

**SVATANTRA MICROFIN PRIVATE
LIMITED**

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2018**

Suresh Surana & Associates LLP

13th Floor, Bakhtawar
229, Nariman Point
Mumbai - 400 021, India

T +91 (22) 2287 5770

emails@ss-associates.com www.ss-associates.com

LLP Identity No. AAB-7509

INDEPENDENT AUDITORS' REPORT

To,
The Members of
SVATANTRA MICROFIN PRIVATE LIMITED

Report on the Financial Statements

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

Management's Responsibility for Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 (the "Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of written representations received from the directors as on 31 March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act: and
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report express an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting ; 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, in our opinion and to the best of our information and according to the explanations given to us;

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

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm's Reg. No.: 121750WW-100010


Madhukar Khandekar
PARTNER
Membership No.13912



Place : Mumbai

Date: 22 JUN 2018

ANNEXURE-"A" TO INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) According to information and explanations given to us, the fixed assets have been physically verified by the management according to the regular programme of periodical verification in a phased manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
(c) According to information and explanations given by the management, there are no immovable properties of the Company and accordingly, the requirements under Clause 3 (i)(c) of the Order are not applicable to the Company.
- (ii) Considering the nature of business, the Company does not have any inventory. In view of this, paragraph 3 (ii) of the Order are not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the Paragraph 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) According to information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of provisions of Section 185 and 186 of the Act and accordingly, the requirements under Clause 3 (iv) of the Order are not applicable to the Company.
- (v) The Company has not accepted any deposits during the year from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 and any other relevant provisions of the Act and the rules framed there under apply.
- (vi) In our opinion and according to the information and explanations given to us, the requirement for maintenance of cost records pursuant to the Companies (Cost Records and audit) Rules, 2014 specified by the Central Government of India under Section 148 of the Act are not applicable to the Company for the year under audit.
- (vii) a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, goods and service tax, cess, and any other statutory dues with the appropriate authorities. There are no undisputed amount payable in respect of provident fund, employee state insurance, income tax, service tax, goods and service tax, cess, and any other statutory dues in arrears of outstanding statutory dues as at 31 March 2018 for a period of more than six months from the date they became payable except Labour welfare fund of Rs. 690 which is outstanding on the last day of the financial year for more than six months from the date they became payable. As informed, statutory dues in the nature of sales tax, duty of customs, duty of excise and value added tax are not applicable to the Company.
b) According to information and explanations given to us, there are no dues on account of income tax, service tax, goods and service tax and cess which have not been deposited with the appropriate authorities on account of any dispute.



- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to the banks and financial institutions. The Company does not have any loans from government or by way of debentures.
- (ix) According to the information and explanations given to us, the term loans have been applied for the purposes for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments).
- (x) During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practice in India and according to the information and explanations given to us, we report that no material fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year except for instances of cash embezzlements by certain employees of the Company aggregating to an amount of Rs. 1,157,028 and out of which, an amount of Rs.1,129,368 has been recovered.
- (xi) As the Company is Private Limited Company, provisions of Section 197 read with Schedule V of the Act are not applicable to the Company.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the paragraph 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act 1934, and the registration certificate has been obtained.

FOR SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
Firm's Reg. No: 121750W/W-100010


Madhukar Khandekar
PARTNER
Membership No.13912



Place : Mumbai

Date : 22 JUN 2018

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 2(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

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

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Reg. No.: 121750WAW-100010


Madhukar Khandekar
PARTNER
Membership No. 13912
Place : Mumbai
Date : 22 JUN 2018



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emails@ss-associates.com www.ss-associates.com

LLP Identity No. AAB-7509

Auditors' Additional Report

The Board of Directors
Svatantra Microfin Private Limited
20th Floor, Sunshine Towers,
Senapati Bapat Marg,
Elphinston Road, Mumbai- 400013

We report that the statutory audit of **Svatantra Microfin Private Limited** was conducted by us in pursuance of the provisions of the Companies Act, 2013 and we have annexed hereto a copy of our Audit Report dated 22 June 2018 along with a copy of each of the audited Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on 31 March 2018 and Balance Sheet as at 31 March 2018 along with the documents declared by the relevant Act to be part of, or annexed to, the Statement of Profit and Loss and the Balance Sheet.

In addition to the said Report, as required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 ('The Directions'), issued by the Reserve Bank of India ('RBI') vide notification No. PPD.03/66.15.001/2016-17 dated 29 September 2016 pursuant to the powers conferred in terms of Sub-Section (1A) of Section 45MA of the Reserve Bank of India Act, 1934, on the basis of the books of account and other relevant records examined by us and according to the information and explanations given to us, we report on Paragraphs 3 and 4 of Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 as under:

1. Para 3(A)

- I. The Company is engaged in the business of Non-Banking Financial Company as defined under clause (i) of Section 45-I(c) of the Reserve Bank of India Act, 1934. The Company has obtained a Certificate of Registration numbered N-13.02038 from Mumbai R.O. of the Reserve Bank of India (RBI) dated 05 February 2013 for registration as a "Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI)" as provided in sub-section (1) of Section 45-IA of the Reserve Bank of India Act, 1934.



- II. On the basis of the financial statements for the year ended 31 March 2018 audited by us and as per Paragraph 5 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, we hereby report that the Company is entitled to continue to hold such Certificate of Registration in terms of its financial asset /income pattern as on 31 March 2018.
- III. Based on the net owned fund requirement as laid down in Paragraph 52 of Master Direction - Non Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, we hereby report that the Company is meeting the required net owned fund requirement.

2. Para 3(B)

As indicated in Clause 1 above, since the Company has Certificate of Registration as "Non-Banking Financial Company Not Accepting Public Deposits", the matters referred to in Para 3(B) of the Directions are not applicable to the Company.

3. Para 3(C)

- I. The Board of Directors has passed a resolution in the meeting of Board of Directors held on 06 April 2017 for the non-acceptance of any public deposits.
- II. The Company has not accepted any Public Deposit during the year.
- III. The Company has complied with the prudential norms relating to income recognition, accounting standards, assets classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, in the preparation of financial statements for the year ended 31 March 2018.
- IV. The Company being a Systemically Important Non- Deposit taking NBFC as defined in Paragraph 3 (xxx) of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
 - a) The Capital adequacy ratio as disclosed in the return submitted to the RBI in form NBS-7 has been correctly arrived at and such ratio is in compliance with the minimum capital to risk asset ratio ('CRAR') prescribed by RBI. and
 - b) Presently there is no requirement of furnishing the annual statement of capital funds, risk assets/exposures and risk assets ratio (NBS 7) to RBI. The Company has furnished to the RBI, the statement of capital funds, risk assets/ exposures and risk asset ratio (NBS-7) within the stipulated period.




- V. Based on the criteria set forth by the RBI in Paragraph 3(xix) of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has been correctly classified as NBFC-MFI as defined in the said Directions with reference to the business carried on by it during the year ended 31 March 2018.

4. Para 3(D)

Since as per RBI, the Company is required to hold Certificate of Registration, the matters referred to in Para 3(D) of the Directions are not applicable to the Company.

This report is issued pursuant to our obligations under Non-banking Financial Companies Auditors' report (Reserve Bank) Directions, 2016 to submit a report on additional matters as stated in the Directions to the RBI and may not be suitable for any other purpose. Accordingly, our report should not be quoted or referred to in any other document made available to any other person or persons without our prior written consent.

FOR SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
Firm's Reg. No: 121750W / W-100010


(Madhukar Khandekar)
PARTNER
Membership No.: 13912



Mumbai, Dated: 22 JUN 2018

Svatantra Microfin Private Limited
Balance Sheet as at 31 March 2018

Particulars	No.	As at 31 March 18 (Rs.)	As at 31 March 17 (Rs.)
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	1,323,437,500	1,058,750,000
(b) Reserves and surplus	4	(141,683,606)	(39,325,298)
		1,181,753,894	1,019,424,702
Non-Current Liabilities			
(a) Long term borrowings	5	2,850,328,327	1,115,312,500
(b) Long term provisions	6	7,427,701	10,195,584
		2,857,756,028	1,125,508,084
Current Liabilities			
(a) Short-term borrowings	7	706,026,146	284,110,573
(b) Trade payables	8	28,687,214	12,340,126
(c) Other current liabilities	9	1,046,408,039	287,636,268
(d) Short-term provisions	10	176,255,270	21,819,480
		1,957,376,669	605,906,447
TOTAL		5,996,886,591	2,750,839,233
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Property, plant and equipment	11A	26,569,674	18,750,111
(ii) Intangible assets	11B	16,573,632	8,250,614
(iii) Capital work-in-progress	11C	163,500	2,448,375
		43,306,806	29,449,100
(b) Long-term loans and advances	12	2,394,609,605	653,769,318
(c) Other non- current assets	13	126,767	5,490,605
(d) Deferred tax asset (net)	14	64,456,882	17,978,657
		2,459,193,254	677,238,580
Current Assets			
(a) Cash and bank balances	15	53,321,398	47,423,952
(b) Short-term loans and advances	16	3,341,764,548	1,922,965,097
(c) Other current assets	17	99,300,585	73,762,504
		3,494,386,531	2,044,151,553
TOTAL		5,996,886,591	2,750,839,233

Summary of significant accounting policies
2

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

FOR SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
Firm's Reg. No.: 121750W / W-100010

(Madhukar Khandekar)
Partner
Membership no. 13912



ON BEHALF OF THE BOARD OF DIRECTORS OF
SVATANTRA MICROFIN PRIVATE LIMITED

Ananyashree Birla
DIRECTOR
DIN No. 06625036

Vineet Chatterjee
DIRECTOR
DIN No. 07962531

Surinder Kumar Bhatia
COMPANY SECRETARY
Membership No. 17227

Place : Mumbai

Date : 22 JUN 2018

Place : Mumbai

Date : 22 06 18

Svatantra Microfin Private Limited
Statement of Profit and Loss for the year ended 31 March 2018

Particulars	Note No.	For the year ended 31 March 2018 (Rs.)	For the year ended 31 March 2017 (Rs.)
Income			
Revenue from operations	18	729,480,790	431,568,326
Other income	19	15,757,985	7,471,950
Total revenue		745,238,775	439,040,276
Expenses			
Employee benefits expense	20	261,620,996	173,572,490
Finance costs	21	264,444,653	159,078,629
Depreciation/amortisation expense	22	14,112,616	10,034,872
Other expenses	23	115,272,917	80,820,829
Contingent provision against standard assets, provision for non-performing assets and write-off	24	238,578,991	12,557,474
Total expenses		894,030,173	436,064,294
Profit / (Loss) before tax		(148,791,398)	2,975,982
Tax expenses			
Current tax		-	(1,280,448)
MAT Credit entitlement		-	1,280,448
Deferred tax Income/(expenses)		46,478,225	(993,157)
Earlier year deferred tax benefit /(charge)		-	18,971,814
Earlier year tax adjustment		(45,135)	(5,652)
Profit / (Loss) after tax		(102,358,308)	20,948,987
Earnings Per Share	25		
Basic and diluted		(0.97)	0.29
Nominal value per share		10	10

Summary of significant accounting policies
2

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

FOR SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
Firm's Reg. No.: 121750W / W-100010

M. Khandekar
(Madhukar Khandekar)
Partner
Membership no. 13912



ON BEHALF OF THE BOARD OF DIRECTORS OF
SVATANTRA MICROFIN PRIVATE LIMITED

A. B. Birla
Ananyashree Birla
DIRECTOR
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Vineet Chatterjee
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Surinder Kumar Bhatia
Surinder Kumar Bhatia
COMPANY SECRETARY
Membership No. 17227

Place : Mumbai

Date : 22 JUN 2018

Place : Mumbai

Date : 22 06 18

Cash flow statement for the year ended 31 March 2018

Particulars	Current Year 2017-18 (Rs.)	Previous Year 2016-17 (Rs.)
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) before tax	(148,791,398)	2,975,982
Adjustments for:-		
Depreciation/amortisation expense	14,112,616	10,034,872
Contingent provision against asset and Provision for non-performing assets	147,013,649	12,557,359
Portfolio loan written off	91,565,342	115
Interest income	(777,361)	(2,277,810)
Profit on sale of Property, plant and equipment	-	(80,000)
Profit on sale of current investments	-	(744,910)
Sundry balances written back /off	-	(586,805)
Interest expenses	247,240,839	134,490,852
Operating profit before working capital changes	350,363,687	158,369,655
Adjustments for working capital changes:		
(Increase)/decrease in trade and other payables	29,563,681	12,771,728
(Increase)/decrease in trade and other receivables	(3,276,562,695)	(1,311,215,883)
Cash generated from operations	(2,896,635,327)	(1,142,074,600)
Income taxes paid/ (refund)	(1,748,521)	(1,259,630)
Net cash generated from/(utilised in) operating activities	(A) (2,898,383,848)	(1,143,334,230)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work-in-progress	(28,408,258)	(14,987,681)
Proceed on sale of fixed Asset	20,838	102,500
Interest income	2,300,483	2,791,802
(Purchase) /sale of investment (Net)	-	744,910
Deposits with bank having original maturity of more than three months	16,438,838	46,009,395
Net cash generated from/(utilised in) investing activities	(B) (9,649,099)	34,660,826
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital	264,687,500	659,750,000
Proceeds from long term of borrowings	2,890,000,000	1,110,000,000
Repayments of long term of borrowings	(348,790,391)	(749,353,140)
Proceed / (Repayment) of short term borrowings	346,915,573	234,110,573
Interest paid	(227,807,289)	(130,424,572)
Net cash generated from/(utilised in) financing activities	(C) 2,925,005,393	1,123,082,861
Net (decrease) / Increase in cash and cash equivalents (A+B+C)	16,972,446	14,409,657
Cash and cash equivalents at the beginning of the year	36,348,952	21,939,395
Cash and cash equivalents at the end of the year	53,321,398	36,348,952

Note:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS)-3 on "Cash Flow Statements" as notified by Central Government of India.
- Cash and Cash equivalent for the purpose of cash flow statement comprises cash on hand and cash at bank excluding fixed deposit with original maturity of more than three months.

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm's Reg. No.: 121750W / W-100010

(Madhukar Khandekar)

Partner

Membership no. 13912

ON BEHALF OF THE BOARD OF DIRECTORS OF
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DIRECTOR

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Surinder Kumar Bhatia
COMPANY SECRETARY
Membership No. 17227

Place : Mumbai

Date : 22 JUN 2018

Place : Mumbai

Date : 22 06 18

Notes to the financial statements for the year ended 31 March 2018

1 Company Information

Svatantra Microfin Private Limited ('the Company') is a private limited company incorporated in India on 17 February 2012 under the Companies Act, 1956 having its registered office at Mumbai. The Company is registered with Reserve Bank of India (RBI) as a "Non Banking Financial Company- Micro Finance Institution".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting and preparation of financial statements

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India in compliance with the provisions of the Companies Act, 2013 (the 'Act') including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Reserve Bank of India (RBI) guidelines to the extent applicable to a Systemically Important Non- Deposit taking Non-Banking Finance Company (NBFC-ND-SI) and Non-Banking Finance Company- Micro Finance Institution (NBFC-MFI). The financial statements are presented in Indian Rupees rounded off to the nearest rupee.

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Act. The Cash Flow Statement has been prepared and presented as per the requirements of the Accounting Standard (AS) 3 Cash Flow Statements. The disclosure requirements with respect to items in the Balance Sheet and the Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised appropriately.

2.3 Fixed assets and depreciation / amortisation expense

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The cost of tangible fixed assets comprises of the purchase price, taxes, duties, freight (net of discount and rebates) and any other directly attributable expenditure of bringing the assets to their working condition for their intended use.

Depreciation on Property, plant and equipment is provided on the basis of useful life of fixed assets specified by Schedule II to the Companies Act, 2013.

Individual assets costing Rs. 5,000 or less are fully depreciated on pro-rata basis.

Leasehold improvements are amortised over a period of 5 years .

Intangible assets

Intangible assets are carried at cost of acquisition less amortisation. The cost of intangible asset comprises of license fees and cost of implementation / system integration services. Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Software is amortised on a straight line basis over its estimated useful life or 5 years, whichever is lower.

Capital Work in progress

Fixed asset under construction / development and asset acquired but not ready for there intended use are disclosed as capital work-in-progress.



2.4 Revenue recognition

a) Interest income on portfolio loans is recognized on accrual basis taking into account the amount outstanding and rate applicable except in the case of non-performing assets (NPA's) where it is recognised, upon realisation, as per prudential norms of RBI.

b) Loan processing fees income is recognised at the time of loan disbursed to the borrower.

c) Interest income on deposits with banks is recognised on a time proportion accrual basis taking into account the amount outstanding and the interest rate applicable.

d) All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization/collection.

2.5 Accounting for taxes on income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is a virtual/reasonable certainty that these would be realised in future and are reviewed for the appropriateness of the respective carrying values at each balance sheet date.

The Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.6 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.

2.7 Preliminary expenses

Preliminary expenses are charged to the statement of profit and loss in the year in which it is incurred.

2.8 Retirement benefits

i) Defined contribution plans:

The Company contributes to Employee's Provident Fund (a defined contribution plan) towards post employment benefits, which is administered by the respective Government authorities and the Company has no further obligation beyond making its contribution.

ii) Defined benefits plans:

Gratuity

The Company has a Defined Benefit Plan namely Gratuity for all its employees. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method. Actuarial gains and losses are recognized immediately in the statement of profit and loss.



Notes to the financial statements for the year ended 31 March 2018

Employee leave encashment

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilized leave balances is provided based on an actuarial valuation carried out by an independent actuary as at year end which is calculated using projected unit credit method and charged to the statement of profit and loss.

2.9 Employee Stock Option Scheme ('ESOP')

The Company has formulated an Employees Stock Option Scheme. The Scheme provides that subject to continued employment with the Company, employees of the Company are granted an option to acquire equity shares of the Company that may be exercised within a specified period. The Company follows the fair value method for computing the compensation cost for all options granted which will be amortized over the vesting period.

Measurement and disclosure of the employee share-based payment schemes are done in accordance with the Guidance Note on Accounting for Employee Share based Payments, issued by the Institute of Chartered Accountants of India.

The difference between the fair value of the stock option granted and the exercise price, if any, is expensed as "Employee Compensation" over the period of vesting.

2.10 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on straight-line basis over the lease term.

2.11 Borrowing costs

Borrowing cost includes interest, processing fees and other costs incurred in connection with the arrangement of borrowings. All borrowing costs are expensed in the period they occur.

2.12 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the 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 a maximum of depreciated historical cost.

2.13 Provisions and contingent liabilities

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

Provisioning policy for loan portfolio

Asset classification	Provisioning %
Standard assets	1
<u>Non performing assets</u>	
* Overdue for more than 90 days but less than 180 days	50
* Overdue for 180 days or more	100

Provision on standard assets has been made in line with the NBFC-ND-NSI Prudential Norms.

The overall provision for portfolio loans are determined as prescribed in the NBFC-MFI Directions. These Directions require the total provision for portfolio loans 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 for 180 days or more.

Such provision created in order to comply with the NBFC-MFI Directions is classified and disclosed in the Balance Sheet as contingent provision for standard assets.

All loans which are overdue for 730 days or more and / or in the opinion of the management, any amount which is not recoverable are written off.



Notes to the financial statements for the year ended 31 March 2018

2.14 Asset classification norms

Standard assets means 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 or carry more than normal risk attached to the business.

Non performing assets means an asset for which, interest/ principal has remained overdue for a period of 90 days or more.

2.15 Earnings per share

The basic earnings per share ("EPS") is computed by dividing the net profit/ (loss) after tax for the year available for the equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit/(loss) after tax for the year available for equity shareholders by the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are anti-dilutive when their conversion to equity shares would increase earnings per share from continuing ordinary activities or decrease loss per share from continuing ordinary activities. The effects of anti-dilutive potential equity shares are ignored in calculating diluted earnings per share.

2.16 Cash and Cash Equivalents

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash on hand and cash at bank including fixed deposits with original maturity period of three months or less and short term highly liquid investments with an original maturity of three months or less.



3 SHARE CAPITAL

Particulars	As at 31-March-18 (Rs.)	As at 31-March-17 (Rs.)
Authorised		
140,000,000 (Previous year 110,000,000) Equity shares of Rs.10 each, fully paid	1,400,000,000	1,100,000,000
Issued, Subscribed and fully paid-up		
132,343,750 (Previous year 105,875,000) Equity shares of Rs.10 each, fully paid	1,323,437,500	1,058,750,000
Total issued, subscribed and fully paid up share capital	1,323,437,500	1,058,750,000

a) Reconciliation of number and amount of shares outstanding:

Particulars	As at 31-March-18		As at 31-March-17	
	Number	Rs.	Number	Rs.
Equity Shares				
Shares outstanding at the beginning of the year	105,875,000	1,058,750,000	40,000,000	400,000,000
Shares issued during the year	26,468,750	264,687,500	65,875,000	658,750,000
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	132,343,750	1,323,437,500	105,875,000	1,058,750,000

b) Terms / rights attached to each class of shares

Equity shares

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

c) Shareholders' holding more than 5% shares in the Company :-

Name of Shareholder	As at 31-March-18		As at 31-March-17	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Birla Group Holdings Private Limited	33,566,250	25.36%	20,550,000	19.41%
TGS Investment and Trade Private Limited	31,515,000	23.81%	31,515,000	29.77%
IGH Holdings Private Limited	26,451,562	19.99%	21,161,250	19.99%
Infocyper India Private Limited	23,945,000	18.09%	23,945,000	22.61%
Umang Commercial Company Private Limited	16,865,938	12.76%	8,703,750	8.22%
Total	132,343,750	100.00%	105,875,000	100.00%



Notes to the financial statements for the year ended 31 March 2018

4 RESERVES AND SURPLUS

Particulars	As at 31-March-18 (Rs.)	As at 31-March-17 (Rs.)
Securities premium		
As per last Balance Sheet	400,000	400,000
Closing Balance	400,000	400,000
Statutory Reserve *		
As per last Balance Sheet	4,415,382	225,585
Add: Transferred from Statement of Profit and Loss	-	4,189,797
Closing Balance	4,415,382	4,415,382
Surplus/ (deficit) in the statement of profit and loss		
Opening balance	(44,140,680)	(60,899,870)
Profit / (loss) for the year	(102,358,308)	20,948,987
Less: Transfer to Statutory Reserve	-	(4,189,797)
Closing Balance	(146,498,988)	(44,140,680)
Total (a+b+c)	(141,683,606)	(39,325,298)

*Statutory reserve represents the reserve created pursuant to the Reserve Bank of India Act, 1934 ("the RBI Act"). In terms of Section 45 - IC of the RBI Act, a Non-Banking Finance Company is required to transfer an amount not less than 20% of its net profit to a reserve fund before declaring any dividend. Appropriation from this reserve fund is permitted only for the purpose specified by the RBI.

5 LONG TERM BORROWINGS

Particulars	As at 31-March-18 (Rs.)	As at 31-March-17 (Rs.)
Secured		
Term Loan		
-from banks*	2,745,634,497	1,115,312,500
-from non banking financial company (NBFC) **	104,693,830	-
Total	2,850,328,327	1,115,312,500

* Secured by pari-passu first charge by way of hypothecation of all receivables of the Company, in the favour of security trustee (in previous year secured by pari-passu first charge by way of hypothecation of all receivables of the Company, in the favour of security trustee and cash collateral in the range of 5 % to 10% of the sanctioned amount in the form of fixed deposits and interest accrued on such fixed deposits). Loans availed having tenure of 12 months to 60 months with a moratorium period of 2 months to 12 months, respectively and the same are repayable in monthly and quarterly instalment starting after completion of moratorium period with interest rate ranging from 9.35% to 10.40% (previous year 10.40% to 12.50%).

** Secured by pari-passu first charge by way of hypothecation of all receivables of the Company, in the favour of security trustee. Loans availed having tenure of 12 months to 36 months with a moratorium period of 3 months to 12 months and the same are repayable by monthly, quarterly and by way of bullet payment starting after completion of moratorium period with interest rate of 9.40% to 9.50% (previous year 10.10%).

6 LONG TERM PROVISIONS

Particulars	As at 31-March-18 (Rs.)	As at 31-March-17 (Rs.)
Contingent provisions against standard assets (Refer note 46)	-	6,394,471
Gratuity (Unfunded)	5,035,978	2,617,008
Leave encashment (Unfunded)	2,391,723	1,184,105
Total	7,427,701	10,195,584



Notes to the financial statements for the year ended 31 March 2018

7 SHORT TERM BORROWINGS

Particulars	As at 31-March-18 (Rs.)	As at 31-March-17 (Rs.)
Secured		
Term Loan		
-from banks	29,999,231	-
-from non banking financial company (NBFC)	587,500,000	25,000,000
Cash credit from a bank *	88,526,915	259,110,573
Total	706,026,146	284,110,573

Refer note 5 above

* Secured by pari-passu first charge by way of hypothecation of all receivables. Interest rate of 9.30% to 10.00% (previous year 9.40% to 9.50%).

8 TRADE PAYABLES

Particulars	As at 31-March-18 (Rs.)	As at 31-March-17 (Rs.)
Total outstanding dues of micro and small enterprises	-	-
Total outstanding dues other than micro and small enterprises	28,687,214	12,340,126
Total	28,687,214	12,340,126

The Company has not received any information from suppliers regarding their registration under the Micro, Small and Medium Enterprises Development Act, 2006 and hence information required to given in accordance with the said act, is not ascertainable and not disclosed.

9 OTHER CURRENT LIABILITIES

Particulars	As at 31-March-18 (Rs.)	As at 31-March-17 (Rs.)
Current maturities of long term borrowings- from banks (Refer note 5)	953,778,969	192,891,357
Current maturities of long term borrowings- from NBFC (Refer note 5)	45,306,170	75,000,000
Interest accrued but not due on borrowings	28,285,148	8,851,598
Statutory dues	6,143,784	3,114,124
Employees dues payable	11,737,066	4,794,196
Creditor for capital goods	1,156,902	1,575,000
Bank overdraft (since realised)	-	1,409,993
Total	1,046,408,039	287,636,268

10 SHORT TERM PROVISIONS

Particulars	As at 31-March-18 (Rs.)	As at 31-March-17 (Rs.)
Contingent provisions against standard assets (Refer note 46)	-	19,062,778
Provisions against Non-performing asset (Refer note 46)	172,470,898	-
Gratuity (Unfunded)	752,256	444,051
Leave encashment (Unfunded)	3,032,116	2,312,651
Total	176,255,270	21,819,480



Svatantra Microfin Private Limited

Notes to the financial statements for the year ended 31 March 2018

11 FIXED ASSETS

	11 A - Property, plant and equipment				11 B - Intangible Assets	
	Office equipments	Furniture and fixtures	Leasehold improvements	Computers	Total	Computer Software
Gross Block						
As at 1 April 2016	2,721,669	3,727,149	6,549,860	7,786,397	20,785,075	11,102,846
Additions	4,606,377	1,840,401	246,972	5,585,293	12,279,043	1,874,535
Deductions/Adjustments	450,000	-	-	-	450,000	-
As at 31 March 2017	6,878,046	5,567,550	6,796,832	13,371,690	32,614,118	12,977,381
Additions	8,352,174	2,706,168	761,018	5,813,104	17,632,464	12,643,571
Deductions/Adjustments	22,500	-	-	-	22,500	-
As at 31 March 2018	15,207,720	8,273,718	7,557,850	19,184,794	50,224,082	25,620,952
Depreciation/amortisation						
As at 1 April 2016	928,219	1,021,581	2,389,085	2,368,693	6,707,578	2,275,824
Charge for the year	1,026,555	1,931,795	1,305,833	3,319,746	7,583,929	2,450,943
Deductions/Adjustments	427,500	-	-	-	427,500	-
As at 31 March 2017	1,527,274	2,953,376	3,694,918	5,688,439	13,864,007	4,726,767
Charge for the year	2,250,759	1,661,478	1,468,087	4,411,739	9,792,063	4,320,553
Deductions/Adjustments*	1,662	-	-	-	1,662	-
As at 31 March 2018	3,776,371	4,614,854	5,163,005	10,100,178	23,654,408	9,047,320
Net Block						
As at 31 March 2018	11,431,349	3,658,864	2,394,845	9,084,616	26,569,674	16,573,632
As at 31 March 2017	5,350,772	2,614,174	3,101,914	7,683,251	18,750,111	8,250,614

11 C Capital work in progress

Particulars	As at 31-Mar-18 (Rs.)	As at 31-Mar-17 (Rs.)
Capital work in progress	163,500	2,448,376
Software		
Total	163,500	2,448,376



Notes to the financial statements for the year ended 31 March 2018

12 LONG TERM LOANS AND ADVANCES

Particulars	As at 31-March-18 (Rs.)	As at 31-March-17 (Rs.)
Portfolio Loans - Joint liability group loans		
Unsecured, considered good* (refer note 52)	2,386,188,691	639,236,386
Unsecured, considered doubtful** (refer note 52)	905,769	210,747
Security deposits	1,659,957	7,244,746
Prepaid expenses	686	5,446,458
Capital advances	2,226,840	-
Employee loans	288,947	-
MAT credit entitlement	1,280,448	1,280,448
Advance income tax	2,048,267	350,533
(net of provision for tax Rs. 1,280,448; previous year Rs. 1,285,170)		
Total	2,394,609,605	653,769,318

* Represents standard assets in accordance with Company's asset classification norms policy (refer note 2.13)

** Represents non performing assets in accordance with Company's asset classification norms policy (refer note 2.13)

13 OTHER NON-CURRENT ASSETS

Particulars	As at 31-March-18 (Rs.)	As at 31-March-17 (Rs.)
Other Bank balances		
- In fixed deposit accounts with original maturity of more than 12 months	126,767	5,490,605
Total	126,767	5,490,605

14 DEFERRED TAX ASSETS (NET)

Particulars	As at 31-March-18 (Rs.)	As at 31-March-17 (Rs.)
Deferred tax assets		
Unabsorbed business losses	3,318,520	3,464,470
Unabsorbed depreciation	3,664,305	3,864,411
Contingent provision against standard assets and provision for non-performing assets	53,810,920	7,866,290
Preliminary expenses	2,414,117	2,249,804
Provision for retirement benefits	3,498,167	2,026,365
(A)	66,706,029	19,471,340
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	(2,249,147)	(1,492,683)
(B)	(2,249,147)	(1,492,683)
Deferred tax asset (net) (A - B)	64,456,882	17,978,657

Considering the growth of the Company, it is expected to generate future taxable income with reasonable certainty, accordingly the Company has recognised deferred tax asset as per Accounting Standard (AS)- 22 "Accounting for taxes on Income".



15 CASH AND BANK BALANCES

Particulars	As at 31-March-18 (Rs.)	As at 31-March-17 (Rs.)
Cash and cash equivalents		
- Cash on hand	630,826	222,613
- Balances with banks		
- In current account	52,640,388	36,076,339
- In fixed deposit accounts with original maturity of less than three months	50,184	50,000
Other Bank balances		
- In fixed deposit accounts with maturity of more than 3 months less than 12 Months	-	11,075,000
Total	53,321,398	47,423,952

16 SHORT TERM LOANS AND ADVANCES

Particulars	As at 31-March-18 (Rs.)	As at 31-March-17 (Rs.)
Portfolio Loans - Joint liability group loans		
Unsecured, considered good* (Refer note 52)	3,110,957,722	1,905,108,694
Unsecured, considered doubtful** (Refer note 52)	208,355,222	1,169,077
Advance recoverable in cash or kind or for value to be received	8,841,548	8,567,357
Prepaid expenses	5,030,514	5,747,776
Balance with government authorities	659,677	-
Security deposits	6,290,725	1,128,650
Employee loans	1,629,140	1,243,543
Total	3,341,764,548	1,922,965,097

17 OTHER CURRENT ASSETS
(Unsecured, considered good)

Particulars	As at 31-March-18 (Rs.)	As at 31-March-17 (Rs.)
Interest accrued but not due		
- on portfolio loans	99,294,731	71,878,268
- on fixed deposits	5,854	1,523,122
Current maturities of long term loans and advances - Employee loans	-	361,114
Total	99,300,585	73,762,504



18 REVENUE FROM OPERATIONS

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Interest income on portfolio loans	672,447,891	407,006,463
Processing fees	57,032,899	24,561,863
Total	729,480,790	431,568,326

19 OTHER INCOME

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Interest income on		
- Bank deposits	599,829	2,182,130
- Staff loans	177,532	95,680
Commission	14,769,368	3,700,065
Profit on sale of current investments	-	744,910
Interest on income tax	-	16,709
Sundry balances written back	-	586,805
Miscellaneous Income	211,256	65,651
Profit on sale of assets	-	80,000
Total	15,757,985	7,471,950

20 EMPLOYEE BENEFITS EXPENSE

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Salaries and allowances	224,511,854	149,552,823
Contribution to provident and other funds	18,312,762	12,297,371
Staff welfare expenses	18,796,380	11,722,296
Total	261,620,996	173,572,490

21 FINANCE COSTS

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Interest expenses	247,240,839	134,490,852
Other borrowing costs	17,203,581	24,581,748
Interest on delayed payment of TDS	233	6,029
Total	264,444,653	159,078,629



22 DEPRECIATION / AMORTISATION EXPENSE

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Depreciation on property, plant and equipment	9,792,063	7,583,929
Depreciation on intangible assets	4,320,553	2,450,943
Total	14,112,616	10,034,872

23 OTHER EXPENSES

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Advertisement expenses	1,720,145	933,293
Rates and taxes	38,920	20,972
Rent	26,078,364	20,652,755
Communication expenses	8,028,495	4,983,423
Commission expenses	-	17,000
Travelling and conveyance expenses	35,852,671	21,589,032
Training expenses	693,125	707,960
Recruitment expenses	461,028	1,597,789
Insurance expenses	399,047	306,417
Printing and stationery	3,645,731	2,583,993
Legal and professional fees	15,907,149	7,876,715
Website development expenses	942,494	491,138
Electricity and water expenses	3,470,436	3,108,453
Membership and subscription	1,005,521	469,949
Repairs and maintenance - others	4,350,467	2,977,232
Share issue expenses	3,114,689	7,308,864
Bank charges	4,837,317	2,061,050
Miscellaneous expenses	2,789,937	2,218,283
Prior period items	612,381	-
Auditors' remuneration		
- Audit fees	975,000	683,125
- Tax audit fees	200,000	125,000
- For other services	150,000	108,386
Total	115,272,917	80,820,829

24 CONTINGENT PROVISION AGAINST STANDARD ASSETS, PROVISION FOR NON PERFORMING ASSETS AND WRITE-OFF

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Contingent provision for standard assets (Refer note 46)	-	12,557,359
Provision for non-performing assets	147,013,649	-
Portfolio loan written off	91,565,342	115
Total	238,578,991	12,557,474



Notes to the financial statements for the year ended 31 March 2018

25 EARNINGS PER SHARE

Particulars	For the year ended 31 March 2018 (Rs.)	For the year ended 31 March 2017 (Rs.)
Profit / (loss) after tax as per statement of profit and loss (Rs.)	(102,358,308)	20,948,987
Weighted average number of equity shares outstanding at the year end (Nos.) (A)	105,499,510	72,242,206
Basic earnings per share (Rs.)	(0.97)	0.29
Number of shares under Employees stock options scheme (Nos.)	193,591	-
Number of Dilutive potential equity shares * (B)	-	-
Weighted average number of equity shares (including dilutive ESOP shares) outstanding at the year end (Nos.) [A]+[B]	105,499,510	-
Diluted earnings per share	(0.97)	-
Nominal value of share (Rs.)	10	10

Note: The Company has allotted 26,468,750 (previous year 65,875,000) equity shares of Rs.10 each paid up, as right shares and accordingly, earnings per share has been presented.

* In the financial year 2017-18, the potential equity had an anti dilutive impact and hence, not considered for calculating diluted EPS.

26 CAPITAL AND OTHER COMMITMENTS:

Particulars	As at 31 March 2018 (Rs.)	As at 31 March 2017 (Rs.)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	2,406,692
Total	-	2,406,692



27 RELATED PARTY DISCLOSURES**i) Related parties and their relationships****Investing party in respect of which the Company is an Associate:**

- (a) TGS Investment and Trade Private Limited
- (b) Infocyber India Private Limited (Upto 26 March 2018)
- (c) Birla Group Holdings Private Limited

Key management personnel

Kumar Mangalam Birla (Director)
 Neerja Birla (Director)
 Ananyashree Birla (Director)
 Vineet Chattree (w.e.f. 10 October 2017) (Additional Director)
 Anujeet Varadkar (Chief Executive Officer)
 Surinder Kumar Bhatia (Company Secretary)

- a The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS) - 18 'Related Party Disclosures' and the same have been relied upon by the auditors.
- b The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the year, except where control exist, in which case the relationships have been mentioned irrespective of transactions with the relatives.

ii) Transactions with related parties:

Details of related party transactions are as follows:

Particulars	For the year ended 31 March 2018 (Rs.)	For the year ended 31 March 2017 (Rs.)
Equity share capital Issued :-		
Infocyber India Private Limited	-	109,000,000
TGS Investment and Trade Private Limited	-	219,000,000
Birla Group Holdings Private Limited	13,016,250	102,000,000
Remuneration to Key managerial person:-		
Anujeet Varadkar	3,542,462	3,151,824
Surinder Kumar Bhatia	1,840,768	1,601,940



28 EMPLOYEE BENEFITS

Consequent to the adoption of Accounting Standard 15 (AS 15 Revised 2005) on employee benefits, the following disclosures have been made as required by the standards :

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the period when the contribution to the respective funds is due. There are no other obligations other than the contribution payable to the respective trusts.

Valuations in respect of Gratuity and Leave encashment have been carried out by independent actuary, as at the Balance Sheet date.

a) Defined contribution plan

Contributions to defined contribution plans recognized as expense for the period are as under:

Particulars	Current year	Previous Year
Contribution to provident fund	12,725,699	9,393,027

b) Defined benefit plan

Gratuity and leave encashment liabilities is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year.

Particulars	Gratuity (Unfunded)		Leave encashment (Unfunded)	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
CHANGE IN PRESENT VALUE OF OBLIGATIONS				
Present value of obligation at beginning of year	3,061,059	1,335,193	3,496,756	1,421,652
Interest cost	209,228	106,815	205,954	101,257
Current service cost	3,347,569	1,443,766	1,794,614	1,679,868
Benefits Paid	(4,327)	-	(971,456)	(311,872)
Past service cost	-	-	-	-
Actuarial gain / (loss) obligations	(825,295)	175,285	897,971	605,851
Present value of obligation at end of year	5,788,234	3,061,059	5,423,839	3,496,756
AMOUNT RECOGNISED IN THE BALANCE				
Opening net liability	3,061,059	1,335,193	3,496,756	1,421,652
Expenses recognise in profit and loss	2,731,502	1,725,866	2,898,539	2,386,976
Benefits paid directly by the employer	(4,327)	-	(971,456)	(311,872)
Net Liability recognised in balance sheet	5,788,234	3,061,059	5,423,839	3,496,756
EXPENSES RECOGNISED IN STATEMENT OF PROFIT & LOSS				
Current service cost	3,347,569	1,443,766	1,794,614	1,679,868
Interest cost	209,228	106,815	205,954	101,257
Expected return on plan asset	-	-	-	-
Actuarial (gain) / loss recognized in the year	(825,295)	175,285	897,971	605,851
Past service cost	-	-	-	-
Expense recognized in statement of profit and loss included under 'Employee benefits expenses' (refer note 20)	2,731,502	1,725,866	2,898,539	2,386,976
ACTUARIAL ASSUMPTIONS				
	% p.a.	% p.a.	% p.a.	% p.a.
Mortality rate	IALM (2006-08) Ult.	IALM (2006-08) Ult.	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Discount rate (%)	7.44%	6.84%	7.44%	6.84%
Inflation rate (%)	7.00%	5.00%	7.00%	5.00%
Rate of return (expected) on plan assets	0.00%	0.00%	0.00%	0.00%



29 EMPLOYEE STOCK OPTION PLAN / SCHEME (ESOP/ ESOS)

On 10 October 2017, the Board of Directors approved the Employee Stock Option Plan ('ESOP') scheme namely ESOP 2017. The disclosures related to the said scheme as per the Guidance Note on Accounting for Employee Share-based Payments, issued by the The Institute of Chartered Accountants of India (ICAI) are as follows;

Particulars	Phase I	Phase II	Phase III
Date of Grant	20-Nov-17	20-Nov-17	20-Nov-17
Date of Board Meeting, where ESOP were approved	8-Sep-17	8-Sep-17	8-Sep-17
Date of shareholders' approval	10-Oct-17	10-Oct-17	10-Oct-17
Vesting period	1 year from grant date	2 year from grant date	3 year from grant date
Exercise period	Occurrence of Liquidity event *	Occurrence of Liquidity event *	Occurrence of Liquidity event *
Number of options outstanding at the year end	63,885	63,885	65,821
Method of settlement	Equity	Equity	Equity
Vesting conditions	Continuous service	Continuous service	Continuous service
Exercise Price per share (Rs.)	15.91	15.91	15.91
Total expenses recognised (Rs.)	Nil	Nil	Nil
Stock compensation reserve (Liability)(Rs.)	Nil	Nil	Nil
Stock Option Plans (Number of Options)			
Outstanding at the beginning of the year			-
Granted during the year			210,000
Forfeited/Expired during the year			16,409
Exercised during the year			-
Outstanding at the end of the year			193,591
Weighted average exercise price per share(Rs.)			15.91

*** Liquidity event -**

- Listing of equity shares on the recognized stock exchange
- Strategic Sale event conferring a right of drag along to the Current Shareholders
- Offer of purchase of shares from Option Grantees having Vested Options made by an investor
- Cash Settlement or Buy-back event whereby the Company makes an offer for settlement of the Vested Options with the Option Grantee or purchase Shares underlying Vested Options.

The Company has adopted the intrinsic value method as permitted by the Guidance Note on Accounting for Employee Share Based Payment issued by the Institute of Chartered Accountants of India for measuring the cost of stock options granted.

The Company's net profit and earnings per share would have been as under, had the compensation cost for employees' stock options been recognized based on the fair value at the date of grant in accordance with Black Scholes model.

Particulars	As at 31/03/2018	As at 31/03/2017
Profit after tax	(102,358,308)	-
Less: Additional Employee Stock cost as per fair value method	441,726	-
Profit after taxation as per Fair value method	(102,800,034)	-
Basic Earning per share [EPS]		
Number of shares	105,499,510	72,242,206
Basic EPS (in Rs.)	(0.97)	0.29
Diluted Earning per share [EPS]		
Number of shares	105,499,510	72,242,206
Add: Number of Dilutive potential equity shares*	-	-
Total No. of share for calculating Diluted EPS	105,499,510	72,242,206
Diluted EPS (in Rs.)	(0.97)	0.29

* In the financial year 2017-18, the potential equity had an anti dilutive impact and hence, not considered for calculating diluted EPS.

The following assumptions were used for calculation of fair value of grants:

Particulars	Phase I	Phase II	Phase III
Risk Free Interest rate	6.62%	6.77%	6.90%
Expected life of option (years)	3.50	4.51	5.51
Expected volatility	0.01%	0.01%	0.01%
Dividend yield	0.00%	0.00%	0.00%



30 SEGMENT INFORMATION

The Company operates in a single reportable segment i.e. financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting' specified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The Company operates in a single geographical segment i.e. domestic.

31 LEASES

The Company has entered into the operating lease for office premises.

Future minimum lease payments under non- cancellable operating lease are as follows:

Particulars	As at 31 March 2018 (Rs.)	As at 31 March 2017 (Rs.)
Payable not later than one year	1,780,333	2,262,750
Payable later than one year and not later than five years	-	1,690,777

The amount of minimum lease payments with respect to the above lease recognised in the statement of profit and loss for the year is Rs. 26,078,364 (previous year Rs. 20,652,755). Above disclosure is for leases entered after 1 April 2001, as per Accounting Standard (AS)- 19 'Leases'.

- 32** The following table sets out the disclosure as required by the notification no. Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016 (as amended up to 31 May 2018) issued by RBI.

Capital

Particulars	Current year 31 March 2018	Previous Year 31 March 2017
i) CRAR (%)	19.98	37.53
ii) CRAR - Tier I capital (%)	18.73	36.58
iii) CRAR - Tier II capital (%)	1.25	0.95
iv) Amount of subordinated debt raised as Tier-II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

33 INVESTMENTS

There are no investments during the current and previous year.

34 DERIVATIVES

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

The Company has no unhedged foreign currency exposure as on 31 March 2018 and 31 March 2017.

35 DISCLOSURES RELATING TO SECURITISATION

The Company did not have any transactions relating to Securitisation during the current and previous year.

36 DETAILS OF NON-PERFORMING FINANCIAL ASSETS PURCHASED / SOLD

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



37 ASSET LIABILITY MANAGEMENT

Maturity pattern of certain items of Assets and Liabilities

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 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	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	42.77	27.23	26.91	79.37	156.65	238.71	-	-	570.64
Investments	-	-	-	-	-	-	-	-	-
Stock of securities	-	-	-	-	-	-	-	-	-
Borrowings	16.06	14.16	10.88	35.69	93.72	199.38	82.28	3.38	455.55
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

Note:

Advances includes loans and advances in the nature of loans and excludes advances recoverable in cash or kind or for value to be received, advance payment of taxes and deposits.



38 EXPOSURES

38.1 Exposures to Real Estate Sector

The Company has no exposure to the real estate directly or indirectly in the current and previous year.

38.2 Exposures to Capital Market

The Company has no exposure to the capital market directly or indirectly in the current and previous year.

39 DETAILS OF FINANCING OF PARENT COMPANY PRODUCTS

The disclosure is not applicable as the Company does not have any holding/parent Company.

40 DETAILS OF SINGLE BORROWER LIMIT (SBL) / GROUP BORROWER LIMIT (GBL) EXCEEDED BY THE NBFC

Single Borrower Limit (SBL) / Group Borrower Limit (GBL) has not exceeded the prudential exposure limits during the year by the Company.

41 UNSECURED ADVANCES

Refer "Note 12" and "Note 16" of Financial statements.

42 MISCELLANEOUS

42.1 Registration obtained from other financial sector regulators

The Company is registered with the following other financial sector regulators:

(i) Ministry of Corporate Affairs

42.2 Disclosure of Penalties Imposed by RBI and other regulators

No penalty imposed by RBI and other regulators during the current and previous year.

42.3 Related Party Transactions

(i) All material transactions with related parties are disclosed in "Note 27" of the Financial Statements

(ii) The Company has the policy on dealing with Related party Transactions and it is disclosed on its website www.svatantramicrofin.com.

42.4 Ratings assigned during the year

During the current year, the credit rating agencies have assigned the following credit ratings to the Company:

Particulars	Current Rating	Previous rating
a) MFI Grading-	M2 (ICRA)	M3+ (ICRA)
b) Bank loan rating	ICRA A-(stable)	ICRA A-(stable)

During the year, there are no migration of above mentioned ratings.

42.5 Remuneration of Directors

During the year, the Company has not paid any remuneration to its directors.

42.6 Net Profit or Loss for the year, prior period items and changes in accounting policies

There are no prior period items and change in accounting policies except as reported in the Financial Statements.

42.7 Revenue Recognition

There are no such circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

42.8 Accounting Standard 21 -Consolidated Financial Statements (CFS)

The Company does not have any subsidiary company and hence, the CFS is not applicable.



43 ADDITIONAL DISCLOSURES**43.1 Provisions and Contingencies**

(Rs. In Crores)

Break up of 'Provisions and Contingencies' shown under the head Expenditure In Profit and Loss Account		Current Year	Previous Year
(i)	Provisions for depreciation on Investment	Nil	Nil
(ii)	Provision towards NPA	14.70	-
(iii)	Provision made towards Income tax (Including Deferred tax and Earlier period tax adjustments)	4.64	1.80
(iv)	Other Provision and Contingencies (Employee Benefits)	0.56	0.41
(v)	Provision for Standard Assets	-	1.26

43.2 Draw Down from Reserves

There have been no drawdown from Reserves during the current and previous year.

43.3 Concentration of Deposits, Advances, Exposures and NPAs

43.3 (a) Concentration of Deposits (for deposit taking NBFCs)	Amt in Crores
Total Deposits of twenty largest depositors	Not Applicable
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	Not Applicable

43.3 (b) Concentration of Advances	Amt in Crores
Total Advances to twenty largest borrowers	0.09
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.02%

43.3 (c) Concentration of Exposures	Amt in Crores
Total Exposure to twenty largest borrowers / customers	0.09
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	0.02%

43.3 (d) Concentration of NPAs	Amt in Crores
Total Exposure to top four NPA accounts	0.01

43.3 (e) Sector-wise NPAs

Sector	% of NPAs to Total Advances in that Sector
Agriculture & allied activities	6.95%
MSME	1.32%
Corporate borrowers	-
Services	6.00%
Unsecured personal loans	0.73%
Auto Loans	-
Other personal Loans	-



43.4 Movement of NPAs

(Rs In Crores)

Particulars	As at 31 March 2018	As at 31 March 2017
(i) Net NPAs to Net Advances (%)	0.66%	0.05%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	0.14	0.04
(b) Additions during the year	29.95	0.10
(c) Reduction/write off during the year	9.16	-
(d) Closing balance	20.93	0.14
(iii) Movement of NPAs (Net)		
(a) Opening balance	0.14	0.04
(b) Additions during the year	3.54	0.10
(c) Reductions/write off during the year	-	-
(d) Closing balance	3.68	0.14
(iv) Movement of provisions for NPAs (excluding provision on standard assets)		
(a) Opening balance	-	-
(b) Additions during the year *	26.41	-
(c) Reduction/write off during the year	9.16	-
(d) Closing balance	17.25	-

* includes opening contingent provision on standard assets Rs.2.55 crores.

43.5 Overseas Assets

During the year, there are no overseas assets in the Company.

43.6 Off-Balance Sheet SPVs sponsored

During the year, there are no off-balance sheet SPVs sponsored by the Company.

43.7 Disclosure of Complaints - Customer Complaints

Particulars	As at 31 March 2018	As at 31 March 2017
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	11	11
No. of complaints redressed during the year	11	11
No. of complaints pending at the end of the year	-	-

44 NET INTEREST MARGIN (NIM)

Particulars	For the Year ended, March 31, 2018	For the Year ended, March 31, 2017
Average Interest (a)	18.35%	20.90%
Average effective cost of borrowing (b)	9.45%	12.21%
Net Interest Margin (a-b)	8.90%	8.69%



45 DISCLOSURE OF FRAUDS REPORTED DURING THE YEAR ENDED 31 MARCH 2018

(Amount in Lakhs)						
Nature of Fraud	No. of cases	Amount of fraud	Recovery	Pending Settlement	Amount written-off	
A) Person Involved						
Staff	21	11.57	11.29	0.28	-	
Customers	Nil	Nil	Nil	Nil	Nil	
Staff and Customers	Nil	Nil	Nil	Nil	Nil	
Outsider	Nil	Nil	Nil	Nil	Nil	
B) Type of Fraud						
Misappropriation and Criminal Breach of Trust	21	11.57	11.29	0.28	-	
Fraudulent Encashment/ Manipulation of books of accounts	Nil	Nil	Nil	Nil	Nil	
Unauthorised Credit/ Facility extended	Nil	Nil	Nil	Nil	Nil	
Negligence and cash shortages	Nil	Nil	Nil	Nil	Nil	
Cheating and Forgery	Nil	Nil	Nil	Nil	Nil	
Others	Nil	Nil	Nil	Nil	Nil	

In the previous year, there were no fraud reported in the Company.

46 LOAN PORTFOLIO AND PROVISION FOR STANDARD AND NON-PERFORMING ASSETS AS AT 31 MARCH 2018

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets			Portfolio loans outstanding (Net)	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2017	Provision made during the year	Provision written back during the year	As at 31 March 2018	As at 31 March 2017
Loan Portfolio (Standard/ Non-performing)	5,706,417,404	2,545,724,904	25,457,249	147,013,649	-	5,533,946,506	2,520,287,655

LOAN PORTFOLIO AND PROVISION FOR STANDARD AND NON-PERFORMING ASSETS AS AT 31 MARCH 2017:

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets			Portfolio loans outstanding (Net)	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2016	Provision made during the year	Provision written back during the year	As at 31 March 2017	As at 31 March 2016
Loan Portfolio (Standard/ Non-performing)	2,545,724,904	1,289,989,029	12,899,890	12,557,359	-	2,520,267,655	1,277,089,139



Notes to the financial statements for the year ended 31 March 2018

- 47 In the opinion of the management, the current assets, non-current assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet. The provision for all known liabilities is adequate and not in excess of the amount reasonably stated.
- 48 The Company is registered with the Reserve Bank of India (RBI) as a "Non Banking Financial Company- Micro Finance Institution" vide Certificate of Registration dated February 05, 2013.
- 49 "In terms para 2 (xix) (b) of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as notified vide notification no. Master Direction DNBR. PD. 008/03.10.119/2016-17 dated Sept 1, 2016, (as amended up to 31 May 2018) a Micro Finance Institution (MFI) is required to have not less than 85% of its 'Net Assets' in the nature of 'Qualifying Assets'. As at March 31, 2018, the Company is in compliance with this condition as its 'Qualifying Assets' is not less than 85% of its 'Net Assets'.
- 50 During the current financial year, the Company has maintained an aggregate margin cap of not more than 10% on loans disbursed by it.
- 51 The disclosure required in terms of paragraph 18 of Chapter IV - Capital Requirements under Section II - Prudential Issues of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 is given in "Annexure I"
- 52 During the previous year ended March 31, 2017, the Company re-classified its portfolio assets by deferring the classification of an existing standard asset as non performing asset (NPA) as per RBI vide its notification no. DBR.No.BP.BC.37/21.04.048/2016-17 dated November 21, 2016 providing an additional 60 days for recognition of a loan account as NPA and this applied to all dues payable between November 1, 2016 and December 31, 2016. Further, an additional 30 days was provided in addition to 60 days and also to defer the down grade of an account that was standard as on November 1, 2016, but would have become NPA for any reason during the period November 1, 2016 to December 31, 2016, by 90 days from the date of such downgrade vide its notification DBR.No.BP.BC.49/21.04.048/2016-17 dated December 28, 2016. Accordingly, the Company had delayed in classification of non-performing asset.
- 53 Previous year's figures have been re-arranged or re-grouped wherever considered necessary to conform to the current year's presentation.

Signature 1 to 53

As per our report of even date attached

FOR SURESH SURANA & ASSOCIATES LLP
Chartered Accountants
Firm's Reg. No.: 121750W / W-100010

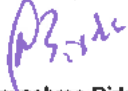

(Madhukar Khandekar)
Partner
Membership no. 13912



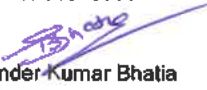
Place : Mumbai

Date : 22 JUN 2018

ON BEHALF OF THE BOARD OF DIRECTORS OF
SVATANTRA MICROFIN PRIVATE LIMITED


Ananyashree Birla
DIRECTOR
DIN No. 06625036


Vineet Chatterjee
DIRECTOR
DIN No. 07962531


Surinder Kumar Bhatia
COMPANY SECRETARY
Membership No. 17227

Place : Mumbai

Date : 22 06 18

Svatantra Microfin Private Limited

Schedule to the Balance Sheet of a non deposit taking non banking financial company as on 31 March 2018
Disclosure in terms of Paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important
Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Particulars		(Amount Rupees in Lakhs)	
Liabilities side			
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid	Amount outstanding	Amount Overdue
(a)	Debentures		
	Secured	Nil	Nil
	Unsecured	Nil	Nil
	(Other than falling within the meaning of public deposits*)		
(b)	Deferred credits	Nil	Nil
(c)	Term loans	44,951.98	Nil
(d)	Inter - corporate loans and borrowings	Nil	Nil
(e)	Commercial Paper	Nil	Nil
(f)	Public Deposits*	Nil	Nil
(g)	Other Loans: Cash Credit	885.27	Nil
*Refer note no. 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	Nil	Nil
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of	Nil	Nil
(c)	Other public deposits	Nil	Nil
* Please see Note 1 below			
Asset side		Amount outstanding	
(3)	Break up of loans and advances including bills receivables other than those included in (4) below		
	(a) Secured	-	
	(b) Unsecured	57,064.17	
(4)	Break up of leased assets and stock on hire and hypothecation loans counting towards AFC activities		
(i)	Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease	Not applicable	
	(b) Operating lease	Not applicable	
(ii)	Stock on the hire including hire charges under sundry debtors :		
	(a) Assets on hire	Not applicable	
	(b) Repossessed assets	Not applicable	
(iii)	Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	Not applicable	
	(b) Loans other than (a) above	Not applicable	



Svatantra Microfin Private Limited

(5) Break up of Investments		Amount outstanding
	Current investments	
1	Quoted	
	(i) Shares	
	(a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government securities	Nil
	(v) Others (please specify)	Nil
2	Unquoted	
	(i) Shares	
	(a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government securities	Nil
	(v) Others (please specify)	Nil
	Long term investments	
1	Quoted	
	(i) Shares	
	(a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government securities	Nil
	(v) Others (please specify)	Nil
2	Unquoted	
	(i) Shares	
	(a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government securities	Nil
	(v) Others (please specify)	Nil

(6) Borrowers group wise classification of financed as in (3) and (4) above:
Please see Note 2 below

Category		Amount Net of Provisions		
1	Related parties	Secured	Unsecured	Total
(a)	Subsidiaries	Nil	Nil	Nil
(b)	Companies in the same group	Nil	Nil	Nil
(c)	Other related parties	Nil	Nil	Nil
2	Other than related parties	Nil	57,064.17	57,064.17
	Total	Nil	57,064.17	57,064.17



Svatantra Microfin Private Limited

(7) Investor Group Wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below			
Category		Amount outstanding	
		Market value/ break up of fair value or NAV	Book value (net of provision)
1	Related parties**		
(a)	Subsidiaries	Nil	Nil
(b)	Companies in the same group	Nil	Nil
(c)	Other related parties	Nil	Nil
2	Other than related parties	Nil	Nil
Total		Nil	Nil

** As per Accounting Standard of ICAI (Refer note no. 3 below)

(8) Other information		
Sr. No.	Particulars	As at 31.3.2018 Rupees
(i)	Gross non-performing assets	
(a)	Related parties	Nil
(b)	Other than related parties	2,092.61
(ii)	Net non-performing assets	
(a)	Related parties	Nil
(b)	Other than related parties	367.90
(iii)	Assets acquired in satisfaction of debts	Nil

Notes:

- As defined in point xix of paragraph 3 of Chapter -2 of these Directions.
- Provisioning norms shall be applicable as prescribed in these Directions.
- 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.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
SVATANTRA MICROFIN PRIVATE LIMITED

Ananyashree Birla
DIRECTOR
DIN No. 06625036

Vineet Chatterjee
DIRECTOR
DIN No. 07962531



Surinder Kumar Bhatia
COMPANY SECRETARY
Membership No. 17227

Place: Mumbai

Dated: 22 06 18

DIRECTOR'S REPORT

To,
The Members,

Your Directors have pleasure in presenting their Seventh Annual Report on the business and operations of the Company and the accounts for the financial year ended March 31, 2018.

1. FINANCIAL PERFORMANCE:

The summary of the Financial Results of the Company for the Financial Year 2017-18 is as follows:

<i>Amount in Rs.</i>		
PARTICULARS	31st March, 2018	31st March, 2017
Income		
Revenue from operation	729,480,790	431,568,326
Other Income	15,757,985	7,471,950
Less: Total Expenditure	894,030,173	436,064,294
Profit / Loss Before Exceptional Items, Extraordinary Items and Tax	(148,791,398)	2,975,982
Exceptional Item	-	-
Extraordinary Item	-	-
Profit / (Loss) Before Tax	(148,791,398)	2,975,982
Less: Current Tax	-	(1,280,448)
MAT Credit Entitlement -	-	1,280,448
Less: Deferred tax income/Expenses	46,478,225	(993,157)
Earlier Year deferred tax benefit/(Charge)	-	18,971,814
Earlier Year tax adjustment	(45,135)	(5,652)
Profit/Loss for the year	(102,358,308)	20,948,987

2. **OPERATIONS AND FUTURE OUTLOOK AND STATE OF COMPANY'S AFFAIRS:**

During the year under review, the Company has earned a total Income of **Rs. 74,52,38,775/-** (Rupees Seventy Four Crores Fifty Two Lacs Thirty Eight Thousand Seven Hundred and Seventy Five Only) and incurred a Net Loss of **Rs. 10,23,58,308/-** (Rupees Ten Crores Twenty Three Lacs Fifty Eight Thousand Three Hundred and Eight Only), as against a Net Profit of **Rs. 2,09,48,987/-** (Rupees Two Crores Nine Lacs Forty Eight Thousand Nine Hundred and Eighty Seven Only) in the Financial Year 2016-17.

3. **DECLARATION OF DIVIDEND:**

In view of planned business growth and in order to conserve resources, your Directors do not propose and recommend any dividend on the Equity Shares of the Company, for the year under review.

4. **RESERVES:**

During the year under review, no amount was transferred to Statutory Reserve under the head "Reserve & Surplus."

5. **BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIRS:**

The Company is engaged in the business of Microfinance.

6. **CHANGE IN NATURE OF BUSINESS, IF ANY:**

There was no change in the nature of business during the year under review.

7. **MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:**

There are no material changes or commitments, which have occurred after the closure of the Financial Statements for the Financial Year 2017-18 till the date of this Report, that affect the financial position of the Company in any adverse way.

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

There were no significant or material orders passed by any Courts or Regulators or Tribunals during the Financial Year 2017-18 that, in the opinion of the Board, have an impact on the going concern status and the operations of the Company in the future.

9. **DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES:**

The Company does not have any Subsidiary/Joint Venture/Associate Companies as on date of Balance Sheet and the date of Report.

10. **OTHER DISCLOSURES:**

a. **Deposits:**

The Company has been granted license under Segment of non-deposit taking NBFC-MFI, accordingly the Company cannot accept deposits within the meaning of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

Accordingly, the company has neither accepted public deposits during the Financial Year nor would accept any public deposits during the Current Financial Year 2018-2019.

b. **Sweat Equity Shares issued during the Year:**

The Company has not issued any Sweat Equity Shares during the Financial Year under review.

c. **Issue of Shares under Employee Stock Option Scheme (ESOP):**

The Company has a stock option plan under 'Svatantra Microfin Employee Stock Options Plan 2017 ("ESOP 2017") for its employees. As on March 31, 2018, the following stock option grants were in operation:

Number of options granted during the year	2,10,000
Number of options vested during the year	Nil
Number of options exercised during the year	Nil

Total number of shares arising as a result of exercise of option during the year	Nil
Options lapsed during the year	16,409
Exercise price	Rs. 15.91
Variation of terms of options	Nil
Money realized by exercise of options	Nil
Total number of options in force	1,93,591

Employee wise details of the options granted to:

i. Key Managerial Personnel –

Name	Designation	Options Granted	Exercise Price
Mr. Anujeet Varadkar	Chief Executive Officer (CEO)	25036	Rs. 15.91
Mr. Surinder Kumar Bhatia	Company Secretary (CS)	13909	Rs. 15.91

ii. Any employee who receives a grant of option in any one year of option amounting to 5% or more of options granted during that year –

In the Financial Year 2017-18	
Name of Employee	No. of options granted
Mr. Anujeet Varadkar	25036
Ms. Vrushali Mahajan	16690
Ms. Kranti Sety	13909
Mr. Kandarp Gupta	16691
Mr. Sahil Mehta	16691
Mr. Pranay Singh	10293
Mr. B. B. Vasudev Rao	13909
Mr. Surinder Kumar Bhatia	13909
Mr. Umang Shah	11127
Mr. Lolup Swain	13909
Mr. Mahesh Surkante	13909
Mr. Pankaj Aundhkar	16691

iii. Employees who were granted options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant

In the Financial Year 2017-18	
Name of Employee	No. of options granted
-	-

d. Details of Frauds reported by the Statutory Auditors under Section 143 (12) of the Companies Act, 2013 during the Financial Year:

During the year under review, no frauds were reported by the Statutory Auditors, requiring intimation under Section 143 (12) of the Companies Act, 2013, for the Company and therefore no details are required to be disclosed under Section 134(3)(ca) of the Companies Act, 2013.

11. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

The Company is in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and has a Prevention of Sexual Harassment Policy in place. All the employees of the company are covered under this policy. No complaints in this regard were received during the financial year 2017-18.

12. DISCLOSURE REGARDING COST RECORDS:

The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for any of the products of the Company, as such maintenance of cost records is not applicable for the company.

13. COMPLIANCE OF APPLICABLE LAWS AND SECRETARIAL STANDARDS:

The Board of Directors hereby declare that the Company is in compliance of the provisions of Secretarial Standard-1 ("Board Meetings") and Secretarial Standard – 2 ("General Meetings") issued by Institute of Company Secretaries of India (ICSI) and notified by the MCA under Section 118(10) of the Companies Act, 2013, for all the Board and General Meetings of the Company held during the Financial Year 2017-18 and the Securities Law, RBI Act and other laws as applicable to the Company.

14. STATUTORY AUDITORS:

In terms of the Provisions of Section 139 and 141 read with Companies (Audit and Auditors) Rules, 2014 as amended from time to time, the Statutory Auditors of the Company, "**M/s. Suresh Surana & Associates LLP, Chartered Accountants**" [Firm Registration No. 121750W/W-100010], were appointed in the Annual general Meeting of

the Company held on 30th September, 2015 as Statutory Auditors of the company to hold office for a term of five years until the conclusion of the Annual General Meeting to be held in year 2020.

15. AUDITOR'S REPORTS:

M/s. Suresh Surana & Associates LLP, Chartered Accountants [Firm Registration No. 121750W/W-100010], Statutory Auditors for the company who conducted the audit for the financial year 2017-2018 have submitted their report. The Notes on the Financial Statements refer to the report are self-explanatory and do not call for any further comments.

The Auditor's Report is unmodified and does not contain any qualifications, reservations or adverse remarks.

16. SHARE CAPITAL:

The Authorized Share Capital of the Company as on 31st March, 2018 is Rs. 140,00,00,000/- (One Hundred Forty Crores) as against Rs. 110,00,00,000/- (One Hundred Ten Crores) as on 31st March, 2017.

The paid up capital of the Company as on 31st March, 2018 is Rs. 1,32,34,37,500/- (One Hundred Thirty Two Crores Thirty Four Lacs Thirty Seven Thousand Five Hundred) divided into 13,23,43,750 (Thirteen Crores Twenty Three Lacs Forty Three Thousand Seven Hundred Fifty) Equity shares of Rs. 10/- (Rupees Ten Only) each.

17. EXTRACT OF THE ANNUAL RETURN:

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 as amended from time to time, Annual Return has been placed on the website of the company at http://svatantramicrofin.com/pdf/MGT-9_Annual_Return.pdf.

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

a. Conservation of energy, Technology absorption:

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the company during the year under review.

b. Foreign exchange earnings and Outgo:

The Company neither had any foreign exchange earnings nor any outgo during the year under review.

19. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

a. Composition of Board of Directors:

The Board of the Company is duly constituted as per the provisions of Section 149 of the Companies Act, 2013 with four (4) directors as on 31st March, 2018 as well as on date of this report, as mentioned below:

Mr. Kumar Mangalam Birla	-	Director
Mrs. Neerja Birla	-	Director
Ms. Ananyashree Birla	-	Chairperson & Director
Mr. Vineet Bijendra Chattree	-	Additional Director

All the directors of the Company has diversified experience and specialized knowledge in various areas relevant to the Company.

b. Changes in the Composition of Board of Directors:

During the year under review, Mr. Vineet Bijendra Chattree. (DIN: 07962531) has been appointed as an Additional Director on the Board of the Company with effect from 10th October, 2017.

c. Key Managerial Personnel:

The following are the Key Managerial Personnel as on 31st March, 2018 as well as on date of this report:

Mr. Anujeet Varadkar.	-	Chief Executive Officer
Mr. Surinder Kumar Bhatia.	-	Company Secretary.

20. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

During the financial year ended 31st March, 2018, 9 (Nine) Meetings of the Board of Directors of the Company were held. The attendance of the Board of Directors in these Meetings were as follows:

Sr. No.	No. of the Board Meeting	Date of the Board Meeting	No. of Directors Present
1.	1/2017-2018	06/04/2017	3
2.	2/2017-2018	28/06/2017	2
3.	3/2017-2018	02/08/2017	2
4.	4/2017-2018	01/09/2017	2
5.	5/2017-2018	08/09/2017	3
6.	6/2017-2018	10/10/2017	2
7.	7/2017-2018	22/11/2017	3
8.	8/2017-2018	05/01/2018	3
9.	9/2017-2018	26/03/2018	3

Name of Directors	No of Board Meetings during FY 2017-18		
	Held	Eligible to attend	Attended
Mr. Kumar Mangalam Birla	9	9	2
Mrs. Neerja Birla	9	9	9
Ms. Ananyashree Birla	9	9	9
Mr. Vineet Bijendra Chattree	9	3	3

21. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

The Company has not made any investment(s) and provided guarantee(s) as covered under Section 186 of the Companies Act, 2013.

Moreover, the Provisions of Section 186(11) and 134(3)(g) of the Companies Act, 2013 requiring disclosure of particulars of the loan given, investments made and guarantee given or securities provided are not applicable to the company.

22. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All contract(s) / arrangement(s) / transaction(s) entered into by your Company with its related parties, during the year under review, were in the ordinary course of business of the Company, and on an arm's length basis; and not material, as per the provisions of Section 188(1) of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014.

23. CORPORATE SOCIAL RESPONSIBILITY:

The provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 are not applicable to the Company since the Company does not meet the criteria specified under Section 135(1) of the Companies Act, 2013.

24. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had devised proper systems to ensure compliance with the Provisions of all applicable laws and that such systems were adequate and Operating effectively.

25. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES:

Your Company has an effective Vigil Mechanism system which is embedded in its Code of Conduct. The Code of Conduct of your Company serves as a guide for daily business interactions, reflecting your Company's standard for appropriate behavior and living Corporate Values. The Code of Conduct applies to all Svatantra's People, including

Directors, Officers, and all employees of the Company.

26. MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis Report for the year under review is presented in *Annexure I*, which is a part of this report.

27. CREDIT RATING:

Details of the Credit Rating assigned by credit rating agencies and migration of ratings, if any during the Financial Year 2017- 2018 are disclosed in Note 42.4 to the Financial Statements.

28. RISK MANAGEMENT:

The Board of Directors of the Company has constituted a board risk management committee to frame, implement, and monitor the risk management plan for the Company. The committee will be responsible for reviewing the risk management plan, ensuring its effectiveness and verifying adherence to various risk parameters. The Company's Risk Management strategy is based on clear understanding of various risks, disciplined risk assessment and continuous monitoring. The Risk Management Committee reviews various risks with which the organization is exposed including Credit Risk, Interest Rate Risk, Liquidity Risk and Operational Risk. The development and implementation of risk management policy has been covered in the Management Discussion and Analysis in *Annexure I*, which is a part of this report.

29. INTERNAL FINANCIAL CONTROLS:

The Company has adequate internal controls and processes in place with respect to its operations, which provide reasonable assurance regarding the reliability of the preparation of financial statements and financial reporting as also functioning of other operations. The Company is following an effective internal control system commensurate with its size and operations. These controls and processes are driven through various policies and procedures. In addition to this the work process is designed in such a way that process of internal check is ensured at all levels.

It also ensures the adoption of all policies & procedures for orderly and efficient conduct of its business, including adherence to the Company's Policy, the safeguarding of its assets, prevention and detection of fraud & error, the accuracy & completeness of the accounting records and the timely preparation of reliable financial information.

30. RBI GUIDELINES:

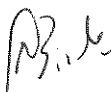
The Company is registered with the Reserve Bank of India as a NBFC-MFI within the provisions of the NBFC (Reserve Bank of India) Directions, 1998. The Company continues to comply with all the requirements prescribed by the Reserve Bank of India

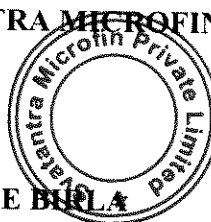
as applicable to it.

31. ACKNOWLEDGEMENTS:

Your Directors take this opportunity to express their deep and sincere gratitude to the Borrowers, Banks, Financial Institutions, Investors, and Employees for their continued assistance, support, confidence and patronage, as well as to the Reserve Bank of India, the Government of India and Regulatory Authorities for their cooperation, support and guidance.

FOR SVATANTRA MICROFIN PRIVATE LIMITED


ANANYASHREE BIRLA
(CHAIRPERSON)
DIN: 06625036



Place: Mumbai
Date: 31.08.2018

ANNEXURE I

MANAGEMENT AND DISCUSSION ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Company overview:

In a changing and often challenging operating environment, during the financial year 2017-18, the Company made good progress against its key strategic objectives during the year. The Company continued to grow and diversify in new geographies, invest on capacity building, building a strong team and promoted to deal in cash less transactions.

FY 17-18 for Svatanttra:

The portfolio of the company stood at Rs. 570.7 Crores as on 31st March, 2018.

The financial performance of the company was good during FY 2017-18 despite considerable challenges posed by demonetization and transition.

Company outreach:

The company, as on March 31, 2018 was operating in 8 States covering 73 districts with 130 branches across the country.

Funding & Capital Raising:

The company has raised funds through various sources during the financial year 2017-18. Out of the total funds raised of Rs. 364.5 Crores during the year, Rs. 361.5 Crores were raised through Term Loan and Rs. 3 Crores were raised through Cash Credit. The Net worth of the company as on March 31, 2018 stood at Rs. 1,18,17,53,894/-.

OPPORTUNITIES AND THREATS

The growth of the Company is subject to opportunities and threats as are applicable to the industry from time to time.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The details of financial performance of the Company are appearing in the Balance Sheet and Statement of Profit and Loss for the year ended March 31, 2018.

OUTLOOK

Roadmap for FY 2018-19

The focus of the company during the financial year 2018- 19 would be in finding new ways to connect with its clients, increasing focus on automation, Data analytics and learning & development.

RISK AND CONCERNS

The Board of Directors stands at the apex of the governance, supporting the risk management framework. The Board oversees the implementation of the Risk Management Plan principally through the Board Risk Management Committee (BRMC).

The Company being involved in business of lending is subject to multiple risks i.e. Credit risk, Operational risk, Liquidity risk, and Regulatory risk. The Risk Management framework of the company tends to reduce the risks which might result in compromising the organizational strength.

The Board of the company comprises of professional directors with relevant experience who are well versed to understand the risks specific to the company. The company has put in adequate checks by complying with the regulations framed by RBI which are applicable on the company. It also has an effective risk management department which is bound to work in an effective manner in order to mitigate risks.

Whereas each department focuses on its specific area of activity, the risk management department operates in cooperation with all other departments, utilizing all significant information sourced by the other departments in order to manage risks.

The company is also regulated by Reserve Bank of India which has stipulated certain regulations to be followed by each and every NBFC.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The internal control systems of the company are designed to ensure that all assets of the company are safeguarded and protected against any loss and be in line with the nature of its business and the size of operations.

DISCUSSION ON FINANCIAL PERFORMANCE WITH OPERATIONAL PERFORMANCE

There has been a significant rise in the operations of the company during the year. The company has diversified its operations as on March 31, 2018 in 8 states with 130 branches in 73 districts.

The number of customers has also increased to 2,76,780 as compared to 1,68,238 in the previous year. This has resulted in increase in the revenue of the company during the year 2017-18. Further details related to the operational performance can be seen in the Director's Report of the company.


MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

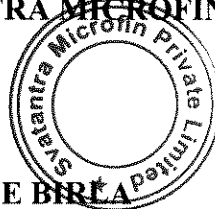
Human Resource

The company is cognizant of the importance of human capital in a fast evolving and high growth industry like the one it operates in. It also strives hard to retain its experienced team rich in domain expertise as it recognizes their importance in the growth of the Company. There has been a significant increase in the number of branches of the company during the year which has resulted in increase in the number of employees as on March 31, 2018 at 1,233 as compared to 728 in the previous year.

The company also has a strong culture of celebrations. All occasions are celebrated with great zeal and excitement at the branches.

FOR SVATANTRA MICROFIN PRIVATE LIMITED


ANANYASHREE BIRLA
(CHAIRPERSON)
DIN: 06625036



Place: Mumbai
Date: 31.08.2018