

**SVATANTRA MICROFIN PRIVATE
LIMITED**

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2019**

Suresh Surana & Associates LLP
Chartered Accountants

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LLP Identity No. AAB-7509

INDEPENDENT AUDITORS' REPORT

To,
The Members of
SVATANTRA MICROFIN PRIVATE LIMITED

Opinion

We have audited the accompanying financial statements of Svatanttra Microfin Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, the profit and its cash flows for the year ended on that date.

Basis of Opinion

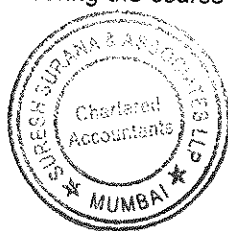
We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent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

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Board's Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially



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misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

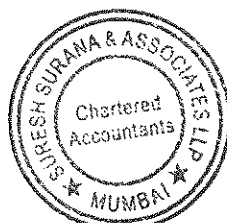
Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 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 Statement of Cash Flows 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;
 - e) On the basis of the written representations received from the directors as on 31 March 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act;



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- 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",
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, according to the information and explanations given to us, the Company has paid and provided managerial remuneration during the year. As the Company is private company, provisions of Section 197 read with Schedule V of the Act is not applicable.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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. (Refer note-26 to the financial statements)
- 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

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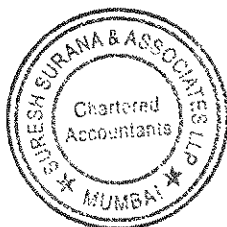
Firm's Reg. No. 121750W/W-100010

MKhandekar

Madhukar Khandekar

Partner

Membership No.: 13912



Place: Mumbai

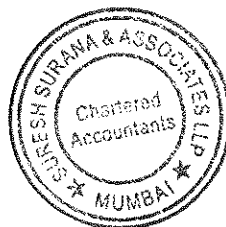
Date: 27 June 2019

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 Paragraph 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, 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 2019 for a period of more than six months from the date they became payable except labour welfare fund of Rs. 2,160, provident fund of Rs. 18,741 and professional tax of Rs.17,170 which is outstanding on the last day of the financial year for more than six months from the date they became payable. Subsequent to the balance sheet date, the Company has paid labour welfare fund and provident fund dues. 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.



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- b) According to information and explanations given to us, there are no dues on account of income 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 or dues to debenture holders. The Company does not have any loans from government.
- (ix) According to the information and explanations given to us, the term loans have been applied for the purposes for which they were raised, though idle funds which were not required for immediate utilization have been invested in liquid investments, payable on demand. 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. 9.59 Lakhs and out of which, an amount of Rs.4.98 Lakhs 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

mkhandekar

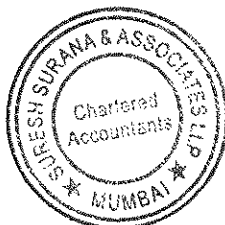
Madhukar Khandekar

PARTNER

Membership No.13912

Place: Mumbai

Date: 27 June 2019



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 2019 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

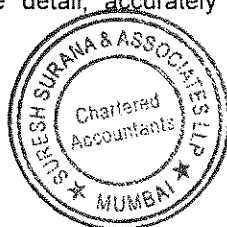
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the 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 2019, 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.: 121750W/W-100010

mkhandekar

Madhukar Khandekar
PARTNER
Membership No. 13912
Place: Mumbai
Date: 27 June 2019



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Auditors' Additional Report

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

Report on the Financial Statements

We report that the statutory audit of **Svatantra Microfin Private Limited** ("the Company") 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 27 June 2019 along with a copy of each of the audited balance sheet, as of 31 March 2019, statement of profit and loss and the statement of cash flows of the Company for the year ended on 31 March 2019 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 made under Section 143 of the Companies Act, 2013 ('the Act') on the financial statements of the Company for the year ended 31 March 2019 and as required by Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 ('The Directions'), issued by the Reserve Bank of India ('RBI') vide notification No. DNBS 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, we report on the matters specified in paragraphs 3 and 4 of the said Directions, to the extent applicable, as follows:

Management's Responsibility for the financial statements

The Company's management is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

The Company's management is responsible for ensuring that the Company complies with the requirements of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (the 'Master Directions'). This responsibility includes the design, implementation and maintenance of internal control relevant to the compliance with the Master Directions.

Auditor's Responsibility

Pursuant to the requirements of the Directions, it is our responsibility to examine the books of account and records of the Company and report on the matters specified in the Directions to the extent applicable to the Company.

We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

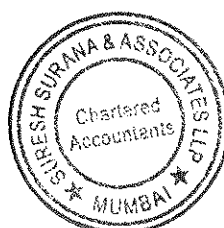
We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.'

Conclusion

Based on our examination of the financial statements as at and for the year ended 31 March 2019, books of account and records of the Company as produced for our examination and according to the information and explanations given to us, we further report that:

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 2019 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 2019.
- 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 03 April 2018 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 2019.
- 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 2019.

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



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not be quoted or referred to in any other document made available to any other person or persons without our prior written consent.


Restrictions of use

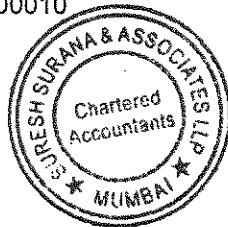
This report is issued pursuant to our obligations under Non-banking Financial Companies Auditors' report (Reserve Bank) Directions, 2016 to submit a report on additional matters as stated in the Directions to the RBI. Our report should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

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


(Madhukar Khandekar)
PARTNER
Membership No.: 13912
Mumbai,



Dated: 27 June 2019

Svatantra Microfin Private Limited

Balance Sheet as at 31 March 2019

| Particulars | Note No. | As at 31-Mar-19 (Rs.) | As at 31-Mar-18 (Rs.) |
|--|----------|-----------------------|-----------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholder's funds | | | |
| (a) Share capital | 3 | 1,720,468,750 | 1,323,437,500 |
| (b) Reserves and surplus | 4 | 24,920,940 | (141,683,606) |
| | | 1,745,389,690 | 1,181,753,894 |
| Non-Current Liabilities | | | |
| (a) Long term borrowings | 5 | 5,733,858,295 | 2,850,328,327 |
| (b) Long term provisions | 6 | 15,874,104 | 7,427,701 |
| | | 5,749,732,399 | 2,857,756,028 |
| Current Liabilities | | | |
| (a) Short-term borrowings | 7 | 925,068,077 | 706,026,146 |
| (b) Trade payables | | | |
| - total outstanding dues of micro enterprises and small enterprises | | - | - |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | 8 | 36,242,066 | 28,687,214 |
| (c) Other current liabilities | 9 | 4,540,015,817 | 1,046,408,039 |
| (d) Short-term provisions | 10 | 217,516,790 | 176,255,270 |
| | | 5,718,842,750 | 1,957,376,669 |
| TOTAL | | 13,213,964,839 | 5,996,886,591 |
| ASSETS | | | |
| Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Property, plant and equipment | 11A | 50,736,908 | 26,569,674 |
| (ii) Intangible assets | 11B | 18,203,459 | 16,573,632 |
| (iii) Capital work-in-progress | 11C | 6,742,272 | 163,500 |
| | | 75,682,639 | 43,306,806 |
| (b) Long-term loans and advances | 12 | 4,456,207,097 | 2,394,609,605 |
| (c) Other non-current assets | 13 | 126,767 | 126,767 |
| (d) Deferred tax asset (net) | 14 | 66,577,534 | 64,456,882 |
| | | 4,522,911,398 | 2,459,193,254 |
| Current Assets | | | |
| (a) Cash and cash equivalents | 15 | 1,057,949,929 | 53,321,398 |
| (b) Short-term loans and advances | 16 | 7,366,289,086 | 3,341,764,548 |
| (c) Other current assets | 17 | 191,131,787 | 99,300,585 |
| | | 8,615,370,802 | 3,494,386,531 |
| TOTAL | | 13,213,964,839 | 5,996,886,591 |

Summary of significant accounting policies

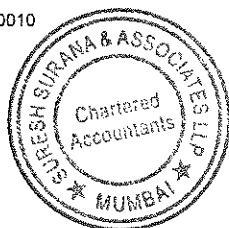
2

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

mk Khandekar
(Madhukar Khandekar)
Partner
Membership no. 13912



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

Ananyashree Birla
Ananyashree Birla
DIRECTOR
DIN No. 06625036
Place : London
Date : 25th June 2019

Neerja Birla
Neerja Birla
DIRECTOR
DIN No. 01020533
Place : London
Date : 25th June 2019

Anuj Varadkar
Anuj Varadkar
CHIEF EXECUTIVE OFFICER

Surinder Kumar Bhatia
Surinder Kumar Bhatia
COMPANY SECRETARY
Membership No. 17227

Place : Mumbai
Date : 27th June 2019

Place : Mumbai
Date : 27th June 2019

Place : Mumbai
Date : 27th June 2019



Statement of Profit and Loss for the year ended 31 March 2019

| Particulars | Note No. | Current Year 2018-19 (Rs.) | Previous Year 2017-18 (Rs.) |
|---|----------|----------------------------------|-----------------------------------|
| Income | | | |
| Revenue from operations | 18 | 1,760,843,350 | 744,250,158 |
| Other income | 19 | 24,731,746 | 988,617 |
| Total revenue | | 1,785,575,096 | 745,238,775 |
| Expenses | | | |
| Employee benefits expense | 20 | 492,474,572 | 261,620,996 |
| Finance costs | 21 | 781,895,909 | 264,444,653 |
| Depreciation/amortisation expense | 22 | 25,409,196 | 14,112,616 |
| Other expenses | 23 | 199,286,101 | 115,272,917 |
| Contingent provision against Standard assets, Provision for Non-performing assets and Write-off | 24 | 48,669,641 | 238,578,991 |
| Total expenses | | 1,547,735,419 | 894,030,173 |
| Profit / (Loss) before tax | | 237,839,677 | (148,791,398) |
| Tax expenses | | | |
| Current tax | | (73,355,782) | - |
| Deferred tax Income/(expenses) | | 2,120,652 | 46,478,225 |
| Earlier year tax adjustment | | - | (45,135) |
| Profit / (Loss) after tax | | 166,604,547 | (102,358,308) |
| Earnings Per Share | 25 | | |
| Basic | | 1.173 | (1.003) |
| Diluted | | 1.169 | (1.003) |
| Nominal value per share | | 10 | 10 |

Summary of significant accounting policies

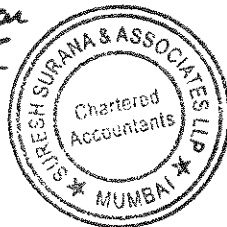
2

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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
Place : London
Date : 25th June 2019

Neerja Birla
DIRECTOR
DIN No. 01020533
Place : London
Date : 25th June 2019

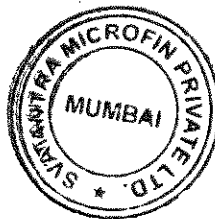
Anujest Varadkar
CHIEF EXECUTIVE OFFICER

Surinder Kumar Bhatia
COMPANY SECRETARY
Membership No. 17227

Place : Mumbai
Date : 27th June 2019

Place : Mumbai
Date : 27th June 2019

Place : Mumbai
Date : 27th June 2019



Svatantra Microfin Private Limited

Cash flow statement for the year ended 31 March 2019

| Particulars | Current Year 2018-19 (Rs.) | Previous Year 2017-18 (Rs.) |
|---|----------------------------------|-----------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit/(loss) before tax | 237,839,677 | (148,791,398) |
| Adjustments for:- | | |
| Depreciation/amortisation expense | 25,409,196 | 14,112,616 |
| Contingent provision against Asset | 44,629,866 | 147,013,649 |
| Portfolio loan written off | 4,039,775 | 91,565,342 |
| Interest income | (2,309,329) | (777,361) |
| Profit on sale of current investments | (11,238,084) | - |
| Interest expenses | 703,463,251 | 247,240,839 |
| Operating profit before working capital changes | 1,001,834,351 | 350,363,686 |
| Adjustments for working capital changes: | | |
| (Increase)/decrease in trade and other payables | 111,968,722 | 29,563,881 |
| (Increase)/decrease in trade and other receivables | (6,174,621,920) | (3,276,562,695) |
| Cash generated from operations | (5,060,818,847) | (2,896,635,327) |
| Income taxes paid/ (refund) | (82,953,709) | (1,748,521) |
| Net cash generated from/(utilised in) operating activities | (A) (5,143,772,556) | (2,898,383,848) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets including capital work-in-progress | (55,956,441) | (28,409,258) |
| Proceed on sale of fixed Asset | 105,208 | 20,838 |
| Interest income | 2,309,329 | 2,300,483 |
| Purchase of investments | (9,234,500,100) | - |
| Sale of investments | 9,245,738,184 | 16,438,838 |
| Deposits with bank having original maturity of more than three months | - | - |
| Net cash generated from/(utilised in) investing activities | (B) (42,303,820) | (9,649,099) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of equity share capital | 397,031,250 | 264,687,500 |
| Proceeds from long term of borrowings | 7,760,000,000 | 2,890,000,000 |
| Repayments of long term of borrowings | (1,563,239,979) | (348,790,391) |
| Proceed / (Repayment) of short term borrowings | 209,666,163 | 346,915,573 |
| Interest paid | (612,752,527) | (227,807,289) |
| Net cash generated from/(utilised in) financing activities | (C) 6,190,704,907 | 2,925,005,393 |
| Net (decrease) / increase in cash and cash equivalents (A+B+C) | 1,004,628,531 | 16,972,446 |
| Cash and cash equivalents at the beginning of the year | 53,321,398 | 36,348,952 |
| Cash and cash equivalents at the end of the year | 1,057,949,929 | 53,321,398 |

Note:

1. 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.

2. 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

mkhandekar
(Madhukar Khandekar)
Partner
Membership no. 13912



ON BEHALF OF THE BOARD OF DIRECTORS
SVATANTRA MICROFIN PRIVATE LIMITED

P3.4 Neeraj Birla
Ananyashree Birla
DIRECTOR
DIN No. 06625036
Place : London
Date : 25th June 2019

Neeraj Birla
Neeraj Birla
DIRECTOR
DIN No. 01020533
Place : London
Date : 25th June 2019

Anujeet Varadkar
CHIEF EXECUTIVE OFFICER

Surinder Kumar Bhatia
Surinder Kumar Bhatia
COMPANY SECRETARY
Membership No. 17227

Place : Mumbai
Date : 27th June 2019

Place : Mumbai
Date : 27th June 2019

Place : Mumbai
Date : 27th June 2019



Notes to the financial statements for the year ended 31 March 2019

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/Amortization expenses

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.

The Company provides depreciation using straight line method 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.

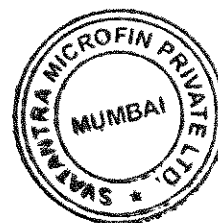
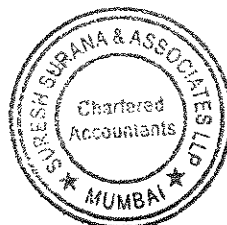
2.4 Revenue recognition

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 realization, 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.



Notes to the financial statements for the year ended 31 March 2019

e) Income on direct assignment

The Company enters into arrangements for sale of portfolio loans through direct assignment. The said assets are de-recognised upon transfer of significant risks and rewards to the purchaser and on meeting the true sale criteria.

The Company retains the contractual right to receive share of future monthly interest i.e. Excess Interest Spread ('EIS') on the transferred assets which is the difference between the pool IRR and the yield agreed with the portfolio buyer. Interest on retained portion of assigned portfolio is recognised on accrual basis except in case of non-performing assets wherein interest income is recognised on receipt basis as per NBFC prudential norms. This is in line with RBI Master Direction - Non-Banking Financial Company - Systemically Important NonDeposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 01 September 2016.

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 realized 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. Gratuity is funded with an approved trust.

Employee leave encashment

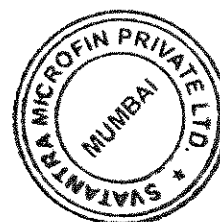
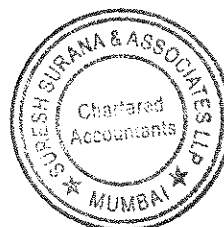
The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilized leave balances is provided based on an actuarial valuation carried out by an independent actuary as at year end which is calculated using projected unit credit method and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

2.9 Employee Stock Option Scheme ('ESOP')

The Company has formulated an Employees Stock Option Scheme ("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 Intrinsic 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.



Notes to the financial statements for the year ended 31 March 2019

2.10 Cash settled share based payments (Phantom Stock Plan)

Phantom stock units granted under the Cash-settled Share-based payment plan (Phantom Stock Plan) is recognised based on intrinsic value method. Intrinsic value of the phantom stock unit is determined in accordance with the Guidance Note on Accounting for Employee Share based Payments, issued by the Institute of Chartered Accountants of India.

2.11 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.

2.12 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.

2.13 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.

2.14 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 |
| Non performing assets | |
| * 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 or in the opinion of the management, any amount which is not recoverable are written off.

2.15 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.

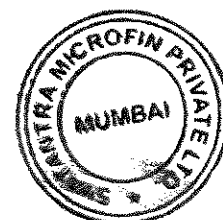
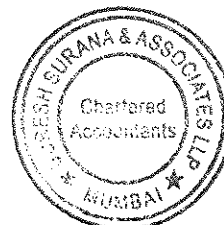
Portfolio loans under assignment are de-recognised in the balance sheet when they are assigned subject to the Minimum Retention Criteria(MRC). MRC portion of assigned loan are shown under Loans & Advances.

2.16 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.

2.17 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-Mar-19 (Rs.) | As at 31-Mar-18 (Rs.) |
|---|--------------------------|--------------------------|
| Authorised 180,000,000 (Previous year 140,000,000) Equity shares of Rs.10 each, fully paid | 1,800,000,000 | 1,400,000,000 |
| Issued, subscribed and fully paid-up 172,046,875 shares (Previous year 132,343,750) Equity shares of Rs.10 each, fully paid | 1,720,468,750 | 1,323,437,500 |
| Total issued, subscribed and fully paid up share capital | 1,720,468,750 | 1,323,437,500 |

a) Reconciliation of number and amount of shares outstanding:

| Particulars | As at 31-Mar-19 | | As at 31-March-18 | |
|--|--------------------|----------------------|--------------------|----------------------|
| | Number | Rs. | Number | Rs. |
| Equity Shares | | | | |
| Shares outstanding at the beginning of the year | 132,343,750 | 1,323,437,500 | 105,875,000 | 1,058,750,000 |
| Shares issued during the year | 39,703,125 | 397,031,250 | 26,468,750 | 264,687,500 |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 172,046,875 | 1,720,468,750 | 132,343,750 | 1,323,437,500 |

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) Pursuant to the Board resolution dated 10 December 2018 during the year, the Company has allotted 39,703,125 (Previous year 26,468,750) fully paid-up equity shares having face value of Rs.10 each on a right issue basis to the following parties:

| | No. of shares Allotted for the year ended 31 March 2019 | No. of shares Allotted for the year ended 31 March 2018 |
|--|---|---|
| TGS Investment and Trade Private Limited | 9,454,500 | - |
| Infocyper India Private Limited | 7,183,500 | - |
| IGH Holdings Private Limited | 7,935,469 | 5,290,312 |
| Birla Group Holdings Private Limited | 10,069,875 | 13,016,250 |
| Umang Commercial Company Private Limited | 5,059,781 | 8,162,188 |
| Total | 39,703,125 | 26,468,750 |

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

| Name of Shareholder | As at 31-Mar-19 | | As at 31-March-18 | |
|--|--------------------|----------------|--------------------|----------------|
| | No. of shares held | % of Holding | No. of shares held | % of Holding |
| TGS Investment and Trade Private Limited | 40,969,500 | 23.81% | 31,515,000 | 23.81% |
| Infocyper India Private Limited | 31,128,500 | 18.09% | 23,945,000 | 18.09% |
| IGH Holdings Private Limited | 34,387,031 | 19.99% | 26,451,562 | 19.99% |
| Birla Group Holdings Private Limited | 43,636,125 | 25.36% | 33,566,250 | 25.36% |
| Umang Commercial Company Private Limited | 21,925,719 | 12.74% | 16,865,938 | 12.74% |
| Total | 172,046,875 | 100.00% | 132,343,750 | 100.00% |



4 RESERVES AND SURPLUS

| Particulars | As at 31-Mar-19 (Rs.) | As at 31-Mar-18 (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 | 4,415,382 |
| Add: Transferred from Statement of Profit and Loss | 33,320,909 | - |
| Closing Balance | 37,736,291 | 4,415,382 |
| Surplus/ (deficit) in the statement of profit and loss | | |
| Opening balance | (146,498,989) | (44,140,680) |
| Profit / (loss) for the year | 166,604,547 | (102,358,308) |
| Less: Transfer to Statutory Reserve | (33,320,909) | - |
| Closing Balance | (13,215,351) | (146,498,988) |
| Total (a+b+c) | 24,920,940 | (141,683,606) |

*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.

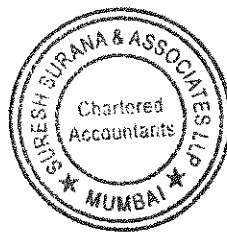
5 LONG TERM BORROWINGS

| Particulars | As at 31-Mar-19 (Rs.) | As at 31-Mar-18 (Rs.) |
|--|-----------------------------|-----------------------------|
| Secured | | |
| Term Loan | | |
| -from banks* | 3,986,350,155 | 2,745,634,497 |
| -from non banking financial companies (NBFCs) * | 997,508,140 | 104,693,830 |
| 11.70% Unsecured redeemable non-convertible debentures** | 750,000,000 | - |
| Total | 5,733,858,295 | 2,850,328,327 |

* Secured by pari-passu first charge by way of hypothecation of all receivables of the Company, in the favor of security trustee. For detailed terms of repayment, refer note 5.1 below.

** The Company has made issue of 750 unsecured, subordinated, fully paid up, rated, unlisted, taxable, transferable, redeemable, non-convertible debentures of Rs.10,000,000 each at coupon rate of 11.70% p.a. to Tata Capital Financial Services Limited. The said debentures of Rs. 75 crores are redeemable on 30 November 2023 at face value of Rs. 10,00,000 each. As on 31.03.2019, the said debentures are held by the following parties:

| Name of the debenture holders | Debentures Held (No.) |
|--|-----------------------|
| Tata Capital Financial Services Ltd | 150 |
| Franklin India Short Term Income Plan | 300 |
| Franklin India Income Opportunities Fund | 300 |

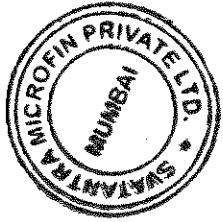
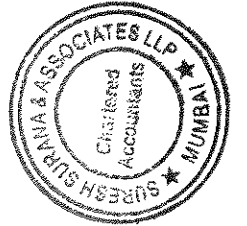


Svalantra Microfin Private Limited

Notes to the financial statements for the year ended 31 March 2019

5.1 : Term of Repayment of Term Loan

| Original Maturity | Interest Rate | Due Within 1 Year | | Due between 1 - 2 Years | | Due between 2 - 3 Years | | Due between 3 - 4 Years | | Due between 4 - 5 Years | | Total |
|-------------------|------------------|---------------------|-------------|-------------------------|-------------|-------------------------|-------------|-------------------------|------------|-------------------------|------------|---------------|
| | | No. Of Installments | Amount | No. Of Installments | Amount | No. Of Installments | Amount | No. Of Installments | Amount | No. Of Installments | Amount | |
| Within 1 Year | 9.00% to 9.50% | 1 | 50,000,000 | - | - | - | - | - | - | - | - | 50,000,000 |
| | | 1 | 100,000,000 | - | - | - | - | - | - | - | - | 100,000,000 |
| | | 1 | 75,000,000 | - | - | - | - | - | - | - | - | 75,000,000 |
| | | 4 | 400,000,000 | - | - | - | - | - | - | - | - | 400,000,000 |
| | 9.00% to 9.50% | 4 | 49,848,216 | 4 | 54,845,613 | - | - | - | - | - | - | 104,693,830 |
| | | 2 | 100,000,000 | 1 | 50,000,000 | - | - | - | - | - | - | 150,000,000 |
| | | 12 | 50,000,000 | 5 | 20,833,333 | - | - | - | - | - | - | 70,833,333 |
| | | 2 | 869,565 | - | - | - | - | - | - | - | - | 869,565 |
| | 9.51% to 10.00% | 12 | 130,434,783 | - | - | - | - | - | - | - | - | 130,434,783 |
| | | 12 | 130,434,783 | - | - | - | - | - | - | - | - | 130,434,783 |
| 1-3 | 10.01% to 10.50% | 2 | 104,347,826 | 2 | 17,381,304 | - | - | - | - | - | - | 121,729,130 |
| | | 10 | 129,084,181 | 12 | 170,905,809 | - | - | - | - | - | - | 300,000,000 |
| | | 12 | 55,000,000 | 6 | 27,500,000 | - | - | - | - | - | - | 82,500,000 |
| | | 12 | 104,347,826 | 4 | 34,782,609 | - | - | - | - | - | - | 139,130,435 |
| | 10.01% to 10.50% | 12 | 104,347,826 | 5 | 43,478,261 | - | - | - | - | - | - | 147,826,087 |
| | | 12 | 104,347,826 | 5 | 43,478,261 | - | - | - | - | - | - | 147,826,087 |
| | | 12 | 130,434,783 | 6 | 85,217,381 | - | - | - | - | - | - | 195,652,174 |
| | | 12 | 104,347,826 | 6 | 52,173,913 | - | - | - | - | - | - | 156,521,739 |
| | 10.01% to 10.50% | 3 | 5,217,381 | - | - | - | - | - | - | - | - | 5,217,381 |
| | | 7 | 60,869,565 | - | - | - | - | - | - | - | - | 60,869,565 |
| 3-5 | 11.01% to 11.50% | 8 | 52,173,913 | - | - | - | - | - | - | - | - | 52,173,913 |
| | | 9 | 39,130,435 | - | - | - | - | - | - | - | - | 39,130,435 |
| | | 12 | 104,347,826 | 4 | 34,782,609 | - | - | - | - | - | - | 139,130,435 |
| | | 30 | 642,857,142 | 24 | 623,808,524 | - | - | - | - | - | - | 1,266,666,667 |
| | 11.01% to 11.50% | 3 | 187,500,000 | 4 | 250,000,000 | 10 | 125,210,011 | - | - | - | - | 500,000,000 |
| | | 12 | 120,576,513 | 12 | 135,309,665 | - | - | - | - | - | - | 255,886,178 |
| | | 11 | 143,478,261 | 12 | 156,521,739 | - | - | - | - | - | - | 300,000,000 |
| | | 11 | 119,565,217 | 12 | 130,434,783 | - | - | - | - | - | - | 250,000,000 |
| | 11.51% to 12.00% | 12 | 124,999,992 | 11 | 114,583,342 | - | - | - | - | - | - | 239,583,334 |
| | | 12 | 104,347,826 | 8 | 69,585,217 | - | - | - | - | - | - | 173,933,043 |
| More than 5 | 12.01% to 12.50% | 12 | 20,869,565 | 8 | 13,913,043 | - | - | - | - | - | - | 34,782,609 |
| | | 12 | 83,478,261 | 8 | 55,652,174 | - | - | - | - | - | - | 139,130,435 |
| | | 4 | 12,500,000 | 4 | 12,500,000 | 2 | 6,250,000 | - | - | - | - | 31,250,000 |
| | | 4 | 12,500,000 | 4 | 12,500,000 | 3 | 9,437,820 | - | - | - | - | 34,432,820 |
| | 9.00% to 9.50% | 4 | 25,000,000 | 4 | 25,000,000 | 4 | 25,000,000 | 1 | 6,250,000 | - | - | 81,250,000 |
| | | 4 | 25,000,000 | 4 | 25,000,000 | 4 | 25,000,000 | 1 | 6,250,000 | - | - | 81,250,000 |
| | | 4 | 50,000,000 | 4 | 50,000,000 | 4 | 50,000,000 | 4 | 49,956,340 | - | - | 199,956,340 |
| | | 4 | 17,500,965 | 4 | 17,500,000 | 1 | 4,371,857 | - | - | - | - | 39,372,822 |
| | 9.51% to 10.00% | 4 | 12,500,000 | 4 | 12,500,000 | 2 | 6,249,642 | - | - | - | - | 31,249,642 |
| | | 4 | 32,500,000 | 4 | 32,500,000 | 3 | 24,389,662 | - | - | - | - | 89,389,662 |
| 3-5 | 10.01% to 10.50% | 2 | 83,333,333 | 4 | 166,666,667 | 4 | 166,666,667 | 2 | 83,333,333 | - | - | 500,000,000 |
| | | 35 | 385,625,000 | 23 | 248,562,500 | 14 | 160,000,000 | - | - | - | - | 1,156,563,149 |
| | | 4 | 37,500,000 | 4 | 37,500,000 | 2 | 18,750,000 | - | - | - | - | 131,250,000 |
| | | 4 | 12,500,000 | 4 | 12,500,000 | 4 | 12,500,000 | 2 | 6,250,000 | - | - | 43,750,000 |
| | 11.51% to 12.00% | 4 | 12,500,000 | 2 | 285,714,300 | 2 | 285,714,300 | - | - | - | - | 1,000,000,000 |
| | | 1 | 142,657,150 | 2 | 285,714,300 | 1 | 3,102,540 | - | - | - | - | 28,108,924 |
| | | 4 | 12,506,384 | 4 | 12,500,000 | 1 | 12,474,886 | - | - | - | - | 112,474,985 |
| | | 4 | 50,000,000 | 4 | 50,000,000 | 1 | 12,474,886 | - | - | - | - | 142,500,000 |
| | 9.51% to 10.00% | 12 | 30,000,000 | 12 | 30,000,000 | 12 | 30,000,000 | 9 | 22,500,000 | - | - | 71,250,000 |
| | | 12 | 15,000,000 | 12 | 15,000,000 | 12 | 15,000,000 | 12 | 15,000,000 | 9 | 11,250,000 | 52,500,000 |
| | | 12 | 15,000,000 | 12 | 15,000,000 | 12 | 15,000,000 | 6 | 7,500,000 | - | - | 9,911,798,486 |
| | | 12 | 15,000,000 | 12 | 15,000,000 | 12 | 15,000,000 | 6 | 7,500,000 | - | - | 9,911,798,486 |



Notes to the financial statements for the year ended 31 March 2019
6 LONG TERM PROVISIONS

| Particulars | As at 31-Mar-19 (Rs.) | As at 31-Mar-18 (Rs.) |
|-----------------------------|-----------------------------|-----------------------------|
| Gratuity (refer note 28) | 6,851,693 | 5,035,978 |
| Leave encashment (Unfunded) | 9,022,411 | 2,391,723 |
| Total | 15,874,104 | 7,427,701 |

7 SHORT TERM BORROWINGS

| Particulars | As at 31-Mar-19 (Rs.) | As at 31-Mar-18 (Rs.) |
|---|-----------------------------|-----------------------------|
| Secured | | |
| Term Loan | | |
| -from banks | 400,000,000 | 29,999,231 |
| -from non banking financial companies (NBFCs) | 225,000,000 | 587,500,000 |
| Cash credit from banks* | 300,068,077 | 88,526,915 |
| Total | 925,068,077 | 706,026,146 |

Refer note 5 and 5.1 above

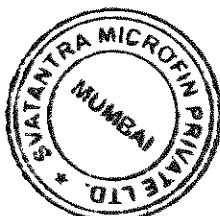
* Secured by pari-passu first charge by way of hypothecation of all receivables of the Company. Interest rate 9.65% to 10.75% (previous year 9.30% to 10.00%)

8 TRADE PAYABLES

| Particulars | As at 31-Mar-19 (Rs.) | As at 31-Mar-18 (Rs.) |
|---|-----------------------------|-----------------------------|
| Total outstanding dues of micro and small enterprises | - | - |
| Total outstanding dues other than micro and small enterprises | 36,242,066 | 28,687,214 |
| Total | 36,242,066 | 28,687,214 |

Following disclosures as required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 has been made to the extent information available with the Company :

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year | - | - |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | - | - |
| (iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year. | - | - |
| (iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006. | - | - |
| (v) The amount of interest accrued and remaining unpaid at the end of each accounting year; and | - | - |
| (vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006 | - | - |

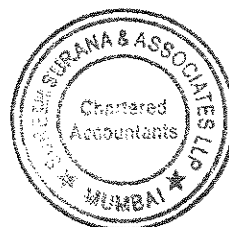


9 OTHER CURRENT LIABILITIES

| Particulars | As at 31-Mar-19 (Rs.) | As at 31-Mar-18 (Rs.) |
|---|-----------------------------|-----------------------------|
| Current maturities of long term borrowings- from banks (Refer Note 5 and 5.1) | 3,664,558,312 | 953,778,969 |
| Current maturities of long term borrowings- from NBFCs (Refer Note 5 and 5.1) | 638,381,879 | 45,306,170 |
| Interest accrued but not due on borrowings | 118,995,876 | 28,285,148 |
| Statutory dues | 20,653,574 | 6,143,784 |
| Employees dues payable | 20,696,796 | 11,737,066 |
| Payable towards Direct Assignment (Refer Note 35.1) | 75,865,523 | - |
| Creditor for capital goods | 863,857 | 1,156,902 |
| Total | 4,540,015,817 | 1,046,408,039 |

10 SHORT TERM PROVISIONS

| Particulars | As at 31-Mar-19 (Rs.) | As at 31-Mar-18 (Rs.) |
|---|-----------------------------|-----------------------------|
| Provisions against Non-performing asset | 217,100,764 | 172,470,898 |
| Gratuity (refer note 28) | - | 752,256 |
| Leave encashment (Unfunded) | 291,885 | 3,032,116 |
| Other provisions (Refer Note 29 b) | 124,141 | - |
| Total | 217,516,790 | 176,255,270 |



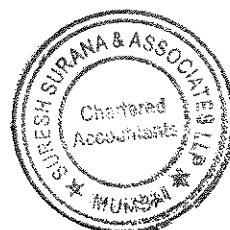
11 FIXED ASSETS

| | 11 A - Property, plant and equipment | | | | | 11 B - Intangible Assets | |
|----------------------------------|--------------------------------------|------------------------|------------------------|-------------------|-------------------|--------------------------|-------------------|
| | Office equipments | Furniture and fixtures | Leasehold improvements | Computers | Total | Computer Software | Total |
| Gross Block | | | | | | | |
| As at 31 March 2017 | 8,878,046 | 5,567,550 | 6,796,832 | 13,371,690 | 32,614,118 | 12,977,381 | 12,977,381 |
| Additions | 8,352,174 | 2,706,168 | 761,018 | 5,813,104 | 17,632,464 | 12,643,571 | 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 | 25,620,952 |
| Additions | 17,856,086 | 10,315,335 | 727,422 | 14,805,392 | 43,704,235 | 7,607,230 | 7,607,230 |
| Deductions/Adjustments | 163,292 | - | - | - | 163,292 | - | - |
| As at 31 Mar 2019 | 32,900,514 | 18,589,053 | 8,285,272 | 33,990,186 | 93,765,025 | 33,228,182 | 33,228,182 |
| Depreciation/amortisation | | | | | | | |
| As at 31 March 2017 | 1,527,274 | 2,953,376 | 3,694,918 | 5,688,439 | 13,864,007 | 4,726,767 | 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 | 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 | 9,047,320 |
| Charge for the year | 5,443,998 | 5,381,538 | 1,572,286 | 7,033,971 | 19,431,793 | 5,977,403 | 5,977,403 |
| Deductions/Adjustments | 58,084 | - | - | - | 58,084 | - | - |
| As at 31 Mar 2019 | 9,162,285 | 9,996,392 | 6,735,291 | 17,134,149 | 43,028,117 | 15,024,723 | 15,024,723 |
| Net Block | | | | | | | |
| As at 31 March 2019 | 23,738,229 | 8,592,661 | 1,549,981 | 16,856,037 | 50,736,908 | 18,203,459 | 18,203,459 |
| As at 31 March 2018 | 11,431,349 | 3,658,864 | 2,394,846 | 9,084,616 | 26,569,674 | 16,573,632 | 16,573,632 |

11C Capital work in progress

| Particulars | As at Mar-19 (Rs.) | As at Mar-18 (Rs.) |
|--------------|--------------------|--------------------|
| Software | 6,742,272 | 163,500 |
| Total | 6,742,272 | 163,500 |

There was no impairment loss on the fixed assets on the basis of review carried out by the management in accordance with Accounting Standard (AS) - 28 "Impairment of Assets".



12 LONG TERM LOANS AND ADVANCES

| Particulars | As at 31-Mar-19 (Rs.) | As at 31-Mar-18 (Rs.) |
|--|-----------------------------|-----------------------------|
| Portfolio Loans - Joint Liability Group loans | | |
| Unsecured, considered good* (Refer Note 53) | 4,431,853,860 | 2,386,198,691 |
| Unsecured, considered doubtful** (Refer Note 53) | 1,182,974 | 905,769 |
| Security deposits | 5,994,300 | 1,659,957 |
| Prepaid expenses | 1,762,627 | 686 |
| Capital advances | - | 2,226,840 |
| Employee loans | 2,200,989 | 288,947 |
| MAT credit entitlement | - | 1,280,448 |
| Receivables toward Direct Assignment - Minimum Retention (Refer Note 35.1) | 1,566,153 | - |
| Advance income tax | 11,646,194 | 2,048,267 |
| (net of provision for tax Rs. 74,636,229 ; previous year Rs. 1,280,448) | | |
| Total | 4,456,207,097 | 2,394,609,605 |

* Represents standard assets in accordance with Company's asset classification norms policy

** Represents non performing assets in accordance with Company's asset classification norms policy

13 OTHER NON-CURRENT ASSETS

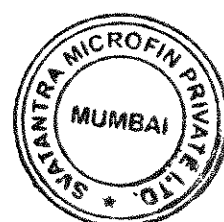
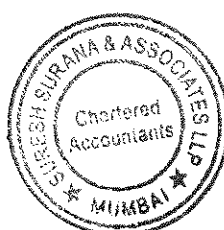
| Particulars | As at 31-Mar-19 (Rs.) | As at 31-Mar-18 (Rs.) |
|---|-----------------------------|-----------------------------|
| Other Bank balances | | |
| - In fixed deposit accounts with original maturity of more than 12 months | 126,767 | 126,767 |
| Total | 126,767 | 126,767 |

14 DEFERRED TAX ASSETS (NET)

| Particulars | As at 31-Mar-19 (Rs.) | As at 31-Mar-18 (Rs.) |
|---|-----------------------------|-----------------------------|
| Deferred tax assets | | |
| Unabsorbed business losses | - | 3,318,520 |
| Unabsorbed depreciation losses | - | 3,664,305 |
| Contingent provision | 59,076,768 | 53,810,920 |
| Preliminary expenses | 2,364,399 | 2,414,117 |
| Provision for retirement benefits | 4,485,476 | 3,498,167 |
| (A) | 65,926,643 | 66,706,029 |
| Deferred tax liabilities | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting | 650,891 | (2,249,147) |
| (B) | 650,891 | (2,249,147) |
| Deferred tax asset (net) (A - B) | 66,577,534 | 64,456,882 |

15 CASH AND CASH EQUIVALENTS

| Particulars | As at 31-Mar-19 (Rs.) | As at 31-Mar-18 (Rs.) |
|--|-----------------------------|-----------------------------|
| Cash and cash equivalents | | |
| - Cash on hand | 1,211,799 | 630,826 |
| - Balance with banks | | |
| - In current accounts | 1,056,687,946 | 52,640,388 |
| - In fixed deposit accounts with original maturity of less than three months | 50,184 | 50,184 |
| Total | 1,057,949,929 | 53,321,398 |



16 SHORT TERM LOANS AND ADVANCES

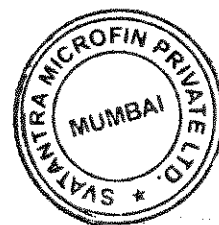
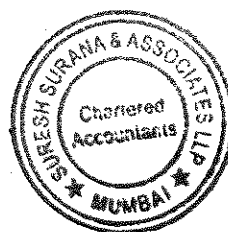
| Particulars | As at 31-Mar-19 (Rs.) | As at 31-Mar-18 (Rs.) |
|---|-----------------------------|-----------------------------|
| Portfolio Loans - Joint Liability Group loans | | |
| Unsecured, considered good* (Refer Note 53) | 6,922,799,451 | 3,110,957,722 |
| Unsecured, considered doubtful** (Refer Note 53) | 282,223,721 | 208,355,222 |
| Advance recoverable in cash or kind or for value to be received | 38,634,258 | 8,841,548 |
| Prepaid expenses | 40,880,819 | 5,030,514 |
| Balance with government authorities | 1,635,572 | 659,677 |
| Security deposits | 4,493,976 | 6,290,725 |
| Employee loans | 1,321,920 | 1,629,140 |
| Receivables toward Direct Assignment- Minimum Retention (Refer Note 35.1) | 74,299,369 | - |
| Total | 7,366,289,086 | 3,341,764,548 |

* Represents standard assets in accordance with Company's asset classification norms policy

** Represents non performing assets in accordance with Company's asset classification norms policy

17 OTHER CURRENT ASSETS
(Unsecured, considered good)

| Particulars | As at 31-Mar-19 (Rs.) | As at 31-Mar-18 (Rs.) |
|------------------------------|-----------------------------|-----------------------------|
| Interest accrued but not due | | |
| - on portfolio loans | 191,125,933 | 99,294,731 |
| - on fixed deposits | 5,854 | 5,854 |
| Total | 191,131,787 | 99,300,585 |



18 REVENUE FROM OPERATIONS

| Particulars | Current Year 2018-19 (Rs.) | Previous Year 2017-18 (Rs.) |
|---|----------------------------------|-----------------------------------|
| Interest income on portfolio loans | 1,558,885,999 | 672,447,891 |
| Interest income toward Direct Assignment (Refer Note 35.1) | 45,579,180 | - |
| Processing fees | 113,071,564 | 57,032,899 |
| Commission | 43,306,607 | 14,769,368 |
| Total | 1,760,843,350 | 744,250,158 |

19 OTHER INCOME

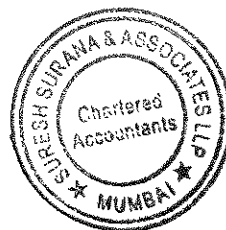
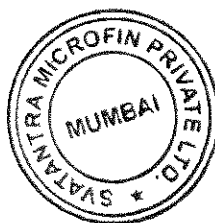
| Particulars | Current Year 2018-19 (Rs.) | Previous Year 2017-18 (Rs.) |
|---------------------------------------|----------------------------------|-----------------------------------|
| Interest income on | | |
| - Bank deposits | 1,957,917 | 599,829 |
| - Staff loans | 351,412 | 177,532 |
| Miscellaneous income | 1,788,939 | 211,256 |
| Recovery against loans written off | 9,395,394 | - |
| Profit on sale of current investments | 11,238,084 | - |
| Total | 24,731,746 | 988,617 |

20 EMPLOYEE BENEFITS EXPENSE

| Particulars | Current Year 2018-19 (Rs.) | Previous Year 2017-18 (Rs.) |
|---|----------------------------------|-----------------------------------|
| Salaries and allowances | 421,135,852 | 224,511,854 |
| Contribution to provident and other funds | 35,983,174 | 18,312,762 |
| Staff welfare | 35,355,546 | 18,796,380 |
| Total | 492,474,572 | 261,620,996 |

21 FINANCE COSTS

| Particulars | Current Year 2018-19 (Rs.) | Previous Year 2017-18 (Rs.) |
|------------------------------------|----------------------------------|-----------------------------------|
| Interest expenses | 703,463,251 | 247,240,839 |
| Other borrowing costs | 78,432,658 | 17,203,581 |
| Interest on delayed payment of TDS | - | 233 |
| Total | 781,895,909 | 264,444,653 |



22 DEPRECIATION / AMORTISATION EXPENSE

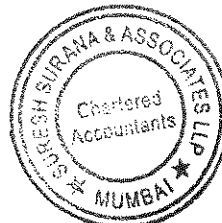
| Particulars | Current Year 2018-19 (Rs.) | Previous Year 2017-18 (Rs.) |
|---|----------------------------------|-----------------------------------|
| Depreciation on property, plant and equipment | 19,431,793 | 9,792,063 |
| Depreciation on intangible assets | 5,977,403 | 4,320,553 |
| Total | 25,409,196 | 14,112,616 |

23 OTHER EXPENSES

| Particulars | Current Year 2018-19 (Rs.) | Previous Year 2017-18 (Rs.) |
|------------------------------------|----------------------------------|-----------------------------------|
| Advertisement expenses | 392,808 | 1,720,145 |
| Rates and taxes | 171,465 | 38,920 |
| Rent | 39,484,058 | 26,078,364 |
| Communication expenses | 12,036,520 | 8,028,495 |
| Travelling and conveyance expenses | 66,280,569 | 35,852,671 |
| Training expenses | 1,048,738 | 693,125 |
| Recruitment expenses | 427,670 | 461,028 |
| Insurance expenses | 1,000,922 | 399,047 |
| Printing and stationery | 9,586,851 | 3,645,731 |
| Legal and professional fees | 36,978,314 | 15,907,149 |
| Website development expenses | 918,702 | 942,494 |
| Electricity and water expenses | 5,615,740 | 3,470,436 |
| Membership and subscription | 2,279,801 | 1,005,521 |
| Repairs and maintenance | 7,525,729 | 4,350,467 |
| Share issue expenses | 4,197,032 | 3,114,689 |
| Prior period items | - | 612,381 |
| Bank charges | 6,240,043 | 4,837,317 |
| Auditors' remuneration | | |
| - Audit fees | 1,226,250 | 975,000 |
| - Tax audit fees | 218,000 | 200,000 |
| - For other services | 27,250 | 150,000 |
| Miscellaneous expenses | 3,629,639 | 2,789,937 |
| Total | 199,286,101 | 115,272,917 |

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

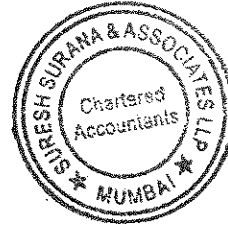
| Particulars | Current Year 2018-19 (Rs.) | Previous Year 2017-18 (Rs.) |
|-------------------------------------|----------------------------------|-----------------------------------|
| Provision for non-performing assets | 44,629,866 | 147,013,649 |
| Portfolio Loan and other write-off | 4,039,775 | 91,565,342 |
| Total | 48,669,641 | 238,578,991 |



25 EARNINGS PER SHARE

| Particulars | Current Year 2018-19 (Rs.) | Previous Year 2017-18 (Rs.) |
|--|----------------------------------|-----------------------------------|
| Profit / (loss) after tax as per statement of profit and loss (Rs.) | 166,604,547 | (102,358,308) |
| Weighted average number of equity shares outstanding at the year end (Nos.) | 142,056,900 | 102,659,183 |
| Basic and diluted earnings per share (Rs.) | 1.173 | (1.003) |
| Number of shares under Employees stock options scheme (Nos.) | 486,623 | 193,591 |
| Weighted Average number of equity shares (including dilutive ESOP shares) outstanding at the year end (Nos.) [A] + [B] | 142,543,523 | 102,852,774 |
| Diluted earnings per share | 1.169 | (1.003) |
| Nominal value of share (Rs.) | 10 | 10 |

Note: The Company has allotted 39,703,125 (previous year 26,468,750) equity shares of Rs.10 each paid up, as right shares and accordingly, earnings per share for the previous year has been presented.



26 a) CONTINGENT LIABILITIES:

Contingent liability relating to determination of provident fund liability, based on a recent Supreme Court judgement, is not determinable at present, due to uncertainty on the impact of the judgement in absence of further clarification relating to applicability. The Company will continue to assess any further developments in this matter for their implications on financial statements, if any, which, based on the number of employees, is not expected to be significant.

b) CAPITAL AND OTHER COMMITMENTS:

| Particulars | As at 31 March 2019 (Rs.) | As at 31 March 2018 (Rs.) |
|--|---------------------------------|---------------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 2,070,000 | - |
| Total | 2,070,000 | - |

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) Birla Group Holdings Private Limited

Key management personnel

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

Others

Vodafone Idea Limited

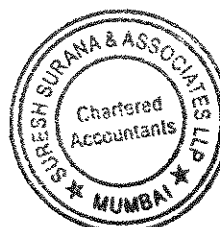
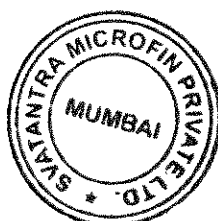
- a The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS) - 18 'Related Party Disclosures' and the same have been relied upon by the auditors.
- b The relationships as mentioned above pertain to those related parties with whom transactions 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 | Current Year 2018-19 (Rs.) | Previous Year 2017-18 (Rs.) |
|--|----------------------------------|-----------------------------------|
| Equity share capital issued :- | | |
| TGS Investment and Trade Private Limited | 9,454,500 | - |
| Birla Group Holdings Private Limited | 10,069,875 | 13,016,250 |
| Services received :- | | |
| Vodafone Idea Limited (arm length price) | 5,816,612 | 5,239,280 |
| Remuneration to Key managerial person:- | | |
| Anujeet Varadkar | 4,103,232 | 3,542,462 |
| Surinder Kumar Bhatia | 2,212,821 | 1,840,768 |

Note:

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the key management personnel are not ascertainable and, therefore, not included above.



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 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:

(Amount in Rs.)

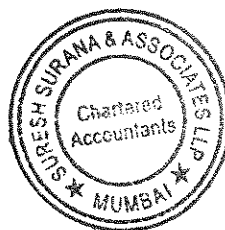
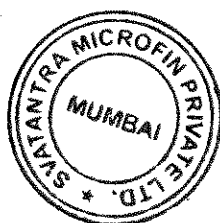
| Particulars | Current Year 2018-19 | Previous Year 2017-18 |
|-----------------|-------------------------|--------------------------|
| Contribution to | 25,788,896 | 12,725,699 |

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.

(Amount in Rs.)

| Particulars | Gratuity | |
|--|-------------------------|--------------------------|
| | (Funded) | (Unfunded) |
| | Current Year 2018-19 | Previous Year 2017-18 |
| CHANGE IN PRESENT VALUE OF OBLIGATIONS | | |
| Present value of obligation at beginning of year | 5,788,234 | 3,061,059 |
| Interest cost | 430,339 | 209,228 |
| Current service cost | 5,912,551 | 3,347,569 |
| Benefits paid | - | (4,327) |
| Past service cost | - | - |
| Actuarial gain / (loss) obligations | 510,900 | (825,295) |
| Present value of obligation at end of year | 12,642,024 | 5,788,234 |
| Change in fair value plan assets | | |
| Fair value of plan assets as at beginning of year | - | - |
| Expected return on plan assets | - | - |
| Contributions | 5,790,331 | - |
| Benefits paid | - | - |
| Actuarial gain/(loss) on plan assets | - | - |
| Fair value of plan assets | 5,790,331 | - |
| AMOUNT RECOGNISED IN THE BALANCE SHEET | | |
| Net Liability recognised in balance sheet | 12,642,024 | 5,788,234 |
| Fair value of plan assets (Funded status) | 5,790,331 | - |
| Liability recognised in the balance sheet | 6,851,693 | 5,788,234 |
| Current portion | - | 752,256 |
| Non current portion | 6,851,693 | 5,035,978 |
| EXPENSES RECOGNISED IN STATEMENT OF PROFIT & LOSS | | |
| Current service cost | 5,912,551 | 3,347,569 |
| Interest cost | 430,339 | 209,228 |
| Expected return on plan asset | - | - |
| Actuarial (gain) / loss recognized in the year | 510,900 | (825,295) |
| Past service cost | - | - |
| Expense recognized in statement of profit and loss included under 'Employee benefits expenses' (refer note 20) | 6,853,790 | 2,731,502 |
| ACTUARIAL ASSUMPTIONS | | |
| | % p.a. | % p.a. |
| Mortality rate | IALM (2006-08) Ult. | IALM (2006-08) Ult. |
| Discount rate (%) | 7.70% | 7.44% |
| Inflation rate (%) | 7.00% | 7.00% |
| Rate of return (expected) on plan assets | 7.70% | 0.00% |



29 a) 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 | Grant I | | | Grant II | | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Phase I | Phase II | Phase III | Phase I | Phase II | Phase III |
| Accounting Method | Intrinsic value method | Intrinsic value method | Intrinsic value method | Intrinsic value method | Intrinsic value method | Intrinsic value method |
| Date of Grant | 20-Nov-17 | 20-Nov-17 | 20-Nov-17 | 1-Jun-18 | 1-Jun-18 | 1-Jun-18 |
| Date of Board Meeting, where ESOP/ESOS were | 8-Sep-17 | 8-Sep-17 | 8-Sep-17 | 8-Sep-17 | 8-Sep-17 | 8-Sep-17 |
| Date of shareholders' approval | 10-Oct-17 | 10-Oct-17 | 10-Oct-17 | 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 | 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 * | Occurrence of Liquidity event * | Occurrence of Liquidity event * | Occurrence of Liquidity event * |
| Number of options granted | 63,885 | 63,885 | 65,821 | 113,430 | 113,430 | 113,464 |
| Method of settlement | Equity | Equity | Equity | Equity | Equity | Equity |
| Vesting conditions | Continuous service | Continuous service | Continuous service | Continuous service | Continuous service | Continuous service |
| Exercise Price per share (Rs.) | 15.91 | 15.91 | 15.91 | 15.72 | 15.72 | 15.72 |
| Total expenses recognised (Rs.) | Nil | Nil | Nil | Nil | Nil | Nil |
| Stock compensation reserve (Liability)(Rs.) | Nil | Nil | Nil | Nil | Nil | Nil |

| Stock Option Plans (Number of Options) | | |
|--|---------|----------|
| Particulars | Grant I | Grant II |
| Outstanding at the beginning of the year | 193,591 | - |
| Granted during the year | - | 372,006 |
| Forfeited/Expired during the year | 47,291 | 31,683 |
| Exercised during the year | - | - |
| Outstanding at the end of the year | 146,300 | 340,323 |
| Weighted average exercise price per share(Rs.) | 15.91 | 15.72 |

* Liquidity event -

- a. Listing of equity shares on the recognized stock exchange.
b. Strategic Sale event conferring a right of drag along to the Current Shareholders.
c. Offer of purchase of shares from Option Grantees having Vested Options made by an investor.
d. 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.

Dilutive Profit and Loss & EPS

| Particulars | As at 31/03/2019 | As at 31/03/2018 |
|---|---------------------|---------------------|
| Profit after tax | 166,604,547 | (102,358,306) |
| Less: Additional Employee Stock cost as per fair value method | 3,475,038 | 441,726 |
| Profit after taxation as per Fair value method | 163,129,509 | (102,800,034) |
| Basic Earning per share [EPS] | | |
| Number of shares | 142,056,900 | 102,659,183 |
| Basic EPS (in Rs.) | 1.148 | (1.001) |
| Diluted Earning per share [EPS] | | |
| Number of shares | 142,056,900 | 102,659,183 |
| Add: Number of Dilutive potential equity shares* | 486,623 | 0 |
| Total No. of share for calculating Diluted EPS | 142,543,523 | 102,659,183 |
| Diluted EPS (in Rs.) | 1.144 | (1.001) |

* In the previous financial year, 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 | Grant I | Grant II |
|-------------------------|--|----------|
| Risk Free Interest rate | For grants vesting in Year1: 6.62% For grants vesting in Year2: 6.77% For grants vesting in Year3: 6.90% | 7.99% |
| Expected Life (Years) | For grants vesting in Year1:3.5 For grants vesting in Year2: 4.51 For grants vesting in Year3: 5.51 | 5.00 |
| Expected volatility | 0.01% | 50.00% |
| Dividend Yield | 0.00% | 0.00% |

b) Cash settled share based payments (Phantom Stock Plan)

- (i) During the year, the Company has announced Cash-settled Share-based Payment Plan (Phantom Stock Plan). Under the Scheme, 48,374 phantom stock units have been granted on 15 September 2018 by the Board of Directors in its meeting held on 31 August 2018 and the same will be vest as per following schedule :

| No. / % of Grant | Vesting Schedule |
|------------------|--|
| 55% | On the date of grant |
| 37% | At the end of 12 months from the date of grant |
| 38% | At the end of 24 months from the date of grant |
| 25% | At the end of 36 months from the date of grant |

Pursuant the above Scheme, the eligible person is entitled to get cash compensation upon exercise of the phantom stock unit within contractual period of his agreement with the Company.



(ii) Details of the expenses recognised during the year and outstanding phantom stock units of the Company under the phantom stock plan are as under :

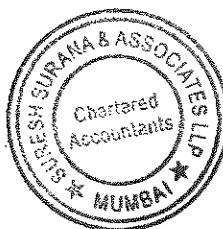
| | |
|---|-----------|
| Date of Grant | 15-Sep-18 |
| Numbers outstanding as on 31 March 2019 | 48,374 |
| Numbers vested as on 31 March 2019 | - |
| Exercise Price Per Phantom Stock Units (Rs.) | 15.91 |
| Share Price as on 31 March 2019 (Rs.) | 22.00 |
| Fair Value Phantom Stock Unit (Rs.) | 13.52 |
| Amount charged to statement of profit & loss (Included in Note 23 Legal and professional fees) (Rs.) | 124,141 |
| Liability as on 31 March 2019 (Included in Note 10 Short term provisions) | 124,141 |

Details of variables used for fair valuation are given in the table below :

| Variables | Assumptions |
|--|-----------------------------|
| Share price as on specified date (Rs.) | 22.00 |
| Exercise price | 15.91 |
| Risk Free Interest rate | 7.05% |
| Expected volatility | 0.00% |
| Term to maturity | 5 Years from valuation date |

Phantom Stock Scheme- Profit and Loss & EPS

| Particulars | As at 31/03/2019 |
|--|---------------------|
| Profit after tax | 166,604,547 |
| Add: Cash based compensation expenses included in statement of profit and loss | 124,141 |
| Less: Additional Stock cost as per fair value method | (275,503) |
| Profit after taxation as per Fair value method | 166,453,185 |
| Basic Earning per share [EPS] | |
| Number of shares | 142,056,900 |
| Basic EPS (in Rs.) | 1.172 |



Svatantra Microfin Private Limited**Notes to the financial statements for the year ended 31 March 2019****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.

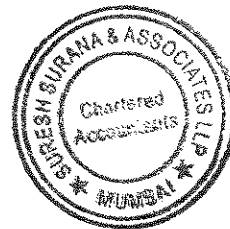
31 LEASES

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

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

| Particulars | As at 31 March 2019 (Rs.) | As at 31 March 2018 (Rs.) |
|---------------------------------|---------------------------------|---------------------------------|
| Payable not later than one year | - | 1,780,333 |
| Payable later than one year and | - | - |

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. 39,484,058 (previous year Rs. 26,078,364). Above disclosure is for leases entered after 1 April 2001, as per Accounting Standard (AS)- 19 'Leases'.



Notes to the Financial Statements for the year ended 31 March 2019

The following table sets out the disclosure as required by the notification no. DNBS. 200 /CGM(PK)-2008 dated 1 August 2008 and DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016 issued by RBI.

32 Capital

| Particulars | Current Year 2018-19 | Previous Year 2017-18 |
|---|-------------------------|--------------------------|
| i) CRAR (%) | 19.68 | 19.90 |
| ii) CRAR - Tier I capital (%) | 13.43 | 18.65 |
| iii) CRAR - Tier II capital (%) | 6.25 | 1.25 |
| iv) Amount of subordinated debt raised as Tier-II capital (Rs. In Crores) | 75.00 | - |
| 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 did not have any transactions in Derivatives.

35 Disclosures relating to Securitization

The Company did not have any transactions relating to Securitization.

35.1 Disclosures relating to Assignment transaction

During the year, the Company has entered into Direct Assignment ("DA") with a public sector bank ("Assignee") for direct assignment of its portfolio loans provided to various persons from time to time ("Receivables"). This has been duly approved by Board of Directors of SMPL in their meeting held on 29 December 2018. Pursuant to this, following transactions have taken place during the year :

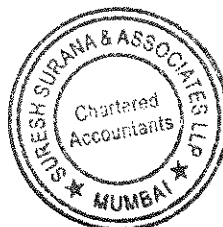
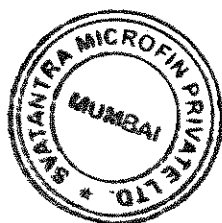
| S/No. | Particulars | Rs. In crores |
|-------|---|---------------|
| 1 | Total Sanctioned Receivables | 222.22 |
| 2 | No of accounts (Nos.) | 65,002 |
| 3 | Receivables assigned during the year | 99.59 |
| 4 | Minimum retention reserve for the Company | 9.95 |
| 5 | Payment made by Assignee for their purchased share | 89.64 |
| 6 | Income from DA | 4.55 |
| 7 | Additional consideration realized in respect of accounts transferred in earlier years | - |
| 8 | Aggregate gain / loss over net book value | - |

Further, pursuant to this transaction following closing balances are outstanding in the books of SMPL as on 31 March 2019 :-

| S/No. | Particulars | Rs. In crores |
|-------|--------------------|---------------|
| 1 | Payables toward DA | 8.14 |
| 2 | Minimum retention | 7.58 |

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.

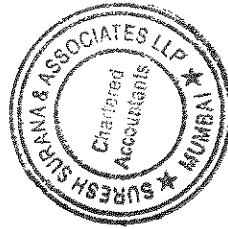


37 Asset Liability Management
Maturity pattern of certain items of Assets and Liabilities

| 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 | 53 | 58 | 58 | 179 | 345 | 443 | - | - | 1,135 |
| Investments | - | - | - | - | - | - | - | - | - |
| Stock of securities | - | - | - | - | - | - | - | - | - |
| Borrowings | 27 | 42 | 31 | 128 | 271 | 451 | 145 | - | 1,096 |
| Foreign Currency assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency liabilities | - | - | - | - | - | - | - | - | - |

Note:

Advance represents Portfolio Loans- Joint Liability Group Loans, excluding receivables assigned under Direct Assignment agreement.



Notes to the Financial Statements for the year ended 31 March 2019

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 (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

Single Borrower Limit (SGL) / 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
- (ii) Reserve Bank of India

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 on its website 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) | M2 (ICRA) |
| b) Bank loan rating | ICRA A-(stable) | ICRA A-(stable) |
| c) Subordinated Debt of INR 75 Crores | CARE 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 it's directors.

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

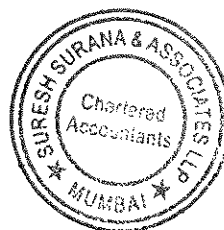
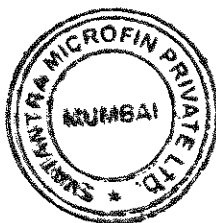
There are no prior period items and change in accounting policies except as reported in the Financial Statements.

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 2018-19 | Previous Year 2017-18 |
| (i) | Provisions for depreciation on Investment | Nil | Nil |
| (ii) | Provision towards NPA (net off Reductions/write off) | 4.46 | 14.70 |
| (iii) | Provision made towards Income tax (Including Deferred tax and Earlier period tax adjustments) | 7.12 | 4.64 |
| (iv) | Other Provision and Contingencies (Employee Benefits) | 1.33 | 0.56 |
| (v) | Provision for Standard Assets | - | - |

43.2 Draw Down from Reserves

There have been no drawdown from Reserves.

43.3 Concentration of Deposits, Advances, Exposures and NPAs

| | | |
|----------|---|----------------------|
| 43.3 (a) | Concentration of Deposits (for deposit taking NBFCs) | Rs. 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 | Rs. in Crores |
| | Total Advances to twenty largest borrowers | 0.09 |
| | Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC | 0.01% |

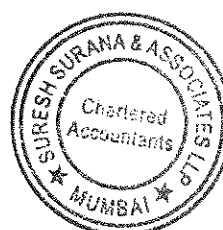
| | | |
|----------|--|----------------------|
| 43.3 (c) | Concentration of Exposures | Rs. in Crores |
| | Total Exposure to twenty largest borrowers / customers (Including interest accrued and due) | 0.09 |
| | Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers | 0.01% |

| | | |
|----------|---|----------------------|
| 43.3 (d) | Concentration of NPAs | Rs. in Crores |
| | Total Exposure to top four NPA accounts | 0.018 |

| | | |
|----------|---------------------------------|---|
| 43.3 (e) | Sector-wise NPAs | |
| | Sector | % of NPAs to Total Advances in that Sector |
| | Agriculture & allied activities | 2.65% |
| | MSME | 2.01% |
| | Corporate borrowers | - |
| | Services | 0.46% |
| | Unsecured personal loans | 2.24% |
| | Auto Loans | - |
| | Other personal Loans | - |

43.4 Movement of NPAs

| | | (Rs. In Crores) | |
|-------------|--|-------------------|-------------------|
| Particulars | | As at 31 Mar 2019 | As at 31 Mar 2018 |
| (i) | Net NPAs to Net Advances (%) | 0.58% | 0.66% |
| (ii) | Movement of NPAs (Gross) | | |
| | (a) Opening balance | 20.93 | 0.14 |
| | (b) Additions during the year | 7.81 | 29.95 |
| | (c) Reduction/write off during the year | 0.40 | 9.16 |
| | (d) Closing balance | 28.34 | 20.93 |
| (iii) | Movement of NPAs (Net) | | |
| | (a) Opening balance | 3.68 | 0.14 |
| | (b) Additions during the year | 2.95 | 3.54 |
| | (c) Reductions/write off during the year | - | - |
| | (d) Closing balance | 6.63 | 3.68 |



| | | |
|---|-------|-------|
| (iv) Movement of provisions for NPAs (excluding provision on standard assets) | | |
| (a) Opening balance | 17.25 | 2.54 |
| (b) Additions during the year | 4.86 | 23.85 |
| (c) Reduction/write off during the year | 0.40 | 9.15 |
| (d) Closing balance | 21.71 | 17.25 |

43.5 Overseas Assets

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

43.6 Off-Balance Sheet SPVs sponsored

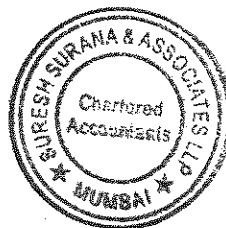
During the year, there are no off-balance sheet SPVs sponsored by the Company.

43.7 Customer Complaints

| Particulars | Current Year 2018-19 | Previous Year 2017-18 |
|--|-------------------------|--------------------------|
| No. of complaints pending at the beginning of the year | - | - |
| No. of complaints received during the year | 10 | 11 |
| No. of complaints redressed during the year | 10 | 11 |
| No. of complaints pending at the end of the year | - | - |

44 The net interest margin (NIM)

| Particulars | Current Year 2018-19 | Previous Year 2017-18 |
|---|-------------------------|--------------------------|
| Average Interest (a) | 19.17% | 18.35% |
| Average effective cost of borrowing (b) | 10.38% | 9.45% |
| Net Interest Margin (a-b) | 8.79% | 8.90% |



45 Disclosure of frauds reported during the year ended 31 March 2019

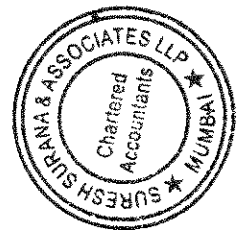
| (Rs. In Lakhs) | | | | | |
|--|--------------|-----------------|----------|--------------------|--------------------|
| Nature of Fraud | No. of cases | Amount of fraud | Recovery | Pending Settlement | Amount written-off |
| A) Person Involved | | | | | |
| Staff | 146 | 9.59 | 4.98 | 4.61 | Nil |
| 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 | 146 | 9.59 | 4.98 | 4.61 | Nil |
| Fraudulent Encashment/ Manipulation of books of accounts | Nil | Nil | Nil | Nil | Nil |
| Unauthorized 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 |

46 Loan portfolio and provision for standard and non-performing assets as at 31 March 2019

| Asset classification | Portfolio loans outstanding (Gross) (Rs.) | | Provision for standard and non-performing assets (Rs.) | | Portfolio loans outstanding (Net) (Rs.) | |
|---|---|---------------------|--|--|---|---------------------|
| | As at 31 March 2019 | As at 31 March 2018 | As at 31 March 2018 | Provision written back during the year | As at 31 March 2019 | As at 31 March 2018 |
| Loan Portfolio (Standard/ Non-Performing) | 11,638,060,006 | 5,706,417,404 | 172,470,888 | 44,629,866 | 217,100,764 | 5,533,946,506 |

Loan portfolio and provision for standard and non-performing assets as at 31 March 2018:

| Asset classification | Portfolio loans outstanding (Gross) (Rs.) | | Provision for standard and non-performing assets (Rs.) | | Portfolio loans outstanding (Net) (Rs.) | |
|---|---|---------------------|--|--|---|---------------------|
| | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2017 | 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 | 172,470,888 | 2,520,267,655 |



Notes to the financial statements for the year ended 31 March 2019

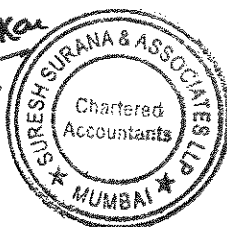
- 47 In the opinion of the management, the current assets, non-current assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet. The provision for all known liabilities is adequate and not in excess of the amount reasonably stated.
- 48 Balances of certain trade receivables, trade payables, short term loans and advances and long term loans and advances are subject to confirmation and reconciliation if any. The management does not expect any material difference affecting the financial statements on such reconciliation / confirmation.
- 49 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.
- 50 "In terms of Para II of the Non Banking Financial Company Micro Finance Institutions (Reserve Bank) Directions, 2011 as notified vide notification no. DNBR.(PD) CC.No. 047/03.10.119/2015-16 dated July 1, 2015, (as amended up to April 20, 2016) 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, 2019, the Company is in compliance with this condition as its 'Qualifying Assets' is not less than 85% of its 'Net Assets'.
- 51 During the current financial year, the Company has maintained an aggregate margin cap of not more than 10% on loans disbursed by it.
- 52 The disclosure required in terms of paragraph 18 of Chapter IV-prudential regulations under Section II-Prudential Issues of Master Direction- Non-Banking Financial Company-Non-systemically Important Non-Deposit taking Company (Reserve Bank) Direction, 2016 is given in "Annexure I".
- 53 In the previous year, Reserve Bank of India (RBI) vide notification no. DBR.No.BP.BC.37/21.04.048/2016-17 and DBR.No.BP.BC.49/21.04.048/2016-17 dated November 21, 2016 and December 28, 2016 respectively, has provided relaxation of additional 90 days over the current specified period of 90 days for classification of dues payable between November 1, 2016 and December 31, 2016 into non-performing asset. Accordingly, the Company had delayed classification of non-performing asset.
- 54 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 54

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


Ananyashree Birla
DIRECTOR
DIN No. 06625036
Place : London
Date : 25th June 2019


Neerja Birla
DIRECTOR
DIN No. 01020533
Place : London
Date : 25th June 2019

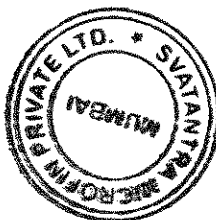

Anuj Varadkar
CHIEF EXECUTIVE OFFICER


Surinder Kumar Bhatia
COMPANY SECRETARY
Membership No. 17227

Place : Mumbai
Date : 27th June 2019

Place : Mumbai
Date : 27th June 2019

Place : Mumbai
Date : 27th June 2019

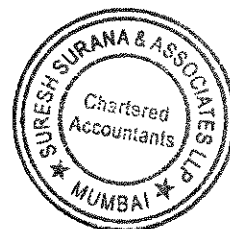


Svatantra Microfin Private Limited

Schedule to the Balance Sheet of a non deposit taking non banking financial company as on 31 March 2019

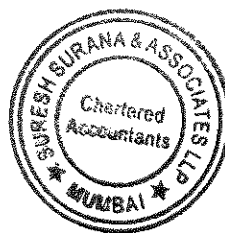
Disclosure in terms of Paragraph 18 of Systematically Important Non Banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2016

| 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 | 7,500 | |
| | Secured | NIL | NIL |
| | Unsecured (Other than falling within the meaning of public deposits*) | NIL | NIL |
| (b) | Deferred credits | Nil | Nil |
| (c) | Term loans | 99,117.98 | Nil |
| (d) | Inter - corporate loans and borrowings | Nil | Nil |
| (e) | Commercial Paper | Nil | Nil |
| (f) | Public Deposits* | Nil | Nil |
| (g) | Other Loans: Cash Credit | 3,000.68 | 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 security | Nil | Nil |
| (c) | Other public deposits | Nil | Nil |
| * Please see Note 1 below | | | |
| Asset side | | Amount outstanding (Rupees in Lakhs) | |
| 3 | Break up of loans and advances including bills receivables other than those included in (4) below | | |
| | (a) Secured | - | |
| | (b) Unsecured | 116,380.60 | |
| 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 | |



| | | | | |
|-----------------------------|-----------------------------|-----------------------------|--|--|
| 5 | Break up of investments | | Amount outstanding (Rupees in Lakhs) | |
| | | 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 (Rupees in Lakhs) | | |
| | 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 | 114,209.59 | 114,209.59 |
| | | Total | Nil | 114,209.59 | 114,209.59 |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |



| 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 | | | |
|---|-----------------------------|---|-------------------------------|
| Catego | | Amount outstanding (Rupees in Lakhs) | |
| | | 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 | | |
|---------|--|---|
| Sr. No. | Particulars | As at 31.3.2019 (Amount Rupees in Lakhs) |
| (i) | Gross non-performing assets | |
| (a) | Related parties | Nil |
| (b) | Other than related parties | 2,834.07 |
| (ii) | Net non-performing assets | |
| (a) | Related parties | Nil |
| (b) | Other than related parties | 663.06 |
| (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

Ananyashree Birla
DIRECTOR
DIN No. 06625036
Place : London
Date : 25th June 2019

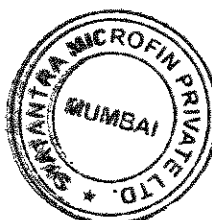
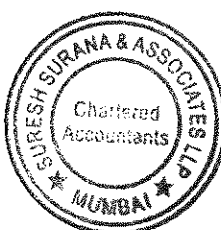
Neerja Birla
DIRECTOR
DIN No. 01020533
Place : London
Date : 25th June 2019

Anujeeb Varadkar
CHIEF EXECUTIVE OFFICER

Surinder Kumar Bhatia
COMPANY SECRETARY
Membership No. 17227

Place : Mumbai
Date : 27th June 2019

Place : Mumbai
Date : 27th June 2019



DIRECTORS' REPORT

To,
The Members,
Svatantra Microfin Private Limited

Your Directors have pleasure in presenting their Eighth Annual Report on the business and operations of the Company and the accounts for the financial year ended March 31, 2019.

1. FINANCIAL PERFORMANCE:

The summary of the Financial Results of the Company for the Financial Year 2018-19 is as follows:

Amount in Rs.

| <i>PARTICULARS</i> | <i>31st March, 2019</i> | <i>31st March, 2018</i> |
|--|---|---|
| Income | | |
| Revenue from operation | 1,760,843,350 | 744,250,158 |
| Other Income | 24,731,746 | 988,617 |
| Less: Total Expenditure | 1,547,735,419 | 894,030,173 |
| Profit / Loss Before Exceptional Items, Extraordinary Items and Tax | 237,839,677 | (148,791,398) |
| Exceptional Item | - | - |
| Extraordinary Item | - | - |
| Profit / (Loss) Before Tax | 237,839,677 | (148,791,398) |
| Less: Current Tax | (73,355,782) | - |
| MAT Credit Entitlement - | - | - |
| Less: Deferred tax income/Expenses | 2,120,652 | 46,478,225 |
| Earlier Year deferred tax benefit/(Charge) | - | - |
| Earlier Year tax adjustment | - | (45,135) |
| Profit/Loss for the year | 166,604,547 | (102,358,308) |

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. **1,760,843,350/-** (Rupees One Hundred Seventy Six Crores Eight Lacs Forty Three Thousand Three Hundred and Fifty Only) and Net Profit of Rs. **16,66,04,547/-** (Rupees Sixteen Crores Sixty Six Lacs Four Thousand Five Hundred and Forty Seven Only), as against a Net Loss of Rs. **102,358,308/-** (Rupees Ten Crores Twenty Three Lacs Fifty Eight Thousand Three Hundred and Eight Only) in the Financial Year 2017-18.

3. **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. **TRANSFER TO RESERVES:**

During the year under review, your Company transferred Rs. 3,33,20,909/- (Rupees Three Crores Thirty Three Lacs Twenty Thousand Nine Hundred and Nine Only) to Statutory Reserve pursuant to Section 45-IC of the Reserve Bank of India Act, 1934.

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

The Company is registered with Reserve Bank of India (RBI) as Non- Deposit accepting NBFC-MFI vide Registration No. N-13.02038 granted on February 05, 2013.

The Company attained business performance by reaching out to 5,60,931 active loan clients as on March 31, 2019. The active loan clients grew from 2,76,758 as on March 31, 2018 to 5,60,931 as on March 31, 2019.

This incredible growth was possible with excellent efforts of 2487 employees of the Company as on 31st March 2019, which was 1233 as on 31st March 2018, through 275 branches across 10 States. During the year under review, the Company opened 145 new branches.

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

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

7. **DEPOSITS:**

The Company had not accepted any public deposits during the year within the meaning of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 1998.

8. **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 2018-19 commencing from 1st April, 2019 till the date of this Report, that affect the financial position of the Company in any adverse way.

9. 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 2018-19 that, in the opinion of the Board, have an impact on the going concern status and the operations of the Company in the future.

10. 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.

11. SHARE CAPITAL:

a. Authorised Share Capital:

The Authorized Share Capital of the Company as on 31st March, 2019 stood at Rs. 180,00,00,000/- (Rupees One Hundred Eighty Crores Only).

During the year under review, the Authorised Share Capital of the Company has been increased from Rs. 140,00,00,000/- (Rupees One Hundred Forty Crores Only) divided into 14,00,00,000 (Fourteen Crores) Equity Shares of Rs. 10/- (Rupees Ten Only) each to Rs. 180,00,00,000/- (Rupees One Hundred Eighty Crores Only) divided into 18,00,00,000 (Eighteen Crores) Equity Shares of Rs. 10/- (Rupees Ten Only) each vide Ordinary Resolution passed at Extra-Ordinary General Meeting of the Company held on 09th November, 2018.

b. Paid-up Share Capital:

The paid up capital of the Company as on 31st March, 2019 is Rs. 1,72,04,68,750/- (Rupees One Hundred Seventy Two Crores Four Lacs Sixty Eight Thousand Seven Hundred and Fifty Only) divided into 17,20,46,875 (Seventeen Crores Twenty Lacs Forty Six Thousand Eight Hundred and Seventy Five) Equity shares of Rs. 10/- (Rupees Ten Only) each. During the year under review, the Company has made following allotment:

| Sr. No. | Security | Date of allotment | No. of securities allotted | Issue Price | Amount |
|---------|---|-------------------|----------------------------|-------------|--------------------|
| 1. | Equity Shares of Rs. 10/- each issued on the Rights basis | 10.12.2018 | 3,97,03,125 | Rs. 10/- | Rs. 39,70,31,250/- |

c. Non-convertible Debentures:

During the year under review, the Company has issued Non-convertible Debentures (NCD) on private placement basis aggregating to Rs. 75 Crores as per following details –

| Date of allotment | Name of Allottee | No. of NCDs | Price per NCD | Coupon Rate | Maturity Date | Status |
|-------------------|---|-------------|-----------------|-------------|---------------|----------|
| 31.05.2018 | Tata Capital Financial Services Limited | 750 | Rs. 10,00,000/- | 11.70% | 30.11.2023 | Unlisted |

12. ISSUE OF SHARES UNDER EMPLOYEE STOCK OPTION SCHEME:

The Company has a stock option plan under ‘Svatantra Microfin Employee Stock Options Plan 2017 (“ESOP 2017”)’ for its employees. As on March 31, 2019, the following stock option grants were in operation:

| | |
|--|-------------|
| Number of options granted during the year | 3,72,006 |
| 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 | 31,683 |
| Exercise price | Rs. 15.72/- |
| Variation of terms of options | Nil |
| Money realized by exercise of options | Nil |
| Total number of options in force | 3,40,323 |

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) | 43,564 | Rs. 15.72/- |
| Mr. Surinder Kumar Bhatia | Company Secretary | 27,451 | Rs. 15.72/- |

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 2018-19 | |
|-------------------------------|------------------------|
| Name of Employee | No. of options granted |
| Mr. Vineet Chattree | 39,604 |
| Mr. Anujeet Varadkar | 43,564 |
| Ms. Vrushali Mahajan | 31,683 |
| Mr. Surinder Kumar Bhatia | 27,451 |
| Mr. Umang Shah | 19,802 |
| Mr. Mahesh Surkante | 27,723 |
| Mr. Pankaj Aundhkar | 23,762 |

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 2018-19 | |
|-------------------------------|------------------------|
| Name of Employee | No. of options granted |
| NIL | NIL |

13. 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.

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, “**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 REPORT:

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 2018-19 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.

There are no qualifications or adverse remarks in the Auditor’s Report which require any clarification/explanation.

16. EXTRACT OF THE ANNUAL RETURN:

The extract of the Annual Return in Form MGT-9 is annexed herewith as “**ANNEXURE A**” and is also available on the Company’s website at <https://svatantramicrofin.com/>.

17. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

a. Composition of Board of Directors:

As on 31st March, 2019, the Board of the Company is duly constituted as per the Companies Act, 2013, with the following as its Members:

| | | |
|------------------------------|---|------------------------|
| Mr. Kumar Mangalam Birla | - | Director |
| Mrs. Neerja Birla | - | Director |
| Ms. Ananyashree Birla | - | Chairperson & Director |
| Mr. Vineet Bijendra Chattree | - | 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, there is no change in composition of Board of Directors.

c. Board Evaluation:

Pursuant to the provisions of the Companies Act, 2013, a separate exercise was carried out to evaluate the performance of individual Directors including the Chairperson of the Board, who was evaluated on parameters such as level of engagement and contribution and independence of judgment to safeguard the interest of the Company and its minority shareholders. The reports were scrutinized by the Nomination & Remuneration Committee. The Directors expressed satisfaction with the evaluation process.

d. Key Managerial Personnel:

The following are the Key Managerial Personnel as on 31st March, 2019 as well as on date of this report:

Mr. Anujeet Varadkar. - Chief Executive Officer

Mr. Surinder Kumar Bhatia. - Company Secretary.

18. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

During the financial year ended on 31st March, 2019, 14 (Fourteen) 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. | 1/2018-19 | 03/04/2018 | 4 |
| 2. | 2/2018-19 | 18/05/2018 | 3 |
| 3. | 3/2018-19 | 31/05/2018 | 3 |
| 4. | 4/2018-19 | 22/06/2018 | 4 |
| 5. | 5/2018-19 | 10/08/2018 | 3 |
| 6 | 6/2018-19 | 31/08/2018 | 3 |
| 7 | 7/2018-19 | 30/10/2018 | 3 |
| 8 | 8/2018-19 | 16/11/2018 | 3 |
| 9 | 9/2018-19 | 10/12/2018 | 3 |

| | | | |
|----|------------|------------|---|
| 10 | 10/2018-19 | 29/12/2018 | 3 |
| 11 | 11/2018-19 | 21/01/2019 | 4 |
| 12 | 12/2018-19 | 06/03/2019 | 3 |
| 13 | 13/2018-19 | 22/03/2019 | 3 |
| 14 | 14/2018-19 | 30/03/2019 | 3 |

| Name of Directors | No of Board Meetings during FY 2018-19 | | |
|------------------------------|--|--------------------|----------|
| | Held | Eligible to attend | Attended |
| Mr. Kumar Mangalam Birla | 14 | 14 | 3 |
| Mrs. Neerja Birla | 14 | 14 | 14 |
| Ms. Ananyashree Birla | 14 | 14 | 14 |
| Mr. Vineet Bijendra Chattree | 14 | 14 | 14 |

19. 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.

20. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has not given any loan(s) or made any investment(s) or 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 or guarantee given or securities provided are not applicable to the company.

21. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All transactions entered into with related parties as defined in the Companies Act 2013, during the year under review, were in the ordinary course of business and at an arm's length pricing basis. The details related to the same are annexed as "**ANNEXURE B**" in Form AOC-2.

The policy on Related Party Transactions, as approved by the Board, is displayed on the website of the Company i.e. <https://svatantramicrofin.com/>.

22. PARTICULARS OF EMPLOYEES:

The Company had 2487 employees as on March 31, 2019. The Company does not have any employee whose particulars are required to be furnished under Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

23. CORPORATE SOCIAL RESPONSIBILITY:

For the year under review, 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/WHISTLE BLOWER 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 C*", which is a part of this report.

27. CREDIT RATING AND GRADING:

During the year under review, the Credit Rating Agencies have assigned the following credit ratings to the Company:

| S. No. | Particulars | Rating |
|--------|------------------------------------|------------------|
| 1 | MFI Grading | M2+ (ICRA) |
| 2 | Bank loan rating | ICRA A- (Stable) |
| 3 | Subordinated Debt of Rs. 75 Crores | CARE A- (Stable) |
| | | ICRA A- (Stable) |

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

28. RISK MANAGEMENT:

The Board of Directors of the Company has constituted a 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:

A benchmark of internal control system, based on suitable criteria, is in place to enable the management to assess and state adequacy of and compliance with the system of internal control and operating effectively. Internal control of the Company is a well-defined process designed to facilitate and support the achievement of business objectives. The system of internal control is integral to the activities of the Company and based on a consideration of significant risks in operations, compliance and financial reporting.

The Company has an effective internal control process effected by its people that supports the organization in several ways, enabling it to provide reasonable assurance regarding risk and to assist in the achievement of objectives.

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanism, accuracy and completeness of the accounting record and timely preparation of reliable financial disclosures.

30. COMPLIANCE OF APPLICABLE LAWS AND SECRETARIAL STANDARDS:

The Board of Directors hereby declare that the Company is in compliance of the provisions of all applicable mandatory Secretarial Standards issued by Institute of Company Secretaries of India (ICSI) and the Securities Law, RBI Act and other laws as applicable to the Company.

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

Pursuant to the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, your Company has a policy and framework for employees to report sexual harassment cases at workplace and our process ensures complete anonymity and confidentiality of information. Adequate workshops and awareness programmes against sexual harassment are conducted across the organization.

No complaints were received during the financial year 2018-19.

32. OTHER DISCLOSURES:

- a. **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.

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

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

- c. **There has not been any revision in the financial statements.**

33. 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.

34. ACKNOWLEDGEMENTS:

The Board of Directors of the Company takes this opportunity to express its deep and sincere gratitude for the support and co-operation from the Borrowers, Banks, Financial Institutions, Investors, and Employees of the Company, for their consistent support and encouragement to the Company. The Board of Directors also places on record its sincere appreciation of the commitment and hard work put in by the Management and the employees of the Company and thanks them for yet another excellent year. Their dedication and competence has ensured that the Company continues to be a significant player in the Microfinance industry.

FOR SVATANTRA MICROFIN PRIVATE LIMITED




ANANYASHREE BIRLA
(CHAIRPERSON)
DIN: 06625036

Date: August 27, 2019

Place: Mumbai

| |
|---|
| "Annexure A" |
| FORM NO. MGT 9 |
| EXTRACT OF ANNUAL RETURN |
| as on financial year ended on 31.03.2019 |
| Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014 |

| | |
|----------|--|
| I | REGISTRATION & OTHER DETAILS: |
|----------|--|

| | | |
|-----|---|--|
| i | CIN | U74120MH2012PTC227069 |
| ii | Registration Date | 17-02-12 |
| iii | Name of the Company | SVATANTRA MICROFIN PRIVATE LIMITED |
| iv | Category/Sub-category of the Company | Company limited by Shares/Indian Non Govt Company |
| v | Address of the Registered office & contact details | Sunshine Tower, Level 20, Senapati Bapat Marg, Elphinstone Road, Mumbai- 400013 Tel No.: +91 22 61415900 |
| vi | Whether listed company | No |
| vii | Name , Address & contact details of the Registrar & Transfer Agent, if any. | Adroit Corporate Services Private Limited 19-20, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol, Andheri (East), Mumbai – 400059 Contact: +91 22 42270400 |

| | |
|---|---|
| II | PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY |
| All the business activities contributing 10% or more of the total turnover of the company shall be stated | |

| SL No | Name & Description of main products/services | NIC Code of the Product/ Service | % to total turnover of the company |
|-------|--|----------------------------------|------------------------------------|
| 1 | MICROFINANCE | 64990 | 100% |

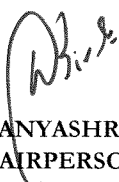
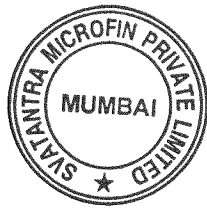
| | |
|------------|---|
| III | PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES |
|------------|---|

| Sl No | Name & Address of the Company | CIN/GL N | HOLDING/ SUBSIDIARY/ ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|-------|-------------------------------|----------|--------------------------------|------------------|--------------------|
| - | N.A. | N.A. | N.A. | N.A. | N.A. |

| IV | SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity) | | | | | | | | |
|--|---|-------------|-------------|-------------------|---|-------------|-------------|-------------------|--------------------------|
| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Central Govt. or State Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corporates | 0 | 132,343,750 | 132,343,750 | 100.00 | 0 | 172,046,875 | 172,046,875 | 100 | 30.00 |
| d) Bank/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL:(A) (1) | 0 | 132,343,750 | 132,343,750 | 100.00 | 0 | 172,046,875 | 172,046,875 | 100.00 | 30.00 |
| (2) Foreign | | | | | | | | | |
| a) NRI- Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Other Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Banks/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any other... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL (A) (2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Shareholding of Promoter (A)= (A)(1)+(A)(2) | 0 | 132,343,750 | 132,343,750 | 100.00 | 0 | 172,046,875 | 172,046,875 | 100.00 | 30.00 |
| B. PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Banks/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) State Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Venture Capital Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g) FIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Others | | | | | | | | | |
| - Foreign Trust | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| - Private Equity Fund | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| SUB TOTAL (B)(1): | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (2) Non Institutions | | | | | | | | | |
| a) Bodies corporates | | | | | | | | | |
| i) Indian | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Individuals | | | | | | | | | |
| n) Individual shareholders holding nominal share capital upto Rs.1 lakhs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| n) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Others | | | | | | | | | |
| - Trusts | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| SUB TOTAL (B)(2): | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| Grand Total (A+B+C) | 0 | 132,343,750 | 132,343,750 | 100.00 | 0 | 172,046,875 | 172,046,875 | 100.00 | 30.00 |

| V INDEBTEDNESS | | | | |
|---|---|----------------------------|--|--------------------------|
| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 4,555,439,612 | - | - | 4,555,439,612 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 28,285,148 | - | - | 28,285,148 |
| Total (i+ii+iii) | 4,583,724,760 | - | - | 4,583,724,760 |
| Change in Indebtedness during the financial | | | | |
| Additions | 7,837,166,163 | 750,000,000 | - | 8,587,166,163 |
| Reduction | 2,180,739,979 | - | - | 2,180,739,979 |
| Net Change | 5,656,426,184 | 750,000,000 | - | 6,406,426,184 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 10,211,866,564 | 750,000,000 | - | 10,961,866,564 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 47,137,040.84 | 71,858,835 | - | 118,995,875.84 |
| Total (i+ii+iii) | 10,259,003,604.84 | 821,858,835 | - | 11,080,862,439.84 |
| VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: | | | | |
| A. Remuneration to Managing Director, Whole time director and/or Manager: NIL | | | | |
| B. Remuneration to Other Directors: NIL | | | | |
| C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/ Whole-Time Director: | | | | |
| Sl. No. | Particulars of | Key Managerial Personnel | | |
| 1 | Gross Salary | Anujeet Varadkar CEO | Surinder Kumar Bhatia Company Secretary | Total |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 4,103,232 | 2,212,821 | 6,316,053 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission as % of profit | - | - | - |
| | others, specify | - | - | - |
| 5 | Others | - | - | - |
| | Total | 4,103,232 | 2,212,821 | 6,316,053 |

The ESOPs granted in the FY 2018-19 to CEO and CS are 43,564 and 27,451 respectively.

| VII PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES | | | | | |
|--|--|-------------------|--|----------------------------|-----------------------------------|
| Type | Section of the Companies Act, 1956/ 2013 | Brief Description | Details of Penalty/Punishment/Compounding fees imposed | Authority (RD/NCLT/ Court) | Appeal made if any (give details) |
| N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| <p style="text-align: center;">FOR SVATANTRA MICROFIN PRIVATE LIMITED</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  ANANYASHREE BIRLA CHAIRPERSON DIN: 06625036 </div> <div style="text-align: center;">  </div> </div> <p>DATE: August 27, 2019 PLACE: Mumbai</p> | | | | | |

ANNEXURE B
FORM NO. AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)
Svatantra Microfin Private Limited

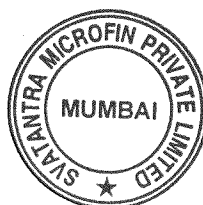
1. Details of contracts or arrangements or transactions not at arm's length basis:


NOT APPLICABLE

2. Details of material contracts or arrangement or transactions at arm's length basis:

| (a) Name(s) of the related party and Nature of relationship | (b) Nature of contracts/arrangements/transactions | (c) Duration of the contracts/arrangements /transactions | (d) Salient terms of the contracts or arrangements or transactions including the value, if any: | (e) Date(s) of approval by the Board, if any: | (f) Amount paid as advances, if any: |
|--|---|---|--|---|--|
| Vodafone Idea Limited Mr. Kumar Mangalam Birla – Common Director | Purchase of SIM cards | On-going | As per the plans prescribed by Vodafone | N.A. | N.A. |

FOR SVATANTRA MICROFIN PRIVATE LIMITED




ANANYASHREE BIRLA
(CHAIRPERSON)
DIN: 06625036

Date: August 27, 2019

Place: Mumbai

ANNEXURE C

MANAGEMENT AND DISCUSSION ANALYSIS REPORT

ECONOMIC OVERVIEW

India, the bright star in the global economic village, appeared to slow a little in 2018-19 as India's GDP growth dipped for the second consecutive year. Economic performance was hampered by the NBFC crisis which throttled liquidity in the system. This hampered the progress of large ticket projects which are essential for economic progress.

And there is a larger concern India could be heading towards an economic slowdown. The proximate factors responsible for slowdown include declining growth of private consumption, tepid increase in fixed investment, and muted exports.

MICROFINANCE IN INDIA

Microfinance as the name suggests focuses on working with the impoverished in urban and rural India with the sole aim of uplifting the country. It was a good year for the microfinance industry despite the volatility in the external environment owing to the NBFC crisis and the upcoming elections.

Non-Banking Finance Company- Microfinance Institutions (NBFC-MFIs) hold the largest share of the portfolio in micro-credit. Stabilizing itself after the twin shocks of demonetization and GST, the Microfinance sector registered a stellar performance demonstrating rapid, regionally-balanced and resilient growth.

COMPANY OVERVIEW

Svatantra Microfin Private Limited is a registered NBFC-MFI which operates in a Joint Liability Group leading model. Established in 2012, the Company focuses on reaching out to unbanked and providing financial services to women entrepreneurs – 100% of its clients comprise women living in rural areas. The Company's responsibilities extend beyond financial support to educating clients on financial literacy.

In a changing and often challenging operating environment, during the financial year 2018-19, 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 and building a strong team. Headquartered in Mumbai, Maharashtra, the Company's operations are spread across 10 Indian states and managed by an experience and enthusiastic team of 2487 employees as on March 31, 2019.

OPERATIONAL PERFORMANCE

The Company registered a stellar performance in 2018-19. From an operational perspective, the Company has taken important strides which promise to make its profitable growth sustainable.

During the year under review, the Company extended its footprint across 2 new states, thereby establishing its presence in 10 Indian states. It increased its branch network by 145 branches which has helped in strengthening its customer base to 5,60,931 as on March 31, 2019.

The portfolio of the company stood at Rs. 1163.81 Crores as on March 31, 2019.

FINANCIAL PERFORMANCE

Amount in Rs.

| PARTICULARS | 31st March, 2019 | 31st March, 2018 |
|--|------------------------------------|------------------------------------|
| Income | | |
| Revenue from operation | 1,760,843,350 | 744,250,158 |
| Other Income | 24,731,746 | 988,617 |
| Less: Total Expenditure | 1,547,735,419 | 894,030,173 |
| Profit / Loss Before Exceptional Items, Extraordinary Items and Tax | 237,839,677 | (148,791,398) |
| Exceptional Item | - | - |
| Extraordinary Item | - | - |
| Profit / (Loss) Before Tax | 237,839,677 | (148,791,398) |
| Less: Current Tax | (73,355,782) | - |
| MAT Credit Entitlement - | - | - |
| Less: Deferred tax income/Expenses | 2,120,652 | 46,478,225 |
| Earlier Year deferred tax benefit/(Charge) | - | - |
| Earlier Year tax adjustment | - | (45,135) |
| Profit/Loss for the year | 166,604,547 | (102,358,308) |

OUTLOOK FOR 2019-20

The current year holds significant promise for the sector and the Company.

From a sectoral perspective, the financial services spaces seem to have moved beyond the NBFC crisis with more stringent controls in place to ensure its smooth functioning. Moreover, the stability at the Central Centre indicates continuing of the existing policies and new announcements which hold promise for improvement.

From the Company's standpoint, the expansive footprint, the entrenched network, the brand respect for clean and honest operations, thrust on accurate operations and seamless integration, and the liquidity at the close of the fiscal provide considerable optimism for a better and even more successful performance in the current year.

RISK AND CONCERNS

Risk management at Svatantra is an integral part of the business model, focusing on making the business model emerge stronger and ensuring that profitable business growth becomes sustainable.

The Company has adopted a comprehensive and integrated risk appraisal, mitigation and management process. The risk management framework goes beyond traditional boundaries and seeks to involve all key managers of the Company.

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 Risk Management Committee.

The Board comprises of eminent directors with rich expertise and experience in the financial services space and are well versed with the possible risks which could adversely impact the Company's performance.

The Company has put in adequate checks by complying with the regulations framed by RBI which are applicable to 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 regulated by Reserve Bank of India which has stipulated certain regulations to be followed by each and every NBFC.

INTERNAL CONTROL AND ITS ADEQUACY

At Svatantra, the internal control procedures include internal financial controls, ensuring compliance with various policies, practices and statutes considering the organization's growth and complexity of operations. The framework constantly monitors and assesses all aspects of risks associated with current activities and corporate profile, including scientific and development risks, partner interest risks, commercial and financial risks.

Svatantra has built the management reporting and internal control systems in place, that enable it to monitor performance, strategy, operations, business environment, procedures, funding, risk and internal control. The internal auditors carry out extensive audits throughout the year across all locations penetrating all functional areas and submit their reports to the Audit Committee who in turn report to the Board.

HUMAN RESOURCE

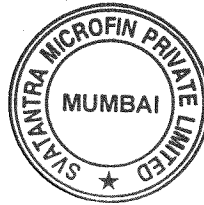
At Svatantra, people power is the bedrock for its success. For the intellectual capital resident within the organization have formulated the contours of its differentiated business strategy and have played a defining role in transforming business strategies into on-ground realities.

It also strives to retain its experienced team rich in domain expertise through people centric policies. The Company's knowledge building comprises of a detailed learning and development calendar comprising multidiscipline training programs (technical knowledge and soft skills). This calendar captures the development needs of employees through performance appraisals and business needs based on sectoral trends.

There has been a significant increase in the number of branches of the Company during the year which was resulted in increase in the number of employees as on March 31, 2019 at 2487 as compared to 1233 in the previous year.

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

FOR SVATANTRA MICROFIN PRIVATE LIMITED



A handwritten signature in black ink, appearing to read "Ananyashree Birla".

**ANANYASHREE BIRLA
(CHAIRPERSON)
DIN: 06625036**

Date: August 27, 2019

Place: Mumbai