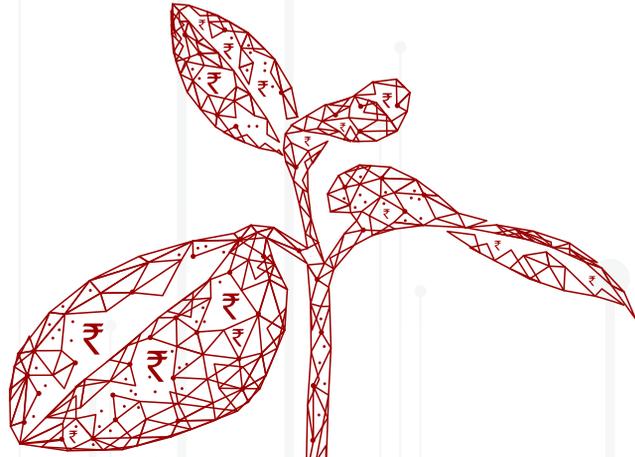




Sindhuja

आपकी समृद्धि का साथी



ANNUAL REPORT
2019 - 2020

CORPORATE INFORMATION

Board of Directors:



Abhisheka
Kumar



Abhishek
Sharman



Malkit
Singh Didyala



Yashvant
Malhotra

Registered & Corporate Office:

Office No. 15, 16, Fourth Floor,
Tower B, THE I-THUM, Plot A -40,
Sector-62, Noida, Gautam Buddha Nagar,
U.P.- 201301

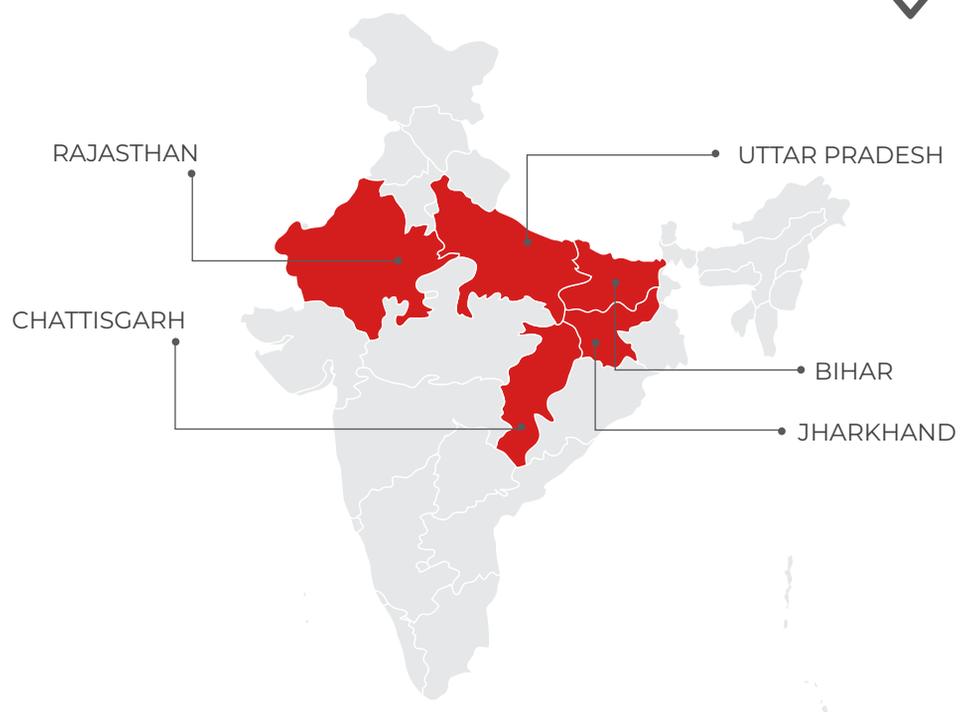
Company Secretary:

Pankaj Kumar Sinha

Statutory Auditors:

Walker Chandio & Co. LLP
Chartered Accountants

Area of Operations



WE ARE ENTHUSED TO
CONTRIBUTE TO THE
NATIONAL AGENDA OF
FINANCIAL
INCLUSION



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MESSAGE FROM THE FOUNDERS

02 April 2018

A dream that took shape.

A dream that took shape. On this day, Sindhuja was founded with the intent to contribute to the national agenda of financial inclusion. The first disbursement was done on April 30, 2018 under the Business Correspondent model. The Certificate of Registration for NBFC-MFI was received in September 2018. Looking at the year gone by, we can say with pride that having successfully managed the challenges arising from liquidity crisis in NBFC space, the Sindhuja Family was able to get the focus back on business growth. We were able to grow the loan book 3x from ₹ 61 Crores in March 19 to ₹ 175 Crores in March 20.

In FY 20, the Company continued the expansion of its geographical footprints by increasing its network to 56 branches spread across 5 states. The Company entered into 2 new states i.e Rajasthan and Chhattisgarh during the year.

On the financial front, the Company's revenue grew from ₹ 3.4 Crores in FY 19 to ₹ 25.3 Crores in FY 20. The Operating Expense Ratio (OER) decreased from 18.36% in FY 19 to 9.53% in FY 20, primarily due to the increased scale of operations. The net-worth of the company increased from ₹ 7.7 Crores in FY 19 to ₹ 36.6 Crores in FY 20 on account of conversion of CCD into common equity, infusion of second tranche from Carpediem Capital post RBI approval and internal accruals. We are happy to share that the Company became profitable in FY 20, the first full year of its operations. It posted a PAT of ₹ 2.17 Crores against loss of ₹ 2.70 Crores in FY 19.

The Company also added 9 new lenders in FY 20, taking the total no of lenders to 15. Apart from Term Loans, the Company was also able to close a NCD transaction. In the midst of the pandemic, Sindhuja was able to successfully close its Series B equity round of ₹ 65 Crores. Apart from the existing investor (Carpediem) reposing faith by committing to infuse ₹20 Crores, the Company attracted an impact investor- Nordic Microfinance Initiative (NMI) which infused ₹ 25 Crores in May 2020 and committed to further infuse ₹ 20 Crores post RBI approval.

Despite a challenging macro economic environment, the Company secured minimum investment grade rating of BBB- from India Rating & Research in its maiden rating. The key rating drivers highlighted by India Rating are : Experienced Management, Adequate Capitalization and Reasonable Leverage, Comfortable Asset Quality , though loan book is unseasoned and Adequate Liquidity indicator.

Our focus in the last two years was primarily on building the systems and processes, a strong technology platform and recruiting and nurturing a strongly motivated and high performance team which is enthusiastic to work in a start-up and aligned to Sindhuja's mission and vision. With a committed vision to participate in the financial inclusion agenda of the country Sindhuja is poised for greater achievements and impact. With a professional management team ably supported by multiple levels of committed staff and reputed investors, Sindhuja has prepared itself for the greater achievements ahead.

Sindhuja stands proud to be part of the global movement that deploys micro finance as a powerful tool to provide millions of poor a dignified route out of poverty. Sindhuja is humbled to serve the unorganised and financially excluded sections of society.

As a sector, micro finance needs to grow in strength and character in order to play a vital role in India's inclusive growth story. Being conscious of dealing with a borrowing class of the underprivileged, Sindhuja Microcredit will push for better governance practices across the sector. It is only with great governance that we can grow, keeping our mission and reputation intact.



Sindhuja will continue to focus energy on partnering with every client's growth by creating social benefits and promoting financial inclusion, while simultaneously creating value for all stakeholders. Sindhuja consistently makes effort for innovations in operations and methodology. Technologically, we have ensured that we are updated with the latest advancements, incorporating them into our business processes and practice. Maintaining this strength, we plan to upgrade the MIS software in the coming year in order to integrate it with accounting, human resources and portfolio management systems.

We are conscious that 2020-21 would be a very crucial year for Sindhuja. The COVID 19 pandemic has spread with alarming speed, infecting millions and brining economic activity to a near standstill as countries imposed tight restrictions on movement to halt the spread of virus. As the impact on human health and the toll rises the economic damage is already evident and represents the largest economic shock the world has experienced in decades. Due to lockdowns the income stream of people especially at the lower level have suffered. We have seen the reverse migration from cities where scores of people returned back to their native place. However, we now have an ecosystem where borrowers understand their responsibility better. They realise the importance of repaying loans on time and keep their credit history clean. This was amply demonstrated when the Company was able to collect 80% of its demand in the month of June and July. This was also possible as Sindhuja has its operations in rural areas which was relatively less impacted than the urban areas.

With the foundation of a proven business model, a skilled management team, robust processes, a strong technology orientation and a strong compliance framework our Company is committed to further the cause of financial inclusion and poised to set higher performance benchmarks in years to come. We are also aware that the microfinance industry is watching us. We are aware of the expectations and commit to deliver all of the above

MESSAGE FROM STAKEHOLDERS



Abhishek Sharman

Founder and Managing Director
Carpediem Capital

"Since our investment in Sindhuja at the beginning of this financial year, we are encouraged by the performance of the company led by its strong management team in spite of macro challenges prevalent in the industry. Sindhuja grew its loan-book close to 3x in the current financial year whilst maintaining its high portfolio quality with repayment rates of 99.84%. The company continues to create social impact in their four low-income states of operations by providing financing to more than 84,000 rural women of which 21% were first-time borrowers. We believe that the team at Sindhuja will continue to deliver value amidst uncertain times with a high degree of focus on executing well thought out strategies."



Dr. Kshama Fernandes

Managing Director and Chief Executive Officer
Northern Arc Capital

"We on-boarded Sindhuja Microcredit as a Northern Arc partner when its AUM was around INR 10 crore. The energetic leadership, the careful choice of geography and the well thought through systems & processes stood out for a company of its size. We came on board as one of its first lenders. Since then the company has grown multifold and we are delighted to have played a role in its growth story."



Abhijit Ray

Co-Founder & Managing Director
UC Inclusive Credit Private Limited

It is a privilege and pleasure for us to work with the Sindhuja promoters Abhisheka Kumar and Malkit Didyala and the amazing team they have. They are highly professional and the same time their commitment and dedication is commendable. It was a seamless process to close the transaction with them and we've always found them to be extremely cooperative. We wish them all the success."



Smriti Chandra

Investment Director - India
Nordic Microfinance Initiative AS

"Sindhuja has demonstrated good scale in operations in the 2 years of its existence on the back of the vision of its experienced promoters, who understand the microfinance space exceptionally well. Their focus on addressing customer needs corresponds well with the values that we, at NMI, emphasize on. While they have had a good financial year with FY20, next year would pose its unique challenges with the ongoing pandemic crisis. I am confident that the Company will be resilient, navigate through the crisis effectively and would be back on its growth trajectory in the coming few years. I wish Sindhuja team all the very best for the future."



Gaurav Kumar

Founder and MD- Vivriti Capital

"Sindhuja has clearly carved out a niche for itself in the microfinance space and stands out among its peers. What the team has achieved in just about two years is extremely commendable and speaks volumes about the leadership, especially given that this was in a rather difficult macro environment. This is further reaffirmed by its successful fund raise from established foreign investors. The team has struck a fine balance between stellar growth, impeccable asset quality and remaining true to its mission of serving financially underserved regions.

To me, a key differentiator has been the way the team has brought in data driven, analytical approach and digital technology led processes to microfinance. This early adoption would definitely catapult the organisation into a very different league in the coming months.

We are proud to be a part of this growth story and our best wishes to the entire team for an exciting journey ahead!"



Ananya Finance for Inclusive Growth Pvt. Ltd.

With the objective of supporting the people at the bottom of the economic pyramid both through financial and non-financial assistance, Ananya and Sindhuja Microcredit have had a relationship almost since the inception of Sindhuja. This association has been a symbiotic one where both organisations have partnered in growth together. Ananya is sure that this relationship will further flourish in the years to come and both of us will keep partnering for financial as well as non-financial assistance. We look forward to further strengthening our relationship and wish Team Sindhuja Microcredit a wonderful Fy21



Caspian Debt.

We onboarded Sindhuja Microcredit at the end of 1st year of its operations. It was the extensive experience of promoters in the microfinance sector, excellent portfolio quality, and its technology core which gave us comfort of onboarding Sindhuja at Caspian Debt. Sindhuja's transparency and timeliness of reporting stands out among its peers and gives us the confidence that it is built for scale right from its inception. We wish all the best to team Sindhuja and look forward to our continued relationship.



**Aims to reach the
lives of the Bottom
of Pyramid**

OUR JOURNEY

Q1 FY 19

Commenced MFI operations in Bihar under BC model and disbursed first loan on 30th April, 2018.

Q2 FY 19

Expanded to Jharkhand and Eastern part of UP

Q3 FY 19

Received NBFC-MFI license from RBI in Oct -18 and disbursed first loan under own book

Q4 FY 19

Raised Series A of ₹ 25 crores

Q1 FY 20

In less than one year of operations, become profitable on monthly basis.

Q2 FY 20

Received Tranche II from Carpediem post RBI approval along with infusion from promoters, expanded to Chhattisgarh, became profitable on YTD basis.

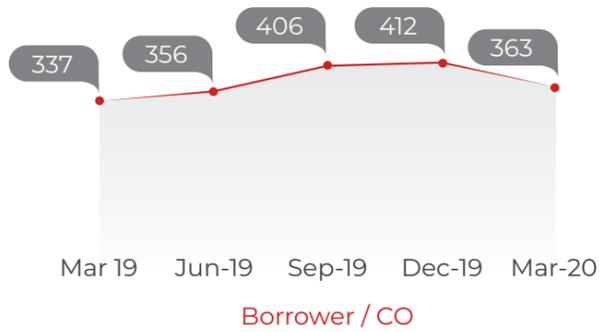
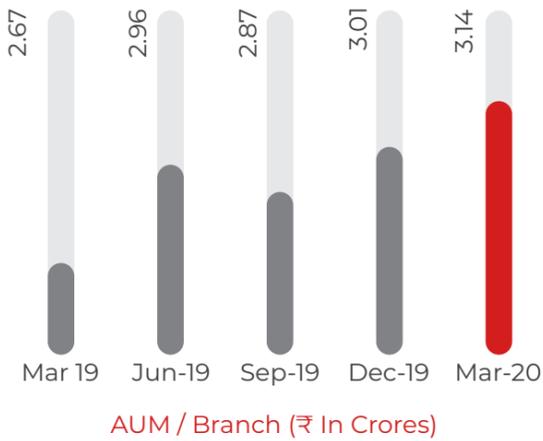
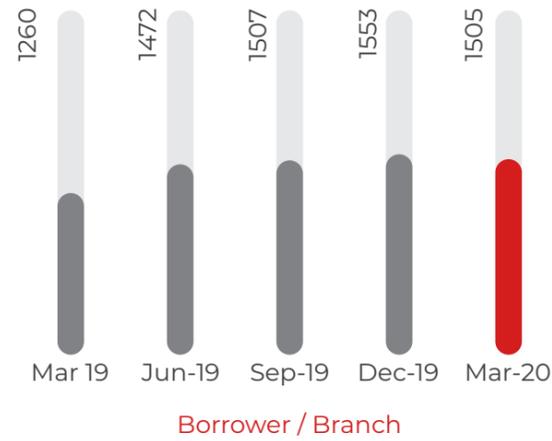
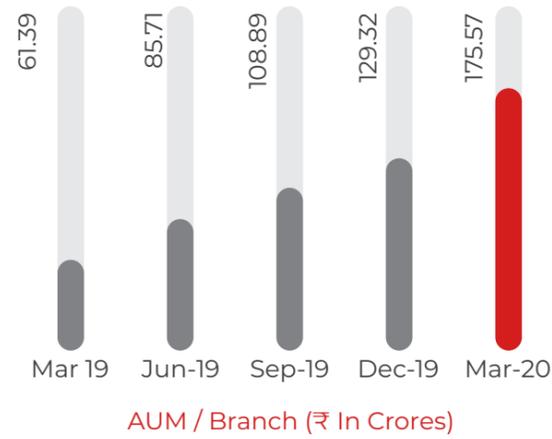
Q3 FY 20

Expanded to Rajasthan

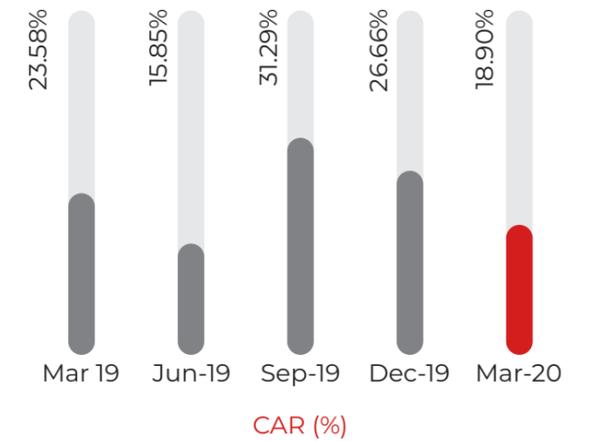
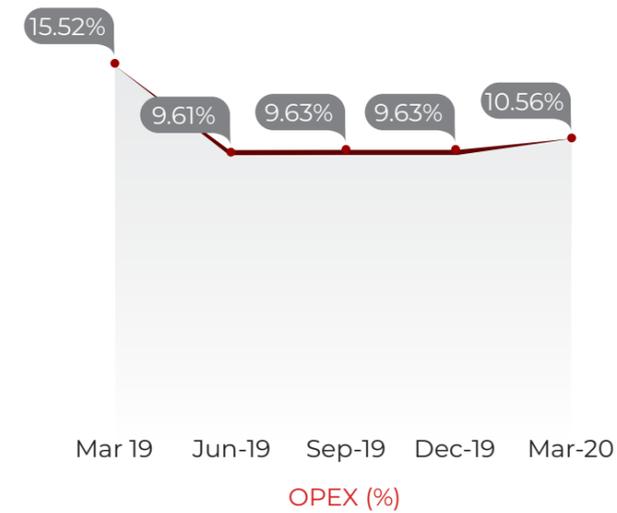
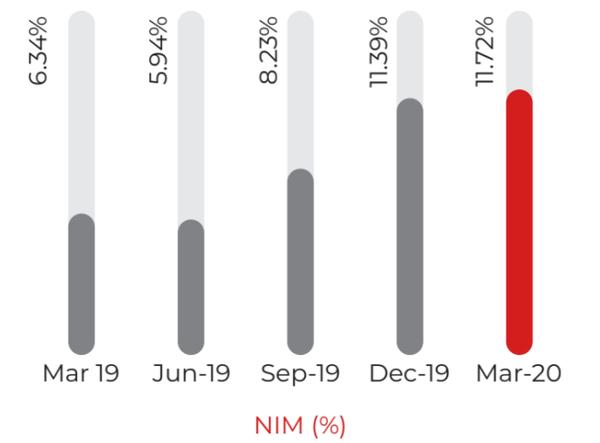
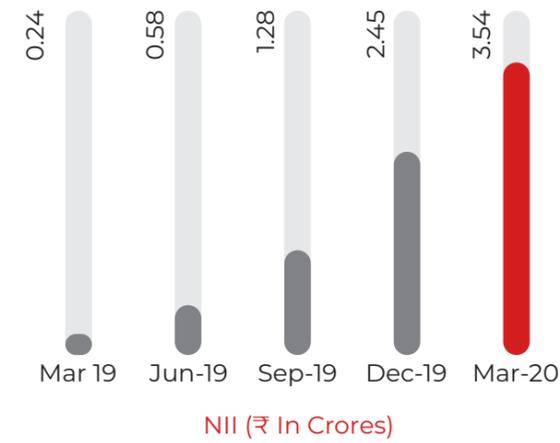
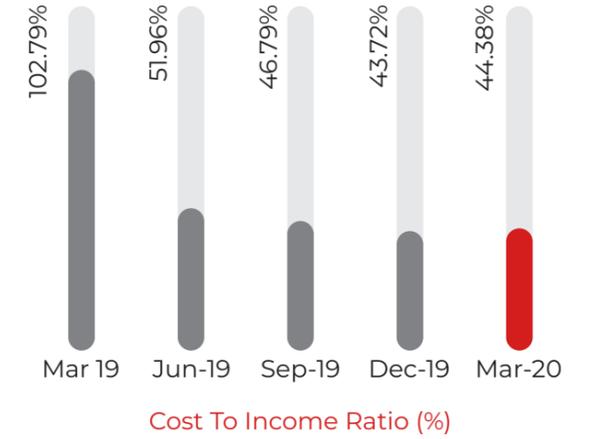
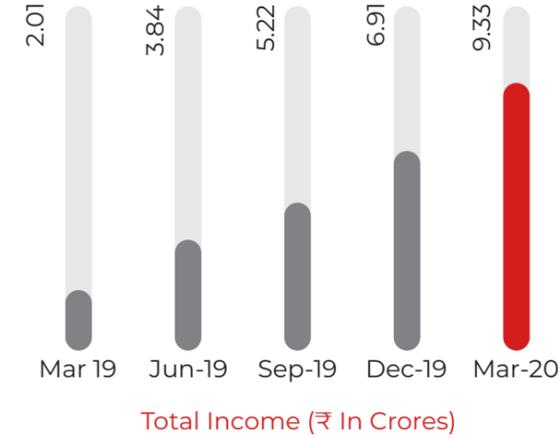
Q1 FY 21

In midst of COVID-19 pandemic, raised Series B of ₹ 65 crores and on boarded our second institutional investor - NMI.

OPERATIONAL HIGHLIGHTS



FINANCIAL HIGHLIGHTS

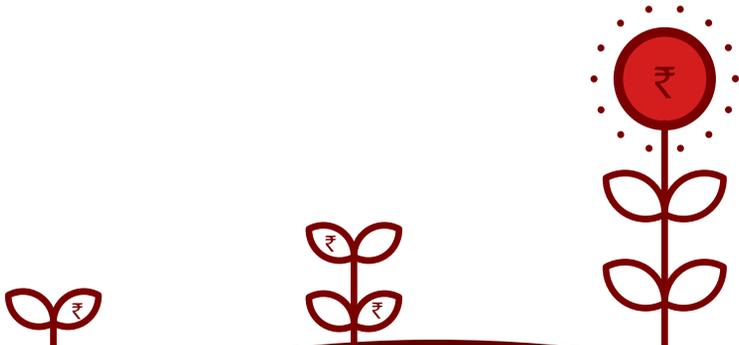




**Making a difference in the
lives of the under-privileged
section of the society**

OUR PRODUCTS

At Sindhuja, we offer microfinance loans for income generating activities to economically active women residing in low-income areas, generally involved in agri/agri allied activities, production, trade and services. The products are designed to provide ample choices in terms of ticket size and cater to various customer needs.



NAME OF PRODUCT	SINDHUJA PALLAV	SINDHUJA ANKUR	SINDHUJA PUSHP
LOAN AMOUNT	₹ 15,000 ₹ 20,000	₹ 25,000 ₹ 30,000	₹ 35,000 ₹ 40,000
FREQUENCY	WEEKLY FORTNIGHTLY MONTHLY	WEEKLY FORTNIGHTLY MONTHLY	WEEKLY FORTNIGHTLY MONTHLY

LOAN CYCLE	MAX ELIGIBLE LOAN AMOUNT	ELIGIBLE LOAN PRODUCTS
1ST CYCLE	₹ 30,000	SINDHUJA ANKUR & SINDHUJA PALLAV
2ND CYCLE	₹ 40,000	SINDHUJA ANKUR, SINDHUJA PALLAV & SINDHUJA PUSHP

The microfinance loans are compulsorily backed by credit life insurance. It is a type of term life insurance that will pay-off the outstanding loan balance in the event of the death of the borrower or guarantor.

The Company also offers a customised insurance product at a very minimal premium which is designed to protect the income upto ₹ 500 a day in the case of hospitalization of a customer or guarantor due to ill health or accident.



BOARD OF DIRECTORS



Mr. Abhishek Sharman
Nominee Director

Abhishek Sharman is the founder and Managing Director of Carpediem Capital. He is responsible for driving the overall strategy and investment decisions, while also spearheading fund-raising activities. He was previously a Principal at India Equity Partners ("IEP"), an India-focused private equity fund with approximately USD 350 Mn in AUM. During his tenure at IEP, he worked across diverse sectors such as healthcare, education, managed services, consumer services, and financial services. Prior to IEP, he was an investment professional with SUN Group, a private equity firm focused on emerging markets, primarily Russia and India, with USD 2 Bn in investments.

He has received a management degree from the Indian Institute of Management (IIM), Calcutta and an engineering degree from the Indian Institute of Technology (IIT), Delhi.



Mr. Yashwant Malhotra
Independent Director

Mr. Yashwant Malhotra retired from the Indian Police Service (Bihar Cadre, 1975 Batch) with extensive experience in leadership positions, overseeing policing and intelligence for the State and Central Government Police organizations including the Central Bureau of Investigation (CBI), Central Industrial Security Force (CISF), Shastra Seema Bal (SSB) and the Central Reserve Police Force (CRPF). His areas of specialization include field intelligence, economic and criminal international investigations and security audits.

He has been awarded PM's medal for Meritorious Service and the President's medal for Distinguished Service amongst other distinctions.



Mr. Abhisheka Kumar
Managing Director

Abhisheka has more than 16 years experience in development and financial sector. He has proven expertise in funds planning & mobilisation including both debt and equity, management reporting, business planning and managing investor relations. Prior to Sindhuja, he was the CFO of Utkarsh Small Finance Bank Ltd. and the founding member of Utkarsh Micro Finance where he was part of the leadership team that steered the start-up to a major MFI & then to a SFB. He was with ICICI Bank for more than 4 years and had over a year's stint at Friends of Women World Banking where he worked closely with more than 35 MFIs across India.

He is an alumnus of Institute of Rural Management, Anand (IRMA) and St.Xavier's College, Kolkata.



Mr. Malkit Singh Didyala
Whole Time Director & COO

Malkit has over 16 years of experience in banking, finance and development sector with reputed financial institutions like ICICI Bank, Bajaj Finance Ltd. and Utkarsh Small Finance Bank. His experience is steeped in business development roles across Microfinance, MSME Lending, Mortgage Lending and Institutional Lending. He also has a keen interest in technological innovations impacting financial services and inclusive finance.

He is an alumnus of Institute of Rural Management, Anand (IRMA) and Regional Institute of Education, Bhubaneswar.



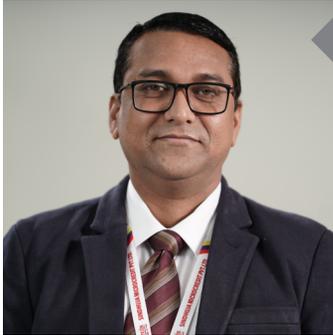
Ms. Smriti Chandra
Nominee Director*

Smriti Chandra runs NMI's Indian office. Prior to joining NMI, she was a co-founder of a boutique Investment Banking outfit – First League Ventures – based out of New Delhi, for 3 years, focused on supporting start-up companies in M&A and raising seed to Series A venture capital funds across technology and consumer sectors. She has also worked at E&Y for over 10 years where she served clients in multiple sectors with a focus on transaction advisory services, including investment banking (M&A and private equity fund raising), financial due diligence and bid advisory services.

Ms. Chandra is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and a Commerce graduate from Bangalore University.

*Proposed to be appointed post RBI approvals

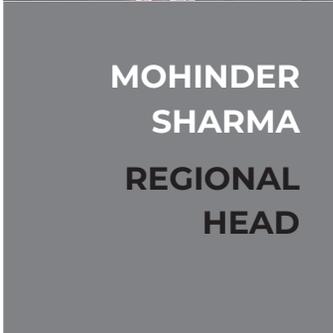
LEADERSHIP TEAM



KAMLESH PRASAD
DVP HR



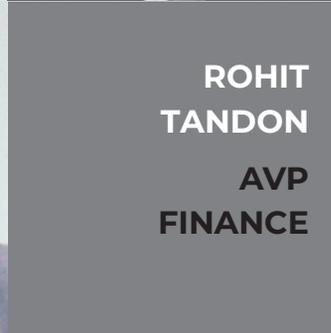
SHAIENDRA KUMAR
ZONAL MANAGER



MOHINDER SHARMA
REGIONAL HEAD



ROHIT TANDON
AVP FINANCE



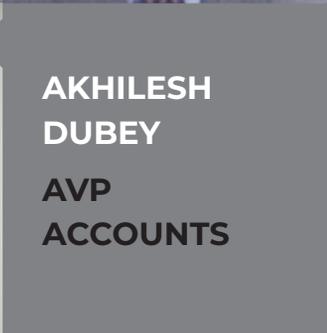
CHANDAN SINGH
REGIONAL HEAD



AKHILESH DUBEY
AVP ACCOUNTS



KAMLESH SONI
AVP IT



MANOJ KUMAR SINGH
REGIONAL HEAD



RAHUL BHATIA
AVP AUDIT & RISK



PANKAJ SINHA
COMPANY SECRETARY



SINDHUJA IN NEWS

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Business News > RISE > Startups > NewsBuzz > Norway's NMI, Carpediem invest in Delhi-based Sindhuja Microcredit

Norway's NMI, Carpediem invest in Delhi-based Sindhuja Microcredit

ET Bureau • Last Updated: May 11, 2020, 05:49 PM IST

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Synopsis
Sindhuja Microcredit has raised \$4 million in Series A funding in March 2019 from Carpediem.

MUMBAI: Norway-based **Nordic Microfinance Initiative (NMI)** and

FOR EVERY BUSINESS BADE KAAM KA COM

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Sindhuja raises \$8.7m from Nordic fund, Carpediem Capital

Topics: Business Finance

Press Trust of India | Mumbai
Last Updated at May 11, 2020 22:30 IST

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Tuesday, 20 October 2020

Home > News > India > Sindhuja Microcredit raises \$8.7 mn from NMI, Carpediem Capital

Founded in 2018 by Didyala and Abhisheka Kumar, Sindhuja has till date given micro-loans to over 84,000 self-employed women across five states in northern India.

Sindhuja Microcredit raises \$8.7 mn from NMI, Carpediem Capital

Ridhima Saxena

- In March last year, the Noida-based lender had raised \$4 million in its Series A round led by Carpediem Capital
- The non-bank micro-lender has over ₹1.7 billion in assets under management

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Money & Banking

Sindhuja Microcredit raises \$8.7 million in Series B round

Our Bureau | Mumbai | Updated on May 11, 2020 | Published on May 11, 2020

Sindhuja Microcredit, a rural-focused micro finance

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Outlook THE NEWS SCROLL

11 MAY 2020 Last Updated at 10:29 PM | SOURCE: PTI

Sindhuja raises \$8.7m from Nordic fund, Carpediem Capital

Mumbai, May 11 (PTI) Sindhuja Microcredit, which provides credit to rural women entrepreneurs, has raised USD 8.7 million series B funding from the Norway-based Nordic Microfinance Initiative and Carpediem Capital.

The Noida-based microlender had raised USD 4 million from Carpediem Capital in March 2019 in the series A round, the company said in a statement on Monday.

The two-year-old Sindhuja has provided loans to over 84,000 self-employed rural women across five northern states. It has a loan-book of over Rs 170 crore as of March.

"This funding will be used to scale up operations and provide the much-needed credit to our customers, who are rural women entrepreneurs, whose lives have been badly hit due to the COVID-19 pandemic," the company said.

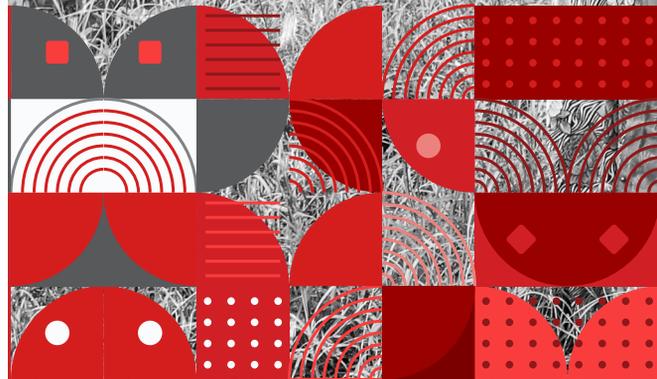
Launched 11 years ago, the NMI is a reputed international impact investor investing in across African and Asian MFTs.

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ICICI Pru iProtect Smart **High Cover at Affordable Ra**
Get ₹ 2 Crore Life Cover at ₹ 880 p.m.^{**}

50% Discount when you buy online



Working towards the goal of creating a space for micro-entrepreneurs

OUR INSTITUTIONAL INVESTORS

Carpediem Capital is an Indian private equity fund manager focused on the India consumption opportunity through investments in emerging SME (small and medium enterprise) leaders. Carpediem Capital's investments are centred on two broad consumption themes - companies that are creating consumer brands or are providing organized services that have been traditionally unorganized and fragmented.



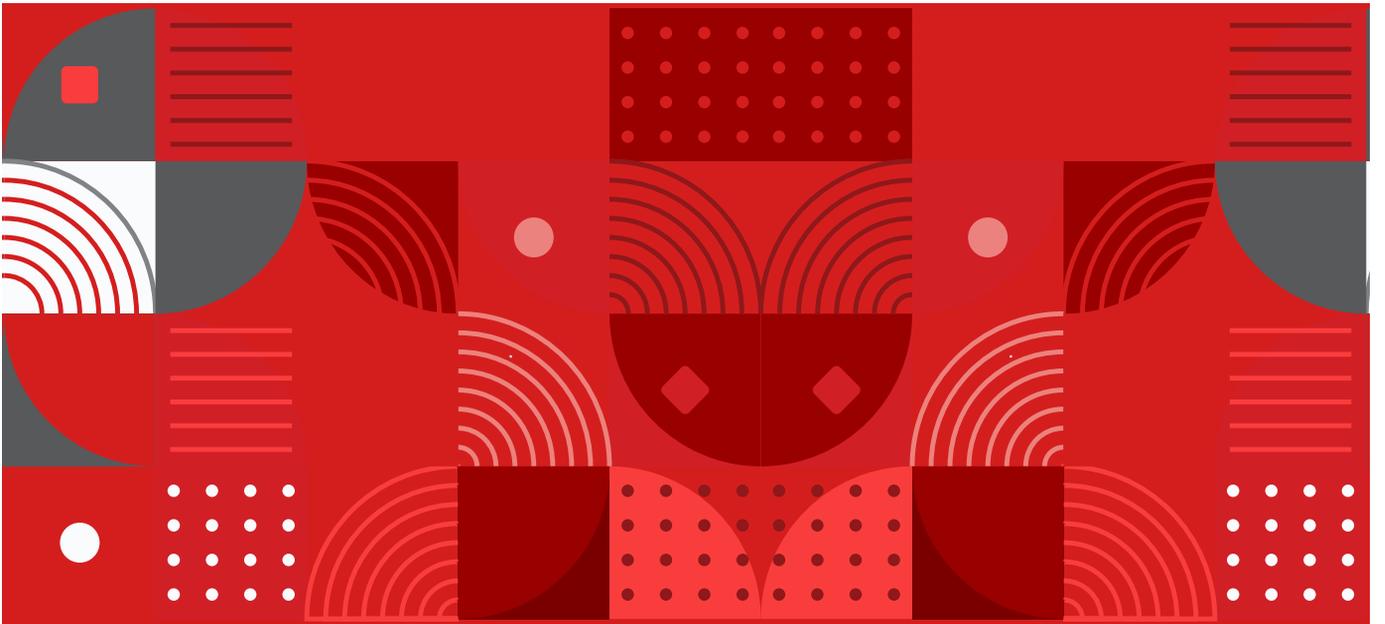
Led by senior professionals, Carpediem Capital has a strong team with a clear vision to best leverage this opportunity. The senior team has both investing and operational skills and has rich experience and deep understanding of the sectors it focuses on.

The Norwegian Microfinance Initiative (NMI) is a new and innovative strategic partnership between the Norwegian public and private sectors that invests in microfinance institutions in developing countries. NMI is registered with The Financial Supervisory Authority of Norway as Alternative Investment Fund Manager (AIFM).



It aims to contribute to the empowerment of poor people and to the creation of jobs, wealth and economic and social sustainability in developing countries by investing in and supporting Microfinance Institutions.





MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

I. THE INDIAN ECONOMY

India's Gross Domestic Product (GDP) attained an annual growth rate of 4.2% in FY 20 against 6.1% in FY 19. India was on the brink of an impending recession with contraction in GDP growth for the last two quarters of FY 20. The signs of deceleration were clearly visible from Q2 with sluggish consumer spending, slump in the auto sector, issues in the Banking and Finance sector, considerable slowdown in FMCG sector and a moderation in private sector investments. Barring agriculture, mining & quarrying and public administration, all other sectors slowed down in FY 20. The Index of Industrial Production (IIP) contracted by 0.7% compared with a growth of 3.8% in the previous financial year. A sharp decline was seen in the capital goods, consumer durables, construction and infrastructure sectors while primary and intermediate goods registered moderate growth.

India's current account deficit (balance of exports minus imports) position remained favourable at 0.2% of GDP in the third quarter of FY 20 against 0.9% in Q2 FY 20 and against 2.7% in Q3 a year ago. As per the National Statistical Office, Ministry of Statistics and Programme Implementation, Govt. of India, the GDP growth in FY 20 has primarily been driven by growth in government expenditure, which grew by 11.8% in FY 20 against 10.1% in FY 19 while investments contracted by 2.8% against a growth of 9.8% in FY 19 and private consumption slowed down and registered a moderate growth of 5.3% against 7.2% in the last fiscal. The outbreak of the coronavirus pandemic has further clouded the growth outlook. The Covid-19 outbreak is clearly expected to have an adverse impact on the global economy and the Indian economy on an unprecedented scale. GDP growth in FY 21 is expected to remain in negative territory, with some respite in the second half of the fiscal year.

The way forward in terms of restoration of economic activity depends on the speed with which the pandemic is contained, how quickly the Indian economy opens up and how soon supply disruptions are repaired and the demand revives.

It will also depend on the impact of the combined stimulus from fiscal, monetary, social and administrative measures that have been implemented to create conditions conducive for economic survival in the crisis and revival in growth. Bank credit growth in FY 20 was tepid on the back of weak demand across all population groups (rural/ semi-urban/ urban/ metropolitan). Non-food credit of scheduled commercial banks (SCBs) grew by 6.7% (y-o-y) as compared with 12.3% a year ago. Metropolitan branches, accounting for nearly 63% of credit, recorded a deceleration in credit growth to 4.8% (Y-o-Y) in March 2020 from 13.5% a year ago. The gradual moderation in credit off take can be attributed to the stricter credit norms by banks already hit by piling up of NPA's in the corporate books. The only silver lining has been the agriculture sector. As on May 10, 2020, summer sowing of all crops in the country was higher by 43.7 % over last year's acreage. The forecast of a normal monsoon in FY 21 by the India Meteorological Department (IMD) augurs well for agriculture output and farm incomes.

Credit growth to industry decelerated to 0.7 % in March 2020 from 6.9 % in March 2019. While the industrial credit has seen a de-growth, industrial production has also come to a standstill given the economy wide lockdown at the end of the year, impacting not only the major industries but also the small and micro industries that supply intermediary goods to the major industries. Aggregate deposits growth of the scheduled banks marginally dipped to 9.5% y-o-y against 10.0% a year ago. The rate of growth has dipped due to lower contribution from the metropolitan areas and consumer focus towards other modes of savings, such as mutual funds and market linked deposits.

The COVID-19 pandemic is undoubtedly the worst health and economic crisis in the last century with unprecedented negative consequences on global value chains, labour and capital movements across globe and socio-economic conditions of large sections of world population.

The economic slowdown induced by COVID-19 crisis will impact bank credit growth to a large extent with the expected growth being in high single digits in FY21. Loan recoveries are expected to be affected thus impacting profitability. Spike in the NPA levels will lead to banks raising capital and consolidation. The pandemic is also expected to lead to a significant reduction in demand from SMEs/Corporates.

To steer the economy through the crisis, the RBI has taken a slew of calibrated measures. The measures announced by RBI under the Regulatory Package for COVID-19, such as enhanced MSF and reduction in CRR will help inject liquidity into the banking system, stabilize the financial markets and repose public confidence in the challenging times. The stimulus through TLTRO, special refinance facilities of ₹ 50,000 Crores to NABARD, SIDBI and NHB to help them meet sectoral credit needs, moratorium for interim relief of borrowers, reduced policy rates and other liquidity enhancing measures, will ease cash flow constraints and are expected to provide impetus for credit growth.

Additionally, several measures announced by the Government of India as a part of the economic stimulus, such as special liquidity facility to NBFCs, Partial Credit Guarantee Scheme (PCGS) and structural reforms have ensured that liquidity strains do not cascade into solvency problems. Several measures have been announced for Micro, Small and Medium Enterprises (MSMEs) such as targeted credit flow of ₹ 3 Lakh Crores in the form of collateral free loans to smaller MSMEs, backed by 100% government guarantee given through NCGTC, creation of a fund of funds worth ₹ 5,000 Crores for MSMEs, and provision of ₹ 20,000 Crores of subordinate debt for stressed MSMEs through a Credit Guarantee Fund Trust, to ensure that they are not deprived of survival funding and growth capital.

The Indian economy has started showing signs of getting back to normalcy in response to the staggered easing of restrictions since June 2020. There is little visibility about when supply chains will be full restored and demand conditions will stabilize. For the year as a whole, downside risks to domestic growth remain significant.

After a largely depressed Q1, economic activity in Q2 may remain subdued due to state specific lockdowns, social distancing measures, subdued demand and the temporary shortage of labour. Recovery in economic activity is expected to begin in Q3 and gain momentum in Q4 as supply lines are gradually restored to normalcy and demand revives. Overall, the markets have remained resilient, liquid and stable, establishing conditions for a finance-led recovery of the economy ahead of the revival of demand.



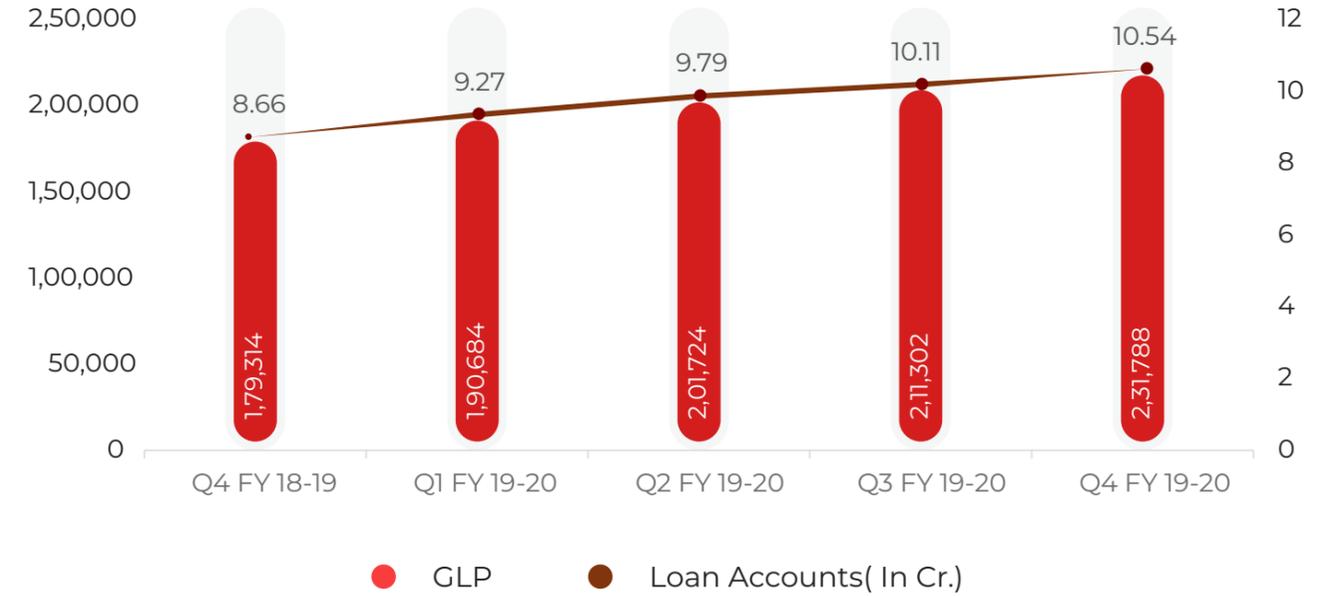


Sindhuja has played a crucial role in the lives of many struggling women who are now economically independent and successful

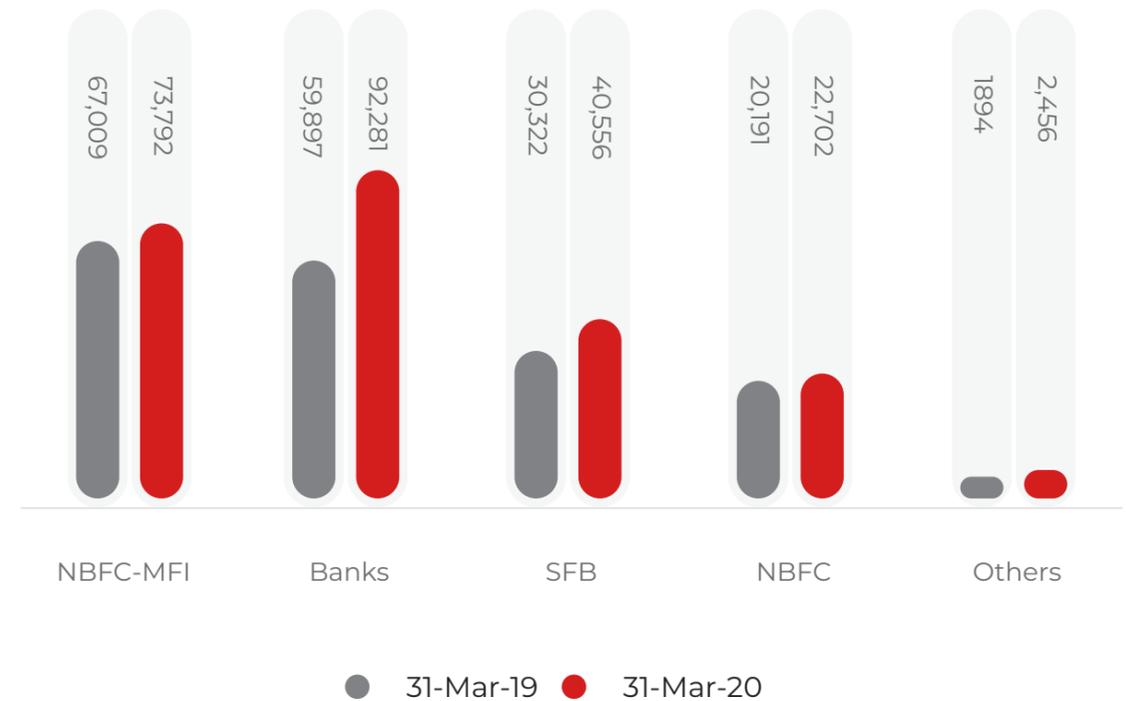
II. MICROFINANCE INDUSTRY:

A BROAD PERSPECTIVE

The Indian microfinance industry consists of Non-Banking Financial Companies - Micro Finance Institutions (NBFC-MFIs) and other lenders under the category of Banks, Small Finance Banks (SFBs), NBFCs, non-profit MFIs. As of 31st March 2020, the microfinance industry has a total loan portfolio (i.e. loan amount outstanding) of ₹ 2,31,788 Crores with active loan accounts of 10.54 Crores.



Outreach Trend



Portfolio outstanding In Rs crores



B. NBFC - MFIS

As of 31st March 2020, the on-balance sheet portfolio of 84 NBFC-MFIs was ₹ 73,792 Crores, spread across 599 districts of 36 states and union territories. The data shows a growth of around 10% over the last year which is lower than usual for NBFC-MFIs because of merger of BFIL with IndusInd Bank during Q1 FY 20.

The NBFC-MFI segment is governed by two self-regulatory organisations - MFIN and Sa-Dhan. According to MFIN, NBFC-MFI segment has 54 companies operating which have been classified as Large, Medium and Small based on their GLP. Companies having GLP more than ₹ 500 Crores are classified as Large entities. Companies having GLP between ₹ 100 Crores to ₹ 500 Crores are classified as Medium entities and companies having GLP less than ₹ 100 Crores are classified as Small entities. As per the classification, there are 22 Large, there are 12 Small, 20 medium NBFC-MFIs

As of 31st March 2020, NBFC-MFIs on aggregated basis have a network of 14,275 branches and employee base of 1,16,738 staff, of which 63% are loan officers (73,694) who provide door-step credit to low-income clients served by the NBFC-MFIs. There has been growth of 25% in employees, 29% in loan officers and 22% in branches compared to 31st March, 2019.

A brief profile of NBFC-MFIs is given below:

- Large MFIs account for 89.5% of the industry GLP, 89.5% of the client base, 88.7% of loan amount disbursed and 83.5% of debt funding received.
- As of 31st March 2020, 3.22 Crore clients have loans outstanding from NBFC-MFIs, which is an increase of 19% over 31st March, 2019.
- The aggregate gross loan portfolio (GLP) of MFIs is ₹ 74,371 Crores as on 31st March, 2020. This represents a YoY growth of 31%.
- In terms of geographic spread, 75% of the portfolio is rural and 25% is urban.
- In terms of purpose, agriculture loans account for 55.8%, non-agriculture (trade/services and manufacturing) loans account for 41.4% and household finance loans account for 2.8% of the GLP.
- In terms of regional distribution of portfolio, east and north-east accounts for 34% of the total NBFC-MFI portfolio, south accounts for 27%, north accounts for 13%, west accounts for 15% & central India accounts for 11%.
- Five top states in terms of loan amount outstanding are Bihar, Karnataka, Tamil Nadu, Maharashtra and Odisha. They account for 49% of GLP and top 10 states account for 79% of the total loan amount outstanding.
- During FY 19-20, NBFC-MFIs received a total of ₹ 42,150 Crores in debt funding (from Banks and other Financial Institutions). This represents a growth of 33% compared to FY 19.



III. OVERVIEW OF THE COMPANY'S OPERATIONS

A. OPERATIONAL PERFORMANCE

Taking forward the growth momentum of previous year, the geographical outreach of the Company now extends across 5 states viz. Uttar Pradesh, Bihar, Jharkhand, Rajasthan and Chhattisgarh. The total districts being covered in these 5 states grew to 36 in FY 20 from 16 in FY 19. The branch network expanded to 56 serving more than 84,000 active clients. The Company opened 33 new branches during the FY 20. The Company entered into 2 new states of Chhattisgarh and Rajasthan during the year. The Company has a client of 84,253 active clients with a portfolio outstanding of ₹ 175.57 Crores as on 31st March 2020, up from the active client base of 28,978 and a portfolio outstanding of ₹ 61.39 Crores as on 31st March, 2019 registering a growth of 186% on y-o-y basis. The q-o-q growth is depicted in the table below:

PARTICULARS	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20
No of States	3	3	4	5	5
No of Branches	26	29	38	43	56
No of Districts	17	20	26	29	36
No of Borrowers	28,978	42,694	57,260	66,784	84,253
No of Centres	2,729	3,543	4,886	5,856	7,429
AUM (₹ in Crores)	61.39	85.71	108.89	129.32	175.57
Disbursements for Quarter (₹ in Crores)	38.2	39.79	47.66	52.46	81.52
Total Employees	137	184	227	279	377

The Company crossed AUM of ₹ 100 Crores in the month of August 2019, with negligible PAR, thereby maintaining excellent portfolio quality. The Company as on 31st March 2020, had a total of 170 clients in arrears and the PAR >30 days at 0.14%.

The Company disbursed ₹ 221 Crores microfinance loans to 73,826 clients during the FY 20. The own portfolio of the Company grew from ₹ 27.61 Crores as on March 19 to ₹ 143.78 Crores as on March 20 registering a growth of 421% with an active borrower base of 66,334.

Under the BC model, the Company disbursed microfinance loans of ₹ 42.14 Crores to 13,965 clients during the FY 20. As at the close of the FY 20, the total outstanding under BC Model was ₹ 31.78 Crores with active client base of 17,919.

The tables below depict the details of gross AUM, borrower penetration, loan cycle, loan purpose, PAR trend for past few Quarters.

STATE WISE - GROSS AUM DISTRIBUTION

PARTICULARS	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20
Bihar	58%	55%	56%	57%	63%
Chhattisgarh	0%	0%	0%	1%	1%
Jharkhand	30%	28%	24%	23%	19%
Rajasthan	0%	0%	0%	0%	2%
Uttar Pradesh	13%	17%	20%	19%	15%

STATE WISE – BORROWER'S PENETRATION

PARTICULARS	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20
Bihar	59%	57%	56%	55%	59%
Chhattisgarh	0%	0%	0%	1%	1%
Jharkhand	29%	28%	27%	27%	22%
Rajasthan	0%	0%	0%	0%	1%
Uttar Pradesh	11%	15%	17%	18%	17%

CYCLE WISE – BORROWER'S PENETRATION

PARTICULARS	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20
Cycle 1	100%	100%	98%	92%	87%
Cycle 2	0%	0%	2%	8%	13%
Cycle 3	0%	0%	0%	0%	0%

LOAN PURPOSE – BORROWER'S PENETRATION

PARTICULARS	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20
Agriculture	24%	26%	29%	32%	41%
Animal Husbandry	53%	53%	52%	52%	48%
Production	7%	6%	5%	4%	2%
Services	6%	5%	5%	4%	2%
Trade	10%	10%	10%	8%	6%

PAR TREND – AUM

PARTICULARS	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20
PAR >0	0.00%	0.00%	0.08%	0.18%	0.14%
PAR >30	0.00%	0.00%	0.06%	0.15%	0.12%
PAR >90	0.00%	0.00%	0.00%	0.06%	0.10%

B. FINANCIAL PERFORMANCE

The total income of the Company from operations for the financial year stood at ₹ 25.29 Crores. With operating expenses at ₹ 12.26 Crores and financial expenses at ₹ 11.34 Crores, the profit before tax for the financial year stood at ₹ 2.26 Crores. The Company earned profit after tax of ₹ 2.18 Crores for the financial year. The Gross NPA and Net NPA of the company stands at 0.05% and 0.01% respectively as on 31st March, 2020.

The Capital to Risk Adjusted Assets (CRAR) of the Company stood at 18.89% as on 31st March, 2020 against the regulatory requirement of 15%.

The Company's total revenue increased to ₹ 25.29 Crores in FY 20 against ₹ 3.41 Crores in FY 19 registering a growth of by 641%. The revenue from operations in FY 20 was ₹ 25.19 Crores against ₹ 3.30 Crores in FY 19. This represents a growth of ~663% primarily due to growth in loan portfolio and excellent portfolio quality.



During FY 20, the Company reported a profit after tax of ₹ 2.18 Crores as compared to a loss of ₹ 2.69 Crores in FY19. The operating expenses of the Company reduced to 9.53% in FY 20 from 18.36% in FY19. The reduction has been possible in spite of the Company opening 33 new branches in the year. It was on the back of better manpower planning, centralized cost control and improvement in processes the company managed to lower its operation cost.

The table below depicts the Q-o-Q financial performance of the Company:

₹ in Crore

PARTICULARS	Q4 FY19	Q4 FY20	Q4 FY20	Q4 FY20	Q4 FY20
Interest Income	0.79	2.34	3.83	5.39	7.63
Total Income	2.01	3.84	5.22	6.91	9.33
Interest Expense	0.55	1.77	2.55	2.94	4.09
OPEX	1.78	1.77	2.34	2.87	4.03
Total Expenses	3.38	3.90	5.08	6.15	8.69
PAT	-1.37	-0.06	1.39	0.34	0.51
CAR %	23.58	15.85	31.29	26.66	18.89

The table below depicts key financial ratios:

₹ in Crore

PARTICULARS	MAR-20	MAR-19
Yield on Own Portfolio	23.44%	17.80%
Administrative Expense Ratio (AER)	2.47%	6.22%
Personnel Expense Ratio (PER)	7.06%	12.14%
Operational Expense Ratio (OER)	9.53%	18.36%
Operational Self Sufficiency Ratio (OSS)	106.24%	55.82%
Finance Cost Ratio (FCR)	9.83%	6.02%
Monthly Average Leverage	2.85	2.32
Leverage (including BC book)	4.5	5.53
Return on average Assets (RoA)	1.89%	Negative
Return on average Equity (RoE)	9.81%	Negative

The financial performance was achieved on account of reduction in operating cost, better manpower planning, centralized cost control, excellent portfolio quality, steady growth and improvement in processes.

DEBT FUNDING

The Company obtained incremental drawdowns (excluding under managed book) of ₹ 132.85 Crores in FY20, an increase of 216% compared to FY 19. The total funding support from debt providers including off-balance sheet transactions during the financial year was more than ₹ 174 Crores. The Company has added 9 new funders in FY 20 bringing the total tally of lenders to 15.

Apart from increase in the no. of lenders the Company through a conscious effort was able to diversify the nature of debt instruments. During the year, the Company has received funds through term loans and NCD. Currently, the share of private banks in the overall funding is 0.67% and the rest is from financial institutions primarily NBFCs. The Company is continuing to make an effort to diversify its funding avenues both in terms of funders and funding instruments.



ASSET LIABILITY POSITION

A mismatch in the tenure of borrowed and disbursed funds could result in a liquidity crunch and impact the Company's ability to service its loans. The Company has consciously put efforts to achieve a positive ALM as a result of which the average tenure of disbursed funds is 18.80 months and the average tenure of borrowed funds is 23.88 months.

FUND MANAGEMENT

Maintaining adequate surplus funds has become highly imperative in the context of the continuing liquidity shocks that the NBFC sector has been experiencing in the past 2 years. Further, COVID 19 has made liquidity management both challenging as well as most important. In this backdrop, the Company has a stated policy of keeping funds to the tune of 10% of the loan portfolio and three months operating expenses in liquid form. However, with the additional impact of COVID 19, the Company would maintain 15% of the loan portfolio and three months operating expenses in liquid form. The surplus funds are parked in bank fixed deposits or money market mutual funds. The Company also has CC/OD facilities from Banks which help in better treasury management. Surplus funds are parked in Bank FDs based on the highest rate whenever the fund has to be parked for more than 7 days. In case the fund has to be parked for less than 7 days, the Company parks the funds in Money Market Mutual Funds (MMMF). Excess funds at the branches are constantly monitored and transferred to corporate account so that funds are not lying unused.

EQUITY INFUSION

Timely equity infusion is necessary for providing the required confidence to all stakeholders and realising the growth plans of the Company. The Company has demonstrated continued ability to raise equity over the last two years despite macro level challenges and COVID-19 impact. This signifies the proven business model, superlative performance and confidence of the stakeholders in the Company.

The founders along with a group of angel investors (mostly from the financial sector) infused ₹ 10.5 Crores in the early phase of the Company and laid a strong foundation. With less than a year of its operations and in the midst of the NBFC crisis triggered by the ILFS fiasco, the Company raised Series A funds of ₹ 25 Crores from Carpediem Capital. The Company completed the transaction by Sep-19 post RBI approvals and started preparing for Series B of ₹ 65 Crores as growth capital for the subsequent year. The Company was able to close the Series B funding during May 20 in midst of the pandemic and have received ₹ 25 Crores as tranche 1 from our new institutional investor NMI and expects to receive the final tranche by end of Q2 FY 21.

With the latest infusion of equity funds the Company is well capitalised for growth plans over the next 12–18 months.

C. HUMAN RESOURCES

We at Sindhuja strongly believe that our people are our greatest strength and we continuously strive to create a nurturing and fair environment for our employees. Emphasis is laid on building and sustaining a growth oriented, dynamic and performance culture. The entire employee life cycle is managed with utmost care so that our employees (both current and ex) become our best goodwill ambassadors.

Our compensation policies are designed to be both competitive and performance differentiated. We continually strive to keep our compensation levels above industry benchmarks and create a compensation basket that accrues at higher level for long-term high achievers. We would be among a handful of companies in the industry to give ESOPs at area manager levels. Continuous employee engagement activities are conducted to create a sense of belonging – the Sindhuja Family



Our recruitment methodology is designed to identify and attract superior talent along with pro-active management of manpower related risks in microfinance. All front-end staff are hired as freshers only who then go through a focussed classroom cum field level induction program. Training and development is an integral part of the employee lifecycle with the aim to provide employees avenues to improve their domain knowledge and required business skills. Continuous refresher trainings and new training modules are delivered to keep the staff updated on business processes and policies. The COVID – 19 impact pushed us to successfully pivot to an online recruitment and training mode which will augment our recruitment and training capabilities.

KEY HIGHLIGHTS	FY 19-20
Active employee count	377
Field Officers	232
Supervisory staff	103
Support staff & Others	42
Attrition rate	35.66%
Total Recruitment events	82
Total trainings conducted	80

D. INTERNAL AUDIT

The Company has established a full-fledged and independent internal audit department in the second year of its operations. The department focusses on improving the internal controls and risk management through continuous evaluation and testing. The primary focus currently is on the field level operations and in future the scope shall be expanded to cover other departments and functions.

The Company follows a risk based rating model for audit of the branches which is conducted through a tested and comprehensive inhouse audit framework/tool. Every branch is audited at least once within a quarter. Field auditors capture observations against all the parameters and scoring of audit report is done at the central level. Major processes covered under this framework consist of operational field audit, back-office process management, client protection and grievance redressal. A grade is allocated to the branch on the basis of score which then determines frequency of audit till the next grading:

SCORE	GRADE	FREQUENCY OF AUDIT
85 and above	A	Within 90 Days
75-84	B	Within 90 Days
65-74	C	Within 60 Days
<65	D	Within 30 Days

In future, the Company shall be using technology to improve efficiency and effectiveness of the audit process wherein audit planning and audit scheduling will be done through the mobile based application.



E. RISK MANAGEMENT

At Sindhuja, Risk Management is proactive and dynamic keeping in view the changing regulatory framework, competitive environment and growing complexities of operations. Risk management practices also keep evolving based on benchmarking with industry best practices, risk appetite and historical portfolio performance. All products, processes and procedures existing or proposed have to confirm to the risk management framework. The following management strategies and policies are adopted by the Company to manage the key risks.

1 CONCENTRATION RISK

The Company has devised internal policy for monitoring and managing portfolio concentration based on the following parameters:

- State Wise Concentration.
- No. of branches within a district.
- District wise monitoring of staff at a single branch.

2 CREDIT RISK

To contain any kind of income loss due to risks emanating from credit assessment and, organization has set up processes and procedures to curtail any such losses. Below are the initiatives taken to contain the credit risk:

- Involvement of Risk team for branch expansion activity.
- Branch expansion on the basis of credit bureau data.
- Identification of negative areas for disbursements.
- Integration of client bureau check with loan onboarding process which checks client's indebtedness, multiple borrowings and default history.
- Auto triggering of credit bureau records after 14 days in case client is not disbursed during this span.
- 100% online verification of KYC's for client onboarding and disbursement.
- Integration of KYC verification module is done with loan origination system.
- Monitoring of growth trends.
- Monitoring of immediate attention centre.
- Analysis of delinquent client data on quarterly basis.

3 OPERATIONAL RISK

Operational risk is the risk due to lapse of any internal controls or processes, people and systems or any external event. In order to monitor and mitigate any untoward lapses, organization has taken following steps for the same:

- Implementation of internal controls through maker and checker concept.
- Fully Documented policies & procedures.
- Process compliance through independent Audit Department.
- Employee Rotation policy.
- Concentration of employees within a branch on the basis of their home district.
- Complete implementation of business continuity plan in case of external event risk due to any catastrophe or any man-made event.

4 LIQUIDITY RISK

The Company closely monitors the liquidity through Asset Liability committee of the company. This is done to make sure that business of the organization is not impacted and any kind of perceived shortfall may be identified. In respect to monitor and mitigate any kind of liquidity risk following steps are taken:

- Regular meeting of Asset Liability committee to monitor the liquidity.
- Diversification in terms of borrowing instruments.



- Defined exposure to any particular lender/instrument.
- Regular Stress/Scenario test to analysis to determine the sufficiency of liquidity during stressful scenarios.

F. INFORMATION TECHNOLOGY

At Sindhuja, application of Information Technology solutions are core to achieving our organizational goals across all aspects. Continuous innovation, automation, system driven process controls and security/compliance are the key tenets of our IT strategy. We leverage information technology 25 solutions to achieve competitive advantage in terms of operational efficiency, superior risk management and a differentiated customer experience.

The Company has invested in a robust highly scalable SAAS based business and accounting application with inbuilt MIS capabilities facilitating mobile based origination, appraisal, sanction, disbursements, collections, monitoring and book keeping. Other third party applications have been integrated with the core application to provide capabilities for risk management, data analytics, payment solutions etc.

The IT function is well-staffed with experienced personnel having the required domain expertise. With the help of automation and efficient processes we have been able to minimise the requirement of manpower in IT and back-office functions as well as achieved superior TAT in our business processes.

IT SECURITY RISK COMPLIANCE:

Sindhuja IT has performed the internal/Externally ITGC control Audit and complied with RBI Master Direction Asset Size < INR 500 Cr - Information Technology Framework for the NBFC Sector (June 08, 2017).

TECHNOLOGY INITIATIVES:

The Company shall be focussing on enhancing its operational capabilities with application of innovative IT solutions. The following areas of improvement have been identified for next year.

- Enhancing automated underwriting capabilities with deployment of advanced rule engine for credit decisioning
- Enhancing capabilities of the core application for better risk management in an integrated and automated manner
- Improving MIS and reporting capabilities
- Building business analytics capabilities in terms of manpower and systems
- Integrating various payment solutions in the collection module for cashless push on collections
- Delivering training and learning content through mobile application
- Implementing a robust HRMS
- Implementing a CRM system

G. CLIENT GRIEVANCE REDRESSAL

The Company believes that clients' satisfaction is at the core of its existence and clients must be served proactively beyond their expectations. The objectives of the Company is to treat all clients in a fair and unbiased manner, all grievances raised by clients are responded with courtesy and resolved in a time bound manner, clients are given complete information of their rights so that they can use all the available mediums for the resolution of their grievances.

Clients may raise any query, service request or complaint by dropping a complaint in drop box or may directly call on a toll free helpline or write to grievance officer. Contact details of the Grievance Office are mentioned in the branches and on the loan passbooks. Information related to SRO and RBI is also mentioned in the branches and the loan passbooks.



During the FY 20, a total of 130 complaints were received and all were closed within the defined TAT. There was no escalation of complaints received through RBI or SRO for the FY 20.

Below is the quarter wise breakout for complaints received during the FY 20:

QUARTER	NO. OF COMPLAINTS RECEIVED	NO. OF OPEN COMPLAINTS	NO. OF COMPLAINTS CLOSED	GRAND TOTAL
Q1 FY 20	14	0	14	14
Q2 FY 20	28	0	28	28
Q3 FY 20	50	0	50	50
Q4 FY 20	38	0	38	38
Grand Total	138	0	138	138

Going ahead in the next financial year, activity related to client satisfaction related to the complaint will be also recorded on sample basis.

H. RATING

The Company had undergone a rating of its loans in Feb 20 by India Ratings. India Ratings has assigned Sindhuja Microcredit Private Limited bank loans at 'IND BBB-' with a Stable Outlook.

KEY RATING DRIVERS

EXPERIENCED MANAGEMENT:

Sindhuja Microcredit's management has over a decade-long microfinance experience with both the promoter directors having worked previously with Utkarsh Microfinance, steering it through demonetisation and being an integral part of the team during its conversion to a small finance bank. Ind-Ra factors into the rating this management expertise and expects Sindhuja Microcredit to continue to benefit from it in the medium term.

ADEQUATE CAPITALISATION AND REASONABLE LEVERAGE:

At end-9M FY 20, Sindhuja Microcredit's Tier-1 capital improved to 25.88% from 12.72% at FYE19, mainly on a fresh equity infusion of ₹ 19 by the private equity investor Carpediem Capital and the conversion of ~₹ 6 Crores compulsory convertible debentures (CCDs) issued to Carpediem Capital into equity in FY 19. The company is expecting an equity infusion of ₹ 65 Crores, of which the first tranche of ₹ 3 Crores is likely to be received from a new prospective investor by FYE20 and the balance ₹ 35 Crores will be infused by the existing and new investor after acquiring the Reserve Bank of India's approval in H1 FY 21. Ind-Ra factors in at least a part of the aforementioned infusion to materialise by Q1 FY 21.

At end-9M FY 20, the company's assets under management (AUM; including business correspondent) grew over 2x to ₹ 129 Crores from ~₹ 61 Crores at FYE19. As part of its near-term strategy, Sindhuja Microcredit plans to grow its AUM to ₹ 500 Crores by FYE21 with owned portfolio accounting for around 75%. Most of this growth would consume equity (internal accruals are likely to remain marginal between 5% and 10%) and hence, the plans to raise further equity are important. The leverage (debt/equity) at end-9M FY 20 was 2.4x. However, Ind-Ra expects it to be under 5.0x in the medium term, supported by the company's demonstrated ability to raise both equity and debt, to achieve the targeted AUM. Ind-Ra expects Sindhuja Microcredit to maintain higher capital buffers and lower leverage levels, given the geographical concentration risk, which is expected to exist at least over the medium term.



COMFORTABLE ASSET QUALITY, THOUGH BOOK IS UNSEASONED:

Ind-Ra opines the company's asset quality is superior to its peers' with gross non-performing assets (90 days past due) at 0.04% at end-9M FY 20. However, the loan book is yet to be seasoned as FY 20 is its second year of operations. According to the industry track record, the gross non-performing assets (NPAs) may settle at higher levels once Sindhuja Microcredit achieves scale and its portfolio seasons. Ind-Ra also expects the company to continue to diversify its geographical and sectoral presence so as to reduce the adverse impact of sectoral events on its asset quality. However, the microfinance sector continues to face systemic and idiosyncratic risks, given the vulnerable socio-economic profiles of its borrowers.

LIQUIDITY INDICATOR – ADEQUATE:

At end-December 2019, the company maintained a cumulative surplus of around 32% of its total assets in up to one-year bucket. Also, based on Ind-Ra's stress test, the Company has adequate liquidity buffers in up to one-year bucket. The company also had ₹ 49.5 Crores of unutilised bank lines at end-December 2019. As part of its asset liability management (ALM) gap, Sindhuja Microcredit had ₹ 16.6 Crores of cash on its balance sheet (13.43% of total average assets; of which encumbered cash is around 96%) at end-December 2019. Considering the unsecured nature of lending and high geographic concentration risk, the agency views the company maintaining adequate liquidity buffers to be crucial.

SHORT TRACK RECORD OF OPERATIONS; EVOLVING CORPORATE GOVERNANCE STRUCTURE:

Sindhuja Microcredit commenced its operations on 30 April 2018. While its AUM grew to ~₹ 129 Crores at end-December 2019, the company is yet to establish a proven track record. Considering the current scale of operations, the company has adequate systems and processes in place.

The Company lays emphasis on building a competent board, aligning strategies with goals, being accountable, having a high level of ethics and integrity, defining and managing risk effectively. The Company plans to further enhance corporate governance standards with the formation of additional board committees and the appointment of additional independent members on the board.

HIGH GEOGRAPHIC CONCENTRATION:

Sindhuja Microcredit's book remains concentrated towards Bihar, with 57.4% of its AUM at end-December 2019, followed by Jharkhand (22.7%).

The company plans to diversify its portfolio with expansion in some of the existing states and exploration of new geographies (Punjab and Haryana) in next two years and bring down its concentration.

FUNDING SOURCE CONCENTRATION:

Sindhuja Microcredit's funding profile remains almost fully concentrated with the majority of its loans being sourced from non-financial banking companies (NBFCs) at end-3Q FY 20. This has led to high cost of funds, contributing to modest profitability levels.

While the company is exposed to funding risk, the company has been able to raise its funding lines on a continual basis and source funding from existing as well as new NBFCs. The Company is making an effort to diversify its funding avenues both in terms of funders and funding instruments.



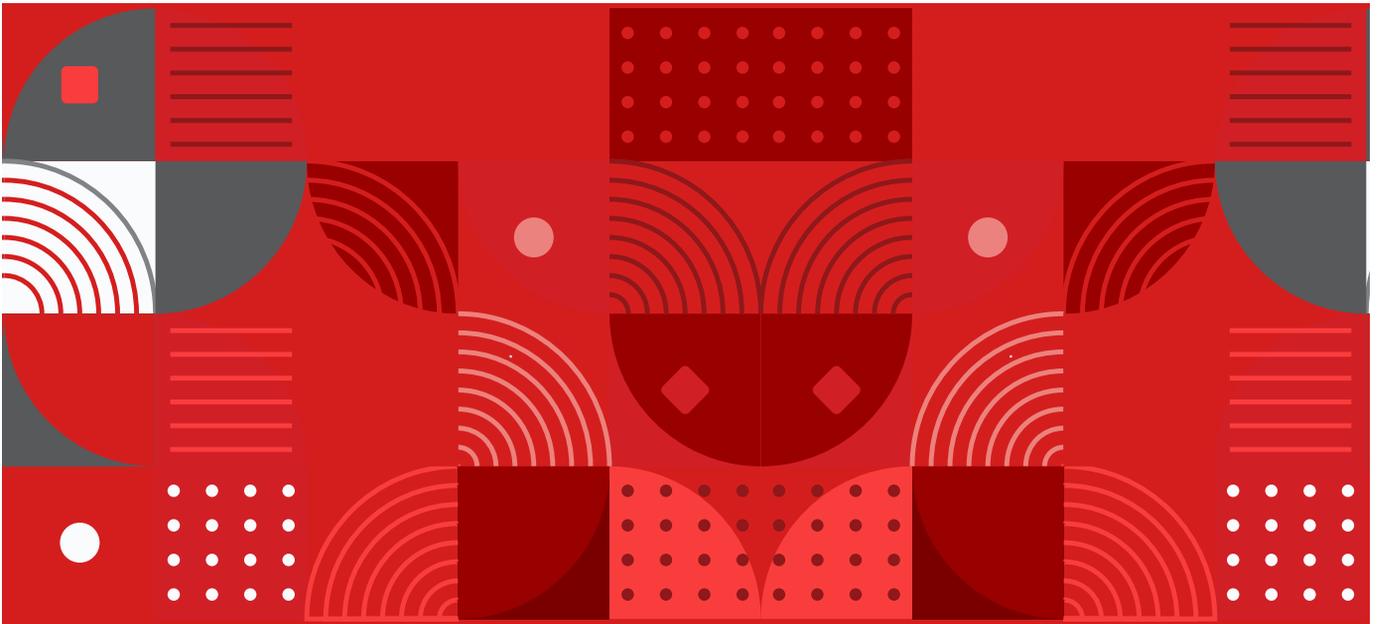
I. COPING UP WITH THE COVID 19 PANDEMIC

COVID-19 has already had a significant impact on the global financial markets, including India. In order to contain the spread of the pandemic, Government of India announced a nationwide lockdown starting from March 25, 2020. The ongoing pandemic has posed a sizeable impact on life as well as business. This has led to significant disruption and dislocation for individuals and businesses, initially impacting the Company's regular operations including lending and collection activities due to inability of employees to reach out to the borrowers. The Company has been closely monitoring the situation and preparing for all the contingencies. The Company has reached out to all its staff and clients (over phone) to ensure their well-being and express solidarity in these trying times. The Company had stopped disbursements of new loans and collections or repayments in the initial phase.

As per the RBI policy on loan moratorium announced on 27th March, 2020, the Company provided the option of loan moratorium to all its clients. However, based on feedback from the members and easing out of lockdown restrictions, the Company decided to provide moratorium on cases to case basis at the request of the borrowers from 11th May, 2020. The RBI further announced extension of moratorium on 23rd May, 2020 by another three months i.e. by 31st August, 2020. The Company continued to extend the moratorium to customers on case-to-case basis at the request of the clients. The Company also requested for moratorium from its lenders. Most of the lenders agreed and provided the moratorium till 31st May, 2020. The Company after reviewing its liquidity situation decided not to opt for moratorium from its lenders beyond 31st May, 2020. The Company started its collection activities from 11th May, 2020 and has seen a significant improvement till date. The repayment rate for May 20, June 20 & July 20 was ~32%, 80% & 80% respectively against the due if moratorium was not opted by the customers. As of end of July 2020, there were ~ 4.85% of the customers who have not paid any instalment since collections were resumed from 11th May, 2020. Going forward it will critical to closely engage with all the borrowers and manage evolving borrower behavioural patterns with near term uncertainty on economic growth and possible moral hazard related to the extended moratorium.

Given the fact that impact of moratorium and disruption due to pandemic is still uncertain and evolving, the exact nature of how the same will play out in terms of business and restoration of collection efficiency in the near term is difficult to ascertain accurately. Therefore, this will only be ascertainable with passage of time and outcomes would be disseminated from time to time. However, the initial collection trend as observed is encouraging.





SOCIAL PERFORMANCE MANAGEMENT





“Social performance may not equate to credit quality but we tend to see a trend that client protection can lead to good credit quality.”

-Matteo Marinelli

SOCIAL PERFORMANCE MANAGEMENT

Microfinance is a double bottom line business- the social goals are as important as financial goals. Some appropriate indicators have been selected to appraise the social performance of the company.

Client protection emphasizes on product and delivery quality, from ensuring that microcredit products will not result in further impoverishment of already poor clients to providing reliable channels for addressing client complaints. Adoption of client protection measures by MFIs

ensures that the clients are treated with transparency, respect, and prudence. This is especially important because MFIs operate within limited government regulations and the clients that are served by MFIs are vulnerable. The major seven areas that are covered under this parameter are: i. Appropriate Product design and delivery ii. Avoidance of Over-indebtedness iii. Transparency iv. Appropriate Collections Practices v. Ethical Staff Behaviour vi. Mechanisms for Redress of Grievances vii. Privacy of Client Data



1

APPROPRIATE PRODUCT DESIGN AND DELIVERY

The basic tenet of client protection is to understand the client's needs and situation while delivering financial services. At Sindhuja, company offers products that cater to all type of client needs at the bottom of pyramid. There is constant efforts to understand and improve the products based on customer needs, preferences and behaviours in terms of tenure, ticket size ROI etc.



2

AVOIDANCE OF OVER INDEBTEDNESS

The company carefully analyses the repayment capacity of the clients before extending loans to them. Analysis of repayment capacity includes analysis of income and expense patterns as well as indebtedness. The indebtedness is analysed on the basis of multiple borrowings, total indebtedness and default history. There is a lot of emphasis to open branches in less penetrated remote and rural areas.



3

TRANSPARENCY

All the loan terms and conditions including fees are explained clearly during the CGT, GRT, disbursement time & centre meetings. All charges and details of repayment are printed on the client pass book. The ROI is communicated in terms of IRR so that there is no misrepresentation. The interest rate charged from the customers is in compliance with the RBI guidelines. All the clients are provided with credit life insurance. Receipt is given for payment received from the Centre on the due date. The client consent is taken for sharing data with credit bureau and for off balance sheet transaction.



4

COMPLAINTS REDRESSAL MECHANISM

At the time of sanctioning loan to the clients, the employees of Sindhuja discuss about the mechanism of lodging complaint by the clients. Client may raise any query, service request or complaint by dropping a complaint in drop box or may directly call or write to grievance officer. Details of grievance officer name and contact details are mentioned in branches and on loan passbook.



5

FAIR AND RESPECTFUL TREATMENT OF CLIENTS

There is lot of emphasis on staff behaviour in training. They are being trained to treat the clients fairly and respectfully and not to discriminate on the basis of caste and religion.



6

APPROPRIATE COLLECTION PRACTICE

The Company puts emphasis on appropriate collection strategy. Some of the measures taken are: All credit officials are on roll of the company and there are no outside collections agents, members deposit the cash at the branch and take receipt, collection happens only at centre meetings and not at the door step of client, if any client failed to repay her loan instalment due to illness or absence in the collection meeting, the group members are persuaded to pay her instalment. No staff is authorized to visit the client's house after sunset.



7

PRIVACY OF CLIENT DATA

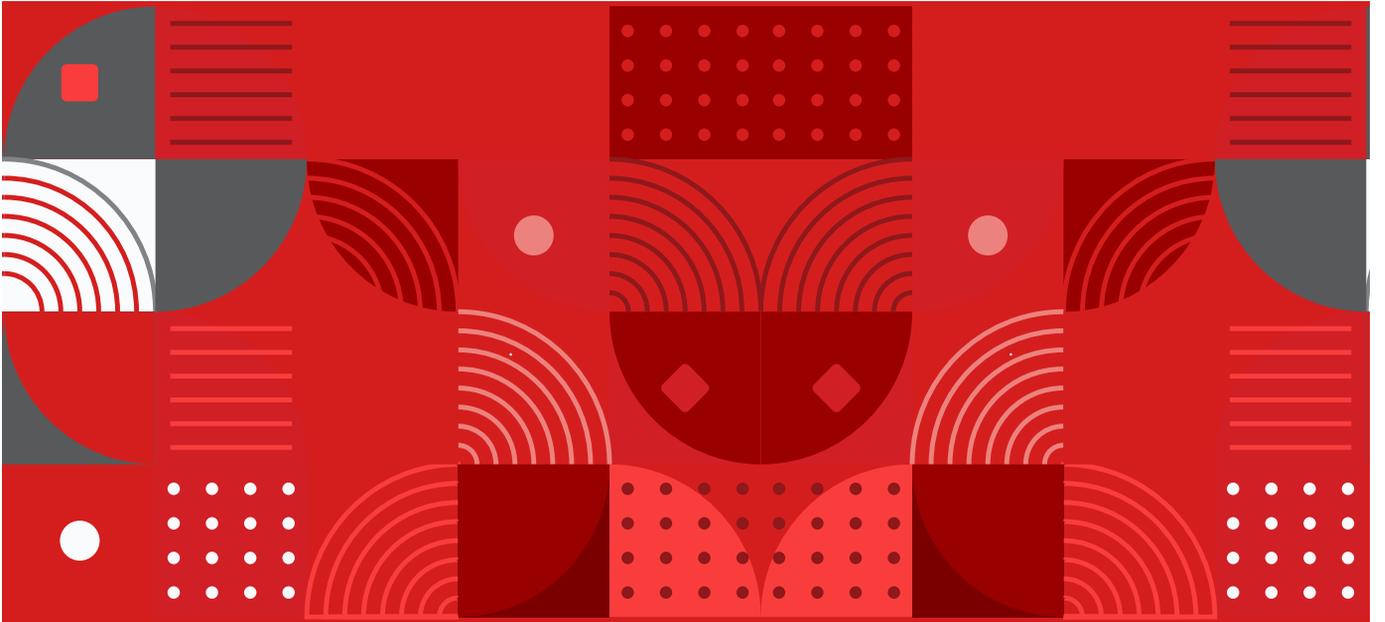
The Company does not share client's information to a third party without the consent of the borrowers.





**“Some people dream of success,
while other people get up every
morning and make it happen.”**

— Wayne Huizenga



EMPLOYEE ENGAGEMENT



ANNUAL DAY CELEBRATION

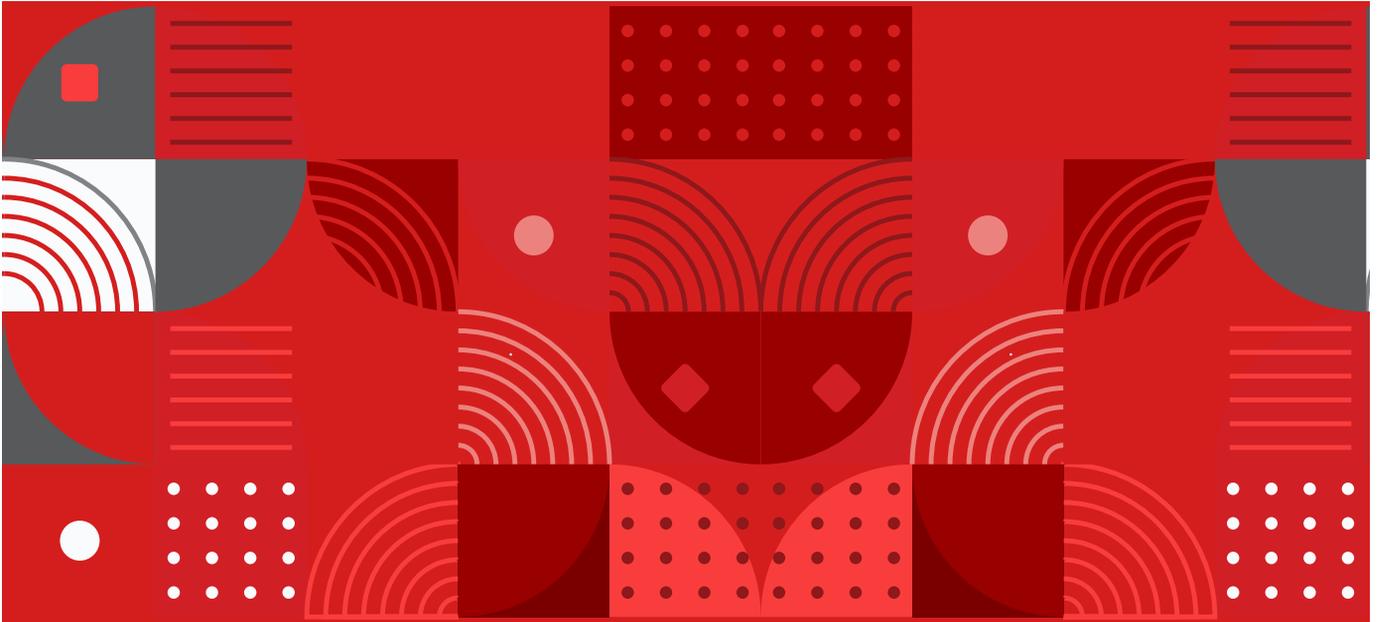
The Company celebrated its first Annual Day “Milap” on 27th April, 2019. The entire Company came together to celebrate the achievements of the past year and resolved to reach greater heights in the coming years



STRATEGY MEET – FY 20

The Company conducted its annual Strategy & Planning Meet at Taj Vivanta from 29th Feb, 2020 to 1st March, 2020 where the senior management team discussed and deliberated over the next year's business plan. The team members also bonded over activities designed to inculcate and nurture a sense of belonging and a shared vision.





DIRECTOR'S REPORT



DEAR SHAREHOLDERS,

Your Directors are pleased to present their third Annual Report on the business & operations of the Company together with the Audited Statement of Financial statement and Auditors report thereon for the Period ended 31st March, 2020.

FINANCIAL RESULTS

(₹ IN MN.)

PARTICULARS	FOR THE PERIOD ENDED 31ST MARCH 2020	FOR THE PERIOD ENDED 31ST MARCH 2019
Gross Income	252.95	34.12
Profit After Tax	21.77	(26.99)
Share Holders Fund	366.03	77.71
Paid up Equity Share capital	156.78	73.88
Reserves & Surplus	209.25	3.82
Borrowings	1323.48	464.22
Asset Under Management (AUM)	1755.71	613.94

OPERATIONAL PERFORMANCE

The operational snapshot is provided in the table below:

PARAMETER	
States	5
Districts	36
Branches	56
Centre	7,429
Active clients	84,253
Asset Under Management (AUM) (₹ in Mn.)	1,755.7
Own Portfolio (₹ in Mn.)	1,437.8
Managed Portfolio (₹ in Mn.)	317.8
No of clients in arrears	170

DIVIDEND

Your Director do not recommend any dividend for the year under review, so as to maintain a healthy net worth and Capital Adequacy Ratio.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There were no material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of the report.

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

There is no such order passed by the Regulators/Courts/Tribunals in respect to the Company during the financial year.



CHANGE IN NATURE OF BUSINESS, IF ANY

There is no change in the nature of business in the financial year 2019-20.

DETAILS OF SUBSIDIARY COMPANIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have subsidiary, associate company or any joint venture.

AMOUNT CARRIED TO ANY RESERVE IF ANY

In terms of Section 45-IC of the RBI Act, 1934, the Company is required to transfer at least 20% of its net profits to a reserve before any dividend is declared.

Though no dividend is recommended for declaration for this financial year 20-19 ,still the company has transferred an amount of Rs.43,53,407/- (previous year- nil) to the reserve fund.

CORPORATE SOCIAL RESPONSIBILITY AND GOVERNANCE COMMITTEE

In compliance with the requirements of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014. The Company, being a responsible organization, recognizes its social responsibility to contribute towards the activities for the benefit and development of the Society.

The Company is however committed to its responsibilities for Corporate Social Responsibility in future. The Company had voluntarily on behalf of employees contributed to the PM CARE “PM relief fund”, created by the Government of India to fight the pandemic COVID-19

CODE OF CONDUCT

The Company has adopted a code of conduct for all directors and employees. Area covered by the code are Fairness of employment practices, protection of intellectual property, integrity, customer confidentiality, conflict of interest.

RBI GUIDELINES

The company has complied with all applicable regulations of the RBI

COMPLIANCE

The Company has complied with all the mandatory regulatory compliance as required under the Companies Act, various tax statutes and other regulatory bodies.

CORPORATE GOVERNANCE

Corporate Governance is the commitment of an organization to follow ethics, fair practices and transparency in all its dealing with its various stakeholders such as Clients, Employees, Lenders, Investors, Government and the Community at large.

Your Company is committed to good corporate governance by ensuring that quality management personnel be inducted so that highest level of accountability, transparency and fairness be maintained to conduct its business operations efficiently in all areas of operations and in all its interactions with stakeholders.

BOARD OF DIRECTORS

A COMPOSITION

As on 31st March, 2020 the Board of Directors of “Sindhujamicrocredit Private Limited”, comprised 4 directors represented by 1 Managing Director (Executive), 1 Whole time (Executive) Director, 1 Nominee



Director and 1 Independent Director. During the year under review Mr. Abhishek Sharman & Mr. Yashvant Malhotra appointed as Additional Directors on 5th day of September 2019 and regularized as Nominee Director & Independent Director in the annual general meeting on 30th day of September, 2019.

B BOARD FUNCTIONING AND PROCEDURES

The Board meets at regular intervals to discuss and decide on business strategies / policies and review the financial performance of the Company.

SL NO.	NAME AND DIN OF DIRECTOR	CATEGORY	NO OF BOARD MEETINGS ATTENDED	LAST AGM ATTENDED	NO OF DIRECTORSHIPS/ POSITIONS HELD IN OTHER COMPANY / LLP
	ABHISHEKA KUMAR DIN :02972579	EXECUTIVE & PROMOTER	15	Yes	No
	MALKIT SINGH DIDYALA DIN: 07957488	EXECUTIVE & PROMOTER	15	Yes	No
	ABHISHEK SHARMAN* DIN :01329800	NOMINEE DIRECTOR	2	No	7
	YASHVANT MALHOTRA* DIN :08515356	INDEPENDENT DIRECTOR	3	No	No

*Mr. Abhishek Sharman & Mr. Yashvant Malhotra appointed as Additional Directors on 5th day of September 2019 and regularized as Nominee Director & Independent Director in the annual general meeting on 30th day of September, 2019.

C DISCLOSURE OF RELATIONSHIP BETWEEN DIRECTORS INTER -SE

No relationship exists between Directors of the Company except being Promoter / Director.

D COMMITTEES OF THE BOARD / MANAGEMENT OF DIRECTORS

There are three committees of the Board / Management during the period under review.

1. RESOURCING COMMITTEE

The Company has constituted a resourcing Committee, as there is regular requirement of fund from various Banks and Financial Institutions in order to scale the business. As, it will not be possible for the Board to meet very frequently to approve the requirement of fund/ borrowing and neither it is allowed by Companies Act to approve borrowings through circulation, it was necessary to constitute a Committee called Resourcing Committee. The role of the Resourcing Committee is to approve borrowings from various persons/entities including banks, financial institutions, corporates, etc. that would include bilateral and multilateral assignments, securitization, ICD with Banks & financial institutions and Corporates up to a certain limit as and when required.

COMPOSITION OF RESOURCING COMMITTEE:

- i) Mr. Abhishek Sharman - Nominee Director
- ii) Mr. Abhisheka Kumar - Managing Director
- iii) Mr. Malkit Singh Didyala - Whole Time Director & COO



2. ALCO COMMITTEE:

In terms of Para 6.1(b) of Master Direction- Non-Banking Finance Company – Non-Systemically Important Non- Deposit taking Company (Reserve Bank) Directions, 2016, “The Asset – Liability Committee (ALCO) is required to be constituted by NBFC- MFI.

The Company as per the master circular of the RBI, NBFC – MFI, has constituted an asset liability committee for overseeing and ensuring adherence to the limits set by the Board as well as for deciding business strategy of the NBFC (on the assets and liability sides) in line with the NBFC’s budget and decided risk management objectives.

COMPOSITION OF THE ASSET LIABILITY COMMITTEE (ALCO): -

i) Mr. Abhisheka Kumar	Managing Director
ii) Mr. Malkit Singh Didyala	Whole Time Director & COO
iii) Mr. Rohit Tandon	AVP (Finance)
iv) Mr. Akhilesh Kumar Dubey	AVP (Accounts)

3. GRIEVANCE REDRESSAL COMMITTEE:

The Company has constituted Grievance Redressal Committee for redressal of grievance of the clients as well as the employees of the company.

COMPOSITION OF GRIEVANCE REDRESSAL COMMITTEE:

i) Mr. Malkit Singh Didyala	Whole Time Director & COO
ii) Mr. Kamlesh Prasad	DVP (HR & Admin)
iii) Mr. Rahul Bhatia	AVP (Audit)

E DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

The following persons are the Key Managerial Personnel of the Company as per the provisions of Section 203 of the Companies Act, 2013.

i) Mr. Abhisheka Kuma	Managing Director
ii) Mr. Malkit Singh Didyala	Whole Time Director
iii) Mr. Pankaj Kumar Sinha	Company Secretary

F NUMBER OF MEETINGS OF THE BOARD

The details of the Board Meetings held during the financial year 2019-20 are mentioned hereunder :-

S. NO.	DATE OF BOARD MEETING	BOARD STRENGTH	NO OF DIRECTORS PRESENT
1	19/04/2019	2	2
2	26/04/2019	2	2
3	24/05/2019	2	2
4	28/05/2019	2	2
5	10/06/2019	2	2
6	27/06/2019	2	2
7	9/07/2019	2	2



S. NO.	DATE OF BOARD MEETING	BOARD STRENGTH	NO OF DIRECTORS PRESENT
8	29/07/2019	2	2
9	5/09/2019	2	2
10	11/09/2019	4	4
11	13/09/2019	4	2
12	30/09/2019	4	3
13	6/12/2019	4	4
14	8/02/2020	4	2
15	23/03/2020	4	2

PUBLIC DEPOSITS

During the period under review, the company has not received or accepted any deposit from Public and retained its non- acceptance of Public deposit NBFC status. The financials does not contain any figures that comes under the classification of deposits as specified under clause V of the Companies Act, 2013.

The Company is registered as NBFC- ND (MFI) and does not accept any deposit. Hence, no deposit was accepted from the public during the period ended on 31st March, 2020.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Company's Directors make the following statement in terms of sub-section (5) of Section 134 of the Companies Act, 2013, which is to the best of their knowledge and belief and according to the information and explanations obtained by them:

I. The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in India, and in conformity with the applicable Accounting Standards specified under the Section 133 of the Companies Act 2013, ("the Act") read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended) to the extent applicable to the Company and the guidelines issued by the Reserve Bank of India ("RBI"); on historical cost convention; as a going concern and on accrual basis. There are no material departures in the adoption of the applicable Accounting Standards.

II. The Board of Directors have selected such accounting policies and applied them consistently except where a newly issued accounting standard or a guideline is initially adopted or a revision to the existing accounting standards requires a change in the accounting policy hitherto in use and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit & loss of the Company for the period ended March 31, 2020.

III. The Board of Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

IV. The Board of Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

V. The Board of Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



STANDALONE ANNUAL ACCOUNTS

The standalone financial statements for the year ended March 31, 2020 in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 together with the comparative period data as at March 31, 2020 and for the previous year ended March 31, 2019.

AUDIT REPORT AND STATUTORY AUDITOR

The Statutory Auditor Report for the fiscal year 2019-20 does not contain any qualification, reservation or adverse remark and are self-explanatory and therefore, in the opinion of the Directors, do not call for the comments.

“Walker Chandiook & Co. LLP, Statutory Auditors of the Company appointed on 30th September, 2019 at the Annual General Meeting for a term of five years (F.Y. 2023-24).

DETAIL OF FRAUD AS PER AUDITORS REPORT

There was no fraud reported during the financial year ended 31st March, 2020. This is also being supported by the report of the auditors of the Company. There are no adverse observations/ qualifications in the Statutory Auditors report

CHANGES IN CAPITAL STRUCTURE

During the financial year 2019-20, the Company has increased its Authorized Share Capital from Rs. 16,00,00,000/- to Rs. 22,25,00,000/- by reclassification of shares into Equity and Preference by passing an Ordinary Resolution at Extra Ordinary General Meeting of the members of the Company held on 25th March, 2020. The Share Capital of the Company now is Rs. 22,25,00,000/- (Rupees Twenty-Two Crores twenty-five lacs only) divided into 1,60,00,000 (One Crore Sixty Lacs only) Equity Shares of Rs.10/- (Rupees Ten only) each and 62,50,000 (Sixty-Two lacs Fifty Thousand only) Series B Compulsorily Convertible Preference Shares of Rs.10/- (Rupees Ten only) each.

During the year, the Company issued 82,89,790 Equity Shares at a face value of Rs. 10/- & premium of Rs.23.83/- each on a private placement basis to Carpediem Capital Partners Fund I & to the promoters Abhisheka Kumar & Malkit Singh Didyala.

During the year, the Company issued 50,000 (Fifty Thousand) unlisted, unrated, unsecured, redeemable, non-convertible debenture(s) in physical form, having face value of Rs. 1,000 (Rupees One Thousand Only) each and aggregating upto Rs. 5,00,00,000 (Rupees Five Crores Only) (the “Debentures”) at par on the face value of the Debentures to “Platinum Urbanbuild Private Limited, Kautilya Urbanbuild Private Limited and Ajna Urbanbuild Private Limited.

During the year under review, the Company also granted ESOP options to its eligible employees to the tune of 82,917 equity shares, the vesting period will start from 5th November, 2020 and the employees can start exercising the options w.e.f. 5th November, 2020 to 4th November, 2022.

CREDIT RATINGS

During the year India Ratings assigns the Company’s Loan as ‘IND BBB-’/Stable

INTELLECTUAL PROPERTY

During the year, the Company received Certificate of Registration of Trade Mark No. 4190918 of Company’s “S Logo”, from Trade Mark Registry.



PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company is a Non-Banking Financial Company, classified as NBFC-MFI and the principle business of the Company is to provide loan. Hence, Section 186 will not be applicable to your company. The Company has not entered into any such transaction as prohibited under section 186(1) & 186(2) of the Companies Act, 2013.

RELATED PARTY TRANSACTIONS [RPT]

All related party transactions that were entered into during the F.Y. 2019-20, were at arm's length basis, and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Director's, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

VIGILANCE

Your Company is responsible, both to the members and to the communities in which the company operates and aspires to be transparent in all the dealings. The code of conduct requires the employees not to engage in integrity related issue.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 134 (3) (a) of the Companies Act, 2013, extract of the Annual Return in MGT -9 for the financial year ended 31st March, 2020 made under the provisions of Section 92(3) of the Act read with Rule 12 of Companies (Management and Administration) Rules, 2014 is available on the website of the Company

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, during the Financial year 2019-20 there was no employee drawing remuneration in excess of the limits set out in the said rules.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder, to ensure healthy working environment without fear of prejudice, gender bias and sexual harassment. During the financial year ended 31st March, 2020, no cases or complaint pertaining to sexual harassment was received by the Company.

INTERNAL AUDIT AND INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Company believes that internal control is a prerequisite of the principle of Governance and that freedom should be exercised within a framework of checks and balances. The Company has a well-established internal control framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of financial and operational controls. The management is committed to ensure an effective internal control environment, commensurate with the size and complexity of the business, which provides an assurance on compliance with internal policies, applicable laws, regulations and protection of resources and assets.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The Company has no activity relating to the Conservation of Energy and Technology Absorption, hence provisions of Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 are not applicable to the Company.



FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company does not carry out any activities relating to export and import during the financial year, hence there are no Foreign Exchange Earning and Outgo during the period under review.

IMPACT OF COVID 19 OUTBREAK

In accordance with the RBI guidelines relating to the COVID 19 Regulatory Package, the Company had initially granted a moratorium of three months on payments of instalments and/or interest falling due between 23rd March 2020 and 31st May 2020 to all eligible borrowers, which were extended till August 31,2020

The Company had also received moratorium from certain lenders on payments of instalments.

The management had considered all the possible impact of the known events arising out of COVID 19 pandemic in the preparation of the financial statements and continuously monitoring the impact assessment of COVID 19 for any material changes in the future conditions.

ACKNOWLEDGMENTS

Your Directors wish to convey their gratitude and place on record their appreciation for all the stakeholders, employees, business partners and Company's bankers for their continued support and valuable co-operation. The Directors also wish to express their gratitude to investors, regulators and government authorities for their continued support.

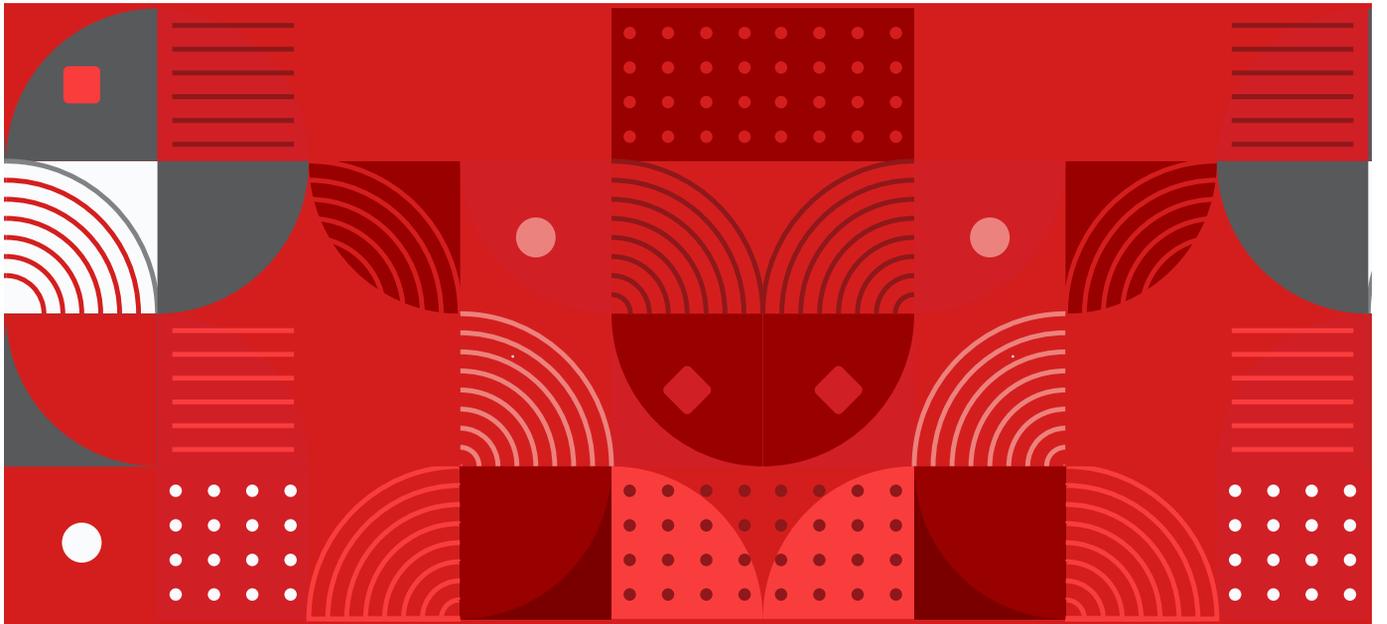
Date : 7 th September, 2020

Place : Noida

By Order of the Board

Directors





INDEPENDENT AUDITOR'S REPORT





**TO THE MEMBERS OF
SINDHUJA MICROCREDIT PRIVATE LIMITED
FORMERLY SINDHUJA FINTECH PRIVATE LIMITED**

OPINION

- 1 We have audited the accompanying financial statements of Sindhuja Microcredit Private Limited (formerly Sindhuja Fintech Private Limited) ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.
- 2 In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Company as at 31 March 2020, and its profit and its cash flows for the year ended on that date.

BASIS FOR OPINION

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

EMPHASIS OF MATTER

- 4 We draw attention to Note 43 of the accompanying financial statements, which describes the uncertainty relating to the effects of Covid-19 pandemic on the Company's operations and its consequential impact on the financial metrics of the Company, the extent of which is dependent on future developments. Our opinion is not modified in respect of this matter.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

- 5 The Company's Board of Directors is responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. The Director's Report is not made available to us at the date of the auditor's report. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

- 6 The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended).



**TO THE MEMBERS OF
SINDHUJA MICROCREDIT PRIVATE LIMITED
FORMERLY SINDHUJA FINTECH PRIVATE LIMITED**

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.

- 7** 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.
- 8** Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

- 9** 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.
- 10** As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures





**TO THE MEMBERS OF
SINDHUJA MICROCREDIT PRIVATE LIMITED
FORMERLY SINDHUJA FINTECH PRIVATE LIMITED**

in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

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

11 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.

OTHER MATTER

12 The financial statements of the Company for the year ended 31 March 2019 were audited by the predecessor auditor, Krishna Anurag & Company, who have expressed an unmodified opinion on those financial statements vide their audit report dated 19 April 2019.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13 Based on our audit, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public Company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.

14 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.

15 Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

- a** we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
- b** in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c** the 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 Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e** on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
- f** we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 3 July 2020 as per Annexure B expressed an unmodified opinion; and



**TO THE MEMBERS OF
SINDHUJA MICROCREDIT PRIVATE LIMITED
FORMERLY SINDHUJA FINTECH PRIVATE LIMITED**

- 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 does not have any pending litigations which would impact its financial position as at 31 March 2020;
 - ii** the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
 - iii** there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
 - iv** the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Vikram Dhanania

Partner

Membership No.: 060568

UDIN: 20060568AAAABI4861

Place: Kolkata

Date: 3 July 2020



ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF SINDHUJA MICROCREDIT PRIVATE LIMITED FORMERLY SINDHUJA FINTECH PRIVATE LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

ANNEXURE A

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

- i**
 - a** The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - b** The property, plant and equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the property, plant and equipment is reasonable having regard to the size of the Company and the nature of its assets.
 - c** The Company does not hold any immovable property (in the nature of 'property, plant and equipment'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.
- ii** The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- iii** The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- iv** In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- v** In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi** The Central Government has not specified maintenance of cost records under subsection (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- vii**
 - a** Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
 - b** There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF SINDHUJA MICROCREDIT PRIVATE LIMITED FORMERLY SINDHUJA FINTECH PRIVATE LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

- viii** The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to government.
- ix** The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- x** No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- xi** The provisions of Section 197 of the Act read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under Section 2(71) of the Act. Accordingly, provisions of clause 3(xi) of the Order are not applicable.
- xii** In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- xiii** In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- xiv** During the year, the Company has made private placement of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised.
- xv** In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- xvi** The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.



ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF SINDHUJA MICROCREDIT PRIVATE LIMITED FORMERLY SINDHUJA FINTECH PRIVATE LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

ANNEXURE B

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

- 1 In conjunction with our audit of the financial statements of Sindhuja Microcredit Private Limited (formerly Sindhuja Fintech Private Limited) ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

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

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

- 3 Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
- 4 Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- 5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.



ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF SINDHUJA MICROCREDIT PRIVATE LIMITED FORMERLY SINDHUJA FINTECH PRIVATE LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

- 6** A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 with Reference to Financial Statements

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

Opinion

- 8** In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on 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 Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Vikram Dhanania

Partner

Membership No.: 060568

UDIN: 20060568AAAABI4861

Place: Kolkata

Date: 3 July 2020



SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)

BALANCE SHEET AS AT 31 MARCH 2020

(All amounts in ₹ unless stated otherwise)

PARTICULARS	NOTES	AS AT 31 MARCH 2020	AS AT 31 MARCH 2019
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	156,781,900	73,884,000
Reserves and surplus	5	209,252,611	3,822,216
		366,034,511	77,706,216
Non-current liabilities			
Long-term borrowings	6	604,696,518	265,568,755
Other long term liabilities	7	150,814	-
Long-term provisions	8	5,625,531	1,124,552
		610,472,863	266,693,307
Current liabilities			
Short-term borrowings	9	-	20,025,236
Other current liabilities	10	762,822,177	225,452,261
Short-term provisions	11	11,356,223	2,173,569
		774,178,400	247,651,066
Total		1,750,685,774	592,050,589
ASSETS			
Non current assets			
Property, plant and equipment			
Tangible assets	12	12,400,878	5,265,764
Intangible assets	12	302,694	-
Deferred tax assets (net)	13	3,073,202	-
Long-term loans and advances	14	483,244,224	76,315,020
Other non-current assets	15	58,296,437	3,776,186
		557,317,435	85,356,970
Current assets			
Current investments	16	-	19,000,000
Cash and bank balances	17	126,607,891	266,120,309
Short-term loans and advances	18	1,032,033,891	212,701,386
Other current assets	19	34,726,557	8,871,924
		1,193,368,339	506,693,620
Total		1,750,685,774	592,050,589

The accompanying notes from an integral part of these financial statements. This is the balance sheet referred to in our report of even date.

For Walker Chandiook & Co LLP

Chartered Accountants
Firm's Registration No.: 001076N/N500013

Vikram Dhanania

Partner
Membership No.: 060568
UDIN: 20060568AAAABI4861

Place: Kolkata
Date: 3 July 2020

For and on behalf of Board of Directors

Abhisheka Kumar
Managing Director
DIN: 02972579

Malkit Singh Didyala
Wholetime Director
DIN: 07957488

Pankaj Kumar Sinha
Company Secretary
Member no. 021971

Place: Noida
Date: 3 July 2020

SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(All amounts in ₹ unless stated otherwise)

PARTICULARS	NOTES	AS AT 31 MARCH 2020	AS AT 31 MARCH 2019
REVENUE FROM OPERATIONS	20	251,963,476	33,030,769
Other income	21	988,272	1,086,954
Total revenue		252,951,748	34,117,723
Expenses			
Employee benefits expense	22	81,462,028	28,679,925
Finance costs	23	113,407,341	14,228,234
Depreciation and amortisation expenses	24	2,083,215	760,015
Other expenses	25	41,149,708	17,449,394
Total expenses		238,102,292	61,117,568
Profit/(loss) before prior period items		14,849,456	(26,999,845)
Prior period item	26	7,837,086	-
Profit/(loss) before tax		22,686,542	(26,999,845)
Tax expenses:			
Current tax		3,990,756	-
Deferred tax credit		(3,073,202)	-
Profit/(Loss) for the year		21,768,988	(26,999,845)
Earnings/(loss) per equity share	34		
Basic and diluted earnings/(loss) per share		1.71	(3.91)
[Nominal value per share ₹10 (previous year: ₹10)]			

The accompanying notes from an integral part of these financial statements. This is the statement of Profit & Loss referred to in our report of even date.

For Walker Chandiok & Co LLP

Chartered Accountants
 Firm's Registration No.: 001076N/N500013

Vikram Dhanania

Partner
 Membership No.: 060568
 UDIN: 20060568AAAABI4861

Place: Kolkata
 Date: 3 July 2020

For and on behalf of Board of Directors

Abhisheka Kumar
 Managing Director
 DIN: 02972579

Malkit Singh Didyala
 Wholetime Director
 DIN: 07957488

Pankaj Kumar Sinha
 Company Secretary
 Member no. 021971

Place: Noida
 Date: 3 July 2020



SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

(All amounts in ₹ unless stated otherwise)

PARTICULARS	AS AT 31 MARCH 2020	AS AT 31 MARCH 2019
A. Cash flows from operating activities		
Profit/(loss) before tax	22,686,542	(26,999,845)
Adjustments for:		
Depreciation and amortisation expense	2,083,215	760,015
Contingent provision against loan assets	12,593,128	2,761,452
Provision for employee benefits	1,090,505	536,669
Gain on sale of property, plant and equipment	(4,320)	-
Expense on Employee Stock Option Scheme (ESOP)	3,246,587	-
Operating profit/(loss) before working capital changes	41,695,657	(22,941,709)
Movement in working capital		
Increase in loans and advances	(1,224,609,258)	(288,461,036)
Increase in other assets	(3,075,412)	(7,716,646)
Increase in liabilities	17,392,924	25,963,990
Cash flows used in operating activities	(1,168,596,089)	(293,155,401)
Income taxes paid (including tax deducted at source)	(5,643,207)	(534,370)
Net cash used in operating activities (A)	(1,174,239,296)	(293,689,772)
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(9,532,637)	(5,905,886)
Sale of property, plant and equipment	15,934	-
Investment in mutual funds	-	(19,000,000)
Proceeds from redemption of mutual funds	19,000,000	-
Net cash generated from /(used in) investing activities (B)	9,483,297	(24,905,886)
C. Cash flow from financing activities		
Proceeds from issue of equity shares (including premium, net of share issue expenses)	184,549,995	23,433,383
Proceeds from short term borrowings	-	20,025,236
Repayment of short term borrowings	(20,025,236)	-
Proceeds from long term borrowings	1,319,966,652	474,525,879
Repayment of long term borrowings	(409,247,831)	(14,526,837)
Net cash generated from financing activities (C)	1,075,243,580	503,457,661
Net increase in cash and cash equivalents (A + B + C)	(89,512,418)	184,862,003
Cash and cash equivalents at the beginning of the year	216,120,309	31,258,306
Cash and cash equivalents at the end of the year	126,607,891	216,120,309
Note:		
Cash and cash equivalents		
Cash in hand	153,023	51,670
Balances with banks		
- in current accounts	48,454,868	30,568,639
- in deposit accounts	78,000,000	185,500,000

SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

(All amounts in ₹ unless stated otherwise)

PARTICULARS	AS AT 31 MARCH 2020	AS AT 31 MARCH 2019
Other bank balances		
Fixed deposits with remaining maturity for more than 3 months but less than 12 months	-	-
	126,607,891	216,120,309

The accompanying notes from an integral part of these financial statements. This is the Cash Flow Statement referred to in our report of even date.

For Walker Chandiok & Co LLP

Chartered Accountants
Firm's Registration No.: 001076N/N500013

Vikram Dhanania

Partner
Membership No.: 060568
UDIN: 20060568AAAABI4861

Place: Kolkata
Date: 3 July 2020

For and on behalf of Board of Directors

Abhisheka Kumar
Managing Director
DIN: 02972579

Malkit Singh Didyala
Wholetime Director
DIN: 07957488

Place: Noida
Date: 3 July 2020

Pankaj Kumar Sinha
Company Secretary
Member no. 021971



SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE PERIOD ENDED 31 MARCH 2020

(All amounts are in Indian ₹, unless otherwise stated)

1. GENERAL INFORMATION

Sindhuja Microcredit Private Limited (“the Company”) (formerly known as Sindhuja Fintech Private Limited) is a private limited Company and incorporated under the provisions of the Companies Act, 2013 (the “Act”) and having its registered office at Noida Uttar Pradesh, India. The Company is a nondeposit accepting Non-Banking Financial Company (‘NBFC-ND’), and is registered as a Non-Banking Financial Company – Micro Finance Institution (‘NBFC-MFI’) with the Reserve Bank of India (“RBI”) on 11 September 2018. The Company is engaged primarily in providing micro finance services to women in the rural and semi-rural areas of India who are enrolled as members and organized as Joint Liability Groups (‘JLG’)

A BASIS OF PREPARATION

These financial statements have been prepared on a going concern basis under historical cost convention, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India and the applicable accounting standards specified under the Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), other accounting pronouncements of the Institute of Chartered Accountants of India (“ICAI”), relevant provision of the Companies Act, 2013 as applicable and the guidelines issued by the Reserve Bank of India (“RBI”). Accounting policies have been consistently applied except where a newly issued accounting standard or a guideline is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

B USE OF ESTIMATES

The preparation of financial statements is in conformity with the Indian Generally Accepted Accounting Principles in India and requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities including contingent liabilities at the end of the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. The actual results could differ from these estimates and the differences between the actual results and the estimates are recognized in the years in which the results are known / materialize and their effects disclosed in the notes to the financial statements

C PROPERTY, PLANT AND EQUIPMENT

TANGIBLE ASSETS:

Tangible assets are carried at cost less accumulated depreciation, if any. The cost of a tangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Tangible assets acquired on account of amalgamation are stated at the acquisition value agreed in the amalgamation agreement.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred. Gains or losses arising on disposal of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE PERIOD ENDED 31 MARCH 2020

(All amounts are in Indian ₹, unless otherwise stated)

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.

INTANGIBLE ASSETS:

Intangible assets are carried at cost of acquisition less amortisation. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Assets which are not ready for their intended use are shown as intangible assets under development which comprises of all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

D DEPRECIATION AND AMORTISATION

i) Depreciation on tangible fixed assets is provided on the straight-line method over the useful lives of assets prescribed under Part 'C' of Schedule II of the Companies Act, 2013 which is also at par with the useful life of the assets estimated by the management.

ASSETS	USEFUL LIFE AS PER SCHEDULE II (YEARS)
Building	60 years
Plant and machinery	5 -15 years
Office equipment	5 years
Computer equipment	3 years
Furniture and fixture	10 years
Vehicles	8-10 years

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use till the date the asset is sold or disposed. Losses arising from retirement or gains or losses arising from disposal of fixed assets are recognized in the statement of profit and loss. The estimated useful life of the assets is reviewed at the end of each financial year and the amortisation and depreciation method are revised, if necessary.

ii) Intangible assets are amortized over their estimated useful lives from the date they are available for use based on the expected pattern of consumption of economic benefits of the asset. Intangible asset is being amortised over a period of 3 years.

iii) Leasehold improvements are depreciated over the lease term.

E IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

The Company assess at each balance sheet date whether there is any indication of impairment based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or cash generating unit to which asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as impairment loss and is recognized in its Statement of Profit and Loss. If at the balance sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciated historical cost.



SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE PERIOD ENDED 31 MARCH 2020

(All amounts are in Indian ₹, unless otherwise stated)

F INVESTMENTS

Investments that are readily realizable and are intended to be held for not more than one year from the date on which these investments are made, are classified as current investments. All other investments are classified as long-term investments.

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried at lower of cost or fair value.

G PORTFOLIO LOANS

Portfolio loans have been classified as 'short term loans and advances' and 'long-term loans and advances' according to their tenure.

H REVENUE RECOGNITION

Portfolio loans have been classified as 'short term loans and advances' and 'long-term loans and advances' according to their tenure.

- i The Reserve Bank of India's prudential norms on income recognition and provisioning for bad and doubtful debts has been followed.
- ii Interest income on loans is recognized under the internal rate of return method on accrual basis except in the case of non-performing assets where it is recognized upon realization and any such income recognized before the asset became non-performing and remaining unrealized is reversed
- iii Interest income on fixed deposits with bank is recognized on a time proportion accrual basis taking into account the amount outstanding and the interest rate applicable.
- iv Processing fee collected on loans disbursed are recognized at the inception of the loan.
- v Income from mutual funds recognized on accrual basis.
- vi All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization/collection.

I ASSET CLASSIFICATION AND PROVISIONING NORMS

A ASSETS CLASSIFICATION

Loans to Customers are classified as Standard and Non-performing assets, based on the criteria laid down below:

ASSET CLASSIFICATION	CRITERIA
Standard assets	The asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business;
Non-Performing assets	An asset for which, interest/principal payment has remained overdue for a period of 90 days or more.

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B PROVISIONING NORMS

PROVISIONING NORMS FOR MFI LOAN PORTFOLIO:

The aggregate loan provision maintained by the Company at any point of time shall not be less than the below mentioned table: -

ASSET CLASSIFICATION	OVERDUE PERIOD	PROVISIONING POLICY
Standard-I	0 days	1 % of Outstanding Loan Portfolio
Standard-II	1-60 days	10 % of Outstanding Loan Portfolio
Standard-III	61- 90 days	20 % of Outstanding Loan Portfolio
Sub Standard	91- 180 days	50 % of Outstanding Loan Portfolio
Doubtful	181- 365 days	100 % of Outstanding Loan Portfolio
Loss Assets	More than 365 days	Write-off

The above -mentioned provisioning policy is as per the provision policy prescribed in the NBFC-MFI Directions. These Directions require the total provision for loan portfolio to be higher of (a) 1% of the outstanding loan portfolio or (b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

Apart from the above, the Company also creates additional provision on overdue managed portfolio. If the overdue period exceeds 90 days up to 180 days, then the provision of 50% of overdue amount is recognised and if overdue period exceeds 180 days, then, 100% provision on overdue managed portfolio is recognised.

J BORROWING COSTS

Borrowing cost, which are directly attributable to the acquisition /construction of fixed assets, till the time such assets are ready for intended use, are capitalised.

Borrowing cost consists of interest and other cost that the Company incurred in connection with borrowing of funds. Other ancillary borrowing costs incurred in connection with obtaining loan are amortised over the period of loan. All other borrowing costs are expensed in the period they are incurred. In case any loan is prepaid/cancelled then the unamortised portion of such borrowing cost is charged to the Statement of Profit and Loss in the year such loan is prepaid / cancelled.

K FOREIGN CURRENCY TRANSACTIONS

INITIAL RECOGNITION

Transactions in foreign currency entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction.

CONVERSION

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

EXCHANGE DIFFERENCES

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company at rates different from those at which they were initially recorded during





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(All amounts are in Indian ₹, unless otherwise stated)

the year or reported in previous financial statements, are recognized as income or expense in the Statement of Profit and Loss.

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability.

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

L PROVISIONS AND CONTINGENT LIABILITIES ASSETS

PROVISION

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that there will be an outflow of resources to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Further the Company being a NBFC-MFI also complies with the guidelines issued by the Reserve Bank of India regarding the various provisioning norms.

CONTINGENT LIABILITY

A Contingent liability is a possible obligation arising from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

CONTINGENT ASSETS

Contingent Assets are neither recognised nor disclosed in the financial statements.

M EMPLOYEES RETIREMENT BENEFITS

Employee benefits include provident fund, employee state insurance scheme, and gratuity fund and compensated absences.

A SHORT-TERM EMPLOYEE BENEFITS :

Short term 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.

B DEFINED CONTRIBUTION PLAN :

Company's contributions to Provident Fund, Pension Fund and Employee State Insurance Scheme are charged as expense based on the amount of contribution required to be made and when services are rendered by the employees.



(All amounts are in Indian ₹, unless otherwise stated)

C DEFINED BENEFIT PLAN:

Liabilities for gratuity, are determined by actuarial valuation on Projected Unit Credit Method made at the end of each Balance Sheet date and provision for liabilities pending remittance to the fund is carried in the Balance Sheet.

D LONG TERM EMPLOYEE BENEFITS:

Compensated absences which are not expected to occur within 12 months after the end of period in which the employee rendered the related services are provided for based on actuarial valuation carried out at the end of the financial period using projected unit Credit Method. Past services cost is recognized immediately to the extent that the benefits are already used and otherwise is amortized on straight line base over the average period unit the benefits become vested. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefits obligation as adjusted for unrecognized past service cost, as redeemed by the fair value of scheme assets. Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred.

E EMPLOYEES STOCK COMPENSATION COST:

Measurement and disclosure of the stock option granted under the Company's employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortised over the vesting period of the option on a straight-line basis.

N SEGMENT REPORTING

The Company identifies primary segment based on the dominant source, nature of risks and returns and 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 evaluated regularly by the executive management 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.

O TAXATION

Tax expense for the period, comprising of current tax and deferred tax are included in the determination of the net profit or loss for the period.

- i Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.
- ii Excess/short provision of income tax relating to earlier years is disclosed separately in the accounts.
- iii Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date.





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(All amounts are in Indian ₹, unless otherwise stated)

Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their reliability.

- iv Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specific period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is recognised by way of a credit to the statements of profit and loss and presented as a MAT credit entitlement.

P EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each year presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

Q LEASES

Lease arrangements where the significant portion of the risks and rewards of ownership vests with the Lessor are recognized as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of lease.

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of the leased property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets.

R CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of less than three months), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

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NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

(All amounts in ₹ unless stated otherwise)

PARTICULARS	AS AT 31 MARCH 2020		AS AT 31 MARCH 2019	
	No. of shares	Amount	No. of shares	Amount
4. Share capital				
Authorised share capital				
Equity Shares of face value of ₹10 each	16,000,000	160,000,000	16,000,000	160,000,000
Compulsory convertible Preference Shares of ₹10 each	6,250,000	62,500,000	-	-
	22,250,000	222,500,000	16,000,000	160,000,000
Issued, subscribed and paid-up				
Equity Shares of face value of ₹ 10 each fully paid up	15,678,190	156,781,900	7,388,400	73,884,000
	15,678,190	156,781,900	7,388,400	73,884,000

a) The reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

PARTICULARS	AS AT 31 MARCH 2020		AS AT 31 MARCH 2019	
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	7,388,400	73,884,000	5,894,100	58,941,000
Add: Issued during the year				
Conversion of Compulsory convertible debentures into equity shares (refer a below)	1,773,474	17,734,740	-	-
Issued during the year (refer b below)	6,516,316	65,163,160	1,494,300	14,943,000
Outstanding at the end of the year	15,678,190	156,781,900	7,388,400	73,884,000

a) During the year ended 31 March 2020, 599,966 Cumulative Compulsorily Convertible Debentures ("CCD") of face value ₹ 100 ("Series A") each were converted into 1,773,474 equity shares, at a price of ₹ 33.83 including premium of ₹ 23.83 each per equity share ranking pari passu with the existing equity shares each fully paid up in share capital of the Company.

b) During the year ended 31 March 2020, 5,616,316 equity shares of ₹ 10 each were allotted to Carpedium Capital Partners Fund I at a price of ₹ 33.83 including premium of ₹ 23.83 per share. Also, 450,000 equity share of ₹ 10 each were allotted to Abhisheka Kumar and Malkit Singh Didyala (promoters of the Company) at a price of ₹ 33.83 including premium of ₹ 23.83 per share.

b) Details of shareholders holding more than 5% equity shares in the Company:

NAME OF SHAREHOLDER	AS AT 31 MARCH 2020		AS AT 31 MARCH 2019	
	Numbers	% of holding	Numbers	% of holding
Equity shares				
Mr. Abhisheka Kumar	2,452,600	15.64%	2,002,600	27.10%
Carpedium Capital Partners Fund I	7,389,890	47.14%	100	0.00%
Mr. Malkit Singh Didyala	1,810,000	11.54%	1,360,000	18.41%
Mr. Gyanendra Mishra	-	-	500,000	6.77%
Mr. Diwakar Pundir	-	-	500,000	6.77%
Mr. Suhas Narayan Sahakari	-	-	500,000	6.77%
	11,652,490	74.32%	4,862,700	65.82%



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NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

c) Rights, preferences and restrictions attached to equity shares

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

The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

d) During the year ended 31 March 2020, the equity shares issued to the promoters were in form of consideration other than cash. There were no bonus issue during the year and no shares bought back by the Company in any of the previous years.

PARTICULARS	AS AT 31 MARCH 2020	AS AT 31 MARCH 2019
5. Reserves and surplus		
Securities premium		
Balance at the beginning of the year	31,055,383	21,415,000
Add: Issue of equity shares	197,541,307	9,640,383
Less: Share issue expenses	(14,445,612)	-
Balance at the end of the year (A)	214,151,078	31,055,383
Reserve fund [u/s 45(IC) of the Reserve Bank of India Act, 1934 ('RBI')]		
Balance at the beginning of the year	-	-
Add: Amount transferred during the year *	4,353,798	-
Balance at the end of the year (B)	4,353,798	-
Surplus/ (deficit) in the statement of Profit and Loss		
Balance as at the beginning of the year	(27,233,167)	(233,322)
Add: Profit/(loss) for the year	21,768,988	(26,999,845)
Less: Amount transferred during the year to Reserve fund (u/s 45(IC) of RBI Act, 1934) *	4,353,798	-
Balance as at the end of the year (c)	(9,817,977)	(27,233,167)
Share Options Outstanding Account (D)	565,712	-
Total Reserves and surplus (A+B+C+D)	209,252,611	3,822,216

* In terms of Section 45-IC of the RBI. Act, 1934, the Company is required to transfer at least 20% of its net profits to a reserve before any dividend is declared. As at the year-end, the Company has transferred an amount of ₹ 4,355,407 (previous year ₹ Nil) to the reserve fund.

SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

PARTICULARS	AS AT 31 MARCH 2020	AS AT 31 MARCH 2019
6. Long-term borrowings		
Unsecured Debentures		
12% Cumulative compulsorily convertible debentures #	-	59,996,600
Non convertible debentures*	50,000,000	-
Secured Term Loans		
From financial institutions*	554,696,518	205,572,155
	604,696,518	265,568,755
* for terms and conditions refer note 29		
# Terms of Compulsorily Convertible Debentures ("CCD")		
(a) Each "Series A" CCD shall have a face value and price of ₹ 100 only.		
(b) The "Series A" CCDs will bear interest at the rate of 12% per annum calculated on their face value commencing from the effective date up to the date on which equity shares are allotted to the holder of "Series A" CCDs consequent to the conversion.		
(c) Holders of the "Series A" CCDs may, at their sole option, by written notice to the company at any time before the occurrence of a Mandatory Conversion Event, convert the "Series A" CCDs, in whole or part, into equity shares. Provided, however that upon the occurrence of Mandatory Conversion Event, the "Series A" CCDs shall forthwith be converted into equity shares and allotment of equity shares shall be made		
(d) "Mandatory Conversion Event" means the Company having achieved an on Book Loan Portfolio of ₹ 300,000,000 (Rupees Three Hundred Million) (e) The conversion of Series A CCDs into Equity Shares has been calculated in accordance with the Securities Subscription Agreement dated 14 March 2019.		
7. Other long term liabilities		
Lease equalisation reserve	150,814	-
	150,814	-
8. Provision for employee benefits		
Provision for gratuity (refer note 27)	795,173	218,508
Provision for compensated absences	674,987	256,053
Provision on loan portfolio (owned)		
Contingent provision against standard assets	4,155,371	649,991
	5,625,531	1,124,552



SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

PARTICULARS	AS AT 31 MARCH 2020	AS AT 31 MARCH 2019
9. Short-term borrowings		
Secured		
Loans repayable on demand		
From banks*	-	20,025,236
	-	20,025,236
* Overdraft facility is fully secured by way of fixed deposits pledged amounting to ₹ 50,000,000. Overdraft carries interest rate of 7.70% per annum		
10. Other current liabilities		
Current maturities of long-term borrowings	718,778,817	198,651,011
Interest accrued but not due on borrowings	6,063,934	1,876,932
Payable on managed portfolio	19,227,559	12,370,571
Statutory dues payable	5,201,344	1,974,913
Employee related payable	5,263,471	2,499,926
Other payable	8,287,052	8,078,908
	762,822,177	225,452,261
11. Short-term provisions		
Provision for employee benefits		
Provision for gratuity (refer note 27)	1,806	658
Provision for compensated absences	155,208	61,450
Provision on loan portfolio (owned and managed)		
Contingent provision against standard assets	10,251,432	2,111,461
Provision on non performing assets (own portfolio)	526,583	-
Provision on non performing assets (managed portfolio)	421,194	-
	11,356,223	2,173,569
13. Deferred tax assets (net)		
Deferred tax assets		
Disallowance under section 40A(7) of the Income tax Act, 1961	200,584	-
Disallowance under section 43B of the Income tax Act, 1961	208,943	-
Provision for loan portfolio	2,723,726	-
Preliminary expenses	75,382	-
Deferred tax liability		
Depreciation and amortisation expenses	(135,433)	-
	3,073,202	-
14. Long-term loans and advances		
Portfolio loans		
Unsecured, considered good		
Gross loan assets	486,773,387	94,165,328
Less: Managed assets	71,236,280	29,166,242
Net loan assets (refer # of note 18)	415,537,107	64,999,086

SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

PARTICULARS	AS AT 31 MARCH 2020	AS AT 31 MARCH 2019
Other loans and advances		
Security deposits *	54,302,742	11,315,934
Prepaid expenses	13,404,375	-
	483,244,224	76,315,020
* Includes deposits amounting to ₹ 52,585,831 (previous year: ₹ 11,315,934) maintained as collateral against term loans availed and managed portfolio		
15. Other non-current assets		
Bank deposits with remaining maturity of more than 12 months	52,800,000	1,586,500
Interest accrued on deposits	1,344,985	100,519
Prepaid ancillary borrowing cost	4,151,452	2,089,167
	58,296,437	3,776,186
16. Current investments		
Investment in mutual funds (Trade, quoted)		
HDFC Liquid mutual funds [Nil (previous year: 5,205 units)]	-	19,000,000
	-	19,000,000
Aggregate amount of quoted investment	-	19,000,000
Aggregate amount of provision for diminution in value of investment	-	-
Market value of quoted investments	-	19,031,803
17. Cash and bank balances		
Cash and cash equivalents		
Cash on hand	153,023	51,670
Balances with banks		
- in current accounts	48,454,868	30,568,639
- in deposit accounts having original maturity of less than 3 months #	78,000,000	185,500,000
	126,607,891	216,120,309
Other bank balances		
Deposits with remaining maturity for more than 3 months but less than 12 months	-	50,000,000
	126,607,891	266,120,309

Represents deposits amounting to Nil (previous year: ₹ 24,500,000) maintained as collateral against term loans availed.



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NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

PARTICULARS	AS AT 31 MARCH 2020	AS AT 31 MARCH 2019
18. Short-term loans and advances		
Unsecured, considered good		
Portfolio loans		
Gross loan assets	1,268,935,582	519,771,329
Less: Managed assets	246,609,977	308,625,228
Net loan assets #	1,022,325,605	211,146,101
Other loans and advances		
Advances recoverable in cash or in kind	1,271,959	193,354
Security deposits	-	827,561
Advance tax (including tax deducted at source and net off provision for taxation)	2,186,821	534,370
Prepaid expenses	6,249,506	-
	1,032,033,891	212,701,386
# Loan portfolio amounting to ₹ 1,172,301,431 (previous year: ₹ 126,943,924) is hypothecated with banks and financial institutions against amounts borrowed from the said banks and financial institutions		
19. Other current assets		
Interest accrued but not due on loans	18,351,834	3,231,404
Interest accrued on fixed deposits	607,699	1,063,913
Prepaid ancillary borrowing cost	8,602,617	2,131,556
Other current assets	7,164,407	2,445,051
	34,726,557	8,871,924

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	VEHICLE	ELECTRICAL EQUIPMENT	OFFICE EQUIPMEN	FURNITURE & FITTINGS	COMPUTER EQUIPMENT	TOTAL	COMPUTER SOFTWARE	GRAND TOTAL
Gross block								
Balance as at 1 April 2018	-	-	-	-	1,27,940	1,27,940	-	1,27,940
Additions during the year	12,99,378	7,25,640	-	11,66,415	27,14,453	59,05,886	-	59,05,886
Balance as at 31 March 2019	12,99,378	7,25,640	-	11,66,415	28,42,393	60,33,826	-	60,33,826
Additions during the period	35,51,517	6,23,323	2,70,896	15,02,580	32,40,971	91,89,287	3,43,350	95,32,637
Disposals/adjustments during the period	-	-	-	-	15,934	15,934	-	15,934
Balance as at 31 March 2020	48,50,895	13,48,963	2,70,896	26,68,995	60,67,430	1,52,07,179	3,43,350	1,55,50,529
Accumulated depreciation and amortisation								
Balance as at 1 April 2018	-	-	-	-	8,047	8,047	-	8,047
Depreciation for the year	1,46,724	39,602	-	58,549	5,15,140	7,60,015	-	7,60,015
Balance as at 31 March 2019	1,46,724	39,602	-	58,549	5,23,187	7,68,062	-	7,68,062
Depreciation and amortisation for the period	1,97,359	2,46,182	24,395	1,76,535	13,98,088	20,42,559	40,656	20,83,215
Deductions/adjustments during the period	-	-	-	-	4,320	4,320	-	4,320
Balance as at 31 March 2020	3,44,083	2,85,784	24,395	2,35,084	19,16,955	28,06,301	40,656	28,46,957
Net block								
Balance as at 31 March 2020	45,06,812	10,63,179	2,46,501	24,33,911	41,50,475	1,24,00,878	3,02,694	1,27,03,572
Balance as at 31 March 2019	11,52,654	6,86,038	-	11,07,866	23,19,206	52,65,764	-	52,65,764



SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

PARTICULARS	FOR THE YEAR ENDED 31 MARCH 2020	FOR THE YEAR ENDED 31 MARCH 2019
20. Revenue from operations		
Interest income on loan portfolio	191,898,426	8,082,533
Servicing fees	30,518,238	15,796,445
Processing fee on loan portfolio	17,928,850	2,884,072
Interest on fixed deposits	10,514,565	5,940,540
Dividend income from current investments	1,103,397	327,179
	251,963,476	33,030,769
21. Other income		
Advisory fees	604,148	1,038,344
Miscellaneous income	384,124	48,610
	988,272	1,086,954
22. Employee benefits expense		
Salaries and wages		
Contribution to provident and other funds [refer note 27 (ii)]	74,345,463	26,939,053
Expense on Employee Stock Option Scheme (ESOP)	565,712	-
Staff welfare expense	925,552	274,759
	81,462,028	28,679,925
23. Finance costs		
Interest expense	108,672,664	6,033,870
Other borrowing costs	4,734,677	8,194,364
	113,407,341	14,228,234
24. Depreciation and amortisation expenses		
Depreciation on property, plant and equipment	2,042,559	760,015
Amortisation of intangible asset	40,656	-
	2,083,215	760,015
25. Other expenses		
Rent	6,817,903	3,003,274
Legal and professional charges	2,192,035	1,011,874
Rates and taxes	2,703,024	1,799,217
Travelling and conveyance expenses	2,978,049	1,316,227
Directors sitting fees	163,500	-
Printing and stationery	1,483,117	673,390
Communication expenses	1,066,325	509,653
Office maintenance expenses	1,799,802	651,720
Advertisement and recruitment expenses	634,313	50,966
Power and fuel	416,637	290,043
Provision for standard portfolio	11,645,351	2,761,452
Provision on non performing assets (own and managed portfolio)	947,777	-
Software expenses	4,051,577	4,303,702
Auditors remuneration (refer note 39)	1,123,381	200,000
Repairs and maintenance	356,129	467,799
Bank charges	645,105	62,097



SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

PARTICULARS	FOR THE YEAR ENDED 31 MARCH 2020	FOR THE YEAR ENDED 31 MARCH 2019
Subscription and membership expenses	251,952	101,000
Preliminary expenses	505,575	188,083
Miscellaneous expenses	1,368,156	58,897
	41,149,708	17,449,394
26. Prior period item		
Share issues expenses	7,837,086	-
	7,837,086	-

27. Employee benefit plan

1) Defined Benefit

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation: The following tables set out the status of the gratuity plan as required under AS15 (Revised) "Employee Benefits":

PARTICULARS	FOR THE YEAR ENDED 31 MARCH 2020	FOR THE YEAR ENDED 31 MARCH 2019
Statement of profit and loss		
Net employee benefit expense (recognised in employee cost)	522,895	219,166
Current service cost	16,437	-
Interest cost	-	-
Expected return on plan assets	38,481	-
Net actuarial loss recognized in the year	577,813	219,166
Total employer expense recognized in the Statement of profit and loss		
Balance sheet		
Benefit (assets)/ liability		
Present value of obligation	796,979	219,166
Fair value of plan assets	-	-
Movement in benefit liability		
Opening defined benefit obligation	219,166	-
Interest cost	16,437	-
Current service cost	522,895	219,166
Benefit paid	-	-
Actuarial loss on obligation	38,481	-
Closing defined benefit obligation	796,979	219,166

a) Economic assumptions:

The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yield available on the Government bonds at the reporting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long-term basis.

DESCRIPTION	31 MARCH 2020	31 MARCH 2019
Discount rate	6.70%	7.50%
Future salary increase	10.00%	10.00%
Expected average working lives of the employees (years)	34.67	33.96

b) Demographic assumptions:

DESCRIPTION	31 MARCH 2020	31 MARCH 2019
Retirement age	60	60
Mortality table	ALM (2012-14)	IALM (2006-08)
Withdrawal rate		
All ages	20%	20%



ii) Defined Contribution Plan

The contribution made to various statutory funds is recognized as expense and included in Note 22 'Employee benefits expense' under "Contribution to provident and other funds" in the Statement of Profit and Loss. The total contribution made towards provident fund and other funds for year ended 31 March 2020 is ₹ 5,625,301 (Previous year ₹ 1,466,113)

28. Employee benefit plan

Employee Stock Option Plan - ESOP 2019:

Pursuant to a resolution passed by the members holding equity shares vide Extra Ordinary General Meeting held on 30 October 2019, the Company introduced the Employee Stock Option Plan ("ESOP") pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder and pursuant to the provisions contained in the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines ("the Guidelines"). Under this scheme, the total pool of options, which can be granted to eligible employees of the Company, not exceeding 425,082 (Four Lakh twenty-five thousand and eighty-two) equity shares (Number of ESOP Options in aggregate). During the current year, the Company has granted 82,917 number of options to the eligible employees of the Company.

There shall be a minimum period of one year between the grant of Options and vesting of option or as decided by the Board. Subject to Participant's continuing the employment with the Company, all the Options granted to an employee shall vest in him or her as under:

- a 25 % of total options granted to an employee shall vest at the expiry of one year from the date of grant of options.
- b 25 % of total options granted to an employee shall vest at the expiry of two years from the date of grant of options.
- c 25 % of total options granted to an employee shall vest at the expiry of three years from the date of grant of options.
- d 25 % of total options granted to an employee shall vest at the expiry of four years from the date of grant of options, provided that the grant date may be different for different category of employees.

Employee stock option schemes:

Details of grant and exercise of such options are as follows:

DESCRIPTION	GRANT – 1 OF ESOP 2019
Number of options granted	82,917
Date of grant of options	5 November 2019
Number of employee to whom such options were granted	19
Number of employees who have exercised the option	NIL
Number of options exercised	NIL
Date of Board approval	30 September 2019
Vesting period	5 November 2020
Exercise period	5 November 2020 to 4 November 2022
Exercise Price	₹ 33.83
Option Life	4 years
Fair Value of the option	₹ 33.81
Risk free interest rate	7.71%



SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

The details of ESOP 2019 are summarized below:

PARTICULARS	AS AT 31 MARCH 2020		AS AT 31 MARCH 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding options at the beginning of the year	-	-	-	-
Granted during the year	82,917	33.83	-	-
Forfeited during the year	3,000	33.83	-	-
Exercised during the year	-	-	-	-
Number of shares arising as a result of exercise of options	-	-	-	-
Expired/ lapsed during the year	-	-	-	-
Outstanding options at the end of the year	79,917	33.83	-	-
Exercisable at the end of the year	-	-	-	-

Principal assumption

i) The value of benefit for the purpose of calculating the amount of tax or for such other purpose as may be necessary shall be the fair market value of the shares in the Company as determined by a Category I Merchant Banker registered with the Securities and Exchange Board of India, on the Specified date.

ii) Discounted Cash Flow method is used to calculate the fair market value of the ESOP of the Company.

29. Borrowings

Terms and conditions of borrowing as at 31 March 2020 are as below

A. SECURED TERM LOAN (TL) FROM BANKS #						
NATURE OF FACILITY	AMOUNT OUTSTANDING AS ON 31 MARCH 2020		AMOUNT OUTSTANDING AS ON 31 MARCH 2019		INTEREST RATE	TERMS OF REPAYMENT
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT		
TL 1	8,928,574	-	-	-	15.50%	5 Monthly Instalments
Total (A)	8,928,574					
B. Secured term loan (TL) from financial institutions #						
TL 1	7,500,000	-	10,000,000	7,500,000	15.50%	9 monthly instalments
TL 2	1,875,000	-	2,500,000	1,875,000	15.50%	9 monthly instalments
TL 3	4,166,667	-	5,000,000	4,166,667	15.50%	10 monthly instalments
TL 4	6,250,000	1,250,000	7,500,000	7,500,000	15.50%	12 monthly instalments



SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

B. Secured term loan (TL) from financial institutions #

TL 5	12,500,000	12,500,000	-	-	15.25%	20 monthly instalments
TL 6	8,333,333	9,166,667	-	-	15.25%	21 monthly instalments
TL 7	11,458,338	13,750,000	-	-	15.25%	22 monthly instalments
TL 8	17,039,035	9,361,212	-	-	15.25%	15 equated monthly instalments
TL 9	19,496,844	26,890,629	-	-	15.25%	22 equated monthly instalments
TL 10	25,902,674	7,162,824	-	-	15.75%	15 equated monthly instalments
TL 11	7,500,005	-	10,000,000	7,500,005	15.75%	9 monthly installments
TL 12	11,250,000	-	15,000,000	11,250,000	15.75%	9 monthly instalments
TL 13	10,416,670	2,083,326	12,500,004	12,499,996	15.25%	12 monthly instalments
TL 14	10,416,670	2,083,326	12,500,004	12,499,996	15.25%	12 monthly instalments
TL 15	10,416,670	3,124,993	-	-	15.25%	13 monthly instalments
TL 16	10,416,670	3,124,993	-	-	15.25%	13 monthly instalments
TL 17	10,416,670	9,374,995	-	-	15.00%	19 monthly Instalments
TL 18	10,416,670	10,416,662	-	-	15.00%	20 monthly Instalments
TL 19	22,014,484	4,841,536	23,244,356	26,755,641	15.85%	12 equated monthly Instalments
TL 20	12,921,734	4,767,948	12,374,962	17,625,038	15.85%	13 equated monthly instalments
TL 21	8,625,431	3,091,630	8,325,816	11,674,184	15.85%	13 equated monthly instalments
TL 22	11,963,766	13,715,027	-	-	15.85%	20 equated monthly instalments
TL 23	7,975,844	9,143,351	-	-	15.85%	20 equated monthly instalments
TL 24	11,650,623	16,262,781	-	-	15.85%	22 equated monthly instalments
TL 25	7,767,082	10,841,854	-	-	15.85%	22 equated monthly instalments

SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

B. Secured term loan (TL) from financial institutions #

TL 26	11,701,570	16,106,267	-	-	15.10%	22 equated monthly instalments
TL 27	11,701,570	16,106,267	-	-	15.10%	22 equated monthly instalments
TL 28	11,696,592	16,148,333	-	-	15.10%	22 equated monthly instalments
TL 29	11,696,592	16,148,333	-	-	15.10%	22 equated monthly instalments
TL 30	11,547,353	17,418,620	-	-	15.10%	23 equated monthly instalments
TL 31	11,547,353	17,418,620	-	-	15.10%	23 equated monthly instalments
TL 32	11,409,741	18,590,259	-	-	15.10%	24 equated monthly instalments
TL 33	11,409,741	18,590,259	-	-	15.10%	24 equated monthly instalments
TL 34	11,409,741	18,590,259	-	-	15.10%	24 equated monthly instalments
TL 35	8,322,418	-	11,677,582	8,322,418	15.25%	8 equated monthly instalments
TL 36	19,865,823	8,816,092	-	-	15.25%	15 equated monthly instalments
TL 37	22,162,091	4,789,870	20,986,652	29,013,348	15.75%	12 equated monthly instalments
TL 38	22,595,106	-	23,678,097	22,595,106	15.50%	10 equated monthly instalments
TL 39	22,427,139	2,367,617	23,363,538	24,794,756	15.50%	11 equated monthly instalments
TL 40	37,969,221	62,030,779	-	-	15.50%	24 equated monthly instalments
TL 41	13,888,888	-	-	-	15.75%	10 equated monthly instalments
TL 42	15,460,069	3,984,375	-	-	15.75%	14 equated monthly instalments



SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

B. Secured term loan (TL) from financial institutions #						
TL 43	39,215,680	27,450,984	-	-	15.05%	17 monthly instalments
TL 44	21,376,496	14,040,171	-	-	15.50%	17 monthly instalments
TL 45	21,376,496	18,206,837	-	-	15.50%	19 monthly instalments
TL 46	9,939,015	9,224,038	-	-	15.25%	19 equated monthly instalments
TL 47	19,225,921	12,262,861	-	-	14.25%	17 equated monthly instalments
TL 48	11,548,079	13,451,923	-	-	15.25%	24 monthly instalments
TL 49	20,833,334	25,000,000	-	-	14.75%	22 monthly instalments
TL 50	20,833,334	25,000,000	-	-	14.75%	22 monthly instalments
Total (B)	709,850,243	554,696,518	198,651,011	205,572,155		
C. Non-Convertible Debenture						
NCD-1A	-	15,000,000	-	-	14.50%	1 st Year - 30% 2 nd Year -30% 3 rd Year - 40% (last repayment on 10 February 2023)
NCD-1B	-	15,000,000	-	-	14.50%	1 st Year - 30% 2 nd Year - 30% 3 rd Year - 40% (last repayment on 10 February 2023)
NCD-1C	-	20,000,000	-	-	14.50%	1 st Year - 30% 2 nd Year - 30% 3 rd Year - 40% (last repayment on 10 February 2023)
Total (c)		50,000,000				
Total (A+B+C)	718,778,817	604,696,518	198,651,011	205,572,155		

All term loans were secured by way of exclusive charge on the standard asset portfolio receivables pertaining to micro credit loans and cash collateral as per the respective agreements.

SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

30. Ratings assigned by credit rating agencies

PARTICULARS	31 MARCH 2020	31 MARCH 2019
(a) Micro Finance Institution Grading	Not Graded	Not Graded
(b) Long Term Bank Loans	"IND BBB-" / STABLE	Not applicable

Business Segment

The Company operated in a single reportable segment i.e. micro financing activities exclusively to rural women living below poverty line identified and organized in Joint Liability Group (JLG) which have similar risk and returns. Accordingly, there is no reportable segment to be disclosed as required by Accounting Standard 17 "Segment Reporting".

Geographical Segment

The significant operations of the Company are within India and therefore there is no separate geographical segment which needs to be disclosed as required by Accounting Standard 17 "Segment Reporting"

32. Related party disclosure

A. List of related parties:

Key Managerial Personnel

Abhisheka Kumar : Managing Director
Malkit Singh Didyala : Whole Time Director
Pankaj Kumar Sinha : Company Secretary

Entity which have control or significant influence

Carpediem Capital Partners Fund I

B. Transactions with related parties:

NAME OF RELATED PARTY	NATURE OF TRANSACTION	FOR THE YEAR ENDED MARCH 31, 2020	FOR THE YEAR ENDED MARCH 31, 2019
Abhisheka Kumar	Issue of equity shares	15,223,500	4,000,000
	Remuneration	3,459,252	2,767,400
	Provident fund and others	207,552	166,044
Malkit Singh Didyala	Issue of equity shares	15,223,500	1,000,000
	Remuneration	3,459,252	2,767,400
	Provident fund and others	207,552	166,044
Pankaj Kumar Sinha	Remuneration	569,220	252,990
	Provident fund and others	27,324	12,144
Carpediem Capital Partners Fund I	Issue of compulsorily convertible debentures	-	59,996,625
	Issue of equity shares	189,999,970	-
	Conversion of compulsorily convertible debentures	59,996,625	-



SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

33. Disclosure in respect Company's operating lease arrangements entered into by the company, under Accounting Standard (AS-19) "Leases" issued by the Institute of Chartered Accountants of India

The year-wise breakup of future minimum lease payments in respect of leased premises is as under:

PREMISES TAKEN ON LEASE	31 MARCH 2020	31 MARCH 2019
Operating lease payments recognized during the year	6,667,090	3,003,274
Not later than 1 year	1,594,933	-
Later than 1 year but not later than 5 years	5,279,428	-
Later than 5 years	-	-

34. Earnings per share:

In accordance with Accounting Standard 20, Earnings Per Share as notified by the Companies (Accounting Standards) Rules, 2014:

PARTICULARS	FOR YEAR ENDED MARCH 31, 2020	FOR YEAR ENDED MARCH 31, 2019
Net profit after tax available for appropriation (₹)	21,768,988	(26,999,845)
Weighted average number of equity shares – Basic EPS	12,708,393	6,901,706
Basic and diluted earnings per share (₹)	1.71	(3.91)

35. Capital commitment:

Estimated amount of contract remaining to be executed on capital account and not provided for is ₹ Nil.

36. Provision for outstanding loan portfolio

(a) Provision for outstanding own loan portfolio

ASSET CLASSIFICATION	AS AT 31 MARCH 2020		AS AT 31 MARCH 2019	
	Loan portfolio	Provision	Loan portfolio	Provision
Standard portfolio	1,437,167,248	14,406,803	276,145,187	2,761,452
Sub Standard portfolio	337,761	168,880	-	-
Doubtful portfolio	357,703	357,703	-	-
Loss portfolio	-	-	-	-
Total	1,437,862,712	14,933,386	276,145,187	2,761,452

(b) Provision for outstanding managed loan portfolio

ASSET CLASSIFICATION	AS AT 31 MARCH 2020		AS AT 31 MARCH 2019	
	Loan portfolio	Provision	Loan portfolio	Provision
Standard portfolio	317,264,592	-	337,791,470	-
Sub Standard portfolio	320,943	160,472	-	-
Doubtful portfolio	260,722	260,722	-	-
Loss portfolio	-	-	-	-
Total	317,846,257	421,194	337,791,470	-

SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

The movement in provision during the year is explained below:

Own Portfolio

PARTICULARS	FOR THE YEAR ENDED 31 MARCH 2020			FOR THE YEAR ENDED 31 MARCH 2019		
	Standard portfolio	Substandard & Doubtful portfolio	Total	Standard portfolio	Substandard & Doubtful portfolio	Total
Opening balance	2,761,452	-	2,761,452	-	-	-
Additions/ reversals, net	11,645,351	526,583	12,171,934	2,761,452	-	2,761,452
Closing balance	14,406,803	526,583	14,933,386	2,761,452	-	2,761,452

Managed Portfolio

PARTICULARS	FOR THE YEAR ENDED 31 MARCH 2020			FOR THE YEAR ENDED 31 MARCH 2019		
	Standard portfolio	Substandard & Doubtful portfolio	Total	Standard portfolio	Substandard & Doubtful portfolio	Total
Opening balance	-	-	-	-	-	-
Additions/ reversals, net	-	421,194	421,194	-	-	-
Closing balance	-	421,194	421,194	-	-	-

37. Disclosures pertaining to Securitization

The Company has not entered into any Securitization transactions during the year ended 31 March 2020 (Previous year: Nil)

38. Contingent liabilities

The Company has entered into an arrangement with MAS Financial Services Limited towards rendering of financial services and accordingly has given guarantees towards loans referred by the Company. Total guarantee given amounting to ₹ 238,384,693 (Previous Year: ₹ 253,343,602) towards the loans given based on the Company's reference and outstanding as at 31 March 2020 amounting to ₹ 317,846,257 (Previous Year: ₹ 337,791,470). The guarantee is provided by way of corporate guarantee and cash collateral.

During the year ended 31 March 2020, the equity shares issued to promoters were partially in the form of consideration other than cash. The filings made by the Company in this regard to Registrar of Companies ("ROC") did not include the fact that the issue is partially in the nature of consideration other than cash. The Company is in the process of making explanatory filings to state the fact as mentioned above. Basis legal opinion obtained by the Company, the Company believes no additional liability is likely to be devolve on the Company.

39. Auditors remuneration (excluding Goods and Service Tax)

PARTICULARS	FOR YEAR ENDED MARCH 31, 2020	FOR YEAR ENDED MARCH 31, 2019
Payment to Auditor as an auditor	1,100,000	200,000
for other services	-	-
for reimbursement of expenses	23,381	-
Total	1,123,381	200,000



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40. Amounts payable to Micro and Small enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2020 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act

PARTICULARS	FOR YEAR ENDED MARCH 31, 2020	FOR YEAR ENDED MARCH 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	-	-
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this act.	-	-
The amount of interest accrued and remaining unpaid at the end of the year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprise.	-	-

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

a) Capital to Risk Asset Ratio (CRAR)

PARTICULARS	AS AT 31 MARCH 2020	AS AT 31 MARCH 2019
i) CRAR %	18.89%	23.58%
ii) CRAR – Tier I Capital (%)	18.10%	12.72%
iii) CRAR – Tier II Capital (%)	0.79%	10.86%

b) The Company has no direct exposure to real estate sector:

PARTICULARS	AS AT 31 MARCH 2020	AS AT 31 MARCH 2019
Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-



c) Maturity pattern of certain items of assets and liabilities:

(Amount in ₹ lakh)

PARTICULARS (2019-20)	1 DAY TO 7 DAYS	8 DAY TO 14 DAYS	15 DAY TO 30/31 DAYS	OVER 1 MONTH TO 2 MONTHS	OVER 2 MONTHS TO 3 MONTHS	OVER 3 MONTHS TO 6 MONTHS	OVER 6 MONTHS TO 1 YEAR	OVER 1 YEAR TO 3 YEARS	OVER 3 YEARS TO 5 YEARS	OVER 5 YEARS
Borrowings	36.25	28.91	-	-	701.76	2,167.39	4,253.47	6,046.97	-	-
Advances	-	-	-	267.95	1080.19	3333.77	5541.35	4155.37	-	-
Investments	-	-	-	-	-	-	-	-	-	-

(Amount in ₹ lakh)

PARTICULARS (2018-19)	1 DAY TO 7 DAYS	8 DAY TO 14 DAYS	15 DAY TO 30/31 DAYS	OVER 1 MONTH TO 2 MONTHS	OVER 2 MONTHS TO 3 MONTHS	OVER 3 MONTHS TO 6 MONTHS	OVER 6 MONTHS TO 1 YEAR	OVER 1 YEAR TO 3 YEARS	OVER 3 YEARS TO 5 YEARS	OVER 5 YEARS
Borrowings	19.28	12.50	86.29	160.53	164.62	501.55	1,241.98	2,055.72	599.97	-
Advances	32.16	33.74	87.70	168.40	150.60	520.20	1,118.70	649.95	-	-
Investments	190.00	-	-	-	-	-	-	-	-	-

d) Provision and contingenc

PARTICULARS	FOR YEAR ENDED MARCH 31, 2020	FOR YEAR ENDED MARCH 31, 2019
Provisions for depreciation on Investment	-	-
Provision towards NPA (owned assets)	526,583	-
Provision towards NPA (managed assets)	421,194	-
Provision made towards Income tax	3,990,756	-
Provision for Standard Assets	11,645,351	2,761,452



SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

e) Draw down from Reserves

There has been no draw down from reserves during the year ended 31 March 2020 (previous year: Nil).

f) Concentration of Advances, Exposures and NPAs

PARTICULARS	AS AT 31 MARCH 2020	AS AT 31 MARCH 2019
Concentration of Advances		
Total advances to twenty largest borrowers	800,000	600,000
(%)of advances to twenty largest borrowers to total advances	0.06%	0.21%
Concentration of Exposures		
Total exposure to twenty largest borrowers/customers	800,000	600,000
(%)of exposure to twenty largest borrowers/customers to total exposure	0.06%	0.21%
Concentration of NPAs		
Total exposure to top four NPA accounts	98,165	-

g) Sector wise Non-Performing Assets (NPA)

SECTOR	AMOUNT OF NPAS IN THAT SECTOR	
	AS AT 31 MARCH 2020	AS AT 31 MARCH 2019
Agriculture & allied activities	671,809	-
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Trade	23,654	-
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-

h) Movement in Non-Performing Asset (NPA)

PARTICULARS	FOR YEAR ENDED 31 MARCH 2020	FOR YEAR ENDED 31 MARCH 2019
i) Net NPA to net advances percentage	0.01%	-
ii) Movement of NPAs (Gross)		
a) Opening balance	-	-
b) Additions during the year 695,464	695,464	-
c) Reduction during the year	-	-
d) Closing balance	695,464	-
iii) Movement of net NPAs		
a) Opening balance	-	-
b) Additions during the year 168,881	168,881	-
c) Reduction during the year	-	-
d) Closing balance	168,881	-



SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

PARTICULARS	FOR YEAR ENDED 31 MARCH 2020	FOR YEAR ENDED 31 MARCH 2019
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	-	-
b) Provisions made during the year 526,583	526,583	-
c) Write off/ write back of excess provisions	-	-
d) Closing balance	526,583	-

l) Movement in Non-Performing Asset (NPA)

PARTICULARS	NUMBER OF COMPLAINTS	
	FOR YEAR ENDED 31 MARCH 2020	FOR YEAR ENDED 31 MARCH 2019
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	130	19
No. of complaints redressed during the year	130	19
No. of complaints pending at the end of the year	-	-

j) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC:

The Company has not exceeded the prudential exposure limits during the financial year ended 31 March 2020 and 31 March 2019

k) Registration obtained from other financial sector regulators

SR. NO	REGULATOR	REGISTRATION NO.	DATE OF REGISTRATION
1	Ministry of Corporate Affairs	U65990UP2017PTC099006	01 December 2017
2	Reserve Bank of India	N-12.00469	11 September 2018

l) Details of penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and other regulators on the Company during the financial year ended 31 March 2020 (Previous year: Nil)

m) Unsecured Advances

The Company has not given any unsecured advances against intangible securities such as charge over the rights, licenses, authority, etc. during the financial year ended 31 March 2020. (Previous year: Nil)

n) Details of non-performing financial assets purchased / sold

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

SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

o) Schedule to the Balance Sheet as required in in terms of paragraph 19 of Master Direction – Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016

PARTICULARS	AS AT 31 MARCH 2020		AS AT 31 MARCH 2019	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
Liabilities side				
1) Loans and advance availed by the non- banking financial company inclusive of interest accrued thereon but not paid:				
(a) Debentures: Secured	-	-	-	-
Unsecured	50,000,000	-	-	-
(other than falling within the meaning of public deposits*)	-	-	-	-
(b) Deferred credit	-	-	-	-
(c) Term Loans	1,279,539,269	-	406,040,923	-
(d) Inter-Corporate loans & borrowings	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits*	-	-	-	-
(g) Other Loans:	-	-	-	-
a) 12%Cumulative compulsorily convertible debentures	-	-	60,055,775	-
b) Overdraft facility from bank	-	-	20,025,236	-

***Please see Note 1 below**

2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :

(a) In the form of Unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of Security	-	-	-	-
(c) Other public deposits	-	-	-	-

***Please see Note 1 below**



SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

	Amount outstanding	Amount outstanding
Assets side	AS AT 31 MARCH 2020	AS AT 31 MARCH 2019
3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
(a) Secured	-	-
(b) Unsecured	1,437,862,712	276,145,187
4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	-	-
(a) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
(iii) Other loans counting towards asset financing activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
5) Break -up of Investments		
Current Investments		
(1) Quoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debenture and Bonds		
(iii) Units of Mutual Fund	-	19,000,000
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

	Amount outstanding	
Assets side	AS AT 31 MARCH 2020	AS AT 31 MARCH 2019
(2) Unquoted		
(I) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debenture and Bonds	-	-
(iii) Units of Mutual Fund	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
Long term Investment		
(1) Quoted		
(I) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debenture and Bonds	-	-
(iii) Units of Mutual Fund	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
(2) Unquoted		
(I) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debenture and Bonds	-	-
(iii) Units of Mutual Fund	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

6) Borrower group-wise classification of assets financed as in (3) and (4) above:

Please see Note 2 below

Category	Amount outstanding			
	AS AT 31 MARCH 2020		AS AT 31 MARCH 2019	
	Secured	Unsecured	Secured	Unsecured
(1) Related parties **	-	-	-	-
Subsidiaries	-	-	-	-
(a) Companies in the same group	-	-	-	-
(b) Other related parties	-	-	-	-
(2) Other than related parties	-	1,422,929,326	-	273,383,735
Total	-	-	-	-



SINDHUJA MICROCREDIT PRIVATE LIMITED (FORMERLY SINDHUJA FINTECH PRIVATE LIMITED)

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Please see note 3 below

Category	AS AT 31 MARCH 2020		AS AT 31 MARCH 2019	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
(1) Related Parties**				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
(2) Other than related parties	-	-	19,031,803	19,000,000
Total	-	-	-	-

** As per Accounting Standard of ICAI (Please see Note 3)

8) Other Information

Please see note 3 below

Category	AS AT 31 MARCH 2020	AS AT 31 MARCH 2019
	Amount	Amount
(I) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	695,463	-
(ii) Net Non -performing Assets		
(a) Related parties	-	-
(b) Other than related parties	168,880	-
(iii) Assets acquired in satisfaction of debts		
Notes:	-	-

1) As defined in point xxv of paragraph 3 of Chapter -II of these Directions.

(2) Provisioning norms shall be applicable as prescribed in these Directions.

(3) All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above. classified as long term or current in (5) above.

42. Public disclosure on liquidity risk

1) Funding Concentration based on significant counterparty (both deposits and borrowings)

SR NO.	AS AT 31 MARCH 2020				AS AT 31 MARCH 2019			
	Number of Significant Counter parties	Amount (In ₹)	% Total Deposit	% Total Liabilities	Number of Significant Counter parties	Amount (In ₹)	% Total Deposit	% Total Liabilities
A	2	607,945,549	-	34.73%	4	348,178,096	-	58.81%

2) Top 20 large deposits:

There are no deposits taken by the Company during the year. (31 March 19: Nil)

3) Top 10 borrowings:

₹ 1,186,942,965 constitutes 89.68% of total borrowings (31 March 2019 ₹ 484,245,002 constitutes 100.00 % of total borrowings)

4) Funding Concentration based on significant instrument/product

SR NO.	NAME OF INSTRUMENT	AS AT 31 MARCH 2020		AS AT 31 MARCH 2019	
		Amount (In ₹)	% of total liabilities	Amount (In ₹)	% of total liabilities
1	Term loan	1,273,475,335	72.74%	404,223,166	68.28%
2	Non-convertible debentures	50,000,000	2.86%	-	-
3	Cash credit / Bank overdraft	-	-	2,00,25,236	3.38%
4	Compulsorily convertible debentures	-	-	5,99,96,600	10.13%

5) Stock Ratios:

(a) Commercial papers as a % of total public funds, total liabilities and total assets - Nil (31 March 2019: Nil)

(b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets - Nil (31 March 2019: Nil)

(c) Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets - Nil (31 March 2019: Nil)

6) Institutional set-up for liquidity risk management

The company has constituted an asset liability committee for overseeing and ensuring adherence to the limits set by the Board as well as for deciding business strategy of the NBFC (on the assets and liability sides) in line with the NBFC's budget and decided risk management objectives. The scope of ALM function can be described as follows:

- Liquidity risk management
- Management of market risks
- Funding and capital planning
- Profit planning and growth projection
- Forecasting and analysing 'What if scenario' and preparation of contingency plans



43. . Impact of COVID-19 outbreak

The outbreak of COVID-19 pandemic has impeded the economic activities globally and, as a result, could impact the operations and financial statements of the Company. On 11 March 2020, the COVID19 outbreaks declared as a global pandemic by the World Health Organization. On 24 March 2020 the Indian Government had announced a strict 21 days lockdown which was extended till 31 May 2020 with guidelines on relaxations and restrictions. However, the lockdown is being lifted from areas that are not under containment, but the severity of the pandemic still persists and so does the uncertainty around it. The impact of the ongoing pandemic on the Company's operations, with respect to future disbursements, collections, etc., and financial standpoint will depend on future developments which involves a high degree of incertitude, inter alia, severity of the COVID-19 pandemic

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package, the Company had granted a moratorium of three months on payments of instalments and/or interest falling due between 23 March 2020 and 31 May 2020 to all eligible borrowers. For such accounts where the moratorium was granted, the asset /stage-wise classification shall remain sacrosanct during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification).

Management has evaluated the recoverability and realisability of the receivables based on subsequent realisations and disbursements, and recognised additional provision on loan assets as at 31 March 2020, based on the information available at this point of time. The Company has sufficient liquid funds and has received moratorium from certain lenders on payment of instalments which is adequate for the Company to be able to sustain in the foreseeable future. The Company believes that it has considered all the possible impact of the known events arising out of COVID 19 pandemic in the preparation of financial statements. However, the impact assessment of COVID-19 is an ongoing process and the Company will continue to monitor any material changes in the future conditions.

44. Foreign currency exposure and Derivative instruments

There are no outstanding derivative contract and foreign currency exposure as at current and previous year balance sheet date.

45. The figures of the previous year have been regrouped / reclassified wherever necessary to make them comparable with the figures of the current year.

For Walker Chandiok & Co LLP

Chartered Accountants
Firm's Registration No.: 001076N/N500013

Vikram Dhanania

Partner
Membership No.: 060568
UDIN: 20060568AAAABI4861

Place: Kolkata
Date: 3 July 2020

For and on behalf of Board of Directors

Abhisheka Kumar

Managing Director
DIN: 02972579

Malkit Singh Didyala

Wholetime Director
DIN: 07957488

Pankaj Kumar Sinha

Company Secretary
Member no. 021971

Place: Noida
Date: 3 July 2020

Registered and Corporate Office



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