	-	1,800.00
- Others	55.37	-	55.37
<b>Non cash:</b>			
- Conversion of Optionally Convertible, Redeemable Preference Shares	-	-	-
- Foreign exchange	-	-	-
- Amortisation of upfront fees and others	0.60	-	0.60
- Others	-	5.41	5.41
<b>March 31, 2021</b>	<b>3,150.50</b>	<b>72.80</b>	<b>3,223.30</b>

**SATIN FINSERV LIMITED**

**Notes to the financial statements for the year ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

**Note 14A: Terms of principal repayment of borrowings as at March 31, 2021**

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due beyond 3 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Monthly	14% to 15.00%	95	1,460.09	36	619.14	24	452.76	3	59.62	<b>2,591.61</b>
Bullet	15.50%	-	-	-	-	1	500.00	-	-	<b>500.00</b>
<b>Total</b>		<b>95</b>	<b>1,460.09</b>	<b>36</b>	<b>619.14</b>	<b>24</b>	<b>952.76</b>	<b>3</b>	<b>59.62</b>	<b>3,091.61</b>

**SATIN FINSERV LIMITED****Notes to the financial statements for the year ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
<b>Note 15: Other financial liabilities</b>		
Security deposit received from customers	108.56	251.63
Insurance Payable	6.10	10.14
Other payable	14.34	8.20
Salary payable	10.96	12.83
<b>Total</b>	<b>139.96</b>	<b>282.80</b>
<b>Note 16: Provisions</b>		
Provision for compensation absences	39.01	21.68
Provision for gratuity	11.12	5.98
	<b>50.13</b>	<b>27.66</b>
<b>Note 17: Other non-financial liabilities</b>		
Deferred income	4.70	11.15
Statutory dues:		
TDS payable	19.33	12.81
Other statutory dues payable	6.15	6.41
<b>Total</b>	<b>30.18</b>	<b>30.37</b>

**SATIN FINSERV LIMITED**

**Notes to the financial statements for the year ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

**Note 18: Equity share capital**

	As at 31 March 2021		As at 31 Mar 2020	
	Number	Amount	Number	Amount
<b>Authorised share capital</b>				
Equity share capital of face value of ₹ 10 each				
At the beginning of the year	10,30,00,000	10,300.00	2,30,00,000	2,300.00
Additions during the year	-	-	8,00,00,000	8,000.00
<b>Total</b>	<b>10,30,00,000</b>	<b>10,300.00</b>	<b>10,30,00,000</b>	<b>10,300.00</b>
<b>Issued, subscribed and paid up capital</b>				
Equity share capital of face value of ₹ 10 each				
At the beginning of the year	10,25,00,000	10,250.00	2,25,00,000	2,250.00
Additions during the year	-	-	8,00,00,000	8,000.00
<b>Total</b>	<b>10,25,00,000</b>	<b>10,250.00</b>	<b>10,25,00,000</b>	<b>10,250.00</b>
<b>Reconciliation of number of equity shares outstanding at the beginning and at the end of the period</b>				
Balance at the beginning of the year	10,25,00,000	10,250.00	2,25,00,000	2,250.00
Add: Issued during the year	-	-	8,00,00,000	8,000.00
	<b>10,25,00,000</b>	<b>10,250.00</b>	<b>10,25,00,000</b>	<b>10,250</b>
<b>Equity shares held by Holding Company:</b>				
	<b>Number</b>	<b>%</b>	<b>Number</b>	<b>%</b>
Satin Creditcare Network Limited	10,25,00,000	100	10,25,00,000	100
<b>Total</b>	<b>10,25,00,000</b>	<b>100</b>	<b>10,25,00,000</b>	<b>100</b>

The company has only one class of equity shares having par face value of ₹ 10 per share. Each equity shareholder is eligible for one vote per share held. Any dividend, if proposed by the Board of Directors, is subject to the approval of shareholders. Dividend declared and paid would be in Indian rupees. Dividends are subject to corporate dividend tax. In the event of liquidation of the Company, the holders of equity share will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

	As at	As at
	March 31, 2021	March 31, 2020
<b>Note 19: Other equity</b>		
Statutory reserves	108.88	12.94
Retained earnings	287.26	(96.50)
<b>Total</b>	<b>396.14</b>	<b>(83.56)</b>

**Nature and purpose of other reserve**

**Statutory reserves**

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

**SATIN FINSERV LIMITED**

**Notes to the financial statements for the year ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Note 20: Interest Income (measured at amortised cost)</b>		
	<b>On financial assets measured at amortised cost</b>	<b>On financial assets measured at amortised cost</b>
Interest income on loans	2,350.24	1,277.53
Interest income on deposits with banks	42.95	11.42
<b>Total</b>	<b>2,393.19</b>	<b>1,288.95</b>
<b>Note 21: Fees and commission income</b>		
Login Fee Income	14.54	66.78
Documentation charges	15.94	3.66
<b>Total</b>	<b>30.48</b>	<b>70.44</b>
<b>Note 22: Net gain on fair value changes</b>		
<b>Net gain/ (loss) on financial instruments at fair value through profit or loss</b>		
- Mutual Funds	-	24.17
<b>Total Net gain/(loss) on fair value changes</b>	<b>-</b>	<b>24.17</b>
<b>Fair Value Changes:</b>		
-Realised	-	24.17
<b>Total Net gain/(loss) on fair value changes</b>	<b>-</b>	<b>24.17</b>
<b>Note 23: Other Income</b>		
Miscellaneous income	25.44	18.28
Foreclosure charges received	31.77	-
<b>Total</b>	<b>57.21</b>	<b>18.28</b>
<b>Note 24: Finance cost (on financial liabilities measured at amortised cost)</b>		
Interest on debt securities	58.60	-
Interest on borrowings other than debt securities	340.40	149.74
Interest expense on lease rental assets	5.41	1.86
Other interest expenses	34.48	24.67
	<b>438.89</b>	<b>176.27</b>
<b>Note 25: Impairment on financial instruments (on financial assets measured at amortised cost)</b>		
Allowance for expected credit loss	87.39	146.14
Portfolio loans written off	245.99	-
	<b>333.38</b>	<b>146.14</b>
<b>Note 26: Employee benefit expenses</b>		
Salaries, wages and bonus	676.15	632.66
Contribution to funds	32.78	28.18
Staff welfare expenses	5.46	5.86
<b>Total</b>	<b>714.39</b>	<b>666.70</b>
<b>Note 27: Depreciation and amortization expense</b>		
Depreciation on property, plant & equipments	8.53	4.85
Depreciation on right on use assets	14.40	5.89
Amortization on Intangible assets	1.80	0.71
	<b>24.73</b>	<b>11.45</b>

**SATIN FINSERV LIMITED**

**Notes to the financial statements for the year ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Note 28: Other expenses</b>		
Bank charges	0.94	1.07
Business development expenses	1.14	1.30
Commission expenses	13.40	47.82
Interest on interest to borrowers	10.64	-
Sitting fees paid to directors	3.58	2.83
Travelling and conveyance	26.83	49.08
Rent expenses	31.70	63.58
Office expenses	62.84	20.86
Software maintenance expenses	66.81	62.30
Payment to auditors	7.35	2.43
Professional fees	46.90	31.33
Printing and stationery	5.12	7.94
Legal expenses	49.67	22.48
<b>Total</b>	<b>326.92</b>	<b>313.02</b>

\*Remuneration to auditors comprises of:

As statutory auditor	1.50	0.75
As tax auditor	1.00	0.25
GST Audit Fees	2.40	-
Other services	2.45	1.43
Reimbursement of expenses	-	-
	<b>7.35</b>	<b>2.43</b>

**Note 29: Earning per Share**

**Net profit attributable to equity shareholders**

Net profit for the period	477.82	64.72
Nominal value of equity share (₹)	10.00	10.00
Weighted average number of equity shares	10,25,00,000	6,30,19,126
<b>Basic earnings per share (₹)</b>	<b>0.47</b>	<b>0.10</b>
Nominal value of equity share (₹)	10.00	10.00
Weighted-average number of equity shares used to compute diluted earnings per share	10,25,00,000	6,30,19,126
<b>Diluted earnings per share (₹)</b>	<b>0.47</b>	<b>0.10</b>

**Note 30: Tax expense**

Current tax (including taxes earlier years)	183.47	47.24
Deferred tax credit	(18.72)	(23.70)
	<b>164.75</b>	<b>23.54</b>

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 25.17% and the reported tax expense in profit or loss are as follows:

<b>Accounting profit before income tax</b>	<b>642.57</b>	<b>88.26</b>
At country's statutory income tax rate of 25.17% (31 March 2020: 26%)	161.73	22.95
<b>Adjustments in respect of taxes</b>		
(i) Change in rate	(0.37)	-
(ii) Preliminary expenses allowed	0.89	0.89
(v) Others	2.48	(0.30)
	<b>164.75</b>	<b>23.54</b>

**SATIN FINSERV LIMITED**

**Notes to the Financial Statements for the period ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

**31 Financial instruments**

**A Financial assets and liabilities**

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

Particulars	Note	As at March 31, 2021	As at March 31, 2020
<b>Financial assets measured at amortised cost</b>			
Cash and cash equivalents	Note - 4	830.86	1,807.07
Loans	Note - 5	12,860.83	10,940.40
Security deposits	Note - 6	86.94	17.05
<b>Total</b>		<b>13,778.63</b>	<b>12,764.52</b>

<b>Financial liabilities measured at amortised cost</b>			
Other payables	Note - 12	44.28	29.61
Debt securities	Note - 13	550.16	-
Borrowings (other than debt securities)	Note - 14	2,673.14	2,472.24
Other financial liabilities	Note - 15	139.96	282.80
<b>Total</b>		<b>3,407.54</b>	<b>2,784.65</b>

**B Fair values hierarchy**

Financial assets and financial liabilities are measured at fair value in the financial statements and are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

The categories used are as follows:

**Level 1:** Quoted prices (unadjusted) for identical instruments in an active market;

**Level 2:** Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

**Level 3:** Inputs which are not based on observable market data (unobservable inputs).

**Fair value of instruments measured at amortised cost**

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Loans	12,860.83	13,469.48	10,940.40	11,490.28
Security deposits	86.94	86.94	17.05	17.05
<b>Total</b>	<b>12,947.77</b>	<b>13,556.42</b>	<b>10,957.45</b>	<b>11,507.33</b>
<b>Financial liabilities</b>				
Borrowings (other than debt securities)	2,673.14	2,637.79	2,472.24	2,472.24
Borrowings (debt securities)	550.16	554.61	-	-
Other financial liabilities	139.96	139.96	282.80	282.80
<b>Total</b>	<b>3,363.26</b>	<b>3,332.36</b>	<b>2,755.04</b>	<b>2,755.04</b>

The management assessed that fair values of investments, cash and cash equivalents, other bank balances, trade receivables and trade payables approximate their respective carrying amounts, largely due to the short-term maturities of these instruments. The following methods and assumptions were used to estimate the fair values for other assets and liabilities:

(i) The fair values of the Company's fixed interest bearing loans and receivables are determined by applying discounted cash flows ("DCF") method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2021 was assessed to be insignificant.

(ii) The fair values of the Company fixed rate interest-bearing borrowings are determined by applying discounted cash flows ("DCF") method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

**SATIN FINSERV LIMITED****Notes to the Financial Statements for the period ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

**32 Financial risk management****i) Risk Management**

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The Company's risk are managed by a treasury department under policies approved by the board of directors. The board of directors provides written principles for overall risk management. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
Credit risk	Bank balances in current accounts, other bank balances, loans and other financial assets	Ageing analysis	Highly rated bank deposits and diversification of asset base and collaterals taken for assets
Liquidity risk	Borrowings and other financial liabilities	Cash flow forecasts	Committed borrowing (whenever required)
Market risk - interest rate	Variable or fixed rates borrowings	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities, mutual funds, certificate of deposits and commercial papers	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

**A) Credit risk**

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, investments, loan assets, trade receivables and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

**a) Credit risk management**

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- (i) Low credit risk
- (ii) Moderate credit risk
- (iii) High credit risk

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

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

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.



**SATIN FINSERV LIMITED**

**Notes to the Financial Statements for the period ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

**Financial assets that expose the entity to credit risk**

Particulars	As at March 31, 2021	As at March 31, 2020
(i) <b>Low credit risk</b>		
Bank balances in current accounts	830.36	1,805.29
Loans	12,410.51	10,823.77
Security deposits	86.94	17.05
(ii) <b>Moderate credit risk</b>		
Loans	347.13	85.47
(iii) <b>High credit risk</b>		
Loans	103.19	31.16

**Bank balances in current accounts and bank deposits**

Credit risk related to bank balances in current accounts and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

**Loans**

Credit risk related to borrower's are mitigated by considering collateral's/bank guarantees/letter of credit, from borrower's. The Company closely monitors the credit-worthiness of the borrower's through internal systems and project appraisal process to assess the credit risk and define credit limits of borrower, thereby, limiting the credit risk to pre-calculated amounts. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. The Company assesses increase in credit risk on an ongoing basis for amounts loan receivables that become past due and default is considered to have occurred when amounts receivable become one year past due.

**b) Credit risk exposure**

**i) Expected credit losses for financial assets other than loans**

Company provides for expected credit losses on financial assets other than loans by assessing individual financial instruments for expectation of any credit losses:

- For bank balances in current accounts and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of bank balances in current accounts, other bank balances and bank deposits is evaluated as very low.

- For loans comprising security deposits paid - Credit risk is considered low because the Company is in possession of the underlying asset.

- For other financial assets - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though the reconciliation of expected credit loss for all sub categories of financial assets (other than loans) are disclosed below:

As at March 31, 2021	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Bank balances in current accounts	830.36	-	830.36
Security deposits	86.94	-	86.94

As at March 31, 2020	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Bank balances in current accounts	1,805.29	-	1,805.29
Security deposits	17.05	-	17.05

**SATIN FINSERV LIMITED****Notes to the Financial Statements for the period ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

**ii) Expected credit loss for loans**

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days.

If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days.

If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- (i) The borrower is deceased
- (ii) A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- (iii) A material decrease in the borrower's turnover or the loss of a major customer
- (iv) The borrower requesting emergency funding from the Company

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

Considering, the Company has started business from January 2019 and does not have history and there are no loan balances which has become 90 days past due and hence, provisioning norms are been used to make provision for loan assets, with a background of management overlay.

**Changes in the gross carrying amount and the corresponding ECL allowances in relation to loans from beginning to end of reporting period:**

Particulars	Stage 1 (0-29 days)	Stage 2 (30-89 days)	Stage 3 (More than 89 Days)
Assets originated or purchased	1,139.90	-	-
Net transfer between stages	-	-	-
Assets derecognised or repaid (excluding write offs)	-	-	-
Write - offs	-	-	-
<b>Gross carrying amount as at March 31, 2019</b>	<b>1,139.90</b>	<b>-</b>	<b>-</b>
Assets originated or purchased	10,277.10	-	-
Net transfer between stages	(189.35)	120.00	69.35
Assets derecognised or repaid (excluding write offs)	(325.90)	-	-
Write - offs	-	-	-
<b>Gross carrying amount as at March 31, 2020</b>	<b>10,901.75</b>	<b>120.00</b>	<b>69.35</b>
Assets originated or purchased	6,129.03	-	-
Net transfer between stages	(468.68)	336.51	132.17
Assets derecognised or repaid (excluding write offs)	(3,875.22)	-	-
Write - offs	(245.99)	-	-
<b>Gross carrying amount as at March 31, 2021</b>	<b>12,440.89</b>	<b>456.51</b>	<b>201.52</b>

**SATIN FINSERV LIMITED**

**Notes to the Financial Statements for the period ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

**Reconciliation of loss allowance provision from beginning to end of reporting period:**

Reconciliation of loss allowance	Loans	Other financial assets
Increase of provision due to assets originated or purchased during the period	4.56	-
Net transfer between stages	-	-
Loss allowance written back	-	-
Write - offs	-	-
<b>Loss allowance on March 31, 2019</b>	<b>4.56</b>	<b>-</b>
Increase of provision due to assets originated or purchased during the period	146.14	-
Net transfer between stages	-	-
Loss allowance written back	-	-
Write - offs	-	-
<b>Loss allowance on March 31, 2020</b>	<b>150.70</b>	<b>-</b>
Increase of provision due to assets originated or purchased during the period	87.39	-
Net transfer between stages	-	-
Loss allowance written back	-	-
Write - offs	-	-
<b>Loss allowance on March 31, 2021</b>	<b>238.09</b>	<b>-</b>

**c) Concentration of loans**

The Company's exposure to credit risk for loans and trade receivables is presented as below. Other financial assets majorly represents loans to employees and deposits given for business purposes.

Particulars	As at March 31, 2021	As at March 31, 2020
Agriculture and allied activities	1,680.87	838.35
MSME	2,618.60	2,954.01
Services	1,326.13	891.92
Corporate borrowers	7,239.42	6,123.44
Others	233.90	283.39
<b>Total</b>	<b>13,098.92</b>	<b>11,091.10</b>

**B) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

The Company maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors the Company's liquidity positions (also comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The Company also takes into account liquidity of the market in which the entity operates.

**(i) Financing arrangements**

The Company had access to the following funding facilities:

As at March 31, 2021	Total facility	Drawn	Undrawn
- Expiring within one year	-	-	-
- Expiring beyond one year	3,000.00	-	3,000.00
<b>Total</b>	<b>3,000.00</b>	<b>-</b>	<b>3,000.00</b>

As at March 31, 2020	Total facility	Drawn	Undrawn
- Expiring within one year	-	-	-
- Expiring beyond one year	5,600.00	2,600.00	3,000.00
<b>Total</b>	<b>5,600.00</b>	<b>2,600.00</b>	<b>3,000.00</b>

**SATIN FINSERV LIMITED**

**Notes to the Financial Statements for the period ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

**(ii) Maturities of financial assets and liabilities**

The tables below analyse the Company financial assets and liabilities into relevant maturity groupings based on their contractual maturities.

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

As at March 31, 2021	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>					
Bank balances in current accounts	830.86	-	-	-	830.86
Loans	5,242.04	4,379.07	4,402.84	5,092.80	19,116.75
Other financial assets	46.67	40.27	-	-	86.94
<b>Total undiscounted financial assets</b>	<b>6,119.56</b>	<b>4,419.35</b>	<b>4,402.84</b>	<b>5,092.80</b>	<b>20,034.55</b>
<b>Non-derivatives</b>					
Other payables	44.28	-	-	-	44.28
Debt securities	72.50	72.50	572.50	-	717.50
Borrowings other than debt securities	1,733.85	734.11	498.60	60.55	3,027.11
Other financial liabilities	139.96	-	-	-	139.96
<b>Total undiscounted financial liabilities</b>	<b>1,990.59</b>	<b>806.61</b>	<b>1,071.10</b>	<b>60.55</b>	<b>3,928.85</b>
<b>Net undiscounted financial assets/(liabilities)</b>	<b>4,128.98</b>	<b>3,612.74</b>	<b>3,331.73</b>	<b>5,032.24</b>	<b>16,105.69</b>

As at March 31, 2020	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>					
Bank balances in current accounts	1,807.07	-	-	-	1,807.07
Bank balances other than cash and cash equivalents	-	-	-	-	-
Loans	4,992.75	3,296.37	2,951.74	5,330.08	16,570.94
Other financial assets	10.00	7.05	-	-	17.05
<b>Total undiscounted financial assets</b>	<b>6,809.82</b>	<b>3,303.42</b>	<b>2,951.74</b>	<b>5,330.08</b>	<b>18,395.06</b>
<b>Non-derivatives</b>					
Other payables	29.61	-	-	-	29.61
Borrowings other than debt securities	1,118.41	820.85	663.56	499.50	3,102.32
Other financial liabilities	308.16	49.05	-	-	357.21
<b>Total undiscounted financial liabilities</b>	<b>1,456.18</b>	<b>869.90</b>	<b>663.56</b>	<b>499.50</b>	<b>3,489.14</b>
<b>Net undiscounted financial assets/(liabilities)</b>	<b>5,353.64</b>	<b>2,433.52</b>	<b>2,288.18</b>	<b>4,830.58</b>	<b>14,905.91</b>

**C) Market risk**

**a) Interest rate risk**

**i) Liabilities**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At March 31, 2021, the Company is exposed to changes in market interest rates through other borrowings at variable interest rates.

*Interest rate risk exposure*

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Variable rate liabilities</b>		
Borrowings other than debt securities	1,300.05	-
<b>Fixed rate liabilities</b>		
Debt Securities	550.16	-
Borrowings other than debt securities	1,300.29	2,450.43
<b>Total</b>	<b>3,150.50</b>	<b>2,450.43</b>

*Sensitivity*

Sensitivity, of profit or loss in borrowing having fixed interest rates, is not applicable.

**ii) Assets**

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**33 Capital management**

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to comply with externally imposed capital requirement and maintain strong credit ratings
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Particulars	As at March 31, 2021	As at March 31, 2020
Net debt*	2,392.44	665.17
Total equity	10,646.14	10,166.44
<b>Net debt to equity ratio</b>	<b>0.22</b>	<b>0.07</b>

\* Net debt includes debt securities + borrowing other than debt securities + sub-ordinated liabilities + interest accrued - cash and cash equivalents - bank balances other than cash & cash equivalents.

**SATIN FINSERV LIMITED**
**Notes to the Financial Statements for the period ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

**34 Maturity analysis of assets and liabilities**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities.

Particulars	As at March 31, 2021		As at March 31, 2020	
	Within 12 months	After 12 months	Within 12 months	After 12 months
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	830.86	-	1,807.07	-
Loans	2,951.98	9,908.85	3,006.70	7,933.70
Other financial assets	46.67	40.27	10.00	7.05
	<b>3,829.51</b>	<b>9,949.12</b>	<b>4,823.77</b>	<b>7,940.75</b>
<b>Non-financial assets</b>				
Current tax assets (net)	1.16	-	4.19	-
Deferred tax assets (net)	63.97	-	45.88	-
Property, plant and equipment	-	84.37	-	34.80
Intangible assets under development	-	7.35	-	8.99
Other non-financial assets	198.51	-	150.74	-
	<b>263.64</b>	<b>91.72</b>	<b>200.81</b>	<b>43.79</b>
<b>TOTAL ASSETS</b>	<b>4,093.15</b>	<b>10,040.85</b>	<b>5,024.58</b>	<b>7,984.55</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Financial liabilities</b>				
Other payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	44.28	-	29.61	-
Debt securities	72.50	477.66	-	-
Borrowings (other than debt securities)	1,733.85	939.29	815.56	1,635.48
Other financial liabilities	139.96	-	231.53	72.47
	<b>1,990.59</b>	<b>1,416.95</b>	<b>1,076.70</b>	<b>1,707.95</b>
<b>Non-financial liabilities</b>				
Current Tax Liabilities (Net)	-	-	-	-
Provisions	39.01	11.12	21.68	5.98
Other non-financial liabilities	25.48	4.70	19.22	11.15
	<b>64.49</b>	<b>15.82</b>	<b>40.90</b>	<b>17.13</b>
<b>TOTAL LIABILITIES</b>	<b>2,055.08</b>	<b>1,432.77</b>	<b>1,117.60</b>	<b>1,725.08</b>
<b>Net equity</b>	<b>2,038.07</b>	<b>8,608.08</b>	<b>3,906.97</b>	<b>6,259.47</b>

**SATIN FINSERV LIMITED**

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

(All amounts in Lakhs, unless otherwise stated)

**35 Employee benefits**

The Company has adopted Indian Accounting Standard (Ind AS) - 19 on Employee Benefit as under :

**A Defined contribution plans**

**Provident and other funds**

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Employers contribution to provident and other fund*	29.03	22.19

**B Defined benefit plans**

**Gratuity**

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

**Risks associated with plan provisions**

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

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

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation	11.12	5.98
Fair value of plan assets	-	-
<b>Net obligation recognised in balance sheet as provision</b>	<b>11.12</b>	<b>5.98</b>

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

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
Current service cost	7.24	5.78
Past service cost including curtailment gains/losses	-	0.20
Interest cost on defined benefit obligation	0.40	-
Interest income on plan assets	-	-
<b>Net impact on profit (before tax)</b>	<b>7.64</b>	<b>5.98</b>

**Amount recognised in the other comprehensive income:**

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
Actuarial gain/(loss) unrecognised during the year	-	-

**SATIN FINSERV LIMITED**

**Notes to the Financial Statements for the period ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

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

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
Present value of defined benefit obligation as at the beginning of year	-	-
Current service cost	7.24	5.78
Interest cost	0.40	-
Past service cost including curtailment gains/losses	-	0.20
Benefits paid	-	-
Actuarial loss/(gain) on obligation	-	-
Actuarial (gain)/loss on arising from change in demographic assumption	-	-
Actuarial (gain)/loss on arising from change in financial assumption	-	-
Actuarial loss on arising from experience adjustment	-	-
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>7.64</b>	<b>5.98</b>

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

Particulars	As at March 31, 2021	As at March 31, 2020
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
Fair value of plan assets at beginning of year	-	-
Actual return on plan assets	-	-
Employer's contribution	-	-
Benefits paid	-	-
Expected return on plan assets	-	-
Actuarial loss/(gain) on plan assets	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>-</b>	<b>-</b>

(vi) **Actuarial assumptions**

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
Discounting rate	6.76%	6.76%
Future salary increase	4.00%	4.00%
Retirement age (years)	60	58
Withdrawal rate		
Up to 30 years	5%	5%
From 31 to 44 years	3%	3%
Above 44 years	2%	2%
Weighted average duration	17.58	16.96

Mortality rates inclusive of provision for disability -100% of IALM (2006 – 08)

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

(vii) **Sensitivity analysis for gratuity liability**

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	11.12	5.98
- Impact due to increase of 0.50 %	(0.69)	(0.38)
- Impact due to decrease of 0.50 %	0.75	0.42
<b>Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	11.12	5.98
- Impact due to increase of 0.50 %	0.77	0.43
- Impact due to decrease of 0.50 %	(0.71)	(0.39)

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

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

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

year	As at March 31, 2021	As at March 31, 2020
	Amount	Amount
0 to 1 year	0.04	0.02
1 to 2 year	0.06	0.03
2 to 3 year	0.09	0.04
3 to 4 year	0.28	0.05
4 to 5 year	0.29	0.16
5 to 6 year	0.28	0.16
6 year onwards	10.08	5.52
<b>Total</b>	<b>11.12</b>	<b>5.98</b>

**SATIN FINSERV LIMITED**

Notes to the Financial Statements for the period ended March 31, 2021

(All amounts in Lakhs, unless otherwise stated)

**36 Related party disclosures**

**A List of related parties and disclosures**

**Holding Company:**

Satin Creditcare Network Limited

**Enterprises over which key management personnel and relatives of such personnel exercise significant influence with whom transactions have been undertaken:**

Satin Neo Dimensions Pvt. Ltd.

**Key managerial personnel and their relatives:**

Name of key managerial personnel	Designation	Relatives
Mr. H P Singh	Director	Mr. Satvinder Singh Mrs. Anureet H P Singh
Mr. Sumit Mukherjee	Director & CEO	-
Mr. Jitendra Jain	Chief Financial Officer	-
Mrs. Bhanu Priya*	Company Secretary	-
Mr. Puneet Jolly	Company Secretary	-

\* resigned from company secretary w.e.f March 30, 2021

**B Details of transactions with related parties carried out in the ordinary course of business:**

Name of related party	Nature of transaction	For the period ended	For the period ended
		March 31, 2021	March 31, 2020
Satin Creditcare Network Limited	Allotment of shares	-	8,000.00
	Inter corporate loan received	-	4,300.00
	Inter corporate loan repaid	-	4,350.00
	Interest expenses on loan	-	43.00
	Technology sharing services received	39.29	-
	Fees for corporate guarantee	9.44	-
	Payment of rent for office space sharing	24.86	50.93
Tarashna Financial Services Limited	DSA Commission expenses	23.49	18.57
Satin Neo Dimensions Pvt. Ltd.	Inter corporate loan given	150.00	-
	Interest income on loan	9.20	-
	Repayment received against loan	14.27	-
Mr. Sumit Mukherjee	Remuneration	70.00	80.00
Mr. Jitendra Jain	Remuneration	23.56	25.15
Mrs. Bhanu Priya	Remuneration	7.31	7.69
Mr. Puneet Jolly	Remuneration	0.84	-

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

Name of related party	Nature of balance	As at March 31, 2021	As at March 31, 2020
Satin Neo Dimensions Pvt. Ltd.	Inter corporate loan	135.73	-
	Accrued Interest	1.90	-
Tarashna Financial Services Limited	DSA Commission	(1.52)	-

**D Key management personnel remuneration includes the following expenses:**

Particulars	For the period ended	For the period ended
	March 31, 2021	March 31, 2020
Short-term employee benefits	101.71	112.84
Post employment benefits	3.14	1.74
Other long-term benefits	10.11	19.74
Termination benefits	-	-
Share based payments	-	-



**SATIN FINSERV LIMITED****Notes to the Financial Statements for the period ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

**37 Segment information**

The Company operates in a single business segment i.e. lending to customers who have similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

**38 Leases**

The Company has taken various office premises under lease arrangements. Generally, the lease term varies from 11 months to 60 months and is renewable under mutually agreed terms between lessee and lessor and there is no exclusive right to the company. The company has considered leases having initial lease term of upto 12 months as short term leases as per para 6 of Ind AS 116 and their expenses have been recognised as Rent under note 31. For all other leases having lease term of more than 12 months a right of use asset is recognised with a corresponding lease liability. The right of use asset is disclosed under Property, Plant and Equipment and lease liability is disclosed under Borrowings. Further disclosures as on March 31, 2021 are as follows:

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

Particulars	Righ of use asset Office Premises as on 31-03-2021	Righ of use asset Office Premises as on 31-03-2020
Total number of leases	11	6
Number of leases considered as short term leases	4	2
No. of right-of use assets leased	7	4
Range of remaining term	From 17 Months to 54 months	From 25 Months to 50 months
Average remaining lease term	35 months	33 months
No. of leases with extension options	7	4
No. of leases with purchase options	0	0
No. of leases with variable payments linked to an index	0	0
No. of leases with termination options	0	0

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

Particulars	Righ of use asset Office Premises as on 31-03-2021	Righ of use asset Office Premises as on 31-03-2020
Carrying amount as on March 31, 2020	20.42	-
Reclassified on account of adoption of Ind AS 116	-	-
Additon	68.16	26.31
Depreciation	14.40	5.89
Deletion (net of Depreciation)	5.08	-
Carrying amount as on March 31, 2021	69.10	20.42

**SATIN FINSERV LIMITED**

**Notes to the Financial Statements for the period ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current	18.55	7.62
Non-current	54.24	14.19
<b>Total</b>	<b>72.80</b>	<b>21.81</b>

**6 At 31 March 2021 the Company do not have any committed leases which had not commenced.**

**7 The undiscounted maturity analysis of lease liabilities at 31 March 2021 is as follows:**

Particulars	Lease payments	Finance charges	Net present values
Within 1 year	25.70	7.15	18.55
1-2 years	23.07	5.02	18.06
2-5 years	41.08	4.90	36.18
<b>Total</b>	<b>89.86</b>	<b>17.06</b>	<b>72.80</b>

**The undiscounted maturity analysis of lease liabilities at 31 March 2020 is as follows:**

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

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

**8 Operating leases**

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

**Office premises**

Particulars	March 31, 2021	March 31, 2020
Short term leases	31.70	57.25
Leases of low value assets	-	-
Variable lease payments	-	-
<b>Total</b>	<b>31.70</b>	<b>57.25</b>

**9 The Company had total cash outflows for leases of Rs. 40.49 Lakhs in financial year ended on 31 March 2021 (Rs. 63.58 Lakhs in 31 March 2020).**

**10 The following are the amounts recognised in profit or loss:**

Particulars	March 31, 2021	March 31, 2020
Depreciation expense of right-of-use assets	14.40	5.89
Interest expense on lease liabilities	5.41	1.86
Expense relating to short-term leases (included in other expenses)	31.70	57.25
Expense relating to leases of low-value assets (included in other expenses)	-	-
Variable lease payments (included in other expenses)	-	-
<b>Total amount recognised in profit or loss</b>	<b>51.51</b>	<b>65.00</b>

**11 The Company has lease contracts for office buildings used in its operations. Leases of these buildings generally have lease terms between 11 months and 5 years years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below. The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.**

**12 The Company does not have any lease contracts that contains variable payments.**

**13 Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:**

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

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

## SATIN FINSERV LIMITED

### Notes to the Financial Statements for the period ended March 31, 2021

(All amounts in Lakhs, unless otherwise stated)

#### 39 Contingent liability and Capital & other commitments

No contingent liabilities as on 31st March 2021 (previous year NIL). Estimated amount of contracts remaining to be executed on capital account is NIL (previous year NIL). Other commitments is NIL as on 31st March 2021 (previous year NIL). There is NIL (previous year NIL) undrawn limit exposure as on 31st March 2021.

#### 39.1 Estimates

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

#### 39.2 Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets is measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- a) The effects of the retrospective application or retrospective restatement are not determinable;  
b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period;

The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

#### 40 Impact of COVID-19 Pandemic

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

#### 40A Estimation of uncertainties relating to the global health pandemic from COVID-19:

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

#### 40B Impact of Covid-19 on loan receivables and Revenue from Operations

The Company has considered its past collection trend during the spread of Pandemic and further evaluated the impact of COVID – 19. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods. In accordance with the Reserve Bank of India ('RBI') guidelines relating to 'COVID-19 Regulatory Package' dated 27 March 2020 and subsequent guidelines on EMI moratorium dated 17 April 2020 and 23 May 2020, the Company has offered to its customers a moratorium of six months on the payment of all instalments and / or interest, as applicable, due between March 1, 2020 and August 31, 2020 to all eligible borrowers, classified as standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium was granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

The Company holds provisions as at March 31, 2021 against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the Company are in excess of the RBI prescribed norms.

#### 40C Impact of Covid-19 on Loss allowance for loan receivables and other receivables

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

#### 40D Impairment assessment of Property plant and equipment, Intangible assets

The Company is engaged primarily in providing affordable housing finance services in the northern region India. Considering the nature of business the Company does not have major PP&E assets. As at March 31, 2021, the estimated recoverable amount of the CGU exceeded its carrying amount. Reasonable sensitivities in key assumptions consequent to the change in estimated future economic conditions on account of possible effects relating to Covid 19 is unlikely to cause the carrying amount to exceed the recoverable amount of the cash generating unit.

#### 40E Credit risk on cash and cash equivalents

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

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

#### 40F Contingencies

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

41 Additional disclosures as required by the Reserve Bank of India:-

(i) Capital to Risk Assets Ratio (CRAR)

Particulars	As at March 31, 2021	As at March 31, 2020
CRAR (%)	80.23	92.06
CRAR - Tier I Capital (%)	79.32	91.36
CRAR - Tier II Capital (%)	0.91	0.70
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

(ii) Disclosure of investments:-

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Value of Investments</b>		
Gross Value of Investments		
(a) In India	-	-
(b) Outside India,	-	-
Provisions for Depreciation		
(a) In India	-	-
(b) Outside India,	-	-
Net Value of Investments		
(a) In India	-	-
(b) Outside India,	-	-
<b>Movement of provisions held towards depreciation on investments</b>		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

(iii) Derivatives:-

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

(iv) Disclosure relating to securitization:-

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

(v) Details of assignment transactions undertaken:-

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

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

The Company has not sold financial assets to Securitisation / Reconstruction Companies for asset reconstruction in the current period and previous period.

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

The Company has not purchased/sold non-performing financial asset in the current period and previous period.

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

As at March 31, 2021

Particulars	1 day to 30/31 days (One Month)	Over one Month to 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
<b>Liabilities</b>									
Debt Securities	-	-	-	50.16	-	500.00	-	-	550.16
Market Borrowings (other than Banks)	141.11	136.32	135.33	395.82	664.96	1,067.18	59.63	-	2,600.34
<b>Assets</b>									
Advances	438.78	261.93	250.24	819.84	1,419.28	5,982.09	3,236.54	690.22	13,098.91
Cash and cash equivalents	830.86	-	-	-	-	-	-	-	830.86

As at March 31, 2020

Particulars	1 day to 30/31 days (One Month)	Over one Month to 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
<b>Liabilities</b>									
Market Borrowings (other than Banks)	60.62	66.32	65.18	197.25	411.68	1,166.17	462.01	-	2,429.23
<b>Assets</b>									
Advances	461.38	257.75	144.84	869.30	1,424.13	3,693.53	3,727.49	512.68	11,091.12
Other advances	305.97	1,501.10	-	-	-	-	-	-	1,807.07

(viii) Exposure to real estate sector:-

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

(ix) Exposure to capital market:-

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

(x) Information on instances of fraud:-

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

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

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

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

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

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

The Company is registered with the 'Ministry of Corporate Affairs' (Financial regulators as described by Ministry of Finance).

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

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

(xv) Concentration of Advances, Exposures and NPAs

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Concentration of Advances</b>		
Total advances to twenty largest borrowers	7,255.80	6,172.60
(%) of advances to twenty largest borrowers to total advances	56.42%	56.42%
<b>Concentration of Exposures</b>		
Total exposure to twenty largest borrowers	7,255.80	6,172.60
(%) of exposure to twenty largest borrowers to total exposure	56.42%	56.42%
<b>Concentration of NPAs</b>		
Total exposure to top four NPA accounts	38.93	47.08
(%) of exposure to top four NPA accounts	0.50%	0.43%

**SATIN FINSERV LIMITED****Notes to the Financial Statements for the period ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

**(xvi) Movement of NPAs:-**

<b>Particulars</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
i) Net NPAs to net advance (%)	0.89%	0.28%
ii) Movement of NPAs (Gross)		
a) Opening balance	69.35	-
b) Addition during the year	378.16	69.35
c) Reduction/ write off during the year	245.99	-
d) Closing balance	201.52	69.35
iii) Movement of NPAs (Net)		
a) Opening balance	31.16	-
b) Addition during the year	307.49	31.16
c) Reduction/ write off during the year	245.99	-
d) Closing balance	92.66	31.16
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	38.19	-
b) Addition during the year	70.67	38.19
c) Reduction/ write off during the year	-	-
d) Closing balance	108.86	38.19

**(xvii) Unsecured advances** - please refer note 6 of Balance Sheet Notes**(xviii) Provisions & contingencies** (shown under Expenses head in statement of profit & loss)

<b>Particulars</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Provision for standard and non performing assets	87.39	146.14
Provision for gratuity	7.64	5.98
Provision for compensation absences	23.83	19.74

**(xix) Un-hedged foreign currency**

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

**(xx) Customer complaints:-**

<b>Particulars</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
a) Number of complaints pending at the beginning of the year	-	-
b) Number of complaint received during the year	10	7
c) Number of complaint redressed during the year	10	7
d) Number of complaint pending at the end of the year	-	-

SATIN FINSERV LIMITED

Notes to the Financial Statements for the period ended March 31, 2021

(All amounts in Lakhs, unless otherwise stated)

(xxi) Disclosure of details as required under notification issued by RBI dated March 13, 2020, RBI/2019-20/170, DOR (NBFC).CC.PD.No.109/22.10.106/2019-20

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5)=(3)-(4)	Provisions required as per IRACP Norms (6)	Difference between Ind AS 109 Provisions and IRACP Norms (7) = (4)-(6)
<b>Performing Assets</b>						
Standard	Stage 1	12,418.88	19.86	12,399.02	108.10	(88.25)
	Stage 2	456.51	109.38	347.13	1.83	107.56
<b>Subtotal</b>						
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	201.52	98.32	103.19	20.15	78.18
Doubtful - up to 3 years	Stage 3	22.01	10.53	11.48	4.40	6.14
1 to 3 years	Stage 3	22.01	10.53	11.48	4.40	6.14
More than 3 years	Stage 3	NIL	NIL	NIL	NIL	NIL
<b>Subtotal for doubtful</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
Loss	Stage 3	NIL	NIL	NIL	NIL	NIL
<b>Subtotal for NPA</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	NIL	NIL	NIL	NIL	NIL
	Stage 2	NIL	NIL	NIL	NIL	NIL
	Stage 3	NIL	NIL	NIL	NIL	NIL
<b>Subtotal</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total</b>	Stage 1	<b>12,418.88</b>	<b>19.86</b>	<b>12,399.02</b>	<b>108.10</b>	<b>(88.25)</b>
	Stage 2	<b>456.51</b>	<b>109.38</b>	<b>347.13</b>	<b>1.83</b>	<b>107.56</b>
	Stage 3	<b>223.53</b>	<b>108.86</b>	<b>114.67</b>	<b>24.55</b>	<b>84.32</b>
	<b>Total</b>	<b>13,098.92</b>	<b>238.09</b>	<b>12,860.83</b>	<b>134.48</b>	<b>103.63</b>

(xxii) Disclosure of stress assets as required under notification issued by RBI dated August 06, 2020, RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 read with notification issued by RBI dated August 06, 2020, RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 (INR in Lakhs)

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	0	0.00	0.00	0.00	0.00
Corporate persons*	2	384.79	353.36	0.00	19.24
Of which, MSMEs	0	0.00	0.00	0.00	0.00
Others - MSME	125	783.74	783.74	0.00	39.19
<b>Total</b>	<b>127</b>	<b>1168.53</b>	<b>1137.10</b>	<b>0.00</b>	<b>58.43</b>

\*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016.

**SATIN FINSERV LIMITED**

**Notes to the Financial Statements for the period ended March 31, 2021**

(All amounts in Lakhs, unless otherwise stated)

(xxiii) During the year Company has reversed Interest Income of INR 10.64 Lakhs for all eligible borrowers of the Company and based on calculation method suggested by Indian Banks' Associations (IBA) dated 19 April 2021 read with Notification issued by RBI vide notification no. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated 7 April 2021.

42 Previous year Figures have been re-grouped/re-classified wherever necessary to make it comparable with the figure presented for the year ended 31st March 2021.

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

As per our report of even date attached

**For Rajeev Bhatia & Associates**

Chartered Accountants

Firm's Registration No.: 021776N

BHATIA  
RAJEEV

Digital signed by  
BHATIA RAJEEV  
Date: 2021.05.15  
13:52:05 +05'30'

**Rajeev Bhatia**

Partner

M No. 089018

Place : Delhi

Dated: May 15, 2021

**For and on behalf of the Board of Directors of**

**Satin Finserv Limited**

SUMIT  
MUKHERJEE

Digital signed by  
SUMIT MUKHERJEE  
Date: 2021.05.15  
13:52:05 +05'30'

**Sumit Mukherjee**

DIN: 08369056

**WTD & CEO**

**Place : Mumbai**

JITENDRA JAIN

Digital signed by JITENDRA JAIN  
Date: 2021.05.15 13:52:05 +05'30'

**Jitendra Jain**

**Chief Financial Officer**

**Place : Gurgaon**

Dated: May 15, 2021

HARVINDER  
PAL SINGH

Digital signed by  
HARVINDER PAL SINGH  
Date: 2021.05.15  
13:52:05 +05'30'

**Harvinder Pal Singh**

DIN: 00333754

**Director**

**Place : Gurgaon**

PUNEET  
JOLLY

Digital signed by  
PUNEET JOLLY  
Date: 2021.05.15  
13:52:05 +05'30'

**Puneet Jolly**

Mem No: 43608

**Company Secretary**

**Place : Delhi**

## **DIRECTORS' REPORT**

Dear Members,

Your Board of Directors takes pleasure in presenting the 3rd Board Report of Satin Finserv Limited ("SFL", "Company"), along with the Audited Financial Statements for the financial year ended March 31, 2021.

### **BACKGROUND**

SFL is a Non-Deposit taking Systematically Important Non- Banking Finance Company holding certificate of Registration from the Reserve Bank of India ("RBI") dated January 09, 2019. SFL is wholly owned subsidiary of Satin Creditcare Network Limited. The Company is engaged in the business to provide finance whether short term or long term to micro, small and medium scale enterprises and to individuals.

### **FINANCIAL HIGHLIGHTS**

The Financial Highlights of your Company are as follows:

<b>Particulars</b>	<b>(Rs. In Lakhs)</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Revenue from Operations	2,423.67	1,383.56
Other Income	57.21	18.28
<b>Total revenue</b>	<b>2,480.88</b>	<b>1,401.84</b>
<b>Expenses</b>		
Employee Benefit expenses	714.39	666.70
Impairment on financial instruments	333.38	146.14
Finance cost	438.89	176.27
Depreciation and amortization expenses	24.73	11.45
Other expenses	326.92	313.02
<b>Total expenses</b>	<b>1,838.31</b>	<b>1,313.58</b>
<b>Profit before Tax</b>	<b>642.57</b>	<b>88.26</b>
<b>Earnings per share</b>		
Basic	0.47	0.10
Diluted	0.47	0.10

During the period under review, your Company has disbursed Rs. 61.29 Crores and has ended the year with the AUM of Rs. 130.73 Crores. Due to COVID-19 in India, your company has disbursed less than previous year.

Your Company's total Income during the period ended March 31, 2021 are Rs. 2,480.88 lakhs and net profit after tax of Rs. 477.82 lakhs.

### **REVIEW OF OPERATIONS OF THE COMPANY/STATE OF AFFAIRS**

The Company offers small ticket business Loans against collateral of property. As at March 31, 2021, SFL had 1725 loans and 15 branches across 7 states. The Company plans to continue its growth journey by opening more branches and further investing in technology to optimize operating costs and improve collection efficiency.

During the year under review, the Company has reported profit before tax of Rs. 642.57 lakhs as compared to profit before tax of Rs. 88.26 lacs for the previous year.



## **COVID-19 PANDEMIC**

The coronavirus pandemic is the most serious challenge to Banks and NBFCs in nearly a century as they will be coping with a long-term slowdown in the coming time. At the backdrop the economic fallout being witnessed by the global/domestic economy, the Company continues to believe that its overall financial profile, capitalization levels, promoter support and optimised risk management systems should maintain a well managed ALM and remain compliant with statutory ratios.

- ✓ During the lockdown, we took an initiative to provide support to our customers through regular interaction.
- ✓ In line with the guidance issued by RBI, moratorium option was provided to all eligible customers.
- ✓ The wellbeing of our people is always our utmost priority. We undertook several initiatives for their safety and awareness during the COVID-19 outbreak. All employees were advised to strictly follow lockdown guidelines issued by the Government.
- ✓ Engaging all business partners digitally and through Work from Home (WFH) protocol for business continuity.

Further, the Company also taken pride in the submitting that it was able to implement the Business Continuity Plan within very small time after the outbreak of pandemic and announcement of lock down. This ensured that Company was able to maintain the constant connect with its customers and vendors even during the lock down.

## **OPERATIONAL HIGHLIGHTS**

<b>Particulars</b>	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>
<b>Number of Branches</b>	15	15
<b>Number of Active Borrowers</b>	1,725	1,113
<b>Gross Loan Portfolio (in Lakhs)</b>	130.73	110.91
<b>Number of Employees</b>	138	146
<b>Total Disbursement (in Crores)</b>	61.29	127.17
<b>No. of States (in Operation)</b>	7	8

The whole industry was impacted on account of COVID -19. Due to the Pandemic SFL'S gross non-performing asset ratio increased to 1.50% (GNPA - FY20 : 0.56%) and net non-performing asset is 0.67% (NNPA - FY20: 0.20%) as at March-2021.

## **RESERVES**

The Company is required to create a statutory reserve under Section of 451C of RBI Act, 1934 and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the statement of profit and loss and before any dividend is declared. In view of the same during FY 20-21 an amount of Rs. 95.94 lakhs has been transferred to such reserve.

## **DIVIDEND**

Keeping in mind, the future business expansion and consequent need to maintain the fund requirements for the same, the directors have decided not to recommend any dividend for financial year 2020-21.

## **CAPITAL STRUCTURE**

### ***Authorized Share Capital***

During the period under review, there is no change in Authorised Share Capital of the Company. As at March 31, 2021, the Authorized Share Capital of your Company is Rs. 1,030,000,000/- (Rupees One Hundred and Three Crores) divided into 103,000,000 (Ten Crore Thirty lakh) Equity Shares of Rs.10/- (Rupees Ten) each.

### **Paid-up Share Capital**

During the period under review, there is no equity infusion in the Company. As at March 31, 2021, the Paid up Share Capital of the Company stood at Rs. 1,025,000,000 (Rupees One Hundred Two Crores and Fifty Lakhs) divided into 102,500,000 (Ten Crores and Twenty Five Lakhs) equity shares of Rs. 10/- (Rupees Ten) each.

### **BORROWINGS**

During FY 2020-21, the Company met its funding requirements through debts, from Financial Institutions and Banks. The details of borrowings availed or outstanding during the year are listed below:

<b>Name of the lender</b>	<b>Type of facility (Term Loan/CC/Bank Guarantee etc.)</b>	<b>Borrowing Availed during FY 20-21 (In Rs. Crores)</b>	<b>Outstanding Amount as on Mar-21 (In Rs. Crores)</b>
CSB Bank Limited	Non-convertible debentures	5.00	5.00
MAS Financial Services Limited	Term Loan	13.00	12.94
Vivriti Capital Private Limited	Term Loan	-	0.57
Northern Arc Capital Limited	Term Loan	-	12.41
		<b>18.00</b>	<b>30.92</b>

The Company has been regular in servicing all its debt obligations.

### **DEPOSITS**

Your Company is a Non-Deposit taking Non-Banking Finance Company and has neither accepted any public deposits at the beginning of the year nor has it accepted any public deposits during the year under review.

### **RBI NORMS AND STANDARDS**

The Company is in compliance of the regulatory requirement of net owned funds (NOF) as defined under Section 45-IA of the RBI Act, 1934, to carry on the business of a NBFC-NDSI.

The Company has complied and continues to comply with all the applicable regulations and guidelines issued by RBI such as Capital Adequacy, Net Owned Funds, provisioning for Non-Performing Assets and for Standard Assets, Concentration of Credit and Investment, filings, etc. The Capital to Risk Assets Ratio ("CRAR") of the Company is as follow as on March 31, 2021.

<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>March 31, 2020</b>
CRAR (%)	80.23	92.06
CRAR - Tier I Capital (%)	79.32	91.36
CRAR - Tier II Capital (%)	0.91	0.70

Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

In line with the RBI guidelines for asset liability management (ALM) system for NBFCs, the Company has an Asset Liability Committee which meets periodically to review its ALM risks and opportunities. The Company is also in compliance with the NBFC – Corporate Governance Norms.

#### **FAIR PRACTICE CODE**

Your Company has adhered to Board approved Fair practice code in terms of applicable RBI guidelines. The Board approved Fair Practice Code is disclosed on the website of the Company ([www.satinfinserv.com](http://www.satinfinserv.com)).

#### **COMPLIANCE OF INFORMATION TECHNOLOGY FRAMEWORK FOR THE NBFC SECTOR**

Pursuant to RBI Master Direction-Information Technology Framework for the NBFC sector, the Company has constituted an IT Strategy Committee to review the IT strategies in line with its corporate strategies, cyber security arrangements and any other matter related to IT governance.

#### **COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company is fully compliant with the applicable Secretarial Standards (SS) viz. SS-1 and SS-2 on meeting of the Board of Directors and General Meeting respectively.

#### **CHANGE IN NATURE OF BUSINESS**

During the period under review, there is no change in the nature of business of the Company.

#### **MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There are no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relate and the date of this report.

#### **PARTICULARS OF LOAN, INVESTMENT, GUARANTEE**

The Company, being a non-banking finance company registered with the Reserve Bank of India and engaged in the business of granting loans and finance in the ordinary course of its business, is exempt from complying with the provisions of Section 186 of the Act, in respect of loans and guarantees. Accordingly, the disclosures of the loans as required under the aforesaid section have not been given in this report.

#### **HOLDING, SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

Your Company is wholly-owned subsidiary of Satin Creditcare Network Limited. Your Company does not have any subsidiary, joint venture and associate Company within the meaning of clause (6) Section 2 of the Companies Act, 2013 at any time during the year ended March 31, 2021.

#### **EXTRACT OF ANNUAL RETURN**

Pursuant to the provision of Sections 92(3) and 134(3)(a) of the Companies Act, 2013 and rules made thereunder, extract of the Annual Return in Form No. MGT-9 is annexed to this Report as **Annexure –I** and is also available at the website of the Company i.e., [www.satinfinserv.com](http://www.satinfinserv.com).

#### **RELATED PARTY TRANSACTIONS**

All Related Party Transactions (RPTs) entered by the Company during the year under review, were on arms' length basis and in the ordinary course of business.

During the FY 2020-21, as required under section 177 of the Act, all RPTs were approved by the Audit Committee and Board of Directors of the Company. A statement on "Related Party Disclosures" showing the disclosure of transactions with related parties as required under Indian Accounting Standard 24 (Ind AS 24) issued by The Institute of Chartered Accountants of India, read with the Companies (Indian Accounting standards) Rules, 2015, are given in the Notes to the Financial Statements.

There were no materially significant related party transactions made by your Company with its Promoters, Directors, Key Managerial Personnel's or other designated persons which might have a potential conflict with the interest of the Company at large.

#### **PARTICULARS OF CONTRACT OR ARRANGEMENTS WITH RELATED PARTIES**

The particulars of contracts or arrangements with related parties referred to in section 188(1) of the Companies Act, 2013 for the financial year 2020-21 in the prescribed form AOC-2 is enclosed with this report as **Annexure- II**.

#### **DIRECTORS AND KEY MANAGERIAL PERSONEL (KMP)**

##### Board of Directors

As at March 31, 2021, the Board of Directors comprises of 5 (Five) Directors, consisting 3 (Three) independent directors, 1 (one) non-executive director and 1 (one) whole time director. The followings are the directors of the Company as at March 31, 2021

<b>S. No.</b>	<b>Name of Director(s)</b>	<b>Category of Director(s)</b>
1.	Mr. Harvinder Pal Singh	Non-executive Director
2.	Mr. Sumit Mukherjee	Whole-time Director
3.	Mr. Anil Kumar Kalra	Independent Director
4.	Mr. Sundeep Kumar Mehta	Independent Director
5.	Ms. Jyoti Ahluwalia	Independent Director

The composition of the Board is in conformity with the Act and other applicable laws.

As at March 31, 2021, Mr. Jitendra Jain, Chief Financial Officer and Mr. Puneet Jolly, Company Secretary are Key Managerial Personnel of the Company.

##### Retire by Rotation

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Harvinder Pal Singh (DIN: 00333754), Director of the Company is liable to retire by rotation and being eligible offers himself for reappointment at this Annual General Meeting. Your Board of Directors recommends his re-appointment as a Director liable to retire by rotation.

##### Changes in Directors and KMP

During the year under review there are following changes in the composition of the Board of Directors and in Key Managerial Personnel of the Company.

- ✓ Ms. Kiran Soni Gupta (DIN: 03267846) was appointed as Additional Director in category of Woman Independent Director w.e.f. November 10, 2020.
- ✓ Ms. Kiran Soni Gupta (DIN: 03267846) has resigned from the position of Addition Director of the Company from January 21, 2021.
- ✓ Ms. Jyoti Ahluwalia (DIN: 09112407) was appointed as Additional Director in category of Woman Independent Director w.e.f. March 30, 2021.
- ✓ Ms. Bhanu Priya has resigned from the position of Company Secretary & Compliance Officer from close of business on March 30, 2021.
- ✓ Mr. Puneet Jolly was appointed as Company Secretary and Compliance Officer w.e.f. March 31, 2021.

The appointment of directors and senior management are as per recommendation of the Nomination & Remuneration Committee of the Company, Fit and proper criteria of Company's policy and applicable RBI guidelines.

## BOARD MEETINGS

The Board of Directors, along with the Committees of the Board, provides leadership and guidance to the Company's Management and directs, supervises and controls the activities of the Company.

The Board met 6 (Six) times during the year under review. The meetings were held on following dates-

June 03, 2020, June 22, 2020, August 27, 2020, November 10, 2020, February 03, 2021 and March 30, 2021.

Attendance of Directors who attended Board Meetings held during the period under review are as follows.

Name of the Director	Nature of Directorship	No. of Board Meeting during the year	
		Held during their tenure	Attended
Mr. Harvinder Pal Singh	Director	6	6
Mr. Sumit Mukherjee	CEO & Whole-time Director	6	5
Mr. Sundeep Kumar Mehta	Independent & Non-executive Director	6	6
Mr. Anil Kumar Kalra	Independent & Non-executive Director	6	6
Ms. Jyoti Ahluwalia*	Independent & Non-executive Director	1	1

\*Ms. Jyoti Ahluwalia was appointed as an Additional Director in category of Woman Independent Director with effect from March 30, 2021.

## COMMITTEES OF THE BOARD

As at year end, the Board of Directors of the Company has following statutory committees:

### 1. Audit Committee

The Audit Committee constituted in terms of section 177 of the Companies Act, 2013 and in terms of RBI guidelines. The Committee comprises of 3 (Three) members including 2 (Two) Independent Directors.

The Audit Committee oversees the financial reporting process and reviews, with the Management, the financial statements to ensure that the same are correct and credible. The Audit Committee has the ultimate authority and responsibility to select and evaluate the Independent Auditors in accordance with the law. The Audit Committee also reviews performance of the Statutory Auditors, the Internal Auditors, adequacy of the internal control system.

During the year under review, the Audit Committee met 5 (five) times on June 03, 2020, June 22, 2020, August 27, 2020, November 10, 2020 and February 03, 2021. The details of the attendance of the Directors at the Audit Committee meetings are given below.

Name of the Audit Committee Members	Nature of Directorship	No. of Committee Meeting during the year	
		Held during their tenure	Attended
Mr. Sundeep Kumar Mehta	Independent & Non-executive director	5	5

Mr. Harvinder Pal Singh	Non Independent & Non Executive director	5	5
Mr. Anil Kumar Kalra	Independent & Non-executive director	5	5

## 2. Nomination & Remuneration Committee

The Nomination and Remuneration Committee (“NRC”) constituted in terms of section 178 of the Companies Act, 2013 and in terms of applicable guidelines issue by RBI. Currently NRC comprises of 3 (Three) members including 2 (Two) Independent Directors.

The Nomination and Remuneration Committee is to assist the Board of Directors in matters related to the appointment and to recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

During the year under review, the NRC met 3 (Three) times on May 18, 2020, October 31, 2020 and March 30, 2021. The details of the attendance of the Directors at the NRC meetings are given below.

Name of the Nomination & Remuneration Committee Members	Nature of Directorship	No. of Committee Meeting during the year	
		Held during their tenure	Attended
Mr. Sundeep Kumar Mehta	Independent & Non-executive director	3	3
Mr. Harvinder Pal Singh	Non Independent & Non Executive director	3	3
Mr. Anil Kumar Kalra	Independent & Non-executive director	3	3

## 3. Asset Liability Management Committee

The Asset Liability Management Committee (“ALM Committee”) constituted in terms of the RBI guidelines as applicable on NBFC- NDSI. The Committee comprises with 3 (Three) members. The functions of the ALM Committee include addressing concerns regarding asset liability mismatches, interest rate risk exposure and achieving optimal return on capital employed while maintaining acceptable levels of risk including and relating to liquidity, market and operational aspects and adhering to the relevant policies and regulation.

During the year under review, the ALM Committee met 2 (Two) times on May 21, 2020 and October 21, 2020. The details of the attendance of the Directors at the ALM Committee meetings are given below:

Name of the Asset Liability Management Committee Members	Designation	No. of Committee Meeting during the year	
		Held during their tenure	Attended
Mr. Harvinder Pal Singh	Non- Independent & Non-executive director	2	2
Mr. Jitendra Jain	Chief Financial Officer	2	2
Mr. Sumit Mukherjee	Non- Independent & executive director	2	0

## 4. IT Strategy Committee

The Committee was constituted in terms of RBI prescribed IT framework. The IT Strategy Committee comprises with 4 (Four) members, 1 (One) of whom is Independent Director.

The functions of the IT Committee include approval of IT strategies and policy documents to ascertain whether the company’s management has implemented processes / practices which ensure that IT delivers value to

business, that the budgets allocated vis-à-vis IT investments are commensurate, monitor methods adopted to ascertain the IT resources needed to achieve strategic goals of the Company and to provide high-level directions for the sourcing and use of IT resources.

During the year under review, the committee met 2 (Two) times on May 18, 2020 and November 05, 2020. Details of the attendance along with committee composition given below:

Name of the IT Strategy Committee Members	Designation	No. of Committee Meeting during the year	
		Held during their tenure	Attended
Mr. Sundeep Kumar Mehta	Independent director and Non-executive director	2	2
Mr. Sumit Mukherjee	Non Independent & Executive director	2	2
Mr. Jitendra Jain	Chief Financial officer	2	2
Mr. Sanjay Mahajan	Chief Information officer(Holding Company-Satin Creditcare Network Limited)	2	2

#### 5. Risk Management Committee

The Company follows well-established and detailed risk assessment and minimization procedures. The Company especially focuses on improving its sensitivity to the assessment of risks and improving methods of computation of risk weights.

During the year under review, the committee met 2 (Two) times on May 18, 2020 and November 05, 2020. Details of the attendance along with committee composition given below:

Name of the IT Strategy Committee Members	Designation	No. of Committee Meeting during the year	
		Held during their tenure	Attended
Mr. Sundeep Kumar Mehta	Independent director and Non-executive director	2	2
Mr. Anil Kumar Kalra	Independent director and Non-executive director	2	2
Mr. Harvinder Pal Singh	Non- Independent & Non-executive director	2	2

#### **STATEMENT ON DECLARATION "CERTIFICATE OF INDEPENDENCE" U/S 149 (6) & (7) FROM INDEPENDENT DIRECTORS**

Pursuant to section 149(6) & (7) read with schedule IV of the Companies Act, 2013, the Board has Independent Directors and there is an appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

During the year under review, the Company has received Declaration of Independence from Mr. Sundeep Kumar Mehta, Mr. Anil Kumar Kalra and Ms. Jyoti Ahluwalia, Independent Directors of the Company pursuant to compliance with Section 149(6) of the Companies Act, 2013.

The Company has also received declaration cum undertaking from each director on fit and proper criteria in terms of the provisions of Master directions on Non-Banking Financial Company – Systemically Important Non-

Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended from time to time.

### **PERFORMANCE EVALUATION**

Performance appraisal framework was formulated and adopted by the Board. The Nomination and Remuneration Committee has evaluated the performance of the Board as a whole and the Committees of the Board. The Board in consultation with the NRC has evaluated the performance of the Individual Directors (including Independent Directors and Non-Executive Directors).

Pursuant to the provisions of Sec 134(3)(p) read with Sec 178 of the Act, a formal evaluation of the performance of the Board, its Committees, Individual Directors and the Chairman was carried out for FY 2020-21. The evaluation was carried out using questionnaire covering, amongst others, composition of board, effective decision making, advice and necessary guidance, open communication, meaningful participation, knowledge & expertise of Directors, contribution at Board meetings etc. Further, Individual Directors (Executive, Non-Executive and Independent) were evaluated in terms of participation in the meetings of Board and Committees, Education & Qualification, effective examination of the financial and other information related to the operations of the Company, raising of valid concerns, impartial & meaningful participation and adequate deliberations in the meeting.

Qualitative comments and suggestions of Directors were taken into consideration by the Board as a whole. The actions emerging from the Board evaluation process were collated and on consolidated basis, the summary of the ratings was prepared, and the report of performance evaluation so arrived at, was then noted and discussed by the Board at their meeting held on March 30, 2021. The entire performance evaluation process was completed to the satisfaction of Board.

### **INDEPENDENT DIRECTORS MEETING**

In compliance with Schedule IV of the Act, the Independent Directors held their separate meeting on March 30, 2021 inter alia, for the following:

1. To review the performance of Non-Independent Directors and the Board as a whole.
2. To assess the quality, quantity and timeliness of flow of information between the Company management and the Board.

Both the Independent Directors i.e. Mr. Anil Kumar Kalra and Mr. Sundeep Kumar Mehta were present at the meeting. The Independent Directors present at the meeting deliberated on the above and were satisfied with the performance of non-independent director and the board as a whole.

### **A STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR**

Your Company has Board approved Nomination & Remuneration Policy (NRC Policy) which specify the fit & proper criteria, as mentioned under RBI guidelines. Appointment of all directors including Independent Directors takes place with the procedures prescribed by NRC Policy and with the recommendation of Nomination & Remuneration Committee and approval of the Board. The appointment of Ms. Kiran Soni Gupta and Ms. Jyoti Ahluwalia, during the year, took place after satisfying the fit & proper criteria and relevant approval(s). The Company has also received Declaration cum Undertaking from directors, containing relevant past experience, educational background and knowledge of industry. The directors are registered with data bank and holds relevant experience of the Company's industry. The Independent Directors of the Company contains relevant experience, expertise and integrity.

### **INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY**



Your Company has aligned its current systems of internal financial control with the requirement of the Act. The Company is continuing to monitor the efficiency of internal controls through a comprehensive internal control framework which had been designed to ensure transparency and accountability in an organisation's process of designing and implementing a system of internal control. Through this framework risks in the Company are identified and analysed and appropriate responses are managed. Moreover, the Audit Committee reviews the audit reports submitted by internal auditors and statutory auditors of the Company. Suggestions for improvement are considered and the audit committee follows up on corrective action.

The Company's internal controls systems are commensurate with its size and the nature of its operations. These have been designed as well as operating effectively to provide a reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures and ensuring compliance of corporate policies.

#### **WHISTLE BLOWER POLICY/VIGIL MECHANISM**

The Company has a Whistle Blower Policy to deal with instances of fraud, unethical behaviour and mismanagement, if any. Whistle Blower Policy ensures that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism. The Whistle Blower Policy provides for adequate safeguards against victimization of persons and ensures that any employee, officer and director who violates the requirements of this policy will be subject to disciplinary action.

#### **AUDITORS AND AUDITORS' REPORT**

**M/s. Rajeev Bhatia & Associates**, Chartered Accountants (ICAI Registration No. 021776N), have been appointed on the recommendation of Audit Committee of the Board of Director's (in conformity with the provisions of section 139 and 141 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including amendments thereto), as the Statutory Auditors of the Company for the period of 5 years from the conclusion of the first annual general meeting of the Company till the conclusion of sixth annual general meeting. The said appointment is in accordance with the applicable provisions of the Act and rules framed thereunder.

Your Company has also received a certificate for FY 2021-22 that they satisfy the eligibility criteria provided under section 141 of the Companies Act 2013 (includes amendments thereto) and took note of the same in audit committee and board meeting of the Company.

#### **AUDITORS' REPORT**

The Auditors' Reports for the financial year 2020-21 does not contain any qualification, reservation, adverse remark or disclaimer. The notes to the Accounts referred to in the Auditors' Report are self-explanatory and do not call for further comments.

#### **INTERNAL AUDIT**

The Company has appointed Mr. Rohit Kumar as internal auditors of the Company pursuant to provisions of Section 138 of the Companies Act and rules made thereunder. The Internal auditors prepare audit report every quarter. Based on the reports of internal audit, function process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee of Board after closing of every quarter. Mr. Rohit Kumar has resigned from the position of Internal Auditor effective from June 05, 2021 (end of closing hours). The Company is in process to appoint internal auditors as per provisions of Section 138 of the Companies Act, 2013.

#### **REPORTING OF FRAUD BY AUDITORS**

During the year under review, neither the statutory auditor nor the secretarial auditor has reported to the Audit Committee or to the Board, under section 143(12) of the Act, any instances of the fraud committed in the Company by its officers or employees, the details of which would need to be mentioned in the Board report.

#### **SECRETARIAL AUDIT AND ITS REPORT**

The Board of Directors has appointed M/s S. Behera & Co., Company Secretaries (ICSI PCS Registration No. 5980), as Secretarial Auditor of the Company for FY 2020-2021 for conducting the audit of the secretarial and related records of the Company. The secretarial audit report is annexed to this Board Report as **Annexure III**. There is no qualification, reservation or adverse remark made in the Secretarial Audit Report.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3) (c) of the Companies Act, 2013 the Directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanations relating to material departure.
2. That Board has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for that period.
3. That Board has taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. That Board has prepared the annual accounts on a going concern basis and;
5. That the Board had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
6. The Board had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **DEBENTURE TRUSTEE**

During the year, the Company has allotted non-convertible debentures to the CSB Bank Limited vide board resolution dated June 29, 2020. As per the requirement under the Act, the Company has appointed Catalyst Trusteeship Limited (formerly known as GDA Trusteeship Limited) with CIN U74999PN1997PLC110262 as the Debenture Trustee for the non-convertible debentures issued by the Company.

#### **CREDIT RATING**

During the year under review, the Company has issued one tranche of non-convertible debentures which contains credit rating CARE A- (CE); Stable Single A Minus (Credit Enhancement); Outlook Stable) assigned by CARE Ratings Limited vide its letter dated June 25, 2020. The long term bank facilities contains credit rating of CARE BBB+ (CE); Stable [Triple B Plus (Credit Enhancement); Outlook: Stable] by CARE Ratings Limited. There is no change in credit rating(s) during the period under review.

#### **REGULATORY ACTION/APPROVAL**

There is no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and operations of the Company in future.

#### **COST RECORDS AND COST AUDIT**

Maintenance of cost records and requirement of Cost Audit as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable for the business activities carried out by the Company.

## **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION CONSERVATION OF ENERGY AND AND FOREIGN EXCHANGE EARNINGS & OUTGO**

Being into the business related to financial services; provisions pertaining to conservation of energy, technology absorption are not applicable. Further, there are no foreign exchange earnings(s) and outgo during the financial year 2020-21.

## **POLICIES**

### **1. CORPORATE SOCIAL RESPONSIBILITY POLICY**

The Company does not falls under the category of net worth, turnover and net profits as defined under the provisions of the Companies Act, 2013. Hence, the provisions of corporate social responsibility are not applicable on the Company.

### **2. RISK MANAGEMENT**

Risk management is an integral part of the Company's business strategy. The risk management process is adopted and reviewed by the Board of Directors of the Company on a regular basis which provides for identification, assessment and control of risks. They also review compliance with risk policies, monitor risk tolerance limits, review and analyse risk exposure related to specific issues and provides oversight of risk across the organization.

The risk management framework covers integrated risk management mainly comprising Credit Risk, Market Risk, Operational Risk, Fraud Risk and other risks. The Credit Risk management structure includes documented credit policies and procedures for each financial product and service of the business.

Risks associated with frauds are mitigated through Board approved Fraud monitoring policy. Fraud risk is monitored through oversight by senior management, who review matters relating to fraud risk, including corrective and remedial actions as regards to people and processes.

### **3. Sexual harassment policy for women under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.**

Your Company is committed to ensure fair environment for its executive, staff and workers. In compliance to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has adopted Sexual Harassment Policy approved vide Board of Directors meeting held on May 02, 2019 which ensure free and fair enquiry process with clear timelines. The Company have duly constituted internal committee as required under the Sexual Harassment to women at workplace (Prevention, Prohibition and Redressal) Act, 2013 to review the cases related to sexual harassment. Your directors further state that during the year under review, there was no case reported pursuant to the Sexual Harassment to women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **4. Policy on Nomination & Remuneration for Directors, Key Managerial Personnel (KMP) & Senior Management and other Employees**

The Company has adopted Nomination and Remuneration policy which looks after the Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director etc. Nomination and remuneration policy of the Company is published on website of the Company. ([www.satinfinserv.com](http://www.satinfinserv.com))

### **5. Other Statutory Policies**

The Company has all statutory policies as required under applicable provisions of the Companies Act, 2013 and applicable RBI guidelines.

## **PARTICULARS OF EMPLOYEES**

In accordance with the provisions of Section 197(12) of the Act, the ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of subsection 12 of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report and has been appended as "Annexure IV" to this Annual Report

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

No significant or material orders were passed by any Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

## **THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

There is no application made or proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the financial year.

## **THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF**

There is no such difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loans from the banks or financial institutions.

## **ACKNOWLEDGEMENTS**

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

**For and on behalf of the Board  
FOR SATIN FINSERV LTD**

SD/-

SD/-

Place: Delhi  
Date: May 15, 2021

**Sumit Mukherjee  
(Whole-time director)  
DIN: 08369056**

**Harvinder Pal Singh  
(Director)  
DIN: 00333754**

## Annexure I

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on March 31, 2021**  
**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.**

**I. REGISTRATION & OTHER DETAILS:**

<b>1.</b>	<b>Corporate Identification Number (CIN)</b>	U65999DL2018PLC337435
<b>2.</b>	<b>Registration Date</b>	August 10, 2018
<b>3.</b>	<b>Name of the Company</b>	Satin Finserv Limited
<b>4.</b>	<b>Category/Sub-category of the Company</b>	Public Limited Company/Limited by Shares
<b>5.</b>	<b>Address of the Registered office &amp; contact details</b>	503, 5 <sup>th</sup> Floor, Kundan Bhawan, Azadpur Commercial Complex, Delhi-110033 Phone: 011-47545000
<b>6.</b>	<b>Address of the Corporate office &amp; contact details</b>	4th Floor, 'B' Wing Plot No. 492, Udyog Vihar Phase- III Gurugram 122016 Phone : 0124-4715400
<b>7.</b>	<b>Whether listed company</b>	Unlisted Company
<b>8.</b>	<b>Name, Address &amp; contact details of the Registrar &amp; Transfer Agent, if any.</b>	<p><b><u>Equity Shares</u></b>  <b>Link Intime India Pvt. Ltd.</b>  Noble Heights, 1st Floor, Plot No. NH 2,  LSC, C-1 Block, Near Savitri Market,  Janakpuri, New Delhi-110058  Contact No. 011- 4141 0592  E-mail id : <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>  Website : <a href="http://www.linkintime.co.in">www.linkintime.co.in</a></p> <p><b><u>Debentures</u></b>  <b>Karvy Fintech Private Limited</b>  Address: KFintech, Tower – B, Plot No 31 &amp; 32, Selenium Building, Financial District,  Nanakramguda, Gachibowli, Hyderabad – 500 032. Tel:  +91- 040 – 67162222, +91- 040 – 79611000  Website: <a href="http://www.kfintech.com">www.kfintech.com</a></p>

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

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

### III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of Shares held	Applicable Section
1.	<b>SATIN CREDITCARE NETWORK LIMITED</b> 5 <sup>th</sup> Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, New Delhi-110033	L65991DL1990P LC041796	Holding Company	100.00%	2(87) of the Companies Act, 2013

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

#### i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the Year (as on April 01, 2020)				No. of Shares held at the end of the Year (as on March 31, 2021)				%age change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	102,499,994	0	102,499,994	100	102,499,994		102,499,994	100	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other				0				0	



a) Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	6	0	6	0	6	0	6	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
d-i) Trust	0	0	0	0	0	0	0	0	0
d-ii) Non Resident Indian	0	0	0	0	0	0	0	0	0
d-iii) Hindu Undivided Family	0	0	0	0	0	0	0	0	0
d-iv) Directors & their Relatives	0	0	0	0	0	0	0	0	0
<b>Sub Total (B)(2)</b>	0	0	0	0	0	0	6	0	0
Total Public Shareholding (B)=(B)(1)+(B)(2)	*6	0	*6	*6	*6	0	*6	0	0
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>102,500,000</b>	0	<b>102,500,000</b>	<b>100</b>	<b>102,500,000</b>	0	<b>102,500,000</b>	<b>100</b>	<b>0</b>

*\*Nominee shareholders appointed with comply of provisions of Section 3 of the Companies Act, 2013*

**ii) Shareholding of Promoters:**



Sr. No.	Shareholder's Name	Shareholding at the beginning of the year - April 01, 2020			Shareholding at the end of the year - March 31, 2021			% change in shareholding during the year
		No. of Shares held	% of total shares of the Company	% of Shares Pledged /encumbered to total shares	No. of Shares Held	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Satin Creditcare Network Limited*.	102,500,000	100	-	102,500,000	100	-	-
	<b>Total</b>	102,500,000		-	102,500,000		-	-

\*Company is the wholly-owned subsidiary of Satin Creditcare Network Limited.

**(iii) Change in Promoters' Shareholding: there is no change in Promoter's shareholding**

Name of the Shareholders	Particulars	Shareholding at the beginning of the year- April 01, 2020		Cumulative Shareholding during the year - March 31, 2021	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Satin Creditcare Network Ltd.	At the beginning of the year	102,500,000	100.00	102,500,000*	100.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	NA	NA	NA	NA
	<b>At the end of the year</b>	102,500,000	100	102,500,000*	100.00

\*Company is wholly owned subsidiary of Satin Creditcare Network Limited, to comply with the requirement of section 3 of the Company Act, 2013. 6 (Six) shares are allotted to individuals as nominee shareholder

**iv) Shareholding Pattern of top ten Shareholders: (Other than Directors and Promoters and Holders of GDRs and ADRs):**

Name of Shareholders	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year - April 01, 2020		Cumulative Shareholding during the Year - March 30, 2021	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Mr. Urvashi Tyagi (As nominee of Satin Creditcare Network Limited)	At the beginning of the year	1	0	1	0
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	1	0	1	0
Mr. Dev Verma (As nominee of Satin Creditcare Network Limited)	At the beginning of the year	1	0	1	0
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	(1)	0	(1)	0
	At the end of the year	0	0	0	0
Mr. Sanjay Mahajan (As nominee of Satin Creditcare Network Limited)	At the beginning of the year	1	0	1	0
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	1	0	1	0
Mr. Bhupinder Pal Singh (As nominee of Satin Creditcare Network Limited)	At the beginning of the year	1	0	1	0
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer /	0	0	0	0

	bonus/ sweat equity etc):				
	At the end of the year	1	0	1	0
Mr. Subir Roy Chowdhury (As nominee of Satin Creditcare Network Limited)	At the beginning of the year	1	0	1	0
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	0	0	1	0
Mr. Tahir Zafar (As nominee of Satin Creditcare Network Limited)	At the beginning of the year	1	0	1	0
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	1	0	1	0
Ms. Aditi Singh (As nominee of Satin Creditcare Network Limited)	At the beginning of the year	0	0	0	0
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	1	0	1	0
	At the end of the year	1	0	1	0

**v). Shareholding of Directors and Key Managerial Personnel:**

Name of Shareholders	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year - April 01, 2020		Cumulative Shareholding during the Year - March 31, 2021	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Mr. Harvinder Pal Singh	At the beginning of the year	0	0	0	0

	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	0	0	0	0
Mr. Sumit Mukherjee	At the beginning of the year	0	0	0	0
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	0	0	0	0
Mr. Anil Kumar Kalra	At the beginning of the year	0	0	0	0
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	0	0	0	0
Mr. Sundeep Kumar Mehta	At the beginning of the year	0	0	0	0
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	0	0	0	0
Ms. Jyoti Ahluwalia	At the beginning of the year	0	0	0	0
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase	0	0	0	0

	/decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year	0	0	0	0
Mr. Jitendra Jain	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	0	0	0	0
Mr. Puneet Jolly	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	0	0	0	0

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

(Amount in Rs. Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year April 01, 2020</b>				
i) Principal Amount	2,447.52	-	-	2,447.52
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	21.20	-	-	21.20
<b>Total (i+ii+iii)</b>	<b>2,468.72</b>	<b>-</b>	<b>-</b>	<b>2,468.72</b>
<b>Change in Indebtedness during the financial year</b>	-	-	-	-
Addition	1,800.00	-	-	1,800.00
* Reduction	1,155.91	-	-	1,155.91
Net Change	644.09	-	-	6,44.09
<b>Indebtedness at the end of the financial year March 31, 2021</b>				

i) Principal Amount	3,091.61	-	-	3,091.61
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	76.58	-	-	76.58
<b>Total (i+ii+iii)</b>	<b>3,168.19</b>	<b>-</b>	<b>-</b>	<b>3,168.19</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs.)

	Particulars of Remuneration	Whole Time Director & Chief Executive officer
		<b>Mr. Sumit Mukherjee</b>
	Gross salary	7,000,005
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	others, specify...	-
5	Others, please specify (Med & LTC)	-
	Total	7,000,005

### B. Remuneration to other directors

(Amount in Rs.)

S No.	Particulars of Remuneration	Name of Director			Total
		Mr. Sundeep Kumar Mehta	Mr. Anil Kumar Kalra	Ms. Jyoti Ahluwalia*	
1	Sitting Fee(s) (Paid to Independent directors)	180,000	160,000	10,000	350,000
2	Gross salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section	-	-	-	-

	17(3) Income-tax Act, 1961				
3	Stock Option	-	-	-	-
4	Sweat Equity	-	-	-	-
5	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
6	Others, please specify (Med & LTC) – <b>Conveyance</b>	10,000	10,000		20,000
	<b>Total</b>	<b>190,000</b>	<b>170,000</b>	<b>10,000</b>	<b>370,000</b>

*\*Ms. Jyoti Ahluwalia was appointed as Woman Independent Director w.e.f. March 30, 2021.*

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

**(Amount in Rs.)**

S.No.	Particulars of Remuneration	Remuneration details			
		CEO & WTD	CS	CFO	Total
		<b>Mr. Sumit Mukherjee</b>	<b>Ms. Bhanu Priya*</b>	<b>Mr. Jitendra Jain</b>	
	Gross salary	7,000,005	731,250	23,562,54	10,087,509
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify (Med & LTC)	-	-	-	-
	<b>Total</b>	<b>7,000,005</b>	<b>731,250</b>	<b>23,562,54</b>	<b>10,087,509</b>

*\*Ms. Bhanu Priya has resigned from the position of Company Secretary and Compliance Officer from 30<sup>th</sup> day of March 2021 (closing of business hours).*

**VII. Penalties / Punishment/ Compounding of Offences: No penalties, punishments & compounding of offences were imposed on the Company during Financial Year 2020-21**

There were no material penalties/punishment/compounding of offences for the year ending March 31, 2021

**Annexure- II**

**Form No. AOC-2  
(Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies  
(Accounts) Rules, 2014)**

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

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

There were no contracts or arrangements or transactions entered during the year ended March 31, 2021, which were not at arm's length basis: **NIL**

- (a) Name(s) of the related party and nature of relationship:
- (b) Nature of contracts/arrangements/transactions:
- (c) Duration of the contracts / arrangements/transactions:
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
- (e) Justification for entering into such contracts or arrangements or transactions
- (f) Date(s) of approval by the Board:
- (g) Amount paid as advances, if any:
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188:

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

S. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements /transactions	Duration of the contracts / arrangements /transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	Satin Creditcare Network Limited (Holding Company)	General Corporate Guarantee by Satin Creditcare Network Limited (Holding Company) on behalf of the Company to various lenders	Time to time	Corporate Guarantee fee of INR 50 Crores in one or more tranches	June 22, 2020	Nil
2.	Satin Creditcare Network Limited (Holding Company)	Payment of Corporate Guarantee Fees to Catalyst Trustee Limited (Debenture Trustee) for issuance of non-	One time payment	Corporate Guarantee of INR 5 Crores	August 27, 2020	Nil



		convertible debenture by the Company to CSB Bank Limited				
3.	Satin Creditcare Network Limited (Holding Company) (SCNL)	SCNL extends Loan Management Software (LMS) application for SFL with an additional features at a cost of Rs. 5,25,000 plus taxes per month	Each Month	LMS at a cost of Rs. 5,25,000 plus taxes per month	August 27, 2020	Nil
4.	Taraashna Financial Services Limited (TFSL)	TFSL provide business services of sourcing of clients in geography	Five years	Based on agreement	August 27, 2020	Nil
5.	Satin Neo Dimensions Private Ltd (SNDPL)	The Company sanction Rs. 1.15 Crores term loan to SNDPL	36 Months	Sanction Rs. 1.15 Crores loan	November 10, 2020	Nil
6.	Satin Creditcare Network Limited (Holding Company) (SCNL)	Lease Deed	11 months	The rent is INR 5,000/- (INR 4000 for Space & INR 1000 for maintenance) + applicable taxes, per seat per month.	February 03, 2021	Nil

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED  
MARCH 31, 2021 (Form No. MR-3)

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

To,  
The Members  
Satin Finserv Limited  
503, 5<sup>th</sup> Floor, Kundan Bhawan,  
Azadpur Commercial Complex  
Azadpur, New Delhi-110 033

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to corporate practices by SATIN FINSERV LIMITED (CIN: U65999DL2018PLC337435) (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Company's books, papers, minute books, forms and returns filed and made available and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, in our opinion we hereby report that, the Company has, during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions stated hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 and made available to us, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;  
**(Not Applicable)**
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-



- a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable)**
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable)**
- d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014; **(Not Applicable)**
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable)**
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable)** and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable)**
- vi. Employees' Provident Funds & Misc. Provisions Act, 1952;
- vii. Employees' State Insurance Act, 1948 ;
- viii. Maternity Benefit Act, 1961;
- ix. Minimum Wages Act, 1948;
- x. Payment of Bonus Act, 1965
- xi. Payment of Gratuity Act, 1972
- xii. Delhi Shops and Establishments Act, 1954,
- xiii. RBI Act, 1934 relating to NBFC's

We have also examined compliance with the applicable clauses of Secretarial Standard Issued by the Institute of Company Secretaries of India.

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

We further report that, based on the information provided and the representation made by the Company and also on the review of the compliances report of Company Secretary/Chief Financial Officer/Whole Time Director and respective departmental heads taken on record by the Board of Directors of the Company in their meetings, and thus in our opinion, adequate system and process exist in the Company to monitor and ensure compliances with provisions of various applicable laws including labour laws and environmental laws.

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining



further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that during the audit period the following specific events/actions have taken place in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above which may have a major bearing on the company's affairs :

- a. The company had approved the allotment of 50 rated listed fully paid up senior secured redeemable taxable non-convertible debentures of INR 10,00,000/- each amounting INR 5,00,00,000/-. The BSE provided In-principle approval vide its letter dated 26<sup>th</sup> June, 2020. However the final listing application was rejected due to the requirement of last three years financial statements. Based on the information provided and the representation made by the Company and also on the review of the follow up correspondence made by the company with the BSE, SEBI it is pertinent to note that the company had not completed three years since its incorporation and hence this requirement could not be fulfilled. Subsequently the company has initiated the process to change the description of its Debentures from listed to unlisted with the mutual consent of the debenture holders.

For S. Behera & Co.  
Company Secretaries

  
Shesdev Behera  
Company Secretary in practice

CP. No. 5980

M. No. 8428

UDIN: F008428C000084845



Date: 23/04/2021

Place: New Delhi

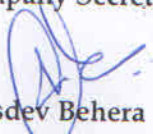
Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

To,  
The Members  
Satin Finserv Limited  
503, 5<sup>th</sup> Floor, Kundan Bhawan,  
Azadpur Commercial Complex  
Azadpur, New Delhi-110 033

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on our examination.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records, we believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, and standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S.Behera & Co.  
Company Secretaries

  
Shesdev Behera  
Company Secretary in practice

CP. No. 5980

FCS-8428

UDIN: UDIN: F008428C000084845



Date: 23/04/2021

Place: New Delhi

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **OVERVIEW**

While the last five years has seen the government take several steps towards accelerating financial inclusion in India, the country continues to house the second largest unbanked population in the world despite some positive on-ground impact. Keeping in alignment with the nation's mission, the SATIN Group incorporated a new NBFC to handle its MSME business – Satin Finserv Limited (SFL/Company). SFL, which started disbursement at the end of March 2019, wants to become a significant contributor to the MSME space with a diverse range of financial services products and play its role in strengthening the Indian Economy. SFL is engaged in the business of providing various financial services to entrepreneurs, MSMEs and individual businesses, as well as lending to other MFI / companies.

SFL is a registered non-banking financial companies with Reserve Bank of India (RBI). SFL is wholly –owned subsidiary of Satin Creditcare Network Limited. SFL has a range of financial products catering to small and medium sized businesses, with a primary focus on traders, retail/wholesale merchants, manufacturers, service providers, self-employed or professionals, education ventures and agribusinesses. As on March 31, 2021, it has 1725 loans and 15 branches across 7 states.

### **INDUSTRY STRUCTURE AND DEVELOPMENTS:**

The industry is growing from strength to strength by serving the underserved and often ignored retail and MSME segments which are the backbone of India's growth story.

As per Annual Report of Ministry of Micro, Small and Medium Enterprises, Government for 2020-21, As on December 31, 2020, a total number of 5,37,677 enterprises have registered under Manufacturing category whereas 8,65,058 enterprises registered under Service sector.

- The Top 5 Industrial sectors of registrations are – Food Products, Textile, Apparel, Fabricated Metal products and Machinery & equipments.
- Registration without PAN is permitted upto 31.03.2021 as a transitional arrangement.
- Similarly, Registration without GST number is also permitted upto 31.03.2021 as a transitional arrangement.

Micro sector with 630.52 lakh estimated enterprises accounts for more than 99% of total estimated number of MSMEs. Small sector with 3.31 lakh and Medium sector with 0.05 lakh estimated MSMEs accounted for 0.52% and 0.01% of total estimated MSMEs, respectively. Out of 633.88 estimated number of MSMEs, 324.88 lakh MSMEs (51.25%) are in rural area and 309.00 lakh MSMEs (48.75%) are in the urban areas.

There are around 55-60 million MSME's in India, contributing to about 30 per cent of India's GDP. This sector had a credit demand of about INR 45 lakh crore in 2018 out of which 40 per cent was served by informal credit. As a result, there's a big opportunity in the coming years for NBFCs to capture this unserved population and partner in India's growth story. This is because banks often find it expensive or unviable to serve these segments which new-age NBFCs are serving on the back of advanced technology and better reach in the remote corners of the country.

### **NATURE OF BUSINESS:**

SFL is in the business of lending to small businesses who do not have formal cash flows. Our ticket sizes range from INR 1.50 lacs to INR 5.00 lacs (for the retail business). SFL has developed the means to assess the cash flows of the customer based on physical verification by the credit team. Our lending tenures are on an average 5 years.

As at March 31, 2021, SFL has INR 130.73 Crores AUM, 3.52% ROA and INR 61.29 Crores disbursement during the year.

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

#### **OPPORTUNITIES:**

The future posits that NBFCs will continue to experience robust growth with minimal instances of delinquencies if the credit flow doesn't stop and the risk mitigation mechanisms improve. As a whole, this calls for wider adoption of technology and adopting unorthodox lending strategies to find the niche of product-market fit. For instance, some of the new-age digital lenders supply credit to small businesses using point-of-sale terminal data as a proxy for the cashflows and the loans are disbursed through an electronic engine which makes the process safer as well as faster. Using such unique models, the firms are able to navigate the turbulent environment successfully.

Considering MSMEs's side, The Micro, Small & Medium Enterprises (MSMEs) have been contributing significantly to the expansion of entrepreneurial endeavours through business innovations. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets. As per the data available with Central Statistics Office (CSO), M/o Statistics & Programme Implementation, the contribution of MSME sector in Country's Gross Value Added (GVA) and Gross Domestic Product (GDP) at current prices from 2014-15 to 2018-19 is as below:

Share of Gross Value Added (GVA) of MSME in all India GDP:

<b>Figures in INR Crores adjusted for FISIM at current prices</b>						
<b>Year</b>	<b>Total MSME GVA</b>	<b>Growth (%)</b>	<b>Total GVA</b>	<b>Share of MSME in GVA (%)</b>	<b>All India GDP</b>	<b>Share of MSME in All India GDP (%)</b>
2014-15	3,658,196	-	11,504,279	31.80	12,467,959	29.34
2015-16	4,059,660	10.97	12,574,499	32.28	13,771,874	29.48
2016-17	4,502,129	10.90	13,965,200	32.24	15,391,669	29.25
2017-18	5,086,493	12.98	15,513,122	32.79	17,098,304	29.75
2018-19	5,741,765	12.88	17,139,962	33.50	18,971,237	30.27

Source: Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation.

Considering the growth of MSMEs sector and its contribution in GDP, the management feels that the opportunity in MSMEs sector is endless and is hopeful and positive about business in coming year.

#### **THREATS:**

The Company identifies operational and event risks as threats. The operational risks are risk of a loss resulting from inadequate or failed internal process, people and systems. Significant change in regulations or unforeseen events i.e. COVID-19 are also a threat to the company's business model. To prepare for these risks, the Company has detailed process notes, credit manuals and inbuilt maker checker systems. Also, the Board of Directors and senior management of the Company meets at defined interval to discuss, check and mitigate the risks.

#### **IMPACT OF CORONAVIRUS PANDEMIC:**

The ongoing Coronavirus crisis has disrupted normal business operations and significantly impacted economic activity across the world. The resultant impact on the cash flow to the end customers, has naturally impacted the NBFC and Banking sector. The revenue stream of all NBFCs will be hugely impacted as there would be a significant drop in loan disbursements and loan repayments. GDP expected growth of 10-11% now reduced by various agencies by 2-3% due to Lockdown II. Most of states are under lockdown due to surge of COVID-19 cases and positivity rate of more than 15%. It is difficult to predict when lockdown will be lifted since decisions are taken at state level. Even after lifting lockdown, industry will take some time to be at position as before.

## **OUTOOK OF THE COMPANY - CONSIDERING COVID 19 SITUATION**

The Company is addressing these uncertain times through specific actionable. While some of these actionable will undergo change based on the unfolding ground situation directionally they will remain the same.

### **➤ People**

Staff is being trained and updated continually on precautions required to protect ones health. All offices of SFL will follow the precautions and regulations as laid out by various government agencies from time to time. Work from home policy for employees have been implemented so that physical presence of staff at the branch location is minimized. The Company has provided work from home to employees during the lockdown.

### **➤ Cost**

The Company is managing to reduce its cost especially fixed cost. The Company has already made annual budget with low cost as compared to previous years.

### **➤ Collection infrastructure**

The Company has redeployed the entire Sales force into collection which will help us to manage costs as well as focus our limited resources into the most important activity.

## **DISCUSSION OF FINANCIAL POSITION**

One of the biggest repercussions on the company's operations was on the arrears. However due to a combination of factors the Company has been able to mitigate to some extent issues arising out of Covid on the economy. These factors were:

1. Rationalization of cost during the lockdown period through various cost cutting measures
2. Re directing the effort of the entire sales and collections team into managing only collections for a major part of the year
3. Cautious start to business based on essential business segments, least impacted geographies, tightening of lending policies etc

Inspite of the challenging environment SFL has ended the year on a profitable note.

During the year SFL has disbursed Rs.61.29 Crores and has ended the year with an AUM of Rs.130.73 Crores. This is a growth of 18.57 % over March 2020.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures.

## **HUMAN RESOURCES DEVELOPMENT**

Your Company has experienced and dedicated on roll manpower. As on March 31, 2021 the company has 138 permanent employees at its branches, Regional office and Head office. To strengthen the organization structure company hired front line leadership, senior manager and executive positions. The company also has outsourced certain activities which are specialized activities but not scalable through in house staffing.



The company recognizes the importance of human value and ensures that proper encouragement both moral and financial is extended to employees to motivate them. To drive good performance and keep all time high motivation of frontline staff, company introduces monthly incentive plan for Sales and Collections staff which keeps on changing based on the feedback and the target business volume achievement. Company has given due importance to create policies, process and SOP's to establish the business model and will focus on quality training for all its employees so as to ensure there is no skill gap and to drive continuous business results.

The Company has board approved HR manual for ethics behaviour for the employees. Also, the Company has no tolerance policy against sexual harassment in the Company. Hence, the Company has duly constituted internal committee and policy to deal with any case related to sexual harassment. During the FY 2020-21, no case related to sexual harassment is reported in the Company which is an achievement for a Company.