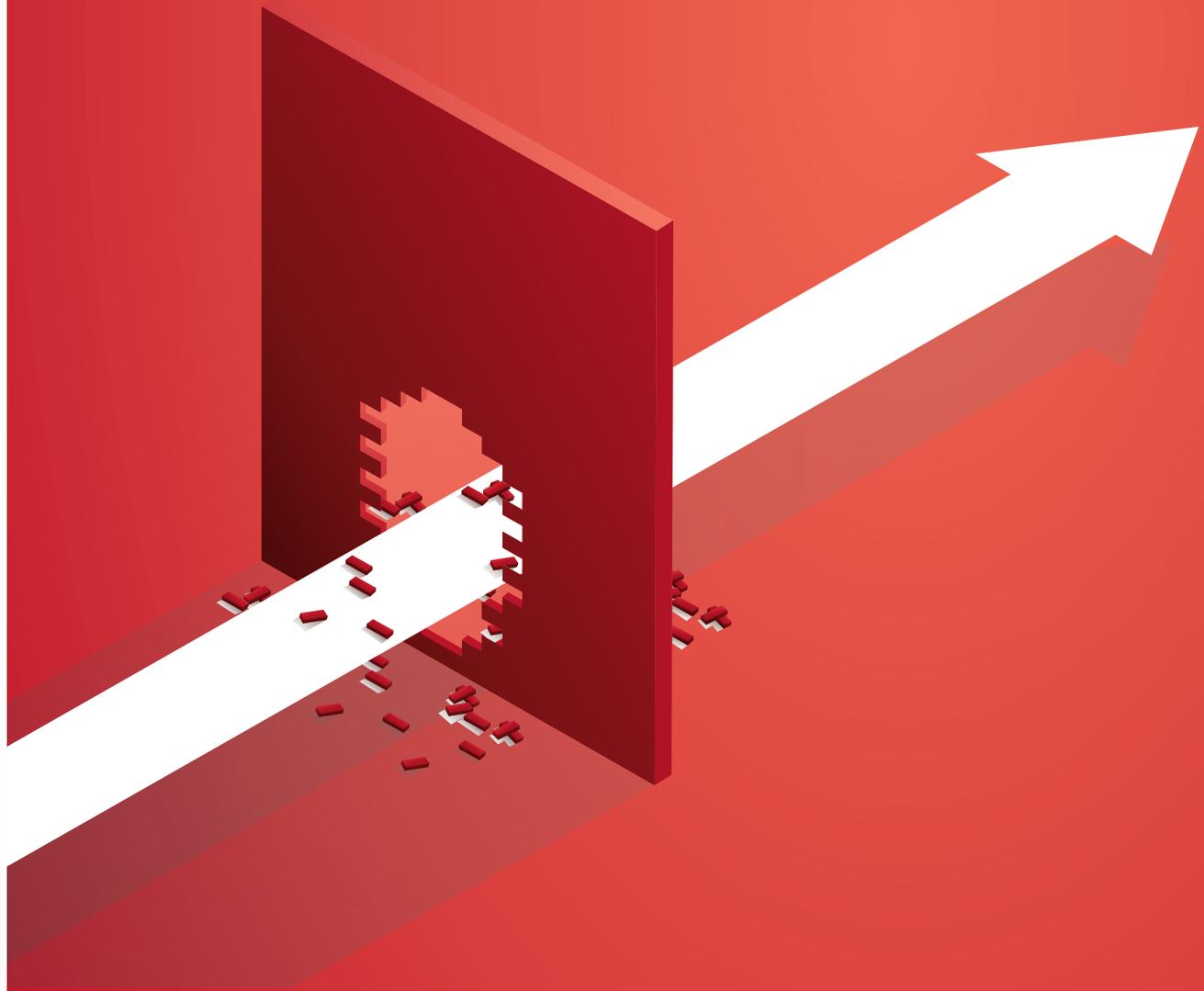




# Sindhuja

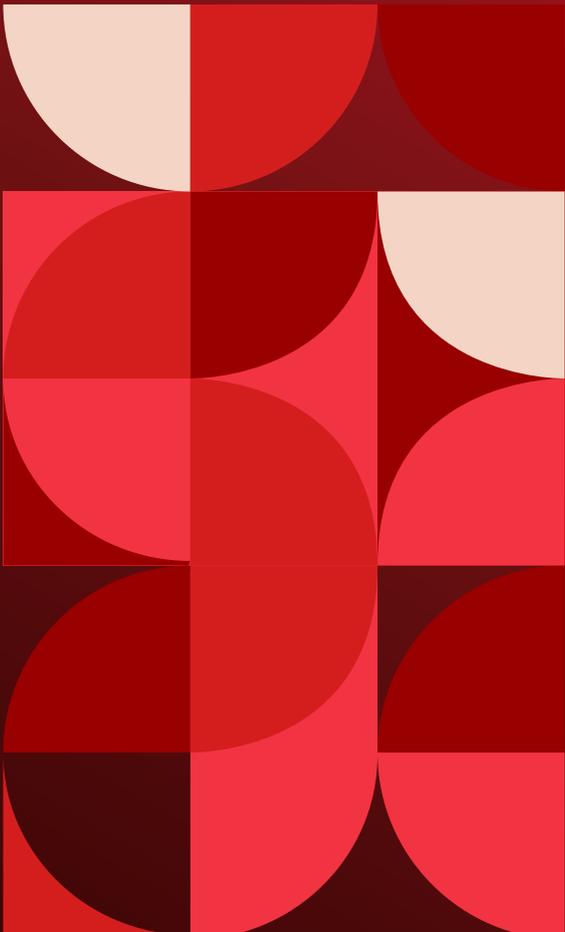
आपकी समृद्धि का साथी



# AGAINST ALL ODDS

ANNUAL REPORT 2021-22

# Corporate Information



# Board of Directors



**Shri Abhisheka Kumar**  
Managing Director



**Shri Abhishek Sharman**  
Nominee Director



**Shri Arvind C Nair**  
Nominee Director



**Shri Diwakar Pundir**  
Independent Director



**Shri Malkit Singh Didyala**  
Whole Time Director



**Shri Sandeep Phanasgaonkar**  
Independent Director



**Smt. Smriti Chandra**  
Nominee Director



**Shri Yashvant Malhotra**  
Independent Director

## Company Secretary

Shri Pankaj Kumar Sinha

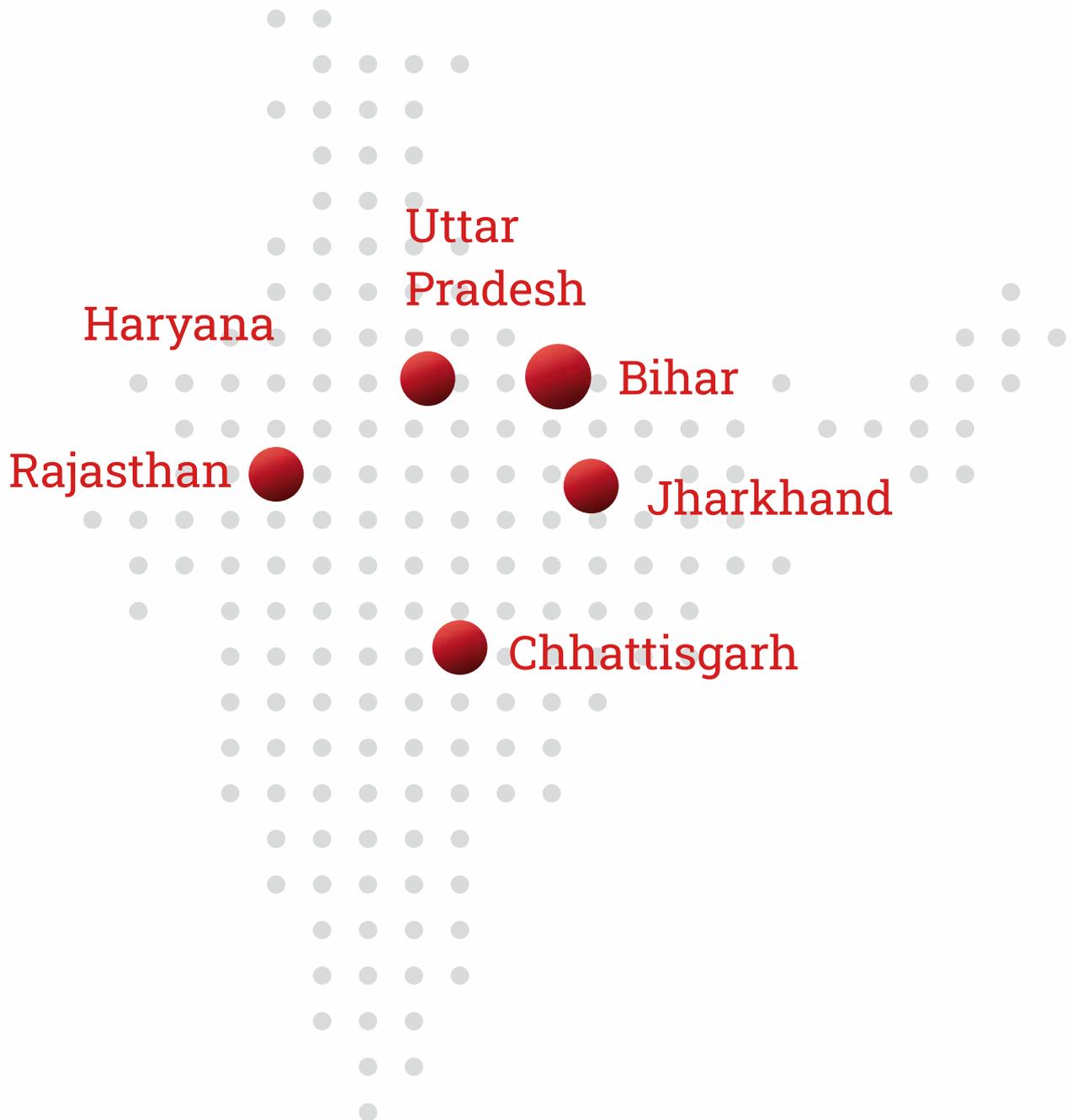
## Statutory Auditors

SCV &Co. LLP  
Chartered Accountants

## Registered & Corporate Office

Office No. 601 - 607, 6th Floor, Tower A, Noida  
One, Plot No. 8, Block B, Sector 62, Noida,  
District : Gautam Budh Nagar,  
Uttar Pradesh – 201307

# Area of Operations





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## Corporate Overview

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# Message from The Founders



The past two years have been a period of intense action and reflection. We have seen a global pandemic, geopolitical tensions, supply chain disruptions, unprecedented inflation in many countries etc. As the dust settles, and a clearer picture of the world ahead emerges, we believe we are standing at the threshold of a period of great opportunity and growth. In the face of widespread change and challenges, your Company has shown remarkable resilience and adaptability, coming out stronger than ever, after catastrophic events like the ILFS crisis or the pandemic.

The relentless commitment and dedication of every member of the Sindhuja family helped the business overcome many challenges in the past year. As a result, we have been able to bring down the curtains on the financial year 2021-22 with a very good set of numbers.

Despite the challenging times, the Company delivered a strong performance in FY 2021-22. It has registered growth in all the important parameters - Number of States, Branches, AUM, Client Base, Profitability etc.

The Company expanded its business in Haryana and opened 45 new branches in FY 2021-22 taking the branch network to 114.

The Balance sheet size of the Company as on March 2020 (at the time of the start of the pandemic) was ₹175 Crs. Maintaining the same level of balance sheet (pre-COVID) level has been difficult for many companies not only in micro finance but across all the sectors. This was even more challenging for small and medium entities, as resources are not easily available for these entities especially during difficult times. The balance sheet size of the company has however grown by over 167% despite of frequent lockdowns at the national level, state and local level in the last two years. As on March 2022, the balance sheet size was ₹468.7 Crs.

The Company has increased its Gross Loan Portfolio (GLP) from ₹ 61.6 Crs as on March 31, 2019 to ₹ 434 Crs as on March 31, 2022 registering a CAGR of 92% in last three years. In the same period, the MFI industry has grown at a CAGR of 16.8%.

On the financial front, the Company's revenue increased from ₹ 41.37 Crs for FY 2021 to ₹ 62.43 Crs for FY 2022, registering a growth of 51%. The Operating Expense Ratio (OER) decreased from 8.9% in FY 2021 to 8.4% in FY 2022.

Commendably, Sindhuja has outperformed the MFI industry in terms of maintaining a stellar portfolio quality based on its high collection efficiency. The GNPA as on March 31, 2022 was 1.46% against 2.43% in March 31, 2021. The NNPA as on March 31, 2022 was 0.47% against 1.35% in March 31, 2021. This is without restructuring and without lending to delinquent clients. Comparatively, the MFI Industry GNPA was 10.49 % as on March 31, 2022 . On the Liabilities side, the performance has been equally impressive. The Company raised ₹275 Crs in debt funds in FY 2022. It was able to on-board 9 new banks during the financial year. The borrowing mix comprised 75.86 % Term Loans, 20.24% institutional NCDs & 3.90 % retail NCDs. The percentage of borrowings from banks increased from 5.31% in FY 2021 to 48.23% in FY 2022. Due to enhancement of exposure from Banks, the cost of funds decreased from 15.19% in FY 2021 to 12.93% in FY 2022. The Company also concluded two NCD transactions with Northern Arc & Vivriti Asset Management during the financial year.

Keeping asset liability management (ALM) in focus, the Company monitored liquidity closely, observed RBI's commentaries, market dynamics and engaged in continuous dialogue with lenders to ensure a healthy ALM, resulting in availability of funds at the best rates throughout the year. The Company was also able to strengthen its Board by inducting an independent director. Mr. Diwakar Pundir, taking the total number of independent directors to 3 and total number of directors on the Board to 8.

The employee base has also increased from 477 employees as on March 31, 2021 to 725 employees as on March 31, 2022. The Company is also planning to expand its product suite. It plans to start individual loans to JLG customers with ticket sizes of ₹ 70,000 -100,000. It also plans to commence secured and unsecured loans for JLG+ customers. Technology shall be the key enabler for this strategy and shall require deployment across the delivery chain – sourcing, underwriting, customer experience and collections.

Now is the time to step back and think about our long term direction. We have currently embarked on a journey in finding out what we would want Sindhuja to look like in 5 - 7 years. This calls for building on our current business model and scaling up and also finding other asset classes to fill in the gap in ticket sizes of ₹100,000- 10,00,000. It requires us to add institutional capabilities in the domain of data analytics, technology, product designing and risk management. With the new RBI regulation making a level playing field for all entities practicing microfinance, we see great opportunity before us. We are filled with optimism and energy to play a critical role in the financial inclusion agenda of the Country.

While the challenge thrown by the pandemic was unprecedented and may never again occur in any of our lifetimes, what we are immensely proud of is the resilience shown by the Company amidst the extremely uncertain environment that persisted for almost the entire first half of the year.

Our employees continue to be the greatest strength of Sindhuja. They have worked with extraordinary commitment during the challenging year. We express our gratitude to all our employees and their families for their sustained contribution and support during these tough times. We thank the Board for their guidance and support all through. We would also like to thank our shareholders, bankers, rating agencies and business partners for their continued trust and patronage.

We look forward to your encouragement as always!

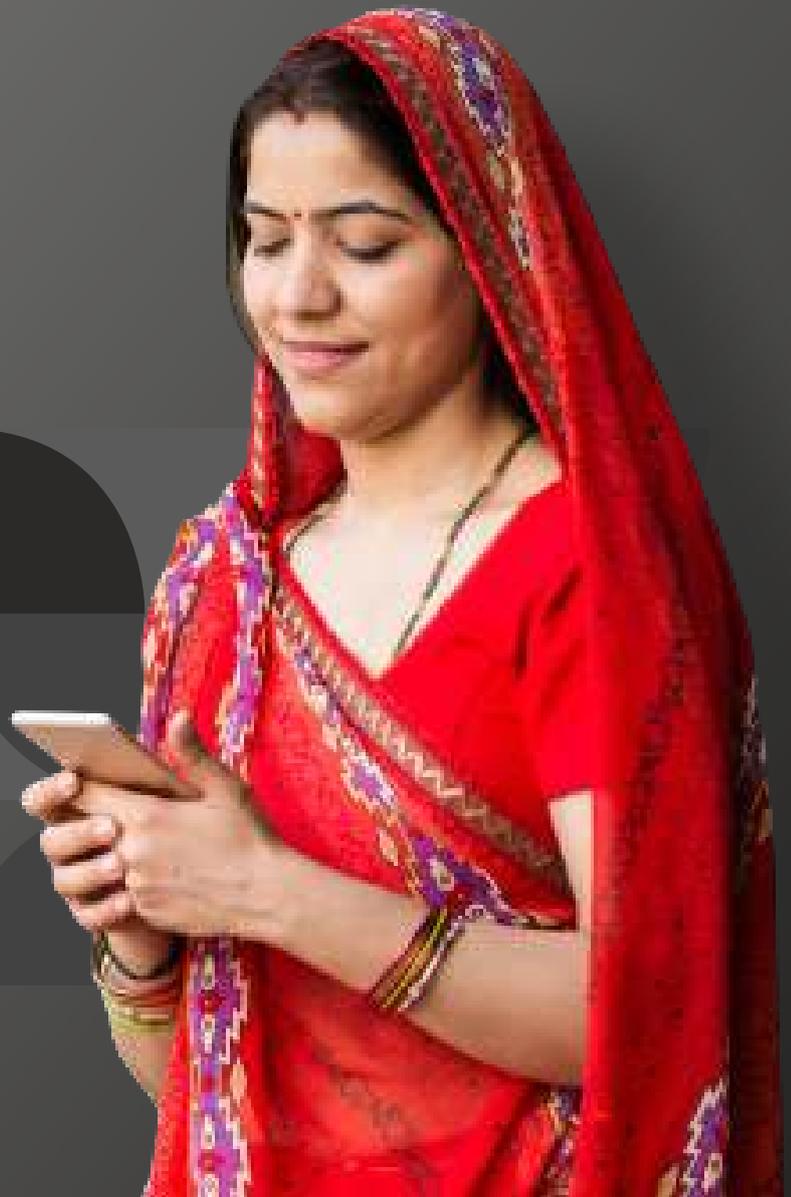
**Mr. Abhisheka Kumar**  
Co- Founder & Managing Director

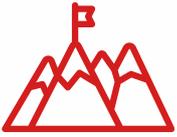
**Mr. Malkit Singh Didyala**  
Co-Founder & COO

# About Us

Sindhuja Microcredit is a new-age, tech-enabled, rural-focused microfinance institution founded by banking professionals. The Company started operations on April 30<sup>th</sup>, 2018 with its HQ in Noida and is currently operating with 132 branches in Bihar, Jharkhand, Chhattisgarh, Rajasthan, Haryana & Uttar Pradesh. We are touching the lives of low-income women borrowers from under-served households in significant ways.

The Company offers credit to women of underserved household under JLG model for income generating activities. Our financial services are helping improve livelihoods, establish an identity, enhance self-image, and enabling our customers to be a part of decision-making at the household level.





# Mission

Sindhuja Microcredit aims to make financial services easily available to the financially excluded and MSME entrepreneurs through efficient, customer friendly and technology driven solutions.



# Vision

Our vision is to be one of the most admired financial service providers to over 2.5 million customers by 2025.

# Values



Integrity



Customer  
Focus



People First



Innovation



Operational  
Excellence

# Our Journey



# Our Products

Sindhuja's operational processes and products are designed to best cater to the needs of its target customers. This plays a key role in creating immense value towards customer engagement lifecycle. At Sindhuja, we offer microfinance loans for income generating activities to economically active women residing in low-income areas, generally involved in agri/agri allied activities, production, trade and services.



NAME OF PRODUCT	SINDHUJA PALLAV	SINDHUJA ANKUR	SINDHUJA PUSHP
LOAN AMOUNT	₹15,000 ₹20,000	₹25,000 ₹30,000 ₹35,000	₹40,000 ₹45,000 ₹50,000
FREQUENCY	WEEKLY FORTNIGHTLY MONTHLY	WEEKLY FORTNIGHTLY MONTHLY	WEEKLY FORTNIGHTLY MONTHLY

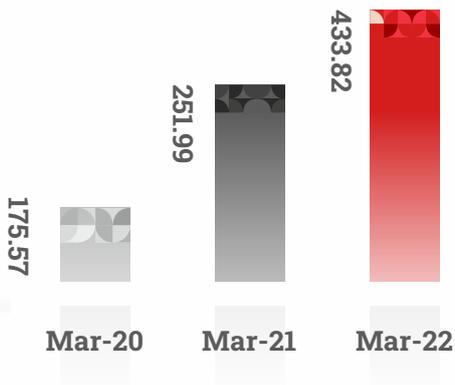
LOAN CYCLE	MAX ELIGIBLE LOAN AMOUNT	ELIGIBLE LOAN PRODUCTS
1ST CYCLE	₹50,000	SINDHUJA ANKUR, SINDHUJA PALLAV & SINDHUJA PUSHP
2ND CYCLE	₹60,000	SINDHUJA ANKUR, SINDHUJA PALLAV & SINDHUJA PUSHP

The microfinance loans are compulsorily backed by credit life insurance. It is a type of term life insurance that will pay-off the outstanding loan balance in the event of the death of the borrower or guarantor. The Company also offers a customised insurance product at a very minimal premium which is designed to protect the income upto ₹ 500 a day in the case of hospitalization of a customer or guarantor due to ill health or accident.

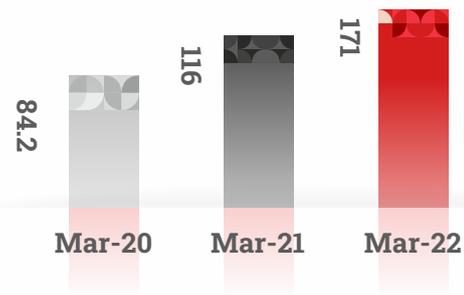


# Operational Highlights

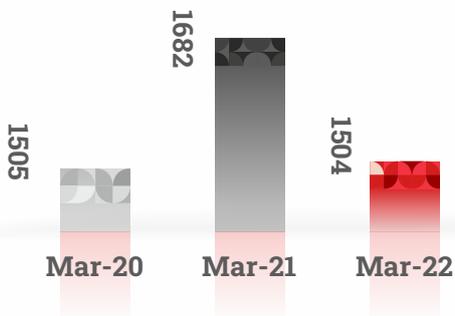
### AUM (₹. in Cr.)



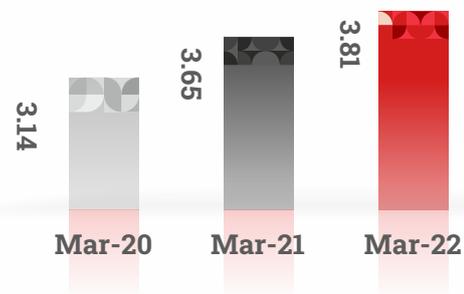
### No. of Borrowers (in '000)



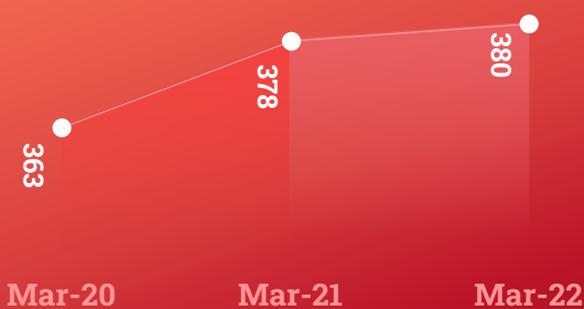
### Borrower / Branch



### AUM / Branch (₹ in Cr.)



### Borrower / CO

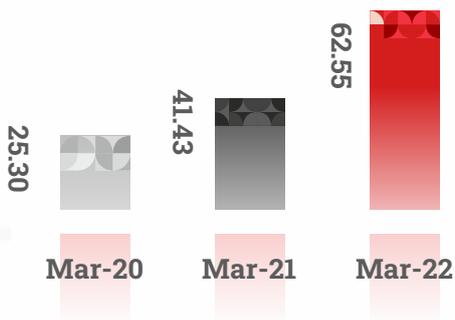


### AUM / CO (₹ in Cr.)

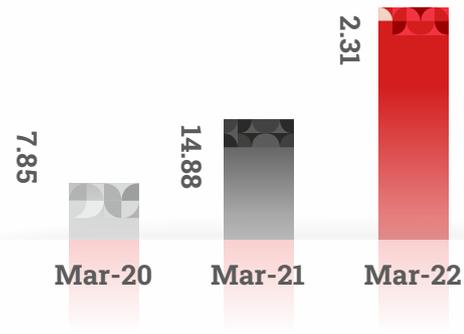


# Financial Highlights

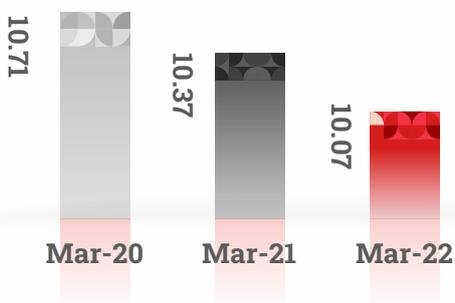
## Total Income (₹ in Cr.)



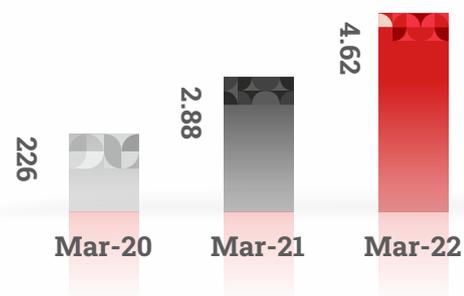
## NII (₹ in Cr.)



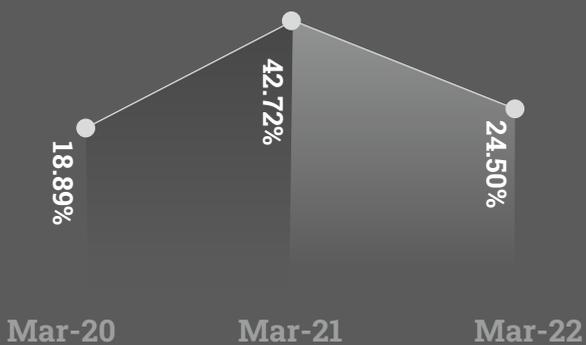
## NIM %



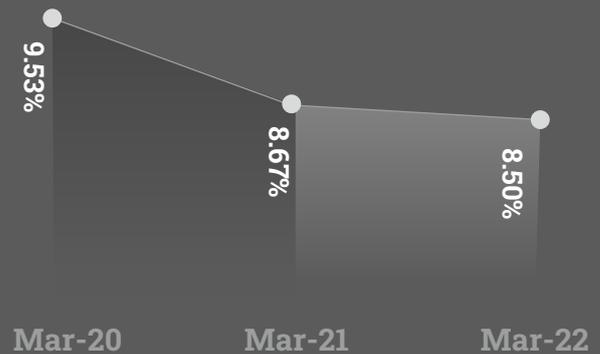
## PBT (₹ in Cr.)



## CRAR%



## OPEX %



# Board of Directors



**Mr. Abhisheka Kumar**  
Managing Director

Abhisheka Kumar is the Co Founder & Managing Director of Sindhuja Microcredit Pvt Ltd. He is in the microfinance space since 2004. He has experience of sitting across all sides of the table - Donor, Technical Assistance Provider, Mentor, Lender and Microfinance Practitioner. He has a holistic understanding of the sector, the challenges faced in the past and perspective on the road ahead.

He has the unique experience of being the founding team member of a new generation Micro Finance Company and Small Finance Bank in India where as part of leadership team steered the start-up to a major MFI & then to a SFB.

Abhisheka has rich experience in Fund raising, Preparing Business Model, Investor Relations, Risk Management, Audit & Compliance etc. He has earlier worked with FWWB, ICICI Bank and Utkarsh Small Finance Bank.

He is a graduate from St. Xavier's College Kolkata and has done post graduation in Rural Management from Institute of Rural Management Anand (IRMA).



**Mr. Abhishek Sharman**  
Nominee Director

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



**Mr. Arvind Nair**  
Nominee Director

Arvind C Nair has over 35 years of operating and private equity experience across retail and consumer products companies. He provides guidance and mentoring to the investment team. Further, he is a key strategic advisor and mentor to the portfolio companies and their CEOs. Arvind Nair himself has been CEO of various well regarded Indian consumer companies and has cultivated strong relationships while building an extensive network of industry partners. Mr. Arvind C Nair was previously Managing Director of Domino's Pizza India, where he re-invented the business model, and restructured the team to achieve a remarkable turnaround of the business. He was responsible for differentiating the Domino's Pizza brand by introducing to India a 30-minute delivery guarantee. Prior to this role, he was the global CEO of Jumbo Electronics Dubai, where he managed 18 divisions across multiple locations. As the Managing Director of DLF Retail, he led efforts for mall development and management of 20 malls, and launched DLF Emporio, India's leading luxury mall. He serves on the board of the following Fund I's portfolio companies, Nyssa Retail Private Limited (1- India Family Mart) and Thea Kitchen Private Limited (Biryani Blues). Mr. Arvind C. Nair has received Management degree from the Indian Institute of Management (IIM), Ahmedabad.



**Mr. Diwakar Pundir**  
Independent Director

Diwakar Pundir has experience of more than 18 years in the Banking & NBFC industries with specialization in Risk Management & Underwriting in SME & Mid-Market Segments, across products like Working Capital & Term Loans, Business Loans, Home Loans, Loans Against Properties, Personal Loans, Construction Equipment Finance, Loans Against Liquid Securities, etc. He was the Chief Commercial Credit Officer and a Member of the Senior Management Team at Bajaj Finance Ltd (BFL). He has also worked in Citi Bank and ICICI Bank. In 2019 he founded STFT Finance Pvt Ltd - an NBFC engaged in Small Business Loans (LAP and Unsecured Business Loans) to Micro Enterprises. Mr. Pundir received a management degree from Indian Institute of Management, Bangalore, and an engineering degree from the University of Roorkee.



**Mr. Malkit Singh Didyala**  
Whole Time Director & COO

Malkit is the Co-Founder and Chief Operating Officer of Sindhuja Microfin Ltd. Malkit has over 18 years of experience in banking, finance and development sector with reputed financial institutions like ICICI Bank, Bajaj Finance Ltd. and Utkarsh Small Finance Bank. His experience is steeped in business development roles across Microfinance, MSME Lending, Mortgage Lending and Institutional Lending. He also has a keen interest in technological innovations impacting financial services and inclusive finance.

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



**Mr. Sandeep Phanasgaonkar**  
Independent Director

Sandeep is founder of 'agileITvantages' and advises enterprises, large consulting firms and PE/VC portfolio companies in digital business strategy, transformation and governance. Sandeep was Group CIO at Access Bank, a dominant Nigerian and pan African bank. He was President & Chief Technology Officer for Reliance Capital Ltd. He led transformation in RCap in Virtualization, Mobility, Cloud Computing & Business Intelligence. Sandeep began his career with the State Bank of India. He then worked for Tata Unisys as consultant for banking technology for offshore development centers and product development. He later worked with Oracle Financial Software, a world leader in banking ERP systems as senior consultant for global pre-sales and implementations. Sandeep became Regional Technology Head of Deutsche Bank for Asia and saw the bank through its crucial Y2K phase and key implementation+18 of cash management systems. He subsequently joined GE Capital as India CIO & took over as Global CIO of Genpact, India's largest BPO/ITES Company. He led the critical IT Migration of Genpact from GE after its divestment. Sandeep has an MBA in Finance from JBIMS, Mumbai University, a diploma in Digital Strategies for Business from Columbia Business School and certification in Artificial Intelligence, Design Thinking from MIT Sloan.



### **Ms. Smriti Chandra**

#### **Nominee Director**

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

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



### **Mr. Yashwant Malhotra**

#### **Independent Director**

Yashwant Malhotra retired from the Indian Police Service (Bihar Cadre, 1975 Batch) with extensive experience in leadership positions, overseeing policing and intelligence for the State and Central Government Police organizations including the Central Bureau of Investigation (CBI), Central Industrial Security Force (CISF), Shastra Seema Bal (SSB) and the Central Reserve Police Force (CRPF). His areas of specialization include field intelligence, economic and criminal international investigations and security audits. He has been awarded PM's medal for Meritorious Service and the President's medal for distinguished service amongst other distinctions.



# Leadership Team

**Shailendra Kumar**  
Zonal Manager

**Milind Madhukar**  
Regional Head

**Chandan Singh**  
Regional Head

**Pankaj Rautela**  
AVP Audit & Risk

**Rajeev Rai**  
Zonal Manager



**Kamlesh Prasad**  
DVP HR

**Mohinder Sharma**  
Regional Head

**Akhilesh Dubey**  
AVP Accounts

**Manoj Kumar Singh**  
Regional Head

**Pankaj Sinha**  
Company Secretary

“If your dreams do not scare you,  
they are not big enough”

# Our Institutional Investors



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

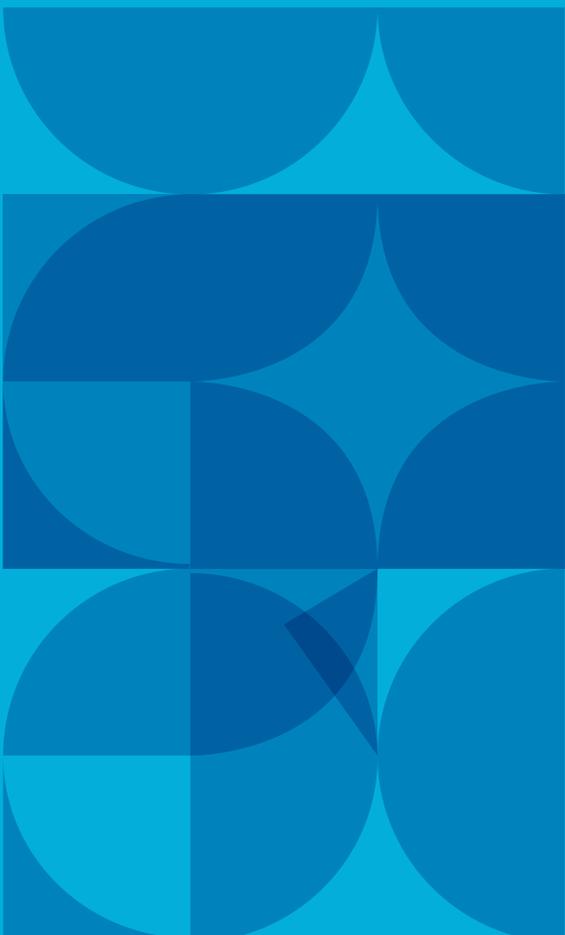
Led by senior professionals, Carpediem Capital has a strong team with a clear vision to best leverage this opportunity. The senior team has both investing and operational skills and has rich experience and deep understanding of the sectors it focuses on.

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

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



# Management Discussion and Analysis



## A. State of the Economy

The last two years have been difficult for the world economy on account of the COVID-19 pandemic. Repeated waves of the infection, supply-chain disruptions and, more recently, inflation have created particularly challenging times for policy-making. Faced with these challenges, the Government of India's immediate response was a bouquet of safety-nets to cushion the impact on vulnerable sections of society and the business sector. It next pushed through a significant increase in capital expenditure on infrastructure to build back medium-term demand as well as aggressively implemented supply-side measures to prepare the economy for a sustained long-term expansion.

India's real gross domestic product ('GDP') grew at 8.7 % during FY 2022, according to National Statistical Office ('NSO'), growth during the quarter ended March 31, 2022 was at 4.1 %, a four-quarter low, reflecting impact of the Omicron wave on manufacturing and contact intensive services. As per Monetary Policy Committee ('MPC') of Reserve Bank of India ('RBI'), the growth projected for FY 2023 is 7.2 % with first quarter at 16.2 %; second quarter at 6.2 %; third quarter at 4.1 % and fourth quarter at 4.0 %. Economic activity has experienced turbulence due to successive COVID-19 waves followed by geopolitical situations in the continent.



In the sectoral growth analysis, agriculture remains unperturbed during national lockdown and had growth in the last two financial years, continues to show similar growth of 3.0 % during FY 2022. Manufacturing grew at 9.9 % in the same period against previous year contraction of 0.6 %. Contact intensive sectors are on the path to normalcy, thus trade, hotels and transport showed growth of 11.1 % during FY 2022, which had experienced highest contraction during the pandemic.

Consumer Price Index ('CPI') inflation stood at 6.9 % in March 2022. RBI, in its Monetary Policy Committee meeting of June 2022, revised the CPI inflation projection to 6.7 % for FY 2023 with 7.5 %, 7.4 %, 6.2 % and 5.8 % during first, second, third and fourth quarter, respectively, of FY 2023.

Inflation outlook faces risks due to lingering war and sanctions, elevated oil and commodity prices, prolonged supply chain disruptions, accentuated global financial market volatility in major economies and renewed waves of COVID-19 across countries. Wholesale Price Index ('WPI') stood at 14.6 % in March 2022.

Owing to higher expenditure and lower receipt during the pandemic, India's fiscal deficit was 9.2 % of GDP during FY 2021. It has improved to 6.7 % during FY 2022 owing to higher tax realisation. The tax receipts during the fiscal were ₹18.2 trillion against revised estimate ('RE') of ₹17.7 trillion. Fiscal deficit is expected to further fall to 6.4 % for FY 2023 budget estimate.

Exports during FY 2022 was US\$ 417.8 billion but was outpaced by the imports at US\$ 610.2 billion for the same period, leading to trade deficit of US\$ 192.4 Billion.

Money supply and bank credit by commercial banks rose (Y-o-Y) by 8.7 % and 9.6 %, respectively, as at end-March, 2022. India's foreign exchange reserves increased by US\$ 30.3 billion to US\$ 607.3 billion in FY 2022.

Throughout the pandemic, Indian Banking Sector remained resilient aided by policy initiatives from the RBI and the Government. Initiatives like moratorium, restructuring and higher capital & liquidity buffers helped both, demand and supply of the credit, to remain afloat. Though the measures had sunset clause, its impact on bank's balance sheets can only be tracked at a later stage. As per Financial Stability Report by RBI, the gross nonperforming asset ('GNPA') ratio of Scheduled Commercial Banks ('SCBs') improved to six-year low of 5.9 % in March 2022 from 7.4 % in March 2021. The provisioning coverage ratio ('PCR') improved to 70.9 % in March 2022 from 67.6 % in previous year and Write-off ratio declined for the second successive year to 20.0 % in FY 2022. Stress test indicates that GNPA ratio of all SCBs may improve from 5.9 % in March 2022 to 5.3 % by March 2023 under the baseline scenario driven by higher expected bank credit growth and declining trend in the stock of GNPA's. The outlook for the global economy is negatively impacted by considerable uncertainty because of the geopolitical tension, front-loaded monetary policy normalisation by central banks in response to persistently high inflation and multiple waves of the COVID-19 pandemic. SCBs as well as non-banking financial institutions (NBFCs) would however, have sufficient capital, both at the aggregate and individual levels, even under stress conditions.

## **B. NBFC Sector:**

The balance sheet of non-banking financial companies (NBFCs) expanded in FY 2022 but asset quality in the sector deteriorated. Nevertheless, capital cushions showed an improvement. Given the growing interconnectedness of NBFCs with other segments of the financial system, the Reserve Bank has issued guidelines on scale based regulations for NBFCs on October 22, 2021. The Reserve Bank has also issued guidelines on December 14, 2021 to extend the prompt corrective action (PCA) framework to NBFCs. The framework will be applicable to all non-government NBFCs in the middle, upper and top layers excluding primary dealers, housing finance companies and those NBFCs which are not accepting public funds. These measures will strengthen the financial health of the NBFCs.

Review of regulation of the microfinance sector also engaged the Reserve Bank's attention in FY 2022. Directions issued on March 14, 2022 were aimed at enhancing customer protection for microfinance borrowers and harmonising the regulation of microfinance loans provided by different regulated entities like commercial banks, NBFC-MFIs and other NBFCs. The Reserve Bank also directed these entities to put in place Board approved policies for assessment of household income, limits on loan repayment obligations of a household as a percentage of household income, and pricing of microfinance loans.

## **C. Microfinance Industry:**

The Indian microfinance industry consists of Non-Banking Financial Companies - Micro Finance Institutions and other lenders under the category of Banks, Small Finance Banks (SFBs), NBFCs, non-profit MFIs. As of March 31, 2022, the microfinance industry had a total loan portfolio (i.e. loan amount outstanding) of ₹2,87,943 Cr. with 11.50 Cr. active loan account.

Based on data as on March 31, 2022 (Q4 FY 2022) for loans originated after February 2017, microfinance industry has total loan portfolio (i.e., loan amount outstanding) of ₹2,85,441 Cr. including DPD 180+ portfolio of ₹23,624 Cr. The total number of active loans accounts were 11.3 Cr. with 5.8 Cr. unique borrowers as on March 31, 2022. The loans originated after February 2017 represents 99.1% of the total industry portfolio, 98.1% of the loan accounts and 99.5% of unique borrowers of "Ever MFI data" (loans originated after January 2014).

As on March 31, 2022, 12 Banks hold the largest share of portfolio in micro-credit with total loan outstanding of ₹1,14,051 Cr. which is 40.0% of total micro-credit universe. NBFC-MFIs are second largest provider of microcredit with a loan amount outstanding of ₹1,00,407 Cr. accounting for 35.2% to total industry portfolio. SFBs have a total loan amount outstanding of ₹48,314 Cr. with total share of 16.9%. NBFCs account for another 6.9% and other MFIs account for 1.0% of the universe.

Apart from lending by MFIs, NABARD SHG Bank Linkage Programme (SBLP) also contributes significantly to the microfinance universe. As on March 31, 2021, around 57.8 lakhs SHG's had an outstanding portfolio of ₹1,03,290 Cr. with them. Assuming an average of 10 members per SHG this translate into 5.8 Cr members with an average loan portfolio of ₹17,870. Average portfolio per SHG amounted to ₹1,78,702. Considering SBLP's outreach and CAGR of around 12.6% since Mar'16, the overall size of the universe in terms of GLP as on March 31, 2022 is roughly ₹4,01,723 Cr.

## D. Regulation of Microfinance

Based on the recommendations of the Malegam Committee, a comprehensive regulatory framework for NBFC-MFIs was issued in 2011. This framework, inter alia, included certain customer protection measures for microfinance borrowers, viz., limits on maximum loan amount and number of lenders, loans without collateral, no pre-payment penalty, flexibility of repayment periodicity, regulatory ceiling on interest rates, etc. Over the years, the landscape of microfinance sector has changed significantly due to conversion/merger of some of the large NBFC-MFIs to/with banks. Consequently, the share of NBFC-MFIs in the overall microfinance sector has now come down to 35 %. However, the customer protection measures as applicable to NBFC-MFIs are not applicable to other lenders extending microfinance loans to the same borrowers. In this context, the Reserve Bank had released a consultative document on 'Regulation of Microfinance' on June 14, 2021 for feedback from all the stakeholders. Based on the feedback received, a comprehensive regulatory framework for microfinance loans applicable to all Registered entities was issued on March 14, 2022. Besides introducing activity-based regulation in the microfinance sector, this framework is intended to deleverage the microfinance borrowers, enhance the customer protection measures, enable the competitive forces to bring down the interest rates and provide flexibility to the Registered Entities to meet the credit needs of the microfinance borrower comprehensively.

### Deleveraging of Microfinance Borrowers

To address the concerns of over-indebtedness of microfinance borrowers, a common definition of 'microfinance loans' for all REs, viz., collateral-free loan given to a household having annual household income up to ₹3,00,000 has been introduced to identify the target set of borrowers with certainty. Further, annual loan repayment obligations of the household have been capped at 50 % of the annual household income, thus linking the eligible loan amount to the borrowers' repayment capacity. Besides protecting the small borrowers from the perils of overleveraging, these measures are also expected to further financial inclusion by requiring the lenders to venture into new geographies to expand their business.

Enhancement of Customer Protection Measures to ensure Borrowers' protection from coercive recovery practices, this framework, inter alia, requires a mechanism by REs for engaging with borrowers facing repayment related difficulties, prohibition on harsh recovery practices, recovery at a designated/central designated place to be decided mutually by the borrower and the RE, due diligence process for engagement of recovery agents and a dedicated mechanism for redressal of recovery related grievances. Besides, certain customer protection measures applicable only to NBFC-MFIs, viz., no pre-payment penalty, no requirement of collateral and flexibility of repayment periodicity for microfinance loans have been extended to all Regional entities.

## Pricing of Microfinance Loans

A standardised and simplified factsheet on pricing of microfinance loans has been introduced to enhance the borrowers' price-sensitivity, thus empowering them to make informed decisions. A uniform methodology for calculation of effective annualised interest rate has also been prescribed to maintain comparability across lenders. Besides, all REs are required to display minimum, maximum, and average interest rates charged by them. These specific measures, supplemented with other measures, viz., no pre-payment penalty (to provide borrowers with the option to switch between lenders), cap on repayment obligations as a percentage of household income (thus nudging the lenders to lower interest rates to keep the instalments within the prescribed cap), keeping a check on the borrowers' over indebtedness (thus bringing down their credit risk premium, driving lenders to enter into new areas to expand their business thus increasing competition in low-competition areas), reducing the minimum threshold of microfinance loans for NBFC-MFIs from 85 % of net assets to 75 % of total assets (thus lowering their concentration risk and in turn, cost of funds) and increasing the maximum threshold on microfinance loans for NBFCs other than NBFC-MFIs from 10 % to 25 % of total assets (thus increasing competition) are expected to increase price competition and lower interest rates in the microfinance sector.

## Flexibility to Design Products/Services

Certain product specific requirements for microfinance loans of NBFC-MFIs such as limits on loan amount (overall limit of ₹1,25,000 along with a sub-limit of ₹75,000 in first cycle), tenure of loan (minimum tenure of 24 months for loans above ₹30,000), purpose of loan (minimum 50 % of loans for income generation activities) have been withdrawn. This will provide flexibility to NBFC-MFIs to customise their products and services to meet the needs of microfinance borrowers in a comprehensive manner.

## E. Credit Guarantee Scheme

Government of India, on June 28, 2021, through the Ministry of Finance, Department of Financial Services has formulated the Credit Guarantee Scheme for MFIs to provide 75% guarantee on funding (total guarantees for an amount of ₹7,500 crore) extended by Member Lending Institutions (MLIs) to NBFC-MFIs / MFIs for further on-lending to eligible small borrowers in the context of COVID-19 pandemic. The facility will be guaranteed by National Credit Guarantee Trustee Company Limited (NCGTC), a wholly owned trustee Company of Government of India. ROI on loans granted by borrower (NBFC-MFI / MFI) to eligible small borrower to be minimum 2% below the maximum rate prescribed by RBI on such loans. 80% of the assistance to be utilized for creation of fresh loan assets & should be created within 4 months from the date of disbursement

## F. Overview of Company's Performance:

### Operational Performance:

Sindhujha has expanded its outreach to 114 branches as on March 31, 2022 from 70 branches in March 2021. A total of 45 new branches was opened in this financial year and one branch (Dumka, Jharkhand) was closed. The expansion of branches was done in Rajasthan (13 branches), Uttar Pradesh (16 branches), Haryana (14 branches) and Jharkhand (2 branches). 7 new divisions, Bhilwara, Nagaur in Rajasthan, Ladwa & Mahendragarh in Haryana & Deoria, Agra & Basti in Uttar Pradesh were opened taking the total number of divisions in the Company to 18.

The total POS stood at ₹434 Cr. as on March 31, 2022 against ₹252 Cr. as on March 31, 2021. The POS had rundown to ₹224 Cr. as on June 30, 2021 due to the impact of COVID (second wave) in April, May and June 2021. The abatement of the 2<sup>nd</sup> wave after June 2021 has led to normalization of operations in terms of disbursements leading to growth in POS since June 2021.

The table below depicts expansion track record in terms of states, districts, branches, clients, AUM & employees

Parameters	Mar-20	Mar-21	Jun-21	Sept-21	Dec 21	Mar-22
No of States	5	5	5	6	6	6
No. of Districts	36	41	46	53	62	64
No of Branches	56	70	77	92	105	114
No of Clients	84,253	1,16,058	1,13,617	1,26,627	1,44,297	1,71,455
AUM (₹ In Cr.)	176	252	224	263	314	434
No of Employees	377	477	464	555	629	725

The table below depicts cycle wise borrower distribution.

Cycle	Mar-20	Mar-21	Jun-21	Sept-21	Dec 21	Mar-22
Cycle 1	72,932	86,927	80,541	87,064	96,512	1,12,663
Cycle 2	11,319	29,000	32,889	39,438	47,159	56,702
Cycle 3	2	131	187	596	1635	3787
Cycle 4						12

The table below depicts State wise borrower distribution.

States	Mar-20	Mar-21	Jun-21	Sept-21	Dec 21	Mar-22
Bihar	50,787	73,186	70,404	75,011	80,799	87,227
Jharkhand	18,873	16,863	15,267	16,138	17,917	19,676
Uttar Pradesh	12,554	10,294	11,169	11,181	11,450	19,481
Rajasthan	1,228	13,195	14,246	21,354	28,648	33,945
Chhattisgarh	811	2,520	2,531	2,913	3,159	3,304
Haryana				30	2,324	7,822

## Disbursements

The Company has adopted a risk weighted disbursement strategy since the start of the pandemic last year and the same has been continued till date. Key tenets of the disbursement strategy are:

1. Disbursement strictly based on repayment track record, both internal and external
2. No disbursement to defaulting clients, both internal and external
3. Incentivizing clients with good repayment track record with top-up loans – Sindhuja Saathi Loan

The table below depicts the monthly disbursement volumes from April 21 onwards:

Loan Cycle	Apr-20	May-21	Jun-21	July-21	Aug 21	Sep-21
1st	2,212	0	1,583	6,039	7,076	8,803
2nd	1,465	323	2,354	2,285	2,604	2,620
Top-up Loan	0	0	0	0	1,090	218
<b>Total</b>	<b>3,677</b>	<b>323</b>	<b>3,937</b>	<b>8,324</b>	<b>10,770</b>	<b>11,641</b>

Loan Cycle	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	March 22	Total
1st	7,358	6,728	8,653	11,196	11,812	14,638	86,098
2nd	2,687	2,573	4,703	4,982	5,191	5,782	37,569
Top-up Loan	288	298	5	9	9	7	1,924
<b>Total</b>	<b>10,333</b>	<b>9,599</b>	<b>13,361</b>	<b>16,187</b>	<b>17,012</b>	<b>20,427</b>	<b>125,591</b>

## Collections Overview

### Evolving Collection Scenario – COVID Impact

Microfinance operations have been impacted multi-dimensionally in the COVID impacted world. The physical mode of collection with centre meetings was most severely hit in the COVID waves since it was not possible to conduct these meetings. As the waves abated, the lasting impact has been that the client discipline in terms of meeting attendance, repayments and depositing collections at branches has been dented.

Sindhujha has adopted a risk-based collection methodology wherein bucket wise follow-up and review is done for the PAR clients. This has enabled required focus on different client categories. The Company has also been sending letters and legal notices to delinquent clients in higher buckets. The Company has also launched assisted UPI based collections with bulk transaction at centre level. This initiative has achieved significantly higher volumes in early stage itself – over 70-80% on daily basis.

The table below depicts the month wise – state wise collection performance against current demand (in%)

State	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
Bihar	97.78	97.42	92.76	95.64	96.15	96.09	96.27	96.36	97.14
Jharkhand/Chhattisgarh	94.60	93.12	88.85	91.85	93.23	94.34	94.99	95.04	96.07
UP	93.02	92.73	86.14	90.69	93.33	93.88	94.47	94.99	96.54
Rajasthan	100%	99.86	82.74	98.21	98.42	98.24	97.89	98.39	98.64
Haryana								100%	100%
<b>Total current Collection</b>	<b>97.10</b>	<b>96.70</b>	<b>90.37</b>	<b>95.08</b>	<b>95.81</b>	<b>95.99</b>	<b>96.21</b>	<b>96.43</b>	<b>97.25</b>

State	Dec-21	Jan-22	Feb-22	Mar-22
Bihar	98.03	98.43	98.66	98.77
Jharkhand/Chhattisgarh	96.22	96.64	96.91	97.20
UP	97.55	98.13	99.88	98.89
Rajasthan	98.41	98.70	98.56	98.87
Haryana	100	100	98.58	99.88
<b>Total</b>	<b>97.83</b>	<b>98.24</b>	<b>98.42</b>	<b>98.62</b>

## Collection efforts

The Company continues to focus on bringing down delinquencies aided by the normalization of operations. The following action plan for collection has been put in place:

1. Bucket-wise categorization of clients has been done and provided to field teams for identification of critical clients.
2. Focused collection follow-up and review is done for various buckets periodically for eg: certain buckets are put under special focus during a fortnight.
3. Close tracking of 61–90 bucket is done to plug leakage to 90+ bucket.
4. Collection targets and Incentive/rewards have been aligned to the above plan, for eg: bucket wise targets are set with credit officer incentive linked to recovery in each bucket.

## Portfolio Quality:

Sindhuja's portfolio quality has been significantly better than its peers during the pre-COVID and COVID periods. The Portfolio at Risk (PAR) of the industry along with Sindhuja's PAR is represented in the table below:

	PAR>30	PAR>90	PAR>180
NBFC-MFI	10.1%	8.3%	6.6%
NBFC	6%	4.1%	3%
Small Finance Bank	15%	11.4%	8.7%
Universal Bank	16.3%	13.2%	10.6%
Sindhuja	2.12%	1.87%	1.43%

The excellent portfolio quality has been achieved due to the following strategic measures

1. Sticking to first principles of lending.
2. Diligently mapping the risks associated with underwriting and adopting suitable mitigants – Risk Management is at the Core of our Operational Model.
3. Implementing a collection culture in the Company – It is a Collections Business.

## 1. Sticking to the 1st Principle of Lending

Sindhuja sticks to the 1st principle of lending specifically relevant to the customer segment it operates i.e the intent and capacity to pay back is clearly established before sanctioning a loan. It is the primary basis for the credit decision and the decision is not subject to any deviations.

## 2. Diligently mapping the risks and adopting suitable mitigants

Sindhuja has carefully mapped the risks associated in the underwriting and servicing of JLG Loans. Each risk is addressed with a suitable mitigant. Emergent risks and attempts at overriding the mitigant are tracked and suitable measures are deployed on a continuous basis.

Key Risks	Sindhuja's Approach
Faking of KYC Documents by customers and/or field staff.	<p>Faking of KYC documents is a known fact. The consequence of KYC faking is an invalid Credit Bureau check.</p> <p>Having realized the risk early on Sindhuja has zero tolerance on KYC faking. The result is a valid Bureau check and self-filtering mechanism for customers with wrong intent.</p> <p>This is achieved through API integration and bulk checks through web portal service from Equifax.</p>
Attempts to Override Credit Bureau (CB) Track by Field Staff through overwriting input data.	<p>Bureau tracks are overridden intentionally by field staff by overwriting customer KYC data after the pull/credit decisioning.</p> <p>Sindhuja has zero tolerance on bureau track manipulation through overwriting input data. The LOS is configured such that any attempt to overwrite leads to auto retrigger of Bureau pull and re-decisioning on the latest pull.</p>
Overriding CB track through approval based on enquiries with other Lenders.	<p>Across the Industry negative approval decisions due to bureau track are overridden based on documents confirming repayment track record from other MFIs. Confirmation are essentially signatures with remarks from respective Bms.</p> <p>Sindhuja has policy of zero override on decisioning done basis the Bureau track record.</p>
High tolerance level on CB track record.	Sindhuja has zero tolerance on negative Bureau track record having Current Overdue, DPD, Restructuring, Write-off, etc. This is enforced irrespective of low overdue amount or DPD days.
Distributed underwriting based on decisions taken at Branch locations.	Sindhuja practices automated rule engine-based underwriting decisioning along with secondary checks by a central team.

Key Risks	Sindhuja's Approach
	<p>This is done with the understanding that in a small ticket, high-volume &amp; highly geographically dispersed operational model, controls will fail if the decisioning gets distributed.</p>
Overburdening the client with repeat, top-up or product loans.	<p>The customer segment is characterized by having multiple but weak income streams, income streams having inherent volatility &amp; vulnerability and are susceptible to adverse events.</p> <p>Considering the above underlying reality Sindhuja limits the exposure on each client at one loan at a time.</p>
Repeat loans given without proper seasoning	<p>Sindhuja provides the subsequent loan only after minimum seasoning of over 6 months. Repeat loans are disbursed towards the end of the tenure typically when 10 – 12 installments are pending.</p> <p>This ensures that the next loan decision is on a highly seasoned loan.</p>
Repeat loans given on higher tolerance on CB track record with other lenders.	<p>Sindhuja implements the same credit decisioning filter irrespective of the loan being new or repeat. The ticket size is enhanced as an incentive. However there continues to be zero tolerance of bureau track.</p>
Addressing defaults with fresh loans or top-up loans.	<p>Sindhuja strictly implements its policy of zero tolerance on negative Bureau track. Delinquent clients will not get another loan from Sindhuja.</p>
High Tolerance on Bank Accounts.	<p>Frauds around Banks accounts are common for eg: bank accounts belonging to third party having similar name, bank accounts belonging to family members, bank accounts opened with payment banks or other players which are prone to digital frauds etc.</p> <p>Sindhuja strictly verifies bank accounts to eliminate the above risks. The bank account holder has to be the client in all cases.</p>
Diluting the disbursement & documentation process.	<p>Compulsory loan documentation in the branch premises is followed at Sindhuja. All the center members are required to be present at the branch along with respective individual guarantors as part of the documentation and pre- disbursement process.</p>
Diluting principles of JLG.	<p>Sindhuja endeavors to maintain the basic principles of JLG loans like maintaining a healthy centre size, conducting centre meetings etc .</p>

### 3. Implementing and driving Collection First culture in the Company

Sindhuja considers the microfinance business/operational model as essentially a collections model. Considering that the customer segment is financially non-mainstream and is prone to financial indiscipline, it is in the interest of the customers that a rigorous collection and follow-up process is sustained by the MFI. There have been instances of customers appreciating Sindhuja for motivating them to maintain a good repayment track record in the COVID scenario.

To instill a collection first culture, bucket wise tracking has been put in place, specifically the new delinquencies for the month along with non-starter cases are tracked rigorously. 'Promise to Pay' process is run for these delinquencies and performance tracked across categories. Incentives and rewards are built around the collection performance across the entire business team hierarchy. Collection performance tracking is the lead indicator and signal for branch business ask, business is halted and branches wound-up if there is a collection issue across industry in specific locations.

#### Financial Performance:

##### Operating performance

(₹ in crores)

Particulars	2021-22	2020-21	% change
Net interest income	27.95	16.78	66.57%
Non-interest income	7.91	4.62	71.21%
<b>Operative revenue</b>	<b>35.86</b>	<b>21.40</b>	<b>67.57%</b>
Operating expenses	24.49	16.24	50.80%
<b>Operating profit</b>	<b>11.37</b>	<b>5.15</b>	<b>120.78%</b>
Provisions and contingencies	6.75	2.27	197.36%
<b>Profit before tax</b>	<b>4.62</b>	<b>2.88</b>	<b>60.42%</b>
Provision for tax	(1.43)	(0.66)	116.67%
<b>Net profit</b>	<b>3.19</b>	<b>2.22</b>	<b>43.69%</b>

Operating revenue increased by 67.57% Y-o-Y (year-on-year) from ₹21.40 Cr. in FY 2021 to ₹ 35.86 Cr. in FY 2022. Net interest income (NII) rose 66.57% from ₹16.78 Cr. in FY 2021 to ₹ 27.95 Cr. in FY 2022. Non-interest income consisting of Processing fees, Income from Business Correspondence and other income increased by 71.21% from 4.62 Cr. in FY 2021 to 7.91 Cr. in FY 2022.

Operating expenses rose 50.80% from ₹16.24 Cr. in FY 2021 to ₹24.49 Cr. in FY 2022. The increase is primarily due to higher business volumes. Healthy growth in operating revenue offset by a higher growth in operating expenses in FY 2022 compared to previous year led to a growth in the Company's operating profit by 120.78% to ₹11.37 Cr. from ₹5.15 Cr. reported last year. Provisions and contingencies increased by 197.36% from ₹2.27 Cr. in FY 2021 to ₹6.75 Cr. in FY 2022.

During the year, the operating profit of the Company increased by 120.78% to ₹11.37 Cr. from 5.15 Cr. last year on account of healthy growth in operating revenues partially offset by an increase in operating expenses.

Net profit for the year ended March 31, 2022 increased 43.69% and stood at ₹3.19 Cr., as compared to the net profit of ₹2.22 Cr. last year.

## Net interest income

(₹ in crores)

Particulars	2021-22	2020-21	% change
Interest on loans	52.01	34.91	48.98%
Interest on FD	2.63	1.90	38.42%
<b>Interest income</b>	<b>54.64</b>	<b>36.81</b>	<b>48.44%</b>
Interest on Borrowings	26.69	20.03	33.25%
<b>Interest expense</b>	<b>26.69</b>	<b>20.03</b>	<b>33.25%</b>
<b>Net interest income</b>	<b>27.95</b>	<b>16.78</b>	<b>66.57%</b>
Average interest earning assets <sup>1</sup>	254.45	154.31	64.90%
Net interest margin	10.07%	9.72%	3.60%
Yield on advances	20.69%	22.80%	(9.25%)
Cost of funds	12.93%	15.19%	

1 computed on monthly average basis on own portfolio

NII constituted 77.94% of the operating revenue and increased by 66.57% from ₹16.78 Cr. in FY 2021 to ₹27.95 Cr. in FY 2022. The increase was primarily due to an increase in average interest earning assets on a monthly average basis by 64.90%.

During this period, the yield on interest earning assets decreased from 22.80% in FY 2021 to 20.69% in FY 2022. The decrease was on account of lowering of rate of interest charge to the borrowers from 25.15% to 21.70%.

Cost of funds decreased by 226 bps from 15.19% in FY 2021 to 12.93% in FY 2022. The marginal cost of fund for the year was 11.81%.

## Non-interest income

(₹ in crores)

Particulars	2021-22	2020-21	% change
Fee income	7.80	4.57	70.68%
Miscellaneous income	0.11	0.05	120.00%
<b>Non-interest income</b>	<b>7.91</b>	<b>4.62</b>	<b>71.21%</b>

Non-interest income comprising processing fees, income from BC and miscellaneous income increased by 71.21% to ₹7.91 Cr. in FY 2022 from ₹4.62 Cr. last year and constituted 22.07% of the operating revenue of the Company.

## Operating expenses

(₹ in crores)

Particulars	2021-22	2020-21	% change
Staff cost	18.76	12.62	48.65%
Depreciation	0.45	0.34	32.35%
Admin exp	5.28	3.28	60.98%
<b>Operating expenses</b>	<b>24.49</b>	<b>16.24</b>	<b>50.80%</b>
<b>Cost : Income Ratio</b>	<b>68.29%</b>	<b>75.91%</b>	<b>10.01%</b>
<b>Cost : Asset Ratio</b>	<b>5.23%</b>	<b>5.43%</b>	<b>(3.68%)</b>

The operating expenses of the Company increased during the year by 50.80% Y-o-Y from ₹ 16.24 Cr. in FY 2021 to ₹24.49 Cr. in FY 2022 as the Company continued to invest in human capital for supporting the existing and new businesses. The Operating Expenses to Assets ratio decreased to 5.23% compared to 5.43% last year.

Staff cost increased by 48.65% from ₹12.62 Cr. in FY 2021 to ₹18.76 Cr. in FY 2022, primarily on account of increase in employee strength from 477 as at end of FY 2021 to 725 as at the end of FY 2022.

Admin exp. (excluding depreciation) increased by 60.98% from ₹ 3.28 Cr. in FY 2021 to ₹5.51 Cr. in FY 2022. The increase is primarily due to higher business volumes, opening of new branches, etc.

## Provisions and contingencies & write off

(₹ in crores)

Particulars	2021-22	2020-21	% change
Provision for non-performing assets	2.70	3.09	(12.62%)
Provision for standard assets	(0.18)	(0.83)	(78.31%)
Written off	4.23	-	
<b>Total Provision and contingencies &amp; write off</b>	<b>6.75</b>	<b>2.26</b>	

The Company provided ₹6.75 Cr. towards non-performing assets including written off ₹4.23 Cr. portfolio compared to ₹2.26 Cr. last year. The increase in provision for non-performing assets is primarily on account of higher slippages due to covid related stress.

## Provision for tax

Provision for tax for FY 2022 stood at ₹1.43 Cr. as compared to ₹ 0.67 Cr. for last year. Profit before tax for the FY 2022 stood at ₹4.62 Cr. as compared to ₹2.89 Cr. in FY 2021 which led to the increase in provision for tax for the FY 2022.

## Net profit

Net profit for the year ended March 31, 2022 increased and stood at ₹3.19 Cr. as compared to the net profit of ₹2.22 Cr. last year, primarily on account of increase in operating profit by 120.78% Y-o-Y.

## Balance sheet Parameters

(₹ in crores)

Particulars	2021-22	2020-21	% change
Cash & bank	58.01	68.76	(15.6%)
Advances	386.69	213.69	80.96%
Fixed Assets	1.81	1.26	43.65%
Other Assets	22.16	15.25	45.31%
<b>Total Assets</b>	<b>468.67</b>	<b>298.96</b>	<b>56.77%</b>

Total advances of the Company as on March 31, 2022 increased by 81% Y-o-Y to ₹.386.69 Cr. from ₹213.69 Cr. as on March 31, 2021, largely driven by healthy growth in loan portfolio. This is significant as the microfinance industry grew by 10% over the same period.

## Liabilities and Shareholder's fund.

(₹ in crores)

Particulars	2021-22	2020-21	% change
Share Capital	31.93	31.93	-
Reserves & Surplus	72.94	69.75	4.57%
Borrowings	345.91	188.29	83.71%
Other Liabilities	17.89	8.99	98.94%
<b>Total Liabilities</b>	<b>468.67</b>	<b>298.96</b>	<b>56.77%</b>

The share capital has remained unchanged as there was no fresh equity investment in FY 2022.

The Reserves & Surplus has increased by ₹3.19 Cr. on account of internal accruals.

The Borrowings has increased from ₹188.29 in Mar 2021 to ₹345.91 in Mar 2022. The 83.71% increase in borrowings is due to increase in business by 81%. During the year, the Company raised ₹275 Cr. as Term Loan/NCD and repaid ₹117.39 Cr. to lenders.

## Capital Management

The Company continues its endeavour for greater capital efficiency and shoring up its capital adequacy to enhance shareholder value.

Movement of CRAR during fiscal 2022	%
CRAR as on 31 March 2021	42.72%
Increase due to profit in fiscal 2022	34.5%
Decrease on account of consumption	65.5%
CRAR as on 31 March 2022	24.50%

The Company's capital position continues to be strong and is sufficiently robust for it to pursue growth opportunities with adequate liquidity buffers.

The Company's overall capital adequacy ratio (CAR) stood at 24.50% at the end of the year, well above the benchmark requirement of 15% stipulated by Reserve Bank of India (RBI). Of this, Tier I CAR was 23.77% (against minimum regulatory requirement of 10%). As on March 31, 2022, the Company's Tier II CAR stood at 0.72%.

The following table sets forth the capital, risk-weighted assets and capital adequacy ratios computed as on March 31, 2022 and March 31, 2021 in accordance with the applicable RBI guidelines

Particulars	(` in crores)	
	2021-22	2020-21
Tier I capital	99.58	97.91
Tier II capital	3.03	2.24
<b>Total capital qualifying for computation of capital adequacy ratio</b>	<b>102.61</b>	<b>100.15</b>
<b>Total risk-weighted assets and contingencies</b>	<b>418.88</b>	<b>234.43</b>
<b>Total capital adequacy ratio</b>	<b>24.50%</b>	<b>42.72%</b>
Out of above		
-Tier I capital ratio	23.77%	41.77%
-Tier II capital ratio	0.72%	0.95%

## Treasury Management:

### Diversified funding resources:

The Company's finance department secures funds from multiple sources, including banks, financial institutions and capital markets and is responsible for diversifying capital sources, managing interest rate risks and maintaining strong relationships with banks, financial institutions, other domestic and foreign financial institutions and rating agencies. The Company continuously seeks to diversify its sources of funding to facilitate flexibility in meeting our funding requirements.

Asset Liability Management (ALM) can be termed as a risk management technique designed to earn an adequate return while maintaining a comfortable surplus of assets over liabilities. ALM, among other functions, is also concerned with risk management and provides a comprehensive as well as dynamic framework for measuring, monitoring and managing liquidity and interest rate risks. ALM is an integral part of the financial management process of Sindhuja. It is concerned with strategic balance sheet management, involving risks caused by changes in the interest rates and the liquidity position of Sindhuja.

ALM committee constitutes of senior management who would review the tolerance limits for liquidity/ interest rate risks and would recommend to Board of Directors for its approval from time to time.

The scope of ALM function can be described as follows:

1. Funding and Capital Management
2. Liquidity risk management
3. Interest Rate risk management
4. Forecasting and analyzing 'What if scenario' and
5. Preparation of contingency plans

## Human Resources

One of the well-known management authors Stephen Covey once said, “Always treat your employees as you want them to treat your best customers”. The treatment that is meted out to employees pretty much determines the success or failure of any organisation. Employees remain the most critical driver in Company’s journey towards achieving its long term objectives. The Company values and understands that it is the employees, those in the frontline and those supporting them that help in the execution of vision and mission of the Company. Through the year, the Company has continuously focused on building capabilities and capacity execution through a focused people strategy.

While there is a challenge in attracting the right talent as well as retaining them, the Company was able to build and implement practices that have helped in retaining talent. It is a constant effort to improvise from where the Company stands in terms of benefits, rewards and recognition. The Company provides facilities like Insurance cover for self and for family (above a certain grade), salary advance for genuine reasons, guest house arrangements for its entire field force.

The Company continues to conduct various learning programs for enhancing potential and providing growth opportunity to its people. The Company ensures providing them time to time comprehensive training and capacity development programs and mandatory field exposure across various functions.

Some of the training programs that have been provided to employees are as follows:

- Basic training programs conducted for trainees in field operations
- Refresher training & product level training based on operational requirements
- Induction training for lateral staff hires
- Training for employees who are promoted.

## Information Technology

The Company’s Information Technology (IT) strategy remains guided by its aspiration of becoming India’s most valuable microfinance Company while focusing on customer delight through integrated technology capabilities. The Company continues to focus on the key imperatives that include end-to-end customer journey digitization, accelerating delivery, modernizing the core to deliver profitable growth, promote talent and culture, and enhance risk and governance.

In Q1 of FY 2023, there were two major tasks – Migration to a new IT Platform (Qbrik’s Shakti and mShakti) and incorporating changes in the LOS with respect to changes as per the new regulation prescribed by the RBI. The Company has migrated to new platform shakti successfully and gone live in April 2022.

The migration has been successful with no data errors or data loss during the data migration. Additionally, the migration to the new LOS was also successful. Expectedly, there were teething issues in the LOS, which have largely been addressed and it has stabilized further by June 2022.

The migration has enabled integrated usage of some third-party services which were used separately with Br.Net prior to migration. For eg: voter ID verification is now through API integration in the LOS, cashless collections are now through API integration in collection module with automated posting in LMS, passbooks are directly generated from the LMS along with other improvements on configuration handling from front-end, reporting, etc.

Qbrik had parallely started working on the new modules for income assessment, pulling bureau reports for other household members and validations around the bureau track records, household income, etc. This task is also completed, and the entire onboarding of client has become digital.

## Our Future Initiatives:

Technological advances in fintech has served the purpose of financial inclusion to a great extent and will continue to do so in future. Specifically, many of these innovations have reached customers in the hinterland through lenders and fintech players. Importantly, MFIs have been early adopters of technology largely to achieve better efficiencies, for risk management and enhance customer experience in varying degrees.

However, MFIs have largely consumed technology solutions from third-party providers on a SAAS mode. While this has served the purpose well in an environment defined by base level technology solutions and nascent technology adoption at client side, however as technology solutions become inherently entwined with business and operating models and consumers become technology adept, MFIs need to invest on building in-house technology stacks that provide a long-term competitive advantage. In fact, it is relevant to mention that in the absence of proprietary technology stacks MFIs may end-up being left behind and lose their edge in achieving financial inclusion.

Recognizing the above, Sindhuja aims to invest in building its own technology stack by acquiring commoditized technology components off-the shelf as a service and only building in-house those technology components that will provide definite long-term competitive advantage. In doing so company will focus on innovation, cost-effectiveness, data security and relevance towards its target customer segment.

The three key technology capabilities/solutions that Company intends to build in-house over the next year are:

Sr. No.	Technology Capability/Solution	Description	Impact Area	Technology Approach
1.	Data Engineering & Analytics Capabilities	Integrate various data sources into one Data Lake or Warehouse with an analytical layer on it to provide enhanced reporting, data analysis and modelling capabilities	MIS, Reporting, Risk Management, Sourcing	Creating Data Lake/Data Warehouse with automated data streaming from diverse sources through APIs, etc. having a reporting/analytics layer on it with real-time querying capabilities
2.	Customer App for Individual Loans to Higher Cycle Customers	Customer App for sourcing & servicing of higher cycle customers to be targeted for individual loans. Key features shall be:  1. Digital Onboarding self or assisted  2. Digital Assessment based on traditional & non-traditional data points including use of Account Aggregator framework	Sourcing, Assessment, Customer Retention, Product Innovation, Collections & Client Servicing	In-house developed and maintained android App with required services through third party APIs for self-onboarding and service by customers. Shall be API integrated with LMS.

Sr. No.	Technology Capability/Solution	Description	Impact Area	Technology Approach
		3. Self- servicing – loan ledger, pre-closure initiation, next loan alerts, customer service, etc  4.Digital repayment capabilities based on UPI  Capability to run both unsecured and secured origination flow on the App.		Digital first approach.
3.	Digital Collection & OD Tracking cum Collection Capabilities	Ability to run digital collection flow at Individual customer level with both self-service and assisted mode. UPI based transactions shall be the primary focus point.	Collection Efficiency, OD Tracking	To use the UPI platform in various forms Autopay, 123UPI, etc. to create individual level digital collection capability

## Risk Management:

The Company continues to focus on strengthening the risk management capabilities by leveraging on advanced analytics and frameworks. The risk management objective of the Company is to balance the trade-off between risk and return and ensure that the Company operates within the Board approved Risk Appetite Statement. An independent risk management function ensures that the risk is managed through a risk management architecture as well as through policies and processes approved by the Board of Directors encompassing independent identification, measurement and management of risks across the business of the Company. The Company continues to focus on refining and improving its risk measurement systems including automation of processes, not only to ensure compliance with regulatory requirements, but also to ensure better risk-adjusted return and optimal capital utilisation. The Board reviews the risk profile of the Company at periodic intervals and ensures that risk levels are within the defined risk appetite.

Following are the basic building blocks of risk management structure:

### Risk Appetite and Strategy:

Risk appetite clarifies the risks that the organization is prepared to accept and manage in the pursuit of its objectives and those which it does not. The statement provides the boundary conditions of risk along with the go/no-go areas

### Organization Structure and Governance:

The organization structure and governance framework shall ensure independence of the risk function while providing sufficient oversight and effective challenge. Organization structure shall be in line with the three lines of defence model with focus on identifying and mitigating new age risks such as cyber risk ,etc.

## **Credit Risk Assessment and Risk Analytics:**

Analytics shall be embedded directly into making decisions, taking action and delivering value to various stakeholders. Analytics shall deliver agility and ensure test and learn on tools and models for developing a holistic customer view (including risk assessment, customer lifetime value, etc.)

## **Risk Controls, Monitoring, and Reporting:**

Effective monitoring process with early warning signals and feedback mechanisms in underwriting policies shall be in place. Operational risk controls shall have a feedback loop into new product development. Internal reporting process shall ensure adequate oversight with the support of actionable dashboards

## **Systems and Data:**

The organization shall take concrete steps to build internal data, gather external and alternate data while ensuring proper data quality. The systems and IT infrastructure shall enable scalability and agility

## **Risk Culture:**

The Company shall strive to build a common organization culture with shared goals and objectives. The organization shall focus on building a healthy risk culture by linking performance to risk and capital metrics

## **Role of Risk in Management of Business:**

Risk shall be active in a broader range of areas such as capital planning and budgeting, solvency, liquidity and funding, product design and pricing, etc. and play the role of challenger and advisor to the business.

## **Risk Appetite**

Risk appetite is one of the most important components for coordinating the risk-taking activities across the organization and provides the boundary conditions of risk along with the go/no-go areas.

To clearly define the Company's credit appetite as well as acceptable level of risk- reward trade off, the Company has put in place thresholds (viz entry level credit bureau checks for fresh as well as incremental exposure) for considering all credit proposals.

As the Company expands its business, core high-level statements shall guide the organization on the risks that it should be prepared to accept and manage in the pursuit of its objectives and those which it should not.

## **Risk Appetite Statement:**

Overall, the Company's risk appetite is low to moderate. Maintaining relatively tight caps on risk exposures is seen as the most conducive approach to providing cost-appropriate mass-market financial services in a socially inclusive manner. Company rejects any speculative approach to financial services delivery. The cornerstones of Company's business model are customer service, outreach and financial inclusion, innovation, technology, proactive risk management and sustainable growth. For example, Company will not engage in activities, trade instruments, or otherwise take risks that do not have a clear relationship to the mission of the institution and support the Company in delivering on its promise to shareholders and customers of integrity, social advancement, economic empowerment, and sustainable profitability. This stated mission and fundamental risk appetite will guide the Company in developing its strategy, in considering decisions about new products or new markets and in setting appropriate exposure limits in each of the risk areas.

As the organization matures, the risk appetite framework shall evolve to set quantitative bounds on the acceptable levels of risk. Further, as Company adopts innovative processes and capabilities, specific statements for key risk types (e.g. cyber risk, third party risk) shall be added to the framework. Over the years, as Company diversifies across multiple products and business units, risk appetite statement shall be cascaded to business unit level to embed it at various levels of the organization and increase actionability and business unit accountability.

## Risk Governance Structure

Company shall follow a three line of defence mechanism in which the business line including branch & supervisory staff and business support team work as first line of defence. Risk Management is the second line of defence while Internal Audit works as the third line of defence. The management of risks is not confined to the Risk Manager and the dedicated risk management department. It is a responsibility of all senior management and of all staff in all business lines. Each line of business is responsible to manage its own risks.

Risk Department has primary responsibility for overseeing the development and implementation of the Company's risk management function. The Risk Head is responsible for supporting the Board in the development and implementation of the Company's annual risk plan. In addition, Risk Head is responsible for supporting the Board in its development of Company's risk appetite and for translating the risk appetite into a risk limits structure. The Risk Head, together with management, should be actively engaged in the process of setting risk measures and limits for the various business lines and monitoring their performance relative to risk-taking and limit adherence.

The Risk Department shall oversee the following functions:

### 1. Credit Risk function

- Advise and review the formulation of credit policies, standards, delegation framework
- Design, maintain, monitor and report early warning signals
- Monitor portfolio quality & trends
- Forecasting of credit loss

### 2. Operational Risk function

- Field risk management of operational centers
- Operational risk measurement, monitoring and report, limit setting
- Maintain RCSA framework i.e. identify all risks that are not captured in the standard risk frameworks
- Advise new product development on operational risk aspects
- Incident/Fraud monitoring & reporting
- Involve and support in investigation, route cause analysis, etc., and suggest mitigations

### 3. Liquidity/Market Risk function

- Funding Risk metrics development and monitoring
- Interest Rate/Currency risk metrics/models development and monitoring
- Liquidity risk metrics development and monitoring
- Stress Testing / Scenario Analysis with respect to Liquidity/Interest Rate/Currency Risk

### 4. Information Technology Risk Function

- Information Risk framework and policy
- Methodology and process for cyber risk assessment
- Independent assessment of risk across all information asset

## 5. Risk Assessment of New products

- Risk assessment related to new products.
- Vetting of policies and processes

## 6. Risk Analytics and Model Management Function

- Development of Risk Models
- Validation of Internal/external Risk Models

### Risk framework in managing COVID pandemic

The impact of COVID-19 continued in financial year 2022, with disruption in every sphere including financial sector. The Company continued to function based on control framework introduced in financial year 2021 to handle the pandemic which included strengthening the process, controls with continued focus on customer centricity. The focus across multiple facets – protecting life, ensuring business continuity, protecting operations, maintaining liquidity and protecting capital. The team continued to monitor health and continuity during the resurgent second and third waves.

The Company continued to issue regular health advisory, monitoring of staff health, maintaining social distancing, sanitisation and undertook other safety measures. The Company introduced additional control measures to mitigate likely risks associated with volatility during COVID period through additional monitoring and further tightening the underwriting processes.

- Bureau scrubs were run on existing customers to assess level of indebtedness, behaviour across other lenders, etc. basis which customers were categorised for differentiated collection strategies
- For new disbursements negative area marking was revised to capture the impact of pandemic on repayment performance
- Village survey & GRT process was revamped to enable assessment of the credit behaviour during pandemic
- Credit Bureau filtering was tightened
- Branch expansion was planned basis the credit bureau data at district level
- Focus was on providing loans to existing clients with robust repayment track record during the pandemic

### Internal Audit

The Company's Internal Audit function provides independent assurance to the Board of Directors on an ongoing basis on the quality and effectiveness of its internal controls, risk management, governance systems and processes. Internal audit department is integral to organization to maintain the operational efficiency and financial reliability, and to safeguard assets. Proficiency of auditors is very important for the department to have proper execution of audit at branches. The Company follows a risk-based rating model for audit of the branches which is conducted through a tested and comprehensive in-house audit framework/tool. This tool adheres to RBI guidelines, SRO directives and other regulatory necessities. Every branch is audited at least once within a quarter. Field auditors capture observations against all the parameters and scoring of audit report is done at the central level. In FY 2022, a total of 221 comprehensive audits were conducted to cover 95 branches as per audit mandate. As on March 31, 2022, Sindhuja' internal audit team comprises of 11 skilled auditors, across the operational geography.

### Internal Financial Controls

The Internal Financial Control system has been designed commensurate to the size and complexity of the Company's business and operations. The control system is designed to provide a high degree of assurance regarding the effectiveness and efficiency of the controls and mitigants to ensure that the operations and processes remain at acceptable levels, as far as possible.

The process matrices have been developed in a very detailed manner, and testing is carried out to ensure that the actual processes conform to the laid out process matrices. This testing report is also shared with the Statutory Auditors, who also independently test the controls as part of their audit exercise, and the report is placed to the Audit Committee, which also understands the exhaustiveness and efficacy of the controls, which are embedded in the Company's processes. In addition to the testing that is done by the auditors, the Company is also planning to engage an external audit firm to develop a robust Internal Control system and test the same on a periodic basis.

### Rating & Grading:

CRISIL Ratings has assigned its 'CRISIL BBB-/Positive' rating on the long-term bank loan facilities of Sindhuja Microcredit Pvt Ltd. The rating primarily factors in adequate capital position, extensive experience of the promoters in microfinance sector, and its adequate asset quality metrics. These strengths are partially offset by Company's geographic concentration in portfolio, modest though improving earnings profile and susceptibility to local socio - political issues inherent to microfinance industry and modest credit risk profile of the borrowers.

The Company had undergone a grading by IRR advisory. IRR advisory has assigned Sindhuja Microcredit Private Limited the grading of 'IRR MFI 2' which indicates very good operational and financial performance. They measured the Company on governance, compliances, operational set-up, scale of operations, financial stability, employee management, impact of borrowers, etc.

### Social Performance Management (SPM)

Social Performance is commonly defined as the ability of a financial institution to "effectively translate its mission into practice in line with accepted social values". As a first step, the mission is translated into social goals and SMART objectives. Social goals are the non-financial goals set by an organisation which fulfil the organisation's commitment towards its employees, clients, community and environment. Effective translation means having the systems, processes, operations and people management – all align with the intent. In simple words this means implementing the stated vision / mission in both letter and in spirit. Accepted social values are the values which are generally agreed upon by various stakeholders as common values that MFIs should fulfil. For example, reaching out to poor clients with financial services, reducing clients' vulnerability and poverty levels, etc.

While social performance is the effective translation of an MFI's social mission into practice by achieving certain goals/performance standards set out by the MFI itself, social performance management (SPM) focuses on:

- Setting clear objectives and creating a deliberate strategy to achieve them;
- Designing and implementing systems that are aligned with social objectives;
- Monitoring and assessing progress towards achieving the social objectives; and,
- Using social performance information to improve overall performance and decision-making

The term 'social' in SPM might be misleading sometimes and may be perceived as it is about charity or non-financial services alone. However, SPM is about balancing the financial performance with social performance. This means being sustainable as an organisation while meeting the goals set for itself towards its clients, employees, other stakeholders and the community.

### Social Performance Management (SPM) Committee

The Social Performance Management Committee is established as a committee of the Board. It has an advisory role to the Board. The primary function of the SPM Committee is to assist the Board in protecting the Company's social mission while ensuring financial sustainability. The creation of the SPM Committee aims at formalizing the supervision of the achievement of Sindhuja's social mission into governance.

## Roles and Responsibilities of SPM Committee

Committee is vested with the following roles and responsibilities:

1. Mission: The Committee will make sure that the mission statement is regularly reviewed and will ensure that there is a clear understanding and consensus on the mission at all organizational levels.
2. It is also the committee's responsibility to make sure that Sindhuja's mission is translated in the strategy with clear targets and metrics
3. Social performance monitoring: The Committee will ensure that social performance concerns are adequately addressed through the governance process, the committee will actively engage in monitoring the achievement of the Company's mission and the compliance with stated values. It makes sure that the mission is embedded in the institution's operations. The committee will review, analyse and discuss information on relevant social performance indicators and topics.
4. Committee will guide the management to balance financial & social goals for a sustainable performance. Too much focus on the financial goals may make the institution drift from its mission and away from the needs of its clients
5. Promotion of good practices: The Committee will advise the Company on good practices to further enhance Sindhuja's social performance. It will provide Sindhuja with updated information on the main initiatives worldwide in the field of social performance management.

## Key measurable metrics (As March 31, 2022)

No of borrowers	1,71,455
% of female borrowers	100%
% of borrowers as SC/ST/OBC	89.63%
% of borrowers with no loan with any other funder	28%
% of borrowers living in rural areas	100%
% of borrowers with bank account	100%
No of states present	6
No of districts	64
No of Aspirational Districts	25
No of staff	725
No of Female staff	3
No of Board members	7
No of independent Directors	2
No of women Director	1
PAR 30	9.18 Cr
PAR 90	8.11 Cr
Write off ratio	1.0%
Restructured Portfolio	Nil
Staff Productivity	240
Credit Officer(Loan Officer) Productivity	385
Staff Turnover ratio(Exc trainees)	38.90%



Average Loan Balance	24,749.09
Average Loan amount disbursed	35,811
Yield	20.69%
Opex	8.40%
ROA	1.01%
ROE	3.18%
OSS(Operational Self Sufficiency)	108%
CRAR	24.50%

Sindhuja operates in geographies which are poor economically, low in Human Development Index (HDI) and financially excluded. This can be concluded from the HDI table as well as aspirational districts released by the Niti Ayog and Sindhuja's area of operation

### Human Development Index:

HDI is composite index that takes into consideration (1) Health, (2) Education and (3) Per capita income. The rank of states with HDI score and Sindhuja's operation in those states are provided below:

States	Rank	% of Sindhuja's Portfolio
Bihar	36/36	49%
Uttar Pradesh	35/36	10%
Jharkhand	34/36	12%
Chhattisgarh	31/36	2%
Rajasthan	29/36	21%
Haryana	12/36	6%

### Aspirational Districts:

The Aspirational Districts programme aims to quickly and effectively transform 112 most under-developed districts across the country. The broad contours of the programme are Convergence (of Central & State Schemes), Collaboration (of Central, State level 'Prabhari' Officers & District Collectors), and Competition among districts through monthly delta ranking; all driven by a mass movement.

With States as the main drivers, this program focuses on the strength of each district, identifying low-hanging fruits for immediate improvement and measuring progress by ranking districts on a monthly basis. The ranking is based on the incremental progress made across 49 Key Performance Indicators (KPIs) under 5 broad socio-economic themes - Health & Nutrition, Education, Agriculture & Water Resources, Financial Inclusion & Skill Development and Infrastructure. The table below depicts list of aspirational districts where Sindhuja operates.

States with Sindhuja's operation	No of district with Sindhuja's presence	List of Aspirational Districts released by Niti Ayog	Sindhuja's presence
Haryana	7	Mewat	No
Rajasthan	14	Dhaulpur	No
		Karauli	No
		Jaisalmer	No

States with Sindhuja's operation	No of district with Sindhuja's presence	List of Aspirational Districts released by Niti Ayog	Sindhuja's presence
		Sirohi	Yes
		Baran	Yes
Uttar Pradesh	12	Chitrakoot	No
		Fatehpur	No
		Bahraich	No
		Shrawasti	No
		Balrampur	Yes
		Siddharthnagar	Yes
		Chandauli	No
		Sonbhadra	No
Bihar	22	Purnia	Yes
		Katihar	Yes
		Muzaffarpur	No
		Begusarai	Yes
		Khagaria	No
		Banka	No
		Sheikhpura	Yes
		Aurangabad	Yes
		Gaya	Yes
		Nawada	No
		Jamui	Yes
Jharkhand	7	Garhwa	Yes
		Chatra	Yes
		Giridih	Yes
		Godda	Yes
		Sahibganj	No
		Pakur	No
		Bokaro	No
		Lohardaga	No
		Purbi Singhbhum	No
		Palamu	Yes
		Latehar	No
		Hazaribagh	Yes
		Ramgarh	No
		Dumka	Yes
		Ranchi	No

States with Sindhuja's operation	No of district with Sindhuja's presence	List of Aspirational Districts released by Niti Ayog	Sindhuja's presence
		Hunti	No
		Gumla	No
		Simdega	No
		Pashchimi Singhbhum	No
Chhattisgarh	1	Korba	No
		Rajnandgaon	No
		Mahasamund	No
		Uttar Bastar Kanker	No
		Narayanpur	No
		Dakshin Bastar Dantewada	No
		Bastar	No
		Kondagaon	No
		Sukma	No
		Bijapur	No

Out of 64 districts where Sindhuja has presence, 20 districts fall in the list of aspirational districts

## Social Rating:

The Company engaged with microFinanza rating, with support from NMI for undergoing social Rating. An external social rating is considered to be a useful step in taking stock of how Company fares on social parameters. The rating will also help to improve social performance by describing main weaknesses (and strengths). The social performance rating should lead to more client-orientation and operational improvements. The rating will also help to support NMI's goals of poverty alleviation and contribute to the empowerment of emerging entrepreneurs.

Sindhuja has got a rating of BB which indicates "Adequate social performance management and client protection systems. Satisfactory alignment to the social mission".

## Impact Assessment:

The Company engaged with 60 Decibels to conduct an impact study. The purpose was to measure impact of our services amongst the clients. The major findings of the impact assessment are:

- 63% of clients said they are accessing a loan for the first time.
- 57% of the clients could not easily find a good alternative to Sindhuja
- 67% said their business income increased, while 5% said it has increased very much
- 78% said their quality of life has improved, while 11% reporting significant improvement
- 81% clients strongly agree that they understand Sindhuja's Terms & Conditions.

The Net Promoter score for Sindhuja is 59, which is excellent. (Net Promoter Score is a gauge of client satisfaction & Loyalty)

## ESG Governance

Long-term sustainable growth of the Company's business is a critical strategic objective. This is backed by our commitment to adopt sustainable business practices that ensure the long-term success of the organisation and have a positive impact on the environment and society. Sindhuja's commitment towards ESG was strengthened with the adoption of the Board-approved Environmental, Social and Governance Policy.

### Statement of Purpose

Sindhuja recognizes that its borrowers through their businesses have the potential to cause both, adverse and beneficial environmental and social (E&S) impacts. However given the average size of individual loans, exposure to E&S risks is typically low. But Sindhuja remains committed to building E&S safeguards in its loan products commensurate to the risks. Sindhuja recognizes that its engagements with the borrowers on E&S issues, besides credit and reputational risk management can also present opportunities for value creation in terms of brand differentiation, business performance, stronger relations and increased customer loyalty.

Sindhuja is further cognizant of the fact that its day-to-day operations can have internal E&S risks (i.e. non transaction related E&S risks) related to life and safety of its employees and compliances to labour laws and working conditions.

It is therefore considered prudent to integrate environmental, social and governance (ESG) safeguards in Sindhuja's loan product management and across its activities in order to drive positive developmental impact above and beyond financial returns.

Sindhuja has expressed its ESG commitments through policy statements in alignment with national and international E&S safeguards to identify, assess, manage and monitor the E&S risks and opportunities in their investments.

## ESG Policy Statements

The commitments of Sindhuja are expressed through a set of statement developed to communicate its ethos and professional conduct on the matter related to ESG. The following are the key ESG commitments of Sindhuja.

### Adherence to Negative list in lending

Sindhuja will not extend loans that could be used for any activity that features in the Negative List. The Negative List has been developed giving due consideration to the businesses that the borrowers could seek to utilize the loan amount and their E&S implications.

### Environmental & Social Commitments in lending

The loan products of Sindhuja are primarily used for economic activities that are not expected to have significant environmental impacts but are expected to create a high social impact in term of building gender equality and improving livelihood. As a responsible corporate citizen, Sindhuja will strive to create awareness amongst its borrower about their environmental and social responsibility.

Sindhuja will influence borrowers to comply with national environmental and social legal requirements, where the borrower's business so require.

### Environmental & Social Commitments in Internal operations

Sindhuja will ensure that its operations are compliant with national and local labour laws and working conditions. Further it remains committed to promote safe and healthy work environment and treating all employees fairly.

Further, Sindhuja will continue to create an inclusive culture to ensure representation across gender, caste, creed, religion, region, physical ability. It will provide fair and equal employment and advancement opportunities to all and make available processes for redressal of grievances.

Where possible, Sindhuja will strive to procure products used in its day-to-day operations that are energy efficient and have lower comparative environmental footprint.

### **Commitment towards avoidance of Child and Forced Labor**

Sindhuja strongly values the cause of human rights and fundamental freedom and is committed to prevention of Child and Forced Labour in its operations. This will also be a binding expectation from its vendors to adhere to non-deployment of child and forced labour.

Sindhuja will influence borrowers to comply with the applicable child labour regulations and raise awareness amongst them.

### **Ensuring Stakeholder Engagement**

Sindhuja will engage in dialog with relevant stakeholders at appropriate stages of business operations with due consideration to the disadvantaged and the vulnerable stakeholders.

Sindhuja will also make available accessible mechanisms for fair, transparent, and timely redress of external grievances.

### **Ensuring Borrower Protection**

Sindhuja will protect its borrower through robust processes and effective communication. Borrowers will also be made aware of all environmental and social safeguards pertaining to their loan type as well as provide corresponding awareness material.

### **Good Governance Commitment**

Sindhuja will inculcate sound industry practices, in compliance with Reserve Bank of India (RBI) regulations and guidelines from microfinance industry self-regulatory organisations. It has adopted the following policies which demonstrates its commitment to good governance:

- Whistle blower policy
- Fair practice code

## **Implementation of ESG Policy**

The ESG Policy is supported by the Environmental & Social Management System (ESMS) that has been implemented by Sindhuja. Under the ESMS, procedures and templates for E&S risks and opportunities identification, management and monitoring of E&S performance have been developed and are integrated with the business processes. The ESMS has been developed in line with the requirements of internationally accepted IFC Performance Standards Framework 2012 and is commensurate to the E&S risks and impacts of the business operations of Sindhuja.

The institutional structure required to implement the Framework is also elucidated in the ESMS. Accordingly, training is imparted to ensure adequate institutional capacity is created for implementation of the ESMS.

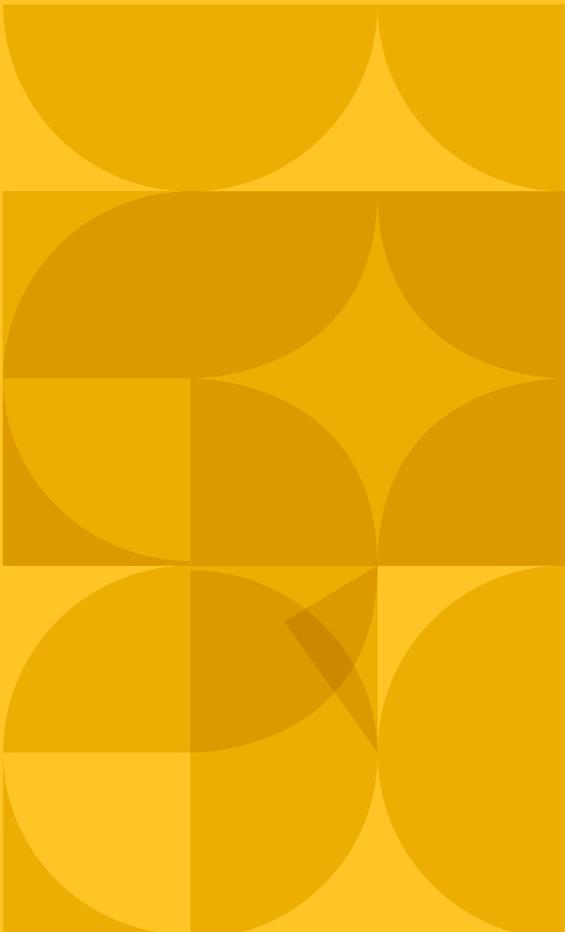
## Future Outlook:

As regard the outlook for domestic economic activity, the forecast of a normal southwest monsoon brightens the prospects for kharif production. The recovery in contact-intensive services is expected to be sustained, with the ebbing of the third wave and the growing vaccination coverage. Investment activity should get an uplift from robust government capex, improving capacity utilisation, stronger corporate balance sheets and congenial financial conditions. On the other hand, the worsening external environment, elevated commodity prices and persistent supply bottlenecks pose formidable headwinds, along with volatility spillovers from monetary policy normalisation in advanced economies.

Estimates of India's GDP growth for fiscal 2023, by various agencies and analysts, indicate a lower growth in GDP compared to fiscal 2022. In the monetary policy statement in April 2022, the RBI has reduced India's GDP growth estimate for fiscal 2023 to 7.2% from the earlier estimate of 7.8%. Further, due to inflationary concerns, RBI has increased the repo rate by 140 basis points in May-August 2022. In the event of economic and geo-political uncertainties continuing, and global monetary and liquidity conditions tightening, it could pose further challenges for the Indian economy and the financial sector.

To conclude, it is true that uncertainties in the global business ecosystem will send crippling headwinds toward India. Inflation and supply chain disruptions will remain entrenched for some time. However, domestic demand and the desire of global businesses to look for more resilient and cost-effective investment and export destinations, among other factors, will help India ride this tide of headwinds. The optimism about India's economic recovery, although slightly bruised, remains intact.

# Employee Engagement

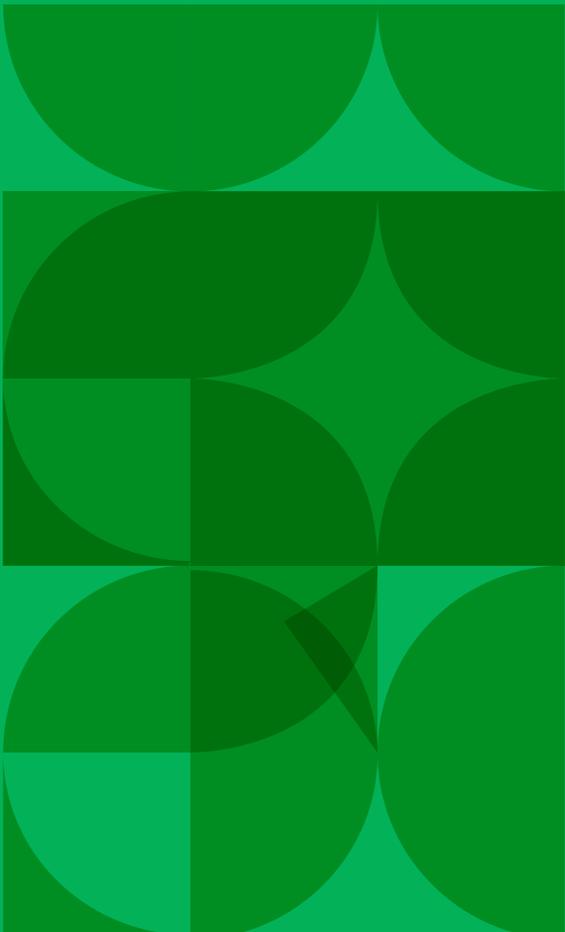


“The strength of the team is each individual member.

**The strength of each member is the team”**



# Director's Report



## Dear Shareholders,

Your Directors have immense pleasure in presenting the Fifth Annual Report on the business operations of your Company together with Audited Financial Statement and Auditors Report thereon for the Period ended 31st March, 2022.

The highlights of the Financial Statements of the Company for the current financial year (2021-22) as compared to previous financial year (2020-21) are as under:

Particulars	(Rupees in Mn.)	
	For the Financial Year ended 31st March 2022	For the Financial Year ended 31st March 2021
Revenue from Operation	624.39	413.76
Other Income	1.15	0.55
Total Income	625.54	414.32
Less: Employees benefits expense	187.62	126.19
Finance Cost	266.94	200.36
Depreciation & amortisation expenses	4.50	3.43
Other Expenses	120.29	55.46
Profit before tax	46.18	28.89
Less: Tax expenses		
Current tax	19.99	12.90
Deferred tax credit	(5.70)	(6.23)
Profit after Tax	31.89	22.21

## Operational Performance

The operational snapshot is provided in the table below:

Sr. No.	Parameter	31 st March 2022
1	States	6
2	Districts	64
3	Branches	114
4	Centre	18,716
5	Active clients	171,455
6	Asset Under Management (AUM) (Rupees in Mn.)	4,338.21
7	Own Portfolio (Rupees in Mn.)	3,866.90
8	Managed Portfolio (Rupees in Mn.)	471.31

## Dividend

Your Board of Directors of the Company believes that it is prudent to plough back the profits for future growth of the Company. Hence do not recommend any dividend for the financial year ended March 31, 2022

## Material Changes and Commitments Affecting The Financial Position of The Company

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

## Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

No significant and material order has been passed by the Regulators/Courts/Tribunals impacting the going concern status and Company's operations in future in respect to the Company during the financial year.

## Change in nature of business, if any

The company is engaged in the business of Micro Finance (NBFC-MFI). There are no changes in the nature of business of the company during the financial year ended 31st March 2022.

## Details of subsidiary companies, joint ventures and associate companies

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

## Amount carried to any reserve (if any)

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

As at year end the Company has transferred an amount of ₹63.80/- lakhs (previous year- ₹44.41 lakhs) to the reserve fund.

## Corporate social responsibility and governance committee

The Company, being a responsible organization, recognizes its social responsibility to contribute towards the activities for the benefit and development of the Society. Although, the CSR Act is not applicable on the Company as per the provisions of the Act. The Company is however committed to its responsibilities for Corporate Social Responsibility in future.

## Code of conduct

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

## RBI guidelines

RBI GUIDELINES The Company being a "Non-Systemically Important Non-Deposit Taking Company", has complied with and continues to comply with all the applicable regulations and directions of the RBI.

The RBI has also announced various guidance measures to strengthen the regulatory framework in the NBFC sector, including the Scale Based Regulations.

The Company endeavors to ensure compliance with these evolving regulatory changes and has initiated appropriate steps to comply with these regulations.

## Other statutory compliance

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

## Corporate governance

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

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

## Board of Directors

### a) Composition

During the financial year ended 31<sup>st</sup> March 2022 there is no change in the composition of the Board of Directors. As on 31<sup>st</sup> March, 2022 the Board of Directors of "Sindhuj Microcredit Private Limited", comprised 7 directors represented by 1 Managing Director (Executive), 1 Whole time (Executive) Director, 3 Nominee Directors out of which 1 is Woman Directors 2 Independent Directors.

However, Mr. Diwakar Pundir has been appointed as Additional Director (Non-Executive & Independent) on the Board of Sindhuj in the Board Meeting dated 09<sup>th</sup> June 2022.

During the year under review Mr. Sandeep Phanasgaonkar appointed as Additional Director (Non-Executive & Independent) on 25<sup>th</sup> day of March 2021 and regularized as an Independent Director in the Annual General Meeting held on 30<sup>th</sup> day of September 2021.

### b) Directors and Key Managerial Personnel (KMP)

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

i) Mr. Abhisheka Kumar –  
Managing Director

ii) Mr. Malkit Singh Didyala –  
Whole Time Director

iii) Mr. Pankaj Kumar Sinha -  
Company Secretary

### c) Number of meetings of the board

The details of the Board Meetings held during the financial year 2021-22 are mentioned hereunder: -

Sr. No.	Date of Board Meeting	Board Strength	No of Directors present
1	22/06/2021	7	6
2	07/09/2021	7	6
3	20/12/2021	7	7
4	29/03/2022	7	6

## d) Board functioning and procedures

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

Sr. No.	Name and DIN of Director	Category	No of Board Meetings Attended	Last AGM attended	No of Directorships/ positions held in other Company / LLP
1	ABHISHEKA KUMAR DIN: 02972579	EXECUTIVE & PROMOTER	4	YES	NO
2	MALKIT SINGH DIDYALA DIN: 07957488	EXECUTIVE & PROMOTER	4	YES	NO
3	ABHISHEK SHARMAN DIN: 01329800	NOMINEE DIRECTOR	4	NO	6
4	YASHVANT MALHOTRA DIN: 08515356	INDEPENDENT DIRECTOR	4	NO	NO
5	SMRITI CHANDRA DIN : 07644331	NOMINEE DIRECTOR	4	NO	5
6	ARVIND C NAIR DIN : 01794814	NOMINEE DIRECTOR	1	NO	4
7	SANDEEP PHANASGAONKAR DIN : 00397467	INDEPENDENT DIRECTOR	4	YES	NO

## e) Disclosure of relationship between directors inter -SE

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

## f) Committees of the board of directors / management committee

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

### 1. Resourcing Committee

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

### Composition of Resourcing Committee:

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

## 1. Resourcing Committee

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

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

### Composition of the reconstituted Asset Liability Management Committee (ALCO): -

- i. Managing Director
- ii. Whole Time Director & COO
- iii. AVP (Finance)
- iv. AVP (Accounts)

## 3. Grievance Redressal Committee:

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

### Composition of the reconstituted Grievance Redressal Committee:

- i. Managing Director
- ii. Whole Time Director & COO
- iii. DVP (HR & Admin)
- iv. AVP (Audit)

## 4. Audit Committee

### Composition of Audit Committee:

- i. Mr. Sandeep Phanasgaonkar - Independent Director
- ii. Mr. Abhishek Sharman - Nominee Director
- iii. Mr. Abhisheka Kumar - Managing Director

## 5. Nomination and Remuneration Committee

### Composition of the Nomination and Remuneration Committee: -

- i. Mr. Yashvant Malhotra – Independent Director
- ii. Ms. Smriti Chandra - Nominee Director
- iii. Mr. Malkit Singh Didyala – Whole Time Director

## 6. Credit & Risk Management Committee

### Composition of “Credit & Risk Management Committee”;

- i. Mr. Sandeep Phanasgaonkar – Independent Director
- ii. Ms. Smriti Chandra – Nominee Director
- iii. Mr. Malkit Singh Didyala – Whole Time Director

## 7. Social Performance Management Committee

### Composition of Social Performance Management Committee:

- i. Mr. Yashvant Malhotra - Independent Director
- ii. Ms. Smriti Chandra - Nominee Director
- iii. Mr. Abhisheka Kumar - Managing Director

## 8. Internal Complaints Committee (hereinafter called “ICC”)

### Composition of Internal Complaints Committee (ICC):

- i. Ms. Seema Misra (External Member, ICC) an Advocate
- ii. Ms. Shikha Dwivedi (Member, ICC)
- iii. Ms. Sanam Kumari (Member, ICC)
- iv. Mr. Kamlesh Prasad (Member, ICC)

### Public deposits

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

The Company is registered as NBFC- ND (MFI) and does not accept any deposit. Hence, no deposit was accepted from the public during the period ended on 31st March, 2022.

### Directors' responsibility statement

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

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

II. The Board of Directors have selected such accounting policies and applied them consistently except where a newly issued accounting standard or a guideline is initially adopted or a revision to the existing accounting standards requires a change in the accounting policy hitherto in use and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit & loss of the Company for the period ended March 31, 2022.

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

IV. The Board of Directors had prepared the annual accounts on a going concern basis;

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

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

### Standalone annual accounts

The standalone financial statements for the year ended March 31, 2022 in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 together with the comparative period data as at March 31, 2022 and for the previous year ended March 31, 2021.

## Audit report and statutory auditor

During the year under review, "Walker Chandiook & Co. LLP, Statutory Auditors of the Company resigned the office of the Statutory Auditor.

M/s "SCV & Co. LLP", Chartered Accountants (Firm Registration No. 000235N/N500089) being eligible was appointed as the Statutory Auditors of the Company in the Annual General Meeting held on 30 th day of September 2021 for a term of three years from the close of Annual General Meeting.

The Statutory Auditor Report for the fiscal year 2021-22 does not contain any qualification, reservation or adverse remark and are self-explanatory and therefore, in the opinion of the Directors, do not call for the comments.

## Detail of fraud as per auditors report

There was no fraud reported during the F.Y. ended 31st March, 2022. This is also being supported by the report of the auditors of the Company. There are no adverse observations/qualifications in the Statutory Auditors report.

## Secretarial audit report

To comply with provisions of the Section 204 of the Companies Act, 2013 which entails that the Pvt. Companies which has outstanding loans amounting ₹100 Cr. and above from banks and Public Financial Institution have to conduct a secretarial audit from Practicing Companies Secretaries, have appointed M/s Ajay Jaiswal & Co., is a firm of Company Secretaries based in Varanasi as Secretarial Auditor for the Financial Year ending 31.03.2022 and onwards.

## Internal auditor

To comply with the provisions of the Section 138 of the Companies Act, 2013 which entails that the Pvt. Companies which has outstanding loans and borrowings amounting ₹100 Cr. and above from banks and Public Financial Institution have to conduct an Internal audit of the company, have appointed M/s Krishna Anurag & Co. (Chartered Accountant) Firm Registration no. 010146C, through partner Mr. K.K. Tiwari (Chartered Accountant) partner membership no. 078988, as Internal Auditor of the Company for the financial year 31.03.2022 and onwards.

## Risk management policy

The Company has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the company. The same has also been adopted by your Board and is also subject to its review from time to time. Risk mitigation process and measure have also been formulated and clearly spelled out in the said policy.

## Changes in capital structure

During the financial year 2021-22, there was no change in the capital structure of the company.

Currently, the Share Capital of the Company is ₹32,25,00,000/- (Rupees Thirty-Two Crores twenty-five lacs only) divided into 1,60,00,000 (One Crore Sixty Lakhs only) Equity Shares of ₹10/- (Rupees Ten only) each and 1,62,50,000 (One Crore Sixty-Two Lakhs and Fifty Thousand only) Series B Compulsorily Convertible Preference Shares of ₹10/- (Rupees Ten only).

## Capital infusion

During the financial year 2021-22, there was no capital infusion in the company.

## Debt raising (non convertible debenture):

### Secured

During the year, the Company raised money through debt instruments by issuing 200 (Two hundred only) rated, unlisted, secured, senior, transferable, redeemable, non-convertible debentures denominated in Indian Rupees (**"INR"**) each having a face value of INR 10,00,000/- (Indian Rupees Ten Lakhs Only) aggregating to a face value of INR ₹20,00,00,000/- (Rupees Twenty Crore Only) (**"Debentures"**) to Vivriti asset management fund (Vivriti India Impact Bond Fund).

Also raised money by issuing 300 (Three hundred only) rated, unlisted, secured, senior, transferable, redeemable, non-convertible debentures denominated in Indian Rupees (**"INR"**) each having a face value of INR 10,00,000/- (Indian Rupees Ten Lakhs Only) aggregating to a face value of INR ₹30,00,00,000/- (Rupees Thirty Crore Only) (**"Debentures"**) to "Northern Arc India Impact Trust with Northern Arc India Impact Fund.

### Grant of ESOP option

During the year under review, the Company granted ESOP options to its eligible employees to the tune of 90,000 equity shares on 25 th November, 2021, the vesting period will start from 25 th November, 2022 and the employees can start exercising the options w.e.f. 25 th November, 2022 to 24 th November, 2026 in 4 tranches.

### Credit ratings

During the year India Ratings assigns the Company's Loan as 'IND BBB-'/Positive from 'IND BBB-'/Stable.

### intellectual property

The Company had received Certificate of Registration of Trade Mark No.4190918 of Trade Mark of Company's "S Logo", from Trade Mark Registry as well as Certificate of Registration of the trade mark 'SINDHUJA' with 'S' logo under No.4190919 in Class 36, issued by the Trade Marks Registry, Mumbai.

### Particulars of loans, guarantees or investments

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

### Related party transactions [RPT]

All related party transactions that were entered into during the F.Y. 2021-22, were at arm's length basis, and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Director's, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

### Vigil mechanism/whistle blower policy

The Vigil Mechanism system/Whistle Blower Policy has been established with a view to provide a tool to directors and employees of the Company to report to the management genuine concerns including unethical behavior, actual or suspected fraud. The Policy provides adequate safeguards against victimization of director(s)/employee(s) who avail of the mechanism. The Company has not received any reference under the said policy during the year

## Information: Company's Depository and Registrar and Transfer Agent (RTA)

Those who are interested in converting their physical shares into DEMAT, may please contact to their Depository Participant & the Registrar & Transfer Agent (Orbis Financial Corporation Limited) of the Company for the dematerialization of their shares:

### Dematerialisation of equity shares

ISIN: INE0FWI01016

Security code: FULLY PAID UP EQUITY SHARES

Depository: National Securities Depository Limited (NSDL)

Registrar & Transfer Agent: Orbis Financial Corporation Limited

### Communication Address

RTA Division  
Orbis Financial Corporation Limited  
4A Ocus Technopolis, Sector 54  
Golf Course Road,  
Gurgaon -122002, Haryana

### Dematerialisation of compulsory convertible preference shares

Sr. No.	ISIN	ISIN Type	Depository
1	INE0FWI03012	Preference Shares	National Securities Depository Limited (NSDL)
2	INE0FWI03020	Preference Shares	National Securities Depository Limited (NSDL)
3	INE0FWI03038	Preference Shares	National Securities Depository Limited (NSDL)

### Dematerialisation of secured debentures

Sr. No.	ISIN	ISIN Type	Depository	Debenture Trustee
1	INE0FWI07013	NON CONVERTIBLE DEBENTURES	National Securities Depository Limited (NSDL)	IDBI Trusteeship Services Limited
2	INE0FWI07021	NON CONVERTIBLE DEBENTURES	National Securities Depository Limited (NSDL)	Catalyst Trusteeship Ltd.
3	INE0FWI07039	NON CONVERTIBLE DEBENTURES	National Securities Depository Limited (NSDL)	Vardhman Trusteeship Pvt. Limited
4	INE0FWI07047	NON CONVERTIBLE DEBENTURES	National Securities Depository Limited (NSDL)	Catalyst Trusteeship Ltd.

### Extract of annual return

As per MCA notification dated 05.03.2021 "Form MGT-9 (Extract of Annual Return) has been completely removed from the Companies Act, 2013. Every company is required to place a copy of annual return in Form MGT-7/MGT-A (as per the applicability) on the website of the company, if any, and the web link of such annual return shall be disclosed in the Board's Report.

The Company is having website ([www.sindhujamicrocredit.com](http://www.sindhujamicrocredit.com)), therefore, annual return of the Company in Form MGT-7 shall be uploaded on the date of filing the same with the Registrar of Companies.

### **Particulars of employees and related disclosures**

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, during the Financial year 2021-22 there were no employees drawing remuneration in excess of the limits set out in the said rules.

### **Disclosure under the sexual harassment of women at workplace (prevention, prohibition and redressal) act, 2013**

The Company has in place prevention, prohibition and redressal of Sexual Harassment Policy at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder, to ensure healthy working environment without fear of prejudice, gender bias and sexual harassment.

During the financial year ended 31st March, 2022, no cases or complaint pertaining to sexual harassment was received by the Company.

### **Internal audit and internal financial control and its adequacy**

Pursuant to the Section 134(5) (e) of the Act, the Company has adequate internal controls and processes in place with respect to its operations, which provide reasonable assurance regarding the reliability of the preparation of financial statements and financial reporting as also functioning of other operations. The Company is following an effective internal control system commensurate with its size and operations. These controls and processes are driven through various policies and procedures. In addition to this the work process is designed in such a way that process of internal check is ensured at all levels. It also ensures the adoption of all policies & procedures for orderly and efficient conduct of its business, including adherence to the Company's Policy, the safeguarding of its assets, prevention and detection of fraud & error, accuracy & completeness of the accounting records and the timely preparation of reliable financial information.

The Company has appointed an Internal Auditor to strengthen the internal financial control.

### **Conservation of energy and technology absorption**

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

### **Foreign exchange earnings and outgo**

The Company does not carry out any activities relating to export and import during the financial year nor has it concluded any External Commercial Borrowing (ECB) transaction, hence there are no Foreign Exchange Earning and Outgo during the period under review.

### **Details in respect of application made or any proceeding pending under the insolvency and bankruptcy code, 2016 and their status**

During the financial year 2021-2022 no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016.

## **Details in respect of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons**

**This provisions do not apply, as the Company is a going concern and there is no incidence of one-time settlement with any entity till the reporting of this report.**

## **Acknowledgments**

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

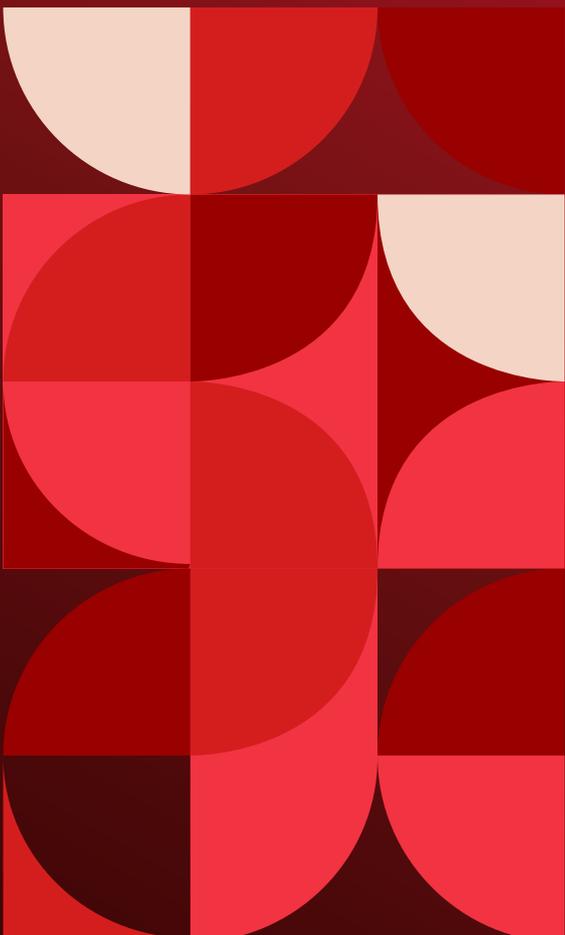
**On behalf of the Board of Directors**

**Date : 9th June, 2022**

**Place : Noida**

**For Sindhuja Microcredit Private Limited**

# Independent Auditor's Report



# SCV & Co. LLP

## Chartered Accountants

B-41 Panchseel Enclave, New Delhi-110017  
T: +91-11-26499111, 222/444/555  
E: delhi@scvindia.com | W: www.scvindia.com

### Opinion

We have audited the accompanying financial statements of Sindhuja Microcredit Private Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2022, the Statement of Profit and Loss and the Cash Flow Statement 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2022, and its profit and its cash flows 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 (Sas), as specified under section 143(10) of the Act, Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Emphasis Of Matter

We draw attention to Note No. 45 to the financial statements, which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations, recoverability of receivables and other assets and management's evaluation of the future performance of the Company. In view of the uncertain economic environment, a definitive assessment to the impact on the subsequent periods is dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

### Information other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other Information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the above report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standard specified under section 133 of the Act, read with the rule 7 of the Companies (Accounts) Rules, 2014, as amended and Companies (Accounting Standard) Rule, 2021. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

## Other Matter

The financial statements for the year ended 31st March, 2021, have been audited by predecessor auditor. The report of the predecessor auditor on the comparative financial statements dated 22nd June, 2021 expressed an unmodified opinion.

Our opinion on the financial statements and our report on other Legal and Regulatory Requirements below is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A-, which forms a part of this report, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, 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.
3. 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 purpose of our audit.

- (b) In our opinion, proper books of account, as required by law have been kept by the Company so far, as appears from our examination of such books.
- (c) The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder
- (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2022 from being appointed as a Director in terms of Section 164(2) of the Companies Act, 2013.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure- B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 1 of the Companies (Audit and Auditors) Rules, 2014 issued by the Central Government of India in terms of clause (i) of subsection (3) of section 143 of the Act, in our opinion and to the best of our information and according to the explanation given to us:
  1. The Company does not have any pending litigations which would impact its financial position as at 31st March, 2022;
  2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March, 2022;
  3. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2022;
  4. A) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or Loan or invested (either from borrowed fund or share premium or any other sources of kinds of funds) by the company to or in any other person (s) or entities, including foreign entities ("intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("ultimate beneficiaries") or provide any guarantee, security or the like on behalf of ultimate beneficiaries. refer note 47 to the financial statements.  
  
B) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entity ("Funding Parties", with the understanding, whether recording in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other person or entities identified in any manner whatsoever by or on behalf of Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security, or the like on behalf of the Ultimate Beneficiaries; Refer note 47(vii) to the financial statements  
  
C) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representation under sub-clause (a) and (b) contain any material misstatement.

5. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

**For SCV & Co LLP**

Chartered Accountants

Firm's Registration No.: 00235N/N500089

Place: Noida

Date: 9, June, 2022

**Abhinav Khosla**

**Partner**

Membershiop No: 087010

UDIN: 22087010AKQNOP7243

## ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 to "Report on Other legal and regulatory requirements" of the Independent Auditors' Report of even date to the members of Sindhuja Microcredit Private Limited ("the Company") on the Financial Statements for the year ended 31st March 2022)

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

(i)(a)(A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(i)(a)(B) The Company has maintained proper records showing full particulars of intangible assets.

(i)(b) Property, plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification. In our opinion, the frequency of verification of the Property, plant and Equipment is reasonable having regard to the size of the Company and nature of its assets.

(i)(c) There are no immovable property (other than properties where the Company is lessee and the lease agreement are duly executed in favour of the lessee), held by the company and accordingly, the requirement to report on paragraph 3 (i)(c) of the Order is not applicable to the Company.

(i)(d) The Company has not revalued its Property, Plant and Equipment and intangible assets during the year.

(i)(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii)(a) The company does not have any inventory. Accordingly, the requirement to report on paragraph 3 (ii)(a) of the order is not applicable to the company

(ii)(b) The Company has not been sanctioned working capital limits in excess of Rs Five Crore in aggregate from banks and financial institutions during at any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on paragraph 3

(ii)(b) of the Order is not applicable to the Company.

(iii) During the year, the Company has provided guarantee and granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnership or any other parties. The Company has not made investments in nor provided security to any other parties. With respect to such guarantee and loans and advances:

The Company's principal business is to give loans, and hence the reporting on paragraph 3(iii)(a) of the Order is not applicable to the Company.

(b) According to information and explanation given to us and based on audit procedures performed by us, we are of the opinion that the guarantees provided and terms and conditions of loans and advances in the nature of loans granted by the Company during the year are not prima facie prejudicial to the Company's interest.

(c) According to information and explanation given to us and based on audit procedures performed by us, we are of the opinion that in respect of loans and advances in the nature of loans the schedule of repayment of principal and payment of interest has been stipulated. The repayment or receipts are regular except, as mentioned below:

<b>Name Of Entity</b>	<b>Amount Overdue (₹ In lacs)</b>	<b>Due Date</b>	<b>Extent of delay</b>	<b>Remarks</b>
Refer comment mentioned in remarks column	509.96	Refer comment mentioned in remarks column	Refer Comment mentioned in remarks column	Having regards to nature of company's business and the volume information involved, it's not practicable to provide an itemised list of loans where delinquencies in the repayment of principal and interest have been identified.

(d) The total amount overdue for more than ninety days, in respect of loans, as at the year- end is as below:

<b>Number of cases</b>	<b>Principal Amount Overdue (₹ In lacs)</b>	<b>Interest overdue (₹ In lacs)</b>	<b>Total overdue (₹ In lacs)</b>	<b>Remarks if any</b>
6174	425.51	38.18	463.69	-

Reasonable steps have been taken by the Company for recovery of the principal and interest as stated in the applicable regulations and loan agreement.

(e) According to information and explanation given to us, Company's principal business is to give loans. Accordingly, the requirement to report on paragraph 3(iii)(e) of the Order is not applicable to the Company.

(f) According to information and explanation given to us and based on audit procedures performed by us, we are of the opinion that the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Accordingly, the requirement to report on paragraph 3(iii)(f) of the Order is not applicable to the Company.

(iv) According to information and explanations given to us, the Company has not advanced loans, made Investments in or provided guarantees or security to parties covered by section 185 and 186 of the Companies Act, 2013. Hence reporting under paragraph 3(iv) of the order isn't applicable to the Company.

(v) According to information and explanations given to us, the company has not accepted any deposit or amounts which are deemed to be deposits 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 in regard to the Company. Hence, reporting under paragraph 3(v) of the order is not applicable to the Company.

(vi) According to information and explanations given to us, the Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 in respect of services rendered by the Company. Accordingly, the requirement to report on paragraph 3(v) of the Order is not applicable to the Company.

(vii)(a) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanation given to us and based on audit procedures performed by us, no undisputed amount payable in respect of these statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable.

We are informed that the operations of the Company during the year did not give rise to any dues for sales-tax, service tax, duty of customs, duty of excise, value added tax.

(b) According to the information and explanation given to us and based on audit procedures performed by us, no undisputed amount payable in respect of these statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable.

(vii)(c) According to the information and explanations given to us, there are no dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, cess and any other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of accounts, in the tax assessment under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on paragraph 3(8) of the order is not applicable to the Company.

(ix)(a) The Company has not defaulted in repayment of loans or other borrowings or interest thereon to any lender during the year.

(ix)(b) According to information and explanation given to us and based on audit procedures performed by us, we report that the Company has not been declared wilful defaulter by any bank or financial institution or other lenders.

(ix)(c) In our opinion and according to the information and explanations given to us, the Company has utilised the money obtained by way of term loans during the year for the purposes for which they were obtained, other than temporary deployment pending application in respect of term loans raised towards the end of the year.

(ix)(d) The Company did not raise any funds on short term basis during the year hence, the requirements to report on clause (9)(d) of the order is not applicable to the Company.

(ix)(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on paragraph 3(9)(e) of the Order is not applicable to the Company.

(ix)(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on paragraph 3(9)(f) of the Order is not applicable to the Company.

(X)(a) The Company has not raised any money during the year by way of initial public offer or further public offer (including debt instruments). Accordingly, the requirement to report on paragraph 3(10)(a) of the Order is not applicable to the Company.

(Xx)(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debenture during the year under audit and hence, the requirement to report on paragraph 3(10)(b) of the Order is not applicable to the Company.

(xi)(a) According to information and explanation given to us, no fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(xi)(b) No report under Sub section (12) of section 143 of Companies Act, 2013 has been filed by the auditors in form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and up to the date of this report.

(xi)(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company as per the provision of the Companies Act, 2013. Therefore, the requirement to report on paragraph 3(12)(a),(b),(c) of the order is not applicable to the Company.

(xiii) Transactions with related parties are in compliance with section 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. Further, in our opinion, the Company isn't required to constitute audit committee under section 177 of the Companies Act, 2013.

(xiv)(a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of the business. (14)(b) We have considered, the reports of the Internal Auditor's to the year under audit.

(xv) According to information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(15) of the Order is not applicable to the Company.

(xvi)(a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and such registration has been obtained by the company,

(xvi)(b) The Company has not conducted any Non -Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (COR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934

(xvi)(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(16)(c) of the Order is not applicable to the Company.

(xvi)(d) There is no core investment company as part of the group, hence the requirement to report on clause (16)(d) of the order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xviii) There has been resignation of the statutory auditor's during the year and no issues, objections or concerns have been raised by the outgoing auditors.

(xix) According to information and explanation given to us and on the basis of the financial ratios disclosed in note no. 48 to the financial statements, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statement, our knowledge of the Board of Directors and management plan and based on our examination of the evidence supporting the assumption, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of audit report that Company is not capable of meeting its liabilities existing at date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not the assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of audit report and we neither give any guarantee nor any assurance that all the liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) According to the information and explanations given to us and on the basis of our audit procedures, we report that the section 135 of the Companies Act, 2013 is not applicable to Company. Therefore, the provisions of paragraph 3(20)(a), (b) of the Order are not applicable to the Company.

(xxi) The provisions of paragraph 3(21) are not applicable to the Company as the Company is not required to prepare consolidated financial statements as the Company does not have any subsidiary, associate and joint venture.

**For SCV & Co LLP**

Chartered Accountants

Firm's Registration No.: 00235N/N500089

Place: Noida

Date: 9, June, 2022

**Abhinav Khosla**

**Partner**

Membershiop No: 087010

UDIN: 22087010AKQNOP7243

## ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) to "Report on Other legal and regulatory requirements" of the Independent Auditors' Report of even date to the members of Sindhuja Microcredit Private Limited ("the Company"), on the Financial Statements for the year ended 31st March 2022)

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

We have audited the internal financial controls over financial reporting of Sindhuja Microcredit Private Limited ("the Company"), as of 31st March 2022 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

## Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to 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, 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, 2022, 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 issued by the ICAI

### For SCV & Co LLP

Chartered Accountants

Firm's Registration No.: 00235N/N500089

Place: Noida

Date: 9, June, 2022

### Abhinav Khosla

Partner

Membershiop No: 087010

UDIN: 22087010AKQNOP7243

**Sindhuja Microcredit Private Limited**

Balance Sheet as at 31 March 2022

(₹ in Lakhs, unless stated otherwise)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
<b>Equity and Liabilities</b>			
Shareholders' funds			
Share capital	3	3,192.82	3,192.82
Reserves and surplus	4	7,293.75	6,974.82
<b>Total Shareholders' funds (A)</b>		<b>10,486.57</b>	<b>10,167.64</b>
<b>Non-current Liabilities</b>			
Long-term borrowings	5	16,726.88	8,300.79
Other long-term liabilities	6	2.19	-
Long-term provisions	7	83.12	77.97
<b>Total Non-current Liabilities (B)</b>		<b>16,812.19</b>	<b>8,378.76</b>
<b>Current Liabilities</b>			
Short-term borrowings	8	17,864.88	10,528.34
Trade Payable	9		
"(A) total outstanding dues of Micro enterprises and Small Enterprises"		-	-
"(B) total outstanding dues of creditors other than micro enterprises and small enterprises"		18.05	19.87
Other current liabilities	10		
Short-term provisions	11	1,082.25	465.81
		603.47	335.65
		<b>19,568.65</b>	<b>11,349.67</b>
<b>Total</b>		<b>46,867.41</b>	<b>29,896.07</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment and Intangible assets			
i) Property, plant and equipment	12	179.30	123.69
ii) Intangible assets	13	2.06	2.36
Deferred tax assets (net)	14	150.08	93.07
Long-term loans and advances	15	12,413.95	4,928.95
Other non-current assets	16	864.87	42.28
		<b>13,610.26</b>	<b>5,190.35</b>

**Sindhuja Microcredit Private Limited**

Balance Sheet as at 31 March 2022

(₹ in Lakhs, unless stated otherwise)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
<b>Current assets</b>			
Trade Receivables	17	51.16	58.38
Cash and cash equivalents	18.1	5,801.86	6,552.15
Other bank balances	18.2	-	323.57
Short-term loans and advances	19	26,925.48	17,428.32
Other current assets	20	478.65	343.30
		<b>33,257.15</b>	<b>24,705.72</b>
<b>Total</b>		<b>46,867.41</b>	<b>29,896.07</b>

**The accompanying notes form an integral part of these financial statements.**

This is the Balance Sheet referred to in our report of even date

**For and on behalf of Board of Directors****For SCV & Co LLP**

Chartered Accountants

Firm Registration No. 000235N/N500089

**Abhinav Khosla**

Partner

Membership No.: 087010

Place: Noida

Date: 9 June 2022

**Abhisheka Kumar**

Managing Director

DIN: 02972579

**Malkit Singh Didyala**

Wholetime Director

DIN: 07957488

Place: Noida

Date: 9 June 2022

**Pankaj Kumar Sinha**

Company Secretary

Member no. 021971

**Sindhuja Microcredit Private Limited**

Statement of Profit and Loss for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
Revenue from operations	21	6,243.87	4,137.63
Other income	22	11.53	5.52
<b>Total Income</b>		<b>6,255.40</b>	<b>4,143.15</b>
<b>Expenses</b>			
Employee benefits expense	23	1,876.24	1,261.86
Finance costs	24	2,669.38	2,003.63
Depreciation and amortisation expenses	25	45.02	34.34
Other expenses	26	1,202.95	554.64
<b>Total expenses</b>		<b>5,793.59</b>	<b>3,854.47</b>
<b>Profit before tax</b>		<b>461.81</b>	<b>288.68</b>
<b>Tax expenses:</b>			
Current tax		199.89	128.97
Deferred tax credit		(57.02)	(62.34)
<b>Total tax expenses</b>		<b>142.87</b>	<b>66.63</b>
<b>Profit for the year</b>		<b>318.94</b>	<b>222.05</b>
<b>Earnings per equity share</b>			
[Nominal value per share ₹ 10 (previous year: ₹ 10)]	34		
Basic earnings per share		2.03	1.42
Diluted earnings per share		1.12	0.92

[Nominal value per share ₹10 (previous year: ₹10)]

The accompanying notes form an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

**For and on behalf of Board of Directors****For SCV & Co LLP**

Chartered Accountants

Firm Registration No. 000235N/N500089

**Abhinav Khosla**

Partner

Membership No.: 087010

Place: Noida

Date: 9 June 2022

**Abhisheka Kumar**

Managing Director

DIN: 02972579

**Malkit Singh Didyala**

Wholetime Director

DIN: 07957488

Place: Noida

Date: 9 June 2022

**Pankaj Kumar Sinha**

Company Secretary

Member no. 021971

**Sindhuja Microcredit Private Limited**

Cash Flow Statement for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>A) Cash flows from operating activities</b>		
<b>Profit before tax</b>	461.81	288.68
Adjustments to reconcile profit before tax to net cashflows		
Depreciation and amortisation expenses	45.02	34.34
Provision towards loan assets	251.85	226.66
Provision for employee benefits	21.12	17.14
(Gain)/Loss on sale of property, plant and equipment	0.28	-
(Reversal)/expense on Employee Stock Option Scheme (ESOP)	-	(3.97)
<b>Operating profit before working capital changes</b>	<b>780.08</b>	<b>562.85</b>
<b>Adjustments for change in working capital:</b>		
Increase in loans and advances		
Long term loans and advances	(7,485.00)	20.85
Short term loans and advances	(9,476.98)	(7,080.52)
Trade Receivables	7.22	-
Decrease in Assets		
Other Non Current Assets	(730.16)	541.17
Other Current Assets	(80.38)	(83.31)
Other Bank balances	323.57	(323.57)
Increase in liabilities		
Other long term liabilities	2.19	(1.51)
Trade Payable	(1.81)	-
Other Current liabilities	616.41	45.03
<b>Cash flows used in operating activities</b>	<b>(16,044.86)</b>	<b>(6,319.01)</b>
Income taxes paid (net of refunds)	(220.05)	(125.24)
<b>Net cash used in operating activities (A)</b>	<b>(16,264.91)</b>	<b>(6,444.25)</b>
<b>B) Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(100.91)	(33.35)
Proceeds from sale of property, plant and equipment	-	-
Investment in mutual funds	-	-
Proceeds from sale of property, plant and equipment	0.30	-
<b>Net cash (used in)/ generated from investing activities (B)</b>	<b>(100.61)</b>	<b>(33.35)</b>
<b>C) Cash flow from financing activities</b>		
Proceeds from issue of compulsory convertible preference shares (including premium)	-	6,500.00
Share issue expense on issue of equity and compulsory convertible preference shares	-	(210.79)
Proceeds from long term borrowings	27,354.51	13,609.90
Repayment of long term borrowings	(11,739.27)	(8,135.46)
<b>Net cash generated from financing activities (c)</b>	<b>15,615.24</b>	<b>11,763.65</b>

**Sindhuja Microcredit Private Limited**

Cash Flow Statement for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Net increase /(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(750.28)</b>	<b>5,286.07</b>
Cash and cash equivalents at the beginning of the year	6,552.15	1,266.08
<b>Cash and cash equivalents at the end of the year</b>	<b>5,801.86</b>	<b>6,552.15</b>
<b>Note:</b>		
Cash and cash equivalent comprise of following (refer note 18)		
Cash and cash equivalents		
Balances with banks		
- in current accounts	1,280.07	212.19
- in deposit accounts	4,385.00	6,267.00
Cash on hand	136.79	72.96
	<b>5,801.86</b>	<b>6,552.15</b>

This is Cash Flow Statement referred to in our report of even date

**For and on behalf of Board of Directors****For SCV & Co LLP**

Chartered Accountants

Firm Registration No. 000235N/N500089

**Abhinav Khosla**

Partner

Membership No.: 087010

Place: Noida

Date: 9 June 2022

**Abhisheka Kumar**

Managing Director

DIN: 02972579

**Malkit Singh Didyala**

Wholetime Director

DIN: 07957488

Place: Noida

Date: 9 June 2022

**Pankaj Kumar Sinha**

Company Secretary

Member no. 021971

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### 1 General Information

#### 1.01 Background and corporate information

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

#### 1.02 Use of estimates

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

### 2 Significant Accounting Policies

#### 2.01 Basis of preparation of financial statements

These financial statements have been prepared on a going concern basis under historical cost convention, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India and the applicable accounting standards specified under the Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and Companies (Accounting Standard) Amendment Rule, 2021 other accounting pronouncements of the Institute of Chartered Accountants of India ("ICAI"), relevant provision of the Companies Act, 2013 as applicable and the guidelines issued by the Reserve Bank of India ("RBI"). Accounting policies have been consistently applied except where a newly issued accounting standard or a guideline is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

An asset or liability is respectively classified as current when it is expected to be realized or settled in the company's normal operating cycle or within 12 months after the reporting date. Current assets and liabilities include the current portion of non-current assets and non-current liabilities respectively. All other assets and liabilities are classified as non-current as required by Schedule III of the Companies Act, 2013.

#### 2.02 Property, plant and equipment

**I. Tangible assets:** Tangible assets are carried at cost less accumulated depreciation, if any. The cost of a tangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred. Gains or losses arising on disposal of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### Capital work in progress:

Capital work in progress are carried at cost, comprising direct cost, related incidental expenses and advances paid to acquire property, plant and equipment. Assets which are not ready to intended use are also shown under capital work in progress.

**II. Intangible assets:** Intangible assets are carried at cost of acquisition less amortisation. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates. Assets which are not ready for their intended use are shown as intangible assets under development which comprises of all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

### 2.03 Depreciation and amortisation

i) Depreciation on tangible fixed assets is provided on the straight-line method over the useful lives of assets prescribed under Part 'C' of Schedule II of the Companies Act, 2013

Block of Assets	Estimated useful lives (years)
Vehicle	8
Electrical equipments	10
Office equipment	5
Furniture and fittings	10
Computer equipment	3

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

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

iii) Leasehold improvements are depreciated over the lease term.

### 2.04 Impairment of tangible and intangible assets

The Company assesses at each balance sheet date whether there is any indication of impairment based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or cash generating unit to which asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as impairment loss and is recognized in its Statement of Profit and Loss.

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

If at the balance sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciated historical cost.

### 2.05 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which these investments are made, are classified as current investments. All other investments are classified as long-term investments. Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried at lower of cost or fair value.

### 2.06 Portfolio Loans

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

### 2.07 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i) Interest income on loans is recognized on accrual basis except in the case of non-performing assets where it is recognized upon realization and any such income recognized before the asset became non-performing and remaining unrealized is reversed.
- ii) Interest income on fixed deposits with bank is recognized on a time proportion accrual basis taking into account the amount outstanding and the interest rate applicable.
- iii) Processing fee collected on loans disbursed are recognized at the inception of the loan.
- iv) Income from business correspondent is recognised as and when the services are rendered as per agreed terms and conditions of the contract.
- v) Dividend income is recognised at the time when the right to receive the dividend is established.
- vi) All other income is recognized on an accrual basis, when there is no uncertainty as to its ultimate realization/collection.

### 2.08 Asset classification and provisioning norms

#### a) Assets classification

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

#### Standard asset

The asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business;

#### Non-performing asset

An asset for which, interest/principal payment has remained overdue for a period of 90 days or more.

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### b) Provisioning norms

#### Provisioning norms for MFI loan portfolio:

The total provision for loan portfolio to be higher of

- i) 1% of the outstanding loan portfolio or
- or**
- ii) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

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

### 2.09 Borrowing Costs

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

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

### 2.10 Foreign currency transactions and translations

#### Initial recognition

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

#### Conversion

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

#### Exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or expense in the Statement of Profit and Loss.

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability. The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

### 2.11 Provisions and contingent liabilities / assets

#### Provision

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that there will be an outflow of resources to settle the obligation in respect of which a reliable estimate can be made.



## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

### Contingent liability

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

### Contingent assets

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

## 2.12 Employee benefits

### (a) Short term benefits

Short term benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

### (b) Defined contribution plan

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

### (c) Defined benefit plan

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

### (d) Long term employee benefits

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

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### (e) Expense on Employee Stock Option Scheme (refer note 29)

The Employees Stock Option Scheme (the Scheme) provides for grant of the equity shares of the Company to employees. The scheme provides that employees are granted an option to subscribe to the equity shares of the Company that vest in a graded manner. The options may be exercised within the specified period. The Company follows the intrinsic value method as per the Guidance note on Accounting for Share-based payments issued by The Institute of Chartered Accountants of India for accounting for stock based employee compensation plans. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period. The compensation expense is amortised over the vesting period of the options. The fair value of options for disclosure purposes is measured on the basis of a fair valuation specified by an Independent valuer in respect of the stock options granted.

### 2.13 Segment reporting

The Company identifies primary segment based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship with the operating activities of the segment.

### 2.14 Taxes on Income

#### (a) Current-tax

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

#### (b)

Excess/short provision of income tax relating to earlier years is disclosed separately in the accounts.

#### (c) Deferred tax

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their reliability.

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### (d) Minimum Alternate Tax ('MAT')

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

### 2.15 Earnings per equity share (EPS)

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

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

### 2.16 Lease

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

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

- (a) Lease arrangements where the significant portion of the risks and rewards of ownership vests with the Lessor are recognized as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of lease.
- (b) Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of the leased property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets.

**Sindhuja Microcredit Private Limited**

Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

**2.17 Cash and cash equivalents**

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

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Amount	No. of shares	Amount
<b>3 Share capital</b>				
<b>Authorised share capital</b>				
Equity shares of face value of ₹10 each	1,60,00,000	1,600.00	1,60,00,000	1,600.00
Preference Shares of ₹10 each	1,62,50,000	1,625.00	1,62,50,000	1,625.00
	<b>3,22,50,000</b>	<b>3,225.00</b>	<b>3,22,50,000</b>	<b>3,225.00</b>
<b>Issued, subscribed and paid-up</b>				
Equity shares of face value of ₹ 10 each fully paid up	1,56,78,190	1,567.82	1,56,78,190	1,567.82
Compulsory Convertible Preference shares	1,62,50,000	1,625.00	1,62,50,000	1,625.00
	<b>3,19,28,190</b>	<b>3,192.82</b>	<b>3,19,28,190</b>	<b>3,192.82</b>
<b>a The reconciliation of equity shares outstanding at the beginning and at the end of the reporting year</b>				
Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	1,56,78,190	1,567.82	1,56,78,190	1,567.82
<b>Outstanding at the end of the year</b>	<b>1,56,78,190</b>	<b>1,567.82</b>	<b>1,56,78,190</b>	<b>1,567.82</b>
<b>b The reconciliation of Compulsorily convertible preference shares outstanding at the beginning and at the end of the reporting year</b>				
Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	1,62,50,000	1,625.00	-	-
Issue of compulsory convertible preference shares (refer (i) below)			1,62,50,000	1,625.00
<b>Outstanding at the end of the year</b>	<b>1,62,50,000</b>	<b>1,625.00</b>	<b>1,62,50,000</b>	<b>1,625.00</b>

(i) During the year ended 31 March 2021, 5,000,000 Compulsorily convertible preference shares of face value of ₹ 10 each were issued and allotted to Carpediem Capital Partners Fund II and 11,250,000 compulsory convertible preference shares of face value of ₹ 10 each were issued and allotted to NMI Fund IV KS.

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### c Details of shareholders holding more than 5% equity shares in the Company:

Name of shareholder	As at 31 March 2022		As at 31 March 2021	
	Numbers	% of holding	Numbers	% of holding
<b>Equity shares</b>				
Mr. Abhisheka Kumar	26,22,600	16.73%	24,52,600	15.64%
Carpediem Capital Partners Fund I	73,89,890	47.13%	73,89,890	47.13%
Mr. Malkit Singh Didyala	19,70,000	12.57%	18,10,000	11.54%
	<b>1,19,82,490</b>	<b>76.43%</b>	<b>1,16,52,490</b>	<b>74.31%</b>

### d Details of shareholders holding more than 5% compulsorily convertible preference shares in the Company:

Name of shareholder	As at 31 March 2022		As at 31 March 2021	
	Numbers	% of holding	Numbers	% of holding
<b>Compulsorily convertible preference shares</b>				
Carpediem Capital Partners Fund II	50,00,000	30.77%	50,00,000	30.77%
NMI Fund IV KS	1,12,50,000	69.23%	1,12,50,000	69.23%
	<b>1,62,50,000</b>	<b>100.00%</b>	<b>1,62,50,000</b>	<b>100.00%</b>

### e Details of shareholdings of Promoters

Name of shareholder	As at 31 March 2022		As at 31 March 2021		% Change during the year
	Numbers	% of total shares	Numbers	% of total shares	
<b>Equity shares</b>					
Mr. Abhisheka Kumar	26,22,600	16.73%	24,52,600	15.64%	1.09%
Mr. Malkit Singh Didyala	19,70,000	12.57%	18,10,000	11.54%	1.03%
	<b>45,92,600</b>	<b>29.30%</b>	<b>42,62,600</b>	<b>27.18%</b>	

### f) Rights, preferences and restrictions attached to equity shares

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

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

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### g) Rights, preferences and restrictions attached to preference shares

The holders of the Preference shares shall be entitled to attend meetings of all Shareholders of the Company and will be entitled to such voting rights on an As If Converted Basis.

Upon conversion of the preference shares into Equity Shares, such Equity Shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

### h) Terms of compulsory convertible preference shares

During the year ended 31 March 2021, 1,12,50,000 and 50,00,000 number of Compulsorily Convertible Preference Shares ("CCPS") of face value ₹ 10 ("Series B") each were allotted to NMI Fund IV KS and Carpediem Capital Partners Fund II respectively at a price of ₹ 40.00 (including premium of ₹ 30.00) per share. These CCPS shall be converted into equity shares on or before nineteen years and eleven months from the date of allotment of "series B" at a conversion price based upon pre-money multiple to be determined by the Board of Directors basis the financial performance of the Company.

### i)

Since the company has been in existence for less than five years, no shares have been allotted, as fully paid up pursuant to contract(s) without payment being received in cash or by way of the bonus shares and no shares have been bought back by the company during the preceding previous years from the date of Incorporation

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

Particulars		As at 31 March 2022	As at 31 March 2021
<b>4 Reserves and surplus</b>			
<b>Securities premium</b>			
Balance at the beginning of the year		6,805.72	2,141.51
Add: Issue of equity shares		-	-
Issue of compulsory convertible preference shares		-	4,875.00
Less: Share issue expenses		-	(210.79)
<b>Balance at the end of the year</b>	<b>(A)</b>	<b>6,805.72</b>	<b>6,805.72</b>
<b>Reserve fund [u/s 45(IC) of the Reserve Bank of India Act, 1934 ('RBI')]</b>			
Balance at the beginning of the year		87.96	43.55
Add: Amount transferred during the year *		63.79	44.41
<b>Balance at the end of the year</b>	<b>(B)</b>	<b>151.75</b>	<b>87.96</b>
<b>Surplus/ (deficit) in the statement of Profit and Loss</b>			
Balance as at the beginning of the year		79.45	(98.19)
Add: Profit for the year		318.94	222.05
Less: Amount transferred during the year to Reserve fund (u/s 45(IC) of RBI Act, 1934) *		63.80	44.41
<b>Balance as at the end of the year</b>	<b>(C)</b>	<b>334.59</b>	<b>79.45</b>
<b>Share options outstanding account</b>			
Balance as at the beginning of the year		1.69	5.66
Add: Amount transferred during the year		-	-
Less: Amount reversed during the year		-	3.97
<b>Share Options Outstanding Account</b>	<b>(D)</b>	<b>1.69</b>	<b>1.69</b>
<b>Total Reserves and surplus (A+B+C+D)</b>		<b>7,293.75</b>	<b>6,974.82</b>

\*In terms of Section 45-IC of the RBI Act, 1934, the Company is required to transfer at least 20% of its net profits to a reserve before any dividend is declared. As at the year-end, the Company has transferred an amount of ₹ 63.79 lacs (previous year ₹ 44.41 Lacs).

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>5 Long-term borrowings</b>		
<b>Unsecured</b>		
<b>(A) Debentures</b>		
Non convertible debentures*	1,350.00	1,350.00
Less: Current maturities of long-term borrowings	1,350.00	-
	<b>-</b>	<b>1,350.00</b>
<b>Secured</b>		
<b>(A) Debentures</b>		
Non convertible debentures*	7,000.00	2,000.00
Less: Current maturities of long-term borrowings	2,000.00	-
	<b>5,000.00</b>	<b>2,000.00</b>
<b>(B) Term Loans</b>		
From financial institutions*	9,557.47	14,479.13
Less: Current maturities of long-term borrowings	6,672.35	10,214.05
	<b>2,885.12</b>	<b>4,265.08</b>
From banks*	16,684.29	1,000.00
Less: Current maturities of long-term borrowings	7,842.53	314.29
	<b>8,841.76</b>	<b>685.71</b>
	<b>16,726.88</b>	<b>8,300.79</b>
<b>* for terms and conditions refer note 30</b>		
<b>6 Other long term liabilities</b>		
Lease equalisation reserve	2.19	-
	<b>2.19</b>	<b>-</b>
<b>*Refer Note No 33</b>		
<b>7 Long-term provisions</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity (refer note 28)	29.32	17.32
Provision for compensated absences	19.50	13.10
<b>Provision on loan portfolio (owned)</b>		
Contingent provision against standard assets	34.30	47.55
	<b>83.12</b>	<b>77.97</b>

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### 8 Short-term borrowings

#### Unsecured

##### (A) Current maturities of debentures

Non convertible debentures*	1,350.00	-
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#### Secured

##### (A) Current maturities of debentures

Non convertible debentures*	2,000.00	-
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##### (B) Current maturities Term Loans

From financial institutions*	6,672.35	10,214.05
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From banks*	7,842.53	314.29
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	<b>14,514.88</b>	<b>10,528.34</b>
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	<b>17,864.88</b>	<b>10,528.34</b>
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\* for terms and conditions refer note 30

### 9 Trade Payable

(A) Total outstanding dues of Micro enterprises and small enterprises	-	-
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B) Total outstanding dues of creditors other than micro enterprises and small enterprises*	18.05	19.87
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	<b>18.05</b>	<b>19.87</b>
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\*for ageing refer Note No 42

### 10 Other current liabilities

Interest accrued but not due on borrowings	108.46	75.01
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Payable on managed portfolio	515.90	196.91
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Statutory dues	77.65	60.09
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Employee related payable	145.37	83.51
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Other payable*	234.87	50.29
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	<b>1,082.25</b>	<b>465.81</b>
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\*Other payable includes majorily Insurance payable

### 11 Short-term provisions

#### Provision for employee benefits

Provision for gratuity (refer note 28)	1.18	0.04
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Provision for compensated absences	4.54	2.95
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#### Provision on loan portfolio (owned and managed)

Contingent provision against standard assets	8.93	13.75
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Provision on non performing assets (own portfolio)	382.18	231.77
--	--------	--------

Provision on non performing assets (managed portfolio)	206.64	87.14
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	<b>603.47</b>	<b>335.65</b>
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## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### 12 Property, plant and equipment - tangible assets

Particulars	Furniture and fittings	Vehicle	Office equipment	Electrical equipments	Computer and peripherals	Total
<b>Gross block</b>						
Balance as at 1 April 2020	26.69	48.51	2.71	13.49	60.67	<b>152.07</b>
Additions during the year	9.29	1.00	0.15	4.42	17.95	<b>32.81</b>
Disposals/adjustments during the year	-	-	-	-	-	<b>-</b>
<b>Balance as at 31 March 2021</b>	<b>35.98</b>	<b>49.51</b>	<b>2.86</b>	<b>17.91</b>	<b>78.62</b>	<b>184.88</b>
Additions during the period	23.28	-	0.51	9.27	66.60	<b>99.66</b>
Disposals/adjustments during the year	0.62	-	-	0.55	-	<b>1.17</b>
<b>Balance as at 31 March 2022</b>	<b>58.64</b>	<b>49.51</b>	<b>3.37</b>	<b>26.63</b>	<b>145.22</b>	<b>283.37</b>
<b>Accumulated depreciation</b>						
Balance as at 1 April 2020	2.35	3.44	0.24	2.86	19.17	<b>28.06</b>
Depreciation for the year	2.85	5.88	1.81	0.84	21.75	<b>33.13</b>
Deductions/adjustments during the year	-	-	-	-	-	<b>-</b>
<b>Balance as at 31 March 2021</b>	<b>5.20</b>	<b>9.32</b>	<b>2.05</b>	<b>3.70</b>	<b>40.92</b>	<b>61.19</b>
Depreciation for the year	4.17	5.88	0.56	3.84	29.02	<b>43.47</b>
Depreciation of earlier years	-	-	-	-	-	<b>-</b>
Deductions/adjustments during the year	0.24	-	-	0.35	-	<b>0.59</b>
<b>Balance as at 31 March 2022</b>	<b>9.13</b>	<b>15.20</b>	<b>2.61</b>	<b>7.19</b>	<b>69.94</b>	<b>104.07</b>
<b>Net block</b>						
<b>Balance as at 31 March 2022</b>	<b>49.51</b>	<b>34.31</b>	<b>0.76</b>	<b>19.44</b>	<b>75.28</b>	<b>179.30</b>
<b>Balance as at 31 March 2021</b>	<b>30.78</b>	<b>40.19</b>	<b>0.81</b>	<b>14.21</b>	<b>37.70</b>	<b>123.69</b>

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended

31 March 2022

(₹ in Lakhs, unless stated otherwise)

### 13 Intangible assets

Particulars	Intangible assets	
	Computer software	Total
<b>Gross block</b>		
Balance as at 1 April 2020	3.43	3.43
Additions during the year	0.55	0.55
Disposals/adjustments during the year	-	-
<b>Balance as at 31 March 2021</b>	<b>3.98</b>	<b>3.98</b>
Additions during the period	1.26	1.26
Disposals/adjustments during the year	-	-
<b>Balance as at 31 March 2022</b>	<b>5.24</b>	<b>5.24</b>
<b>Accumulated amortisation</b>		
Balance as at 1 April 2020	0.41	0.41
Amortisation for the year	1.21	1.21
Deductions/adjustments during the year	-	-
<b>Balance as at 31 March 2021</b>	<b>1.62</b>	<b>1.62</b>
Amortisation for the year	1.56	1.56
Deductions/adjustments during the year	-	-
<b>Balance as at 31 March 2022</b>	<b>3.18</b>	<b>3.18</b>
<b>Net block</b>		
<b>Balance as at 31 March 2022</b>	<b>2.06</b>	<b>2.06</b>
<b>Balance as at 31 March 2021</b>	<b>2.36</b>	<b>2.36</b>

Particulars	As at 31 March 2022	As at 31 March 2021
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### 14 Deferred tax assets (net)

#### Deferred tax assets

Disallowance under section 40A(7) of the Income tax Act, 1961	7.68	4.37
Disallowance under section 43B of the Income tax Act, 1961	6.05	4.04
Provision for loan portfolio	137.35	84.49
Preliminary expenses	0.37	0.37
	-	-

#### Deferred tax liability

Depreciation and amortisation expenses	(1.37)	(0.20)
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**150.08**

**93.07**

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended

31 March 2022

(₹ in Lakhs, unless stated otherwise)

### 15 Long-term loans and advances

(Unsecured, considered good, unless otherwise stated)

#### Portfolio loans

Gross loan assets	13,902.72	5,341.03
Less: Managed assets	1,543.26	585.91
Net loan assets (# same as note 19)	12,359.46	4,755.12

#### Other loans and advances

Security deposits *	20.55	58.07
Prepaid expenses	26.81	92.63
Advance against borrowings	-	15.00
Other advances	7.13	8.13

**12,413.95** **4,928.95**

\* (Includes deposits aggregating to ₹ 3.09 lacs (31 March 2021: ₹ 49.5 lacs) placed as cash collateral to avail term loans from financial institutions and as cash collateral in connection with transactions)

### 16 Other non-current assets

Deposits with remaining maturity for more than 12 months #	718.13	-
Interest accrued on fixed deposits	12.31	-
Interest accrued on security deposits	-	0.28
Prepaid ancillary borrowing cost	134.43	42.00

**864.87** **42.28**

# Represents deposits amounting to ₹ 712.50 lacs (previous year: ₹ 245 lacs) maintained as collateral against term loans availed.

### 17 Trade Receivables

Secured, considered good	-	-
Unsecured, considered good	51.16	58.38
Doubtful	-	-
Allowances for bad and doubtful debts	-	-
Debts due by directors or other officer of the company	-	-

**51.16** **58.38**

\*for ageing refer Note No 43

### 18 Cash and bank balances

#### 18.1 Cash and cash equivalents

Balances with banks	-	-
- in current accounts	1,280.07	212.19
- in deposit accounts having original maturity of less than 3 months #	4,385.00	6,267.00
Cash on hand	136.79	72.96

**5,801.86** **6,552.15**



## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>18.2 Other bank balances</b>		
Deposits with remaining maturity for more than 3 months but less than 12 months	-	323.57
	<b>5,801.86</b>	<b>6,875.72</b>
<b>19 Short-term loans and advances</b>		
<b>(Unsecured, considered good, unless otherwise stated)</b>		
<b>Portfolio loans</b>		
Gross loan assets	29,479.41	19,857.54
Less: Managed assets	3,169.83	3,243.79
Net loan assets #	26,309.58	16,613.75
<b>Other loans and advances</b>		
Advances recoverable in cash or in kind	2.91	3.37
Security deposits *	51.47	252.45
Advance tax (including tax deducted at source and net off provision for taxation)	38.29	18.12
Prepaid expenses	68.44	54.04
Advance against borrowings	86.17	112.83
Balances with statutory authorities	42.54	18.51
Other advances**	326.08	355.25
	<b>26,925.48</b>	<b>17,428.32</b>

# Loan portfolio amounting to ₹ 29,620.28 lacs (previous year: ₹ 14,105.66 lacs) is hypothecated with banks and financial institutions against amounts borrowed from the said banks and financial institutions

\* (Includes deposits aggregating to ₹ 43.48 lacs (31 March 2021: ₹ 252.45 lacs) placed as cash collateral to avail term loans from financial institutions and as cash collateral in connection with transactions)

\*\* Other Advances includes majorly Recoverable from managed portfolio

Particulars	As at 31 March 2022	As at 31 March 2021
<b>20 Other current assets</b>		
Interest accrued but not due on loans	232.75	152.84
Interest accrued on fixed deposits	4.23	41.60
Interest accrued on security deposits	3.84	-
Prepaid ancillary borrowing cost	147.12	92.15
Other current assets	90.71	56.71
	<b>478.65</b>	<b>343.30</b>

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>21 Revenue from operations</b>		
Interest income on loan portfolio	5,200.88	3,491.42
Servicing fees	367.66	272.03
Processing fee on loan portfolio	412.20	184.09
Interest on fixed deposits	263.13	190.09
	<b>6,243.87</b>	<b>4,137.63</b>
<b>22 Other income</b>		
Miscellaneous income	11.53	5.52
	<b>11.53</b>	<b>5.52</b>
<b>23 Employee benefits expense</b>		
Salaries and wages	1,715.58	1,156.01
Gratuity Expenses	13.14	9.39
Contribution to provident and other funds	132.69	93.07
Expense on Employee Stock Option Scheme (refer note 29)	-	(3.97)
Staff welfare expense	14.84	7.36
	<b>1,876.25</b>	<b>1,261.86</b>
<b>24 Finance costs</b>		
Interest expenses	2,534.41	1,900.19
Other borrowing costs	134.97	103.44
	<b>2,669.38</b>	<b>2,003.63</b>
<b>25 Depreciation and amortisation expenses</b>		
Depreciation on property, plant and equipment	43.46	33.13
Amortisation of intangible assets	1.56	1.21
	<b>45.02</b>	<b>34.34</b>
<b>26 Other expenses</b>		
Rent (refer note 33)	135.98	92.37
Legal and professional charges	56.55	29.75
Rates and taxes	11.61	14.43
Travelling and conveyance expenses	41.41	14.76
Directors sitting fees	5.45	4.36
Printing and stationery	36.17	15.95
Communication expenses	30.63	21.77
Advertisement and recruitment expenses	14.37	2.37
Power and fuel	15.36	7.98
Contingent provision against standard assets	(18.07)	(82.76)
Unrealised loans written Off	400.00	-
Provision for non-performing loans	269.92	309.43
Unrealised managed loans written Off	22.97	-

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

	For the year ended 31 March 2022	For the year ended 31 March 2021
Software expenses	83.07	56.75
Auditor's remuneration (refer note 39)	12.70	11.99
Repairs and maintenance	46.66	27.18
Bank charges	9.57	7.57
Miscellaneous expenses	28.60	20.75
	<b>1,202.95</b>	<b>554.65</b>

### 27 Related party disclosures

#### a) Names of related parties and description of relationship

Relationship	Name of the related party
<b>Key Management Personnel (KMP)</b>	Abhisheka Kumar Malkit Singh Didyala
<b>Entities which are able to exercise control or have significant influence</b>	Carpediem Capital Partners Fund I Carpediem Capital Partners Fund II NMI Fund IV KS

#### b) Transactions with related parties

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Issue of compulsory convertible preference shares</b>		
NMI Fund IV KS	-	4,500.00
Carpediem Capital Partners Fund II	-	2,000.00
<b>Reimbursement of expenses received</b>		
Abhisheka Kumar	3.84	1.14
Malkit Singh Didyala	0.60	0.33
<b>Remuneration</b>		
Abhisheka Kumar	50.73	40.36
Malkit Singh Didyala	50.73	40.36
<b>Contribution towards Provident fund and other Funds</b>		
Abhisheka Kumar	2.70	2.08
Malkit Singh Didyala	2.70	2.08
<b>Termination benefits</b>		
Abhisheka Kumar	2.04	0.92
Malkit Singh Didyala	2.02	0.93

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### c) Year-end balances

	Year ended 31 March 2022	Year ended 31 March 2021
Abhisheka Kumar		
Malkit Singh Didyala	4.03	1.99
	4.03	2.00

### 28 Employee benefit plan

- a. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation:

The following tables set out the status of the gratuity plan as required under AS 15 (Revised) "Employee Benefits":

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Statement of Profit and Loss</b>		
<b>Net employee benefit expense (recognised in employee cost)</b>		
Current service cost	12.17	8.80
Interest cost	1.09	0.53
Expected return on plan assets	-	-
Net actuarial loss recognized in the year	(0.12)	0.05
<b>Total employer expense recognized in the Statement of profit and loss</b>	<b>13.14</b>	<b>9.38</b>
<b>Balance Sheet</b>		
<b>Benefit (assets)/ liability</b>		
Present value of obligation	30.50	17.36
Fair value of plan assets		
<b>Net liability recognized</b>	<b>30.50</b>	<b>17.36</b>
<b>Movement in benefit liability</b>		
Opening defined benefit obligation	17.36	7.97
Interest cost	1.09	0.53
Current service cost	12.17	8.80
Benefit paid	-	-
Actuarial loss on obligation	(0.12)	0.05
<b>Closing defined benefit obligation</b>	<b>30.50</b>	<b>17.35</b>

### (i) Economic assumptions

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

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

Description	For the year ended 31 March 2022	For the year ended 31 March 2021
Discount rate	6.90%	6.30%
Future salary increases	10.00%	10.00%
Expected average working lives of the employees (years)	34.31	34.45

### (ii) Demographic assumptions

Description	For the year ended 31 March 2022	For the year ended 31 March 2021
Retirement Age	60	60
Mortality table	IALM (2012-14)	IALM (2012-14)
Withdrawal rate -All ages	20%	20%

#### b. Defined Contribution Plan

The contribution made to various statutory funds is recognized as expense and included in Note 20 'Employee benefits expense' under "Contribution to provident and other funds" in the Statement of Profit and Loss. The total contribution made towards provident fund and other funds for year ended 31 March 2022 is ₹ 132.69 lacs (Previous year ₹ 93.07 lacs)

## 29 Share-based employee remuneration

### Employee Stock Option Plan - ESOP 2019

Pursuant to a resolution passed by the members holding equity shares vide Extra Ordinary General Meeting held on 30 October 2019, the Company introduced the Employee Stock Option Plan ("ESOP") pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013 read with the Guidance note on Accounting for Share-based payments. Under this scheme, the total pool of options, which can be granted to eligible employees of the Company, not exceeding 425,082 (Four Lakh twenty-five thousand and eighty-two) equity shares (Number of ESOP Options in aggregate). During the year ended 31 March 2022, the Company has granted 90,000 number of options (Previous year 1,40,934) to the eligible employees of the Company.

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

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

#### Employee stock option schemes:

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

**Sindhuja Microcredit Private Limited**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

**SMPL ESOP- 2019**

Type of arrangement	82,917 Options	140,934 Options	90,000 Options
Date of grant of options	05-Nov-19	10-Nov-20	25-Nov-21
Number of options granted	82,917	1,40,934	90,000
Number of employee to whom such options were granted	19	45	25
Number of employees who have exercised the option	NIL	NIL	NIL
Number of options exercised	NIL	NIL	NIL
Date of Board approval	30-Sep-19	10-Nov-20	25-Jun-21
Vesting period	05-Nov-20	10-Nov-21	25-Nov-22
Exercise period	5 November 2020 to 4 November 2024	10 November 2021 to 10 November 2025	25 November 2022 to 24 November 2026
Exercise Price	33.83	33.83	33.83
Option Life	4 years	4 years	4 years
Fair Value of the option	33.81	40	40
Intrinsic Value	-	6.17	6.17
Risk free interest rate	7.71%	7.71%	7.05%

The details of ESOP 2019 are summarized below:

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding options at the beginning of the year	2.11	37.68	0.80	33.83
Granted during the year	0.90	33.83	1.41	40.00
Forfeited during the year	0.26	39.29	0.10	39.69
Exercised during the year	-	-	-	-
Number of shares arising as a result of exercise of options	-	-	-	-
Expired during the year	-	-	-	-
Outstanding options at the end of the year	2.75	36.74	2.11	37.68
Exercisable at the end of the year	-	36.74	-	37.68

Other information regarding employee share-based payment plans is as below:

Description	For the year ended 31 March 2022	For the year ended 31 March 2021
Expense arising from employee share-based payment plans	-	(3.97)
Expense arising from share and stock option plans	-	(3.97)
Closing balance of liability for cash stock appreciation plan	-	-
Expense arising from increase in fair value of liability for cash stock appreciation plan	-	-

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### Principal assumption

- i. The value of benefit for the purpose of calculating the amount of tax or for such other purpose as may be necessary shall be the fair market value of the shares in the Company as determined by a Category I Merchant Banker registered with the Securities and Exchange Board of India, on the Specified date.
- ii. Discounted cash flow method is used to calculate the fair market value of the Employee stock option plan of the Company.

### 30 Borrowings

#### A. Secured term loan (TL) from Banks #

Nature of Facility	Amount outstanding as at 31 March 2022		Amount outstanding as at 31 March 2021		Interest Rate	Terms of repayment
	Current	Non-current	Current	Non-current		
TL2	342.90	342.78	314.29	685.71	13.50%	36 monthly installments
TL3	500.00	500.00	-	-	12.65%	24 monthly installments
TL4	666.67	333.33	-	-	12.50%	18 monthly installments
TL5	948.00	1,394.00	-	-	9.35%	36 monthly installments
TL6	250.95	125.48	-	-	12.75%	26 monthly installments
TL7	125.00	104.16	-	-	12.75%	26 monthly installments
TL8	416.67	583.33	-	-	10.50%	26 monthly installments
TL9	545.45	272.73	-	-	9.60%	24 monthly installments
TL10	1,000.00	954.55	-	-	10.25%	24 monthly installments
TL11	750.00	750.00	-	-	10.90%	27 monthly installments
TL12	363.60	636.40	-	-	9.25%	36 monthly installments
TL13	250.00	395.83	-	-	9.35%	36 monthly installments
TL14	545.45	772.73	-	-	9.00%	36 monthly installments
TL15	363.64	515.15	-	-	9.00%	36 monthly installments
TL16	774.20	1,161.29	-	-	9.35%	36 monthly installments
<b>Total (A)</b>	<b>7,842.53</b>	<b>8,841.76</b>	<b>314.29</b>	<b>685.71</b>		

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

	Current	Non-current	Current	Non-current		
TL5	-	-	125.00	-	15.25%	24 monthly installments
TL6	-	-	91.67	-	15.25%	24 monthly installments
TL7	-	-	137.50	-	15.25%	24 monthly installments
TL8	-	-	93.61	-	15.25%	24 equated monthly installments
TL9	-	-	248.02	-	15.25%	24 equated monthly installments
TL10	246.62	134.90	218.64	381.52	12.10%	36 equated monthly installments
TL11	-	-	94.86	-	15.75%	24 equated monthly installments
TL12	12.19	-	132.68	12.19	15.25%	24 equated monthly installments

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

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

	Current	Non-current	Current	Non-current		
TL13	224.87	-	238.05	224.87	14.00%	24 equated monthly installments
TL14	-	-	-	-	15.75%	24 monthly installments
TL15	-	-	-	-	15.75%	24 monthly installments
TL16	-	-	20.83	-	15.25%	24 monthly installments
TL17	-	-	20.83	-	15.25%	24 monthly installments
TL18	-	-	41.67	-	15.25%	24 monthly installments
TL19	-	-	41.67	-	15.25%	24 monthly installments
TL20	-	-	104.17	-	15.00%	24 monthly installments
TL21	-	-	114.58	-	15.00%	24 monthly installments
TL22	-	-	270.83	-	14.75%	24 monthly installments
TL23	-	-	270.83	-	14.75%	24 monthly installments
TL24	187.50	-	250.00	187.50	14.00%	24 monthly installments
TL25	250.00	20.83	229.17	270.83	13.65%	24 monthly installments
TL26	250.00	20.83	229.17	270.83	13.65%	24 monthly installments
TL27	-	-	48.26	-	15.75%	24 equated monthly installments
TL28	-	-	52.40	-	15.85%	24 equated monthly installments
TL29	-	-	34.04	-	15.85%	24 equated monthly installments
TL30	-	-	136.97	-	15.75%	24 equated monthly installments
TL31	-	-	91.31	-	15.75%	24 equated monthly installments
TL32	-	-	162.63	-	15.85%	24 equated monthly installments
TL33	-	-	108.42	-	15.85%	24 equated monthly installments
TL34	-	-	161.06	-	15.10%	24 equated monthly installments
TL35	-	-	161.06	-	15.10%	24 equated monthly installments
TL36	-	-	161.48	-	15.10%	24 equated monthly installments
TL37	-	-	161.48	-	15.10%	24 equated monthly installments
TL38	15.17	-	159.02	15.17	15.10%	24 equated monthly installments
TL39	15.17	-	159.02	15.17	15.10%	24 equated monthly installments
TL40	28.78	-	157.13	28.78	15.10%	24 equated monthly installments
TL41	28.78	-	157.13	28.78	15.10%	24 equated monthly installments
TL42	28.78	-	157.13	28.78	15.10%	24 equated monthly installments
TL43	109.61	-	146.11	109.61	14.15%	24 equated monthly installments

## Sindhuj Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

Nature of Facility	Amount outstanding as at 31 March 2022		Amount outstanding as at 31 March 2021		Interest Rate	Terms of repayment
	Current	Non-current	Current	Non-current		
TL44	109.61	-	146.11	109.61	14.15%	24 equated monthly installments
TL45	146.32	-	194.69	146.32	14.15%	24 equated monthly installments
TL46	-	-	-	-	0.1525	18 equated monthly installments
TL47	-	-	95.50	-	15.25%	18 equated monthly installments
TL48	-	-	24.11	-	15.75%	24 equated monthly installments
TL49	-	353.61	213.41	268.60	15.00%	24 equated monthly installments
TL50	646.38	-	181.40	228.31	15.00%	24 equated monthly installments
TL51	-	-	-	-	15.50%	24 equated monthly installments
TL52	247.71	-	23.68	-	15.50%	24 equated monthly installments
TL53	210.55	-	524.52	95.79	15.50%	24 equated monthly installments
TL54	-	-	250.00	208.33	14.00%	24 monthly installments
TL55	-	-	250.00	229.17	14.00%	24 monthly installments
TL56	-	-	-	-	-	-
TL57	208.33	-	42.16	-	15.75%	18 monthly installments
TL58	229.17	-	272.73	181.82	14.25%	22 monthly installments
TL59	-	-	272.73	204.55	14.25%	22 monthly installments
TL60	-	-	274.51	-	14.45%	24 monthly installments
TL61	-	-	500.00	375.00	14.00%	24 monthly installments
TL62	159.09	-	149.64	-	15.50%	24 monthly installments
TL63	181.82	-	192.39	-	15.50%	24 monthly installments
TL64	-	-	92.27	-	15.25%	21 equated monthly installments
TL65	-	-	-	-	-	-
TL66	375.00	-	93.05	106.95	14.00%	24 equated monthly installments
TL67	-	-	144.30	-	14.25%	18 equated monthly installments
TL68	-	-	253.66	-	13.65%	18 equated monthly installments
TL69	322.50	-	277.50	322.50	13.25%	24 equated monthly installments
TL70	106.95	-	371.41	-	14.00%	12 equated monthly installments
TL71	213.89	-	185.89	214.11	14.00%	24 equated monthly installments
TL72	175.00	160.42	-	-	13.15%	24 monthly installments
TL73	75.00	68.74	-	-	13.15%	24 monthly installments
TL74	175.00	160.42	-	-	13.15%	24 monthly installments
TL75	75.00	68.75	-	-	13.15%	24 monthly installments



## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### C. Unsecured Non-Convertible Debentures

Nature of Facility	Amount outstanding as at 31 March 2022		Amount outstanding as at 31 March 2021		Interest Rate	Terms of repayment
	Current	Non-current	Current	Non-current		
NCD - 2A	300.00	-	-	300.00	14.00%	Bullet payment at the end of year 2
NCD -2B	150.00	-	-	150.00	14.00%	Bullet payment at the end of year 2
NCD 3	200.00	-	-	200.00	14.00%	Bullet payment at the end of year 2
NCD 4	200.00	-	-	200.00	14.00%	Bullet payment at the end of year 2
<b>Total (C)</b>	<b>1,350.00</b>	<b>-</b>	<b>-</b>	<b>1,350.00</b>		

### D. Secured Non-Convertible Debentures\*

	Current		Non-current		Interest Rate	Terms of repayment
	Current	Non-current	Current	Non-current		
NCD 5	1,000.00	1,000.00	-	2,000.00	15.70%	50% in the 2nd year and 50% in the 3rd year or 100% in 2nd year.
NCD 6	1,000.00	1,000.00	-	-	13.00%	Half yearly bullet payment
NCD 7	-	3,000.00	-	-	12.85%	Bullet payment at the end of year 2 from the date of issue
<b>Total (D)</b>	<b>2,000.00</b>	<b>5,000.00</b>	<b>-</b>	<b>2,000.00</b>		
<b>Total (A+B+C)</b>	<b>17,864.88</b>	<b>16,726.87</b>	<b>10,528.34</b>	<b>8,300.79</b>		

# All term loans were secured by way of exclusive charge on the standard asset portfolio receivables pertaining to micro credit loans and cash collateral as per the respective agreements. The above term loans are also secured by way of personal guarantee of Mr. Abhisheka Kumar and Mr. Malkit Singh Didyala.

\* All NCD were secured by way of exclusive charge on the standard asset portfolio receivables pertaining to micro credit loans and cash collateral as per the respective agreements. The above NCD are also secured by way of personal guarantee of Mr. Abhisheka Kumar and Mr. Malkit Singh Didyala.

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### 31 Ratings assigned by credit rating agencies

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(a) Micro Finance Institution Grading	IRR MFI 2	IRR MFI 3
(b) Long Term Bank Loans	"IND BBB-" / POSITIVE	"IND BBB-" / STABLE

### 32 Segment reporting

#### Business Segment

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

#### Geographical Segment

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

### 33

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

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

Premises taken on lease	For the year ended 31 March 2022	For the year ended 31 March 2021
Operating lease payments recognized during the year	133.79	92.37
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	2.19	-
Later than 5 years	-	-

### 34 Earning per equity share

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Net profit after tax available for appropriation (₹)	318.94	222.05
Weighted average number of equity shares – Basic EPS	156.78	156.78
Weighted average number of equity shares – Diluted EPS	284.93	242.00
Basic earnings per share (₹)	2.03	1.42
Diluted earnings per share (₹)	1.12	0.92

### 35 Capital commitment

Estimated amount of contract remaining to be executed on capital account and not provided for is ₹ Nil (Previous year Nil)

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### 36 Provision for outstanding loan portfolio

#### Provision for outstanding own loan portfolio

Particulars	As at March 31, 2022		As at March 31, 2021	
	Loan portfolio	Provision	Loan portfolio	Provision
Standard portfolio	38,104.62	43.23	20,848.80	61.30
Sub Standard portfolio	166.06	46.30	409.03	120.73
Doubtful portfolio	398.36	335.89	111.04	111.04
Loss portfolio	-	-	-	-
<b>Total</b>	<b>38,669.04</b>	<b>425.42</b>	<b>21,368.87</b>	<b>293.07</b>

#### Provision for outstanding managed loan portfolio

Particulars	As at March 31, 2022		As at March 31, 2021	
	Loan portfolio	Provision	Loan portfolio	Provision
Standard portfolio	4,466.55	-	3,661.39	-
Sub-standard portfolio	24.09	8.37	96.84	28.35
Doubtful portfolio	222.47	198.27	71.47	58.79
Loss portfolio	-	-	-	-
<b>Total</b>	<b>4,713.11</b>	<b>206.64</b>	<b>3,829.70</b>	<b>87.14</b>

The movement in provision during the year is explained below:

#### Own Portfolio

Particulars	For the year ended 31 March 2022			For the year ended 31 March 2021		
	Standard portfolio	Sub-standard & Doubtful portfolio	Total	Standard portfolio	Sub-standard & Doubtful portfolio	Total
Opening balance	61.30	231.77	293.07	144.06	5.27	149.33
Additions/ reversals, net	(18.07)	150.42	132.35	(82.76)	226.50	143.74
<b>Closing balance</b>	<b>43.23</b>	<b>382.19</b>	<b>425.42</b>	<b>61.30</b>	<b>231.77</b>	<b>293.07</b>

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### Managed Portfolio

Particulars	For the year ended 31 March 2022			For the year ended 31 March 2021		
	Standard portfolio	Sub-standard & Doubtful portfolio	Total	Standard portfolio	Sub-standard & Doubtful portfolio	Total
Opening balance	-	87.14	87.14	-	4.21	4.21
Additions/ reversals, net	-	119.50	119.50	-	82.93	82.93
<b>Closing balance</b>	<b>-</b>	<b>206.64</b>	<b>206.64</b>	<b>-</b>	<b>87.14</b>	<b>87.14</b>

### 37 Disclosures pertaining to Securitization

The Company has not entered into any Securitization transactions during the year ended 31 March 2022 (Previous year: Nil)

### 38 Contingent Liabilities

- i) The Company has entered into an arrangement towards rendering of financial services and accordingly has given guarantees towards loans referred by the Company aggregating to ₹ 1404.29 lacs (previous year: ₹ 1251.15 lacs). The guarantee is provided by way of corporate guarantee and cash collateral.

### 39 Auditors remuneration (excluding Goods and Service Tax)

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Payment to Auditor</b>		
- as an auditor	11.50	11.00
- for other services	0.63	-
-for reimbursement of expenses	0.57	0.99
<b>Total</b>	<b>12.70</b>	<b>11.99</b>

### 40 Amounts payable to Micro and Small enterprises

The disclosure in respect of the amounts payable to Micro and Small enterprises as at 31 March 2022 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of the year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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

#### i) Capital to Risk Asset Ratio (CRAR)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
CRAR %	24.50%	42.72%
CRAR- Tier I Capital (%)	23.77%	41.77%
CRAR- Tier II Capital (%)	0.72%	0.95%

#### ii) The Company has no direct exposure to real estate sector

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Residential Mortgages</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-



## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### iv) Provisions and contingency

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Provision towards NPA (owned assets)	150.43	226.50
Provision towards NPA (managed assets)	119.50	82.93
Provision made towards Income tax	199.89	128.97
Provision for Standard Assets	(18.07)	(82.76)

### v) Draw down from Reserves

There has been no draw down from reserves during the year ended 31 March 2022 (previous year: Nil).

### vi) Concentration of Advances, Exposures and NPAs

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Concentration of Advances</b>		
Total advances to twenty largest borrowers	10.00	9.00
(%)of advances to twenty largest borrowers to total advances	0.03%	0.04%
<b>Concentration of Exposures</b>		
Total exposure to twenty largest borrowers/customers	10.00	9.00
(%)of exposure to twenty largest borrowers/customers to total exposure	0.03%	0.04%
<b>Concentration of NPAs</b>		
Total exposure to top four NPA accounts	1.90	1.76

### vii) Sector wise Non-Performing Assets (NPA)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Agriculture & allied activities	494.50	436.66
MSME	33.44	45.21
Corporate borrowers	-	-
Services	13.74	12.87
Trade	22.73	25.31
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
i) Net NPA to net advances percentage	0.47%	1.35%
ii) Movement of NPAs (Gross)		
a) Opening balance	520.06	6.95
b) Addition during the year	444.35	513.16
c) Reduction during the year	400.00	0.05
d) Closing balance	564.41	520.06

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
iii) Movement of Net NPAs		
a) Opening balance	288.30	1.69
b) Addition during the year	-	286.61
c) Reduction during the year	106.08	-
d) Closing balance	182.22	288.30
iv) Movement of Provisions for NPAs (excluding standard assets)		
a) Opening balance	231.77	5.27
b) Addition during the year	550.42	226.55
c) Write off/write back of excess provisions	400.00	0.05
d) Closing balance	382.18	231.77

### ix) Disclosure with respect to customer complaints

S. No.	Particulars	Number of complaints	
		For the year ended 31 March 2022	For the year ended 31 March 2021
i	No of complaints pending at the beginning of the year	10	-
ii	No of complaints received during the year	535	249
iii	No of complaints redressed during the year	517	239
iv	No of complaints pending at the end of the year	28	10

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

The Company has not exceeded the prudential exposure limits during the financial year ended 31 March 2022 and 31 March 2021.

### xi) Registration obtained from other financial sector regulators

S. No.	Regulator	Registration No.	Date of Registration
1	Ministry of Corporate Affairs	U65990UP2017PTC099006	01-Dec-17
2	Reserve Bank of India	N-12.00469	11-Sep-18

### xii) Details of penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and other regulators on the Company during the financial year ended 31 March 2022 (Previous year: Nil)

### xiii) Unsecured Advances

The Company has not given any unsecured advances against intangible securities such as charge over the rights, licenses, authority, etc. during the financial year ended 31 March 2022. (previous year: Nil)

### xiv) Details of non-performing financial assets purchased / sold

The Company has not purchased/sold any non-performing financial assets during the financial year ended 31 March 2022 and 31 March 2021.

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### xv) Additional disclosures pursuant to Para 19 of Master Direction - Non-Banking Financial Company - Non Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016.

Liabilities side :	As at March 31, 2022		As at March 31, 2021	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:				
(a) Debentures (other than falling within the meaning of public deposits)				
Secured	7,000.00	-	2,000.67	-
Unsecured	1,350.00	-	1,350.00	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans (includes short-term borrowings and interest accrued)				
Secured	26,350.22	-	15,553.48	-
Unsecured	-	-	-	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans	-	-	-	-
(2) Breakup of 1(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid):				
(a) In the form of Unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other public deposits	-	-	-	-
Assets side :			As at 31 March 2022	As at 31 March 2021
(3) Break up of Loans and Advances:				
a) Secured, gross			-	-
b) Unsecured, gross			38,669.03	21,368.87
<b>Total</b>			<b>38,669.03</b>	<b>21,368.87</b>

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

Assets side :	As at 31 March 2022	As at 31 March 2021
(4) Break up of Leased Assets		
(i) Lease assets including lease rentals under sundry debtors:		
(a) finance lease	-	-
(b) operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) assets on hire	-	-
(b) repossessed asset	-	-
(iii) Other loans counting towards AFC activities		
(a) loans where assets have been repossessed	-	-
(b) loans other than (a) above	-	-
(5) Breakup of investments ( long-term unquoted equity)		
Current Investments :		
1. Quoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
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	-	-
2. Unquoted		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### xvi) Additional disclosures pursuant to Para 19 of Master Direction - Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016 (continued)

(6) Borrower group-wise classification of assets financed as in (2) and (3)

Particulars	Net of provision as at 31 March 2022		
	Secured	Unsecured	Total
Category			
1. Related parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) other related parties	-	-	-
2. Other than related parties	-	38,243.62	38,243.62
<b>Total</b>	<b>-</b>	<b>38,243.62</b>	<b>38,243.62</b>

Particulars	Net of provision as at 31 March 2021		
	Secured	Unsecured	Total
Category			
1. Related parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) other related parties	-	-	-
2. Other than related parties	-	21,075.80	21,075.80
<b>Total</b>	<b>-</b>	<b>21,075.80</b>	<b>21,075.80</b>

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

Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
	Market value / Breakup or fair value or NAV	Book value (net of provisions)	Market value / Breakup or fair value or NAV	Book value (net of provisions)
Equity shares of face value of ₹10 each	-	-	-	-
Preference Shares of ₹10 each	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

Assets side :	As at 31 March 2022	As at 31 March 2021
(8) Other information		
(i) Gross non-performing assets		
(a) Related parties	-	-
(b) Other than related parties	564.41	520.06
(ii) Net non-performing assets		
(a) Related parties	-	-
(b) Other than related parties	182.22	288.30
(iii) Assets acquired on satisfaction of debt	-	-

### xvii) Disclosures pursuant to RBI's notification no. DOR.No.BP.BC.47/21.04.048/2019-20 dated 27 March 2020 and notification no DOR.No.BP.BC.71/21.04.048/2019-20 dated 23 May 2020 on COVID-19 – Regulatory Package

RBI vide its notification DOR.No.BP.BC.47/21.04.048/2019-20 dated 27 March 2020 had allowed NBFCs to grant three month moratorium for the period from 01 March 2020 to 31 May 2020 to its customers which was subsequently extended to additional three months vide notification DOR.No.BP.BC.71/21.04.048/2019-20 dated 23 May 2020.

The Company has extended the relaxation to its borrowers across the loans product offerings in the following manner:

- i) For the loans in which customers avails the moratorium, interest shall accrue at the contractual interest rate during the moratorium period with corresponding increase in the residual tenure.
- ii) Interest accrual for moratorium period is adjusted over the balance period with EMI recalibration.
- iii) Rescheduling of payment including interest will not qualify as a default for purpose of supervisory reporting and reporting to Credit Bureau.
- iv) Days Past Due (DPD) status and reporting to Credit Bureaus between 1 March 2020 and 31 August, 2020 will not change with effect from 01 March 2020. However, due to EMI repayments post 1 March 2020, if there is a reduction of DPD days, the same will be recorded and reported.

### xviii) Disclosures pursuant to Reserve Bank of India notification no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020

Particulars	As at 31 March 2022	As at 31 March 2021
Amount in SMA/ overdue category where the moratorium deferment was extended to customers	-	9.29
Amount where asset classification benefit is extended	-	2.34
Provision made	-	-

### xix) Information on net interest margin (qualifying asset)

	As at 31 March 2022	As at 31 March 2021
Average Interest (a)	21.78%	22.26%
Average effective cost of borrowing (b)	12.73%	14.88%
Net Interest margin (a-b)	9.05%	7.38%

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### 42 Trade Payable Ageing schedule

As at 31st March 22

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	18.05	-	-	-	18.05
(iii) Disputed dues-MSME	-	-	-	-	-
(iv) Disputed dues-Others	-	-	-	-	-

As at 31st March 21

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	19.87	-	-	-	19.87
(iii) Disputed dues-MSME	-	-	-	-	-
(iv) Disputed dues-Others	-	-	-	-	-

### 43 Trade Receivables Ageing schedule

As at 31st March 22

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables-considered good	51.16	-	-	-	-	51.16
(ii) Undisputed Trade Receivables-considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables-considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables-considered doubtful	-	-	-	-	-	-

As at 31st March 21

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables-considered good	58.38	-	-	-	-	58.38
(ii) Undisputed Trade Receivables-considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables-considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables-considered doubtful	-	-	-	-	-	-

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### 44 Public disclosure on liquidity risk

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

#### Borrowings

S No	As at 31 March 2022				As at 31 March 2021			
	Number of Significant Counter parties	Amount (In ₹) ##	% Total Deposit	% Total Liabilities #	Number of Significant Counter parties	Amount (In ₹) ##	% Total Deposit	% Total Liabilities #
A	-	Not applicable	0.00%		1	3,038	Not applicable	15.40%

##There is no significant counter parties during the year ended 31 March 2022

#Total Liabilites does not include the shareholders fund

2)Top 20 large deposits - There are no deposits taken by the Company during the year. (31 March 21: Nil)

3)Top 10 borrowings - ₹ 222,368.56 constitutes 64.66% of total borrowings (31 March 2021 ₹ 149,211.04 constitutes 79.24% of total borrowings)

#### 4)Funding Concentration based on significant instrument/product

S No	Name of Instrument	As at 31 March 2022			As at 31 March 2021	
		Amount		% of total liabilities #	Amount	% of total liabilities #
		(In ₹)			(In ₹)	
1)	Term loan	-	26,241.76	72.13%	15,479.14	78.46%
2)	Non-convertible debentures	-	8,350.00	22.95%	3,350.00	16.98%
3)	Cash credit / Bank overdraft	-	-	-	-	-
4)	Compulsorily convertible debentures	-	-	-	-	-

#Total Liabilites does not include the shareholders fund

#### 5) Stock ratios:

- Commercial papers as a % of total public funds, total liabilities and total assets- Nil (31 March 2021: Nil)"
- Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets - Nil (31 March 2021: Nil)
- Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets- Nil (31 March 2021: Nil)"

#### 6) Institutional set-up for liquidity risk management

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

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

- a) Liquidity risk management"
- b) Management of market risks"
- c) Funding and capital planning"
- d) Profit planning and growth projection"
- e) Forecasting and analyzing 'What if scenario' and preparation of contingency plans"

### 45 Impact of COVID-19 outbreak

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of the financial statements including the recoverability of loans. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information including credit reports and related information. The Company has written off ₹400 lacs of loan portfolio, based on the information available at this point of time. However, the impact assessment of COVID-19 is a continuing process given its nature and duration. The Company will continue to monitor any material changes to future economic condition.

The Company's capital and liquidity position remains sufficient and would continue to be the focus area for the Company; accordingly, the Company does not expect a stress on its liquidity situation in the immediate future.

### 46 Foreign currency exposure and Derivative instruments

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

### 47 Additional Regulatory Information

i) The Company does not hold any title deed of Immovable Property during the Financial year 31st March 2022. All the lease agreement are duly executed in favour of the company for properties where the company is the lessee

ii) The Company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.

iii) The Company does not have any transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act 1956.

iv) The Company does not have any charges and satisfaction which is yet to be registered with ROC beyond the statutory period

v) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year 31st March 2022

vi) The Company has not advanced or loaned or invested funds in any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiary) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate Beneficiaries.

vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiary) or

**Sindhuja Microcredit Private Limited**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

(b) provide any guarantee, security or the like to or on behalf of the ultimate Beneficiaries.

viii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act 1961).

ix) The company is not a declared willfull defaulter by any bank or financial institution or other lender, in accordance with the guidelines on willfull defaulter issued by the Reserve bank of India, during the year ended 31 March 2022 and 31 March 2021.

x) The Company has taken borrowings from banks and financial institutions and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Unutilised funds as at 31 March 2022 are held by the company in the form of deposits till the time the utilisation is made subsequently.

xi) The Company has borrowings from banks and financial institutions on the basis of security of current assets and the quarterly returns filed by the company with the banks and financial institutions are in accordance with the books of accounts of the company for the respective quarters.

## Sindhuja Microcredit Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

### 48 Analytical Ratios

Sr No.	Ratios	Numerator	Denominator	FY 2021-2022	FY 2020-2021	Percentage Variance (%)	Explanation shall be provided for any change in the ratio by more than 25% as compared to the preceding year.
	Current Ratio	Current Assets	Current Liability	1.70	2.18	-47.73%	Current Liabilities has increased due to increase in borrowings by 84%
	Debt Equity Ratio	Total Debt	Shareholders Equity	3.30	1.85	144.68%	Total debt has increased from ₹18,829.13 Lacs in Mar 21 to ₹34,591.76 Lacs in Mar 22, where as equity has increased only marginally through internal accruals
	Debt Service Coverage Ratio	Earning available for debt services	Debt Service	0.27	0.25	1.39%	DSCR is lower due to numerator not including Principal collection received from clients. If we take the Principal collection in the numerator the DSCR will be 1.90 in FY 21-22 and 1.45 in FY 20-21 respectively
	Return on Equity (ROE)	Profit After Tax-Preference dividend (if any)	Average Shareholder's Equity	3.09%	2.86%	0.23%	
	Net Profit Ratio	Net Profit	Net Sales	5.11%	5.37%	-0.26%	
	Return on Capital Employed (ROCE)	Earning before Interest and taxes	Capital Employed	6.95%	7.91%	-0.96%	
	Net Capital Turnover Ratio	Revenue from operation	Average Working Capital	46.17%	47.16%	-0.98%	
	Inventory Turnover Ratio	Cost of goods sold Or Sales	Average inventory	-	-	-	There is No Inventory hence not applicable
	Trade receivables Turnover Ratio	Trade Receivables	Average trade receivables	0.93	1.00	-6.59%	
	Trade payable Turnover Ratio	Trade Payable	Average trade payables	0.95	1.34	-39.05%	Net payable is reduced in FY 21-22 in comparision to FY 20-21
	Return on Investment	Profit after tax	Total of assets side	-	-	-	There is no Invetsment, hence Not Applicable

**Sindhuja Microcredit Private Limited**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(₹ in Lakhs, unless stated otherwise)

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

**For and on behalf of Board of Directors****For SCV & Co LLP**

Chartered Accountants

Firm Registration No. 000235N/N500089

**Abhinav Khosla**

Partner

Membership No.: 087010

Place: Noida

Date: 9 June 2022

**Abhisheka Kumar**

Managing Director

DIN: 02972579

**Malkit Singh Didyala**

Wholetime Director

DIN: 07957488

Place: Noida

Date: 9 June 2022

**Pankaj Kumar Sinha**

Company Secretary

Member no. 021971

## SINDHUJA MICROCREDIT PVT LTD

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