

# Walker Chandiook & Co LLP

Walker Chandiook & Co LLP  
(Formerly Walker, Chandiook & Co)  
10 C Hungerford Street  
5th Floor, Kolkata 700017  
India

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## Independent Auditor's Report

To the Members of Sindhuja Microcredit Private Limited  
(formerly Sindhuja Fintech Private Limited)

## Report on the Audit of the Financial Statements

### 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.



# Walker Chandiook & Co LLP

**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**

## **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). 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





## 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

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
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;

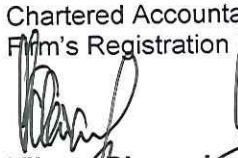


# Walker Chandio & Co LLP

## 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

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

  
**Vikram Dhanania**  
Partner  
Membership No.: 060568  
UDIN: 20060568AAAAABI4861

**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 sub-section (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.
- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank 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.




# Walker Chandiok & Co LLP

## 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

- (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.

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 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.

**Meaning of Internal Financial Controls with Reference to Financial Statements**

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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



# Walker Chandiok & Co LLP

## 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

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.

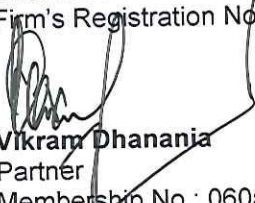
### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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)*

	Notes	As at 31 March 2020	As at 31 March 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4	156,781,900	73,884,000
Reserves and surplus	5	209,252,611	3,822,216
		<u>366,034,511</u>	<u>77,706,216</u>
<b>Non-current liabilities</b>			
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
		<u>610,472,863</u>	<u>266,693,307</u>
<b>Current liabilities</b>			
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
		<u>774,178,400</u>	<u>247,651,066</u>
<b>Total</b>		<u><u>1,750,685,774</u></u>	<u><u>592,050,589</u></u>
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment			5,265,764
Tangible assets	12	12,400,878	-
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
		<u>557,317,435</u>	<u>85,356,970</u>
<b>Current assets</b>			
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
		<u>1,193,368,339</u>	<u>506,693,620</u>
<b>Total</b>		<u><u>1,750,685,774</u></u>	<u><u>592,050,589</u></u>

The accompanying notes form an integral part of these financial statements  
This is the Balance Sheet referred to in our report of even date

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013  
  
**Vikram Dhanania**  
Partner  
Membership No.: 060568



Place: Kolkata  
Date: 3 July 2020

For and on behalf of Board of Directors

*Abhisheka Kumar* *Malkit Singh* *Didyala*

**Abhisheka Kumar**  
Managing Director  
DIN : 02972579

**Malkit Singh Didyala**  
Whole Time Director  
DIN : 07957488

  
**Pankaj Kumar Sinha**  
Company Secretary  
Memb. 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)*

	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations	20	251,963,476	33,030,769
Other income	21	988,272	1,086,954
<b>Total revenue</b>		<b>252,951,748</b>	<b>34,117,723</b>
<b>Expenses</b>			
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
<b>Total expenses</b>		<b>238,102,292</b>	<b>61,117,568</b>
<b>Profit/(loss) before prior period items</b>		<b>14,849,456</b>	<b>(26,999,845)</b>
Prior period item	26	7,837,086	-
<b>Profit/(loss) before tax</b>		<b>22,686,542</b>	<b>(26,999,845)</b>
<b>Tax expenses:</b>			
Current tax		3,990,756	-
Deferred tax credit		(3,073,202)	-
<b>Profit/(Loss) for the year</b>		<b>21,768,988</b>	<b>(26,999,845)</b>
<b>Earnings/(loss) per equity share</b>	34		
Basic and diluted earnings/(loss) per share		1.71	(3.91)
[Nominal value per share ₹10 (previous year: ₹10)]			

The accompanying notes form an integral part of these financial statements  
This is the Statement of Profit and Loss referred to in our report of even date.

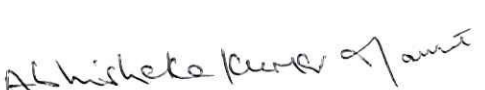

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013

  
**Vikram Dhanania**  
Partner  
Membership No.: 060568



Place: Kolkata  
Date: 3 July 2020

For and on behalf of Board of Directors

**Abhisheka Kumar**  
Managing Director  
DIN : 02972579

**Malkit Singh Didyala**  
Whole Time Director  
DIN : 07957488

  
**Pankaj Kumar Sinha**  
Company Secretary  
Memb. 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)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A Cash flows from operating activities</b>		
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	-
<b>Operating profit/(loss) before working capital changes</b>	<b>41,695,657</b>	<b>(22,941,709)</b>
<b>Movement in working capital</b>		
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
<b>Cash flows used in operating activities</b>	<b>(1,168,596,089)</b>	<b>(293,155,401)</b>
Income taxes paid (including tax deducted at source)	(5,643,207)	(534,370)
<b>Net cash used in operating activities (A)</b>	<b>(1,174,239,296)</b>	<b>(293,689,772)</b>
<b>B Cash flows from investing activities</b>		
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	-
<b>Net cash generated from/(used in) investing activities (B)</b>	<b>9,483,297</b>	<b>(24,905,886)</b>
<b>C Cash flow from financing activities</b>		
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)
<b>Net cash generated from financing activities (C)</b>	<b>1,075,243,580</b>	<b>503,457,661</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>(89,512,418)</b>	<b>184,862,003</b>
Cash and cash equivalents at the beginning of the year	216,120,309	31,258,306
<b>Cash and cash equivalents at the end of the year</b>	<b>126,607,891</b>	<b>216,120,309</b>
<b>Note:</b>		
Cash and cash equivalent comprise of following (refer note 17)		
<b>Cash and cash equivalents</b>		
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
<b>Other bank balances</b>		
Fixed deposits with remaining maturity for more than 3 months but less than 12 months	-	-
	<b>126,607,891</b>	<b>216,120,309</b>

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

For Walker Chandio & Co LLP  
Chartered Accountants  
Firm Registration No. 001076N/N500013

Vikram Dhanania  
Partner  
Membership No.: 060568



Place: Kolkata  
Date: 3 July 2020

For and on behalf of Board of Directors

Abhisheka Kumar  
Managing Director  
DIN: 02972579

Malkit Singh Didyala  
Whole Time Director  
DIN: 07957488

Pankaj  
Pankaj Kumar Sinha  
Company Secretary  
Memb. No.: 021971

Place: Noida  
Date: 3 July 2020



**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)**

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**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 non-deposit accepting Non-Banking Financial Company ('NBFC-ND') and is registered as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with the Reserve Bank of India ("RBI") 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').

**2. Significant Accounting Policies**

**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**

- i) **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.





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**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.

**ii) 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.



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**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**

- 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.

**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





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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 upto 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 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.

**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





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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. Deferred tax liabilities are recognised for all timing differences. 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



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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.





	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
<b>4 Share capital</b>				
<b>Authorised share capital</b>				
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	-	-
	<b>22,250,000</b>	<b>222,500,000</b>	<b>16,000,000</b>	<b>160,000,000</b>
<b>Issued, subscribed and paid-up</b>				
Equity Shares of face value of ₹ 10 each fully paid up	15,678,190	156,781,900	7,388,400	73,884,000
	<b>15,678,190</b>	<b>156,781,900</b>	<b>7,388,400</b>	<b>73,884,000</b>

**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
<b>Add: Issued during the year</b>				
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	<b>15,678,190</b>	<b>156,781,900</b>	<b>7,388,400</b>	<b>73,884,000</b>

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
<b>Equity shares</b>				
Mr. Abhisheka Kumar	2,452,600	15.64%	2,002,600	27.10%
Carpedium Capital Partners Fund 1	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%
	<b>11,652,490</b>	<b>74.32%</b>	<b>4,862,700</b>	<b>65.82%</b>

**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.

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**Sindhuja Microcredit Private Limited**  
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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(All amounts in ₹ unless stated otherwise)

		As at 31 March 2020	As at 31 March 2019
<b>5 Reserves and surplus</b>			
<b>Securities premium</b>			
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
<b>Reserve fund [u/s 45(IC) of the Reserve Bank of India Act, 1934 ('RBI')]</b>			
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	-
<b>Surplus/ (deficit) in the statement of Profit and Loss</b>			
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	-
<b>Total Reserves and surplus (A+B+C+D)</b>		<b>209,252,611</b>	<b>3,822,216</b>

\* 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.

**6 Long-term borrowings**

**Unsecured**

**Debentures**

12% Cumulative compulsorily convertible debentures #  
Non convertible debentures\*

- 59,996,600  
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 Long-term provisions**

**Provision for employee benefits**

Provision for gratuity (refer note 27)

Provision for compensated absences

795,173 218,508  
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**  
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**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ unless stated otherwise)

	As at 31 March 2020	As at 31 March 2019
<b>9 Short-term borrowings</b>		
Secured		
Loans repayable on demand		
From banks*	-	20,025,236
	-	20,025,236
<b>10 Other current liabilities</b>		
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
<b>11 Short-term provisions</b>		
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

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**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**  
*(All amounts in ₹ unless stated otherwise)*

**12 Property, plant and equipment**

Particulars	Tangible Assets				Intangible Assets		Grand Total
	Vehicle	Electrical Equipments	Office equipment	Furniture and fittings	Computer equipment	Computer Software	
<b>Gross block</b>							
Balance as at 1 April 2018	-	-	-	-	127,940	-	127,940
Additions during the year	1,299,378	725,640	-	1,166,415	2,714,453	-	5,905,886
<b>Balance as at 31 March 2019</b>	<b>1,299,378</b>	<b>725,640</b>	<b>-</b>	<b>1,166,415</b>	<b>2,842,393</b>	<b>-</b>	<b>6,033,826</b>
Additions during the period	3,551,517	623,323	270,896	1,502,580	3,240,971	343,350	9,532,637
Disposals/adjustments during the period	-	-	-	-	15,934	-	15,934
<b>Balance as at 31 March 2020</b>	<b>4,850,895</b>	<b>1,348,963</b>	<b>270,896</b>	<b>2,668,995</b>	<b>6,067,430</b>	<b>343,350</b>	<b>15,550,529</b>
<b>Accumulated depreciation and amortisation</b>							
Balance as at 1 April 2018	-	-	-	-	8,047	-	8,047
Depreciation for the year	146,724	39,602	-	58,549	515,140	-	760,015
<b>Balance as at 31 March 2019</b>	<b>146,724</b>	<b>39,602</b>	<b>-</b>	<b>58,549</b>	<b>523,187</b>	<b>-</b>	<b>768,062</b>
Depreciation and amortisation for the period	197,359	246,182	24,395	176,535	1,398,088	40,656	2,083,215
Deductions/adjustments during the period	-	-	-	-	4,320	-	4,320
<b>Balance as at 31 March 2020</b>	<b>344,083</b>	<b>285,784</b>	<b>24,395</b>	<b>235,084</b>	<b>1,916,955</b>	<b>40,656</b>	<b>2,846,957</b>
<b>Net block</b>							
Balance as at 31 March 2020	4,506,812	1,063,179	246,501	2,433,911	4,150,475	302,694	12,703,572
Balance as at 31 March 2019	1,152,654	686,038	-	1,107,866	2,319,206	-	5,265,764

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**Sindhuja Microcredit Private Limited**  
**(Formerly Sindhuja Fintech Private Limited)**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

(All amounts in ₹ unless stated otherwise)

	As at 31 March 2020	As at 31 March 2019
<b>13 Deferred tax assets (net)</b>		
<b>Deferred tax assets</b>		
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	-
<b>Deferred tax liability</b>		
Depreciation and amortisation expenses	(135,433)	-
	<u><b>3,073,202</b></u>	<u><b>-</b></u>
<b>14 Long-term loans and advances</b>		
<b>Portfolio loans</b>		
<b>Unsecured, considered good</b>		
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)	<u>415,537,107</u>	<u>64,999,086</u>
<b>Other loans and advances</b>		
Security deposits *	54,302,742	11,315,934
Prepaid expenses	13,404,375	-
	<u><b>483,244,224</b></u>	<u><b>76,315,020</b></u>
* Includes deposits amounting to ₹ 52,585,831 (previous year: ₹ 11,315,934) maintained as collateral against term loans availed and managed portfolio		
<b>15 Other non-current assets</b>		
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
	<u><b>58,296,437</b></u>	<u><b>3,776,186</b></u>
<b>16 Current investments</b>		
<b>Investment in mutual funds</b>		
<b>(Trade, quoted)</b>		
HDFC Liquid mutual funds [Nil (previous year: 5,205 units)]	-	19,000,000
	<u><b>-</b></u>	<u><b>19,000,000</b></u>
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
<b>17 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
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
	<u>126,607,891</u>	<u>216,120,309</u>
<b>Other bank balances</b>		
Deposits with remaining maturity for more than 3 months but less than 12 months	-	50,000,000
	<u><b>126,607,891</b></u>	<u><b>266,120,309</b></u>

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



**Sindhuja Microcredit Private Limited**  
**(Formerly Sindhuja Fintech Private Limited)**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**  
*(All amounts in ₹ unless stated otherwise)*

	As at 31 March 2020	As at 31 March 2019
<b>18 Short-term loans and advances</b>		
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	-
	<b>1,032,033,891</b>	<b>212,701,386</b>
# 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		
<b>19 Other current assets</b>		
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
	<b>34,726,557</b>	<b>8,871,924</b>

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**Sindhuja Microcredit Private Limited**  
**(Formerly Sindhuja Fintech Private Limited)**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**  
*(All amounts in ₹ unless stated otherwise)*

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>20 Revenue from operations</b>		
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
	<b>251,963,476</b>	<b>33,030,769</b>
<b>21 Other income</b>		
Advisory fees	604,148	1,038,344
Miscellaneous income	384,124	48,610
	<b>988,272</b>	<b>1,086,954</b>
<b>22 Employee benefits expense</b>		
Salaries and wages	74,345,463	26,939,053
Contribution to provident and other funds [refer note 27 (ii)]	5,625,301	1,466,113
Expense on Employee Stock Option Scheme (ESOP)	565,712	-
Staff welfare expense	925,552	274,759
	<b>81,462,028</b>	<b>28,679,925</b>
<b>23 Finance costs</b>		
Interest expense	108,672,664	6,033,870
Other borrowing costs	4,734,677	8,194,364
	<b>113,407,341</b>	<b>14,228,234</b>
<b>24 Depreciation and amortisation expenses</b>		
Depreciation on property, plant and equipment	2,042,559	760,015
Amortisation of intangible assets	40,656	-
	<b>2,083,215</b>	<b>760,015</b>
<b>25 Other expenses</b>		
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
Subscription and membership expenses	251,952	101,000
Preliminary expenses	505,575	188,083
Miscellaneous expenses	1,368,156	58,897
	<b>41,149,708</b>	<b>17,449,394</b>
<b>26 Prior period item</b>		
Share issues expenses	7,837,086	-
	<b>7,837,086</b>	<b>-</b>



## 27. Employee benefit plan

### (i) Defined Benefit Plan

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 AS 15 (Revised) "Employee Benefits":

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>Statement of profit and loss</b>		
<b>Net employee benefit expense (recognised in employee cost)</b>		
Current service cost	522,895	219,166
Interest cost	16,437	-
Expected return on plan assets	-	-
Net actuarial loss recognized in the year	38,481	-
Total employer expense recognized in the Statement of profit and loss	577,813	219,166
<b>Balance sheet</b>		
<b>Benefit (assets)/ liability</b>		
Present value of obligation	796,979	219,166
Fair value of plan assets	-	-
Net liability recognized	796,979	219,166
<b>Movement in benefit liability</b>		
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	IALM (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. Share-based employee remuneration

### 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:

- 25 % of total options granted to an employee shall vest at the expiry of one year from the date of grant of options.
- 25 % of total options granted to an employee shall vest at the expiry of two years from the date of grant of options.
- 25 % of total options granted to an employee shall vest at the expiry of three years from the date of grant of options.
- 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;

Particulars	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%

The details of ESOP 2019 are summarized below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	ESOP 2019		ESOP 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

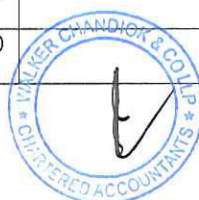
- The value of benefit for the purpose of calculating the amount of tax or for such other purpose as may be necessary shall be the fair market value of the shares in the Company as determined by a Category I Merchant Banker registered with the Securities and Exchange Board of India, on the Specified date.
- 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 Installments
<b>Total (A)</b>	<b>8,928,574</b>					
B. Secured term loan (TL) from financial institutions #						
TL 1	7,500,000	-	10,000,000	7,500,000	15.50%	9 monthly installments
TL 2	1,875,000	-	2,500,000	1,875,000	15.50%	9 monthly installments
TL 3	4,166,667	-	5,000,000	4,166,667	15.50%	10 monthly installments
TL 4	6,250,000	1,250,000	7,500,000	7,500,000	15.50%	12 monthly installments
TL 5	12,500,000	12,500,000	-	-	15.25%	20 monthly installments
TL 6	8,333,333	9,166,667	-	-	15.25%	21 monthly installments
TL 7	11,458,338	13,750,000	-	-	15.25%	22 monthly installments
TL 8	17,039,035	9,361,212	-	-	15.25%	15 equated monthly installments
TL 9	19,496,844	26,890,629	-	-	15.25%	22 equated monthly installments
TL 10	25,902,674	7,162,824	-	-	15.75%	15 equated monthly installments
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 installments
TL 13	10,416,670	2,083,326	12,500,004	12,499,996	15.25%	12 monthly installments
TL 14	10,416,670	2,083,326	12,500,004	12,499,996	15.25%	12 monthly installments
TL 15	10,416,670	3,124,993	-	-	15.25%	13 monthly installments
TL 16	10,416,670	3,124,993	-	-	15.25%	13 monthly installments
TL 17	10,416,670	9,374,995	-	-	15.00%	19 monthly Installments
TL 18	10,416,670	10,416,662	-	-	15.00%	20 monthly Installments
TL 19	22,014,484	4,841,536	23,244,356	26,755,641	15.85%	12 equated monthly Installments
TL 20	12,921,734	4,767,948	12,374,962	17,625,038	15.85%	13 equated monthly installments
TL 21	8,625,431	3,091,630	8,325,816	11,674,184	15.85%	13 equated monthly installments
TL 22	11,963,766	13,715,027	-	-	15.85%	20 equated monthly installments
TL 23	7,975,844	9,143,351	-	-	15.85%	20 equated monthly installments
TL 24	11,650,623	16,262,781	-	-	15.85%	22 equated monthly installments
TL 25	7,767,082	10,841,854	-	-	15.85%	22 equated monthly installments
TL 26	11,701,570	16,106,267	-	-	15.10%	22 equated monthly installments
TL 27	11,701,570	16,106,267	-	-	15.10%	22 equated monthly installments
TL 28	11,696,592	16,148,333	-	-	15.10%	22 equated monthly installments
TL 29	11,696,592	16,148,333	-	-	15.10%	22 equated monthly installments
TL 30	11,547,353	17,418,620	-	-	15.10%	23 equated monthly installments





TL 31	11,547,353	17,418,620	-	-	15.10%	23 equated monthly installments
TL 32	11,409,741	18,590,259	-	-	15.10%	24 equated monthly installments
TL 33	11,409,741	18,590,259	-	-	15.10%	24 equated monthly installments
TL 34	11,409,741	18,590,259	-	-	15.10%	24 equated monthly installments
TL 35	8,322,418	-	11,677,582	8,322,418	15.25%	8 equated monthly installments
TL 36	19,865,823	8,816,092	-	-	15.25%	15 equated monthly installments
TL 37	22,162,091	4,789,870	20,986,652	29,013,348	15.75%	12 equated monthly installments
TL 38	22,595,106	-	23,678,097	22,595,106	15.50%	10 equated monthly installments
TL 39	22,427,139	2,367,617	23,363,538	24,794,756	15.50%	11 equated monthly installments
TL 40	37,969,221	62,030,779	-	-	15.50%	24 equated monthly installments
TL 41	13,888,888	-	-	-	15.75%	10 equated monthly installments
TL 42	15,460,069	3,984,375	-	-	15.75%	14 equated monthly installments
TL 43	39,215,680	27,450,984	-	-	15.05%	17 monthly installments
TL 44	21,376,496	14,040,171	-	-	15.50%	17 monthly installments
TL 45	21,376,496	18,206,837	-	-	15.50%	19 monthly installments
TL 46	9,939,015	9,224,038	-	-	15.25%	19 equated monthly installments
TL 47	19,225,921	12,262,861	-	-	14.25%	17 equated monthly installments
TL 48	11,548,079	13,451,923	-	-	15.25%	24 monthly installments
TL 49	20,833,334	25,000,000	-	-	14.75%	22 monthly installments
TL 50	20,833,334	25,000,000	-	-	14.75%	22 monthly installments
<b>Total (B)</b>	<b>709,850,243</b>	<b>554,696,518</b>	<b>198,651,011</b>	<b>205,572,155</b>		
<b>C. Non-Convertible Debenture</b>						
NCD-1A	-	15,000,000	-	-	14.50%	1 <sup>st</sup> Year - 30% 2 <sup>nd</sup> Year - 30% 3 <sup>rd</sup> Year - 40% (last repayment on 10 February 2023)
NCD-1B	-	15,000,000	-	-	14.50%	1 <sup>st</sup> Year - 30% 2 <sup>nd</sup> Year - 30% 3 <sup>rd</sup> Year - 40% (last repayment on 10 February 2023)
NCD-1C	-	20,000,000	-	-	14.50%	1 <sup>st</sup> Year - 30% 2 <sup>nd</sup> Year - 30% 3 <sup>rd</sup> Year - 40% (last repayment on 10 February 2023)
<b>Total (C)</b>		<b>50,000,000</b>				
<b>Total (A+B+C)</b>	<b>718,778,817</b>	<b>604,696,518</b>	<b>198,651,011</b>	<b>205,572,155</b>		

# 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.



### 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

### 31. Segment reporting

#### 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	-

### 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	-

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	Sub-standard & Doubtful portfolio	Total	Standard portfolio	Sub-standard & 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	Sub-standard & Doubtful portfolio	Total	Standard portfolio	Sub-standard & 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 31 March 2020	For year ended 31 March 2019
Payment to Auditor		
- as an auditor	1,100,000	200,000
- for other services	-	-
- for reimbursement of expenses	23,381	-
<b>Total</b>	<b>1,123,381</b>	<b>200,000</b>

**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 31 March 2020	For year ended 31 March 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
<b>Residential Mortgages</b>		
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 contingency

Particulars	For year ended 31 March 2020	For year ended 31 March 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

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
<b>Concentration of Advances</b>		
Total advances to twenty largest borrowers	800,000	600,000
(%) of advances to twenty largest borrowers to total advances	0.06%	0.21%

g) Sector wise Non-Performing Assets (NPA)

#### h) Movement in Non-Performing Asset (NPA)

i) Disclosure with respect to customer complaints

S. No.	Particulars	Number of complaints	
		For year ended 31 March 2020	For year ended 31 March 2019
i	No. of complaints pending at the beginning of the year	-	-
ii	No. of complaints received during the year	130	19
iii	No. of complaints redressed during the year	130	19
iv	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.

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	
Liabilities side		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(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					
Assets side		Amount outstanding		Amount outstanding	



Sindhuj Microcredit Private Limited (Formerly Sindhuj Fintech Private Limited)  
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020  
(All amounts in ₹, unless stated otherwise)

		As at 31 March 2020	As at 31 March 2020
(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)	-	-
(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 net of provisions	
		As at 31 March 2020	As at 31 March 2019
		Secured	Unsecured
(1)	Related parties **	-	-





	<b>Subsidiaries</b>		-	-	-
	(a) Companies in the same group	-	-	-	-
	(b) Other related parties	-	-	-	-
(2)	Other than related parties	-	1,422,929,326	-	273,383,735
	<b>Total</b>	-	-	-	-
<b>(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b> Please see note 3 below					
<b>Category</b>		<b>As at 31 March 2020</b>		<b>As at 31 March 2019</b>	
		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)
<b>(1) Related Parties**</b>					
(a) Subsidiaries		-	-	-	-
(b) Companies in the same group		-	-	-	-
(c) Other related parties		-	-	-	-
<b>(2) Other than related parties</b>		-	-	19,031,803	19,000,000
<b>Total</b>		-	-	-	-
** As per Accounting Standard of ICAI (Please see Note 3)					
<b>(8) Other Information</b>					
<b>Particulars</b>		<b>As at 31 March 2020</b>		<b>As at 31 March 2019</b>	
		<b>Amount</b>		<b>Amount</b>	
<b>(i) Gross Non-Performing Assets</b>					
(a) Related parties					
(b) Other than related parties		695,463			
<b>(ii) Net Non-performing Assets</b>					
(a) Related parties					
(b) Other than related parties		168,880			
<b>(iii) Assets acquired in satisfaction of debts</b>					
<b>Notes:</b>					
(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.					

#### 42. Public disclosure on liquidity risk

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

##### 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**

S. 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:**

- Commercial papers as a % of total public funds, total liabilities and total assets - Nil (31 March 2019: Nil)
- 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)
- 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 analyzing '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 COVID-19 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 Chandiook & Co LLP  
Chartered Accountants  
Firm Registration No. 001076N/N500013

  
Vikram Dhanania  
Partner  
Membership No.: 060568



Place: Kolkata  
Date: 3 July 2020

For and on behalf of Board of Directors



Abhisheka Kumar  
Managing Director  
DIN: 02972579



Malkit Singh Didyala  
Whole Time Director  
DIN: 07957488

  
Pankaj Kumar Sinha  
Company Secretary  
Member no. 021971



Place: Noida  
Date: 3 July 2020