SBFC

IDEATE

INNOVATE

ACCEPT

OPPORTUNITY AND **RISK** COME IN **PAIRS**

RISK MANAGEMENT

ACTION PLAN

STRATEGY

REDUCE

CONTROL

TRANSFER

ANNUAL REPORT
2019-2020

Contents

SBFC at a Glance

Assets Under Management (AUM)
₹ 3,516 Crore
203%*

Disbursements
₹ 1,027 Crore
4%*

Total Income
₹ 445 Crore
152%*

Profit After Tax (PAT)
₹ 35 Crore
45%*

Employees
1,154

Branches
97

Cities
65

Customers
47,000

* Growth as compared to FY19

Rating

ICRA — A MOODY'S INVESTORS SERVICE COMPANY
'A' STABLE

India Ratings & Research — A Fitch Group Company
'A' STABLE

Great Place To Work. Certified

SBFC has successfully build a High-Trust, High-Performance Culture™ organization and is Great Place to Work-Certified™.

Mitigating. Managing. Pricing Risks.

The risk exposure of the financial services sector has increased manifold due to multiple sector linkages. More so, when the loan book involves small enterprises with limited or no prior credit history. Simply put, 'thin lending' involves a thick layer of risk, which needs to be properly mitigated, managed and priced.

At SBFC, risk management is at the core of our strategic planning, where multiple risks are mitigated, managed or priced while complying with existing regulations and fulfilling customers' expectations.

Therefore, staying ahead of the curve and delivering scale, calls for an innovative approach. It begins with understanding our customers and providing customised solutions.

This strategy translates to a consistent and steady bottom line, helping us build an efficient financial institution that drives financial inclusion and fuels aspirations. Our rapid growth and consistent profitability bear testimony to our ability to not only manage risk but also price it appropriately.

We also leverage technology and management expertise to implement underwriting practices that enable us to offer affordable loans to underserved customers. Pricing risks also involve effective portfolio management and a conservative approach to provisioning. The result is responsible credit that supports customers, creates employment opportunities and helps small businesses prosper.

MITIGATING. MANAGING. PRICING RISKS.

Risk Management in Action

Risk Management at SBFC is a way of life, where our policies and learnings are practised daily, paving our path to long-term success.

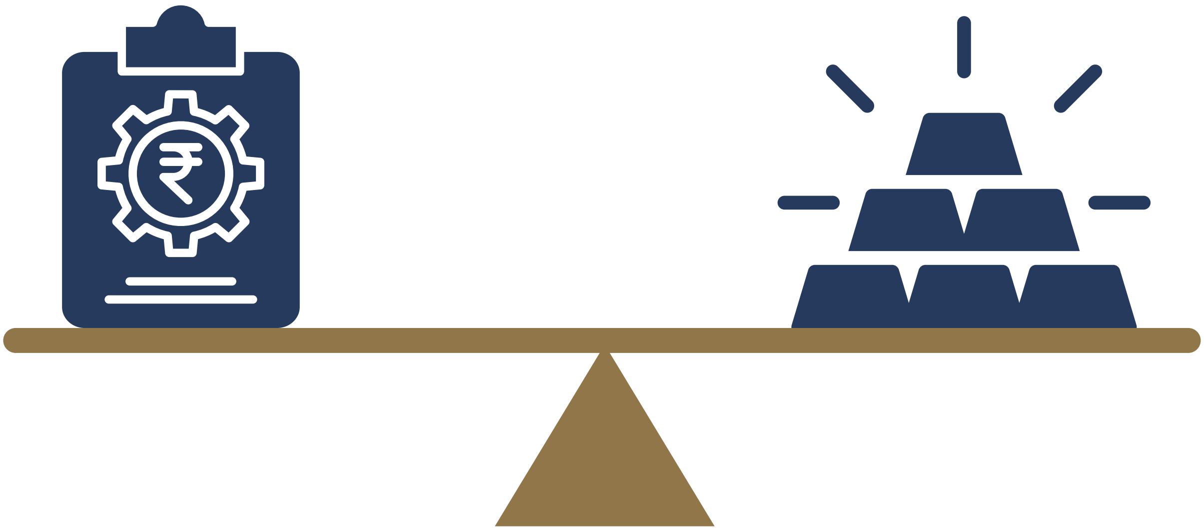
Product-Wise Strategies for Effective Risk Management

Loans to Micro Enterprises

	Strategy	Strategy in Action	Benefits
1	**Focus on Tier 2 & 3 markets**	• 60% business is in Tier 2 & 3 locations • Tier 1 market outside city limits	• Offers us quality customers with competitive yield
2	**Focus on ticket size sub ₹ 30 Lakh**	• 90% of disbursement is in ticket size below ₹ 30 Lakh • Average disbursement ticket size is ₹ 12 Lakh	• Lower delinquency in ticket size below ₹ 30 Lakh with NPA of 1.1%
3	**Self-occupied residential property is critical**	• 90% of origination has self-occupied property • 73% of origination has residential property	• Customers who offer residential property have fewer chances of default
4	**Emphasis on CIBIL V2 > 680**	• 84% customers have CIBIL score exceeding 680	• Better quality customers with superior repayment tracks

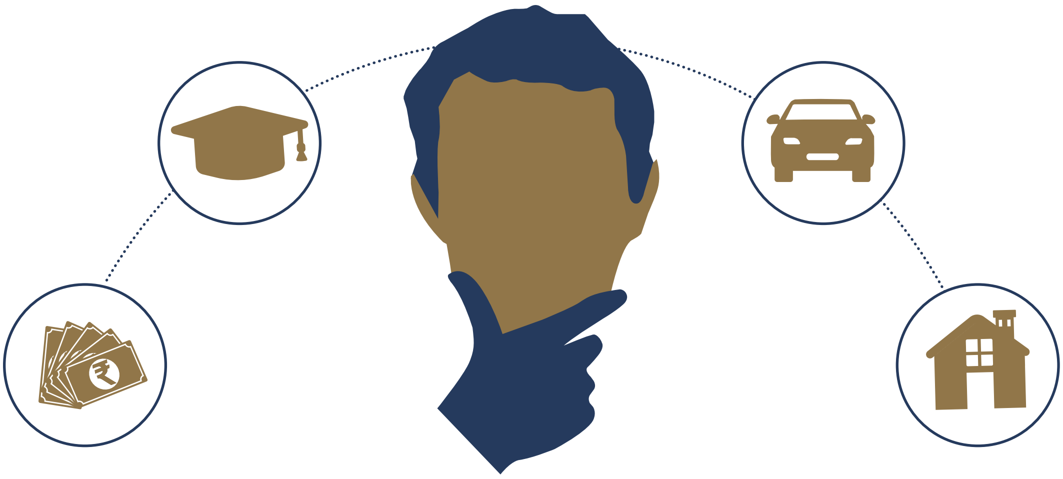
	Strategy	Strategy in Action	Benefits
5	**Income assessment is important**	• 94% of origination is based on income • End use based cashflow assessment	• Reduces ambiguity in cashflow assessment leading to low delinquency
6	**Preference for lower LTV**	• 88% of origination has LTV below 70%	• Lower the LTV, better the cushion on the value we can realise in the event of delinquencies
7	**Mitigate risks through diversification**	• **Industry diversification** – Manufacturing segment (which is most affected in recent times) is less than 10%. The lending is largely to job workers, who do not have high risks – Retail (which has core consumption strength and has grown during lockdown) is about 35% – No single sub-segment/industry is greater than 5% • **Geographic diversification** – Presence in 15 States + 2 UT – South, West & North are largely equally divided – No State/City is more than 20%	• Diversification allows granularity and higher risk mitigation
8	**Mitigating keyman risks**	• 90%+ customers have taken both Life and Medical Policy • The Insurance Policy covers the entire loan amount • 100% of origination has spouse/ parent as co-borrower	• Insurance covers the family in the event of a major medical exigency or unnatural death of the only earning member
9	**Risk mitigation through co-origination**	• 27% of total origination is under co-origination	• Risks are shared with the partner

MITIGATING. MANAGING. PRICING RISKS.



Loan against Gold (LAG)

	Strategy	Strategy in Action	Benefits
1	**Focus on Gold volatility and LTV**	• Gold price monitored daily in system and LTV is recalculated • Average portfolio LTV is 60%	• Helps manage risk arising from gold price volatility
2	**Higher internal controls to mitigate inherent risks**	• Internal audit inspects branch at high frequency depending on risk parameters • Technology is leveraged extensively • Chief Valuer reports to operations, ensuring the segregation of duties at branch	• No loss incurred due to fraud
3	**LAG requires increased productivity and yield**	• Productivity is about ₹ 4 Crore AUM per branch	• Productivity and yield metrics help to enhance branch profitability
4	**LAG provides better security and higher liquidity**	• LAG is a short tenure product, which provides regular access to liquidity • Strategically, LAG provides very high liquidity support in case of extreme liquidity circumstances	• Low NPAs • No credit loss on auctions • Portfolio can be realised in 4-6 months



Personal Loan (PL)

	Strategy	Strategy in Action	Benefits
1	**Special focus on the Government employees**	• 40% of Personal loan is to Government Employees	• Stability & continuity of borrower • Offers lower delinquencies
2	**Emphasis on CIBIL V2 > 680**	• 80% customers have CIBIL exceeding 680	• Better quality customers with superior repayment track
3	**Set criteria for minimum net salary and fixed obligation to income ratio (FOIR)**	• Minimum net salary of ₹ 25,000 • 76% customers with FOIR below 60	• Provides higher risk mitigation

Portfolio Management

69% of our entire portfolio is at significantly lower risk

Asset Pool	AUM as on 31 March 2020 (₹ in Crore)	Risk Management	Portfolio at Significantly Low Risk (₹ in Crore)
ME/SME	1,081	• ₹ 82 Cr covered under co-origination	82
LAG	367	• Liquid assets • Credit cost will be negligible	367
Unsecured Loan	201	• ₹ 65 Cr with Government employees • ₹ 45 Cr covered by SIDBI under credit insurance	110
PTC	1,867	• High margin of safety	1,867
AUM	**3,516**		**2,426**

MITIGATING. MANAGING. PRICING RISKS.

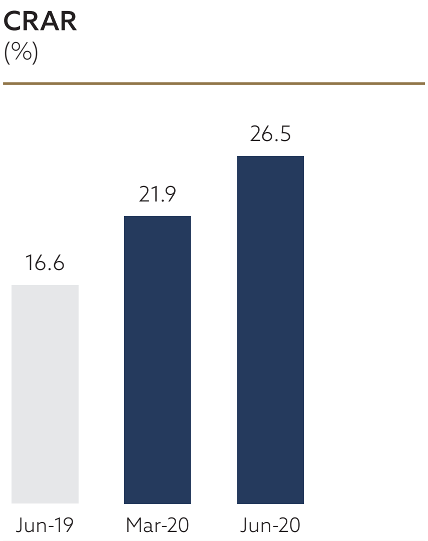
Provisions & Contingencies

Provisions 2.2 times as prescribed by Regulator

Asset Classification		Asset Value (₹ in Crore)	Provisions (₹ in Crore)	
RBI	**Ind AS**		**Ind AS 109**	**RBI**
Standard	Stage 1	1,477	10	6
	Stage 2	55	1	1
Substandard	Stage 3	33	10	3
Doubtful - up to 1 year		3	1	1
1 to 3 years		-	-	-
More than 3 years		0	-	-
Pre-COVID-19 Provision		**1,568**	**22**	**11**
COVID-19 Provision			**15**	**-**
Total Provision			**37**	**11**

Capital Adequacy

- **₹ 87 Crore equity infusion in FY20 and ₹ 100 Crore in June 2020 from existing shareholders**
- **Leverage reduced from 4.7 in June 2019 to 3.3 in June 2020, strengthening the balance sheet**



Management

SBFC has put in place an organisational structure where the Board of Directors, Management team and the entire fraternity of stakeholders enable greater attention to governance and management. The members of the Board bring experience and a rich repertoire of expertise, which helps to provide oversight and advisory to the organisation, while ensuring the corporate governance framework. Each individual of the leadership team has distinguished industry background and domain expertise.

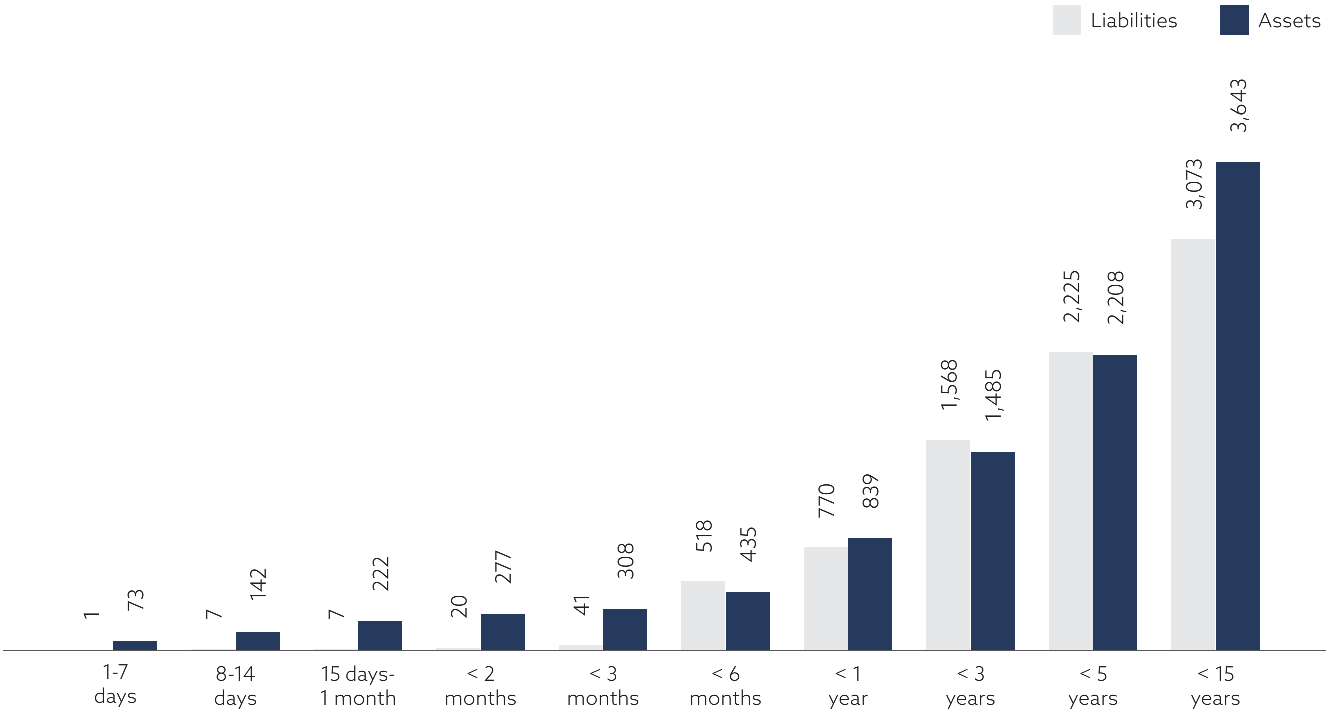
The team can identify opportunities in niche areas with relentless focus on execution, which enables SBFC to stay ahead of the curve. The Company's encouraging growth trajectory over the past three years in customer acquisition, AUM and profitability clearly marks its strategic, execution and risk management abilities.

Liquidity

SBFC maintains a conservative liquidity perspective. It had ₹ 224 Crore liquidity buffer as on 31 March 2020. SBFC also believes in raising medium- to long-term debts, even if the interest arbitrage with short-term debt is negative. Loan against Gold provides a strategic liquidity advantage at all times to SBFC. This cushion is available in the event of any liquidity exigencies. SBFC manages its Asset Liability mismatches conservatively and aims to always have sufficient short-term assets to repay short-term liabilities.

Asset Liability Management (ALM) as on 31 March 2020

(₹ in Crore)



CORPORATE IDENTITY

Loans Made Easy

SBFC is a systemically important non-deposit taking, non-banking finance company (NBFC) catering to India's underserved population. Our diverse customer base comprises MSMEs, salaried and self-employed non-professionals (SENPs), especially those with a 'thin file' – little or no credit history.

Beginning our lending journey in 2017, we have scaled up to 97 branches within a short span of three years across 65 cities in 15 States and 2 Union Territories (UTs). We seamlessly combine our physical reach with digital capabilities and human intelligence to achieve the dual objectives of rapid growth and higher cost efficiency. This also enables us to understand our customers better, design products and solutions tailored to their needs and establish robust credit underwriting mechanisms.

Vision

To build a world-class financial institution delivering scale with profitability consistently.

Mission

To make loans easy by designing and delivering them with excellence, innovation and integrity. We will use technology and human knowledge to find deserving customers and make the loan experience easy for them.

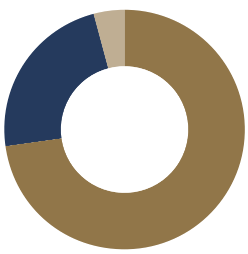
Values

Our values are captured in the 3 straight lines appearing on our logo, representing

- Innovation,
- Integrity and
- Excellence

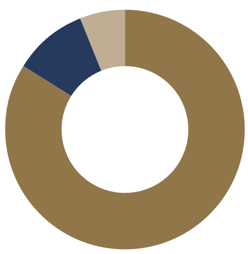
Integrity is at the heart of our operations, while innovation and excellence are the supporting pillars.

Shareholding Pattern
(%)



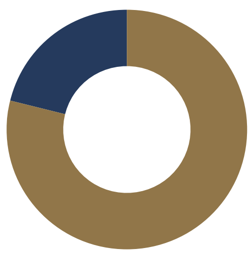
Clermont Group	73
Arpwood Group	23
Management & ESOP Trust	4

AUM Mix
(%)



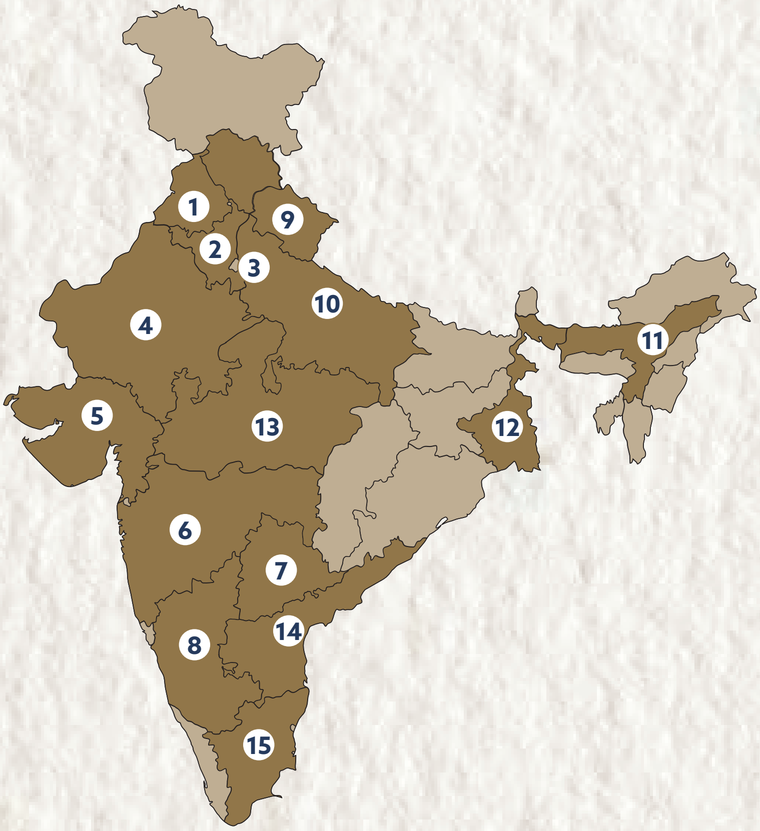
Secured by Property	84
Secured by Gold	10
Unsecured	6

Capital Mix
(%)



Debt	79
Tangible Equity	21

Our Geographic Expanse



1 PUNJAB
Chandigarh (1), Ludhiana (1), Jalandhar (1), Patiala (1)

2 HARYANA
Ambala (1), Panchkula (1), Faridabad (1), Panipat (1), Gurugram (1)

3 DELHI (5)

4 RAJSTHAN
Ajmer (1), Jaipur (2), Bhilwara (1)

5 GUJARAT
Ahmedabad (2), Surat (1), Anand (1), Vadodara (1), Morbi (1), Vapi (1), Rajkot (1)

6 MAHARASHTRA
Kolhapur (1), Nashik (1), Mumbai (7), Pune (3)

7 TELANGANA
Hyderabad (6), Warangal (1), Khammam (1)

8 KARNATAKA
Bengaluru (6), Mysore (1), Hubli (1), Nelamangala (1)

9 UTTARAKHAND
Dehradun (1)

10 UTTAR PRADESH
Agra (1), Lucknow (2), Ayodhya (1), Mathura (1), Bareilly (1), Prayagraj (1), Gorakhpur (1), Varanasi (1), Kanpur (1)

11 ASSAM
Dibrugarh (1), Nagaon (1), Guwahati (1), Sivasagar (1), Jorhat (1), Tinsukia (1)

12 WEST BENGAL
Kolkata (1), Durgapur (1), Siliguri (1)

13 MADHYA PRADESH
Bhopal (2), Ratlam (1), Dewas (1), Ujjain (1), Indore (2)

14 ANDHRA PRADESH
Bhimavaram (1), Ongole (1), Eluru (1), Rajahmundry (1), Guntur (1), Tirupati (1), Kakinada (1), Vijayawada (1), Nellore (1), Vizag (1)

15 TAMIL NADU
Chennai (2), Kanchipuram (1), Hosur (1), Puducherry (1)

Branches	Cities	States	Union Territories
97	**65**	**15**	**2**

PRODUCT PORTFOLIO

Fuelling Aspirations with Diverse Offerings

We offer a mix of secured and unsecured loans to address the credit needs of our customers and play an important role in driving the nation's inclusive development agenda. Our strong profitable growth in the past three years bears testimony to our ability to design and launch products that meet diverse needs without compromising on asset quality.

Loans to Micro Enterprises

Product Offerings
Secured loans for micro enterprises to meet working capital and term loan requirements

Borrower Profile
MSMEs and self-employed non-professionals (SENPs) with collaterals looking to fund business expansion

Salient Features
- Maximum value for borrowers' assets
- Priced at competitive interest rates
- Simplified documentation
- Disbursal of loans within a fortnight

Portfolio Highlights

AUM
₹ 1,081 Crore

% of AUM
31%

Ticket Size
₹ 1-50 Lakh

Customer Outreach
6,000+

Loan Tenure
3-12 years

Average Loan to Value
42%

Loan against Gold

Product Offerings
Loans secured against gold disbursed instantly, offering high flexibility in repayments

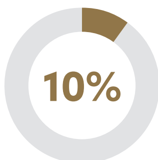
Borrower Profile
Individuals looking for immediate liquidity, with gold as collateral

Salient Features
- Competitive interest rates, charged on diminishing balance of loan
- Disbursal within 30 minutes
- Immediate Payment Service (IMPS) fund transfer facility
- Flexible repayment options

Portfolio Highlights

AUM
₹ 367 Crore

% of AUM



Average Ticket Size
₹ 90,000

Customer Outreach
25,000+

Loan Tenure
3-12 months

Average Loan to Value
60%

PRODUCT PORTFOLIO CONTD..

Personal Loans

Product Offerings
Unsecured, multi-purpose small-ticket loans for salaried individuals

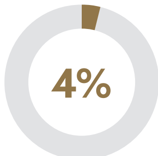
Borrower Profile
Salaried individuals, Government employees in particular

Salient Features
- Simplified, digital process for application and approval
- Services at borrowers' doorsteps
- Loan disbursal in 3 days

Portfolio Highlights

AUM
₹ 142 Crore

% of AUM



Ticket Size
₹ 50,000 - ₹ 10 Lakh

Customer Outreach
6,000+

Loan Tenure
6 months to 5 years

Business & Professional Loans

Product Offerings
Unsecured, short-term loans for meeting working capital requirements and other purposes

Borrower Profile
Small businesses looking to finance additional requirements for working capital, stock up for festive season, or any other purposes

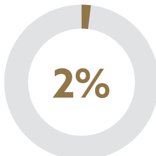
Professionals like Doctors or Chartered Accountants looking to set up their practice or for any other purposes

Salient Features
- Loan against business, professional income without
- any collateral
- Competitive interest rates
- Simplified documentation
- Loans disbursed in 5 days

Portfolio Highlights

AUM
₹ 59 Crore

% of AUM



Ticket Size
₹ 2 - 15 Lakh

Customer Outreach
2,000+

Loan Tenure
6 months to 5 years

PRODUCT PORTFOLIO CONTD..

Loan Management Services

Thriving on Innovation

In FY20, we launched a unique service offering, which utilises our deep industry insights and vast market experience. Our strong collection efficiency is the major trigger for our foray into this service. Due to a quick turnaround of a securitised portfolio deal with 99.8% collection efficiency within a month, we witnessed numerous offers from other institutional clients for helping them with their investment in securitised portfolios. We leveraged this opportunity and structured a full-fledged service termed as 'Loan Management Service (LMS)'.

Under this service, we manage the entire loan book for lending companies on an end-to-end basis. This encompasses customer service, collection, legal work among others, to ensure maximum recovery for the investor.

This innovative offering bolsters our fee income, without any risk on our books, and strengthens our position as a niche industry player.

Master Servicer

Our role in Loan Management Service is that of a Master Servicer – a complex role, but we are able to manage it well on the back of our inherent strengths of management expertise, branch network and collection efficiency. This involves donning many hats.

1. Data Management

We manage data by identifying, reviewing and verifying master data and transactions data. This data is then migrated to the middleware and then pushed into our LMS. All the fields of the customers together with complete history is extracted into the middleware, so that the customer doesn't need to go back to the originator for any service request.

2. Record Management

All documents relating to property and customer credit files, as well as KYC files are transferred to our custody. We utilise services of reputed record management players like Iron Mountains, PN Writer, and so on. Following the transfer, all record retrievals and management are under our control and property papers are returned to customers post closure of the loans.

3. Customer Service Management

Customer service management is one of the most vital aspects of our LMS. We set up dedicated lines and emails on our customer service desk. The customers can avail services from any of our pan-India branches for query resolution. We carry out extensive communication with the customers through multiple channels, including emails and SMS, informing them about the change of servicer and the customer care details of SBFC. Our customer service provides support to customers and addresses various customer queries, including balance confirmation, property documents, loan interest calculations, foreclosures, tax certificate, bounced EMIs and also updates customer data such as KYC, contact details and so on.

4. Collection Mode Management

NACH, ECS and Direct Debits are ported from originator's account to the investor's account. We also ensure on-ground cheque and cash collections wherever required. All the money is pooled into the investor's account and the collection data is updated in the LMS on real time basis .

5. Legal and Compliance Management

Procedures for legal and compliance management are also under our scope of work under LMS. Our delinquency management app aids the collection efforts of our on-ground staff. Legal notices under section 138 of the Negotiable Instrument Act and that under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (SARFAESI Act) Act are served on customers for bounced and delinquent cases. Property is attached, auctioned and money is recovered under the legal process. We also undertake negotiation and settlement of loans. Additionally, charges are satisfied on closure of loans, in addition to CIBIL and RBI reporting and regulatory compliances with GST and Income Tax.

6. MIS and Reporting

We have a strong reporting mechanism. The granularity and detailed nature of management information system (MIS) can be ascertained from the fact that we have customer-wise and location-wise collection efficiency reports. The payout reports and bounce reports are submitted to originator and investor. The analysis of delinquencies is carried out under various buckets. The legal department provides the MIS on litigation cases. Additionally, any other requests for customised reports by the originator/investor/SPV are honoured by the MIS department.

Back-up Servicer

This is a prevalent concept in several developed markets, wherein a Back-up servicer is appointed at the inception of the securitisation transaction. An early stage appointment of a Back-up servicer eliminates legal risks wherein in the event of bankruptcies of the originator, it becomes legally difficult to change the servicer. We, as a Back-up servicer, remain on the standby and assume the role of Master Servicer in the event of default of existing servicer or originator, as the case may be.

The Back-up servicer assumes the role of master servicer within a maximum of 45 days upon trigger by the Investor. Our role here involves mapping the portfolio to its network and develop readiness in terms of feet on ground efforts. To maintain consistent information flow, data is transferred every quarter to our LMS, post which we analyse and monitor collection performance.

MESSAGE FROM THE FOUNDING TEAM

Focusing on Fundamentals

Dear Stakeholders,

We hope that you and your family are safe and taking good care of your health in these unprecedented times. Our resilience as individuals as well as businesses has been put to test, but we strongly believe that we will finally emerge stronger.

For the time being, we are constantly engaging with our customers, vendors and other stakeholders to tide over a health crisis that has snowballed into an economic one. We are moved by the commitment and dedication of our people in providing support to our customers, by overcoming restrictions on mobility and leveraging our digital capabilities.

Guided by our Board, we are confident about resuming normal business operations as soon as the pandemic subsides, and the nation pushes through its inclusive development agenda with renewed vigour.

Strong performance in an extremely challenging environment

The Indian economy was undergoing a challenging period in FY 2019-20, much before the pandemic brought the nation to a standstill at the end of the fourth quarter. Weak consumption demand, sluggish manufacturing and delayed infrastructure spending weighed heavily. The government announced key structural reforms and counter-cyclical measures. The Reserve Bank of India (RBI) maintained a largely accommodative policy stance and implemented innovative measures to keep rates lower for longer. COVID-19 forced the government to impose a nationwide lockdown to contain the spread. India recorded its slowest annual GDP growth in over a decade at 4.2%.

In such an adverse external backdrop, we continued to move towards achieving our vision of creating a world-class financial institution that delivers scale and profitability through cycles. Our total income grew by 152% to ₹ 445 Crore from ₹ 177 Crore in FY19. Our fee and other income grew by 56%, owing to introduction of the ‘Loan Management Service’. Profit after tax rose 45% to ₹ 35 Crore. Our AUM grew 203% to ₹ 3,516 Crore, while asset quality remained stable at 1.01% (GNPA), reflecting our robust underwriting process and collection efficiency.

Expanding operations, improving efficiency

Our co-origination arrangement with ICICI Bank has now started yielding results. We were the first NBFC in India to setup this co-origination platform in January 2019. Today, the co-origination segment accounts for over 27% of our monthly ME disbursements. We also expanded our distribution network to 97 branches and set up a state-of-the-art 13,000 square foot office in Thane to effectively support our rapidly increasing operations.

Meanwhile, we expanded our product range with unsecured lending to businesses and professionals. We also introduced a new loan management service that undertakes end-to-end loan book management and ensure great service to banks and other institutional clients. We handpicked a high-quality portfolio of an institutional HFC client through a securitisation deal, took control of the servicing and within a month achieved 99.8% collection efficiency.

Maintaining a strong balance sheet

Our balance sheet is well capitalised with adequate liquidity buffer, which should enable us to stay the course in the near to medium term. Our deep understanding of financial markets and ability to mitigate, manage and price risks has built a strong foundationon which we aim to propel our future growth. Our strong financial profile also reflects our effective ALM and liquidity management, with a conservative approach to provisioning on our portfolio.

Digitalisation continues to gather momentum

Our focus on deploying the best available digital technologies to improve processes and enrich customer experience has played a key role in our growth story. Our Phygital strategy gained further traction with the introduction of a suite of proprietary tools such as LeviOSa and SBFC app, as well as proprietary apps such as Delta and Omega. We also implemented e-NACH, which enhances our collection efficiency. We continued to invest in enhancing our data analytics capabilities to derive better actionable insights into customer behavioural patterns and fine-tune our strategies accordingly.

Looking ahead

The pandemic situation remains fluid and the external environment uncertain. We have enabled our customers to opt for a moratorium on their repayments, in line with the central bank's advice. However, once the moratorium period ends, we will have to prioritise collections to preserve our asset quality. We plan to raise equity capital to further strengthen our balance sheet. We are adopting a cautiously optimistic outlook on disbursements. Our focus on growing the loan management services business will enable us to boost our income (fee) without increasing risks.

We would like to conclude by thanking our Board for steering SBFC in the right direction. We also express our gratitude to all our employees, shareholders and debt providers for their trust and support in our aspiration of making SBFC a world-class financial institution.

Warm regards,

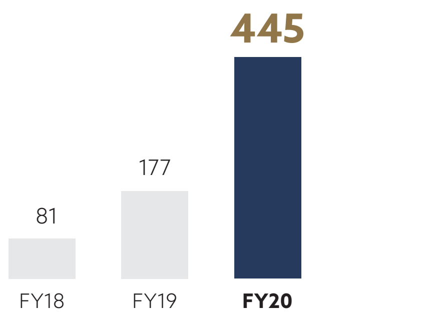
Leadership Team

KEY PERFORMANCE INDICATORS

Driving Profitable Growth

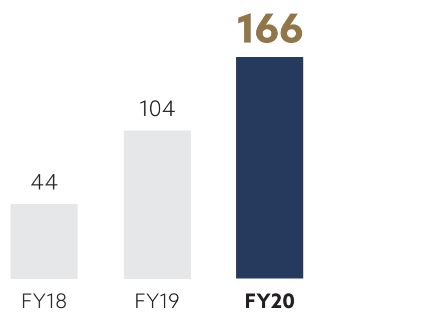
Financial

Total Income
(₹ in Crore)



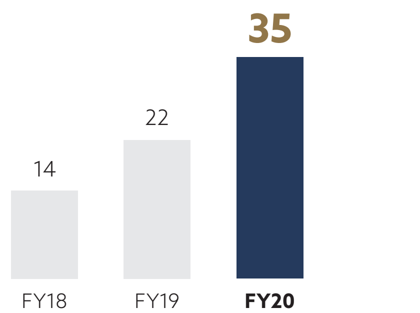
118%   152%

Net Interest Income
(₹ in Crore)



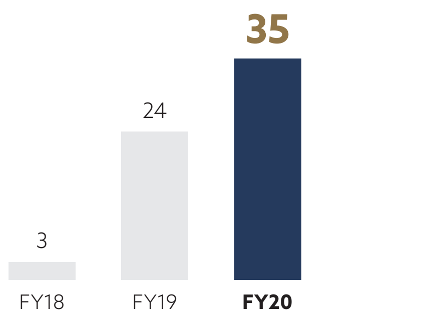
135%   60%

Fee and Other Income
(₹ in Crore)



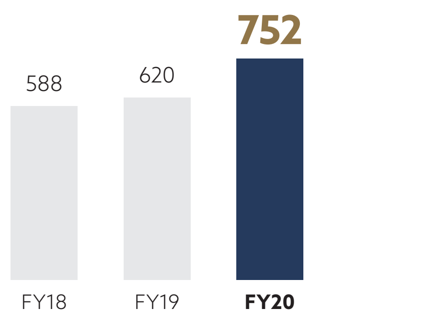
56%   56%

PAT
(₹ in Crore)



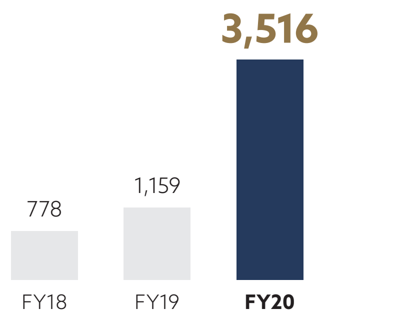
605%   45%

Networth
(₹ in Crore)



5%   21%

AUM
(₹ in Crore)



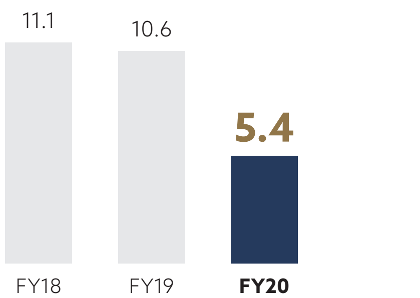
49%   203%

y-o-y growth for FY 19

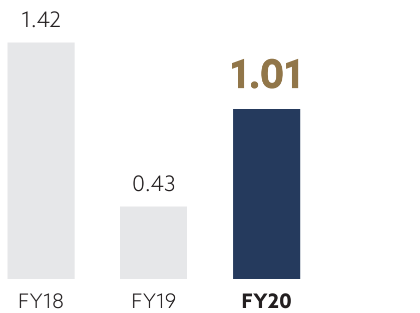
y-o-y growth for FY 20

Key Ratios

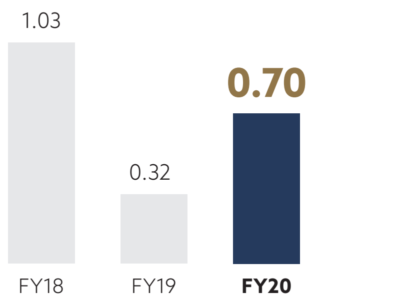
NIM
(%)



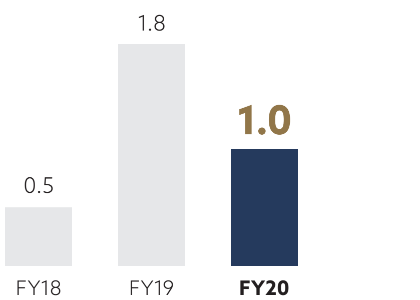
Gross NPA
(%)



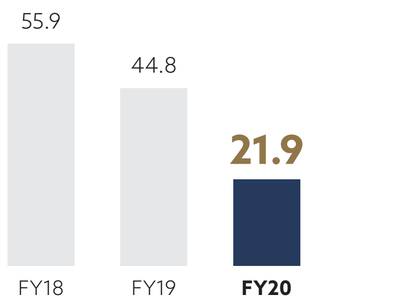
Net NPA
(%)



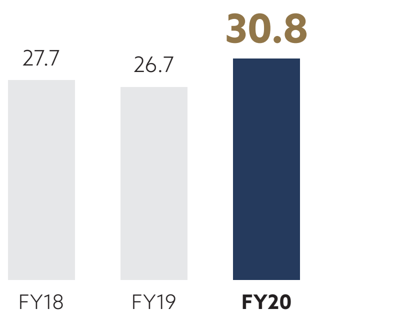
RoA
(%)



CRAR
(%)

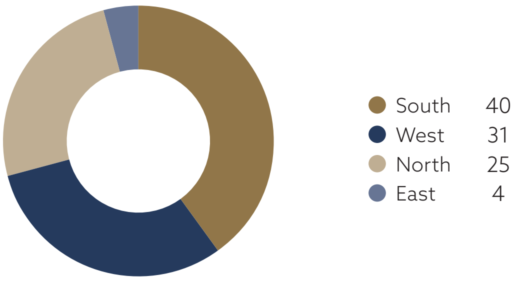


Provision Coverage Ratio
(%)

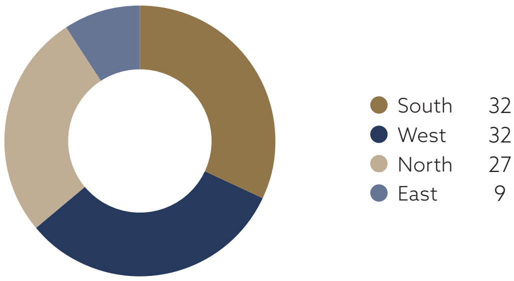


Operational Highlights

FY20 AUM Mix
(%)



FY20 Branch Mix
(%)



FINANCIAL INCLUSION

Giving Wings to Dreams

At SBFC, our overarching objective is to make a meaningful difference to the lives of our customers by helping realise their dreams and fuelling aspirations of a prosperous future. We are on a mission to make loans easy for the underserved, even if they lacked a formal credit history. In the process, we contribute to the nation's inclusive development agenda through the success stories of our customers – a true reflection of their grit and determination, backed by our lending solutions.

Sowing the seeds of prosperity

This is the story of 'Kavita Miss' and her journey from being a passionate teacher to becoming the founder of 'Genius World' – a playschool.

Kavita grew up in Kalyan and had always dreamt of becoming a teacher. As soon as she finished her Master's degree in 2013, she started Genius World. The school exudes vibrancy in every way, providing basic education to over 150 children. In the seven years since, the playschool has flourished and Kavita decided to open another branch. To fund this expansion, Kavita approached several banks and financial institutions, but her loan applications were rejected due to lack of adequate documented credit history and collaterals.

The rejections did not deter Kavita; rather, she waited for the right moment. And that moment arrived when she came to know about SBFC from a friend of her husband, who had taken a personal loan, and his experience with us.

This encouraged Kavita to approach us to fulfil her ambitions. The smiles of the children as they arrive at the centre dressed in bright pink uniform leave an indelible imprint on Kavita's unfolding success story.

A one-stop window to success

It started with a pamphlet dropping out of the local newspaper. Dhanaji was sipping his morning tea. He read about SBFC and visited our branch to know more about our service offerings. He was eager to know how his family's humble collection of gold could help them to invest in their future. Our people at the branch explained the process of availing gold loans in a simple, easy-to-understand way, which made him comfortable to borrow against his gold.

Dhanaji runs Shree Ram Novelty Store along with his wife Pallavi. It's a 'one stop shop' for almost all daily requirements. When he decided to take a loan for his shop to stock up for the ensuing festival season and avail discounts by paying cash upfront to vendors, SBFC was his natural choice.

Now the duo plan to expand the shop to sell an even wider assortment of products and employ family members and friends.

OUR PEOPLE

Life at SBFC

Our business growth depends largely on our ability to build and nurture time-tested relationships. Thus, our people play a key role in advancing our strategic objectives and reinforcing our purpose of existence.

We have a pool of 1,154 passionate professionals, aligned to our vision of building a world-class financial institution. All our team members go through a meticulous in-house training process. We have an open and dynamic work culture, where they are encouraged to take new initiatives and present their ideas.

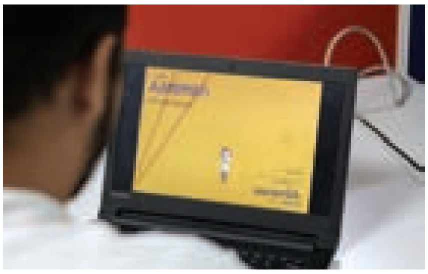
We maintain complete transparency and seamless information flow across verticals and hierarchies. This creates an environment of mutual trust, where innovation thrives. It was this that enabled us to receive the coveted 'Great Place to Work' certification among organisations with 500-50,000 employees. Our score on Employee Trust Index was 81%, as against an average of 70% threshold.

We offer competitive remuneration, including non-monetary rewards and recognition, as well as ample learning and development opportunities. We celebrate diversity and inclusion, which are reflected in the healthy representation of women and specially-abled in our workforce.

Initiatives for our people

Arogyam
Health of our people is of utmost importance. We conduct regular health check-ups which enable the team members to track important health indicators.

Parichay
We believe in all-round development of individual talent. Hence, all our employees receive cross-functional exposure to help understand our work processes and norms.



Aarambh
All our new employees undergo a formal induction process, where in they are introduced to our organisation and all functional processes.

Women empowerment
At SBFC, we understand that women often have to shoulder the lion's share of familial responsibilities. We are cognisant of the fact that a support on work-life balance from employers can elevate the engagement and loyalty levels of employees to the next levels. We provide new opportunities to women post their sabbaticals with an exclusive programme called 'Udaan – Back in race'.

Lavanya Pilla - Sr. Credit Officer, Vizag

I joined this Company in January 2019 as credit manager. I am proud to be part of SBFC. At present, women in this field are often judged for considering such roles because it is generally believed that they cannot handle work pressure, or cannot manage late night work etc but here at SBFC there is no gender discrimination and I have always seen women being treated equally with men. Also I have been rewarded with Star of the Moment. My family proudly says that I am a working women and in a respectable position in society. Guidance and support by our seniors has been instrumental in helping me achieve my professional goals with perfection, and for that I am forever grateful.

OUR PEOPLE CONTD..

Health and welfare programmes

We strongly believe that healthy and happy employees create a positive work environment, which produces a ripple effect in the entire work ecosystem and gets reflected in the achievement of our corporate goals. We ensure that our people are able to enjoy life to the fullest and can spend as much time with their families post work.

In addition to a healthy work-life balance, we provide employee welfare benefits like ESIC, group mediclaim, group personal accident policy and life insurance coverage. We also celebrate International Yoga Day across all our offices, along with awareness camps for employees.

Equal opportunities employer

We are an equal opportunities employer. We do not discriminate on the basis of age, race, colour, creed, sex, religion, and disability. It is clearly evident in our hiring practices. Our male to female ratio increased from 10% to 16% this year, signifying better gender diversity.

Kiran Telvekar – Assistant Manager – Operations, Mumbai

I joined SBFC in August 2018. Till date, I have received immense learning opportunities, which added value to my personal and professional growth. I thank my reporting manager for giving me this opportunity to take initiatives and perform to the best of my abilities and for keeping a healthy and friendly environment at the same time. I have never been treated differently. All the team members treat me with great respect and care.

Suraj – BSM – Unsecured, Chandigarh

Education is important to grow, however, it is not the only milestone to achieve. Milestones can be surpassed with experience. I am working at Chandigarh branch and everyone treats me with great respect and I have never felt that I am different. My work gets recognised and I have recently won the SBFC IDOL Award in our Annual Award Night held at Goa.

Other Initiatives

Some of the other initiatives to keep our people motivated and engaged include

- Flexi-timings for encouraging people to pursue higher studies
- Self-development training with innovative techniques like handbook, knowledge café and video
- Encouraging breaks for people to undertake healthy activities and hobbies
- Kaizen platform to encourage innovation
- Fast Tracker development programme for management trainees to provide an opportunity to the millennials to learn and take their careers on a fast track

Vrutika Gandhi – Credit Manager, Secunderabad

Detailed workshop on time management, resource utilisation and how emerging managers need to manage team and various tasks, keeping TATs low and productivity levels high. The workshop was thoroughly planned, engaging people from different departments, with good internal co-ordination and highlighted the strategies for stakeholder management as well as conflict resolution. These aspects were already covered in our formal education curriculum, but to apply those fundamentals in professional life is what DISHA workshop was all about!!!

Gunjan Dedhia – Sr. Manager IT, Mumbai

Pursuing hobbies in spare time acts as an extra reward for working, in addition to improving time management skills. Thanks to the support from SBFC and encouragement from seniors, I was able to pursue my hobby and was able to complete one of the most challenging treks at the Himalayas recently. It would not have been possible without their support. This trek was an enriching experience which I will cherish for a lifetime.

ENVIRONMENT AND CSR ACTIVITIES

Making a Difference

We believe that partnering society is as important as generating consistent returns for our investors. Our corporate citizenship efforts are a part of our sustainability agenda and resonate across all our processes.

Our focus areas for making a difference through sustainability initiatives are the following:

Environmental causes

At SBFC, we care deeply for the environment and have a pre-defined sustainability calendar to carry out various initiatives throughout the year. These initiatives include World Water Day, World Health Day, Earth Day, Book Day and World Environment Day among others.

Sustainability Calendar 2019-20

Water Day 22nd March	Walk to Work Day 1st Friday of April	Health Day 7th April	Earth Day 22nd April	Book Day 23rd April
Environment Day 5th June	Blood Donors Day 14th June	International Yoga Day 14th June	International Trees Day 28th July	Humanitarian Day 19th August
Swachh Bharat Abhiyan Day 25th Sep to 2nd Oct	Joy of Giving Week 27th Sep to 3rd Oct	Food Day 16th October	Recycling Week 11th To 17th November	Road Safety Week 4th To 10th February

Other initiatives include improved recycle management and energy saving events. We have also pledged our support to green initiatives by designing our head office with 'go green concept'. We regularly communicate these initiatives to our employees through communication from our HR platform. Our employees volunteered for tree plantation drives in nearby societies and schools on International Tree Day.

Contribution towards noble causes

Our philanthropic activities include donations in the form of money or resources to charities or organisations at the local or national level. These donations can be for relief activities during natural calamities or human rights or education programmes.

During FY20, we participated in cloth donation drive for Kolhapur flood relief camps. Our team members too contributed whole-heartedly to this initiative.

We also supported Akashdeep NGO for their noble initiative to help orphan children by spending time with the kids along with donation of books, chocolates and pencils to make their Children's Day special.

We have contributed towards education with scholarship for 21 kids worth ₹ 13 Lakh at Little Angel's School for specially-abled children.

LEADERSHIP TEAM

Steered by Seasoned Experts

Mr Aseem Dhru
Managing Director & CEO

Mr Mahesh Dayani
Chief Business Officer

Mr Narayan Barasia
Chief Finance Officer

Mr Pankaj Poddar
Chief Risk Officer

Mr Manu Mahajan
Chief Operating Officer

Mr Deepak Mudalgikar
Chief Technology Officer

Mr Vivek Tripathi
Chief Human Resource Officer

Mr Sai Prashant Menon
Chief Collection Officer

Mr Pragnesh Soneji
Product Head-Secured Loans

Mr Sriram Kannan
Product Head-Unsecured Loans

ZONAL LEADERSHIP TEAM

Driving Local Connect

South & East

Mr Ashish Singh
Business

Mr Kiran Kumar
Credit

Mr Rama Chandra R
Collections

West

Mr Vinay Agrawal
Business

Mr Rakesh Dugar
Credit

Mr Shashi Rana
Collections

North

Mr Ish Chawla
Business

Mr Viney Vaid
Credit

Mr Amit Sharma
Collection

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Review

The World Health Organization (WHO) has declared the Novel Coronavirus COVID-19 as a pandemic which has thrown an unprecedented challenge to both Indian economy and to world economy at large. Rating agencies, both global and domestic, are unanimous that the COVID-19 pandemic will have significant negative implications to the world economy. It is expected to have a cascading effect on all the countries and subsequently on all industries. The growth of nearly 3 trillion USD Indian Economy is expected to come to a grinding halt in the first quarter of fiscal 2020-21 due to world's largest lockdown in the face of pandemic. As per latest estimate by RBI, real GDP growth rate would be negative 1.5% in this fiscal but it is expected to rebound sharply to 7.2% in the fiscal 2021-22. Even though all major economies in the world are staring at first recession since financial collapse of 2008-09, the macro economic factors gives glimmer of hope to India. The government, although has loosened its purse through various monetary and fiscal policy measures, is sticking to rather acceptable fiscal deficit targets.

Even though it is anticipated that domestic demand will rebound strongly once the lock downs are lifted, we will understand this better over the next two quarters. The decline in oil prices is likely to moderate the foreign exchange outgo. The more fiscal room to state governments to borrow upto 5% of GSDP will help in reviving many infrastructure projects from state governments in addition to the ones initiated by Central Government.

The Reserve Bank of India (RBI) stepped in to protect financial stability and arrest an economic meltdown. RBI announced a series of measures to keep the financial system and financial markets sound, liquid and smoothly functioning so that finance keeps flowing to all stakeholders. The RBI lowered the reverse repo rate by 25 basis points to 3.75 per cent, thus discouraging banks from keeping their surplus funds with it.

Industry Review

NBFC sector has witnessed few significant defaults by a large NBFC and HFC in 2018-19, which continued to cast its shadow on the sector through the year. The NBFCs also witnessed increased stress in their asset quality during the first half year of 2019-20.

As part of response to the economic challenges faced by the industry, RBI has been announcing various measures to address and aid the liquidity flow into the system and provide relief to NBFCs. RBI has announced several measures post the announcement of COVID-19 as a pandemic such as Targeted Long Term Repo Operations (TLTRO 2.0), Partial Credit Guarantee Scheme (PCGS) to cover Portfolio Guarantee for purchase by PSBs of Bonds or CPs as issued by NBFCs. Such measures are expected to infuse additional liquidity across NBFCs sector. However, the cost of these funds will determine the success of this measure.

The measures announced for MSME sector such as change in definition of Micro, Small and Medium enterprise in manufacturing and service sector is expected to help these enterprises to take on expansion plans without fear of losing the benefit of being one. However, the credit offtake by these enterprises solely depends on how the demand for goods and services pans out post lockdown.

In assessing recoverability of financial and non financial assets, the Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis in the assumption used and based on current indicators of future economic conditions. The Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from the estimated as at the date of approval of the financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Business Overview and Operations

Gross loan disbursements during the year were 1027 crore as against 983 crore in the previous year. The Company substantially increased its liquidity cash position during the current financial year. The Company has improved its Return on Equity to 5.04% from 4.05% as compared to previous fiscal. In the same period, the cost to income ratio also improved significantly to 51% from earlier 72%.

The Company maintained its focus on Loan against Property, Personal Loan and Business Loan. The Company has been able to substantially increase the disbursement under the co-origination program with ICICI Bank. During the year, the company invested in a Pass Through Certificate (PTC) while taking the servicing of the underlying portfolio under its control. The Company was successful in transitioning the portfolio servicing from the originator to itself in record time with achieving the collection efficiency of 99.8%.

The Assets under Management (AUM) of the Company as at 31st March, 2020 increased to 3516 crore from 1161 crore as on 31st March, 2019, with the focused product growing at 49% over previous year. The Asset under Management (AUM) of the Company are as follows:

(₹ in Crore)

Products	Mar-20	Mar-19	FY-20 Growth
ME	905	730	24%
ME Co-origination	102	10	920%
LAG	367	268	37%
Unsecured Loan	201	43	368%
AUM - Focused Product	**1575**	**1051**	**49%**
SME	73	104	(30%)
SCV	1	6	(82%)
Total Loan Book AUM	**1649**	**1161**	**42%**
PTC	1867	-	-
Total AUM	**3516**	**1161**	**203%**

The Company has created a balanced portfolio with minimal risks. One of the major implications of COVID-19 to NBFCs will be increased credit risks on the portfolio which will be seen as the lockdown opens up. About 69% of the Company's portfolio as of 31st March, 2020 comes with almost negligible credit risks.

AUM	Mar-20	Comments	Portfolio at significantly lower Risk
ME/SME	1081	₹ 82 Cr covered under co-origination	82
LAG	367	Liquid Assets and Credit Cost will be negligible	367
Unsecured Loan	201	PL with Govt employee and BL covered by SIDBI under credit insurance	110
PTC	1867	Over collateral resulting in significantly low risk	1867
AUM	**3516**		**2426**
			69%

The Company has reported a decent growth in financial performance, which is given below.

Income Statement	FY-20	FY-19	Growth FY-20
Interest Income	410	154	166%
Interest Expense	(244)	(50)	388%
Net Interest Income	166	104	60%
Fee & Other Income	35	22	59%
Operating Income	201	126	60%
Operating Costs	(105)	(91)	15%
One Time Transaction Cost	(5)	-	
Pre Prov OP	**91**	**35**	**160%**
Credit Cost Expenses	(17)	0.0	
COVID-19 Impact	(15)		
Profit Before Tax	**59**	**35**	**69%**
Tax Expenses	(23)	(11)	
Profit After Tax	**35**	**24**	**46%**

Loan Management Service

During the year, the Company initiated a product Loan Management Service (LMS), where it executed agreements with three investors namely Nippon India Mutual Fund, State Bank of India (SBI) and IndusInd Bank and have consequently taken charge of the servicing of the underlying portfolio. The Company takes over control over the physical files, the customer portfolio data, NACH mandates, physical cheques and provides the Investor with end-to-end solutions on portfolio servicing including customer service, collections, legal actions for delinquent customers, MIS etc.

The Company has achieved a breakthrough and was successful in getting few agreements executed. This speaks volumes on the strong processes and systems the Company has on customer service and collections. The Company believes that this can be an interesting and sizeable opportunity in times to come.

COVID-19 has posed challenge on the asset quality for the entire sector. The Company has performed risk analysis on its portfolio based on current indicators of future economic conditions. The Company expects to witness some increase in credit costs and accordingly have taken a credit provision of ₹ 14.99 Crores in Financials and Notes ending 31st March, 2020. The Company will know the exact impact of this pandemic as the lockdown opens and the market resumes operations. It will continue to closely monitor the credit risks arising out of the sudden disruption, heighten the customer service and collection efforts and take all necessary action to overcome the implications.

Risk Management

The Company is exposed to a variety of risks, such as credit, economy, interest rate, liquidity among others risks. The Board of Directors constituted a Risk Management Committee consisting majority of Directors. The terms of reference of the Risk Management Committee include periodic review of the risk management policy, implementing and monitoring of the risk management plan and mitigation of the key risks. The risk owners are accountable to the Risk Management Committee for identification, assessment, aggregation, reporting and monitoring of the risk related to their respective areas/ functions.

The Company has a balanced approach to portfolio management coupled with a rigorous portfolio review mechanism which has enabled it to pick up early warning signals and take corrective actions. A robust governance framework ensures that the Board and its committees approve risk strategies and delegate credit authorities accordingly.

Opportunities & Threats for NBFC Companies

Opportunities

GDP is expected to grow by 7.2% in fiscal year 2021-22, which will lead to significant growth in SME segment. The Central Government's initiative to reclassify the criteria for MSME will boost investment and growth to this sector.

The lending institutions have increased its reach to the customers over the years by offering superior customer experience through new-age underwriting models, seamless partner integration and real-time loan decisions. This offers a good opportunity to NBFCs to increase customer reach and penetration.

Risks

It is evident that, in the last couple of months, the Non-Banking Financial Companies (NBFCs) have witnessed an acute liquidity crisis, and a bid to support the lending situation both Centre and the Reserve Bank of India (RBI) has taken several measures to infuse liquidity in the system.

Though the times are challenging, it provides an opportunity to strong NBFCs like us, who has managed portfolio risks, credit risks and liquidity risks quite well.

Outlook

The FY started with a complete lockdown across the country and its economic sector. The coming quarters are the tests of resilience for large as well as small businesses across India. NBFCs that are well managed, well governed, have managed portfolio risks, credit risks and liquidity risks will find an opportunity to improve its market share. Companies will have to evolve their customer acquisition and engagement in post COVID-19 economy with extensive use of technology. The Company with its committed workforce is cautiously optimistic in its outlook for the fiscal year 2020-21.

Fraud Monitoring and Control

The Company has in place a whistle blower policy as fraud prevention measures. Frauds are investigated to identify the root cause and relevant corrective steps are taken to prevent recurrence. Fraud prevention committees at the senior management and board level also deliberate on material fraud events and initiate preventive action. Periodic reports are submitted to the Board and senior management committees.

IT Security

Company's IT framework is governed by RBI recommended security frame work. The operational processes are in place to monitor and manage effectiveness of the security initiatives taken by company. Training/educating human resources on various aspects of IT security continues to be part of this governance.

Internal Control System & their Adequacy and Compliance

The Company has an independent internal audit and compliance function which is commensurate with its size and scale. The Audit Committee and Board of Directors of the Company review the adequacy of all internal controls and processes and ensures strict adherence to clearly laid down processes and procedures as well as to the prescribed regulatory and legal framework.

The Company believes that strong internal control system and processes play a critical role in the health of the Company. The Company's well-defined organizational structure documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources.

Cautionary Statement

This report contains forward-looking statements extracted from reports of Government Authorities/ Bodies, Industry Associations etc. available on the public domain which may involve risks and uncertainties including, but not limited to, economic conditions, government policies, dependence on certain businesses and other factors. Actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements. This report should be read in conjunction with the financial statements included herein and the notes thereto. The Company does not undertake to update these statements.

Acknowledgement

The Directors wish to place on record their appreciation for the support extended by the Reserve Bank of India, other regulatory and Government Bodies, Company's Auditors, Customers, Bankers, Promoters and Shareholders. Your directors take this opportunity to place on record their appreciation to all employees for their hard work, spirited efforts, dedication and loyalty to the Company which has helped the Company maintain its growth.

On behalf of the Board of Directors of
SBFC Finance Private Limited
(Erstwhile Small Business FinCredit India Private Limited)

Aseem Dhru
Managing Director & Chief Executive Officer

Place: Mumbai
Date: 4th June, 2020

DIRECTORS' REPORT
for the Financial Year 2019-2020

To the Members of SBFC Finance Private Limited

Your Directors have pleasure in presenting the Thirteenth Annual Report on the business and operations of your Company together with the audited financial statements of the Company for the Financial Year ("FY") ended 31st March, 2020.

Financial Performance

(₹ in Crore)

Particulars	FY 2019-20	FY 2018-19
Total Income	444.87	176.66
Total Expenditure	386.36	141.68
Profit before Tax	58.51	34.98
Tax Expense	23.08	10.54
Profit after Tax	**35.43**	**24.44**
Amount brought forward from previous year	23.06	3.51
Amount available for appropriation	58.49	27.95
Appropriations		
Transfer to Reserve Fund u/s 45-IC of the RBI Act, 1934	7.09	4.89
Balance carried forward to Balance Sheet	**51.40**	**23.06**

Your Company posted total income and net profit of ₹ 444.87 Cr and ₹ 35.43 Cr respectively for the FY ended 31st March, 2020, as against ₹ 176.66 Cr and ₹ 24.44 Cr respectively for the previous year. The Company transferred an amount of ₹ 7.09 Cr to Reserve Fund under section 45-IC of the RBI Act, 1934.

Dividend

The Directors do not recommend payment of any dividend on the Equity Shares for FY 2019-20 to conserve capital for future business expansion.

Share Capital

The Company allotted 80,654,506 partly paid equity shares of face value of ₹ 10/- at ₹ 13.1/- per share during the FY. As on 31st March, 2020, 65,565,219 of these equity share had been fully paid up while 15,089,287 equity shares remained partly paid.

Post allotment of Equity Shares as aforesaid, the issued and subscribed share capital of your Company stands increased to 7,674,945,060 Equity Shares of the face value of ₹ 10/- each as on 31st March, 2020.

Equity

Your Company had Total Equity of ₹ 10,124,820,436/- and Goodwill of ₹ 2,603,922,952/- as on 31st March, 2020. Net of Goodwill, your Company had a Tangible Equity of ₹ 7,520,897,484/-.

The above Goodwill is unimpaired in the financial books, while under the Income Tax Act, your Company is allowed to depreciate the Goodwill at the prescribed rate. Ind AS 12 treats this as a temporary timing difference in tax accordingly. Accordingly your Company had to recognize a deferred tax liability (DTL) of ₹ 378,877,299/-. DTL arising from tax depreciation of Goodwill is not a liability that will need to be settled in cash. In the event of any future impairment of the Goodwill, this DTL of ₹ 378,877,299/- will merely be reversed with a corresponding addition to the Company's Tangible Equity. Adjusted for the DTL on Goodwill, your Company had Tangible Equity of ₹ 7,899,774,783/- as on 31st March, 2020.

Funding Capacity

Your Company had total borrowings of ₹ 28,826,277,032/- as on 31st March, 2020. Your Company also had collateralized borrowings (secured against a pool of loan assets) of ₹ 1,564,854,343/-.

Your Company follows a prudent borrowing policy and as of 31st March, 2020, it had a Total CRAR of 21.89% including Tier I CRAR of 21.36% and Tier II CRAR of 0.53%.

Employee stock options

Details of the Employees Stock Option Scheme as per Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014 as on 31st March, 2020 are as follows:

Particular	As on 31st March, 2020
Options granted	52,330,000
Options vested	22,490,000
Options exercised	-
No. of shares arising as a result of exercise of options during the year	-
Options lapsed	1,675,000
The exercise price	₹ 12.5/-
Variation of terms of options	-
Money realized by exercise of options	-
Total number of options in force	50,655,000

Employee wise details of options granted is attached in *Annexure 5* of this Report

Directors and Key Managerial Personnel

Appointment of Directors

Mr. John Mescall, Mr. Martin Eric Robinson and Mr. Jonathan Lewis were appointed as the Nominee Directors of the Company with effect from 29th May, 2019.

Mr. Sridhar Srinivasan, Independent Director of the Company resigned with effect from 11th June, 2019. Mr. Amitabh Mohanty was appointed as an Additional (Independent) Director with effect from 24th September, 2019, to hold office till conclusion of the ensuing Annual General Meeting (AGM).

Mr. Jonathan Tadeusz Tatur and Mr. Arjun Sakhuja were appointed as Additional Directors of the Company with effect from 17th December, 2019 and 5th February, 2020 respectively, to hold office till the conclusion of the ensuing Annual General Meeting.

Mr. Martin Eric Robinson and Mr. Jonathan Lewis who were appointed as Nominee Directors of the Company resigned from the Directorship of the Company with effect from 17th December, 2019 and 5th February, 2020 respectively.

Key Managerial Personnel

During the FY, Mrs. Swati Amey Morajkar was appointed as Company Secretary w.e.f. 10th April, 2019.

Information on the state of affairs of the Company

Information on the operational and financial performance, among others, is given in the Management Discussion and Analysis Report.

Review of Operations of the Company

The total Assets Under Finance increased from ₹ 1152.62 Cr as on 31st March, 2019 to ₹ 1567.88 Cr on 31st March, 2020. During the year, the Company securitized assets worth ₹ 84.75 Cr.

Related Party Transactions

Your Company has not entered into any transactions with any related party and hence there is no disclosure required under section 134 (3) of the Companies Act 2013 (Act).

Change of Name of the Company

During the FY, Company's name was changed from Small Business FinCredit India Private Limited to SBFC Finance Private Limited w.e.f. 13th January, 2020.

Credit Rating

The brief details of the ratings received from the credit rating agencies by the Company for its outstanding instruments is given in *Annexure 4*

RBI guidelines

The Company continues to comply with all the requirements prescribed by Reserve Bank of India from time to time.

Statutory Auditors

At the Eleventh AGM of the Company held on 29th September, 2018, Deloitte Haskins & Sells LLP ("Deloitte"), Chartered Accountants (ICAI Firm Registration No. 117366W/W-100018) were appointed as the Statutory Auditors of the Company, for a term of five years, to hold office from 1st April, 2018 until 31st March, 2023 pursuant to Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

The Auditor's Report by Deloitte Haskins & Sells LLP for the FY 2019-20 does not contain any qualification, reservation and adverse remark.

Number of meetings of Board

During the FY ended 31st March, 2020 the Board met 9 (nine) times. The details of the Board and various committee meetings are given in the Corporate Governance Report annexed as *Annexure 3*.

Audit Committee

The Audit Committee comprised of the Directors namely, Mr. Neeraj Swaroop – Chairman, Mr. Amitabh Mohanty and Mr. Amol Jain.

Declaration by Independent Directors of the Company

The Company has received declaration under section 149(7) of the Companies Act, 2013 from Mr. Sridhar Srinivasan, Mr. Neeraj Swaroop and Mr. Amitabh Mohanty, Independent Directors of the Company.

Directors' Responsibility Statement

Pursuant to Section 134 of the Companies Act, 2013 ('the Act'), the Directors of the Company do hereby confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards had been followed and that there are no material departures thereof;

b. such accounting policies had been selected and applied 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 FY and of the profits of the Company for the FY 2019-20;

c. proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the annual accounts had been prepared on a going concern basis;

e. the Company being unlisted, sub clause (e) of Section 134(5) is not applicable and

f. proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Particulars of Loans, Guarantees or Investments
Pursuant to section 186(11) of the Act, the provisions related to Loans made, guarantees given and securities provided do not apply to the Company.

Vigil Mechanism
The Company has established a Vigil Mechanism for its Directors and employees to report their concerns or grievances. The said mechanism, *inter alia*, encompasses the Whistle Blower Policy and it provides for adequate safeguards against victimization of persons who use it.

Information regarding the mechanism and the channels for reporting concerns (including a third party reporting channel) are communicated to the relevant stakeholders. The Whistle Blower Policy is available on the website of the Company, www.sbfc.com.

Prevention of Sexual Harassment of Women at Workplace
The Company has complied with provisions relating to the constitution of internal complaints committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has a policy on Prevention of Sexual Harassment of Woman at Workplace. No case was reported during the FY under review.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo
The information pursuant to Section 134(3)(m) of the Act read with Companies Accounts Rules, 2014 is as follows:

a. The Company has no activity involving Conservation of Energy or Technological or Technology Absorption;

b. The Company does not have any Foreign Exchange Earning. The Company's Foreign Exchange Outgo was ₹ 368,836/- during the FY under report.

Corporate Governance Report
The report on Corporate Governance for the Company is annexed as *Annexure 3* and forms an integral part of this Annual Report.

Risk Management
The Company is exposed to different types of risks including interest rate risk, business risk, liquidity risk, operational risk, credit risk including credit concentration risk, reputation risk, technology risk and compliance risk. The Company has formed Risk Management Committee and has developed and implemented Risk Management Policy covering the risk mapping, trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitor both business and non-business risk.

Extracts of Annual Return
An extract of the Annual Return for the FY ended 31st March, 2020 made under the provisions of Section 92(3) of the Act in Form No. MGT-9 is annexed herewith as *Annexure 1***.**

The same is displayed on the website of the Company: www.sbfc.com

Details of subsidiary/joint ventures/associate companies
The Company does not have any subsidiary, joint ventures and associate companies therefore report on the highlights of performance of subsidiaries, associates and joint venture companies and their contribution to the overall performance of the company during the period under report is not applicable.

Corporate Social Responsibility (CSR)
The CSR report for the FY 2019-20 is annexed to this report as *Annexure 2***.**

Deposits
No disclosure is required in respect of the details relating to the deposits covered under Chapter V of the Act, as the Company has not accepted any deposit.

Status of the Company
During the FY, there was no significant or material order passed by any regulator or court or tribunal which would impact the status of the Company as a going concern and the operations in future.

Internal financial controls
Your Company has in place, adequate and effective internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. During the FY, such controls were tested and no reportable material weaknesses in the design or operation were observed.

Statutory Disclosure

a. Pursuant to the provisions of the Act, no fraud was reported by auditors of the Company during FY 2019-20.

b. The provisions of section 148 of the Act, are not applicable to the Company. Accordingly, there is no requirement of maintenance of cost records as specified under section 148(1) of the Act.

c. No material changes and commitments occurred since the end of FY till the date of this Report, which may affect the financial position of the Company.

d. There was no change in the nature of business of the Company.

e. The Company has complied with the secretarial standards as applicable to the Company.

Acknowledgement
Your Directors would like to express their sincere appreciation for the co-operation and assistance received from shareholders, debenture holders, debenture trustee, bankers, financial institutions, regulatory bodies and other business constituents during the FY under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the FY.

For & on behalf of Board of Directors of
SBFC Finance Private Limited
(Erstwhile Small Business FinCredit India Private Limited)

Aseem Dhru	**John Mescall**
Managing Director & CEO	Nominee Director
DIN: 01761455	DIN: 08385575

Date: 4th June, 2020
Place: Mumbai

ANNEXURE – 1

Form MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31st MARCH, 2020
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

i. CIN	U67190MH2008PTC178270
ii. Registration Date	25th January, 2008
iii. Name of the Company	SBFC Finance Private Limited (erstwhile Small Business FinCredit India Private Limited)
iv. Category/Sub-Category of the Company	Non Government Company
v. Address of the Registered office and contact details	103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East), Mumbai – 400059
vi. Whether listed company	No
vii. Name, address and contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited 4th Floor, Trade World, A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 Contact no. 022-4914 2700

II. Principal business activities of the Company

All business activities contributing 10% or more of the total turnover of the Company shall be stated

Sr. no.	Name & Description of main products/services	NIC Code of the product/service	% of total turnover of the Company
i.	Other Credit Granting	64920	100%

III. Particulars of holding, subsidiary and associate companies

Sr. no.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
i.	SBFC Holdings Pte. Ltd.	201721219C	Holding	72.97	2(46)

IV. Shareholding pattern

1. Category wise share holding (Equity Share Capital breakup as percentage of total equity)

Category of shareholder	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. Promoter									
1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	90,899,000	25,101,000	116,000,000	16.89	176,374,506	-	176,374,506	22.98	6.09
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1)	**90,899,000**	**25,101,000**	**116,000,000**	**16.89**	**176,374,506**	**-**	**176,374,506**	**22.98**	**6.09**
2) Foreign									
a) NRIs-Individual	-	-	-	-	-	-	-	-	-
b) Other-Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	560,000,000	560,000,000	81.53	560,000,000	-	560,000,000	72.97	(8.56)
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(2)	**-**	**560,000,000**	**560,000,000**	**81.53**	**560,000,000**	**-**	**560,000,000**	**72.97**	**(8.56)**

Category of shareholder	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	
Total Promoter Shareholding (A)=(A)(1)+(A)(2)	**90,899,000**	**585,101,000**	**676,000,000**	**98.42**	**736,374,506**	**-**	**736,374,506**	**95.95**	**(2.47)**
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Ventures	-	-	-	-	-	-	-	-	-
i) Others (specify): Trust	10,840,000	-	10,840,000	1.58	10,840,000	-	10,840,000	1.41	(0.17)
Sub-total (B)(1)	**10,840,000**	**-**	**10,840,000**	**1.58**	**10,840,000**	**-**	**10,840,000**	**1.41**	**(0.17)**
2) Non-Institution									
a) Bodies Corp									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	20,280,000	-	20,280,000	2.64	2.64
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub total (B)(2)	**-**	**-**	**-**	**-**	**20,280,000**	**-**	**20,280,000**	**2.64**	**2.64**
Total public shareholding (B)=(B)(1)+(B)(2)	**10,840,000**	**-**	**10,840,000**	**1.58**	**31,120,000**	**-**	**31,120,000**	**4.05**	**(2.47)**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**101,739,000**	**585,101,000**	**688,640,000**	**100**	**767,494,506**	**-**	**767,494,506**	**100**	**-**

2. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Arpwood Partners Investment Advisors LLP	90,899,000	13.24	-	134,573,506	17.53	-	4.29
2	Lyra Partners Ltd	560,000,000	81.53	-	-	-	-	(81.53)
3	Eight 45 Services LLP	25,101,000	3.65	-	25,101,000	3.27*	-	(0.38)
4	SBFC Holdings Pte. Ltd	-	-	-	560,000,000	72.97	-	72.97
5	Arpwood Capital Private Limited	-	-	-	16,700,000	2.18	-	2.18
	Total	**676,000,000**	**98.42**	**-**	**736,374,506**	**95.95**	**-**	**(2.47)**

3. Change in Promoter's shareholding

Sr. No	Name	Shareholding		Cumulative shareholding during the FY	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Arpwood Partners Investment Advisors LLP**				
	At the beginning of the year	90,899,000	13.24	-	-
	3rd June, 2019 - Allotment	60,374,506	5.93	151,273,506	19.17
	21st June, 2019 - Sold to Arpwood Capital Private Limited	(16,700,000)	(1.64)	134,573,506	17.53
	At the end of the year	134,573,506	17.53	134,573,506	17.53
2	**Lyra Partners Ltd**				
	At the beginning of the year	560,000,000	81.53	-	-
	29th May, 2019 - Sold to SBFC Holdings Pte. Ltd.	(560,000,000)	(81.53)	-	-
	At the end of the year	-	-	-	-
3	**Eight45 Services LLP**				
	At the beginning of the year	25,101,000	3.65	-	-
	At the end of the year	25,101,000	3.27	25,101,000	3.27*
4	**SBFC Holdings Pte. Ltd.**				
	At the beginning of the year	-	-	-	-
	29th May, 2019 – Purchase	560,000,000	81.53	560,000,000	81.53
	At the end of the year	560,000,000	72.97	560,000,000	72.97*
5	**Arpwood Capital Private Limited**				
	At the beginning of the year	-	-	-	-
	21st June, 2019 – Purchased from Arpwood Partners Investment Advisors LLP	16,700,000	2.18	16,700,000	2.18
	At the end of the year	16,700,000	2.18	16,700,000	2.18

* Dilution in percentage of shareholding due to allotment of 80,654,506 Equity Shares on 3rd June, 2019

4. Shareholding pattern of top ten shareholders: (other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No	Name of the Shareholder	Shareholding		Cumulative shareholding during the FY	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Vistra ITCL (India) Limited**				
	At the beginning of year	10,840,000	1.58	-	-
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-

Sr. No	Name of the Shareholder	Shareholding		Cumulative shareholding during the FY	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the end of the year	10,840,000	1.41*	10,840,000	1.41
2	**Mr. Mahesh Dayani**				
	At the beginning of year	-	-	-	-
	Bought during the year	4,056,000	0.53	4,056,000	0.53
	Sold during the year	-	-	-	-
	At the end of the year	4,056,000	0.53	4,056,000	0.53

* Dilution in percentage of shareholding due to allotment of 80,654,506 Equity Shares on 3rd June, 2019

5. Shareholding of Directors and Key Managerial Personnel

Sr. No	Name	Shareholding		Cumulative shareholding during the FY	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr Aseem Dhru				
	At the beginning of the year	-	-		
	3rd June, 2019 - Purchase	16,224,000	2.11	16,224,000	2.11
	At the end of the year	16,224,000	2.11	16,224,000	2.11

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Crores)

	Secured loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the FY				
i) Principal Amount	845.47	-	-	845.47
ii) Interest due but not paid	-	-	-	-
iii)Interest accrued but not due	20.01	-	-	20.01
Total (i+ii+iii)	**865.48**			**865.48**
Change in Indebtedness during the FY				
i) Addition	2,441.87	-	-	2,441.87
ii) Reduction	(230.96)	-	-	(230.96)
Net change	**2,210.91**	**-**	**-**	**2,210.91**
Indebtedness at the end of the FY				
i) Principal amount	3,056.38	-	-	3,056.38
ii)Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	16.49	-	-	16.49
Total (i+ii+iii)	**3,072.87**	**-**	**-**	**3,072.87**

VI. Remuneration of directors and key managerial personnel

The details of remuneration to the Directors and Key Managerial Personnel of the Company are available with the Company Secretary of the Company.

VII. Penalties/punishment/compounding of offences

During the FY 2019-20 there were no penalties/punishment/compounding of offences against the Company.

For & on behalf of Board of Directors of
SBFC Finance Private Limited
(Erstwhile Small Business FinCredit India Private Limited)

Aseem Dhru
Managing Director & CEO
DIN: 01761455

John Mescall
Nominee Director
DIN: 08385575

Date: 4th June, 2020
Place: Mumbai

ANNEXURE – 2

Annual Report on CSR activities to be included in Board's Report

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   Brief Outline of Company's CSR Policy:

   Objective: The main objective of CSR policy is to make CSR a key business process for sustainable development of the society. SBFC will act as a good corporate citizen and aims at supplementing the role of Government in enhancing the welfare measures of the society

   For detailed CSR Policy, kindly refer to www.sbfc.com.

2. **The Composition of the CSR Committee:**

   The composition of the Corporate Social Responsibility Committee is as under:

Name	Designation
Mr. Neeraj Swaroop	Chairman
Mr. Amol Jain	Member
Mr. Aseem Dhru	Member
Mr. John Mescall	Member

   The committee is responsible for formulating and monitoring the CSR policy and programs thereunder.

3. **Average net profit of the company for last three financial years : ₹ 133,706,973/-**
4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 2,674,139/-**
5. **Details of CSR spent during the FY 2019-20:**

Particulars	Amount in ₹
Total amount to be spent for the FY	2,674,139
Amount unspent, if any	1,288,139
Manner in which the amount spent during the FY	The Company has spent ₹ 1,386,000/- on education of 21 kids of Little Angels School, a Nonprofit Organization, run and managed by "Human Development Centre Trust"

6. **In case the Company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.**

   The Company has initiated its CSR activities by sponsoring the education of 21 kids of Little Angels School, a Nonprofit Organization, run and managed by "Human Development Centre Trust". The Company has spent an amount of ₹ 1,386,000/- during the current FY, and is in the process of identifying the right avenues to spend the remaining amount of ₹ 1,288,139/- on CSR project which can be in line with its social impact goals.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company**

   The CSR Committee hereby confirms that the implementation and monitoring of CSR activities is in compliance with CSR objectives and the CSR Policy of the Company.

For & on behalf of Board of Directors of
SBFC Finance Private Limited
(Erstwhile Small Business FinCredit India Private Limited)

Neeraj Swaroop
Chairman of Committee & Independent Director
DIN: 00061170

Aseem Dhru
Managing Director & CEO
DIN: 01761455

Date: 4th June, 2020
Place: Mumbai

ANNEXURE – 3
Corporate Governance Report

1. Company's Philosophy on the Code of Governance

The Company have fair, transparent and ethical governance practices and it believes that good Corporate Governance is essential for achieving long-term corporate goals and to enhance stakeholders' value.

In this pursuit, the Company's Corporate Governance philosophy is to ensure fairness, transparency and integrity of the management, in order to protect the interests of all its stakeholders.

2. Board of Directors

Composition of the Board

The Company has an active, experienced and a well-informed Board. As on 31st March, 2020, the Board comprised eight (8) directors, out of which five are Non-Executive Directors and one Managing Director. Out of the total strength, two are Independent Directors.

The Company currently has right mix of directors on the Board who possesses the requisite qualifications and Corporate Governance experience in general corporate management, finance, banking, marketing and other allied fields which enable them to contribute effectively to the Company in their capacity as directors of the Company.

Board Procedure

The agenda along with the detailed notes are circulated in advance to the Board members. The items in the agenda are backed by comprehensive background information to enable the Board to take appropriate decisions and to discharge its responsibilities effectively. The Managing Director apprises the Board on the overall performance of the Company at every meeting. The Board periodically reviews the strategy, annual business plan and capital expenditure budgets and risk management, safety and environment matters.

It also reviews the compliance reports of the laws applicable to the Company, internal financial controls and financial reporting systems, minutes of the Board Meetings of the Company, adoption of annual results, major accounting provisions and minutes of the meetings of the Audit and other Committees of the Board.

The Company Secretary monitors the Board and Committee proceedings to ensure that terms of reference/charters are adhered to, decisions are properly recorded in the minutes and actions on the decisions are tracked.

Meeting effectiveness is ensured through clear agenda, pre-circulation of material in advance, detailed presentations at the meetings. Additionally, based on the agenda, the Board/Committee meetings are attended by members of the senior leadership as invitees, which bring in the requisite accountability and also provide developmental inputs.

During the FY 2019-20, nine (9) board meetings were held on 29th May, 2019, 3rd June, 2019, 7th June, 2019, 18th July, 2019, 24th September, 2019, 9th October, 2019, 17th December, 2019, 5th February, 2020 and 30th March, 2020. The details of attendance at the Board Meetings and the previous annual general meeting of the Company are given below:

Sr. No	Name of the Director	Category	Board Meetings Held	Board Meetings Attended	Whether present at the AGM held on 18th July, 2019
1	Mr. Aseem Dhru	Managing Director & CEO	9	8	Yes
2	Mr. Sridhar Srinivasan (cessation w.e.f. 11th June, 2019)	Independent Director	9	1	NA
3	Mr. Neeraj Swaroop	Independent Director	9	9	Yes
4	Mr. Amitabh Mohanty (appointment w.e.f. 24th September, 2019)	Additional Director	9	4	NA
5	Mr. Amol Jain	Director	9	8	Yes
6	Mr. Rajeev Gupta	Director	9	5	Yes
7	Mr. John Mescall (appointment w.e.f. 29th May, 2019)	Nominee Director	9	8	Yes
8	Mr. Jonathan Lewis (cessation w.e.f. 5th February, 2020)	Nominee Director	9	0	No
9	Mr. Martin Eric Robinson (cessation w.e.f. 17th December, 2019)	Nominee Director	9	0	No
10	Mr. Jonathan Tadeusz Tatur (appointment w.e.f. 17th December, 2019)	Additional Director	9	2	NA
11	Mr. Arjun Sakhuja (appointment w.e.f. 5th February, 2020)	Additional Director	9	1	NA

Committees of the Board

The Board has constituted committees with specific terms of reference / scope to focus effectively on issues and ensure expedient resolution of diverse matters. These are the Audit Committee, Nomination and Remuneration Committee, Business Review and Monitoring Committee (Executive Committee), Risk Management Committee, IT Strategy Committee, Corporate Social Responsibility Committee and IT Steering Committee.

The Board of Directors and the Committees also take decisions by circular resolutions which are noted by the Board / respective Committees of the Board at their next meetings. The minutes of the meetings of all Committees of the Board are circulated to the Board of Directors, for their noting.

3. Audit Committee

The composition of the Audit Committee is in line with the provisions of Section 177 of the Companies Act, 2013. All the Members have the ability to read and understand financial statements and have relevant finance and/or audit experience. The Company Secretary acts as the Secretary to the Committee.

The composition of the Audit Committee is as under:

Name of the Members	Designation
Mr. Neeraj Swaroop	Chairman
Mr. Amitabh Mohanty	Member
Mr. Amol Jain	Member

Recommendations of the audit committee which had not been accepted by board along with reasons therefore: NIL

The dates of Audit Committee meetings and the attendance of its Members held during FY 2019-20 is, given below:

Sr. No	Date of the meeting	No. of Members present
1	7th June, 2019	3
2	30th September, 2019	3
3	17th December, 2019	3
4	30th March, 2020	3

The Audit Committee meets both with the internal audit head and the statutory auditors to discuss key concerns.

The Managing Director & CEO and Chief Financial Officer attend and participate at all the meetings of the Committee. The Chairman of the Audit Committee briefs the Board about the significant discussions at the Audit Committee meetings. The minutes of each of the Audit Committee are placed in the next meeting of the Board.

The terms of reference of this Committee are in line with the regulatory requirements mandated in Companies Act, 2013 and Rules made thereunder and as amended from time to time. The scope of the Audit Committee includes discussion with auditors on periodical basis, recommendation of appointment, review & monitor the auditor's independence, performance and effectiveness of audit process, oversee vigil mechanism and internal audit control system of the Company.

4. Nomination and Remuneration Committee (NRC) Policy on appointment of Directors

The NRC reviews the disclosure made with regard to the Company's policy on directors' appointment and remuneration including criteria for determining qualification, positive attributes, independence and other matters as specified in Section 178(3) of the Companies Act, 2013, in the Directors' Report, in terms of Section 134 (1) (e) of the Companies Act, 2013.

The composition of the NRC is as under:

Sr. No	Name of the Members	Designation
1	Mr. Neeraj Swaroop	Chairman
2	Mr. Amitabh Mohanty	Member
3	Mr. Amol Jain	Member
4	Mr. John Mescall	Member

The purpose of the NRC is to oversee the selection of members of the Board based on criteria related to the specific requirement of expertise, independence and execution.

Further, the role of NRC is also to identify and select senior management personnel one level below the Board.

The dates of Nomination and Remuneration Committee meetings and the attendance of its Members held during FY 2019-20 are given below:

Sr. No	Name of the Members	No. of Members present
1	29th May, 2019	2
2	24th September, 2019	3
3	17th December, 2019	4
4	30th March, 2020	4

The terms of reference of the NRC are in line with the regulatory requirements mandated in the Companies Act, 2013 and Rules made thereunder as amended from time to time. The scope of NRC includes identifying the persons to become directors of the Company, recommending the Board the appointment and removal of senior management and consider giving stock option to the employees in the form of equity shares of the Company.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Managing Director & CEO.

5. Risk Management Committee (RMC)

Following meetings were held of RMC during the FY 2019-20.

Sr. No	Name of the Members	No. of Members present
1	24th September, 2019	9
2	30th March, 2020	8

Risk Management Committee was reconstituted by adding Mr. Jonathan Tadeusz Tatur, Mr. Arjun Sakhuja, Mr. Amitabh Mohanty, Mr. Manu Mahajan and Mr. Deepak Mudalgikar w.e.f. 30th March, 2020.

The roles and responsibilities of the Committee are as per the charter adopted by the Board and includes monitoring and review of the risk management plan and reporting the same to the Board periodically as it may deem fit, in addition to any other terms as may be referred by the Board, from time to time.

RMC assists the Audit Committee and the Board of Directors in overseeing the Company's risk management processes and controls.

6. Corporate Social Responsibility Committee CSR Policy

The main objective of CSR policy is to make CSR a key business process for sustainable development of the society. The Board of the Company may decide to undertake its CSR activities as recommended by the CSR Committee, through a registered trust or a registered society or a company established by the Company or its holding or subsidiary or associate company pursuant to Section 135 of the Companies Act, 2013 and rules made there under.

The dates of Corporate Social Responsibility Committee meetings and the attendance of its Members held during FY 2019-20 is, given below:

Sr. No	Date of the meeting	No. of Members present
1	24th September, 2019	4
2	17th December, 2019	4

7. Business Review and Monitoring (Executive Committee)

Following are the meetings held of Business Review & Monitoring Committee during the FY 2019-20

Sr. No	Date of the meeting	No. of Members present
1	7th June, 2019	4
2	24th September, 2019	4
3	17th December, 2019	4
4	30th March, 2020	4

8. IT Strategy Committee

Following are the meetings held of IT Strategy Committee during the FY 2019-20

Sr. No	Date of the meeting	No. of Members present
1	24th September, 2019	5
2	30th March, 2020	5

For & on behalf of Board of Directors of
SBFC Finance Private Limited
(Erstwhile Small Business FinCredit India Private Limited)

Aseem Dhru
Managing Director & CEO
DIN: 01761455

John Mescall
Nominee Director
DIN: 08385575

Date: 4th June, 2020
Place: Mumbai

ANNEXURE – 4

Rating assigned by credit rating agencies and migration of ratings during the FY 2019-20

Name of Rating Agency	ICRA Limited	
Date of rating	**Products**	**Rating assigned**
14th February, 2020	Non Convertible Debentures	[ICRA] A (Stable)
29th August, 2019	Enhanced bank lines	[ICRA] A (Stable)
Name of Rating Agency	India Ratings & Research Pvt Ltd	
Date of rating	**Products**	**Rating assigned**
18th February, 2020	Non Convertible Debentures	IND A/Stable
25th October, 2019	Bank loan	IND A/Stable

For & on behalf of Board of Directors of
SBFC Finance Private Limited
(Erstwhile Small Business FinCredit India Private Limited)

Aseem Dhru
Managing Director & CEO
DIN: 01761455

John Mescall
Nominee Director
DIN: 08385575

Date: 4th June, 2020
Place: Mumbai

ANNEXURE – 5

Employee wise details of options granted

The details of Employee wise Options granted are available with the Company Secretary of the Company.

INDEPENDENT AUDITORS' REPORT

To The Members of SBFC Finance Private Limited
(Formerly Known as Small Business FinCredit India Private Limited)
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of SBFC Finance Private Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2020, and the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 6 to the financial statements which fully describes that the Company has recognised provision on loans to reflect the adverse business impact and uncertainties arising from the COVID-19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID-19 pandemic.

Our opinion is not modified in respect of this matter.

Information other than the Financial Statements and Auditor's Report thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis and Directors Report (the "Reports"), but does not include the financial statements and our auditors' report thereon. The Reports are expected to be made available to us after the date of this auditors' report.

- 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 misstated.

- If, based on the work we perform, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibility 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 financial 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 the 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 Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position as at 31st March, 2020;

ii. The Company did not have any long-term contracts including derivative contracts as at year-end for which there were any material foreseeable losses; and

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

G. K. Subramaniam
Partner
(Membership No. 109839)
UDIN: 20109839AAAAHS8183

Mumbai: 4th June, 2020

Report on Internal Financial Controls Over Financial Reporting

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 SBFC Finance Private Limited (the "Company") as at 31st March, 2020 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 (the "Guidance Note"). 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 the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, 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 judgement, 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 future 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, to the best of our information and according to the explanations given to us, 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 31st March, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

G. K. Subramaniam
Partner
(Membership No. 109839)
UDIN: 20109839AAAAHS8183

Mumbai: 4th June, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, there are no immovable properties, included in property, plant and equipment of the Company. In respect of immovable properties of land and buildings that have been taken on lease, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) To the best of our knowledge and according to the information and explanations given to us, the Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.

(iii) To the best of our knowledge and according to the information and explanations given to us, 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.

(iv) To the best of our knowledge and according to information and explanation given to us, the Company has not granted any loans, made investments or provide guarantees under the provisions of Sections 185 and 186 of the Act and hence reporting under clause 3(iv) of the Order is not applicable.

(v) To the best of our knowledge and according to the information and explanations given to us, the Company has not accepted any public deposit during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals with regard to the Company.

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

(vii) To the best of our knowledge and according to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax and cess to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax and cess and other material statutory dues in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.

(c) There are no dues of Income tax, Provident Fund, Employees' State Insurance, and Goods and Service Tax as on 31st March, 2020 on account of disputes.

(viii) To the best of our knowledge and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. The Company has not taken any loans or borrowings from the government.

(ix) To the best of our knowledge and according to the information and explanations given to us, the money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of initial public offer/ further public offer including debt instruments.

(x) To the best of our knowledge and according to the information and explanation given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company is a private company and hence the provisions of section 197 of the Act do not apply to the Company

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. The Company is a private company and hence the provisions of section 177 is not applicable to the Company.

(xiv) According to the information and explanations given to us, the Company has made preferential allotment of shares during the year under review and we report that:

1. the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and

2. the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application.

(xv) To the best of our knowledge and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

G. K. Subramaniam
Partner
(Membership No. 109839)
UDIN: 20109839AAAAHS8183

Mumbai: 4th June, 2020

BALANCE SHEET

as at 31st March, 2020

(Amount in ₹.)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
I. Financial assets			
(a) Cash and cash equivalents	3	2,243,539,357	1,800,843,038
(b) Bank Balances other than (a) above	4	1,908,354,382	155,256,416
(c) Trade Receivables	5	34,092,522	-
(d) Loans	6	15,489,294,864	11,536,280,811
(e) Investments	7	18,790,766,927	1,667,635,185
(f) Other financial assets	8	30,381,055	21,903,796
Total Financial Assets		**38,496,429,107**	**15,181,919,246**
II. Non-Financial assets			
(a) Current Tax Assets (Net)	9	613,443,040	4,280,735
(b) Property, plant and equipment	10	314,036,342	85,978,983
(c) Goodwill	11	2,603,922,952	2,603,922,952
(d) Other intangible assets	12	10,223,274	10,004,683
(e) Other non-financial assets	13	46,513,644	41,093,365
Total Non-Financial Assets		**3,588,139,252**	**2,745,280,718**
Total Assets		**42,084,568,359**	**17,927,199,964**
LIABILITIES AND EQUITY			
LIABILITIES			
I. Financial Liabilities			
(a) Payables	14		
(A) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		842,164,837	86,806,763
(B) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		87,381,111	54,743,035
(b) Debt Securities	15	3,242,867,666	3,973,665,239
(c) Borrowings (Other than Debt Securities)	16	27,364,369,251	4,443,408,325
(d) Other financial liabilities	17	165,325,081	423,013,816
Total Financial Liabilities		**31,702,107,946**	**8,981,637,178**
II. Non-Financial Liabilities			
(a) Current tax liabilities (Net)	18	-	117,553,566
(b) Deferred tax liabilities (Net)	19	244,568,198	13,711,295
(c) Other non-financial liabilities	20	13,071,779	11,974,027
Total Non-Financial Liabilities		**257,639,977**	**143,238,888**
Total Liabilities		**31,959,747,923**	**9,124,876,066**
EQUITY			
(a) Equity Share Capital	21	7,423,196,834	6,760,000,000
(b) Other Equity	22	2,701,623,602	2,042,323,898
Total Equity		**10,124,820,436**	**8,802,323,898**
Total Liabilities and Equity		**42,084,568,359**	**17,927,199,964**

Summary of Significant Accounting Policies (Refer Note 2)

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm Registration No.117366W/W-100018)

G K Subramaniam
Partner
Membership No: 109839

For and on behalf of the Board of Directors of
SBFC Finance Private Limited
(Erstwhile Small Business FinCredit India Pvt. Ltd.)
CIN:U67190MH2008PTC178270

Mr. Aseem Dhru
CEO & Managing Director
DIN: 01761455

Mr. John Mescall
Nominee Director
DIN: 08385575

Mr. Narayan Barasia
Chief Financial Officer

Ms. Swati Morajkar
Company Secretary

Place: Mumbai
Date: 4th June, 2020

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2020

(Amount in ₹)

Particulars		Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(I)	**Revenue from Operations**			
	Interest Income	23	4,097,105,832	1,541,773,579
	Fees and commission Income	24	174,531,843	36,168,943
	Net gain on Fair Value Changes	25	114,920,362	121,050,130
	Other Operating Income	26	60,417,484	66,478,409
	Total Revenue from Operations		**4,446,975,521**	**1,765,471,061**
(II)	**Other Income**	27	1,760,272	1,105,030
(III)	**Total Income (I+II)**		**4,448,735,793**	**1,766,576,091**
	Expenses			
	Finance costs	28	2,440,373,987	503,907,574
	Impairment on financial instruments (Expected Credit Loss)	29	322,727,908	1,011,169
	Employee benefit expense	30	736,287,349	602,638,638
	Depreciation and amortisation expense	10 to 12	79,370,877	21,295,609
	Other expenses	31	284,855,164	287,928,399
(IV)	**Total expenses**		**3,863,615,285**	**1,416,781,389**
(V)	**Profit before Tax (III - IV)**		**585,120,508**	**349,794,702**
	Tax expense			
	- Current tax	32	-	114,852,913
	- Deferred tax	33	230,856,903	(9,411,070)
(VI)	**Total tax expense**		**230,856,903**	**105,441,843**
(VII)	**Net Profit After Tax**		**354,263,605**	**244,352,859**
(VIII)	**Other comprehensive income**	34		
	(i) Items that will not be reclassified to profit or loss			
	Remeasurement of net defined benefit		(1,189,753)	(1,260,545)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		299,437	367,071
	Other Comprehensive Income		**(890,316)**	**(893,474)**
(IX)	**Total comprehensive income (VII + VIII)**		**353,373,289**	**243,459,385**
(X)	**Earnings per equity share**			
	Basic (₹)	44	0.48	0.36
	Diluted (₹)		0.48	0.36

Summary of Significant Accounting Policies (Refer Note 2)

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm Registration No.117366W/W-100018)

G K Subramaniam
Partner
Membership No: 109839

For and on behalf of the Board of Directors of
SBFC Finance Private Limited
(Erstwhile Small Business FinCredit India Pvt. Ltd.)
CIN:U67190MH2008PTC178270

Mr. Aseem Dhru
CEO & Managing Director
DIN: 01761455

Mr. John Mescall
Nominee Director
DIN: 08385575

Mr. Narayan Barasia
Chief Financial Officer

Ms. Swati Morajkar
Company Secretary

Place: Mumbai
Date: 4th June, 2020

CASH FLOW STATEMENT

for the year ended 31st March, 2020

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flow from Operating activities		
Profit before Taxation	585,120,508	349,794,702
Adjustments for:		
Depreciation on Fixed assets	79,370,877	21,295,609
Interest income on Loans	(2,145,519,183)	(1,517,495,486)
Finance costs on Borrowings & Debt Securities	2,440,035,811	496,219,398
Service fees for management of assigned portfolio of loans	(140,568,305)	-
Net gain on Fair value change	(114,920,362)	(121,050,130)
Loss on sale of fixed assets	-	537,609
Impairment on Financial instruments	283,046,068	1,011,169
Bad debts written off	39,681,840	-
Provision for Bonus & Incentives	61,300,000	54,812,292
Fixed Assets written off	-	8,872,978
Interest accrued on Investment in Pass Through Certificates	(123,835,152)	-
Interest accrued on lease liability	22,133,456	-
Interest Expenses on Income tax	-	7,688,176
Amortization of Processing Fee on Term Loan	(154,257,361)	(9,553,330)
Amortization of Processing Fee on Debentures	19,202,429	17,556,507
Employee Share Based Payments	102,973,657	74,902,039
Cash inflow from interest on loans	2,017,150,685	1,487,285,919
Cash inflow from service asset	106,873,891	-
Cash outflow towards finance cost	(2,475,252,305)	(490,341,855)
Operating Profit before Working capital changes	602,536,554	381,535,597
Changes in working capital		
Increase/ (Decrease) in Trade payables	726,696,150	(367,026,689)
Increase/ (Decrease) in Provisions	-	(12,493,818)
Increase/ (Decrease) in Other Financial liabilities	(222,472,241)	31,178,762
Increase/ (Decrease) in Other Non-financial liabilities	1,097,752	4,968,472
(Increase)/ Decrease in Trade receivables	(4,683,909)	-
(Increase)/ Decrease in Loans and advances	(4,148,563,216)	(3,695,343,720)
(Increase)/ Decrease in Other Financial assets	(4,191,458)	(2,937,220)
(Increase)/ Decrease in Other Non-financial assets	(5,420,279)	(19,775,396)
Cash flows generated from operations	**(3,055,000,647)**	**(3,679,894,013)**
Income taxes paid	(726,715,871)	(4,987,523)
Net cash used in Operating activities	**(3,781,716,518)**	**(3,684,881,536)**
Cash flow from Investing activities		
Purchase of fixed assets	(52,186,673)	(74,209,615)
Proceeds from sale of assets	-	691,161
Purchase of Current Investments	(16,963,355,766)	(8,084,338,006)
Purchase of Investment in Pass Through Certificates	(23,656,000,000)	-
Receipts from Investment in Pass Through Certificates	4,989,068,225	-
Proceeds from Sale of Current Investments	18,745,911,311	9,112,086,551
Placement of Fixed deposits	(1,753,097,966)	-
Proceeds on maturity of Fixed deposits	-	505,864,980
Net cash (used in)/ generated from Investing activities	**(18,689,660,869)**	**1,460,095,071**

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flow from Financing activities		
Proceeds from Issue of Equity share capital	663,196,834	108,400,000
Proceeds from Long Term borrowings	23,656,000,000	2,437,500,000
Proceeds from Collateralized borrowings	762,707,205	1,579,647,072
Repayment of Collateralized borrowings	(777,499,934)	-
Repayment of Long Term borrowings	(782,094,526)	(62,499,140)
Repayment of Non Convertible Debentures	(750,000,000)	-
Payment of Lease liability	(39,354,612)	-
Payment of Interest on Lease liability	(22,133,456)	-
Proceeds from Securities Premium	203,252,195	27,100,000
Loan to Employee Welfare Trust	-	(135,500,000)
Cancellation of Share Warrants	-	(20,000)
Net cash generated from Financing activities	**22,914,073,706**	**3,954,627,932**
Net increase in cash and cash equivalents	**442,696,319**	**1,729,841,467**
Cash and cash equivalents at beginning of year	1,800,843,038	71,001,570
Cash and cash equivalents at end of year	**2,243,539,357**	**1,800,843,038**
Cash and Cash Equivalents at the end of the year comprises of:-		
Cash on hand	50,249,718	30,763,006
Balance with Scheduled Bank on		
- In Current Accounts	514,474,757	1,770,080,032
- In Fixed Deposit with original maturity of less than 3 months	1,678,814,882	-
TOTAL	**2,243,539,357**	**1,800,843,038**

Notes :

1 The above Cash Flow Statement has been prepared under the Indirect method set out in Indian Accounting Standard (Ind AS) 7 Cash Flow Statements

2 Figures in brackets indicate cash outflow.

3 Previous year's figures have been regrouped and reclassified wherever necessary to confirm to current year's classification.

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm Registration No.117366W/W-100018)

G K Subramaniam
Partner
Membership No: 109839

For and on behalf of the Board of Directors of
SBFC Finance Private Limited
(Erstwhile Small Business FinCredit India Pvt. Ltd.)
CIN:U67190MH2008PTC178270

Mr. Aseem Dhru
CEO & Managing Director
DIN: 01761455

Mr. John Mescall
Nominee Director
DIN: 08385575

Mr. Narayan Barasia
Chief Financial Officer

Ms. Swati Morajkar
Company Secretary

Place: Mumbai
Date: 4th June, 2020

STATEMENT OF CHANGES IN EQUITY
for the year ended 31st March, 2020

A. Equity Share Capital

(Amount in ₹)

As at 1st April, 2018	Changes in equity share capital during the year	As at 31st March, 2019
6,760,000,000	-	6,760,000,000

(Amount in ₹)

As at 1st April, 2019	Changes in equity share capital during the year	As at 31st March, 2020
6,760,000,000	663,196,834	7,423,196,834

B. Other Equity

(Amount in ₹)

As at 31st March, 2019	Reserves & Surplus				Other Comprehensive Income	Money received against share warrants	Total
	Securities Premium	Retained Earnings	Employee Share Option Outstanding	Statutory Reserve			
Balance as at 1stApril, 2018	1,684,875,000	35,113,271	-	1,019,135	3,322,139	20,000	**1,724,349,545**
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	**1,684,875,000**	**35,113,271**	**-**	**1,019,135**	**3,322,139**	**20,000**	**1,724,349,545**
Received during the year	27,100,000	244,352,859	74,902,039	-	(1,260,545)	-	**345,094,353**
Utilized during the year	-	-	-	-	-	-	**-**
Cancellation during the year	-	-	-	-	-	(20,000)	**(20,000)**
Transfer to Statutory Reserve	-	(48870,572)	-	48,870,572	-	-	**-**
Loan to Employee Welfare Trust	(27,100,000)	-	-	-	-	-	**(27,100,000)**
Balance as at 31st March, 2019	**1,684,875,000**	**230,595,558**	**74,902,039**	**49,889,707**	**2,061,594**	**-**	**2,042,323,898**

(Amount in ₹)

As at 31st March, 2020	Reserves & Surplus				Other Comprehensive Income	Money received against share warrants	Total
	Securities Premium	Retained Earnings	Employee Share Option Outstanding	Statutory Reserve			
Balance as at 1st April, 2019	1,684,875,000	230,595,558	74,902,039	49,889,707	2,061,594	-	**2,042,323,898**
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	**-**
Restated balance at the beginning of the reporting period	**1,684,875,000**	**230,595,558**	**74,902,039**	**49,889,707**	**2,061,594**	**-**	**2,042,323,898**
Received during the year	203,252,195	354,263,605	102,973,657	-	(1,189,753)	-	**659,299,704**
Utilized during the year	-	-	-	-	-	-	**-**
Transfer to Statutory Reserve	-	(70,852,721)	-	70,852,721	-	-	**-**
Balance as at 31st March, 2020	**1,888,127,195**	**514,006,442**	**177,875,696**	**120,742,428**	**871,841**	**-**	**2,701,623,602**

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm Registration No.117366W/W-100018)

G K Subramaniam
Partner
Membership No: 109839

For and on behalf of the Board of Directors of
SBFC Finance Private Limited
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DIN: 08385575

Mr. Narayan Barasia
Chief Financial Officer

Ms. Swati Morajkar
Company Secretary

Place: Mumbai
Date: 4th June, 2020

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF FINANCIAL STATEMENTS

1. Corporate Information

SBFC Finance Private Limited (the Company), formerly known as Small Business FinCredit India Private Limited) is a private limited company incorporated in India under the Companies Act, 1956, having its registered office at First Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Chakala, Andheri (East), Mumbai - 400059, Maharashtra. The Company is registered with the RBI as a "systemically important non-deposit taking" NBFC.

The Company is in the business of giving loans to Micro Enterprise secured by residential or commercial property. The Company also gives Loan against Gold, which offers the Company superior yields with almost liquid security assets. The Company also gives unsecured personal loans and unsecured business loans.

The financial statements for the year ended 31st March, 2020 were authorised for issue in accordance with a resolution of the board of directors on 4th June, 2020.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 2.15- Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest Rupee, except when otherwise indicated.

2.2. Presentation of financial statement

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

i. The normal course of business
ii. The event of default
iii. The event of insolvency or bankruptcy of the Company and/or its counterparties

2.3. Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.4. Financial instruments

(i) Classification of financial instruments

The Company classifies its financial assets into the following measurement categories:

a) Financial assets to be measured at amortised cost

b) Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets which are explained below:

Business model assessment
The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel

- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

- The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solely Payments of Principal and Interest (SPPI) test
As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company classifies its financial liabilities at amortised costs.

(ii) Financial assets measured at amortised cost

Debt instruments

These financial assets comprise bank balances, receivables, investments and other financial assets.

Debt instruments are measured at amortised cost where they have:

a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and

b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

(iii) Items at fair value through profit or loss (FVTPL)

Items at fair value through profit or loss comprise:

- Investments (including equity shares) held for trading;

- Items specifically designated as FVTPL on initial recognition; and

- debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at FVTPL are initially recognised at fair value, with transaction costs recognised in the Statement of Profit and Loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the Statement of Profit and Loss as they arise.

(iv) Debt securities and other borrowed funds

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

(v) Reclassification

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

(vi) Recognition and Derecognition of financial assets and liabilities

Recognition:

a) Loans and Advances are initially recognised when the Financial Instruments are transferred to the customers.

b) Investments are initially recognised on the trade date.

c) Debt securities, deposits and borrowings are initially recognised when funds reach the Company.

d) Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets

a) Financial assets:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, the Company has transferred its contractual rights to receive cash flows from the financial asset

A transfer only qualifies for derecognition if either:

i. The Company has transferred substantially all the risks and rewards of the asset, or

ii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in Profit or Loss.

(vii) Impairment of financial assets

Overview of the ECL principles

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as financial instruments. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all standard advances and advances up to 0-29 days default under this category. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Financial assets past due for 30-89 days are classified under this stage. Stage 2 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3
All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event warrants a provision higher than as mandated under ECL methodology, the Company may classify the financial asset in Stage 3 accordingly.

Credit-impaired financial assets:
At each reporting date, the company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

a) Significant financial difficulty of the borrower or issuer;

b) A breach of contract such as a default or past due event;

or

c) The disappearance of an active market for a security because of financial difficulties.

The mechanics of ECL:
The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company and the cash flows that the Company expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

a) The Company has applied 12 months PD to Stage 1 Advances

b) The Lifetime PD is computed using basic exponentiation technique after considering the residual maturity of the respective loan for Stage 2 Advances.

c) PD of 100% is considered for Stage 3 Advances.

Exposure at Default (EAD) – EAD is taken as the gross exposure under a facility upon default of an obligor. The amortized principal and the interest accrued is considered as EAD for the purpose of ECL computation

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Collateral Valuation
To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as the underlying asset financed, cash, securities, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models.

Collateral repossessed
In its normal course of business, the Company does not physically repossess properties or other assets in its retail portfolio, but engages its employees to recover funds, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet. These repossessed assets which are intended to be realised by way of sale are considered as Stage 3 assets and the ECL allowance is determined based on the estimated net realisable value of the repossessed asset.

(viii) Write-offs
The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the Statement of Profit and Loss.

(ix) Determination of fair value
On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial

instruments (as explained in note no. 38). at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments - Those that include one or more unobservable input that is significant to the measurement as whole.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Difference between transaction price and fair value at initial recognition

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is not recognised at the initial recognition stage.

2.5. Revenue from operations

(i) Interest Income

Interest income is recognised by applying (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL, taking into account the amount outstanding and the applicable interest rate. Interest income is recognised on non-performing assets at net of ECL.

The EIR is computed

a. As the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset

b. By considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) in estimating the cash flows

c. Including all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows are recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Delayed payment interest (penal interest) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation.

(ii) Dividend Income

Dividend income is recognised when the right to receive the payment is established.

(iii) Fees & Commission Income

Fees and commissions are recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

Initial money Deposit charges are collected from customers for document processing, which is non refundable in the nature and are recognised on realisation basis

(iv) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as FVTPL held by the Company on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed as "Net loss on fair value changes" under Expenses in the Statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes.

However, Net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

(v) Loan Processing Fees

Processing fees on loans is collected towards processing of loan, this is amortised on EIR basis over the contractual life of the loan.

2.6 Expenses

(i) Finance costs

Finance costs on borrowings is paid towards availing of loan, is amortised on EIR basis over the contractual life of loan.

The EIR in case of a financial liability is computed

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows

c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows are recognised in interest expense with the corresponding adjustment to the carrying amount of the liability.

Interest expense includes issue costs that are initially recognised as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Retirement and other employee benefits

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

a) *Defined contribution schemes*

All the eligible employees of the Company who have opted to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) *Defined Benefit schemes*

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Company fully contributes all ascertained liabilities to The Trustees – "Small Business FinCredit India Pvt. Ltd Employees Group Gratuity Cash Accumulation Scheme". Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Company- Life Insurance Corporation of India.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Other employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The Company presents the Provision for compensated absences under provisions in the Balance Sheet.

Share-based payment arrangements

The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity. The employee stock option outstanding account is shown under reserves.

(iii) Leases:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any option to extend or terminate the contract will be exercised . In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to termination of lease and the importance of the underlying to the Company's operation taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflect the current economic circumstances.

The right-of-use assets is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and Statement of Profit and Loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in Statement of Profit and Loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

On 30th March, 2019, the Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 set out the principles for recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduce a single on balance sheet lease accounting model for lessees. Effective from 1st April, 2019 (the date of transition) the Company applied Ind AS 116 using the modified approach under which the Company does not restate its prior period financial information and would not present a third balance sheet as at the beginning of the preceding period.

Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right- of-use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

(iv) Other income and expenses

All Other income and expense are recognised in the period they occur.

(v) Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(vi) Taxes

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity.

Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement."

Pursuant to recently inserted section 115BAA of the Income Tax Act, 1961 the Company has intended to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 to compute Income tax at the reduced rate (i.e. 25.17%) from the current financial year and also the Company has written off the MAT credit in compliance with the provisions of the above section.

Goods and services tax /service tax/value added taxes paid on acquisition of assets or on incurring expenses:

Expenses and assets are recognised net of the goods and services tax/service tax/value added taxes paid, except:

i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.7. Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above.

2.8. Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation is calculated using the written down value method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Act. The estimated useful lives are as prescribed by Schedule II of the Act. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the Statement of Profit and Loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any option to extend or terminate the contract will be exercised . In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to termination of lease and the importance of the underlying to the Company's operation taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflect the current economic circumstances.

The right-of-use assets is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and Statement of Profit and Loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in Statement of Profit and Loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

On 30th March, 2019, the Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. Ind AS 116 set out the principles for recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduce a single on balance sheet lease accounting model for lessees. Effective from 1st April, 2019 (the date of transition) the Company applied Ind AS 116 using the modified approach under which the Company does not restate its prior period financial information and would not present a third balance sheet as at the beginning of the preceding period.

Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

2.9. Intangible assets

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss.. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 5 years, unless it has a shorter useful life.

Intangible assets with indefinite useful life is tested for impairment at each reporting period.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

2.10. Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement.

2.11. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- estimated amount of contracts remaining to be executed on capital account and not provided for;
- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

2.12. Earning Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.13. Segments

Based on "Management Approach" as defined by Ind AS 108, The Chief Operating Decision Maker (CODM) evaluates the "Operating Segments". Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company.

2.14. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

2.14.1 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

2.14.2 Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income/expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given/taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to the base rate and other fee income/expense that are integral parts of the instrument

2.14.3 Share-Based Payments

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

Further details used for estimating fair value for share-based payment transactions are disclosed in Note 40.

2.15. Operating Cycle

Based on the nature of products/activities of the company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the company has determined its operating cycle as 12 months.

3. Cash and Cash Equivalents

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Cash on hand	50,249,718	30,763,006
(ii) Balances with banks:		
- In Current Accounts	514,474,757	1,770,080,032
- In Fixed Deposit with original maturity of less than 3 months	1,678,000,000	-
- Interest Accrued but not due	814,882	-
Total	**2,243,539,357**	**1,800,843,038**

4. Bank balances other than cash and cash equivalents

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) In other Deposit accounts		
- Original Maturity more than 3 months	1,847,261,766	155,200,000
- Interest Accrued but not due	61,092,616	56,416
Total	**1,908,354,382**	**155,256,416**

The amount of ₹ 1,847,261,766/- above includes :-
- ₹ 152,372,623/- (Previous Year ₹ 155,200,000/-) kept as Credit Enhancement in Securitisation transactions.
- ₹ 1,365,289,143/- (Previous Year Nil) kept as lien in connection with borrowings in the form of term loans from SBI.
- ₹ 329,600,000/- (Previous Year Nil) kept as deposit with trust in connection with investment in Pass Through Certificates.

5. Trade Receivables

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Considered good- Unsecured		
- Outstanding for a period exceeding six months from the due date of payment	495,998	-
- Outstanding for a period less than six months	33,596,524	-
Total	**34,092,522**	**-**

Note:

1. No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
2. There are no receivables for which there has been a significant increase in credit risk or which have become credit impaired.
3. No ECL provision is required due to the short term nature of these receivables.

6. Loans

(Amount in ₹)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Amortised cost	Total	Amortised cost	Total
Loan against Property	10,088,110,234	10,088,110,234	8,460,479,218	8,460,479,218
Loan against Gold	3,768,431,683	3,768,431,683	2,741,021,252	2,741,021,252
Personal Loan	1,992,433,628	1,992,433,628	417,970,826	417,970,826
Staff Loans	11,013,562	11,013,562	4,457,690	4,457,690
Total - Gross (A)	**15,859,989,107**	**15,859,989,107**	**11,623,928,986**	**11,623,928,986**
Less: Expected Credit Loss	(370,694,243)	(370,694,243)	(87,648,175)	(87,648,175)
Total - Net (A)	**15,489,294,864**	**15,489,294,864**	**11,536,280,811**	**11,536,280,811**
(a) Secured by tangible assets	13,856,541,917	13,856,541,917	11,201,500,470	11,201,500,470
(b) Unsecured	2,003,447,190	2,003,447,190	422,428,516	422,428,516
Total - Gross (B)	**15,859,989,107**	**15,859,989,107**	**11,623,928,986**	**11,623,928,986**
Less: Expected Credit Loss	(370,694,243)	(370,694,243)	(87,648,175)	(87,648,175)
Total - Net (B)	**15,489,294,864**	**15,489,294,864**	**11,536,280,811**	**11,536,280,811**
Loans in India				
(i) Public Sector	-	-	-	-
(ii) Others	15,859,989,107	15,859,989,107	11,623,928,986	11,623,928,986
Total - Gross (C)	**15,859,989,107**	**15,859,989,107**	**11,623,928,986**	**11,623,928,986**
Less: Expected Credit Loss	(370,694,243)	(370,694,243)	(87,648,175)	(87,648,175)
Total - Net (C)	**15,489,294,864**	**15,489,294,864**	**11,536,280,811**	**11,536,280,811**

The Company's business model is to collect contractual cash flows, being the payment of Principal and Interest and accordingly the loans are measured at amortized cost.

Loans granted by the Company aggregating to ₹ 13,856,541,917/- (Previous Year ₹ 11,201,500,470/-) are secured or partly secured by one or a combination of the following securities:- Registered / equitable mortgage of property, Hypothecation of assets including Gold.

Loan for which security has been fraudulently lost and fully provided: Nil (Previous year Nil)

Unsecured Loans also includes unsecured Business Loans which is guaranteed by Credit Guarantee Fund Trust for Micro and Small Enterprises amounting to ₹ 592,836,405/- (Previous year Nil)

The COVID-19 pandemic has resulted in a significant decrease in the economic activities across the country, on account of Lockdown that was announced on 24th March, 2020. The Financial Statement, includes the potential impact of the COVID-19 Pandemic on the Company's results which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Company and its subsequent impact on the recoverability's of the Company's assets. In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated 27th March, 2020 and 17th April, 2020 and the Board approved policy in this regard, the Company has offered moratorium to its customers. For all such accounts where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the Company policy).The Company has, based on current information available, estimated various scenario analysis and applied management overlays based on the policy approved by the board while arriving at the provision for impairment of financial assets which the management believes is adequate. Given the uncertainty over the closure of the aforesaid lockdown and the potential macro-economic impact, the Company's management has considered internal and external information upto the date of approval of these Financial Statements. The Company has performed an estimation of portfolio stress through analysing its portfolio in respect of various risk classification, using the available historical and current data and based on current indicators of future economic conditions. The said analysis has resulted in an overlay of ₹ 149,900,000/- On 22nd May, 2020 the RBI has announced extension of the moratorium period by further three months. The extent to which COVID-19 pandemic will impact the Company's provision on financial assets will depend on future developments, which are highly uncertain. The impact of COVID-19 pandemic may be different from that estimated as at the date of approval of these Financial Statements and the Company will continue to closely monitor any material changes to future economic conditions.

7. Investments

(Amount in ₹)

Investments	At Fair value through profit or loss	
	As at 31st March, 2020	As at 31st March, 2019
Mutual funds	-	1,667,635,185
Investment in Pass Through Certificates (PTC)	18,790,766,927	-
Total (A)	**18,790,766,927**	**1,667,635,185**
(i) Investments outside India	-	-
(ii) Investments in India	18,790,766,927	1,667,635,185
Total (B)	**18,790,766,927**	**1,667,635,185**
Less: Allowance for Impairment loss (C)	-	-
Total – Net (D)= (A)-(C)	**18,790,766,927**	**1,667,635,185**

During the year, the Company has acquired portfolio amounting to ₹ 23,656,000,000/- from DHFL through a trust in a Pass Through Certificate arrangement. The Company has a risk cover of ₹ 6,000,000,000/- against these receivables. There is no credit loss provision in the books considering the performance of the underlying loans and the risk cover.

8. Others Financial Assets

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Security Deposits - Unsecured	19,419,628	18,690,131
Balance with Government Authority	6,675,626	3,213,665
Accrued Fee Income	4,285,801	-
Total	**30,381,055**	**21,903,796**

9. Current Tax Assets (Net)

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance Tax	613,443,040	4,280,735
Total	**613,443,040**	**4,280,735**

10. Property, plant and equipment

(Amount in ₹)

Particulars	Gross block				Depreciation and amortisation				Net block	
	As at 1st April, 2019	Additions	Deductions	As at 31st March, 2020	As at 1st April, 2019	For the Year	Deductions	As at 31st March, 2020	As at 31st March, 2020	As at 1st April, 2019
Computers	14,867,495	9,634,300	-	24,501,795	5,952,297	5,232,370	-	11,184,667	13,317,128	8,915,198
Furniture and Fittings	73,561,650	31,439,603	-	105,001,253	6,828,590	12,783,419	-	19,612,009	85,389,244	66,733,060
Office Equipment	17,407,007	6,621,770	-	24,028,777	7,076,282	4,809,168	-	11,885,450	12,143,327	10,330,725
Right to Use Assets*	243,229,499	12,230,655	-	255,460,154	-	52,273,511	-	52,273,511	203,186,643	243,229,499
TOTAL	**349,065,651**	**59,926,328**	**-**	**408,991,979**	**19,857,169**	**75,098,468**	**-**	**94,955,637**	**314,036,342**	**329,208,482**

*Effective 1st April, 2019 the company has adopted Ind AS 116- Leases and applied it to all lease contracts existing on 1st April, 2019 using the modified retrospective approach under which the company recognise Right of use of assets at the initial date of application at an amount equal to lease liability. At the date of commencement of the lease, the Company has recognised a right-of-use (ROU) asset, except for leases with a term of 12 months or less (short-term leases) and low value leases. Refer Note 43 for more details.

(Amount in ₹)

Particulars	Gross block				Depreciation and amortisation				Net block	
	As at 1st April, 2018	Additions	Deductions	As at 31st March, 2019	As at 1st April, 2018	For the Year	Deductions	As at 31st March, 2019	As at 31st March, 2019	As at 1st April, 2018
Computers	4,831,072	10,036,423	-	14,867,495	2,339,811	3,612,486	-	5,952,297	8,915,198	2,491,261
Furniture and Fittings	36,222,358	49,103,610	11,764,318	73,561,650	2,902,603	6,818,166	2,892,179	6,828,590	66,733,060	33,319,755
Vehicles	1,316,328	-	1,316,328	-	21,044	65,675	86,719	-	-	1,295,284
Office Equipment	8,817,212	8,589,795	-	17,407,007	2,327,324	4,748,958	-	7,076,282	10,330,725	6,489,888
TOTAL	**51,186,970**	**67,729,828**	**13,080,646**	**105,836,152**	**7,590,782**	**15,245,285**	**2,978,898**	**19,857,169**	**85,978,983**	**43,596,188**

11. Goodwill

(Amount in ₹)

Particulars	Gross block				Depreciation and amortisation				Net block	
	As at 1st April, 2019	Additions	Deductions	As at 31st March, 2020	As at 1st April, 2019	For the Year	Deductions	As at 31st March, 2020	As at 31st March, 2020	As at 1st April, 2019
Goodwill	2,603,922,952	-	-	2,603,922,952	-	-	-	-	2,603,922,952	2,603,922,952

Note: Refer note 45 for more details.

(Amount in ₹)

Particulars	Gross block				Depreciation and amortisation				Net block	
	As at 1st April, 2018	Additions	Deductions	As at 31st March, 2019	As at April 1, 2018	For the Year	Deductions	As at 31st March, 2019	As at 31st March, 2019	As at 1st April, 2018
Goodwill	2,603,922,952	-	-	2,603,922,952	-	-	-	-	2,603,922,952	2,603,922,952

12. Intangible assets

(Amount in ₹)

Particulars	Gross block				Depreciation and amortisation				Net block	
	As at 1st April, 2019	Additions	Deductions	As at 31st March, 2020	As at 1st April, 2019	For the Year	Deductions	As at 31st March, 2020	As at 31st March, 2020	As at 1st April, 2019
Computer Software	18,305,133	4,491,000	-	22,796,133	8,799,499	4,134,833	-	12,934,332	9,861,801	9,505,634
Trademark and Patent	686,000	-	-	686,000	186,951	137,576	-	324,527	361,473	499,049
TOTAL	**18,991,133**	**4,491,000**	**-**	**23,482,133**	**8,986,450**	**4,272,409**	**-**	**13,258,859**	**10,223,274**	**10,004,683**

(Amount in ₹)

Particulars	Gross block				Depreciation and amortisation				Net block	
	As at 1st April, 2018	Additions	Deductions	As at 31st March, 2019	As at 1st April, 2018	For the Year	Deductions	As at 31st March, 2019	As at 31st March,2019	As at 1st April, 2018
Computer Software	11,825,346	6,479,787	-	18,305,133	2,886,375	5,913,124	-	8,799,499	9,505,634	8,938,971
Trademark and Patent	686,000	-	-	686,000	49,751	137,200	-	186,951	499,049	636,249
TOTAL	**12,511,346**	**6,479,787**	**-**	**18,991,133**	**2,936,126**	**6,050,324**	**-**	**8,986,450**	**10,004,683**	**9,575,220**

13. Other Non-Financial Assets

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Prepaid expenses	12,418,175	5,542,123
Gratuity asset (Net)	746,834	6,114,953
Deferred lease rentals	10,123,555	12,443,319
Other Assets	23,225,080	16,992,970
Total	**46,513,644**	**41,093,365**

14. Payable

I) Trade Payables

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	842,164,837	86,806,763
Total	**842,164,837**	**86,806,763**

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of Information available with the Company. The amount of principal and interest outstanding during the year is given below:

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Amount outstanding but not due as at year end	-	-
b) Amount due but unpaid as at the year end	-	-
c) Amounts paid after appointed date during the year	-	-
d) Amount of interest accrued and unpaid as at year end	-	-
e) The amount of further interest due and payable even in the succeeding year	-	-

II) Other payables

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	87,381,111	54,743,035
Total	**87,381,111**	**54,743,035**

15. Debt Securities - At Amortized Cost

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Secured		
Non Convertible Debentures	3,242,867,666	3,973,665,239
Total (A)	**3,242,867,666**	**3,973,665,239**
Debt securities in India	3,242,867,666	3,973,665,239
Debt securities outside India	-	-

The Company has issued 4,000 redeemable non-convertible debenture as on 28th September, 2017 aggregating to ₹ 4,000,000,000/- which carry interest at the rate of 9.40% per annum payable annually. These debentures are redeemable at the end of 3 years from the date of allotment. The debentures are secured by way of first pari passu charge against the book debts and loan assets of the Company which are standard. The company has repaid debentures aggregating to ₹ 750,000,000/- on 31st March, 2020

16. Borrowings (Other Than Debt Securities) - At Amortized Cost

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Secured		
Term Loans from Banks[1]	25,583,409,366	2,863,761,253
Collateralized Borrowings[2]	1,564,854,343	1,579,647,072
Lease Liability[3]	216,105,542	-
Total (A)	**27,364,369,251**	**4,443,408,325**
Borrowings in India	27,364,369,251	4,443,408,325
Borrowings outside India	-	-
Total (B) to tally with (A)	**27,364,369,251**	**4,443,408,325**

Terms of repayment, nature of security & rate of interest in case of Borrowings (Other than Debt Securities)

As at 31st March, 2020	Interest Rate	0-3 years	3-5 years	>5 years	Total
Secured					
Term Loans from Banks	Fixed & Floating				
Federal Bank		312,500,000	-	-	**312,500,000**
Federal Bank		312,500,000	-	-	**312,500,000**
ICICI Bank		700,000,000	-	-	**700,000,000**
Kotak Mahindra Bank		769,230,769	-	-	**769,230,769**
State Bank of India		9,293,674,705	6,760,000,000	7,601,000,000	**23,654,674,705**
Collateralized Borrowing (Refer Note 50)	Fixed & Floating	878,317,638	104,500,195	582,036,510	**1,564,854,343**

The rate of interest on above Term Loan and Collateralized Borrowing is in the range of 8.35% p.a. to 9.85% p.a. The Company has not defaulted in repayment of its dues to lenders.

As at 31st March, 2019	Interest Rate	0-3 years	3-5 years	>5 years	Total
Secured					
Term Loans from Banks	Fixed & Floating				
Federal Bank		375,000,000	62,500,000	-	**437,500,000**
Federal Bank		375,000,000	62,500,000	-	**437,500,000**
ICICI Bank		1,000,000,000	-	-	**1,000,000,000**
Kotak Mahindra Bank		846,153,846	153,846,154	-	**1,000,000,000**
Collateralized Borrowing (Refer Note 50)	Fixed & Floating	708,394,759	108,838,523	762,413,790	**1,579,647,072**

The rate of interest on above Term Loan and Collateralized Borrowing is in the range of 9% p.a. to 10% p.a.

[1] Pari Passu first charge by way of hypothecation of entire receivables of the Company arising out of loan, Investments and on all other book debts and on such other current assets as may be identified by the Company from time to time.

[2] Secured against pool of Loan Assets. Refer Note 50 for more details.

[3] Effective 1st April, 2019 the company has adopted Ind AS 116- Leases and applied it to all lease contracts existing on 1st April, 2019 using the modified retrospective approach under which the company recognise Lease Liabilities at the initial date of application. At the date of commencement of the lease, the Company has recognised a Lease Liability, except for leases with a term of 12 months or less (short-term leases) and low value leases. Refer Note 43 for more details.

17. Other Financial Liabilities

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Interest accrued but not due on borrowings	164,930,903	200,147,397
Employee Benefits Payable	-	146,579
Book Overdraft	-	222,360,627
Other Liabilities	394,178	359,213
Total	**165,325,081**	**423,013,816**

18. Current Tax Liabilities (Net)

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for Tax	-	117,553,566
Total	**-**	**117,553,566**

19. Deferred Tax Liabilities (Net)

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred Tax Liabilities (Net)	244,568,198	13,711,295
Total	**244,568,198**	**13,711,295**

Deferred Tax Assets / Liabilities

The major components of deferred tax assets and liabilities are :

(Amount in ₹)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Assets	Liabilities	Assets	Liabilities
a) Depreciation	-	374,430,720	-	331,118,295
b) Provisions and Contingencies	101,695,683	-	16,455,108	-
c) MAT Credit Entitlement	-	-	114,852,913	-
d) Others (Net)	-			
Unamortized Processing Fees	35,103,464	-	21,780,789	-
Deferred Lease Rental	227,208	-	159,282	-
Impact on account of Lease Liabilities	3,251,429	-	-	-
Unabsorbed Depreciation b/f	42,919,867	-	181,245,411	-
Unamortized Debenture Cost	-	1,795,066	-	7,668,682
Unamortized Processing Fees on Term Loan	-	41,652,060	-	3,272,723
Mark to Market Gain on Mutual Funds	-	-	-	476,152
Unamortized File Processing Cost	-	9,888,002	-	5,668,946
Total	**183,197,651**	**427,765,849**	**334,493,503**	**348,204,799**
Net Deferred Tax Liability	**244,568,198**		**13,711,295**	

Movements in deferred tax Liabilities

(Amount in ₹)

Particulars	Property, plant and equipment	Provisions	Financial assets at fair value through profit or loss	Others	Total
As at 1st April, 2018	**23,551,599**	**(13,982,052)**	**1,261,944**	**12,290,874**	**23,122,366**
Charged/(credited)					
- to profit or loss	126,321,285	(2,473,056)	(785,793)	(17,620,594)	**105,441,843**
- MAT Credit Entitlement	-	-	-	(114,852,913)	**(114,852,913)**
As at 31st March, 2019	**149,872,884**	**(16,455,108)**	**476,152**	**(120,182,633)**	**13,711,295**
Charged/(credited)					
- to profit or loss	181,637,970	(85,240,575)	(476,152)	134,935,660	**230,856,903**
As at 31st March, 2020	**331,510,853**	**(101,695,683)**	**-**	**14,753,028**	**244,568,198**

20. Other Non-Financial Liabilities

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Statutory dues	13,071,779	11,974,027
Total	**13,071,779**	**11,974,027**

21. Share Capital

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Authorized		
985,000,000 Equity Shares of ₹ 10 each	9,850,000,000	9,850,000,000
(Previous Year 985,000,000 Equity Shares of ₹ 10 each)		
15,000,000 Compulsory Convertible Preference Shares of ₹ 10 each	150,000,000	150,000,000
(Previous year 15,000,000 Compulsory Convertible Preference Shares of ₹ 10 each)		
	10,000,000,000	**10,000,000,000**
Issued, subscribed and fully paid-up		
752,405,219 Equity Shares of ₹ 10 each, fully paid up (Previous Year 686,840,000 Equity Shares of ₹ 10 each)	7,524,052,190	6,868,400,000
15,089,287 Equity Shares of ₹ 10 each, ₹ 0.50 paid up	7,544,644	-
10,840,000 Equity Shares of ₹ 10 each, fully paid up. (Loan to Employee Welfare Trust)	(108,400,000)	(108,400,000)
	7,423,196,834	**6,760,000,000**

Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

(Amount in ₹)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	₹	No. of shares	₹
Equity shares outstanding as at the beginning of the year	686,840,000	6,868,400,000	676,000,000	6,760,000,000
Equity shares issued during the year	80,654,506	663,196,834	10,840,000	108,400,000
Equity shares outstanding as at the end of the year	**767,494,506**	**7,531,596,834**	**686,840,000**	**6,868,400,000**

Details of shareholders holding more than five percent shares in the Company:

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	No. of shares	₹	% of Holding	No. of shares	₹	% of Holding
Arpwood Partners Investment Advisors LLP	134,573,506	1,345,735,060	17.53	90,899,000	908,990,000	13.23
SBFC Holdings PTE Ltd.	560,000,000	5,600,000,000	72.96	-	-	-
Lyra Partners Ltd	-	-	-	560,000,000	5,600,000,000	81.53

Terms and rights attached to equity shares

The Company has single class equity shares having a par value of ₹ 10 per equity share. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders if any. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held. Upon show of hands, every Member present in person and holding any equity share capital therein, shall have one vote, in respect of such capital, on every resolution placed before the Company.

The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

22. Other Equity

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Statutory Reserve u/s 45-IC of the RBI Act, 1934		
Balance as at the beginning of the year	49,889,707	1,019,135
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	70,852,721	48,870,572
Balance as at the end of the year	**120,742,428**	**49,889,707**
Employee Share Option Outstanding		
Balance as at the beginning of the year	74,902,039	-
Add: Additions during the year	102,973,657	74,902,039
Balance as at the end of the year	**177,875,696**	**74,902,039**
Securities Premium		
Balance as at the beginning of the year	1,684,875,000	1,684,875,000
Add: Additions during the year	203,252,195	27,100,000
Less: Loan to Employee Welfare Trust	-	(27,100,000)
Balance as at the end of the year	**1,888,127,195**	**1,684,875,000**
Retained Earnings		
Surplus in Statement of Profit and Loss as at the beginning of the year	230,595,558	35,113,271
Add : Profit for the year	354,263,605	244,352,859
Less: Transfer to Statutory Reserve	(70,852,721)	(48,870,572)
Balance as at the end of the year	**514,006,442**	**230,595,558**
Other Comprehensive Income		
Balance as at the beginning of the year	2,061,594	3,322,139
Less: Deletions during the year	(1,189,753)	(1,260,545)
Balance as at the end of the year	**871,841**	**2,061,594**
Total	**2,701,623,602**	**2,042,323,898**

Statutory Reserve: It is a free reserve which is created by appropriation from profits of the current year and/ or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard.

Employee Share Option Outstanding: The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to certain employees including key management personnel. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, as part of their remuneration.

Securities Premium Reserve: Securities premium reserve is credited when shares are issued at premium.

Retained Earnings: It represents the surplus in profit and loss account and appropriations.

Other Comprehensive Income: It represents the gains/(losses) arising on account of actuarial valuation of defined benefit obligation.

23. Interest Income

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Amortised Cost
Interest on Loans	2,145,519,183	1,517,495,486
Interest on deposits from Banks	71,680,160	24,278,093
Interest on Investment in Pass Through Certificates (PTC)	1,879,906,489	-
Total	**4,097,105,832**	**1,541,773,579**

24. Fees and Commission Income

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Fee Income	174,531,843	36,168,943
Total	**174,531,843**	**36,168,943**

Note: Fee Income includes Loan Management Services fee, Processing Fee on loan against Gold, Initial Money Deposit fees and Co-origination fees.

25. Net Gain on Fair Value Changes

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Total Net gain/(loss) on fair value changes (A)	114,920,362	121,050,130
Fair Value changes:(B)		
-Realized	114,920,362	123,748,594
-Unrealized	-	(2,698,464)
Total Net gain on fair value changes	**114,920,362**	**121,050,130**

26. Other Operating Income

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Advertisement Income	10,000,000	20,134,300
Other Charges	50,417,484	46,344,109
Total	**60,417,484**	**66,478,409**

Note: Other Charges includes Prepayment charges recovered from the customer amounting to ₹ 40,853,467/- (Previous Year ₹ 39,027,678/-)

27. Other Income

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest on Income Tax Refund	-	103,808
Others	1,760,272	1,001,222
Total	**1,760,272**	**1,105,030**

28. Finance Costs (On Financial liabilities measured at Amortised Cost)

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest on borrowings	2,022,893,068	102,662,894
Interest on lease liability	22,133,456	-
Interest on debt securities	395,009,287	393,556,504
Other Interest Expenses	338,176	7,688,176
Total	**2,440,373,987**	**503,907,574**

29. Impairment on Financial Instruments

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Loans and advances to customers	322,727,908	1,011,168
Total impairment loss	**322,727,908**	**1,011,168**

Note:

i. During FY 2019-20, amount of ₹ 322,727,908/- includes an additional provision of ₹ 149,900,000/- due to COVID-19. The Company has used early indicators of moratorium and delayed payment metrics observed along with an estimation of potential stress on probability of default and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit losses on loans and has recognised an additional expected credit loss of ₹ 149,900,000/- on a consolidated basis. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Company.

ii. Impairment on Financial Instruments also includes bad debts written off during FY 2019-20 amounting to Rs 39,681,840/- (Previous Year Nil)

30. Employee Benefits Expenses

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries and Bonus	596,552,484	497,044,828
Contribution to Provident Fund and Other Funds	26,163,550	21,175,029
Gratuity	4,598,417	4,032,690
Employee Share Based Payment (Refer Note 40)	102,973,657	74,902,039
Staff Training and Welfare Expenses	5,999,241	5,484,052
Total	**736,287,349**	**602,638,638**

31. Other Expenses

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Travelling and Conveyance	19,333,242	14,704,040
Printing and Stationery	8,557,218	4,559,301
Postage, Telephone and Fax	11,345,796	11,367,278
Business Promotion Expenses	9,921,841	6,661,763
Fixed Assets written off	-	8,872,978
Loss on sale of repossessed assets	110,018	130,126
Repairs and Maintenance	31,194,406	19,516,219
Office Maintenance	55,283,572	46,391,241
Legal & Professional Expenses	69,278,747	63,404,131
Auditors' Remuneration	2,028,862	3,374,737
Expenditure towards Corporate Social Responsibility activities	1,386,000	-
Rent (Refer Note 43)	10,854,973	69,645,763
Rates and Taxes	47,303,285	22,171,996
Electricity Charges	11,142,945	8,472,202
Insurance Charges	1,599,207	1,560,148
Miscellaneous Expenses	5,515,052	7,096,476
Total	**284,855,164**	**287,928,399**

Disclosures:

i. Payments to auditors

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Audit Fees	1,800,000	2,000,000
Tax Audit	200,000	300,000
Other Tax Matters and Certification	-	1,000,000
Reimbursement of Expenses	28,862	74,737
Total	**2,028,862**	**3,374,737**

Auditors' Remuneration above is excluding Goods and Service Tax.

ii. Corporate Social Responsibility expenditure

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Gross amount required to be spent by the company during the year	2,674,139	-
(b) Amount spent in cash during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purpose other than (i) above	1,386,000	-

Note: Unspent Amount of ₹ 1,288,139/- has been deposited in separate bank account.

32. Income Taxes relating to continuing operations

1. Income Tax recognised in profit or loss:

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Current Tax		
In respect of the current year	-	114,852,913
Deferred Tax		
In respect of the current year	116,003,990	105,441,843
MAT Credit Entitlement written off	114,852,913	-
MAT Credit Entitlement	-	(114,852,913)
Total Income tax expense recognised in the current year relating to continuing operations	**230,856,903**	**105,441,843**

2. Reconciliation of income tax expense of the year:

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Standalone Profit before tax	585,120,508	349,794,702
Adjustments of allowable and non-allowable income and expenses:		
Tax Effect of non-deductible expenses	344,902,590	40,327,619
Tax Effect of Ind AS adjustments	(76,920,802)	63,208,743
Tax Effect of Income considered separately	(186,918,971)	(149,246,837)
Tax Effect of Depreciation as per Income Tax Act, 1961	(388,968,491)	(503,345,218)
Tax Effect of Capital Gain on sale of mutual funds	114,920,362	123,745,099
Tax Effect of Income from Other Sources	71,680,160	24,381,901
Unabsorbed depreciation set off	(463,815,356)	-
Total Taxable Profits / (loss)	**-**	**(51,133,990)**
Computation of MAT payable on the book profits as per section 115JB	-	348,534,157
Less: Adjustment in compliance with 115JB (2C)	-	175,756,331
Add : Items not deductible	-	29,994,954
Less: Items deductible	-	(21,295,609)
Total Taxable Book Profits	-	532,989,833
MAT Tax Expenses	-	114,852,913
Less: MAT Credit Entitlement shown as Asset	-	(114,852,913)
Add: Deferred Tax Liability	230,856,903	105,441,843
Income tax expense recognised in Statement of Profit and Loss	**230,856,903**	**105,441,843**

3. Income tax rate is as follows:

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Normal Tax Rate	22.00	25.00
Surcharge (@10% of Normal Tax Rate) (Previous Year @ 12%)	2.20	3.00
Health and Education Cess	0.97	1.12
Total Tax Rate	**25.17**	**29.12**
Tax Rate payable u/s 115JB of the Income Tax Act, 1961	-	18.50
Surcharge (@ 12% of Normal Tax Rate)	-	2.22
Health and Education Cess	-	0.83
Total Tax Rate payable under section 115JB of the Income Tax Act, 1961	**-**	**21.55**

Note: Pursuant to recently inserted section 115BAA of the Income Tax Act, 1961 the company has intended to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 to compute Income tax at the reduced rate (i.e. 25.17%) from the current financial year. However, since the Company has unabsorbed Depreciation from previous years, the current tax expense is Nil.

33. Deferred Tax

The following table shows deferred tax recorded in the Balance sheet and changes recorded in the Income tax expense:

(Amount in ₹)

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement
	As at 31st March, 2020	As at 31st March, 2020	For the year ended 31st March, 2020
Provisions	8,399,356	-	(5,894,656)
Depreciation	42,919,867	374,430,720	181,637,970
Impairment allowance for financial assets	93,296,327	-	(79,345,919)
Fair value of financial instruments held for trading	-	-	(476,152)
Other temporary differences	38,582,101	53,335,129	20,082,747
MAT Credit Entitlement written off	-	-	114,852,913
Total	**183,197,651**	**427,765,849**	**230,856,903**

The following table shows deferred tax recorded in the Balance sheet and changes recorded in the Income tax expense:

(Amount in ₹)

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement
	As at 31st March, 2019	As at 31st March, 2019	For the year ended 31st March, 2019
Provisions	2,504,700	-	(2,504,700)
Depreciation	181,245,411	331,118,295	126,321,285
Provision for Employee Benefits	-	-	326,097
Impairment allowance for financial assets	13,950,408	-	(294,453)
Fair value of financial instruments held for trading	-	476,152	(785,793)
Other temporary differences	21,940,071	16,610,352	(17,620,594)
MAT Credit Entitlement	114,852,913	-	(114,852,913)
Total	**334,493,503**	**348,204,799**	**(9,411,070)**

Deferred tax charge for the year ended 31st March, 2020 includes an impact of reduction of deferred tax liabilities (net) due to change in corporate tax rate amounting to ₹ 541,870/-

34. Other Comprehensive Income

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit costs	(1,189,753)	(1,260,545)
Income tax relating to these items	299,437	367,071
Other comprehensive income for the year (Net of tax)	**(890,316)**	**(893,474)**

35.1 Loan Against Property

1.1 Credit quality of assets

(Amount in ₹)

Particulars	As at 31st March, 2020				As at 31st March, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*								
Performing								
High grade	9,457,693,015	-	-	**9,457,693,015**	8,228,894,743	-	-	**8,228,894,743**
Sub-standard grade	-	247,615,872		**247,615,872**	-	143,470,324	-	**143,470,324**
Non-performing								
Individually impaired	-	-	294,772,272	**294,772,272**	-	-	40,957,915	**40,957,915**
Total	**9,457,693,015**	**247,615,872**	**294,772,272**	**10,000,081,159**	**8,228,894,743**	**143,470,324**	**40,957,915**	**8,413,322,982**

1.2 An analysis of changes in the gross carrying amount (excluding interest) and the corresponding Expected Credit Loss allowances in relation to lending is as follows:

(Amount in ₹)

Particulars	As at 31st March, 2020				As at 31st March, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	8,228,894,743	143,470,324	40,957,915	**8,413,322,982**	5,679,569,172	221,441,214	94,447,478	**5,995,457,864**
New assets originated/Assets derecognized/repaid (excluding write offs)	1,683,610,504	(15,172,782)	(42,437,100)	**1,626,000,622**	2,665,267,435	(174,310,421)	(73,091,896)	**2,417,865,118**
Transfers to Stage 1	28,085,089	(28,085,089)	-	-	13,980,294	(10,124,372)	(3,855,922)	-
Transfers to Stage 2	(188,916,431)	188,916,431	-	-	(106,463,903)	106,463,903	-	-
Transfers to Stage 3	(293,980,890)	(41,513,012)	335,493,902	-	(23,458,255)	-	23,458,255	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	
Amounts written off	-	-	(39,242,445)	**(39,242,445)**	-	-	-	-
Gross carrying amount closing balance	**9,457,693,015**	**247,615,872**	**294,772,272**	**10,000,081,159**	**8,228,894,743**	**143,470,324**	**40,957,915**	**8,413,322,982**

Reconciliation of Expected Credit Loss (ECL) balance is given below:

(Amount in ₹)

Particulars	As at 31st March, 2020				As at 31st March, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	56,053,416	1,985,062	12,435,087	**70,473,564**	47,848,780	4,435,245	29,319,768	**81,603,793**
New assets originated/Assets derecognized/repaid (excluding write offs)	101,911,623	17,604,985	706,517	**120,223,125**	16,709,664	(3,827,835)	(24,012,057)	**(11,130,229)**
Transfers to Stage 1	168,006	(168,006)	-	-	96,308	(69,549)	(26,759)	-
Transfers to Stage 2	(2,777,981)	2,777,981	-	-	(1,447,201)	1,447,201	-	-
Transfers to Stage 3	(91,779,848)	(13,798,924)	105,578,772	-	(7,154,135)	-	7,154,135	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Amounts written off	-	-	(23,750,252)	**(23,750,252)**	-	-	-	-
ECL allowance - closing balance	**63,575,216**	**8,401,097**	**94,970,124**	**166,946,437**	**56,053,416**	**1,985,062**	**12,435,087**	**70,473,564**

Note: Provision above is excluding additional provision for COVID-19.

***Internal rating grades are classified on below basis**

Grade	Classification Basis	Stage
High grade	0-29 DPD	Stage 1
Sub-standard grade	30-89 DPD	Stage 2
Individually impaired	>=90 DPD & Restructured	Stage 3

Loan Given Default

(In %)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Stage 1, Stage 2 or Stage 3	29.20	29.20
Stage 3 equal to or exceeding 9 months over dues	35.00	29.20
Stage 3 equal to or exceeding 18 months over dues	50.00	29.20

Probability of Default

(In %)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Stage 1	2.54	2.70
Stage 2**	21.11	18.89
Stage 3	100.00	100.00

**The Lifetime PD is computed using basic exponentiation technique after considering the residual maturity of the respective loan.

35.2 Loan Against Gold
1.1 Credit quality of assets

(Amount in ₹)

Particulars	As at 31st March, 2020				As at 31st March, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*								
Performing								
High grade	3,325,633,854	-	-	**3,325,633,854**	2,430,312,692	-	-	**2,430,312,692**
Sub-standard grade	-	289,002,739	-	**289,002,739**	-	246,817,543	-	**246,817,543**
Non-performing								
Individually impaired	-	-	50,597,121	**50,597,121**	-	-	9,244,882	**9,244,882**
Total	**3,325,633,854**	**289,002,739**	**50,597,121**	**3,665,233,714**	**2,430,312,692**	**246,817,543**	**9,244,882**	**2,686,375,117**

1.2 An analysis of changes in the gross carrying amount (excluding interest) and the corresponding Expected Credit Loss allowances in relation to lending is as follows:

(Amount in ₹)

Particulars	As at 31st March, 2020				As at 31st March, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	2,430,312,692	246,817,543	9,244,882	**2,686,375,117**	1,516,390,964	252,035,857	12,074,441	**1,780,501,262**
New assets originated/Assets derecognized/repaid (excluding write offs)	921,617,744	22,915,304	34,325,549	**978,858,597**	957,198,807	(44,357,138)	(6,967,814)	**905,873,855**
Transfers to Stage 1	100,885	(100,885)	-	-	34,798	(34,798)	-	-
Transfers to Stage 2	(20,533,154)	20,533,154	-	-	(40,319,789)	40,319,789	-	-
Transfers to Stage 3	(5,864,313)	(1,162,377)	7,026,690	-	(2,992,088)	(1,146,167)	4,138,255	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	**3,325,633,854**	**289,002,739**	**50,597,121**	**3,665,233,714**	**2,430,312,692**	**246,817,543**	**9,244,882**	**2,686,375,117**

Reconciliation of Expected Credit Loss (ECL) balance is given below:

(Amount in ₹)

Particulars	As at 31st March, 2020				As at 31st March, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	4,956,469	580,528	972,150	**6,509,147**	3,156,291	607,395	1,269,528	**5,033,213**
New assets originated/Assets derecognized/repaid (excluding write offs)	3,417,878	216,486	3,666,804	**7,301,168**	2,217,721	(9,367)	(732,421)	**1,475,933**
Transfers to Stage 1	210	(210)	-	-	74	(74)	-	-
Transfers to Stage 2	(52,087)	52,087	-	-	(103,020)	103,020	-	-
Transfers to Stage 3	(642,728)	(194,823)	837,551	-	(314,597)	(120,445)	435,042	-
Amounts written off	-	-	-	-	-	-	-	-
ECL allowance - closing balance	**7,679,741**	**654,068**	**5,476,505**	**13,810,314**	**4,956,469**	**580,528**	**972,150**	**6,509,147**

Note: Provision above is excluding additional provision for COVID-19.

*Internal rating grades are classified on below basis

Grade	Classification Basis	Stage
High grade	0-29 DPD	Stage 1
Sub-standard grade	30-89 DPD	Stage 2
Individually impaired	>=90 DPD & Restructured	Stage 3

Loan Given Default

(In %)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Stage 1, Stage 2 or Stage 3	10	10
Stage 3 equal to or exceeding 12 months over dues	25	10

Probability of Default

(In %)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Stage 1	2.68	2.44
Stage 2***	2.68	2.53
Stage 3	100.00	100.00

***The Lifetime PD is computed using basic exponentiation technique after considering the residual maturity of the respective loan.

35.3 Personal Loan

1.1 Credit quality of assets

(Amount in ₹)

Particulars	As at 31st March, 2020				As at 31st March, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*								
Performing								
High grade	1,986,448,882	-	-	**1,986,448,882**	426,505,237	-	-	**426,505,237**
Sub-standard grade	-	15,495,504	-	**15,495,504**	-	-	-	**-**
Non-performing								
Individually impaired	-	-	11,495,150	**11,495,150**	-	-	-	**-**
Total	**1,986,448,882**	**15,495,504**	**11,495,150**	**2,013,439,536**	**426,505,237**	**-**	**-**	**426,505,237**

1.2 An analysis of changes in the gross carrying amount (excluding interest) and the corresponding Expected Credit Loss allowances in relation to lending is as follows:

(Amount in ₹)

Particulars	As at 31st March, 2020				As at 31st March, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	426,505,237	-	-	**426,505,237**	3,954,036	-	-	**3,954,036**
New assets originated/Assets derecognized/repaid (excluding write offs)	1,573,062,790	10,700,771	3,170,738	**1,586,934,299**	422,551,201	-	-	**422,551,201**
Transfers to Stage 1	-	-	-	**-**	-	-	-	**-**
Transfers to Stage 2	(4,794,733)	4,794,733	-	**-**	-	-	-	**-**
Transfers to Stage 3	(8,324,412)	-	8,324,412	**-**	-	-	-	**-**
Amounts written off	-	-	-	**-**	-	-	-	**-**
Gross carrying amount closing balance	**1,986,448,882**	**15,495,504**	**11,495,150**	**2,013,439,536**	**426,505,237**	**-**	**-**	**426,505,237**

Reconciliation of Expected Credit Loss (ECL) balance is given below:

(Amount in ₹)

Particulars	As at 31st March, 2020				As at 31st March, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	10,665,463	-	-	**10,665,463**	-	-	-	**-**
New assets originated/Assets derecognized/repaid (excluding write offs)	26,626,320	299,121	2,446,587	**29,372,027**	10,665,463	-	-	**10,665,463**
Transfers to Stage 1	-	-	-	**-**	-	-	-	**-**
Transfers to Stage 2	(132,045)	132,045	-	**-**	-	-	-	**-**
Transfers to Stage 3	(7,035,213)	-	7, 035,213	**-**	-	-	-	**-**
Amounts written off	-	-	-	**-**	-	-	-	**-**
ECL allowance - closing balance	**30,124,525**	**431,166**	**9,481,800**	**40,037,490**	**10,665,463**	**-**	**-**	**10,665,463**

Note: Provision above is excluding additional provision for COVID-19.

*Internal rating grades are classified on below basis

Grade	Classification Basis	Stage
High grade	0-29 DPD	Stage 1
Sub-standard grade	30-89 DPD	Stage 2
Individually impaired	>=90 DPD & Restructured	Stage 3

Loan Given Default

(In %)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Stage 1, Stage 2 or Stage 3	65	46
Stage 3 equal to or exceeding 180 days overdues	100	46

Probability of Default

(In %)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Stage 1	2.63	6.50
Stage 2	7.23	-
Stage 3	100.00	-

36. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled. They have been classified to mature and/or be repaid within 12 months or after 12 months. With regard to loans and advances to customers, the Company uses the same basis of expected repayment as used for estimating the Effective Interest Rate (EIR).

(Amount in ₹)

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Cash and cash equivalents	2,243,539,357	-	**2,243,539,357**	1,800,843,038	-	**1,800,843,038**
Bank Balance other than (a) above	1,242,379,934	665,974,448	**1,908,354,382**	155,256,416	-	**155,256,416**
Trade Receivables	34,092,522	-	**34,092,522**	-	-	**-**
Loans	4,815,616,526	11,044,372,581	**15,859,989,107**	3,348,132,230	8,275,796,755	**11,623,928,985**
Investments	1,880,747,717	16,910,019,208	**18,790,766,925**	1,667,635,185	-	**1,667,635,185**
Other financial asset	10,961,427	19,419,628	**30,381,055**	3,213,665	1,8,690,131	**21,903,796**
Total Assets	**10,227,337,483**	**28,639,785,864**	**38,867,123,347**	**6,975,080,534**	**8,294,486,886**	**15,269,567,420**
LIABILITIES						
Financial Liabilities						
Trade Payables						
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	842,164,837	-	**84,21,64,837**	8,68,06,763	-	**8,68,06,763**
Other Payables						
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	87,381,111	-	**8,73,81,111**	5,47,43,035	-	**5,47,43,035**
Debt Securities	3,242,867,666	-	**3,24,28,67,666**	(1,75,56,507)	3,99,12,21,746	**3,97,36,65,239**
Borrowings (Other than debt securities)	4,285,685,067	23,078,684,184	**27,36,43,69,251**	1,50,08,94,263	2,94,25,14,062	**4,44,34,08,325**
Other financial liabilities	165,325,081	-	**16,53,25,081**	42,30,13,816	-	**42,30,13,816**
Total liabilities	**8,623,423,762**	**23,078,684,184**	**31,70,21,07,946**	**2,04,79,01,370**	**6,93,37,35,808**	**8,98,16,37,178**
Net	**1,603,913,721**	**5,561,101,680**	**7,16,50,15,401**	**4,92,71,79,164**	**1,36,07,51,078**	**6,28,79,30,242**

Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value. The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. Capital Management Policy, objectives and processes are under constant review by the Board. For details of Capital to Risk Assets Ratio (CRAR) refer Note no. 53.1

37. Change in liabilities arising from financing activities

(Amount in ₹)

Particulars	As at 1st April 2019	Cash Flow	Changes in fair values	Exchange Difference	Other	As at 31st March, 2020
Debt securities	4,000,000,000	(750,000,000)	-	-	-	3,250,000,000
Borrowings other than debt securities*	4,454,647,072	22,859,112,745	-	-	-	27,313,759,817
Total liabilities from financing activities	**8,454,647,072**	**22,109,112,745**	**-**	**-**	**-**	**30,563,759,817**

*Note: It is excluding Lease liability.

38. Fair value measurements

Financial instruments by category

(Amount in ₹)

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	Fair Value through Profit or Loss	Amortized cost	Total	Fair Value through Profit or Loss	Amortized cost	Total
Financial assets						
Investments						
Mutual funds	-	-	**-**	1,667,635,185	-	**1,667,635,185**
Pass Through Certificates	-	18,790,766,927	**18,790,766,927**	-	-	**-**
Trade receivables	-	34,092,522	**34,092,522**	-	-	**-**
Loans	-	15,489,294,864	**15,489,294,864**	-	11,536,280,811	**11,536,280,811**
Cash and cash equivalents	-	2,243,539,357	**2,243,539,357**	-	1,800,843,038	**1,800,843,038**
Bank Balances other than Cash and cash equivalents	-	1,908,354,382	**1,908,354,382**	-	155,256,416	**155,256,416**
Other Financial Assets	-	30,381,055	**30,381,055**	-	21,903,796	**21,903,796**
Total financial assets	**-**	**38,496,429,107**	**38,496,429,107**	**1,667,635,185**	**13,514,284,061**	**15,181,919,246**
Financial liabilities						
Borrowings	-	27,364,369,251	**27,364,369,251**	-	4,443,408,325	**4,443,408,325**
Debt Securities	-	3,242,867,666	**3,242,867,666**	-	3,973,665,239	**3,973,665,239**
Trade payables	-	842,164,837	**842,164,837**	-	86,806,763	**86,806,763**
Other payables	-	87,381,111	**87,381,111**	-	54,743,035	**54,743,035**
Other Financial Liabilities	-	165,325,081	**165,325,081**	-	423,013,816	**423,013,816**
Total financial liabilities	**-**	**31,702,107,946**	**31,702,107,946**	**-**	**8,981,637,178**	**8,981,637,178**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are

(a) recognized and measured at fair value and

(b) measured at amortized cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(Amount in ₹)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Carrying Amount	Level 1	Level 2	Level 3	Total
As at 31st March, 2020						
Financial assets						
Financial Investments at Fair Value Through Profit or Loss						
Mutual funds	7	-	-	-	-	-
Financial Assets at Amortized Cost						
Investment in Pass Through Certificates	7	18,790,766,927	-	-	18,790,766,927	**18,790,766,927**
Cash and cash equivalents	3	2,243,539,357	2,243,539,357	-	-	**2,243,539,357**
Bank Balances other than Cash and cash equivalents	4	1,908,354,382	1,908,354,382	-	-	**1,908,354,382**
Trade Receivables	5	34,092,522	-	-	34,092,522	**34,092,522**
Loans	6	15,489,294,864	-	-	15,489,294,864	**15,489,294,864**
Other Financial Assets	8	30,381,055	-	-	30,381,055	**30,381,055**
Total financial assets		**38,496,429,107**	**4,151,893,739**	**-**	**34,344,535,368**	**38,496,429,107**
Financial liabilities						
Financial Liabilities at Amortized Cost						
Trade payables	14	842,164,837	-	-	842,164,837	**842,164,837**
Other payables	14	87,381,111	-	-	87,381,111	**87,381,111**
Other Financial Liabilities	17	165,325,081	-	-	165,325,081	**165,325,081**
Debt Securities	15	3,242,867,666	-	-	3,242,867,666	**3,242,867,666**
Borrowings	16	27,364,369,251	-	-	27,364,369,251	**27,364,369,251**
Total financial liabilities		**31,702,107,946**	**-**	**-**	**31,702,107,946**	**31,702,107,946**

(Amount in ₹)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Carrying Amount	Level 1	Level 2	Level 3	Total
As at 31st March, 2019						
Financial assets						
Financial Investments at Fair Value Through Profit or Loss						
Mutual funds	7	1,667,635,185	-	1,667,635,185	-	**1,667,635,185**
Financial Assets at Amortized Cost						
Cash and cash equivalents	3	1,800,843,038	1,800,843,038	-	-	**1,800,843,038**
Bank Balances other than Cash and cash equivalents	4	155,256,416	155,256,416	-	-	**155,256,416**
Trade Receivables	5	-	-	-	-	-
Loans	6	11,536,280,811	-	-	11,536,280,811	**11,536,280,811**
Other Financial Assets	8	21,903,796	-	-	21,903,796	**21,903,796**
Total financial assets		**15,181,919,246**	**1,956,099,454**	**1,667,635,185**	**11,558,184,607**	**15,181,919,246**
Financial liabilities						
Financial Liabilities at Amortized Cost						
Trade payables	14	86,806,763	-	-	86,806,763	**86,806,763**
Other payables	14	54,743,035	-	-	54,743,035	**54,743,035**
Other Financial Liabilities	17	423,013,816	-	-	423,013,816	**423,013,816**
Debt Securities	15	3,973,665,239	-	-	3,973,665,239	**3,973,665,239**
Borrowings	16	4,443,408,325	-	-	4,443,408,325	**4,443,408,325**
Total financial liabilities		**8,981,637,178**	**-**	**-**	**8,981,637,178**	**8,981,637,178**

(ii) Valuation technique used to determine fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (adjusted/unadjusted) for identical assets. This category consists of quoted equity shares.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes venture fund units, mutual fund units and security receipts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets measured using inputs that are not based on observable market data. Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This category includes unlisted equity shares, preference shares and debentures.

There has been no transfer between level 1, level 2 and level 3 for the year ended 31st March, 2020 and 2019.

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair value of Loan approximates the carrying amount.

For financial assets and liabilities measured at fair value, the carrying amounts approximates the fair values.

39. Employee Benefits

(a) Defined Contribution plans

Provident Fund

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the Employee Provident Fund Organization (Government). The Company is liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 and recognizes such deficiency as an expense in the year it is determined.

The Company recognized expense as contribution to provident fund amounting to ₹ 24,315,558/- (Previous Year ₹ 19,018,756/-) in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(b) Defined benefit plans

Gratuity Fund

Characteristics of defined benefit plan

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to Small Business FinCredit India Pvt. Ltd. employees group gratuity cash accumulation scheme.

Risks associated with defined benefit plan

Gratuity is a defined benefit plan and Company is exposed to the following risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Characteristics of defined benefit plans

During the year, there were no plan amendments, curtailments and settlements.

The Life Insurance Corporation is managing the Gratuity Plan and the contributions to it is done as guided by Rule 103 of Income Tax Rules, 1962.

Other Post Retirement Benefit Plan

The details of the Company's post-retirement benefit plans for its employees including whole-time directors are given below which is as certified by the actuary and relied upon by the auditors:

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Change in the Benefit Obligations:		
Liability at the beginning of the year	9,134,056	7,193,742
Current Service Cost	5,272,250	3,494,244
Interest Cost	681,576	538,446
Benefits Paid	(648,846)	(3,775,718)
Actuarial Gains - Due to change in Financials Assumptions	1,194,533	1,749,759
Actuarial Gains - Due to change in Demographic Assumptions	(3,951)	259,526
Actuarial Losses - Due to Experience	(694,178)	(325,943)
Liability at the end of the year	**14,935,440**	**9,134,056**
The Liability at the end of the year ₹ 14,935,440/- (Previous Year: ₹ 9,134,056/-) in respect of funded plan.		

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	15,249,009	-
Interest Income	1,355,409	-
Expected Return on Plan Assets	(693,349)	422,797
Contributions	420,051	15,842,199
Benefits paid	(648,846)	(1,015,987)
Fair Value of Plan Assets at the end of the year	**15,682,274**	**15,249,009**
Actual Return on Plan Assets:		
Actual Return on Plan Assets	(693,349)	422,797
Reconciliation of the Liability Recognized in the Balance Sheet:		
Opening Net Liability	(6,114,953)	7,193,742
Expense recognized in Profit or Loss	4,598,417	4,032,690
Expense recognized in Other Comprehensive Income	1,189,753	1,260,545
Contribution by the Company	(420,051)	(15,842,199)
Benefits paid by the Company/Insurance Companies	-	(2,759,731)
Amount recognized in the Balance Sheet under "Assets- Other Non Financial Assets"	**(746,834)**	**(6,114,953)**

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Expense Recognized in the Statement of Profit and Loss:		
Current Service Cost	5,272,250	3,494,244
Interest Cost	(673,833)	(538,446)
Expense recognized in the Statement of Profit and Loss	**4,598,417**	**4,032,690**

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Expense Recognized in the Statement of Other Comprehensive Income:		
Due to Change in Financial Assumptions	1,194,533	1,749,759
Due to Change in Demographic Assumptions	(3,951)	259,526
Due to Experience Adjustments	(694,178)	(325,943)
Return on Plan Assets, Excluding Interest Income	693,349	(422,797)
Net (Income)/Expense for the year Recognized in Statement of OCI	**1,189,753**	**1,260,545**

Amount Recognized in the Balance Sheet:

(Amount in ₹)

Particulars	2019-20	2018-19
Liability at the end of the year	14,935,440	9,134,056
Fair Value of Plan Assets at the end of the year	15,682,274	15,249,009
Amount recognized in the Balance Sheet	(7,46,834)	(6,114,953)
Experience Adjustment :		
Estimated Contribution for next year	8,105,083	5,272,250

Investment Pattern:

% Invested

Particulars	Current Year %	Previous Year %
Policy of Insurance	100%	100%
Total	**100%**	**100%**

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at 6.60% (Previous Year 7.70%).

Principal Assumptions:

(% p.a.)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Discount Rate	6.60%	7.70%
Return on Plan Assets	6.60%	7.70%
Salary Escalation	7.50%	7.50%
Withdrawal Rate (at all ages)	12.00%	12.00%

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

Sensitivity Analysis

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Projected Benefit Obligation on Current Assumptions		
Delta Effect of +0.50% Change in Rate of Discounting	14,372,553	8,803,728
Delta Effect of -0.50% Change in Rate of Discounting	15,534,478	9,485,087
Delta Effect of +0.50% Change in Rate of Salary Increase	15,414,821	9,440,461
Delta Effect of -0.50% Change in Rate of Salary Increase	14,481,139	8,848,037
Delta Effect of +10% Change in Withdrawal Rate	14,600,118	8,975,953
Delta Effect of -10% Change in Withdrawal Rate	15,277,799	9,291,773

The sensitivity analysis have been performed by varying a single parameter while keeping all other parameters unchanged.

The sensitivity analysis presented above fails to focus on the inter-relationship between underlying parameters. Hence the results may vary if two or more variables are changed simultaneously.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

Maturity Analysis of the Benefit Payments: From the Fund

(Amount in ₹)

Projected Benefits Payable in Future Years From the Date of Reporting	For the year ended March 31, 2020	For the year ended March 31, 2019
1st Following Year	810,174	564,827
2nd Following Year	865,874	679,557
3rd Following Year	979,080	749,997
4th Following Year	1,582,092	808,170
5th Following Year	1,778,034	1,150,583
Sum of Years 6 To 10	8,329,829	5,552,958

40. Employee Stock Option

The Company has granted Employee Stock Options (ESOP) under the Small Business Fincredit Stock Option Policy I 2018 spread over a period 1 to 4 years & Small Business Fincredit Stock Option Policy II 2018 spread over a period 1 to 4 years to employees of the Company.

Employee Stock Option Plans

A Summary of the general terms of grants under stock options plans are as under:

Name of Plan	Number of options under the Plan	Range of Exercise Price
Small Business Fincredit Stock Option Policy I 2018	10,840,000	12.50
Small Business Fincredit Stock Option Policy II 2018	40,560,000	12.50

The activity of the Stock Plans is summarised below

Particulars	Year ended			
	As at 31st March, 2020		As at 31st March, 2019	
	Numbers	Exercise Price/ Vesting Price (₹)	Numbers	Exercise Price/ Vesting Price (₹)
Outstanding at the beginning of the year	9,865,000	12.50	-	-
	40,560,000	12.50	-	-
Granted	1,660,000	12.50	10,110,000	12.50
			40,560,000	12.50
Exercised	-	-	-	-
Forfeited, expired and cancelled	1,430,000	12.50	245,000	12.50
	-	-	-	-
Outstanding at the end of the year	10,095,000	12.50	9,865,000	12.50
	40,560,000	12.50	40,560,000	12.50

The following table summarizes information about stock option plans

Exercise Price (₹)	Year ended			
	As at 31st March, 2020		As at 31st March, 2019	
	Numbers	Weighted Average Remaining Life (Months)	Numbers	Weighted Average Remaining Life (Months)
12.50	10,095,000	10.36	9,865,000	36
12.50	40,560,000	5.43	40,560,000	24

Notes:

During the year 2018-19, the Company has provided loan to the Employee welfare trust for purchase of shares issued by the Company. These shares will be vested to the employee and will be settled through issue of own equity instrument. The fair values disclosed above is determined using the black scholes method.

The charge for the period as an employee benefit expense amounted to ₹ 102,973,657/- (P.Y. ₹ 74,902,039/-).

41. Segment Information

Operating Segment

The Company operates mainly in the business segment of fund based financing activity. All other activities revolve around the main business. Further, all activities are carried out within India. As such, there are no separate reportable segments as per the provisions of Ind AS 108 on 'Operating Segments'.

42. Related party disclosures

Compensation of key management personnel of the Company

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company includes the members of the Board of Directors which include independent directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of Ind AS 24 Related Party Disclosures.

(Amount in ₹.)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Short-term employee benefits	31,193,026	24,551,893
ESOP Expenses	59,858,576	43,861,887
Gratuity	1,351,317	721,154
Total	**92,402,918**	**69,134,934**

Transactions with key management personnel of the Company

Key management personnel of the Company: For the year ended 31st March, 2020

Sr No	Name of Key Management Personnel	Designation	Date of appointment
1	Aseem Dhru	Chief Executive Officer & Managing Director	w.e.f. 28th September, 2017
2	Rajeev Gupta	Director	w.e.f. 9th May, 2017
3	Amol Krishna Jain	Director	w.e.f. 9th May, 2017
4	Neeraj Swaroop	Independent Director	w.e.f. 21st November, 2017
5	Amitabh Mohanty	Additional Independent Director	w.e.f. 24th September, 2019

Key management personnel of the Company: For the year ended 31st March, 2019

Sr No	Name of Key Management Personnel	Designation	Date of appointment
1	Aseem Dhru	Chief Executive Officer & Managing Director	w.e.f. 28th September, 2017
2	Rajeev Gupta	Director	w.e.f. 9th May, 2017
3	Amol Krishna Jain	Director	w.e.f. 9th May, 2017
4	Sridhar Srinivasan	Independent Director	w.e.f. 28th September, 2017
5	Neeraj Swaroop	Independent Director	w.e.f. 21st November, 2017

Transactions with related party of the Company

Name of related parties and related party relationship:

a) Related parties where control exists:

1	Holding Company	SBFC Holdings Pte. Ltd. (from 29th May, 2019)
		Lyra Partners Ltd. (from 17th May, 2017 upto 28th May, 2019)
2	Ultimate Beneficiary Owner	Clermont Group
3	Key Managerial Personnel	Aseem Dhru
		Rajeev Gupta
		Amol Krishna Jain
		Amitabh Mohanty
		Neeraj Swaroop
4	Entities in which KMP Exercise Significant Influence	Arpwood Partners Investment Advisors LLP
		Arpwood Capital Private Limited
		Arpwood Consultants LLP

a) Related party transactions

(Amount in ₹)

Particulars	Key Management Personnel		Entities in which Key management personnel exercise significant influence	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019	For the year ended 31st March, 2020	For the year ended 31st March, 2019
EXPENSES				
Sitting Fees	3,700,000	3,500,000	-	-
Remuneration	32,544,343	25,273,047	-	-
ESOP Expense	59,858,576	43,861,887	-	-
	96,102,918	**72,634,934**	**-**	**-**

b) Related party balances

(Amount in ₹)

Particulars	Key Management Personnel		Entities in which Key management personnel exercise significant influence	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
EQUITY SHARES				
Equity Shares- Arpwood Partners Investment Advisors LLP	-	-	436,745,060	-
Equity Shares- Arpwood Capital Private Limited	-	-	167,000,000	-
Equity Shares- Mr. Aseem Dhru	47,561,425	-	-	-
Securities Premium- Arpwood Partners Investment Advisors LLP	-	-	135,390,969	-
Securities Premium- Arpwood Capital Private Limited	-	-	51,770,000	-
Securities Premium- Mr. Aseem Dhru	12,872,970	-	-	-
Grand Total	**60,434,395**	**-**	**790,906,029**	**-**

43. Leases

The changes in the carrying value of right of use assets for the year ended 31st March, 2020 are as follows:

Particulars	Amount
Balance as of 1st April, 2019	243,229,499
Addition during the year	12,230,655
Deletion during the year	-
Depreciation charge for the year	52,273,511
Balance as of 31st March, 2020	**203,186,643**

The following is the movement in lease liabilities during the year ended 31st March, 2020:

Particulars	Amount
Balance as of 1st April, 2019	**243,229,499**
Addition during the year	12,230,655
Deletion during the year	-
Finance cost accrued during the year	22,133,456
Payment made during the year	61,488,068
Balance as of 31st March, 2020	**216,105,542**

The table below provides details regarding the contractual maturities of lease liabilities as of 31st March, 2020 on an undiscounted basis:

Particulars	Amount
Less than one year	42,814,324
One to five years	147,611,981
More than five year	25,679,237
Total	**216,105,542**

Rental expense recorded for short-term leases was ₹ 7,250,450/- for the year ended 31st March, 2020

The aggregate depreciation on Right to use assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

The aggregate interest on Lease liabilities has been included under Finance costs in the Statement of Profit and Loss.

44. In accordance with Ind AS - 33 Earnings per Share, the computation of earnings per share is set out below:

Particulars			For the year ended 31st March, 2020	For the year ended 31st March, 2019
Net Profit after tax as per Statement of Profit and Loss	(A)	₹	354,263,605	244,352,859
Weighted average number of equity shares for calculating Basic EPS	(B)	Nos.	731,810,007	676,000,000
Weighted average number of equity shares for calculating Diluted EPS	(C)	Nos.	735,562,229	678,309,542
Basic earnings per equity share (in Rupees) (Face value of ₹ 10/- per share)	(A)/(B)	₹	0.48	0.36
Diluted earnings per equity share (in Rupees) (Face value of ₹ 10/- per share)	(A)/(C)	₹	0.48	0.36

Particulars		For the year ended 31st March, 2020	For the year ended 31st March, 2019
Weighted average number of equity shares for calculating Basic EPS	Nos.	731,810,007	676,000,000
Add : Equity shares for no consideration arising on grant of stock options under ESOP	Nos.	3,752,222	2,309,542
Add : Equity shares for shares against Share Warrants	Nos.	-	-
Weighted average number of equity shares in calculation of Diluted EPS	Nos.	735,562,229	678,309,542

45. The Company believes that no impairment of assets arises during the year as per the recommendations of Ind AS 36 "Impairment of Assets"

The Company has carried impairment testing by discounting the projected future cash flows and has enough head room against the carrying amount of ₹ 2,603,922,952/- Considering the head room that the Company has, there is no need for impairment. Therefore, there is no Impairment of Goodwill in the books as on 31st March, 2020.

46. Contingent Liabilities

(Amount in ₹.)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Claims against the Company not acknowledged as Debts.	-	30,000

47. Capital and other commitment

a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 50,626,202/- (31st March, 2019 Nil)

b) Other Commitments: Nil (31st March, 2019 Nil)

48. Based on the intimation received by the Company, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, no disclosures relating to amounts unpaid as at the year end together with interest paid /payable are required to be furnished.

49.1.1 Risk Disclosures

Company's risk is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and interest rate risk. It is the Company's policy to ensure that a robust risk awareness is embedded in its organizational risk culture.

49.1.2 Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties.

49.1.2.1 Impairment assessment

49.1.2.1.1 Exposure at Default

EAD is taken as the gross exposure under a facility upon default of an obligor. The amortized principal and the interest accrued is considered as EAD for the purpose of ECL computation.

The advances have been bifurcated into following three stages:

Stage 1 – Advances with low credit risk and where there is no significant increase in credit risk. Hence, the advances up to 0-29 days are classified as Stage 1

Stage 2 – Advances with significant increase in credit risk. Hence the advances up to 30 to 89 days are classified as Stage 2

Stage 3 – Advances that have defaulted / Credit impaired advances. Hence the advances with 90 days past due are classified as Stage 3

49.1.2.1.2 Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or lifetime ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significant increase in credit risk if contractual payments are more than 30 days past due.

Company is continuously monitoring the situation post COVID-19 and its impact on the portfolio. The company has done detailed internal portfolio risk assessment and ECL estimate basis which one time exceptional loss provision in lieu of COVID impact has been taken in FY 2019-20.

49.1.2.1.3 Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

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

a) Significant financial difficulty of the borrower or issuer;

b) A breach of contract such as a default or past due event;

c) The restructuring of a loan or advance by the company on terms that the company would not consider otherwise

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the borrower makes necessary payments & the borrower is not 90 days past due over such payments. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

49.1.2.1.4 PD estimation process

The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. Probability of Default computation:

a) The Company has applied 12 months PD to Stage 1 Advances

b) The Lifetime PD is computed using basic exponentiation technique after considering the residual maturity of the respective loan.

c) PD of 100% is considered for Stage 3 assets.

49.1.2.1.5 Loss given default

The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that would be expected to receive, including from realization of any prime/collateral security. For LGD computation, the rates used from the foundation internal rating based approach and dynamic loan loss provisioning model is also taken into account.

49.1.2.2 Analysis of risk concentration - Refer Note 53.10.6

49.1.2.3 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Company has Guidelines in place covering the acceptability and valuation of each type of collateral. The Company also adheres to the RBI guidelines in respect of maintenance of adequate Loan to Value Ratios.

The main types of collateral for loans are Registered / equitable mortgage of property, Hypothecation of assets including Gold.

Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement.

In case of defaults by customers, where the Company is unable to recover the dues, the Company through a legal process enforces the security and recover the dues.

49.1.3 Liquidity risk and funding management

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. Liquidity risk is managed in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability Committee (ALCO) of the Company formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

Analysis of financial assets and liabilities by remaining contractual maturities is provided in Note no. 36

49.1.4. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The core business of the company is providing loan against property, loan against gold and personal loans. The company borrows through various financial instruments to finance its core lending activity. These activities expose the company to interest rate risk.

Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing a static view of the maturity and re-pricing characteristic of Balance sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted/behavioral maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. The interest rate risk is monitored on a quarterly basis.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being considered as constant) of the Company's statement of profit and loss and equity.

Currency of borrowing	Increase / (decrease) in basis points	Sensitivity of profit or loss		Sensitivity of equity	
	2019-20	2019-20		2019-20	
Borrowings (₹)	25 Basis point Up	Impact on Profit before Tax	(55,985,592)	Impact on equity	(41,895,138)
	50 Basis point Up		(111,971,184)		(83,790,277)
	25 Basis point Down		55,985,592		41,895,138
	50 Basis point Down		111,971,184		83,790,277
Loans (₹)	25 Basis point Up	Impact on Profit before Tax	34,071,432	Impact on equity	25,496,334
	50 Basis point Up		68,142,864		50,992,668
	25 Basis point Down		(34,071,432)		(25,496,334)
	50 Basis point Down		(68,142,864)		(50,992,668)
Investments (₹)	25 Basis point Up	Impact on Profit before Tax	42,466,258	Impact on equity	31,778,350
	50 Basis point Up		84,932,516		63,556,701
	25 Basis point Down		(42,466,258)		(31,778,350)
	50 Basis point Down		(84,932,516)		(63,556,701)
	2018-19	2018-19		2018-19	
Borrowings (₹)	25 Basis point Up	Impact on Profit before Tax	(2,204,127)	Impact on equity	(1,729,164)
	50 Basis point Up		(4,408,255)		(3,458,329)
	25 Basis point Down		2,204,127		1,729,164
	50 Basis point Down		4,408,255		3,458,329
Loans (₹)	25 Basis point Up	Impact on Profit before Tax	28,815,508	Impact on equity	22,606,112
	50 Basis point Up		57,631,017		45,212,224
	25 Basis point Down		(28,815,508)		(22,606,112)
	50 Basis point Down		(57,631,017)		(45,212,224)

50. Transferred financial assets that are not derecognized in their entirety

During the year, the Company has entered into a securitization arrangement to transfer the part of its portfolio of Gold Loans. The terms of the arrangement include over collateralization of the assets of the Company through lien on Fixed deposits. Since the company has retained significant risk in the transfer of the portfolio, the asset is retained in the books. Consequently, the amount received as sale consideration is shown as Collateralized borrowings in the financial statements. The Carrying amount of the aforesaid transferred asset is ₹ 847,452,450/- for Gold Loan portfolio (Previous Year ₹ 1,755,163,413/- for ME & Gold loan portfolio)

51. Schedule to the Balance Sheet under Annex I of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(Amount in ₹.)

Particulars		As at 31st March, 2020
Liabilities Side	**Amount O/s**	**Amount Overdue**
1 Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid:		
a) Debentures:		
Secured	3,242,867,666	-
Unsecured	-	-
(other than falling within the meaning of public deposits)		
b) Deferred Credits	-	-
c) Term Loans	25,583,409,366	-
d) Inter Corporate loans and borrowings	-	-
e) Commercial Paper	-	-
f) Other Loans		
Collateralized Borrowings	1,564,854,343	-
Total	**30,391,131,375**	**-**
Asset Side		**Amount O/s**
2 Breakup of Loans and Advances including bills receivables (other than those included in (4) below):		
a) Secured		13,856,541,917
b) Unsecured		2,003,447,190
3 Breakup of Leased Assets and stock on hire and other assets counting towards AFC activities:		
i) Lease assets including lease rentals under sundry debtors:		
a) Financial Lease		-
b) Operating Lease		-
ii) Stock on hire including hire charges under sundry debtors:		
a) Assets on hire		-
b) Repossessed Assets		-
iii) Other loans counting towards AFC activities		
a) Loans where assets have been repossessed		-
b) Loans other than (a) above		-
4 Breakup of Investments:		
Current Investments:		
1. Quoted:		
i) Shares: (a) Equity		-
(b) Preference		-
ii) Debentures and Bonds		-
iii) Units of mutual funds		-
iv) Government Securities		-
v) Others (please specify)		-

(Amount in ₹.)

Particulars		As at 31st March, 2020
2. Unquoted:		-
i) Shares: (a) Equity		-
(b) Preference		-
ii) Debentures and Bonds		-
iii) Units of mutual funds		-
iv) Government Securities		-
v) Others		
Investment in Pass Through Certificates (PTC)		1,880,747,717
Long Term investments:		
1. Quoted:		
i) Shares: (a) Equity		-
(b) Preference		-
ii) Debentures and Bonds		-
iii) Units of mutual funds		-
iv) Government Securities		-
v) Others (please specify)		-
2. Unquoted:		
i) Shares: (a) Equity		-
(b) Preference		-
ii) Debentures and Bonds		-
iii) Units of mutual funds		-
iv) Government Securities		-
v) Others		-
Investment in Pass Through Certificates (PTC)		16,910,019,210

5. Borrower groupwise classification of assets financed as in (2) and (3) above:

Category	Amount net of Provisions		Total
	Secured	Unsecured	
1. Related Parties			
a) Subsidiaries	-	-	-
b) Companies in the same group	-	-	-
c) Other related parties	-	-	-
2. Other than related parties	13,550,185,164	1,939,009,700	15,489,194,864
Total	**13,550,185,164**	**1,939,009,700**	**15,489,194,864**

6. Investor groupwise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
a) Subsidiaries	-	-
b) Companies in the same group	-	-
c) Other related parties	-	-
2. Other than related parties	18,790,766,927	18,790,766,927
Total	**18,790,766,927**	**18,790,766,927**

7. Other information

Particulars		Amount
i) Gross Non Performing Assets		
a) Related Parties		-
b) Other than related parties		392,157,836
ii) Net Non Performing Assets		
a) Related Parties		-
b) Other than related parties		276,935,413
iii) Assets acquired in satisfaction of debt		

52. Disclosure of Restructured Accounts as per Appendix 4 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Sl No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification / Details		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on 1st April, 2019	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	5	-	-	-	**5**	-	-	-	-	-	**5**	-	-	-	**5**
		Amount outstanding	-	-	-	-	-	35,293,293	-	-	-	**35,293,293**	-	-	-	-	-	**35,293,293**	-	-	-	**35,293,293**
		Provision thereon	-	-	-	-	-	1,905,838	-	-	-	**1,905,838**	-	-	-	-	-	**1,905,838**	-	-	-	**1,905,838**
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.	Restructured Accounts as on 31st March, 2020	No. of borrowers	-	-	-	-	-	5	-	-	-	**5**	-	-	-	-	-	**5**	-	-	-	**5**
		Amount outstanding	-	-	-	-	-	35,293,293	-	-	-	**35,293,293**	-	-	-	-	-	**35,293,293**	-	-	-	**35,293,293**
		Provision thereon	-	-	-	-	-	1,905,838	-	-	-	**1,905,838**	-	-	-	-	-	**1,905,838**	-	-	-	**1,905,838**

53. Disclosure as required in terms of Annexure XII of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

53.1 Disclosure on CRAR

Particulars		As at 31st March, 2020	As at 31st March, 2019
(i)	CRAR (%)	21.89%	44.81%
(ii)	CRAR - Tier I Capital (%)	21.36%	44.26%
(iii)	CRAR - Tier II Capital (%)	0.53%	0.55%
(iv)	Amount of subordinated debt raised as Tier-II capital	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments	-	-

Note: Comparative numbers in disclosures have been provided as per the audited financial statements as at and for the year ended 31st March, 2019. Accordingly, the current year's figures are not strictly comparable to that of the previous year.

53.2 Investments

Particulars		As at 31st March, 2020	As at 31st March, 2019
Value of Investments			
(i)	Gross Value of Investments		
	(a) In India	18,790,766,927	1,666,000,000
	(b) Outside India	-	-
(ii)	Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
(iii)	Net Value of Investments		
	(a) In India	18,790,766,927	1,666,000,000
	(b) Outside India	-	-
Movement of provisions held towards depreciation on investments			
	(i) Opening balance	-	-
	(ii) Add : Provisions made during the year	-	-
	(iii) Less : Write-off / write-back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

53.3 Derivatives

53.3.1 Forward Rate Agreement / Interest Rate Swap

Particulars		As at 31st March, 2020	As at 31st March, 2019
(i)	The notional principal of swap agreements	-	-
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
(iii)	Collateral required by the NBFC upon entering into swaps		
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	The fair value of the swap book	-	-

53.3.2 Exchange Traded Interest Rate (IR) Derivatives

Particulars		As at 31st March, 2020	As at 31st March, 2019
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-	-
(ii)	Notional principal amount of exchange traded IR derivatives o/s as on 31st March, 2020 (instrument-wise)	-	-
(iii)	Notional principal amount of exchange traded IR derivatives o/s and not "highly effective" (instrument-wise)	-	-
(iv)	Mark-to-market value of exchange traded IR derivatives o/s and not "highly effective" (instrument-wise)	-	-

53.3.3 Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures

Not applicable as there are no derivatives

Quantitative Disclosures

Particulars		As at 31st March, 2020		As at 31st March, 2019	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)	-	-	-	-
	For Hedging				
(ii)	Marked to Market Positions				
	a) Asset (+)	-	-	-	-
	b) Liability (-)	-	-	-	-
(iii)	Credit Exposure	-	-	-	-
(iv)	Unhedged Exposures	-	-	-	-

53.4.1 Disclosures relating to Securitisation

Particulars		As at 31st March, 2020	As at 31st March, 2019
1	No of SPVs sponsored by the NBFC for securitisation transactions	2	2
2	Total amount of securitized assets as per books of the SPVs sponsored	1,564,854,343	1,579,647,072
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	(a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	(b) On-balance sheet exposures		
	First loss	152,372,623	155,200,000
	Others	194,756,223	165,510,000
4	Amount of exposures to securitisation transactions other than MRR		
	(a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	ii)Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	(b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	ii)Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

53.4.2 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

Particulars	As at 31st March, 2020	As at 31st March, 2019
No. of accounts	-	-
Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
Aggregate consideration	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-

53.4.3 Details of Assignment transactions undertaken by NBFCs

Particulars	As at 31st March, 2020	As at 31st March, 2019
No. of accounts	-	-
Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
Aggregate consideration	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-

53.4.4 Details of non-performing financial assets purchased / sold *

Particulars	As at 31st March, 2020	As at 31st March, 2019
(A) Details of non-performing financial assets purchased :		
No. of accounts purchased during the year	-	-
Aggregate outstanding	-	-
Of these, number of accounts restructured during the year	-	-
Aggregate outstanding	-	-
(B) Details of non-performing financial assets sold :		
No. of accounts sold during the year	16	342
Aggregate outstanding	85,346,913	483,156,599
Aggregate consideration received	39,300,000	483,156,599

53.5 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March, 2020

(Amount in ₹)

	1 day to 30/31 days (one month)	Over one month and upto 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Advances	503,477,670	159,521,011	169,972,293	827,833,019	3,142,212,939	2,350,618,880	2,228,606,324	6,550,307,669	**15,932,549,804**
Investments	262,997,815	140,430,110	141,747,308	433,110,840	902,461,643	4,109,477,298	4,997,523,094	7,803,018,818	**18,790,766,927**
Borrowings	72,192,738	125,882,821	214,051,907	4,763,547,900	2,525,687,787	7,979,790,861	6,864,500,195	8,183,036,510	**30,728,690,720**

Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March, 2019

(Amount in ₹)

	1 day to 30/31 days (one month)	Over one month and upto 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Advances	414,275,252	168,569,011	186,450,353	513,357,947	2,100,440,424	1,353,063,519	1,400,777,748	5,539,826,558	**11,676,760,812**
Investments	1,666,000,000	-	-	-	-	-	-	-	**1,666,000,000**
Borrowings	64,466,959	44,629,296	223,247,461	621,513,578	750,804,604	5,800,034,104	387,684,677	762,413,790	**8,654,794,469**

Note:

1 Income/expenses accrued but not due on above assets and liabilities are included.
2 Borrowing include interest accrued and due and interest accrued but not due.
3 Maturity pattern of assets and liability has been compiled by management on contractual payment basis and relied upon by the auditors.

53.6.1 Exposures

Particulars	As at 31st March, 2020	As at 31st March, 2019
Exposure to Real Estate Sector		
Direct Exposure:		
(i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
Residential	-	-
Commercial Real Estate	-	-
Indirect Exposure:		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	18,790,766,927	-

53.6.2 Exposures to Capital Market

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity-oriented mutual funds does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows / issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	**-**	**-**

53.6.3 Details of financing of parent company products

The Company does not finance parent company products.

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

The Company has not exceeded Single Borrower Limit (SGL) / Group Borrower Limit (GBL) during the year.

53.6.5 Unsecured Advances

The Company has financed Unsecured Personal Loans amounting to ₹ 2,013,439,536/- as on 31st March, 2020 (₹ 426,505,237/- as on 31st March, 2019).

53.7 Registration obtained from other financial sector regulators

The company has not engaged into any business activity which are governed by other financial sector regulator. Hence, no registration was obtained.

53.8 Disclosure of Penalties imposed by RBI and other regulators

There is no instance of penalty or stricture imposed on the Company by RBI or any other regulatory on matter during the current or previous year.

53.9 Ratings assigned by credit rating agencies and migration of ratings during the year

(i) Name of the Rating Agencies - ICRA Limited and India Ratings & Research Pvt. Ltd.

(ii) Rating Assigned by ICRA Limited - [ICRA] A

Date of rating	Products	Rating Assigned
29th August, 2019	Bank Loan & Non - Convertible Debentures Rating	[ICRA] A (stable)

(ii) Rating Assigned by India Ratings & Research Pvt. Ltd. - IND A

Date of rating	Products	Rating Assigned
25th October, 2019	Bank Loan & Non - Convertible Debentures Rating	IND A /stable

There was no migration of rating during the year.

53.10 Additional disclosures

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

There are no prior period transactions included in the current year's statement of profit and loss and also there is no change in accounting policy during the current year.

53.10.2 Revenue Recognition (Refer Note 2.5)

There is no transaction in which the Revenue recognition has been postponed or pending the resolution of significant uncertainty.

53.10.3 Indian Accounting Standard 110 -Consolidated Financial Statements (CFS)

The Company does not have any subsidiary.

53.10.4 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

Particulars	31st March, 2020	31st March, 2019
(a) Provisions for depreciation on Investment	-	-
(b) Provision towards NPA	101,812,078	(13,878,179)
(c) Provision made towards income tax	-	-
(d) Other provisions and Contingencies	-	-
(e) Provision for gratuity	4,598,417	4,032,690
(f) Provision for leave encashment	-	-
(g) Provision for depreciation	79,370,877	1,757,244,244
(h) Contingent provision for standard assets	181,233,989	25,799,352

Note: Comparative numbers in disclosures have been provided as per the audited financial statements as at and for the year ended 31st March, 2019. Accordingly, the current year's figures are not strictly comparable to that of the previous year

53.10.5 Draw Down from Reserves

The Company has not drawn down any reserves during the current year / previous year.

53.10.6 Concentration of Deposits, Advances, Exposures and NPAs

(a) Concentration of Deposits (for deposit taking NBFCs)

Particulars	31st March, 2020	31st March, 2019
Total Deposits of twenty largest depositors	-	-
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	-	-

The Company is not a deposit taking NBFC and has not obtained any deposits from public

(b) Concentration of Advances

Particulars	31st March, 2020	31st March, 2019
Total Advances to twenty largest borrowers	365,935,636	424,201,497
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	2.33%	3.68%

(c) Concentration of Exposures

Particulars	31st March, 2020	31st March, 2019
Total Exposure to twenty largest borrowers / customers	365,935,636	424,201,497
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	2.33%	3.68%

(d) Concentration of NPAs

Particulars	31st March, 2020	31st March, 2019
Total Exposure to top four NPA accounts	57,313,756	25,752,524

(e) Sector wise NPAs

Percentage of NPAs to Total Advances in that sector %

Sector	31st March, 2020	31st March, 2019
1 Agriculture & allied activities	-	-
2 MSME	0.22	0.49
3 Corporate borrowers	-	-
4 Services	1.87	-
5 Unsecured personal loans	0.07	-
6 Auto loans	0.02	0.26
7 Other loans	0.32	0.34

(f) Disclosure for restructured advances
Refer Note No. 52

(g) Movement of NPAs

Particulars	31st March, 2020	31st March, 2019
Net NPAs to Net Advances (%)	1.75%	0.39%
Movement of NPAs (Gross)		
(a) Opening balance	50,202,798	110,436,532
(b) Additions during the year	583,080,038	687,693,051
(c) Reductions during the year	241,125,000	747,926,786
(d) Closing balance	392,157,836	50,202,798
Movement of Net NPAs		
(a) Opening balance	36,792,453	91,538,073
(b) Additions during the year	457,517,708	682,672,771
(c) Reductions during the year	217,374,748	729,028,327
(d) Closing balance	276,935,413	45,182,517
Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	13,410,345	18,898,459
(b) Provisions made during the year	125,562,330	5,020,280
(c) Write-off / write-back of excess provisions	23,750,252	18,898,459
(d) Closing balance	115,222,423	5,020,280

Note: Comparative numbers in disclosures have been provided as per the audited financial statements as at and for the year ended 31st March, 2019. Accordingly, the current year's figures are not strictly comparable to that of the previous year.

53.10.7 Overseas Assets

The Company does not have any overseas assets.

53.10.8 Off Balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company does not have SPVs sponsored (which are required to be consolidated as per accounting norms)

53.10.9 Customer Complaints

Particulars	31st March, 2020	31st March, 2019
(a) No. of complaints pending at the beginning of the year	-	7
(b) No. of complaints received during the year	89	70
(c) No. of complaints redressed during the year	89	77
(d) No. of complaints pending at the end of the year	-	-

53.10.10 Disclosure of Frauds reported during the year vide DNBS.PD.CC NO.256/03.10.042/2011-12 Dated 2nd March, 2012

Particulars	1st April, 2019 to 31st March 2020	1st April, 2018 to 31st March 2019
a. Persons involved		
Employee	-	-
Total	-	-
b. Type of Fraud		
Misappropriation and criminal breach of trust	-	-
Fraudulent encashment/ manipulation of books of account	-	-
Cheating and forgery	-	-

54.1 Disclosure of provisions required under IRACP and impairment allowances made under Ind AS 109 as per Appendix to RBI Circular: DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March, 2020

(Amount in ₹)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	14,769,775,753	101,379,481	14,668,396,272	59,079,103	42,300,378
	Stage 2	552,114,115	9,486,332	542,627,783	13,410,796	(3,924,464)
	Additional Provision	-	149,900,000	-	-	149,900,000
Subtotal		**15,321,889,868**	**260,765,813**	**15,211,024,055**	**72,489,899**	**188,275,914**
Non-Performing Assets (NPA)						
Substandard	Stage 3	327,543,400	99,300,129	228,243,271	32,754,340	66,545,789
Doubtful						
up to 1 year	Stage 3	29,247,870	10,590,152	18,657,718	5,849,574	4,740,578
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	73,273	38,148	35,125	36,637	1,511
Subtotal for doubtful		**29,321,143**	**10,628,300**	**18,692,843**	**5,886,211**	**4,742,089**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**356,864,543**	**109,928,429**	**246,936,114**	**38,640,551**	**71,287,879**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms.	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Total	**Stage 1**	**14,769,775,753**	**101,379,481**	**14,668,396,272**	**59,079,103**	**42,300,378**
	Stage 2	**552,114,115**	**9,486,332**	**542,627,783**	**13,410,796**	**(3,924,464)**
	Stage 3	**356,864,543**	**109,928,429**	**246,936,114**	**38,640,551**	**71,287,879**
	Additional Provision	**-**	**149,900,000**	**-**	**-**	**149,900,000**
	Total	**15,678,754,411**	**370,694,242**	**15,457,960,169**	**111,130,449**	**259,563,793**

54.2 Disclosure pursuant to Reserve Bank of India Circular OR.No.BP.BC.63/21.04.048/ 2020-21 dated 17th April 2020 pertaining to Asset Classification and Provisioning in terms of COVID-19 Regulatory Package

Sr No	Particulars	31st March, 2020
i)	Respective amounts in SMA/ overdue categories, where the moratorium/ deferment was extended	6,021,767,340
ii)	Respective amount where asset classification benefits is extended	6,021,767,340
iii)	General provision made*	-
iv)	General provision adjusted during the period against slippages and the residual provisions	-

*The Company, being NBFC, has complied with Ind-AS and guidelines duly approved by the Board for recognition of the impairments. Refer Note 35.

55:

a) Figures are rounded off to nearest rupee.

b) Previous year's figures have been regrouped and reclassified wherever necessary to conform to current year's classification.

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm Registration No.117366W/W-100018)

G K Subramaniam
Partner
Membership No: 109839

For and on behalf of the Board of Directors of
SBFC Finance Private Limited
(Erstwhile Small Business FinCredit India Pvt. Ltd.)
CIN:U67190MH2008PTC178270

Mr. Aseem Dhru
CEO & Managing Director
DIN: 01761455

Mr. John Mescall
Nominee Director
DIN: 08385575

Mr. Narayan Barasia
Chief Financial Officer

Ms. Swati Morajkar
Company Secretary

Place: Mumbai
Date: 4th June, 2020

NOTES

BOARD OF DIRECTORS

Mr. Aseem Dhru
Managing Director and
Chief Executive Officer

Mr. Neeraj Swaroop
Independent Director

Mr. Amitabh Mohanty
Additional Director

Mr. John Mescall
Nominee Director

Mr. Jonathan Tadeusz Tatur
Additional Director

Mr. Arjun Sakhuja
Additional Director

Mr. Rajeev Gupta
Director

Mr. Amol Jain
Director

CORPORATE INFORMATION

Leadership team

Mr. Aseem Dhru
Chief Executive Officer

Mr. Narayan Barasia
Chief Financial Officer

Mr. Mahesh Dayani
Chief Business Officer

Mr. Pankaj Poddar
Chief Risk Officer

Mr. Manu Mahajan
Chief Operating Officer

Mr. Vivek Tripathi
Chief Human Resource Officer

Mr. Deepak Mudalgikar
Chief Technology Officer

Mr. Sai Prashant Menon
Chief Collection Officer

Company Secretary

Ms. Swati Amey Morajkar

Statutory Auditors
Deloitte Haskins & Sells LLP,
Chartered Accountant
(ICAI Firm Registration
No. 117366W/W-100018)

Registered Office
Unit No. 103, 1st Floor, C&B Square,
Sangam Complex, CTS No. 95A, 127
Andheri Kurla Road, Village Chakala,
Andheri (East), Mumbai – 400059

Corporate Identification Number
U67190MH2008PTC178270

Registrar and Transfer Agent
NSDL Database Management Ltd
4th Floor, Trade World A wing,
Kamala Mills Compound,
Senapati Bapat Marg,
Lower Parel, Mumbai – 400013

Debenture Trustee
IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17,
R Kamani Marg, Ballard Estate,
Mumbai – 400 001
Tel No. : +91 22 40807000

Bankers
- State Bank of India
- Federal Bank
- ICICI Bank
- Kotak Mahindra Bank

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BOARD COMMITTEES OF THE COMPANY

Audit Committee

Mr. Neeraj Swaroop
Chairman

Mr. Amitabh Mohanty
Member

Mr. Amol Jain
Member

Nomination & Remuneration Committee

Mr. Neeraj Swaroop
Chairman

Mr. Amitabh Mohanty
Member

Mr. John Mescall
Member

Mr. Amol Jain
Member

Business Review & Monitoring (Executive) Committee

Mr. Neeraj Swaroop
Chairman

Mr. Amol Jain
Member

Mr. John Mescall
Member

Mr. Aseem Dhru
Member

IT Strategy Committee

Mr. Neeraj Swaroop
Chairman

Mr. Aseem Dhru
Member

Mr. John Mescall
Member

Mr. Amol Jain
Member

Mr. Deepak Mudalgikar
Member

Corporate Social Responsibility Committee

Mr. Neeraj Swaroop
Chairman

Mr. Aseem Dhru
Member

Mr. John Mescall
Member

Mr. Amol Jain
Member

Risk Management Committee

Mr. Neeraj Swaroop
Chairman

Mr. Amitabh Mohanty
Member

Mr. Jonathan Tatur
Member

Mr. Aseem Dhru
Member

Mr. John Mescall
Member

Mr. Amol Jain
Member

Mr. Arjun Sakhuja
Member

Mr. Mahesh Dayani
Member

Mr. Pankaj Poddar
Member

Mr. Narayan Barasia
Member

Mr. Manu Mahajan
Member

Mr. Deepak Mudalgikar
Member

Mr. R Gandhi
Member

SBFC

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