

The background of the cover features a central white vertical bar. On either side of this bar, several hands of different skin tones are reaching out and touching the bar. The background is split into a purple left half and a blue right half.

# POWER OF WE

**ANNUAL  
REPORT 2020-21**



[www.satinhousingfinance.com](http://www.satinhousingfinance.com)



Home is where happiness resides,  
hope curates and memories harbour.

We catalyse your sanctuary  
of a home with ease and affordability.





We aim to promote a sound, healthy, viable and cost effective housing finance system to cater to rural and semi-urban segments of the population.

We aspire to create a benchmark for housing finance in rural India in terms of profitability for all the stakeholders.



## OUR MISSION

To become India's top affordable housing finance company in the rural and semi-urban segment over the next 5 years, gaining repute for our efficiency, innovation and dedication to the three principles of organizational success – People, Process & Technology (PPT). To this endeavour, we will also embrace the latest technology for bolstering our financial prowess and adopt the most innovative Credit Solutions for Assessment and Disbursement.



## OUR VISION

To help every family find a home, by providing inclusive financial solutions to all sections of society, partnering and supporting them from the very start. We strive to earn the respect and admiration of clients, partners and employees alike, by ensuring that all professional relationships are built on trust and transparency and the company's culture reflects an atmosphere of growth, ownership and satisfaction.





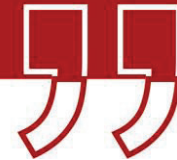
**Satin Housing Finance  
Limited crossed AUM  
of INR 200 Cr**

**Mr. H.P Singh, CMD-SATIN**

*“In this year of great upheaval, SHFL demonstrated strong leadership and capacity to deliver value at the most crucial phase. Adaptability has been the core competency at SHFL with responsiveness, resourcefulness and responsibility. We have been nurturing hopes, homes, happiness since 2018 and have grown bigger and better every single year. Today, we can proudly say that we have touched the lives of 2,413 people, who are currently serviced by 186 individuals with an AUM of Rs. 225.54 Cr and have always been the front-runner in ensuring affordable access to housing finance and help realise people’s dream of owning a house. At SHFL, we remain steadfast in fulfilling the unmet housing needs of millions of Indians, and are positive about the intrinsic demand for housing in the long run. We are working collectively towards bringing confidence back into the sector, and have also been sincerely playing a role in supporting the housing finance industry. We are totally supportive of the government’s policy that develops the affordable housing finance sector in India.”*



**Amidst historic  
challenges arise  
opportunities to  
reimagine our  
shared future**



**Mr. Amit Sharma, MD & CEO –SHFL**

*“As I look back on the last year – a period of pandemic, it is remarkable how we accomplished not only in terms of financial performance but in our steadfast dedication towards our goal of growth for all stake holders , tough times creates tougher individuals which is illustrated by SHFLians, we are constantly challenging the status quo and striving for greater levels of excellence. Despite the increasingly challenging business environment, we continue to grow our business profitably and celebrates our zero NPA business. Our team is passionate about making measurable impact in lives of people with our unique culture and innovative technology driven approach, which leads to steady and sustainable growth for our patrons. We take pride in our qualitative portfolio rather than quantitative portfolio. We are prepared and excited for any future challenges and*

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# CORPORATE INFORMATION

BOARD OF DIRECTORS		SECRETARIAL AUDITOR										
Mr. Harvinder Pal Singh - Non-Executive Director Mr. Sundeep Kumar Mehta- Independent Director Mr. Anil Kumar Kalra - Independent Director Mr. Amit Sharma – Managing Director & CEO		S. Behera & Co. Practicing Company Secretary S-1/3 & 4, 1st Floor, Near Uphaar Cinema, Green Park Ext., New Delhi - 110 016   Email: <a href="mailto:shesdev@gmail.com">shesdev@gmail.com</a>										
DETAILS OF COMMITTEES OF THE BOARD		BANKERS/ FINANCIAL INSTITUTIONS										
<b>Audit Committee</b> Mr. Harvinder Pal Singh Mr. Sundeep Kumar Mehta Mr. Anil Kumar Kalra <b>Nomination &amp; Remuneration Committee</b> Mr. Harvinder Pal Singh Mr. Sundeep Kumar Mehta Mr. Anil Kumar Kalra <b>Working Committee</b> Mr. Harvinder Pal Singh Mr. Amit Sharma Mr. Sachin Sharma		<b>Banker</b> : HDFC Bank Limited <b>Financial Institutions</b> National Housing Bank Mas Rural Housing & Mortgage Finance Limited Mas Financial Services Limited Hinduja Housing Finance Limited Sundaram Home Finance Limited Northern Arc Capital Limited Vivriti Capital Private Limited Satin Creditcare Network Limited Hero Housing Finance Limited										
CHIEF FINANCIAL OFFICER		REGISTRAR & TRANSFER AGENTS										
Mr. Sachin Sharma		<b>Link Intime India Private Limited</b> C 101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai, Maharashtra-400083   Tel: 022 - 4918 6270   Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>										
INTERNAL AUDITOR		<b>Karvy Fintech Private Limited</b> KFintech, Tower – B, Plot No 31 & 32, Selenuim Building, Financial District, Nanakramguda, Gachibowli, Hyderabad –32.   Tel:+91-040–67162222, +91- 040 – 79611000   Website: <a href="http://www.kfintech.com">www.kfintech.com</a>										
Mrs. Nilanjana Mukherjee												
STATUTORY AUDITOR		DEPOSITORIES FOR DEMAT										
<b>M/s Rajeev Bhatia &amp; Associates</b> Chartered Accountants 201, 202, 2 <sup>nd</sup> Floor, A-20, Indraprastha Bhawan, Dr. Mukherjee Nagar, Commercial Complex, Delhi-110009   Email id: <a href="mailto:info@rajeevbhatiaassociates.com">info@rajeevbhatiaassociates.com</a>		<b>National Securities Depository Ltd. (NSDL)</b> 4th Floor, A Wing, Trade World, Kamala Mills Compound, S.B. Marg, Lower Parel, Mumbai - 400 013 Ph. No. : +91 022 24994200   Email id: <a href="mailto:info@nsdl.co.in">info@nsdl.co.in</a>   Website : <a href="http://www.nsdl.co.in">www.nsdl.co.in</a>  <b>Central Depository Services (India) Ltd. (CDSL)</b> Marathon Futurex, A-Wing, 25th Floor, N M Joshi Marg, Lower Parel, Mumbai - 400 01  Email id: <a href="mailto:helpdesk@cdslindia.com">helpdesk@cdslindia.com</a>   Website : <a href="http://www.cdslindia.com">www.cdslindia.com</a>										
COMPANY SECRETARY & COMPLIANCE OFFICER		DEBENTURE TRUSTEE										
Mr. Prince Kumar		<b>Catalyst Trusteeship Limited</b> 810, 8th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi –110001  Tel. No: +11 43029101 Fax: +91 22 4922 0505  Website: <a href="http://www.catalysttrustee.com">www.catalysttrustee.com</a>										
CONTACT DETAILS		CREDIT RATINGS										
<b>Satin Housing Finance Limited</b>  <b>Registered Office:</b> 505, 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, New Delhi-110033  <b>Corporate Office:</b> Plot No. 492, 2nd Floor, B-Wing, Udyog Vihar Phase-III, Gurugram, Haryana-122016  <b>CIN:</b> U65929DL2017PLC316143 <b>Email:</b> <a href="mailto:compliance@satinhousingfinance.com">compliance@satinhousingfinance.com</a> <b>Tel. No.:</b> 0124-4346200 <b>Website:</b> <a href="http://www.satinhousingfinance.com">www.satinhousingfinance.com</a>		<table><tr><th colspan="2">Nature</th><th>Rating</th></tr><tr><td>Subordinate Issue/ Convertible Debentures</td><td>Debt Non-</td><td>CARE BBB; Stable [Triple B; Outlook: Stable]</td></tr><tr><td>Long term borrowings</td><td>Bank</td><td>CARE BBB+ (CE); Stable [Triple B Plus (Credit Enhancement):Outlook: Stable]</td></tr></table>		Nature		Rating	Subordinate Issue/ Convertible Debentures	Debt Non-	CARE BBB; Stable [Triple B; Outlook: Stable]	Long term borrowings	Bank	CARE BBB+ (CE); Stable [Triple B Plus (Credit Enhancement):Outlook: Stable]
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Long term borrowings	Bank	CARE BBB+ (CE); Stable [Triple B Plus (Credit Enhancement):Outlook: Stable]										
STOCK EXCHANGE												
<b>BSE Ltd.</b> P.J. Towers, Dalal Street, Mumbai - 400 001 Ph. No. +91 022 22721234 Email: <a href="mailto:corp.comm@bseindia.com">corp.comm@bseindia.com</a> Website: <a href="http://www.bseindia.com">www.bseindia.com</a>												

# MESSAGE FROM MD AND CEO



*"Nothing is more important than a Family and Home. "Home is where the heart of mankind lies." In 2020, this became more obvious as people contained at their homes to curb the spread of COVID-19. The pandemic highlighted the public health impacts of our housing system's challenges and inequities. In this year of great upheaval, SHFL demonstrated strong leadership and quickly stepped up to help netizens when they needed it the most."*

Financial Year 2020-21 was one of the most difficult years that society, economy and SHFL has faced in generations. Tragically, lives and livelihood were lost and the rapid spread of COVID-19 forced shut downs to protect citizens. Amidst this challenging environment, SHFL's strength was to be tested to core to balance the business challenges, livelihood and life. Guided by our Purpose and DNA to be sensitive and taking care of every aspect of all stakeholders needs and part of their life, livelihood, responsibility, care support, SHFL team got to it toes, showed the sense of commitment and resilience and the metal to deal with such tough situations of 21<sup>st</sup> century to mankind and was present in all aspects in thick and thin of all our stakeholders. SHFL believes in the ethos and principle of UTMOST IMPORTANCE AND CARE OF ITS "STAKEHOLDERS AND NOT ONLY SHAREHOLDERS".

In what were truly uncharted waters, the company continued to perform at a remarkably high level. To balance the work requirement and safety of our employees and other stakeholders we implemented the dynamic BCP Plan (Business Continuity Plan) and made a balance culture and policies of work and safety. We propagated the culture of **"Work from Home", odd even days presence of employees in branches, then department rotational presence in branches and many more initiatives were** introduced in the Company. We have been a very employee centric organization, and really value our people. In these tough times of this pandemic, we constantly strived to help our employees in whatever way we

could. We took many steps viz, "Your Doctor is now just a call Away-"an initiative to offer medical help to all our employees", "Free Vaccination to all our employees", "Virtual Training for Capacity Building of employees", "Oxygen Facilities- oxygen concentrator along with an attendant to the COVID infected employees", "Wide Insurance Coverage" and lots other.

Being a responsible organization, in order to educate our customers over COVID Protocols, we frequently disseminate information and awareness over call, message, mails and other electronic means. To ensure continuity of business, your Company came out with new Corona Policy taking care of the market scenario, risk and business requirement.

Despite of a tough year, your Company has performed well in the previous financial year i.e. FY 2020-21. SHFL took a very cautious approach in disbursements and was proactive in slowing down the business. Due to these factors our AUM on March 31, 2021 was Rs. 225.54 crores as compared to Rs. 138.28 crores as on March 31, 2020 registering a growth of 62%. SHFL's total Income during the year ended March 31, 2021 is Rs. 29.57 crores as compared to the previous period ended March 31, 2020 is Rs 20.99 crores a growth of 41% and net profit after tax during the year ended March 31, 2021 is Rs. 1.37 crores as compared to loss of previous period ended March 31, 2020 Rs. 0.95 crores reducing the loss by 2.45 times and booked profit. **It's very imperative to state that**

## SHFL had no restructured accounts at all and NIL

As we adapt to a new normal of living and working conditions, home ownership will be considered as an important yardstick to impart a sense of security. The intrinsic demand for housing will remain strong in the long run. The housing sector in India is expected to ride out the situation through innovation and improved productivity. There will be sustained demand for an affordable and mid-market segment on the retail side in Tier II & III cities. We will keep funding the customers who are in genuine sense end users i.e. taking finance for actually getting away with rental burden and want to own their house to live in them. Our key purpose is that by FY2022, we should be able to align ourselves with the government's vision of "Housing for All by 2022" and contribute to nation building in our humble way.

SHFL's ability to adapt, mobilize and find solutions to 2020's major challenges give us confidence that SHFL'ians can manage the toughest of business environment. The steering ability of the entire SHFL team is the result of very experienced, committed team, technology driven and business transformation process. A dedicated leadership team and dedicated employees are the basis of strong performance of any organization and SHFL'ians have shown that commitment towards all stakeholders. The uncertainty of the scale and duration of the pandemic is one of the most difficult challenges ahead, straining individual, business/life and financial resources. To add to these challenges interpersonal issues are also adding to woes of human mankind. Mental health challenges of isolation, prolonged remote work, closures and the pressure on working parents, financial distress, curtailed freedom, to curb the spread, all in totality needs to be addressed and managed as a whole in our business for all stakeholders. But what I know for certain is that SHFL

## Future Outlook

The current financial year 2021-22 is going to be a challenging year due to sudden outbreak of COVID's new variant. The basic theme of the corporates being survival rather than growth, SHFL will try to balance both the goals of survival and growth.

## NPA since inception of SHFL and also in FY 2020-21

has the strength and resilience to manage a range of near-term scenarios as well as fulfill our long-term vision to transform our self and stand out as one of the most caring, ethical, customer oriented organization for the future. In many ways, the pandemic has accelerated us toward a future we have long anticipated and prepared for, as our clients seek out new ways to be served. We look forward to the next decades with faith and keenness, with a strong resolve to overcome any crisis. By leveraging technology, we aim to improve our margins through low credit costs and reduction in operational expenses, and thus increase profitability.

Helping to reimagine our collective future is critical for clients, stakeholders and communities to thrive and prosper. Even as the pandemic continues to challenge society, it has also presented us with opportunities to accelerate the pace of progress or, in some cases, adjust the course we are on. This year will be remembered through history as one filled with unimaginable obstacles. It can also be remembered for what we did with these challenges, makes us more stronger and confident to handle toughest of situations—and what we can build in the years ahead.

The organization will remain true to its mission of enabling growth and progress and will continue to be true to our values as we serve our all stakeholders /clients. I am proud of the meaningful difference SHFL made for those we serve. As we look forward, we will continue to use the power of our Purpose and strength of our franchise to help create a shared and sustainable future. It's a role we embrace. Our momentum is driven by the incredible contributions of our employees and the invaluable counsel of our Board, great confidence and support of our lenders and shareholders, regulators. I want to express my thanks and gratitude for all they do.

From my point of view, this time the pandemic has created 2 challenges i.e. challenges of LIFE and LIVELIHOOD. The situation is of utmost caouse in the markets and everybody is on priority focusing on LIFE. I feel Roti Kapda Makan are the basic needs of any person. HFC comes to cater to the 3rd aspect of the necessities of human life i.e. owning a house. I feel

even after all the carnage which has happened the Corona is an event risk that has shaken the structure and delayed its growth but the structure is intact i.e. the housing loan demand space remains a strong arena with a strong inherent demand going forward. Corrected Home Prices, Affordable Housing being the mantra and the easy access to finance along with the minimum gaps in EMI amount vs rent amounts more ownership demand of homes will be there. With Easing of pandemic situation, gradual flow of liquidity, younger population aspirational values and more transparency will bring the sweet spot back to HFC very soon.

In the current backdrop of this second wave of Pandemic SHFL believe this year to be again the year of extreme cautious and survival with modest growth numbers. Your company has always believed in quality and will keep on focusing on the same. We have always followed the principal of cash flow analysis, intent and ability of customers to pay. We follow the principal of Banda & Dhanda ( Hindi version of Business and Person ),with Very Strict assessment process, since inception of SHFL. We believe in building Quality Books VS Quantitative Book .We will follow all the strict policies while lending the money and will try to retain the book and build new book with quality. Due to hard hitting of the economy and middle and lowest end of the pyramid customers getting affected the most , the SHFL Portfolio has tested toughest times, though the portfolio has performed exceedingly well in past but there may be challenges to maintain the same, as the second wave have affected the life and livelihood in a very severe manner. There will be slippages, but we are forwarding looking and conservative company,

envisaging the risk we have pro –actively provided for the slippages in our financial figures. Work from home, tough lending and capital raising challenges will have to be managed and worked out on a dynamic basis. SHFL is geared up on all fronts to take the challenges heads on and come up very strongly.

I express sincere gratitude to the National Housing Bank, Securities and Exchange Board of India, BSE Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions and the Company's Lenders/Bankers for the ongoing support extended by them. I sincerely appreciate the continued support extended by the Company's stakeholders and trust reposed by them on me and my team. I also feel we are for the people and by the people be it our employees, management, or customers, I in specific, wishes to place on record my sincere appreciation for the contribution made by all the employees, good wishes and thanks to their families who stood by them and making them strong to stand by the Company together in all the thick and thin. I sincerely respect the business and our customers and the Board of SHFL for the immense guidance and handholding.

SHFL is all set to start the new financial year with new beginning full of challenges that bring opportunities.

**Thanking You,  
With warm regards,**

**Amit Sharma  
Managing Director and CEO**

# IMPACT OF COVID-19

The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India for more than a year, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization and it is continuing. Numerous governments and companies, including our Company, have introduced a variety of measures to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company.

## **A. Estimation of uncertainties relating to the global health pandemic from COVID-19:**

The Company has considered the past year experience and possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of loan receivables & other receivables, property plant & equipment and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Company. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

## **B. Impact of Covid-19 on loan receivables and Revenue from Operations**

The Company has considered its past collection trend during the spread of Pandemic and further evaluated the impact of COVID – 19. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods. In accordance with the Reserve Bank of India ('RBI') guidelines relating to 'COVID-19 Regulatory Package' dated 27

March 2020 and subsequent guidelines on EMI moratorium dated 17 April 2020 and 23 May 2020, the Company has offered to its customers a moratorium of six months on the payment of all instalments and / or interest, as applicable, due between March 1, 2020 and August 31, 2020 to all eligible borrowers, classified as standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium was granted, the asset classification shall remain standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms). The Company holds provisions as at March 31, 2021 against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the Company are in excess of the RBI prescribed norms.

## **C. Impact of Covid-19 on Loss allowance for loan receivables and other receivables**

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions. In calculating expected credit loss on loan receivables and other receivables, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID - 19.

## **D. Impairment assessment of Property plant and equipment, Intangible assets**

The Company is engaged primarily in providing affordable housing finance services in the northern region of India. Considering the nature of business, the Company does not have major PP&E assets. As of March 31, 2021, the estimated recoverable amount of the CGU exceeded its carrying amount. Reasonable sensitivities in key assumptions consequent to the change in estimated future economic conditions on account of possible effects relating to Covid-19 are unlikely to cause the carrying amount to exceed the recoverable amount of the cash generating unit.

### **E. Credit risk on cash and cash equivalents**

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks. The Company also invests in mutual funds and reviews the portfolio on regular basis. Mutual Funds with high-quality portfolios are preferred. The Company has considered the latest available credit ratings in view of COVID – 19 as at the date of approval of these financial statements.

### **F. Contingencies**

The economic consequences and uncertainties resulting from the Coronavirus itself or from actions taken by governments and the company to respond to the outbreak may have an impact on contingent liability. Liabilities previously meeting or not meeting the definition of a contingent liability may need to be reconsidered for the purpose of disclosure in the financial statement. The same has been duly considered by the management.

# ABOUT THE COMPANY

SHFL, a professionally managed housing finance company registered with the National Housing Bank (NHB), is a wholly-owned subsidiary of SCNL. It is engaged in providing long-term finance for purchase, construction, extension and repair of houses for the retail segment, along with loans against residential property. Its innovative and flexible competitively priced loan products are aligned to the unique needs of customers.

Incorporated in April 2017 and operational since February 2018, SHFL caters mainly to customers

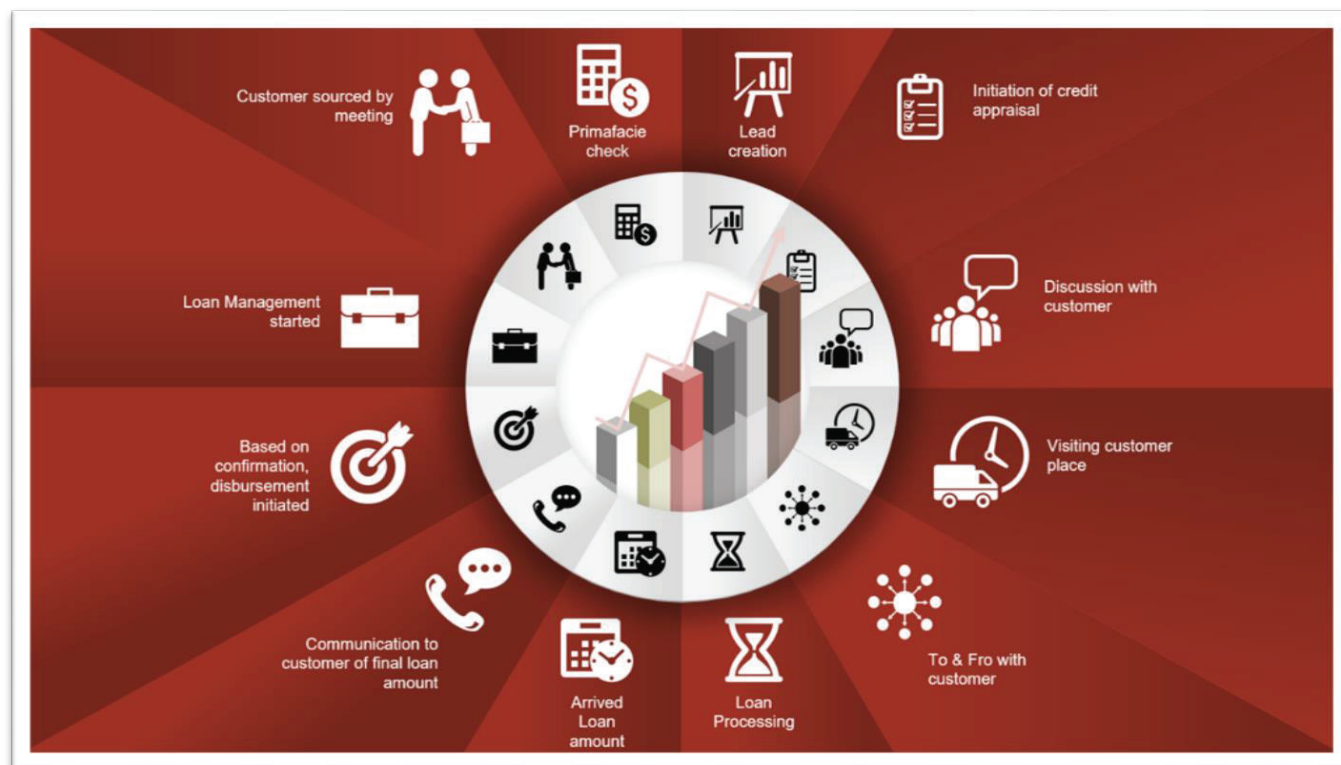
belonging to the Middle and Low Income Groups in peripherals of urban India, semi urban and rural India. Headquartered in Gurugram (Haryana), SHFL has its registered office in Azadpur (Delhi), with branches in Uttar Pradesh, Rajasthan, Haryana and Delhi.

Use of contemporary technology and digitization to continuously improve customer delivery is central to SHFL's execution methodology. SHFL is implementing a state-of-the-art software and building an excellent technological framework for enabling a paperless environment.

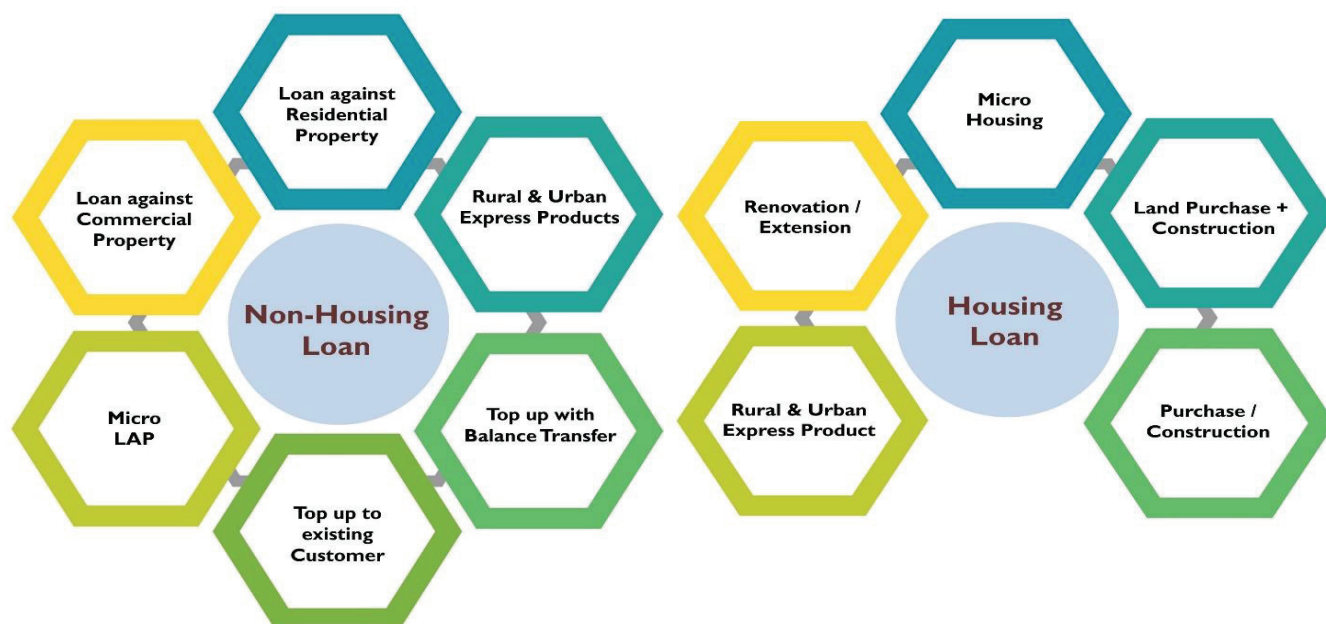
## JOURNEY SNAPSHOT



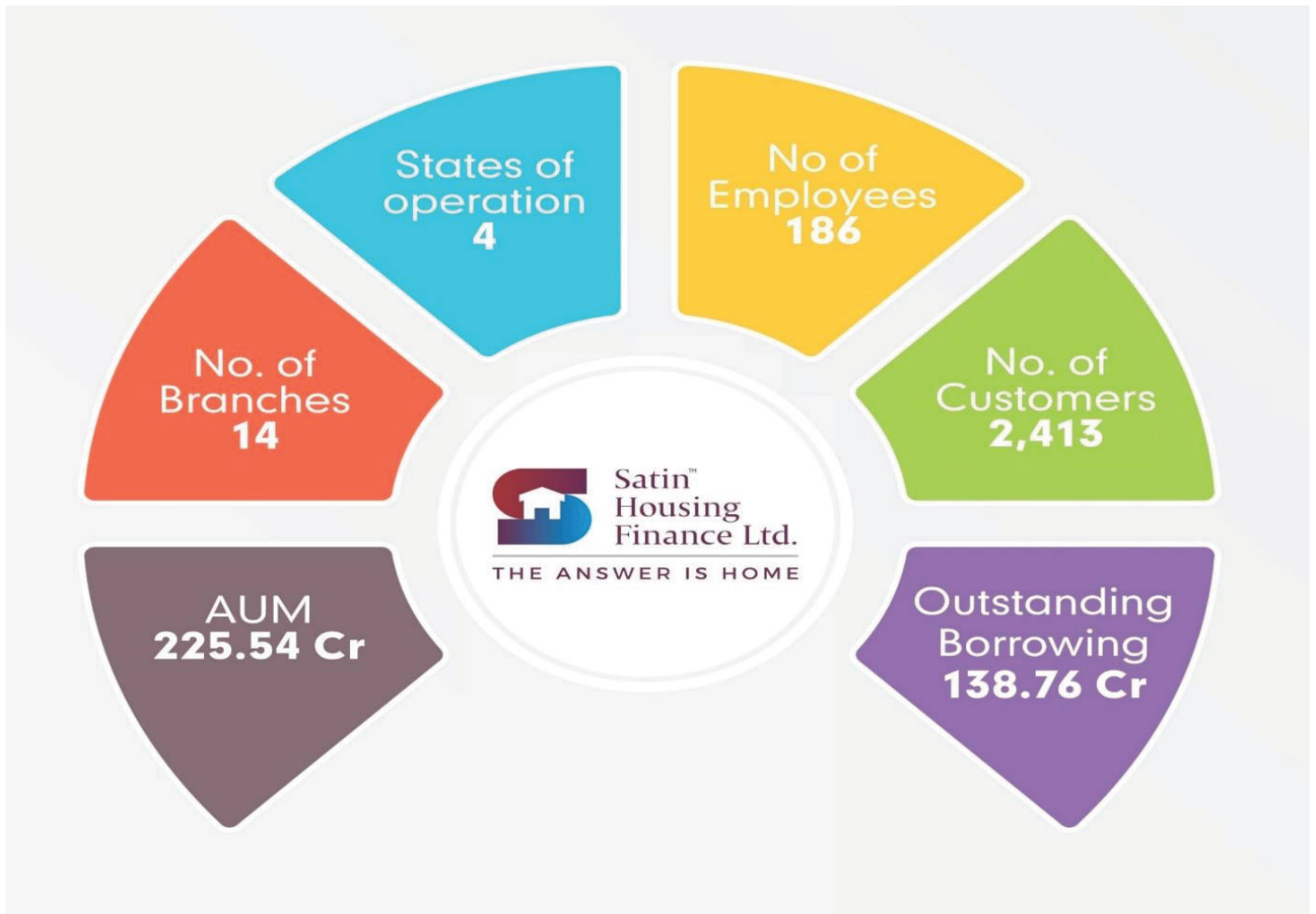
## LENDING PROCESS IN SNAP



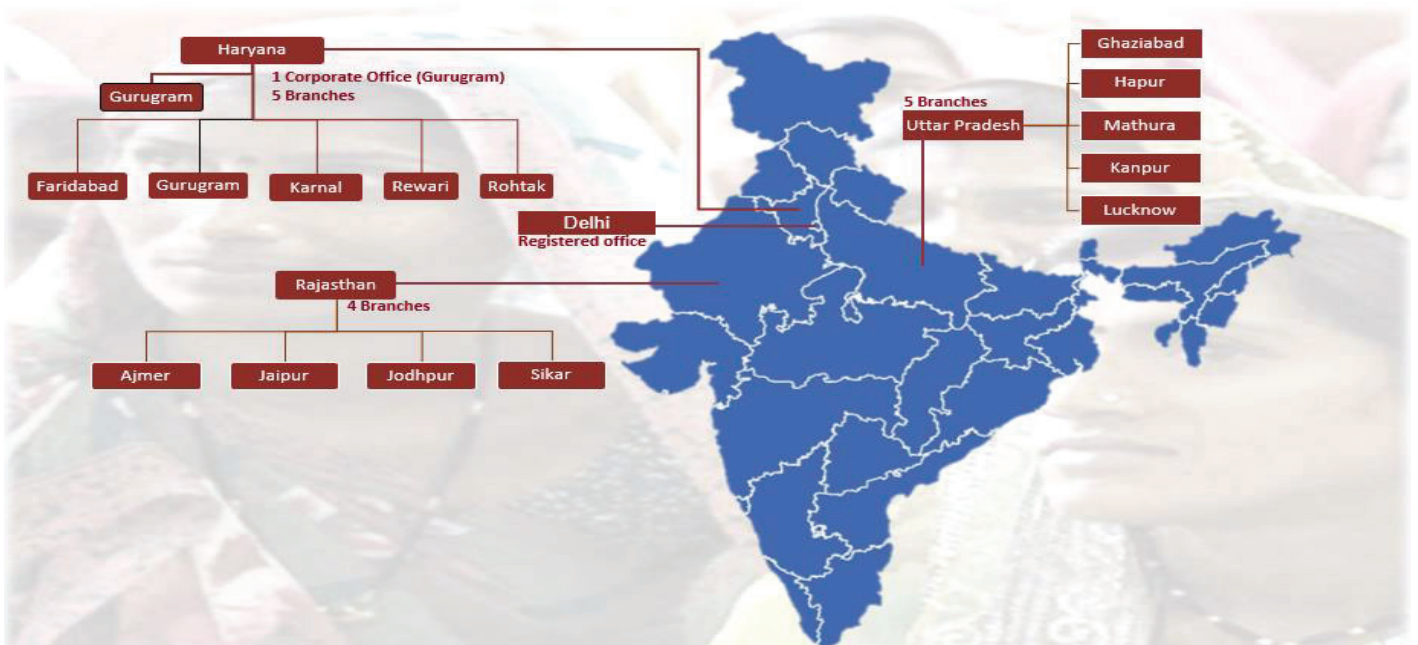
## OUR PRODUCTS



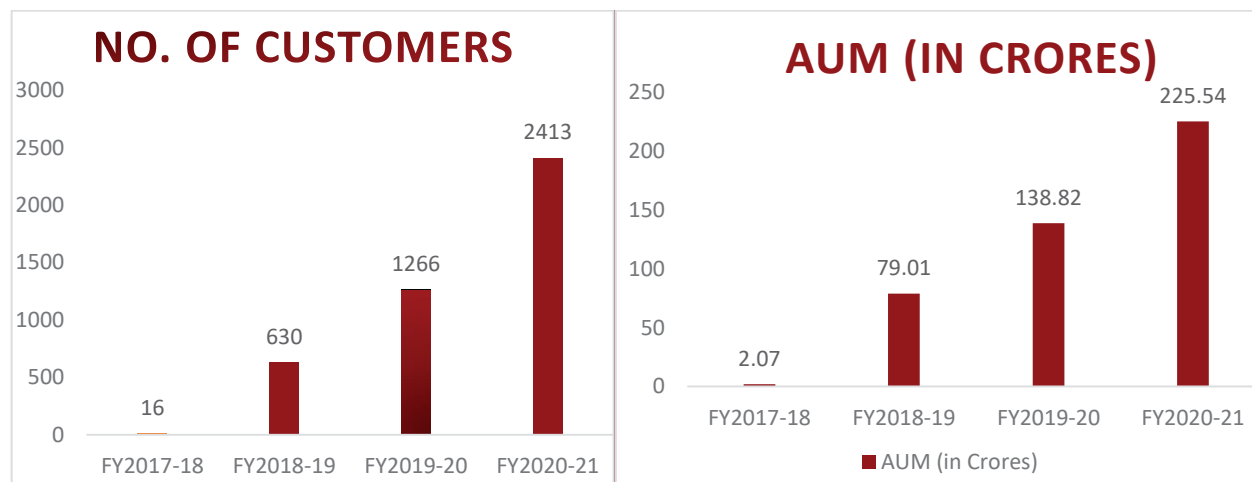
## KEY HIGHLIGHTS



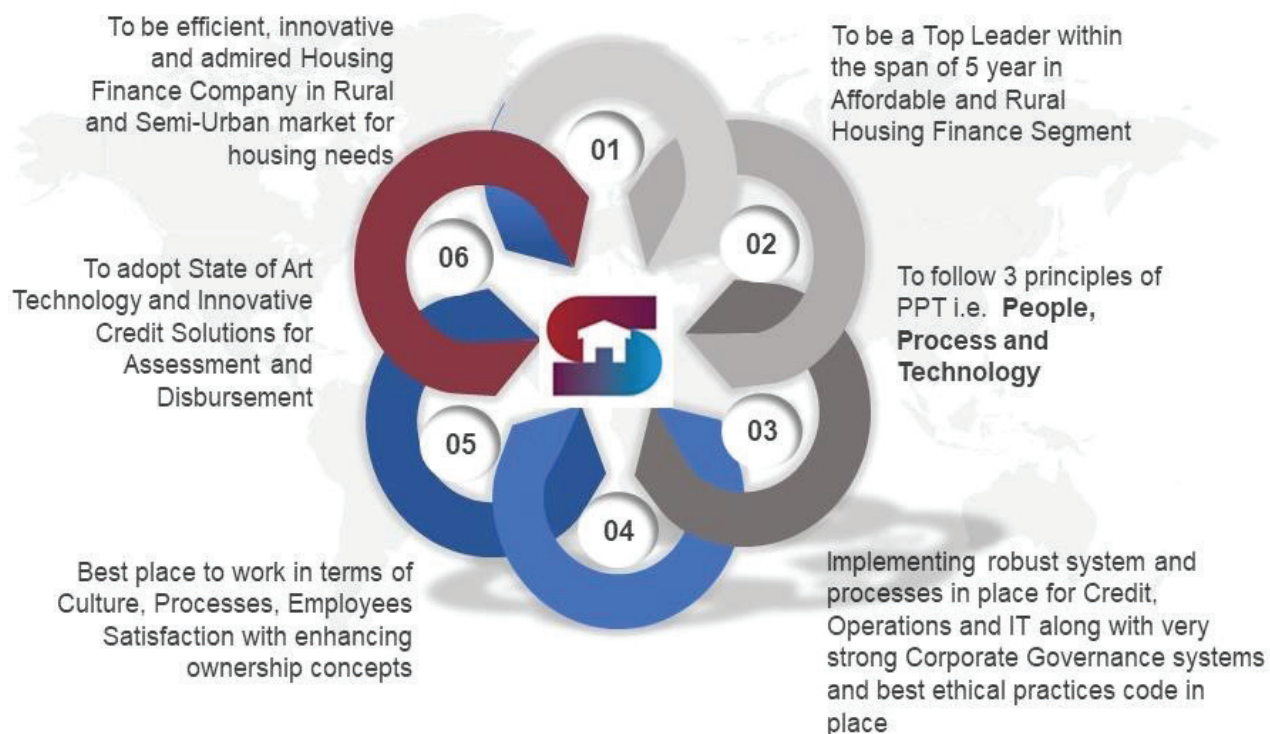
## GEOGRAPHICAL PRESENCE



## GROWTH CONSISTENCY



## SHFL's BROAD VISION



# The Board of Directors



**Mr H P Singh**  
**Director**

Mr. H P Singh is a law graduate and a fellow of The Institute of Chartered Accountants of India since 1984. He has over three decades of microfinance experience and pioneered the unique concept of daily collection of repayments of loans. Besides an expert in lending (especially microfinance) he has experience in the field of auditing, accounts, project financing, advisory services and company law matters. His financial engineering experience of almost three decades has helped the Company in operational strategy and efficiency. He is actively involved in SCNL's day-to-day operations and has been a vital source of inspiration since the Company's inception in 1990. Under his leadership, SCNL has grown into one of the leading microfinance institutions in India and continues to expand its operations.

He has participated in HBS Accion Program on Strategic Leadership for Microfinance in 2009 and leadership program organized by Women's World Banking at Wharton Business School, University of Pennsylvania in 2011.



**Mr Amit Sharma**  
**Managing Director and CEO**

Mr. Amit Sharma has over 20 years of rich experience in NBFCs and the Financial services sector into Domestic and International Markets & has held key positions in Large Corporate Houses. Prior to Satin Housing, Amit was the Chief Business Officer (CBO) for LAS & Agri Commodity Funding, Commercial Vehicle Finance in Karvy Financial Services Limited. Mr. Sharma has also worked with organization such as Religare Group, P.N.Vijay Financial Services, Abhipra Capital Ltd and the Association of National Exchange Members of India. He is a Qualified Company Secretary (CS) from ICSI, LLB from Delhi University, and has completed his B.Com (Hons.) from Delhi University. He also have DIFC (Dubai) Certification.



**Mr Anil Kumar Kalra**  
**Independent Director**

Mr. Anil Kumar Kalra has 34 years of experience in Banking and 5 years as CEO/ SVP in leading NBFC offering financial services in London and India and served in the area of Banking, Financial Services, Investment Banking and Infrastructure Financing. He served as Senior Vice President in a leading NBFC engaged in providing financial services including Asset financing, Debt Syndication, Corporate Advisory, Merchant Banking etc. to corporates besides support to sister companies in the Group focussed on Infrastructure Projects financing.

He was the Chief Executive Officer in Financial Services Company, London, UK. He has done 'Master in Business Administration' with specialisation in Finance from Faculty of Management Studies (FMS), Delhi University and B.Com (H) from Shree Ram College of Commerce, Delhi University.



**Mr Sundeep Kumar Mehta**  
**Independent Director**

Mr. Sundeep Kumar Mehta joined the Board of SCNL as Independent Director in 2013. He is a Science graduate from University of Rajasthan and also holds a Post graduate diploma in Business Administration from Annamalai University. Apart from these, he holds various other certificates, degrees and diplomas in the field of Cyber Law, History, Labour Laws, Auto Engg and Human resources.

He has over 33 years of experience. Prior to joining SCNL. He has served RKJ group, Escorts Ltd, Panacea Biotech Ltd, Bata India Ltd, and also Eicher Good Earth Ltd at various high capacities respectively.

# The Management Team



**Mr Sachin Sharma, Chief Financial Officer**

Mr. Sachin Sharma is a career Banker with 14 plus years of experience in Banking & Financial Services with ability to oscillate between micro & macro thinking. His strengths include delivery of decision matrices through Planning, Controlling, Taxation and Audits and institution of Financial Systems. He has demonstrated effective usage of Corporate Governance tools in proactively supporting Business and Treasury management. He carries rich experience for roll-out in start-up companies, in fund raising, managing treasury operations, accounts, internal control and statutory compliance.

He has held various critical and strategic roles at Deutsch Post-bank Home Finance Ltd, Habitat Housing and ART Affordable Housing at various Functional & Senior levels. Mr. Sharma is a MBA Finance and LLB by qualification.

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# DIRECTORS' REPORT



# **DIRECTORS REPORT TO THE MEMBERS**

Your Directors have the pleasure in presenting the 4<sup>th</sup> Annual Report along with the Audited Financial Statements for the year ending March 31, 2021.

## **1. COMPANY INCORPORATION & NATIONAL HOUSING BANK REGISTRATION**

Your Company was incorporated on April 17, 2017 under the Companies Act, 2013 as Public Limited Company. Your Company got the Certificate of Registration (COR) from National Housing Bank (NHB) on November 14, 2017 to commence its housing finance business operations.

## **2. OBJECTIVE**

With financially sound promoters, visionary leadership and a highly experienced team of home loan professionals, your company will provide clients with home loans to fulfill their dreams of owning an affordable dwelling unit. Your Company strongly holds that the dream of home ownership should be all-inclusive & believe in following the principle of highest transparency in business.

Your Company is a professionally managed Housing Finance Company (HFC) engaged in the business of providing long-term housing loans to customers to the Middle and Low Income Groups in peripherals of urban India, semi-urban and rural India. Your

Company will also offer Loan Against Property (i.e. LAP) to the middle and lowest end of the pyramid income customer.

Your Company during the reporting year has availed the refinance facilities from the NHB; apart from NHB other lenders too have shown faith on your Company and extended the liquidity support.

Your Company during the reporting year has successfully done three Direct Assignment transactions with two different financial institutions amounting INR 184,761,685.

## **3. REGISTERED & CORPORATE OFFICE**

Your Company is having its Registered Office at 505, 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, Delhi-110033 and Corporate Office at Plot No. 492, 2nd Floor, B-Wing, Udyog Vihar Phase-III, Gurugram, Haryana-122016.

Your Company during the reporting year has shifted its Corporate Office from Fourth Floor, Building No.98, Sector-44, Gurugram-122003, Haryana to Plot No. 492, 2nd Floor, B-Wing, Udyog Vihar Phase-III, Gurugram, Haryana-122016 in the month of January, 2021.

## **4. BRANCH OFFICES**

Your Company has total of 14 branches excluding Registered Office and Corporate Office namely Ghaziabad, Kanpur, Lucknow, Jaipur, Ajmer, Rohtak, Hapur, Mathura, Sikar, Rewari, Karnal, Jodhpur, Gurugram and Faridabad. All the branches opened are fully operation.

## 5. FINANCIAL HIGHLIGHTS

Highlights of the financial statement is as under:

<u>Particulars</u>	<b>For the Year from 01 April, 2020 to 31 March 2021</b>	<b>For the period from 01 April, 2019 to 31 March, 2020</b>
	<b>(Amount in Rs.)</b>	<b>(Amount in Rs.)</b>
Income from Operations	<b>275,339,812</b>	<b>187,342,689</b>
Other Income	20,390,095	22,577,716
Total Income	<b>295,729,907</b>	<b>209,921,405</b>
Less: Expenses	<b>274,582,812</b>	<b>222,313,534</b>
Profit / (Loss) before tax	<b>21,147,095</b>	<b>(12,393,128)</b>
Add/ (Less): Deferred Tax	6,879,224	(2,940,059)
Net Profit / (Loss) after Tax	<b>14,267,871</b>	<b>(9,453,070)</b>
Other Comprehensive Income	<b>(315,600)</b>	<b>282,282</b>
Total Comprehensive Income	<b>13,952,271</b>	<b>(9,170,787)</b>
Earnings per share (Basic)	0.16	(0.13)
Earnings per Share(Diluted)	0.16	(0.13)

## 6. OPERATING AND FINANCIAL PERFORMANCE

Your Company's net worth stood at Rs. 93.24 crores for the year ended March 31, 2021. As of that date, the regulatory Capital to Risk Assets Ratio (CRAR) was 90.16 % which is well above the regulatory requirement of 14%.

Your Company's Total Income during the year ended March 31, 2021 is Rs. 29.57 crores as compared to the

previous period ended March 31, 2020 is Rs 20.99 crores a growth of 41% and net profit after tax during the year ended March 31, 2021 is Rs. 1.37 crores as compared to the loss of previous period ended March 31, 2020 of Rs. 0.95 crores, reducing the loss by 2.45 times and booked profit.

## 7. DISBURSEMENT & AUM

This was a very tough year with large HFC companies facing liquidity issues and the collapse of some large HFC during past lead to lot of lending risk. With the Covid-19 hitting the industry badly during the year, your company took very cautious approach in disbursements and was proactive in slowing down the business. Your company still managed to do fine balance of growth and risk management and due to these factors our AUM on March 31, 2021 was Rs. 225.54 crores as compared to Rs. 138.28 crores as of

March 31, 2020 registering a growth of 62%. Your Company has been credit driven organisation and is very cautious in Sanctions & Disbursements of Loans, we followed the principle of quality over quantity and cash flow based on strict credit assessment of customers, but we were still able to achieve good growth in AUM in FY 20-21. Your company achieved a Gross Turnover of Rs 29.57 crores as against the Gross Turnover of Rs 20.99 for the last year a growth of 41 %.

## 8. ASSET QUALITY

Your company since its inception is a very conservative company. We have put a lot of emphasis on credit quality and customer selections. Your company is a credit driven organization viz-a -viz number driven organization. During the year under review, your Company has “No” Non-Performing Assets (NPA). Existing customers are regular in paying their EMI. The company has a very good portfolio mix of Salaried and SENP Customers and have followed the fundamental theme of making it a pure housing

finance company wherein our Portfolio is having 77.8% Home Loans. Being conservative and always being fully getting prepared for future planning's keeping in view the COVID 19 effect, your company has made ECL provision of 0.75% on its Assets, which is almost 2 times of regulatory requirement of NHB/RBI guidelines. The Company has kept such a high provision even after achieving great collection efficiency in FY 20-21 and with NIL NPA till date.

## 9. CHANGE IN NATURE OF BUSINESS

During the year under review, there is no change in the nature of business of the Company.

## 10. MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company that occurred between the end of the financial year to which this financial statement relates and the date of this report.

## 11. PARTICULARS OF LOAN, INVESTMENT, GUARANTEE

Since your Company is a Housing Finance Company, the disclosures regarding particulars of the Loans given, guarantees given and investments provided is exempt under section 186 (11) of the Companies Act, 2013.

Moreover, your Company has not made any investments or granted any loans or guarantees covered under Section 186 of the Act 2013.

Your Company has taken Corporate Guarantee from its Holding Company i.e. Satin Creditcare Network Limited (SCNL) in favor of National Housing Bank against the refinance facility availed from the NHB of INR 10 Cr during the reporting period and has taken additional revolving credit facility of INR 20 Cr from SCNL during the reporting period.

## 12. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Your Company had no subsidiary, joint venture and Associate Company at any time during the year ended March 31, 2021.

## 13. BOARD MEETINGS

Your Company's Board duly met during the year ended March 31, 2021. During the year, six board meetings were held on June 03, 2020, August 27, 2020, October 15, 2020, November 10, 2020, February 03, 2021 and March 30, 2021. Attendance of Directors who attended Board Meetings held during the year under review are as follows:

Name	Nature of Directorship	Attendance
Mr. Harvinder Pal Singh	Professional & Non-Executive Director	6
Mr. Anil Kumar Kalra	Independent Director	6
Mr. Sundeep Kumar Mehta	Independent Director	6
Mr. Amit Sharma	Chief Executive Officer & Whole Time Director	6

## 14. CONSTITUTION OF BOARD COMMITTEES

The below-mentioned Committees were constituted:

- a) **Working Committee:** This Committee was constituted on February 7, 2018. Board in its meeting dated October 25, 2019 has merged the Working Committee and Management Committee and the Working Committee has been reconstituted comprising of below-mentioned members as on 31.03.2021:

Name of Member	Nature
Mr. Harvinder Pal Singh	Non-Executive Director
Mr. Amit Sharma	CEO & Whole Time Director
Mr. Sachin Sharma	Chief Financial Officer

**Functions/Terms of Reference:**

- (i) Accepting Loan from various Banks/Financial Institutions/entity both domestic and foreign; Transaction related to securitization/assignment and External Commercial Borrowings/issuance of Non-Convertible Debentures and through any other way as stipulated and permissible under laws.
- (ii) Raising of funds through issuance of Commercial Papers (within overall borrowing limit as approved by members of the Company from time to time in terms of section 180(1)(a) and 180(1)(c) of the Companies Act, 2013).
- (iii) To invest the funds of the Company to the extent permissible under applicable laws.
- (iv) To open/apply for placing fixed deposit with any Bank/financial institutions/Non-Banking Financial Companies, to the extent permissible under applicable laws.
- (v) To grant loans or give guarantee or provide security in respect of loans to the extent permissible under applicable laws.
- (vi) To open Demat/Trading account with any depository participant(s) and to do all necessary needful in this regard.
- (vii) Pledge, Mortgage and/or Charge in all or any part of the movable or immovable properties of the Company and the whole or part of the undertaking of the Company of every nature and kind whatsoever;
- (viii) Allotment of Securities to the extent permissible under the Companies Act, 2013 and other applicable laws;
- (ix) Affixation of common seal in terms of Articles of Association of the Company, wherever required to facilitate transactions;
- (x) Opening of Current Accounts at different places in India;
- (xi) Any changes in authorised signatories who operate such accounts;
- (xii) Apply for Net Banking and consequent changes in their authority to operate;
- (xiii) Any closure of existing Current Account of the Company;
- (xiv) Any other matter relating to the operations of various bank accounts and other general purposes of the Company.
- (xv) Adoption /Implementation of Company's Policies, Business / Operations / Administrative / Compliance requirements to run the business smoothly on day to day basis.

- b) Asset Liability Committee (ALCO):** This Committee was re-constituted on February 03, 2021 comprising below mentioned members as on 31.03.2021:

Name of Member	Nature
Mr. Amit Sharma	CEO & Whole Time Director
Mr. Sachin Sharma	Chief Financial Officer
Mr. Sushant Garg	AVP- Accounts

**Functions/Terms of Reference:**

- (i) Monitor prevailing interest rates offered by other peer HFCs for similar services/ product, etc. and benchmarking its services/ products within Company's objectives.
- (ii) Monitoring the risk levels of the Company.
- (iii) Monitor the adherence to prudential tolerance limits set by the Board.
- (iv) Articulate the current interest rate view of the Company and base its decisions for future business strategy on this.
- (v) Develop a view on future direction of interest rate movements and decide on funding mixes between fixed vs. floating rate funds, wholesale vs. retail funds, money market vs. capital market funding, domestic vs foreign currency funding, etc.
- (vi) Acting proactively to develop alternative courses of action, and prioritize them based on cost/ benefit relationships, long-term effectiveness.

The overall functions of the Committee is to manage the Company's assets and liabilities and to achieve performance consistent with the Company's liquidity, capital adequacy, growth, and risk and profitability goals. The ALCO is also responsible for managing interest rate risk, liquidity and the investment portfolio.

- c) Nomination & Remuneration Committee:** This Committee was constituted on May 02, 2019 comprising of below mentioned members as on 31.03.2021:

Name of Member	Nature
Mr. Harvinder Pal Singh	Non-Executive Director
Mr. Sundeep Kumar Mehta	Independent Director
Mr. Anil Kumar Kalra	Independent Director

**Functions/Terms of Reference:**

- (i) identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- (ii) formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- (iii) The Committee, while formulating the policy under above-said clause (ii), ensure that—
  - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals
- (iv) Other role and responsibilities prescribed under various applicable laws from time to time.

- d) Audit Committee:** This Committee was constituted on May 02, 2019 comprising of below mentioned members as on 31.03.2021:

Name of Member	Nature
Mr. Harvinder Pal Singh	Non-Executive Director
Mr. Sundeep Kumar Mehta	Independent Director
Mr. Anil Kumar Kalra	Independent Director

**Functions/Terms of Reference:**

- (i) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) Examination of the financial statement and the auditors' report thereon;
- (iv) Approval or any subsequent modification of transactions of the company with related parties;
- (v) Scrutiny of inter-corporate loans and investments;
- (vi) Valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) Evaluation of internal financial controls and risk management systems;
- (viii) Monitoring the end use of funds raised through public offers and related matters.
- (viv) Other roles and responsibilities as prescribed under various applicable laws from time to time.

- e) Risk Management Committee:** This Committee was constituted on May 02, 2019 and reconstituted on January 29, 2020 comprising of below mentioned member as on 31.03.2021:

Name of Member	Nature
Mr. Amit Sharma	CEO & Whole Time Director
Mr. Sachin Sharma	Chief Financial Officer
Mr. Sharad Mittal	VP- Credit & Risk
Mr. Deepak Kumar	DGM- Operations

**Functions/Terms of Reference:** To manage the integrated risk and the scope as prescribed by the Company through its Board approved Risk Management Policy and other roles and responsibilities as prescribed under various applicable laws from time to time.

- f) Grievance Redressal Committee:** This Committee was constituted on May 02, 2019 and reconstituted on July 30, 2019 comprising of below mentioned member as on 31.03.2021:

Name of Member	Nature
Mr. Amit Sharma	CEO & Whole Time Director
Mr. Sachin Sharma	Chief Financial Officer
Mrs. Noopur Bhardwaj	Manager-HR
Mrs. Komal Sharma	Deputy Manager- Customer Service

**Functions/Terms of Reference:** To manage and address the Grievance of various stakeholders of the company and the scope as prescribed by the Company through its Board approved Grievance Redressal Mechanism and other roles and responsibilities as prescribed under various applicable laws from time to time.

During the period under review, your Company has dissolved IT Strategy Committee and IT Steering Committee.

## **15. DIRECTORS & KEY MANAGERIAL PERSONNEL**

Mr. Amit Sharma (DIN: 08050304), Director of the Company is liable to retire by rotation and being eligible offers himself for reappointment at this Annual General Meeting, your Board of Directors recommends his re-appointment as a Director liable to retire by rotation.

During the period under review, Mrs. Kiran Soni Gupta (DIN: 03267846) appointed as Independent Director of the Company w.e.f. November 10, 2020 and she resigned w.e.f. January 21, 2021 due to her appointment to the post of Director, West Zone Culture Centre, Udaipur under the Ministry of Culture, Government of India.

Further, Mr. Amit Sharma (DIN: 08050304), Whole Time Director & CEO of the Company has been appointed as Managing Director & CEO of the Company in the Board Meeting held on May 12, 2021 as recommended by the Nomination & Remuneration Committee for a period of 5 (Five) years w.e.f. May 12, 2021.

The composition of the Board of Directors of the Company is in accordance with the provisions of Section 149 of the Companies Act, 2013 ("Act") with an appropriate combination of Non-Executive and Independent Directors (including woman director) who bring in a wide range of skills and experience to the Board.

The Board consist of following members as on March 31, 2021:

S.No.	Name of Director	Designation
1.	Mr. Amit Sharma	CEO & Whole Time Director
2.	Mr. Harvinder Pal Singh	Non-Executive Director
3.	Mr. Sundeep Kumar Mehta	Independent Director
4.	Mr. Anil Kumar Kalra	Independent Director

As on March 31, 2021, the Company has the following Key Managerial Personnel:

S.No.	Name of Director	Designation
1.	Mr. Amit Sharma	Chief Executive Officer
2.	Mr. Sachin Sharma	Chief Financial Officer
3.	Mr. Prince Kumar	Company Secretary

## 16. DEPOSITS

Your Company is registered with National Housing Bank as a non-deposit taking housing finance company. During the year under review, the Company has not accepted any deposits from the public and the Company has passed a resolution in the Financial Year for non-acceptance of Public Deposits.

## 17. CREDIT RATINGS

Nature of Borrowings	Rating
Subordinate Debt Issue/ Non-Convertible Debentures	CARE BBB; Stable [Triple B; Outlook: Stable]
Long term Bank borrowings	CARE BBB+ (CE); Stable [Triple B Plus (Credit Enhancement); Outlook: Stable]

## 18. DEBENTURES

During the year under review, the Company has not raised any Debentures. As on March 31, 2021, the outstanding Non-Convertible Debentures (NCDs) stood at INR 20 crore.

The NCDs issued by the Company are listed on wholesale Debt Market segment of the BSE Limited.

Credit Rating assigned to the NCDs is mentioned above.

During the financial year under review, the interest on Non-Convertible Debentures issued on private placement basis were paid by the Company on their respective due dates and there were no instances of

interest amount not claimed by the investors or not paid by the Company.

Your Company being Housing Finance Company (HFC), is exempted from the requirement of creating Debenture Redemption Reserve (DRR) on privately placed debentures. Therefore, no DRR has been created for the Debentures issued by your Company on private placement basis.

Disclosure under Mater Direction- Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021 for Non-Convertible Debentures:

- (i) The total number of Non-Convertible Debentures, which have not been claimed by the investors or not paid by the Company after the date on which the Non-Convertible Debentures became due for redemption: Nil
- (ii) The total amount in respect of such Debentures remaining unclaimed or unpaid beyond the date of such Debentures become due for redemption: Nil

## **19. DEBENTURE TRUSTEE**

The details of the Debenture trustees of the Company are as under:

### **Catalyst Trusteeship Limited**

Address: 810, 8th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi –110001

Tel. No: +11 43029101 | Fax: +91 22 4922 0505 | Website: [www.catalysttrustee.com](http://www.catalysttrustee.com)

## **20. REGISTRAR & TRANSFER AGENTS**

The details of the Registrar & Transfer Agents are as under:

### **Link Intime India Private Limited**

Address: C 101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West)

Mumbai, Maharashtra-400083

Tel: 022 - 4918 6270 | Website: [www.linkintime.co.in](http://www.linkintime.co.in)

### **KFin Technologies Private Limited**

**(Erstwhile known as Karvy Fintech Private Limited)**

Address: KFinTech, Tower – B, Plot No 31 & 32, Selenuim Building, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032.

Tel: +91- 040 – 67162222, +91- 040 – 79611000 | Website: [www.kfintech.com](http://www.kfintech.com)

## **21. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

During the year under review, there is no materially significant related party transaction with the Company's promoters, directors, the management, their subsidiaries or relatives which may have potential conflict with the interest of the Company at large. The necessary disclosures regarding the related party transactions are given in the notes to accounts.

In line with the requirements of the Act, the Company has formulated the RPT Policy which is also available

on the Company's website at <https://satinhousingfinance.com/wp-content/uploads/2020/05/Related-Party-Transaction-Policy-SHFL.pdf>

Particulars of Contracts or Arrangements with related parties referred to in Section 188(1) is given in Form AOC- 2 as “Annexure – 1”.

## **22. VIGIL MECHANISM/WHISTLE BLOWER POLICY**

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 read with Section 177(9) of the Act (as amended from time to time), the Company has framed Vigil Mechanism / Whistle Blower Policy (“Policy”) to enable directors and employees to report genuine concerns or grievances, significant deviations from key management policies and reports any non-compliance and wrong practices, e.g., unethical behavior, fraud, violation of law, inappropriate behavior / conduct, etc.

The functioning of the Vigil Mechanism is reviewed by the Audit Committee from time to time. None of the Directors or employees have been denied access to the Audit Committee of the Board.

The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal controls, or fraudulent reporting of financial information.

The Policy framed by the Company is in compliance with the requirements of the Act and same is available on the website of the Company at

<https://satinhousingfinance.com/wp-content/uploads/2019/10/Vigil-Mechanism.pdf>

### **23. DECLARATION BY INDEPENDENT DIRECTORS**

All Independent Directors have submitted the declaration of independence, pursuant to provisions of the Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and are not disqualified from continuing as Independent Directors of the Company.

Independent Director appointed in the Company during the period under review possess integrity, relevant expertise and experience in the opinion of the Board as required under the applicable provisions of the Companies Act, 2013.

### **24. DIRECTORS RESPONSIBILITY STATEMENT**

The Directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanations relating to material departure.
2. That Board has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit and loss of the Company for that period.
3. That Board has taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. That Board has prepared the annual accounts on a going concern basis and;
5. That the Board had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

### **25. DIVIDEND**

As your Company has business expansion plans for the next financial year i.e. FY 2021-22, your Directors do not recommend any dividend.

### **26. RESERVES**

During the year under review no amount is proposed to be carried to any reserve.

### **27. STATUTORY AUDITORS**

At the Company's 1st Annual General Meeting held on 30 June, 2018, M/s. Rajeev Bhatia & Associates, Chartered Accountants (ICAI Registration No. 021776N), Delhi, were appointed as Statutory Auditors of the Company for the term of five consecutive years up to the conclusion of Sixth Annual General Meeting of the Company. As per the provisions of Section 141 of the Companies Act, 2013, The Company has received a certificate from the above Auditors to the effect that they are not

disqualified from continuing as Auditors of the Company.

Further, pursuant to the provisions of the Master Direction-Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021, Partners of the Audit Firm need to be rotated at every three years. The rotated partner is Mr. Rohit Kumar Gupta, Chartered Accountant bearing membership no. 410082 for the Financial Year 2020-21 and onwards.

## **28. STATUTORY AUDITORS' REPORT**

Your Company has received audit report from M/s Rajeev Bhatia & Associates, Chartered Accountants and your Directors do not observe any adverse remark therein. The same forms part of the Annual Report of this financial year for your adoption.

## **29. INTERNAL AUDITOR**

Mrs. Nilanjana Mukherjee, Internal Auditor of the Company did an internal Audit for the year ended March 31, 2021 and Internal Audit reports received on a quarterly basis were placed before the Audit Committee and the Board.

During the reporting year, your Company has appointed Mrs. Nilanjana Mukherjee, Internal Auditor, Mr. Sushil Menon and Mr. Ashok Rawat with the help of Mr. Anil Kumar (Certified Information Systems Auditor), Operation Head of Cyber Cube jointly to conduct Internal Audits of the Information Security.

## **30. SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended from time to time), the Company had appointed M/s. S. Behera & Co., Practicing Company Secretary, to undertake the Secretarial Audit of the Company for the FY 2020-21.

The Secretarial Audit Report is appended as "Annexure- 2" to this Annual Report.

There is no adverse remark, qualifications or reservation in the Secretarial Audit Report.

## **31. FRAUD REPORTED BY THE AUDITORS OF THE COMPANY**

The Auditors of the Company have not reported any fraud to the Audit Committee or/and the Board as required to be disclosed under Section 143(12) read with Rule 13 of the Companies (Audit and Auditors) Rules, 2014.

During the year under review, your Company has reported NIL fraud.

The Audit Committee and the Board of the Company reviewed the status of the Fraud on a quarterly and annual basis as required under the Monitoring of Frauds in NBFCs' (Reserve Bank) Directions, 2016.

## **32. COMPLIANCE OF SECRETARIAL STANDARDS**

The Company complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

## **33. EXTRACT OF ANNUAL RETURN AS REQUIRED AND PRESCRIBED UNDER SECTION 92(3) OF THE ACT AND RULES MADE THEREUNDER**

The extract of Annual Return in form MGT-9 as required under Section 92(3) of the Act and prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as "Annexure- 3" to the Annual Report. The Annual Return will be uploaded on the website of the Company [www.satinhousingfinance.com](http://www.satinhousingfinance.com).

## **34. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

Your Company has not developed and implemented any policy on Corporate Social Responsibility initiatives, as the provisions of section 135 of Companies Act, 2013 are not applicable.

### **35. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company has in place Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The policy provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints.

There was no complaint received from any employee during the year ended 31 March 2021.

### **36. EMPLOYEES STOCK OPTION PLAN**

Your Company has not provided any Stock Option Scheme to the employees. However, Satin Creditcare Network Limited, its Holding Company, had granted options at an Exercise Price of Rs.160/- per option under Satin Employee Stock Option Scheme, 2017 to Mr. Amit Sharma, CEO & Whole Time Director and Mr. Sachin Sharma, Chief Financial Officer.

### **37. SHARE CAPITAL**

As on March 31, 2021 the details the share capital of the Company are as bellows:

<b>Share Capital</b>	<b>Amount in INR</b>
<b>Authorised</b>	
Authorised Capital	
<b>Equity Share Capital</b>	
9,50,00,000 equity shares of Rs 10/- each Face Value	95,00,00,000
<b>Preference Share Capital</b>	NIL
<b>TOTAL</b>	Rs. 95,00,00,000/-
<b>Issued, Subscribed and Paid-up Equity Capital</b>	
9,50,00,000 equity shares of Rs 10/- each Face Value	95,00,00,000
<b>Paid up Equity Share Capital</b>	<b>Rs.</b>
9,50,00,000 equity shares of Rs 10/- each Face Value	95,00,00,000
<b>Issued, Subscribed and Paid-up Preference Share Capital</b>	<b>NIL</b>
<b>TOTAL</b>	Rs. 95,00,00,000/-

During the year under review, the Your Company had increased the authorized capital from INR 15 crores to INR 95 crores in the Extra-ordinary General Meeting held on September 23, 2020 and made an allotment of 150 lakhs equity shares at face value of Rs.10/- per share to its Holding Company dated October 19, 2020 amounting INR 15 crores.

### **Dematerialisation of Shares**

The Ministry of Corporate Affairs vide notification dated September 10, 2018 has mandated every unlisted public company to issue the securities only in dematerialised form and facilitate dematerialisation of all its existing securities in accordance with provisions of the Depositories Act, 1996 and regulations made there under.

Accordingly, the Company has provided facility to dematerialize shares held by the shareholders in

physical form. As on March 31, 2021, out of the Company's total paid-up Equity Share Capital comprising of 9,50,00,000 Equity Shares, 9,49,99,994 shares are in demat form and remaining 6 shares are in physical form. In view of the numerous advantages offered by the Depository System, the Members holding shares in physical form are advised to avail the facility of dematerialization.

### **38. RISK MANAGEMENT POLICY**

Your Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

In line with the above, your Company has adopted 'Assets and Liability Management Guidelines' and 'Risk Management Policy' covering risk management by the Company. Your Company had duly constituted Risk Management Committee and the risk management systems of the Company are adequate, comprehensive and provide risk mitigates.

### **39. PERFORMANCE EVALUATION**

Pursuant to the provisions of section 134(3)(p) of the Act and Schedule IV of the Act, the Board has carried out the annual performance evaluation of the Board as a whole, various Committees of the Board and of the individual Directors. The performance evaluation of the Independent Directors was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process.

Individual Directors on the basis of the criteria such as Transparency, Performance, etc.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive & Non-Executive Directors.

Further, Section 178(2) requires that the Evaluation of each Director of the Board is to be done by the Nomination and Remuneration Committee (NRC) of the Board. NRC reviewed the performance of the

The same was discussed in the Board Meeting, at which the performance of the Board, its Committee(s) and Individual Directors were also discussed.

### **40. NATIONAL HOUSING BANK/ RESERVE BANK OF INDIA GUIDELINES**

The Company has complied with the provisions of the Housing Finance Companies (NHB) and the Reserve Bank of India (RBI), as prescribed by NHB/RBI and has been in compliance with the various Circulars, Notifications and Guidelines issued by RBI and NHB from time to time. The Circulars and the Notifications issued by RBI/NHB are also placed before the Audit Committee / Board of Directors at regular intervals to update the Committee/ Board members on the compliance of the same.

#### **Prudential Norms for Housing Finance Companies**

Reserve Bank of India (RBI) regulates the HFCs and issues guidelines on income recognition, asset classifications, accounting for investments, provisions of Loan to Value (LTV) ratio, provisioning, provisioning for bad and doubtful debts, capital adequacy, accounting and disclosure policies, fair practice code, Internal Guidelines on Corporate Governance, Related Party Transactions and asset liability management. The Company is in compliance with applicable prudential norms and guidelines.

### **41. PARTICULARS OF EMPLOYEES**

In accordance with the provisions of Section 197(12) of the Act, the ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report

and has been appended as "Annexure-4" to this Report.

There was no employee drawing remuneration in excess of limits as laid down under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014.

### **42. NOMINATION AND REMUNERATION POLICY**

The Board of Directors and Nomination and Remuneration Committee of the Company formulated policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management in pursuance of the

Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of Section 178 of the Companies Act, 2013. This policy act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees of the Company.

The Policy framed by the Company is in compliance with the requirements of the Act and same is available on the website of the Company at <https://satinhousingfinance.com/wp-content/uploads/2021/04/Policy-on-Nomination-and-Remuneration.pdf>.

#### **43. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Pursuant to Annex IV of the Master Direction-Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021, a detailed discussion on the Company's competitive position and its financial performance are given in the Management Discussion and Analysis Report, which has been appended as "Annexure-5" to this Report.

#### **44. 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 or material orders were passed by any Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

#### **45. COST RECORDS & COST AUDIT**

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

#### **46. PARTICULARS ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

Since your Company does not have manufacturing activity, the particulars relating to conservation of energy and technology absorption stipulated in Section 134(3) of the Companies Act, 2013 read with rule (8) of the Companies Act (Accounts) Rules, 2014 are not applicable to the Company.

##### **Foreign Exchange Earnings and Outgo**

	2020-21
Remittance outward in foreign currency towards:	
for purchase of materi	NIL
Investment in shares	NIL
Remittance inwards in foreign currency	NIL

#### **47. DISCLOSURES UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

Your Company has neither filed any application nor any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the reporting year, hence no disclosure is required under this section.

valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions as your Company has not done any settlement with any Bank or Financial Institutions since its inception.

Further, there is no details required to be reported with regard to difference between amount of the

#### **48. HUMAN RESOURCE DEVELOPMENT**

Your Company has young, capable, experienced and dedicated manpower and various professionals support from in-house and external sources with expertise in different areas leading the growth of Company towards a better operational and financial position. All the employees are committed to the company and each one of them has a sense of ownership. The company is lead by the principle of leadership which believe in influencing rather than management based on the authority and this approach really bind all our employees as one family with one mission. Your Company has taken care of all the employees need in Covid 19 and propagated work from home, insurance, sanitisation activities and awareness of employees on social behaviour in COVID 19.

#### **49. LENDERS**

Our lenders have full faith in us and have been instrumental in our growth. We take this opportunity to thank them and look forward to continuous support. We very proudly state that NHB reposed confidence in us and we received sanction of INR 16 crore till the date of this report. We look forward to such faith and carry a great amount of respect for our lenders.

#### **50. FUTURE OUTLOOK**

The current financial year 2021-22 is going to be one of the toughest years due to sudden outbreak of new COVID variant. The basic theme of the corporates being survival rather than growth, SHFL has tried to balance both the goals of the survival and growth. This time the pandemic has created 2 challenges i.e challenges of LIFE and LIVELIHOOD. The situation is of utmost carouse in the markets and everybody is on priority focusing on LIFE. In the current backdrop of this second wave of Pandemic SHFL believe this year to be again the year of extreme cautious and survival with modest growth numbers Your company has always believed in quality and will keep on focusing

on the same. We will follow all the strict policies while lending the money and will try to retain the book and build a new book with quality. Due to hard hitting of the economy and middle and lowest end of the pyramid customers getting affected the most though the portfolio has performed exceedingly well in past but there may be challenges to maintain the same. There will be slippages so we have provided for the same in our financial figures. Work from home, tough lending and capital raising challenges will have to be managed and worked out on dynamic basis. SHFL is all geared up on all fronts to take the challenges heads on and come up very strongly.

#### **51. ACKNOWLEDGEMENTS**

The Directors express their sincere gratitude to the Reserve Bank of India, National Housing Bank, Securities and Exchange Board of India, BSE Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions and the Company's Bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in your Company. The Board, in specific, wishes to place on record its sincere appreciation of the contribution made by all the employees towards the Company.

For and on behalf of the Board of  
**Satin Housing Finance Limited**

Place: Gurugram  
Date: 19.05.2021

S/d  
Harvinder Pal Singh  
DIN: 00333754

S/d  
Amit Sharma  
DIN: 08050304

## Annexure 1

### Form No. AOC-2

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

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

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

- (a) Name(s) of the related party and nature of relationship:
- (b) Nature of contracts/arrangements/transactions:
- (c) Duration of the contracts / arrangements/transactions:
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
- (e) Justification for entering into such contracts or arrangements or transactions
- (f) Date(s) of approval by the Board:
- (g) Amount paid as advances, if any:
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188:

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

S.No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements /transactions	Duration of the contracts / arrangements /transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Satin Creditcare Network Limited (Holding Company)	Lease Agreement for Corporate Office of the Company i.e. B Wing, 2nd Floor, Plot No. 492, Udyog Vihar, Phase-III, Gurugram, Haryana – 122016	11 months	Lease Rent of INR 5,000 per month per seat inclusive of all expenses for 52 seats including cabin(s) and meeting room(s)	February 03, 2021	Nil
2	Satin Creditcare Network Limited (Holding Company)	Corporate Guarantee by Satin Creditcare Network Limited in favour of	One-time payment	Corporate Guarantee fee of INR 17,20,669 (plus applicable	August 27, 2020	Nil

		National Housing Bank against the refinance assistance under LIFT Scheme availed by Satin Housing Finance Limited		taxes)		
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For and on behalf of the Board of  
**Satin Housing Finance Limited**

Place: Gurugram  
Date: 19.05.2021

S/d  
Harvinder Pal Singh  
DIN: 00333754  
Director

S/d  
Amit Sharma  
DIN: 08050304  
Managing Director &  
Chief Executive Officer

## Annexure-2

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

(Form No. MR-3)

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,  
The Members  
Satin Housing Finance Limited  
505, 5<sup>th</sup> Floor, Kundan Bhawan,  
Azadpur Commercial Complex  
Azadpur, New Delhi-110 033

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to corporate practices by SATIN HOUSING FINANCE LIMITED (CIN: U65929DL2017PLC316143) (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Company's books, papers, minute books, forms and returns filed and made available and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, in our opinion we hereby report that the Company has, during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions stated hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 and made available to us, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not Applicable)**
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable)**
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable)**
  - d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014; **(Not Applicable)**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable)** and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable)**
- vi. Employees' Provident Funds & Misc. Provisions Act, 1952;
- vii. Employees' State Insurance Act, 1948 ;
- viii. Maternity Benefit Act, 1961;
- ix. Minimum Wages Act, 1948;
- x. Payment of Bonus Act, 1965
- xi. Payment of Gratuity Act, 1972
- xii. Delhi Shops and Establishments Act, 1954, Punjab Shops and Commercial Establishments Act, 1958, Uttar Pradesh Shops and Commercial Establishment Act, 1962, Rajasthan Shops And Commercial Establishments Acts, 1958
- xiii. RBI Act, 1934 relating to NBFC's
- xiv. The National Housing Bank Act, 1987, Regulation(s)/direction(s) made thereunder (being sector specific law, since Company is a Housing Finance Company governed and administered by National Housing Bank as per National Housing Bank Act, 1987).

We have also examined compliance with the applicable clauses of the following (i) Secretarial Standard Issued by the Institute of Company Secretaries of India. (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Debt related).

We report that, during the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, and Guidelines mentioned above.

We further report that, based on the information provided and the representation made by the Company and also on the review of the compliances report of Company Secretary/Chief Financial Officer/Whole Time Director and respective departmental heads taken on record by the Board of Directors of the Company in their meetings, and thus in our opinion, adequate system and process exist in the Company to monitor and ensure compliances with provisions of various applicable laws including labour laws and environmental laws.

We further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company, commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the following specific events/actions have taken place in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above which may have a major bearing on the company's affairs :

- a. Allotment of 1,50,00,000 equity shares of Rs.10/- to Satin Creditcare Network Ltd., on Rights basis ;

For **S. Behera & Co.**  
**Company Secretaries**

**s/d**  
**Shesdev Behera**  
**Company Secretary in practice**  
CP. No. 5980  
M. No. 8428  
UDIN: F008428C000084405

Date: 14/04/2021  
Place: New Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

To,  
Satin Housing Finance Limited  
505, 5<sup>th</sup> Floor, Kundan Bhawan,  
Azadpur Commercial Complex  
Azad Pur, New Delhi  
PIN – 110033

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on our examination.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records, we believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, and standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **S.Behera & Co.**  
**Company Secretaries**

s/d  
**Shesdev Behera**  
**Company Secretary in practice**  
CP. No. 5980  
FCS-8428  
UDIN: F008428C000084405

Date: 14/04/2021  
Place: New Delhi

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on 31.03.2021**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

CIN	U65929DL2017PLC316143
Registration Date	17/04/2017
Name of the Company	SATIN HOUSING FINANCE LIMITED
Category/Sub-category of the Company	Company Limited by Shares/Indian Non-Government
Address of the Registered office & contact details	505, 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, Delhi 110033
Whether listed company	No (Debt Listed)
Name, Address & contact details of the Registrar & Transfer Agent, if any.	<p><b>Link Intime India Private Limited</b>  Address: C 101, 1st Floor, 247 Park,  Lal Bahadur Shastri Marg, Vikhroli (West)  Mumbai, Maharashtra-400083  Tel: 022 - 4918 6270  Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a></p> <p><b>KFin Technologies Private Limited</b>  <b>(Erstwhile known as Karvy Fintech Private Limited)</b>  Address: KFinTech, Tower – B, Plot No 31 &amp; 32,  Selenium Building, Financial District,  Nanakramguda, Gachibowli, Hyderabad – 500 032.  Tel: +91- 040 – 67162222, +91- 040 – 79611000  Website: <a href="http://www.kfintech.com">www.kfintech.com</a></p>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Providing Housing Loans/ Loan against House Property	64920	100%

**III. Particulars of Holding, Subsidiary and Associate Companies**

S. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Satin Creditcare Network Limited  5th Floor, Kundan Bhawan, Azadpur Commercial Complex,	L65991DL1990PLC041796	Holding	100%	2(46)

	Delhi-110033				
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#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. PROMOTERS</b>									
<b>(1) Indian</b>	0	0	0	0	0	0	0	0	0
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt. or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	79999994	0	79999994	100%	94999994	0	94999994	100%	0
d) Bank/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL:(A) (1)</b>	79999994	0	79999994	100%	94999994	0	94999994	100%	0
<b>(2) Foreign</b>									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (A) (2)</b>	0	0	0	0	0	0	0	0	0
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	79999994	0	79999994	100%	94999994	0	94999994	100%	0
<b>B. PUBLIC SHAREHOLDING</b>									

<b>G</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
C) Central govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (B)(1):</b>	0	0	0	0	0	0	0	0	0
<b>(2) Non Institutions</b>									
a) Bodies corporates	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	0	6	6	0	0	6	6	0	0
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (B)(2):</b>	0	0	0	0	0	0	0	0	0
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	79999994	6	80000000	100%	94999994	6	95000000	100%	0

<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>79999994</b>	<b>6</b>	<b>80000000</b>	<b>100%</b>	<b>94999994</b>	<b>6</b>	<b>95000000</b>	<b>100%</b>	<b>0</b>

**ii) Shareholding of Promoter-**

SNo .	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Satin Creditcare Network Limited	79,999,994	100	0	94,999,994	100	0	0

**iii) Change in Promoters' Shareholding (please specify, if there is no change):**

Name of Shareholder	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1. Satin Creditcare Network limited	At the beginning of the year	79,999,994	100	94,999,994	100
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease  Allotment: 15,000,000 Equity Shares on October 19, 2020	15,000,000	15.79	-	-
	At the end of the year	<b>94,999,994</b>	<b>100</b>	<b>94,999,994</b>	<b>100</b>

**iv) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1. Subir Roy Choudhary (As a Nominee of Satin Creditcare Network Limited)	At the beginning of the year	1	0	1	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	0	0	1	0
	At the end of the year	1	0	1	0
2. Bhupinder Pal Singh (As a Nominee of Satin Creditcare Network Limited)	At the beginning of the year	1	0	1	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	0	0	1	0
	At the end of the year	1	0	1	0
3. Sanjay Mahajan (As a Nominee of Satin Creditcare Network Limited)	At the beginning of the year	1	0	1	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	0	0	1	0
	At the end of the year	1	0	1	0
4. Tahir Zafar (As a Nominee of Satin Creditcare Network Limited)	At the beginning of the year	1	0	1	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	0	0	1	0
	At the end of the year	1	0	1	0
5. Dev Verma (As a Nominee	At the beginning of the year	1	0	1	0

of Satin Creditcare Network Limited)	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	(1)	0	(1)	0
	At the end of the year	0	0	0	0
6. Aditi Singh (As a Nominee of Satin Creditcare Network Limited)	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): (Mr. Dev Verma transferred 1 equity share held by him to Mrs. Aditi Singh dated October 10, 2020)	1	0	1	0
	At the end of the year	1	0	1	0
7. Urvashi Tyagi (As a Nominee of Satin Creditcare Network Limited)	At the beginning of the year	1	0	1	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.)	0	0	1	0
	At the end of the year	1	0	1	0

**v) Shareholding of Directors and Key Managerial Personnel:**

S. No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
1. Harvinder Pal Singh	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.)	0	0	0	0
	At the end of the year	0	0	0	0

2. Amit Sharma	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.)	0	0	0	0
	At the end of the year	0	0	0	0
3. Sachin Sharma	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	0	0	0	0
	At the end of the year	0	0	0	0
4. Prince Kumar	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.)	0	0	0	0
	At the end of the year	0	0	0	0
5. Sundeep Kumar Mehta	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.)	0	0	0	0
	At the end of the year	0	0	0	0
6. Anil Kumar Kalra	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.)	0	0	0	0
	At the end of the year	0	0	0	0

V) **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	789048910	199441109	0	988490019
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	3651882	6904110	0	10555992
<b>Total (i+ii+iii)</b>	792700792	206345219	0	999046011
<b>Change in Indebtedness during the financial year</b>				
Additions	816855659	64884	0	816920543
Reduction	421692511	0	0	421692511
<b>Net Change</b>	395163148	64884	0	395228032
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1184353649	199505993	0	1383859642
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	3510291	6904110	0	10414401
<b>Total (i+ii+iii)</b>	<b>1187863940</b>	<b>206410103</b>	<b>0</b>	<b>1394274043</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager:  <b>Mr. Amit Sharma (Chief Executive Officer and Whole Time Director) (for the period 01.04.2020 to 31.03.2021)</b>  (Amount in INR)	Total Amount (In INR)
1.	Gross salary  (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	57,60,000	57,60,000
2.	Stock Option*	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify...	-	-
5.	Others	-	--
6.	Total (A)	57,60,000	57,60,000
	Ceiling as per the Act	Pursuant to resolution passed by the Company in its AGM dated June 7, 2019, limit in case of Absence or Inadequacy of Profits is INR 5 crores.	

\* Satin Creditcare Network Limited, its Holding Company, had granted options at an Exercise Price of Rs.160/- per option under Satin Employee Stock Option Scheme, 2017.

### B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Director		Total Amount (In INR)
		Mr. Anil Kumar Kalra (Amount in INR)	Mr. Sundeep Kumar Mehta (Amount in INR)	
	Independent Directors · Fee for attending board/ committee meetings · Commission · Others, please specify	1,40,000	1,30,000	2, 70,000

	Total (1)	1,40,000	1,30,000	2, 70,000
	Other Non-Executive Directors · Fee for attending board/ committee meetings · Commission · Others, please specify			
	Total (2)	--	--	--
	Total (B)=(1+2)	1,40,000	1,30,000	2, 70,000
	Total Managerial Remuneration	1,40,000	1,30,000	2, 70,000
	Overall Ceiling as per the Act	Rupees One Lakh to a Director for attending each meeting of the Board or Committee		

**C. Remuneration to key managerial personnel other than MD/Manager/WTD:**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Rs. 8.53 lakhs	Rs. 23.98 lakhs	Rs.32.51 lakhs
2.	Stock Option**			
3.	Sweat Equity			
4.	Commission - as % of profit - others, specify...			
5.	Others, please specify			

<b>6.</b>	<b>Total</b>	<b>Rs. 8.53 lakhs</b>	<b>Rs. 23.98 lakhs</b>	<b>Rs.32.51 lakhs</b>
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\*\* Satin Creditcare Network Limited, its Holding Company, had granted options at an Exercise Price of Rs.160/- per option under Satin Employee Stock Option Scheme, 2017 to Mr. Sachin Sharma.

#### **VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

No Penalties/Punishment/Compounding of Offences have occurred during the year 2020-21.

For and on behalf of the Board of  
**Satin Housing Finance Limited**

Place: Gurugram  
Date: 19.05.2021

S/d  
Harvinder Pal Singh  
DIN: 00333754  
Director

S/d  
Amit Sharma  
DIN: 08050304  
Managing Director &  
Chief Executive Officer

#### Annexure-4

**Details pertaining to section 197(12) of Companies Act, 2013 read with rules 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year:

S. No.	Name of Director(s)	Annual Remuneration (in lakh) for FY 2020-21	Median Annual Remuneration of Employees for the Financial Year 2020-21 (in lakh)	Ratio of remuneration of each director to the median remuneration of the employees for Financial year
1	Amit Sharma	57.60	4.78	12:1

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year.

Sr. No.	Name of Director(s) Chief Financial Officer, Company Secretary	Annual Remuneration during financial year 2019-20 (in lakh)	Annual Remuneration during financial year 2020-21 (in lakh)	Percentage increase/(decrease) in remuneration since last financial year
1	Amit Sharma, CEO & Whole Time Director	78.37	57.60	(26.50%)
2	Sachin Sharma, Chief Financial Officer	27.91	23.98	(14.09%)
3	Prince Kumar, Company Secretary & Compliance Officer	8.50	8.53	0.35 %

- (iii) The percentage increase in the median remuneration of employees in the financial year:

Median Annual Remuneration (in lakh) of employees for the F/Y 2019-20	Median Annual Remuneration (in lakh) of employees for the F/Y 2020-21	Percentage increase/ (decrease) in Median Annual remuneration (in lakh) of employees
5.63	4.78	(15.10%)

- (iv) Number of permanent employees on the rolls of the Company – 186 as on 31<sup>st</sup> march-2021

- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration – **Not applicable**

**The Board hereby affirm and declare that the remuneration being paid to the employees(s), director(s), key managerial personnel(s) is as per the Nomination & Remuneration policy for directors, key managerial personnel (KMP) & senior management and other employees approved by the Board.**

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### Economy and Industry Overview

India has a diversified financial sector undergoing rapid expansion, both in terms of growth of existing financial services providers/firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, Housing Finance Companies, co-operatives, pension funds, mutual funds and other smaller financial entities. RBI has allowed new entities such as payments banks to be created recently thereby adding and strengthening of entities/service operators operating in the sector. However, the financial sector in India is predominantly a banking sector with commercial banks accounting for more than 64 percent of the total assets held by the financial system.

The housing finance companies operating in the affordable housing segment are growing at a much faster pace than the normal Housing Finance Companies. This faster pace of growth would not have been possible but for the increase in supply of affordable housing projects. According to infrastructure status to the housing projects by Govt. of India/RBI and the improved borrower credibility/affordability and pass-through of capital subsidy through credit linked subsidy scheme under the PMAY scheme of the Government of India by including the middle income groups in the Scheme, has significantly improved the demand for affordable housing throughout the country.

Thus, the policies and the programs as initiated by the Government have not only encouraged the FIs to enhance their credit for affordable housing but also is a step forward to mitigate the growing housing requirements in the country.

However, the Housing market in India is currently in the midst of challenging times due to the pile-up of unsold inventory particularly in seven major cities due to degrowth in some sectors of the economy which has resulted in subdued demand coupled with liquidity crises in NBFC/HFC. The two major structural reforms including RERA and GST have brought much needed relief/transparency in the system which has enhanced the buyer's confidence. The green shoots to support sector include various tax incentives given by the Government of India, as well as measures taken by the RBI to support the liquidity of

NBFCs/HFCs, has resulted in marked improvement in the flow of credit for the sector development.

### About the Company

Your Company is a special type of Non-Banking Finance Company (NBFC) called as Housing Finance Company (HFC) earlier regulated by National Housing Bank, which is now a supervisory authority for HFCs. Now, your Company is being regulated by the Reserve Bank of India (RBI) and the Company need to follow the circulars, directions or/and notification issued by RBI from time to time. Currently, your Company fundamentally needs to follow Master Direction-Non-banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021 issued by RBI dated February 17, 2021.

As mentioned, your Company is earlier regulated by NHB hence, it is registered with the National Housing Bank (NHB) under section 29A of National Housing Bank Act, 1987 vide Registration No. 11.0161.17. Satin Housing Finance Limited (SHFL) is a professionally managed housing finance company with registered office at 505, 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, New Delhi-110033 and corporate office at Plot No. 492, 2nd Floor, B-Wing, Udyog Vihar Phase-III, Gurugram, Haryana-122016.

Main objects of the Company are as under:

- ❖ To carry on the business of housing finance in India.
- ❖ To carry on the business of providing Finance (long term and short term finance), and to undertake all lending and finance activity to any person or persons, Company, AOP, Corporations, Society(ies), Co-operative Societies, or associations, Institutions, Firms, Builders, Developers, persons or body of individuals, others, either individually or jointly, either at interest or without and / or with or without any security for the purpose of enabling the borrower for either, construction, erection, purchase, enlarge, or repair, renovate, furniture and fitting, equipment and such other things required of

any house/s, flats, raw houses, bungalows, townships, rooms, huts used for housing/residential purpose either in total or part thereof or otherwise, upon such terms and conditions as the Company may think fit and proper.

## Regulatory Developments

Finance Minister in her speech for the budget 2019-20 stated that “Efficient and conducive regulation of the housing sector is extremely important in our context. The National Housing Bank (NHB), besides being the refinancer and lender, is also regulator of the housing finance sector. This gives a somewhat conflicting and difficult mandate to NHB. I am proposing to return the regulatory authority over the housing finance sector from NHB to RBI. Necessary proposals have been placed in the Finance Bill.” Subsequently, the provisions of National Housing Bank Act, 1987 were amended w.e.f August 09, 2019 pursuant to the Finance Act, 2019 thereby shifting the power to govern Housing finance Companies (HFCs) from National Housing Bank (NHB) to the Reserve

Bank of India (RBI). Consequently, the RBI on June 17, 2020, issued a draft for review of an extant regulatory framework for HFCs, and had invited comments from the industry on the same. After considering the inputs received from the industry, the RBI, on October 22, 2020 issued the Regulatory Framework for HFCs (‘Regulations’).

After the Regulations were notified, the regulatory framework for HFCs became patchy as requirements came in from different sources and the need for a single point reference was felt.

To deal with the said issue, RBI has issued the Master Directions – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 on February 17, 2021 (“Directions”). The Directions broadly accumulate the regulatory requirements, from the Regulations notified on October 22, 2020, erstwhile Master Circular for Housing Finance Companies (NHB) Directions, 2010 and other applicable circulars. The Directions neither impose any new requirements nor amend any existing regulation, but merely aggregate them.

Major highlights of the RBI Master Directions are as below:

- ❖ Following Guidelines made applicable to HFCs:
  - Guidelines on Liquidity Risk Management Framework
  - Guidelines on Maintenance of Liquidity Coverage Ratio
  - Guidelines on Securitization Transactions and reset of Credit Enhancement
  - Managing Risks and Code of Conduct in Outsourcing of Financial Services
  - Implementation of Indian Accounting Standards
  - Master Direction – Know Your Customer (KYC) Direction, 2016,
  - Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016,
  - Master Direction – Information Technology Framework for the NBFC Sector dated June 08, 2017
- ❖ LTV for Loan Against Shares and Gold Jewellery capped at 50% and 75% respectively
- ❖ NOF Requirement increased to Rs. 20 Cr
- ❖ Minimum capital risk-weighted assets ratio (CRAR) is currently at 14%, which will be increased to 15% by March 31, 2022
- ❖ LTV for grant of housing loans to individuals shall be capped at:
  - < 30 lakhs 90%,
  - > 30 lakhs and < 75 lakhs 80%
  - > 75 lakhs 75%.

Further, RBI through its discussion paper on Revised Regulatory Framework for NBFCs- A Scale-Based Approach dated January 22, 2021 proposed regulatory and supervisory framework of NBFCs will be based on a four-layered structure — the base layer (NBFC-BL), middle layer (NBFC-ML), upper layer (NBFC-UL) and the top layer.

NBFCs are regulated in India on the principle of proportionality: calibrated regulatory measures that are commensurate with the scale of its operation and with the perception of risk that the entity poses to the financial system. This calibrated approach is aimed at allowing NBFCs adequate operational flexibility.

This approach will lead to judicious use of regulatory and supervisory resources as entities posing systemic risks would be regulated and supervised more closely as compared to others.

The Discussion Paper dated January 22, 2021 proposes splitting up of NBFCs in 4 (four) categories as follows:

- a. The bottom of the pyramid (Base Layer), where least regulatory intervention is warranted, can consist of NBFCs, currently classified as non-systemically important NBFCs (Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company) NBFCP2P (Non-Banking Financial Company – Peer to Peer Lending Platform), NBFCAA (Non-Banking Financial Company – Account Aggregator), NOFHC (Non-Operative Financial Holding Company) and Type I NBFCs.
- b. The next layer (Middle Layer) proposed shall consist of NBFCs currently classified as systemically important NBFCs (Non-Banking Financial Company – Systematically Important Non-Deposit taking Company (NBFC-ND-SI), deposit taking NBFCs (NBFC-D), HFCs (Housing Finance Company), IFCs (Infrastructure Finance Company), IDFs (Infrastructure Debt Fund), SPDs (Standalone Primary Dealer) and CICs (Core Investment Company). The regulatory regime for this layer shall be stricter compared to the base layer.
- c. The next layer is proposed (Upper Layer) to consist of NBFCs which are identified as systemically significant among NBFCs (The parametric matrix for identifying such NBFCs will be based on Quantitative parameters & Qualitative Parameters as discussed in the table below). The regulatory framework for this category of NBFCs shall be similar to those of banks, with suitable modifications.
- d. The top layer of the pyramid will remain empty unless supervisors take a view on specific NBFCs. In other words, if certain NBFCs lying in the upper layer are seen to pose extreme risks as per supervisory judgement, they can be put to significantly higher and bespoke regulatory/ supervisory requirements.

As per bifurcation, Satin Housing Finance Limited being Housing Finance Company, has been bifurcated based on activity and comes under Middle Layer (NBFC-ML).

### Industry Overview, Opportunities and Threats

As per the various reports, Urban housing requirement is estimated at 45 million units by 2022. Demand continues to increase due to rapid urbanization, which is expected to rise to 40% by 2030, and growing trend of nuclear families. Single digit percentage of mortgage penetration in India (9%) vis a vis peak of 88% in UK depicts huge opportunity size. Housing for All an initiative by GOI and booster of PMAY is really paving the way to see this reality happening.

However, last year, money markets were grappling with liquidity crises due to defaults by large NBFCs /HFCs. Availability of Credit for NBFC / HFC has really become a scarcity. Despite timely measures by RBI and GOI, borrowing cost is moving northwards and still getting a free-flowing funding source is beyond imagination for few more quarters. The recent second wave of COVID-19 outbreak has also added to the adversities and will have a long-lasting impact on operational feasibility in near term.

Risk Factors for Housing Finance Companies (HFCs):

- Significant delays in construction by developers
- Treatment of homebuyers as financial creditors under the Insolvency and Bankruptcy Code (IBC). Any delay in handover of the property can be grounds for initiating corporate insolvency resolution proceeding under the IBC

- As liquidity remains tight, self-employed segment could face pressure on their borrowing costs

Reduction in GST to five percent from 12 percent, has eased the burden on home-buyers significantly. The decision to lower GST will remove the final barriers for fence-sitters from investing in real estate. The government has been taking bold and supportive steps and initiatives in order to revive market sentiment and allow a more balanced sale of inventory between under-construction and ready-to-move-in apartments, thus providing relief to developers, buyers and lenders. These initiatives have also impacted significantly home buyers's decision. For an under-construction apartment sized 1,000 sq. ft. and price tagged at Rs. 5,000 / sq. ft., a homebuyer's GST liability has fallen from Rs. 4.2 lakh to Rs. 2.5 lakh. Thus, a saving of Rs. 1.7 lakh on a home that costs an Rs. 50 lakhs can boost sales thereby help in arresting residential inventory.

Care Ratings has lowered its India GDP growth forecast to 10.2% for FY22 following fresh lockdowns imposed in parts of the country to control the pandemic. On March 24, it had projected growth for

FY22 to be in the 11-11.2% range based on Gross Value Added (GVA) growth of 10.2%, and on April 5, a day after Maharashtra imposed restrictions, it further lowered its GDP forecast to 10.7-10.9%.

In the aftermath of NBFC crisis and pandemic, the sources of funds, especially for small and mid-size NBFCs, affected due to risk aversion of banks, while top rated large NBFCs were able to access funds via multiple sources including targeted long-term repo rates (TLTROs). The increased preference for long-term funds from banks reflects the support through TLTRO. Recently, the Reserve Bank of India (RBI) has extended the deadline for TLTRO scheme by six months (i.e. till September 2021); this would help in maintaining liquidity. Amidst these challenging times, overall exposure of the banks to NBFCs has been increasing albeit at a slower rate. The Commercial Papers (CPs) and Corporate Debt (CDs) deployed together in NBFCs stood at similar levels witnessed in February 2020.

## Performance

SHFL's net worth stood at Rs. 93.24 crores for the year ended March 31, 2021. As on that date regulatory Capital to Risk Assets Ratio (CRAR) was 90.16 % which is well above the regulatory requirement of 14%.

SHFL's Total Income during the year ended March 31, 2021 is Rs. 29.57 crores as compared to previous period ended March 31, 2020 is Rs 20.99 crores a growth of 41% and net profit after tax during the year ended March 31, 2021 is Rs. 1.37 crores as compared to loss of previous period ended March 31, 2020 Rs. 0.95 crores reducing the loss by 2.45 times and booked profit.

We have put a lot of emphasis on the credit quality and customer selections. SHFL is a credit driven organization viz-a -viz number driven organization. During the year under review, SHFL has "No" Non-Performing Assets (NPA). Existing customers are regular in paying their EMI. The company has a very good portfolio mix of Salaried and SENP Customers and have followed the fundamental theme of making it a pure housing finance company wherein our

Portfolio is having 77.80% Home Loans. Being conservative and always being fully getting prepared for future planning keeping in view the COVID 19 effect, your company has made ECL provision of 0.75% on its Assets, which is almost 2 times of regulatory requirement of NHB/RBI guidelines. The Company has kept such a high provision even after achieving great collection efficiency in FY 20-21.

This was very tough year with large HFC companies facing liquidity issues and the collapse of some large HFC lead to a lot of lending risk. With the Covid 19 hitting the industry badly during the year, your company took very cautious approach in disbursements and was proactive in slowing down the business. Due to these factors our AUM on March 31, 2021 was Rs. 225.54 crores as compared to Rs. 138.28 crores as on March 31, 2020 registering a growth of 62%. Your Company has been credit driven organisation and is very cautious in Sanctions & Disbursements of Loans, we followed the principle of quality over quantity and were still able to achieve good growth in AUM in FY 20-21.

## Financial Highlights

<b>Particulars</b>	<b>For the Year from 01 April, 2020 to 31 March 2021</b>	<b>For the period from 01 April, 2019 to 31 March, 2020</b>
	<b>(Amount in Rs.)</b>	<b>(Amount in Rs.)</b>
Income from Operations	275,339,812	187,342,689
Other Income	20,390,095	22,577,716
Total Income	295,729,907	209,921,405
Less: Expenses	274,582,812	222,313,534
Profit / (Loss) before tax	21,147,095	(12,393,128)
Add/ (Less): Deferred Tax	6,879,224	(2,940,059)
Net Profit / (Loss) after Tax	14,267,871	(9,453,070)
Other Comprehensive Income	(315,600)	282,282
Total Comprehensive Income	13,952,271	(9,170,787)
Earnings per share (Basic)	0.16	(0.13)
Earnings per Share(Diluted)	0.16	(0.13)

## Accolades

- Zero NPA
- NHB Refinance - The National Housing Bank (NHB) offers refinance assistance to Housing Finance Companies (HFCs) in respect of their loans given to individuals for housing.
- SHFL is one of the few companies to receive refinance assistance within short period of its operations.
- Overseas fund raising
- SHFL got listed over wholesale Debt Market segment of the BSE Limited during the FY 2019-2020 prior to completing three years of its operations
- Zero compliance observation from any regulators
- PMAY CLSS subsidy – given to the home loan customers approx.- INR 11.58 cr within short span of its operation
- Highly balanced quality portfolio focused on end user home loans
- Rating from CARE
- All strategic functions at SHFL are highly automated
- DA transactions with highly reputed NBFC due to quality of portfolio.

## Outlook, Risk and Concerns

The overall outlook is expected to remain moderately positive for the housing finance space.

- The three important parameters that will help drive demand for home loans are lower interest rate, affordable prices of houses and decreasing parity of EMI versus rent. Further, the pile-up inventories offloading is also gaining momentum with builders and developers propelling demand by providing huge discounts for home buying to end users.
- The income tax deduction rules combined with extension of PMAY scheme for the end users will propel the demand for the home loans.
- Due to the reduction in stamp duty, the demand has been good for the last few months in Maharashtra and Karnataka.

The period post Covid-19 is going to be a time wherein the manner of doing business will see tremendous challenges and dynamic changes. Satin Housing Finance Limited has always believed in quality and will continue to do so in 2021. The company will follow strict policies while lending money. Aim would be to retain the existing book and create a new book as well. In 2021, SHFL strives to do the following:

- Focus on retaining the existing book and balancing risk vs growth
- Focus on a diversified capital structure

- Focus on Toughest Credit Policies of Lending and Holding on to Profits.
- SHFL aims to follow the best HR practices including work from home and special focus on increasing the percentage of female and differentially abled employees in SHFL

## Digitalisation

Affordable Housing Finance and Secured Business Loans are a very touch and feel business. Technology is a facilitator but in lending, we can never take-out human connect. SHFL strictly believes in the concept of lending with human connect. The company already has a bouquet of products, which caters to the large segment of urban and rural clients, although there is a slight change in the processing of files, to fit in the new social distancing concept. SHFL provides personal, door-step services to its customers. Customers (mainly salaried and self-employed) are educated on the need to maintain proper documentation by SHFL, which works hard to gain insights into customer needs. Credit assessment is a tough task and customer meeting is inevitable and extremely essential before disbursement. The market has always functioned like that and will continue to do so.

Home Loans or Secured Business Loans are more of an offline business in terms of execution and assessment of customers. Online platforms can be used only till the stage of lead generation and application of loans. Further to that offline PD and credit expert's visits to assess business and financial stability of the client is very important. Customer existence, verification of informal business lifestyle must be assessed by actual credit visit to review the customer and to finance them. Informal assessment

market which is a big part of business today and in future according to me will work like this only. Rural anyways do not have online Home Loans or Secured Business Loans due to limitations in terms of restricted access to computers. Hence, majority of loan applicants still rely on offline loan application process. In my opinion, offline loan mode will dominate for at least next half decade in the rural home loans markets. While for Home Loan and Urban Secured Business loans, online mode can be used as lead generators, ties ups with distribution platforms but business execution cannot happen fully online for them. Lot of online lending is coming into unsecured loans, personal loans etc. This trend is going to stay for long. Online platform can be just be lead generators in big way, but disbursement can happen only after strict on field credit verifications only. With mobile apps and other digital platforms, the TAT has gone down substantially. Few of the facilitating tools are KYC documents on real-time basis, use of artificial intelligence for face detection, and optical character reading for helping the clients in KYC autofill, tools for income verification in addition to a psychometric test to assess the client intention to pay back. Keeping a check on the bank e-statement of the client on real-time basis is now possible. UPI can be used as a medium to collect EMIs and login fee. Transactions can now be conducted without the help of an intermediary.

## Internal Control Systems and their adequacy

The policies and procedures adopted by the Company take into account the design, implementation and maintenance of adequate internal financial controls, keeping in view the size and nature of the business. The internal financial controls ensure the orderly and efficient conduct of the business. The controls encompass safeguarding of the Company's assets, strict adherence to policies, prevention and detection of frauds and errors against any unauthorised use or disposition of assets and misappropriation of funds. These controls help to keep a check on the accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures. The Audit Committee ensures that all procedures are properly authorised, documented, described and

monitored. Job rotation is mandatory across departments to ensure high level of correctness and accuracy. The Company has in place technologically advanced infrastructure with computerisation in all its operations, including accounts and MIS.

SHFL has a full-fledged in-house Internal Audit department with processes and systems to design an annual audit plan and ensure optimum portfolio quality, keeping risks at bay. The Regional Office Audit takes place on a quarterly basis, while Compliance Audit is done based on feedback from other audits. Annual Secretarial Audit is being conducted by the Independent Secretarial Auditor appointed by the

Board of Directors based on the recommendation of the Audit Committee.

The Audit Committee of the Board of Directors, comprising of independent directors, periodically reviews the internal audit reports, covering findings, adequacy of internal controls and ensure compliances. The Audit Committee also meets the Company's Statutory Auditors to ascertain their views on the financial statements, including the financial

### Corporate Governance

Corporate Governance in the Company goes beyond the fundamentals of the legislative and regulatory compliance. The management strives to entrench an enterprise-wide culture of good corporate governance. With an aim to ensure the same, all the decisions are taken in a fair, transparent manner and within an ethical framework. This promotes the responsible consideration of all stakeholders, while also holding decision-makers appropriately accountable. In line with the philosophy, that good governance is an evolving discipline, governance structures, practices and processes are actively monitored and revised from time-to-time to reflect the best ethical practice.

SHFL is subject to the regulations of the RBI ('Reserve Bank of India') and SEBI ('Securities and Exchange Board of India'). The Corporate Governance structures and practices are predominantly impacted by the respective regulations of these ruling bodies.

The Company has a well-developed system of compliance in place and the Quarterly Compliance certificate on a quarterly basis confirming the compliances w.r.t. relevant laws, rules and regulations being taken from all departments of the Company. The quarterly compliance certificates obtained from the departments of the Company are placed before the Board for its consideration.

### Material development in Human Resources/Industrial Relations front, including number of people employed

Employees' contribution is vital to the Company's performance both qualitative and quantitative. Accordingly, the Company's performance management system is used effectively to improve staff capabilities in areas such as leadership, team building, knowledge accessibility and productivity enhancement. An exclusive Training and Development Department, headed by a senior officer,

reporting system, compliance to accounting policies and procedures, adequacy and effectiveness of the internal controls and systems. Information System Security controls enable the Company to keep a check on technology-related risks and also improve business efficiency and distribution capabilities. The Company is committed to invest in IT systems, including back-up systems, to improve the operational efficiency, customer service and decision-making process.

Further, an annual review of the compliance of the Fair Practices Code and functioning of the Grievance Redressal Mechanism also being conducted. All the desired committees had been constituted as per the applicable provisions and the Company is complying with the guidelines. Internal Guidelines on Corporate Governance was approved by the Board in its meeting dated July 30, 2019 and reviewed on June 03, 2020. The Company undertaken its activities in compliance with the Internal Guidelines on Corporate Governance.

The Company followed the prudential norms on Income Recognition, Assets Classification, Provision Norms, Disclosures, Writing Off or waiver of Interest, Due Diligence, Recovery Procedures, Record Retention, and Technical Write Off as per the RBI/NHB Directions.

The Committees of the Company met at regular intervals to discuss the matters entrusted with the respective committees. During the financial year 2020-21, the Working Committee met 8 times, Audit Committee met 4 times, Nomination & Remuneration Committee met 3 times, Risk Management Committee met 2 times, Asset Liability Committee met 4 times, Grievance Redressal Committee met 4 times, Independent Directors, IT Strategy Committee and IT Steering Committee met once.

has been setup to give additional impetus to the growing training needs of the employees. In-house on-the-job coaching and enhanced training programmes in various other functional areas were conducted during the year to upgrade the skills of employees and achieve functional effectiveness.

In addition, executives were seconded to various external training programmes and seminars on risk management, regulatory know-your-customer guidelines, anti-money laundering and the fair practices code. These training programmes enabled the staff members to sharpen their knowledge in their areas of responsibility. New employees are put through an induction programme covering business

requirements, Company's processes, regulatory prescriptions and contours of personality development. There are no material developments in the human resources/industrial relations front adversely affecting the Company's business.

The number of permanent employees on the rolls of Company as on March 31, 2021 was 186.

### **Cautionary Statement**

Some of the statements made in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, and expectations may be "forward-looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the Company operates, changes in the government regulations, tax laws & other statutes and other incidental factors.

For and on behalf of the Board of  
**Satin Housing Finance Limited**

Place: Gurugram  
Date: 19.05.2021

S/d  
Harvinder Pal Singh  
DIN: 00333754  
Director

S/d  
Amit Sharma  
DIN: 08050304  
Managing Director &  
Chief Executive Officer



# Independent Auditor's Report

## **Independent Auditor's Report**

### **To the Members of Satin Housing Finance Limited**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Satin Housing Finance Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and a summary of the 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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at March 31, 2021, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

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

#### **Emphasis of Matters**

We draw attention to Note No 44 to the financial statements which explains that the extent to which COVID-19 pandemic will continue to impact the Company's operations and financial position and performance are dependent on future developments, which are still highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company.

Our opinion is not modified in respect of this matter.

#### **Responsibilities of Management and Those Charged with Governance 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 state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

### **Report on Other Legal and Regulatory Requirements**

As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

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

Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books;

(c) the financial statements dealt with by this report are in agreement with the books of account;

(d) in our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act;

(e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act;

(f) we have also audited the internal financial controls over financial reporting of the Company as on March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated May 12, 2021 as per Annexure B expressed unmodified opinion; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

- (i) the Company did not have any pending litigations which impacted its financial position as at March 31, 2021;
- (ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2021;
- (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021.

**For Rajeev Bhatia & Associates**  
**Chartered Accountants**  
**Firm's Registration No.: 021776N**

**s/d**  
**Rohit Kumar Gupta**  
**Partner**  
**Membership No.: 410082**  
**UDIN - 21410082AAAALE1062**

**Place: Delhi**  
**Date: May 12, 2021**

## **Annexure A to the Independent Auditors' Report**

(Referred to in Paragraph 1 under the heading of "Report on other legal and regulatory requirements" of our report of even date of **Satin Housing Finance Limited** on the financial statements for the period ended 31 March 2021)

### **(i) Fixed Assets**

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b) The Fixed Asset of the Company was physically verified on regular interval by the management, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us no material discrepancy was noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable property during the period under audit. Thus, paragraph 3(i)(c) of the Order is not applicable to the Company.

### **(ii) Inventories**

The Company is a service company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

### **(iii) Loans granted by company**

The company has not granted loans to any party covered in the register maintained under Section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is not applicable.

### **(iv) Compliance of Section 185 and 186 of the Act**

In our opinion and according to the information and explanations given to us, the Company has not given any loan, guarantee or security and not made any investment during the period under audit. Thus, paragraph 3(iv) of the Order is not applicable.

### **(v) Acceptance of Deposits**

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the period. Thus, paragraph 3(v) of the Order is not applicable.

### **(vi) Maintenance of Cost records**

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

### **(vii) Payment of Applicable Taxes**

- a. According to the information and explanations provided to us and the records of the company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including income-tax, goods and services tax, provident fund, employees' state insurance, and other statutory dues as applicable with the appropriate authorities in India.

According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, goods and services tax, provident fund, employees' state insurance and other statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

- b. According to the information and explanations given to us and the records of the company examined by us, during the period under audit, there are no dues of income tax service tax, goods and services tax and other statutory dues as applicable which have not been deposited on account of any dispute.

**(viii) Dues to a Financial Institution or bank or debenture holder**

Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution.

**(ix) Initial Public Offer**

The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the period. The Company has raised money through term loan from financial institutions and applied for the purpose for which it has been raised.

**(x) Fraud by the Company or on the Company**

To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the period.

**(xi) Managerial Remuneration**

In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

**(xii) Nidhi Company**

In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

**(xiii) Related Party Transactions**

According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

**(xiv) Preferential Allotment or Private Placement**

According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made private placement of shares, u/s 42 of the Companies Act 2013, during the period. Accordingly, paragraph 3(xiv) of the Order is not applicable.

**(xv) Non – Cash Transactions**

According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

**(xvi) Registration with RBI**

The Company is registered with National Housing Bank as a Housing Finance Company and is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Rajeev Bhatia & Associates**  
**Chartered Accountants**  
**Firm's Registration No.: 021776N**

**S/d**  
**Rohit Kumar Gupta**  
**Partner**  
**Membership No.: 410082**  
**UDIN - 21410082AAAALE1062**

**Place: Delhi**  
**Date: May 12, 2021**

## **Annexure B to the Independent Auditor's Report of even date to the members of Satin Housing Finance Limited on the financial statements for the year ended 31 March 2021**

### **Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the financial statements of Satin Housing Finance Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

#### **Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors 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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

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

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

#### **Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR 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 IFCoFR include 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**

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2021, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For Rajeev Bhatia & Associates**  
**Chartered Accountants**  
**Firm's Registration No.: 021776N**

**S/d**  
**Rohit Kumar Gupta**  
**Partner**  
**Membership No.: 410082**  
**UDIN - 21410082AAAALE1062**

**Place: Delhi**  
**Date: May 12, 2021**

To,  
The Board of Directors,  
Satin Housing Finance Limited,  
505, 5th Floor, Kundan Bhawan,  
Azadpur Commercial Complex,  
Delhi - 110033

**Sub:- Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021**

We, Rajeev Bhatia & Associates, have audited the financial statements of Satin Housing Finance Limited (the “Company”) for the period ended 31 March 2021 and have issued our report dated 12 May 2021.

Based on the audited financial statements of the Company referred to above and information / explanations and representations received from the management, we confirm the following particulars:-

**A> Applicable to all Housing Finance Companies:**

- 1> The housing finance company has obtained the Certificate of Registration (CoR – not valid for acceptance of public deposit) granted by the NHB dated 14 November 2017. Further The housing finance company is complying with the principal Business Criteria as defined in para 4.1.17 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.
- 2> The housing finance company is meeting the required Net Owned Fund (NOF) requirement as prescribed under Section 29A of the National Housing Bank Act, 1987 during the period under audit and as on 31 March 2021. The housing finance company has not issued paid-up preference shares which are compulsorily convertible into equity.
- 3> The housing finance company has complied with Section 29C of the National Housing Bank Act, 1987 by creating a reserve fund in which 20 percent of its net profit has been transferred during the financial year ended 31 March 2021.
- 4> The total borrowings of the housing finance company are within the limits prescribed under Paragraph 27.2 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.
- 5> The housing finance company has complied with the prudential norms on income recognition, accounting standards, asset classification, provisioning requirements, disclosure in balance sheet, investment in real estate, exposure to capital market and engagement of brokers, and concentration of credit/investments as specified in Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021. With respect to the calculation of Loan To Value (LTV) Ratio, the housing finance company computes Loan to Value ratio, for all loans so sanctioned, on the basis of Market Value, considering it as realisable value, of the residential property as denominator.
- 6> The capital adequacy ratio as disclosed in the half-yearly statutory return, submitted to the NHB during the financial year ended 31 March 2021, as per the directions issued by NHB in this regard, has been determined based on LTV calculated on Market Value of residential property, as reported in para 5 above, as denominator for all its loan assets, As on 31 March 2021, such ratio is in compliance with the prescribed minimum capital to risk weighted asset ratio (CRAR).
- 7> The housing finance company, during the financial year 31 March 2021 has furnished to the NHB within the stipulated period the half-yearly statutory return, as specified in the directions issued by NHB.

- 8> The housing finance company, during the financial year 31 March 2021 has furnished to the NHB within the stipulated period, except for one quarter of October 2020 by one day due to technical error, the quarterly statutory return on Statutory Liquid Assets, as specified in the directions issued by NHB.
- 9> The housing finance company has opened two new branches/ offices on 25<sup>th</sup> January 2021 and closed one branch on 14<sup>th</sup> August 2020, with respect to the requirements contained in the directions issued by NHB and Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.
- 10> The housing finance company has complied with the provisions contained in Paragraph 3.1.3 for Loans against securities of shares, Paragraph 3.1.4 for Loans against securities of single product – gold jewellery and Paragraph 18 for Loans against HFCs own shares of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.
- 11> The Board of Directors of the housing finance company has passed a resolution for non-acceptance of any public deposits dated June 3, 2020;
- 12> The housing finance company has not accepted any public deposits during the financial year ended 31 March 2021.

**B> Applicable to Housing Finance Companies accepting/holding public deposits**

The housing finance company has obtained the Certificate of Registration (CoR – not valid for acceptance of public deposit) granted by the NHB dated 14 November 2017. Accordingly Paragraph 70.2.1 to 70.2.7 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 are not applicable to the Company for the financial year ended 31 March 2021.

This certificate has been issued solely at the request of the Company in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and it is not to be used, circulated, quoted, or otherwise referred to for any other purposes without our prior written consent.

**For Rajeev Bhatia & Associates**  
**Chartered Accountants**  
**Firm's Registration No.: 021776N**

**S/d**  
**Rohit Kumar Gupta**  
**Partner**  
**Membership No.: 410082**  
**UDIN - 21410082AAAALD2625**

**Place: Delhi**  
**Date: May 12, 2021**



## FINANCIAL STATEMENTS

**Satin Housing Finance Limited**  
**Balance Sheet as at March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	4	1,862.02	3,187.44
Bank balances other than above	5	377.28	358.17
Receivables	6		
(I) Trade receivables		17.70	47.20
(II) Other receivables		-	-
Loans	7	20,858.54	13,731.67
Investments	8	-	-
Other financial assets	9	126.32	157.51
		<b>23,241.86</b>	<b>17,481.99</b>
<b>Non-Financial assets</b>			
Current tax assets (net)		0.63	15.43
Deferred tax assets (net)	10	49.66	87.28
Property, plant and equipment	11	44.55	65.56
Intangible assets	12	14.76	18.45
Other non-financial assets	13	276.39	145.80
		<b>385.99</b>	<b>332.52</b>
<b>TOTAL</b>		<b>23,627.85</b>	<b>17,814.51</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Trade payables	14		
total outstanding dues of MSMEs		3.03	-
total outstanding dues of creditors other than MSMEs		20.53	1.02
Borrowings (other than debt securities)	15	11,878.64	7,927.01
Subordinated liabilities	16	2,064.10	2,063.45
Other financial liabilities	17	159.07	28.37
		<b>14,125.37</b>	<b>10,019.85</b>
<b>Non- Financial liabilities</b>			
Provisions	18	99.58	53.92
Other non-financial liabilities	19	78.47	30.43
<b>Total Liabilities</b>		<b>178.05</b>	<b>84.35</b>
		<b>14,303.42</b>	<b>10,104.20</b>
<b>EQUITY</b>			
Equity share capital	20	9,500.00	8,000.00
Other equity	21	(175.57)	(289.69)
<b>Total equity</b>		<b>9,324.43</b>	<b>7,710.31</b>
<b>TOTAL</b>		<b>23,627.85</b>	<b>17,814.51</b>

The accompanying notes are an integral part of the interim financial statements.

This is the balance sheet referred to in our review report of even date.

**For Rajeev Bhatia & Associates.**  
**Chartered Accountants**  
**Firm's Registration No.: 021776N**

s/d  
**Rohit Kumar Gupta**  
 Partner  
 M. No. 410082

Place: Gurugram  
 Date: May 12, 2021

**For and on behalf of the Board of Directors**  
**Satin Housing Finance Limited**

s/d  
**H P Singh**  
 (Director)  
 DIN: 00333754

s/d  
**Prince Kumar**  
 (Company Secretary)  
 ACS: 41094

s/d  
**Amit Sharma**  
 (WTD & CEO)  
 DIN: 08050304

s/d  
**Anil Kumar Kalra**  
 (Director)  
 DIN: 07361739

s/d  
**Sachin Sharma**  
 (Chief Financial Officer)

**Satin Housing Finance Limited**
**Statement of Profit and Loss for the year ended March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>I. Revenue from operations</b>			
Interest income	22	2,480.26	1,616.78
Fees and commission income	23	96.46	93.16
Net gain on fair value changes	24	27.89	163.49
Net gain on derecognition of financial instruments	25	148.79	-
<b>Total Revenue from operations</b>		<b>2,753.40</b>	<b>1,873.43</b>
<b>II. Other income</b>	26	203.90	225.78
<b>III. Total income (I+II)</b>		<b>2,957.30</b>	<b>2,099.21</b>
<b>IV. Expenses:</b>			
Finance costs	27	1,364.36	834.55
Impairment on financial instruments	28	6.22	118.94
Employee benefits expenses	29	1,053.88	974.29
Depreciation, amortization and impairment	30	36.14	48.37
Other expenses	31	285.23	246.99
<b>Total expenses</b>		<b>2,745.83</b>	<b>2,223.14</b>
<b>V. Profit/(loss) before tax for the year</b>		<b>211.47</b>	<b>(123.93)</b>
<b>VI. Tax expense</b>			
Current tax		35.47	11.79
Deferred tax credit		38.73	(41.19)
<b>Total tax expense</b>	33	<b>74.20</b>	<b>(29.40)</b>
<b>VII. Net profit / (loss) for the period</b>		<b>137.27</b>	<b>(94.53)</b>
<b>VIII. Other comprehensive income</b>			
Item that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		(4.27)	3.91
Income tax relating to these items		1.11	(1.09)
<b>Other comprehensive income/(loss) for the period</b>		<b>(3.16)</b>	<b>2.82</b>
<b>XV. Total comprehensive income/(loss) for the period</b>		<b>134.11</b>	<b>(91.71)</b>
<b>XVI. Earnings per share (basic and diluted)</b>	32		
(in ₹ per share)			
Basic		<b>0.16</b>	<b>(0.13)</b>
Diluted		<b>0.16</b>	<b>(0.13)</b>

**Accompanying notes form an integral part of these interim financial statements.**

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

**For Rajeev Bhatia & Associates.**  
**Chartered Accountants**  
**Firm's Registration No.: 021776N**

s/d  
**Rohit Kumar Gupta**  
 Partner  
 M. No. 410082

Place: Gurugram  
 Date: May 12, 2021

**For and on behalf of the Board of Directors**  
**Satin Housing Finance Limited**

s/d  
**H P Singh**  
 (Director)  
 DIN: 00333754

s/d  
**Prince Kumar**  
 (Company Secretary)  
 ACS: 41094

s/d  
**Amit Sharma**  
 (WTD & CEO)  
 DIN: 08050304

s/d  
**Anil Kumar Kalra**  
 (Director)  
 DIN: 07361739

s/d  
**Sachin Sharma**  
 (Chief Financial Officer)

**Satin Housing Finance Limited**

**Statement of Changes in Equity as at March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**A**

**Equity share capital**

Particulars	Balance as at April 1, 2019	Change in equity share capital during the year FY 19-20	Balance as at March 31, 2020	Change in equity share capital during the year FY 20-21	Balance as at March 31, 2021
Equity Share Capital	5,000.00	3,000.00	8,000.00	1,500.00	9,500.00

**B**

**Other equity**

Particulars	Reserves and surplus		Total
	Special Reserve	Retained earnings	
<b>Balance as at April 1, 2019</b>	-	(173.48)	(173.48)
Profit/(Loss) for the period	-	(94.53)	(94.53)
Other comprehensive income for the year	-	2.82	2.82
Expenses on a/c of issue of shares	-	(24.50)	(24.50)
<b>Balance as at March 31, 2020</b>	-	(289.69)	(289.69)
Profit for the period	-	137.27	137.27
Other comprehensive income for the period	-	(3.16)	(3.16)
Transfer to Special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of Income Tax Act, 1961	26.82	(26.82)	-
Expenses on a/c of issue of shares	-	(19.99)	(19.99)
<b>Balance as at March 31, 2021</b>	<b>26.82</b>	<b>(202.39)</b>	<b>(175.57)</b>

Accompanying notes form an integral part of the interim financial statements.

**For Rajeev Bhatia & Associates.**

**Chartered Accountants**

**Firm's Registration No.: 021776N**

s/d

**Rohit Kumar Gupta**

Partner

M. No. 410082

Place: Gurugram

Date: May 12, 2021

**For and on behalf of the Board of Directors**

**Satin Housing Finance Limited**

s/d

**H P Singh**

(Director)

DIN: 00333754

s/d

**Prince Kumar**

(Company Secretary)

ACS: 41094

s/d

**Amit Sharma**

(WTD & CEO)

DIN: 08050304

s/d

**Anil Kumar Kalra**

(Director)

DIN: 07361739

s/d

**Sachin Sharma**

(Chief Financial Officer)

Satin Housing Finance Limited  
**Statement of Cash Flows for the year ended March 31, 2021**  
(All amounts in rupees in lakhs, unless stated otherwise)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	211.47	(123.93)
Adjustments for:		
Depreciation and amortisation expense	29.89	43.42
Depreciation on ROU assets	6.25	4.95
Interest expense on lease rental assets	2.00	2.21
Interest income on security deposits	(0.67)	(0.53)
Interest Income on refund of Security Deposits	-	-
Change in amortized subordinated liabilities	0.65	-
Re-measurement gains on defined benefit plans	(3.16)	2.82
<b>Operating Profit Before Working Capital Changes</b>	<b>246.43</b>	<b>(71.06)</b>
<b>Changes in working capital:</b>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Trade receivables	29.50	(47.20)
Loans	(7,126.87)	(5,862.85)
Other bank balances	(19.11)	(142.85)
Other financial assets	31.87	(149.95)
Other non financial assets	(130.59)	(133.07)
<i>Adjustments for (increase) / decrease in operating liabilities:</i>		
Trade payables	22.55	1.02
Other financial liabilities	130.70	6.87
Other non financial liabilities	48.04	(76.41)
Provisions	45.66	31.15
<b>Movement in Operating Assets and Liabilities</b>	<b>(6,968.25)</b>	<b>(6,373.29)</b>
<b>Cash used in operations</b>	<b>(6,721.82)</b>	<b>(6,444.35)</b>
Less: Income tax paid (net)	21.77	12.16
<b>Net cash used in operating activities (A)</b>	<b>(6,743.59)</b>	<b>(6,456.51)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment (net of disposed off)	(11.43)	(43.52)
Purchase of intangible assets	-	(21.61)
<b>Net cash used in investing activities (B)</b>	<b>(11.43)</b>	<b>(65.13)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of equity share capital	1,500.00	3,000.00
Proceeds from borrowings	8,168.56	6,132.19
Proceeds from issue of NCDs (Net of transaction cost)	-	2,063.45
Repayment of borrowings	(4,211.75)	(1,574.27)
Paid towards lease liability	(7.21)	(21.54)
Expenses on a/c of issue of shares	(20.00)	(24.50)
<b>Net cash flow from financing activities (C)</b>	<b>5,429.60</b>	<b>9,575.33</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(1,325.42)</b>	<b>3,053.69</b>
Cash and Cash Equivalents at the Beginning of the Year	3,187.44	133.75
Cash and Cash Equivalents at the End of the Year	1,862.02	3,187.44
<b>Reconciliation of cash and cash equivalents as per the cash flow statement*</b>	<b>(1,325.42)</b>	<b>3,053.69</b>

**Accompanying notes form an integral part of these interim financial statements.**

This is the cash flow statement referred to in our review report of even date.

**For Rajeev Bhatia & Associates.**

**Chartered Accountants**

**Firm's Registration No.: 021776N**

s/d

**Rohit Kumar Gupta**

Partner

M. No. 410082

Place: Gurugram

Date: May 12, 2021

**For and on behalf of the Board of Directors**

**Satin Housing Finance Limited**

s/d

**H P Singh**

(Director)

DIN: 00333754

s/d

**Prince Kumar**

(Company Secretary)

ACS: 41094

s/d

**Amit Sharma**

(WTD & CEO)

DIN: 08050304

s/d

**Anil Kumar Kalra**

(Director)

DIN: 07361739

s/d

**Sachin Sharma**

(Chief Financial Officer)

**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2021**

**1. Corporate Information**

Satin Housing Finance Limited ("the Company") is a public company incorporated in India under Companies Act, 2013. The Company is a wholly owned subsidiary of Satin Creditcare Network Limited (the 'Holding Company'). The Company has received Certificate of Registration from National Housing Bank (NHB) under section 29A of the National Housing Bank Act, 1987 dated November 14, 2017 vide registration number 11.0161.17.

The main objects of the Company, inter alia, are to carry out the business of providing long term finance to individuals, companies, corporations, societies or association of persons for purchase/construction/repair and renovation of new/existing flats/houses for residential purposes and loan against collateral.

The Company is domiciled in India and its registered office is situated at 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, New Delhi – 110033.

**2. Basis of preparation**

**(i) Statement of compliance with Indian Accounting Standards (Ind AS)**

These financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies for the periods presented in this financial statements.

The financial statements for the year ended March 31, 2021 were authorized and approved for issue by the Board of Directors on May 12, 2021.

**(ii) Historical cost convention**

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities and share based payments which are measured at fair values as explained in relevant accounting policies.

**3. Summary of significant accounting policies**

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These were used throughout all periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

**a) Business Model Assessment**

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The company considers the frequency, volume and timing of sales in prior years, the reason for such sales, and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of a holistic assessment of how company's stated objective for managing the financial assets is achieved and how cash flows are realised. Therefore, the company considers information about past sales in the context of the reasons for those sales, and the conditions that existed at that time as compared to current conditions and intent of the management for future business. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company shall

change the classification of the financial assets held in that business model. Based on this assessment with respect to the direct assignment transaction executed during the year and considering future business plans of the Company, the management has measured its financial assets at amortised cost as the asset is held within a business model whose primary objective is to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ('the 'SPPI criterion').

## **b) Property, plant and equipment**

### *Recognition and initial measurement*

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

### *Subsequent measurement (depreciation method, useful lives and residual value)*

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on a straight-line basis, computed on the basis of useful lives prescribed in Schedule II to the Companies Act, 2013.

<b>Asset class</b>	<b>Useful life</b>
Office equipment	5 years
Computer and accessories	3 years
Computer and accessories	6 years
Furniture and fixtures	10 years

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

The Company fully depreciates the assets having individual value of Rs. 5,000 or less in the year of acquisition.

### *De-recognition*

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit and loss, when the asset is derecognised.

### *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.

## **c) Revenue recognition**

### *Interest, administration and other charges (for loans)*

Interest, administration and other charges received are recorded on accrual basis using the effective interest rate (EIR) method along with the consideration of transaction cost directly attributable to the creation of financial instrument being Loan Asset. Additional interest/overdue interest/penal charges are recognised only when it is reasonable certain that the ultimate collection will be made.

#### *Processing charges*

The Company collects certain non-refundable processing charges at the time of application from all the prospective borrower, and recognise this income on collection basis.

#### *Other income*

Interest income on fixed deposits is recognised on accrual basis using effective interest rate (EIR) method.

#### *Dividend income*

Dividend income is recognised at the time when the right to receive is established by the reporting date.

### **d) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition and/or construction of a qualifying asset, till the time such qualifying assets become ready for its intended use sale, are capitalised. Borrowing costs consists of interest and other cost that the Company incurred in connection with the borrowing of funds. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

### **e) Taxation**

Tax expense recognized in Statement of Profit and Loss comprises the sum of deferred tax and current tax except to the extent it recognized in other comprehensive income or directly in equity.

Current tax comprises the tax payable or receivable on taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax is computed in accordance with relevant tax regulations. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised loss amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum alternate tax ('MAT') credit entitlement is recognised as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets are recognised on unused tax loss, unused tax credits and deductible temporary differences to the extent it is probable that the future taxable profits will be available against which they can be used. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting

date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

#### **f) Employee benefits**

##### **Short-term employee benefits**

Short-term employee 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.

**Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:**

##### **Defined contribution plans**

The Company has a defined contribution plans namely provident fund, pension fund and employees state insurance scheme. The contribution made by the Company in respect of these plans are charged to the Statement of Profit and Loss.

##### **Defined benefit plans**

The Company gratuity as defined benefit where the amount that employee will receive on retirement is defined by reference to employee's length of service and last drawn salary. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in other comprehensive income.

##### **Other long-term employee benefits**

The Company also provides the benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. Liability in respect of compensated absences becoming due and expected to be availed after one year from the Balance Sheet date is estimated in the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

#### **g) Share based payments**

Share based compensation benefits are provided to employees via Satin Creditcare Network Limited ('Holding Company') Employee Stock Option Plans (ESOPs). The employee benefits expense is measured using the fair value of the employee stock options and is recognised over vesting period with a corresponding increase in equity. The vesting period is the period over which all the specified vesting conditions are to be satisfied. On the exercise of the employee stock options, the employees of the Company will be allotted Holding Company's equity shares.

#### **h) Impairment of non-financial assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the reporting 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.

#### **i) Impairment of financial assets**

##### *Loan assets*

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
- Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage 3 includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

**Probability of Default (PD)** - The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

**Loss Given Default (LGD)** - LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

**Exposure at Default (EAD)** - EAD is based on the amounts the Company expects to be owed at the time of default.

Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

##### *Other financial assets*

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

#### *Write-offs*

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

### **j) Cash and cash equivalents and cash flow statements**

Cash and cash equivalents comprise cash in hand (including imprest), demand deposits and short-term highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### **k) Provisions, contingent assets and contingent liabilities**

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

### **l) Leases**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

## **The Company as a lessee**

The Company's lease asset classes primarily consist of leases for building for office premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the exclusive options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet.

## **The Company as a lessor**

The company does not have any leases as a lessor.

### **m) Financial instruments**

#### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

### **Non-derivative financial assets**

#### *Subsequent measurement*

- i. **Financial assets carried at amortised cost** – a financial asset is measured at the amortised cost if both the following conditions are met:
- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

- ii. **Investments in mutual funds** – Investments in mutual funds are measured at fair value through profit and loss (FVTPL).

#### *De-recognition of financial assets*

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Company has not retained control, it shall also derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

### **Non-derivative financial liabilities**

#### *Subsequent measurement*

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

#### *De-recognition of financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **n) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### **o) Segment reporting**

The Company identifies segment basis 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 regularly by the executive management ('chief operating decision maker') 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.

#### **p) Significant management judgement in applying accounting policies and estimation uncertainty**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

##### *Significant management judgements*

**Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

**Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Classification of leases** – The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

**Expected credit loss ('ECL')** – The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of significant assumptions about future economic conditions and credit behaviour (e.g. likelihood of customers defaulting and resulting losses). The Company makes significant judgements with regard to the following while assessing expected credit loss:

- Determining criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and

**Provisions** – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

*Significant estimates*

**Useful lives of depreciable/amortisable assets** – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

**Defined benefit obligation (DBO)** – Management’s estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Satin Housing Finance Limited**

**Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**4 Cash and cash equivalents**

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks in current accounts	560.17	3,187.42
Cash in hand	0.36	0.02
Term deposits with banks for original maturity of 3 months or less	1,301.49	-
	<b>1,862.02</b>	<b>3,187.44</b>

Note:

There are no repatriation restrictions with respect to Cash and Cash equivalents as at the end of the reporting year and prior years.

**5 Bank balances other than above**

Particulars	As at March 31, 2021	As at March 31, 2020
Term deposits with Banks for remaining maturity of more than 3 months and upto 1 year*	238.45	228.55
Term deposits with Banks for remaining maturity of more than 1 year*	138.83	129.62
	<b>377.28</b>	<b>358.17</b>

Note\*:

The above term deposit is lien against bank overdraft facility of Rs. 180 lakhs and Refinance Assistance from NHB of Rs 500 lakhs

**6 Receivables**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(I) Trade Receivables</b>		
Trade Receivables	17.70	47.20
Less: Provision for impairment on trade receivables		
<b>A</b>	<b>17.70</b>	<b>47.20</b>
<b>(II) Other Receivables</b>		
Other Receivables	-	-
Less: Provision for impairment on other receivables		
<b>B</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>17.70</b>	<b>47.20</b>

Based on past history of receivables, Management considered Nil allowances towards credit losses.

**Satin Housing Finance Limited**
**Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**7 Loans**

Particulars	As at	As at
	March 31, 2021	March 31, 2020
	<b>At amortised cost</b>	
Housing loans	16,350.00	11,655.97
Non Housing loans	4,665.39	2,226.33
<b>Total - Gross</b>	<b>21,015.39</b>	<b>13,882.30</b>
Less: Allowance for impairment loss for loan assets	(156.85)	(150.63)
<b>Total - Net</b>	<b>20,858.54</b>	<b>13,731.67</b>

**Note:**

- 1) All loans have been valued at amortized cost.
- 2) All loan assets have been provided against tangible assets being immovable properties only.
- 3) All loan assets have been provided to beneficiaries/members of public only.
- 4) All loan assets have been provided in India only.
- 5) The Company is not granting any loans against gold jewellery as collateral.

**Particulars**

Interest accrued	184.38	121.78
Unamortized loan processing fees	420.64	328.16

**8 Investments**

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<u>Quoted &amp; Unquoted</u>		
(i) Shares	-	-
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Satin Housing Finance Limited**
**Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**9 Other financial assets**

Particulars	As at March 31, 2021	As at March 31, 2020
	<b>At amortised Cost</b>	
Security deposits (unsecured, considered good)	8.59	11.78
Advance insurance receivable	93.78	145.73
Receivables from Govt. Authorities	23.95	-
	<b>126.32</b>	<b>157.51</b>

**10 Deferred tax assets (net)**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred tax assets recognised on account of:</b>		
(a) Carried forward losses	-	28.73
(b) Preliminary and pre-operative expenses	0.80	1.60
(c) Employee benefits	25.89	14.02
(d) Others	0.19	-
(e) Allowance for impairment of loans	40.78	39.16
(f) Measurement of financial assets and liabilities at amortised cost	1.11	1.09
(g) Measurement of financial instruments	-	0.15
(h) Depreciation and amortisation	3.46	2.53
(i) Mat Credit Entitlement	24.89	-
<b>Deferred tax liabilities recognised on account of:</b>		
(h) Measurement of financial assets and liabilities at amortised cost	-	-
(i) Measurement of financial instruments	4.88	-
(j) Gain on sale of portfolio	37.17	-
(k) Special reserve u/s 36 (i) (viii) under Income Tax Act, 1961	5.41	-
<b>Net deferred tax asset</b>	<b>49.66</b>	<b>87.28</b>

Notes:

**(i) Movement in deferred tax assets/(liabilities) for year ended March 31, 2021:**

Particulars	As at April 1, 2020	Recognised in other comprehens ive income	Recognised statement of profit and loss	As at March 31, 2021
<b>Tax effect of items constituting deferred tax assets:</b>				
(a) Carried forward losses	28.73	-	(28.73)	-
(b) Preliminary and pre-operative expenses	1.60	-	(0.80)	0.80
(c) Employee benefits	14.02	1.11	10.76	25.89
(d) Others	-	-	0.19	0.19
(e) Allowance for impairment of loans	39.16	-	1.62	40.78
(f) Measurement of financial assets and liabilities at amortised cost	1.09	-	0.02	1.11
(g) Measurement of financial instruments	0.15	-	(0.15)	-
(h) Depreciation and amortisation	2.53	-	0.93	3.46
(i) Mat credit entitlement	-	-	24.89	24.89
	<b>87.28</b>	<b>1.11</b>	<b>8.73</b>	<b>97.12</b>
<b>Tax effect of items constituting deferred tax liabilities:</b>				
(h) Measurement of financial assets and liabilities at amortised cost	-	-	-	-
(i) Measurement of financial instruments	-	-	4.88	4.88
(j) Gain on sale of portfolio	-	-	37.17	37.17
(k) Special reserve u/s 36 (i) (viii) under Income Tax Act, 1961	-	-	5.41	5.41
	<b>-</b>	<b>-</b>	<b>47.46</b>	<b>47.46</b>
<b>Net deferred tax asset</b>	<b>87.28</b>	<b>1.11</b>	<b>(38.73)</b>	<b>49.66</b>

(ii) Movement in deferred tax assets/(liabilities) for year ended March 31, 2020:

Particulars	As at April 1, 2019	Recognised in other comprehens ive income	Recognis ed stateme nt of profit and loss	As at March 31, 2020
<b>Tax effect of items constituting deferred tax assets:</b>				
(a) Carried forward losses	30.74	-	(2.01)	28.73
(b) Preliminary and pre-operative expenses	2.57	-	(0.97)	1.60
(c) Employee benefits	5.64	(1.09)	9.47	14.02
(d) Others	0.70	-	(0.70)	-
(e) Allowance for impairment of loans	8.82	-	30.35	39.16
(f) Measurement of financial assets and liabilities at amortised cost	-	-	1.09	1.09
(g) Measurement of financial instruments	-	-	0.15	0.15
(h) Depreciation	-	-	2.53	2.53
	<b>48.46</b>	<b>(1.09)</b>	<b>39.91</b>	<b>87.28</b>
<b>Tax effect of items constituting deferred tax liabilities:</b>				
(h) Measurement of financial assets and liabilities at amortised cost	(0.05)		0.05	-
(i) Depreciation	(1.28)		1.28	-
	<b>(1.32)</b>	<b>-</b>	<b>1.32</b>	<b>-</b>
<b>Net deferred tax asset</b>	<b>47.14</b>	<b>(1.09)</b>	<b>41.23</b>	<b>87.28</b>

Satin Housing Finance Limited

Notes forming part of Financial Statements for the year ending March 31, 2021

(All amounts in rupees in lakhs, unless stated otherwise)

11 Property, plant and equipment

Description	Computers and accessories	Furniture and Fixtures	Office Equipments	ROU Assets	Total
<b>Gross carrying value</b>					
<b>As at 31 March 2019</b>	<b>25.47</b>	<b>4.95</b>	<b>6.55</b>	<b>-</b>	<b>36.97</b>
Adjustment on transition to Ind AS 116	-	-	-	51.69	51.69
Additions	32.99	0.09	10.48	7.77	51.33
Disposals	0.14	-	-	34.71	34.85
<b>As at 31 March 2020</b>	<b>58.32</b>	<b>5.04</b>	<b>17.03</b>	<b>24.75</b>	<b>105.14</b>
Adjustment on transition to Ind AS 116	-	-	-	-	-
Additions	8.92	1.54	1.14	-	11.60
Disposals/adjustments	0.32	-	-	-	0.32
<b>As at 31 March 2021</b>	<b>66.92</b>	<b>6.58</b>	<b>18.17</b>	<b>24.75</b>	<b>116.42</b>
<b>Accumulated depreciation</b>					
<b>As at 31 March 2019</b>	<b>7.97</b>	<b>0.38</b>	<b>1.07</b>	<b>-</b>	<b>9.42</b>
Additions	20.28	1.20	3.83	19.90	45.21
Adjustment for disposals	0.10	-	-	14.95	15.05
<b>As at 31 March 2020</b>	<b>28.15</b>	<b>1.58</b>	<b>4.90</b>	<b>4.95</b>	<b>39.58</b>
Additions	19.05	1.21	5.93	6.25	32.44
Disposals/adjustments	0.15	-	-	-	0.15
<b>As at 31 March 2021</b>	<b>47.05</b>	<b>2.79</b>	<b>10.83</b>	<b>11.20</b>	<b>71.87</b>
<b>Net block as at 31 March 2020</b>	<b>30.17</b>	<b>3.46</b>	<b>12.13</b>	<b>19.80</b>	<b>65.56</b>
<b>Net block as at 31 March 2021</b>	<b>19.87</b>	<b>3.79</b>	<b>7.34</b>	<b>13.55</b>	<b>44.55</b>

**Satin Housing Finance Limited****Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**12 Intangible assets**

Description	Intangible assets	
		Total
<b>Gross carrying value</b>		
As at 31 March 2019		-
Additions	21.61	21.61
As at 31 March 2020	21.61	21.61
Additions	-	-
As at 31 March 2021	21.61	21.61
<b>Accumulated depreciation</b>		
As at 31 March 2019		
Additions	3.16	3.16
As at 31 March 2020	3.16	3.16
Additions	3.69	3.69
As at 31 March 2021	6.85	6.85
Net block as at 31 March 2020	18.45	18.45
Net block as at 31 March 2021	14.76	14.76

**Satin Housing Finance Limited**
**Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**13 Other non-financial assets**

Particulars	As at March 31, 2021	As at March 31, 2020
Advances recoverable in cash or in kind or for value to be received	5.62	2.18
Prepaid expenses	268.83	141.74
Prepaid rental asset	1.94	1.88
	276.39	145.80

**14 Trade payables**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Trade Payables</b>		
total outstanding dues of MSMEs	3.03	-
total outstanding dues of creditors other than MSMEs	20.53	1.02
	23.56	1.02

**15 Borrowings (other than debt securities)**

Particulars	As at March 31, 2021	As at March 31, 2020
Term loans from financial institutions (at amortized cost)	10,562.62	7,406.64
Term loans from banks	1,300.87	500.00
Lease Liability on Rental assets	15.15	20.37
<b>Total (A)</b>	<b>11,878.64</b>	<b>7,927.01</b>
Borrowings in India	11,878.64	7,927.01
Borrowings outside India	-	-
<b>Total (B)</b>	<b>11,878.64</b>	<b>7,927.01</b>

Notes:

**(1) Repayment terms**

Particulars	Tenure	Repayment type
MAS Financials Services Limited	4 years	Monthly
MAS Rural Housing and Mortgage Finance Limited	4 years	Monthly
Vivriti Capital Private Limited	5 years	Monthly
Northern Arc Capital Ltd	5 years	Monthly
Sundaram BNP Paribas Home Finance Limited	4 years	Quarterly
Hinduja Housing Finance Limited	5 years	Monthly
National Housing Bank	7 years	Quarterly
Hero Housing Finance Limited	4 years	Monthly
Satin Creditcare Network Limited	7 years	Bullet

**(2) Security Details**

	Security deposit (%) OR Book Debts Margin (%)
MAS Financials Services Limited	100.0%
MAS Rural Housing and Mortgage Finance Limited	100.0%
Vivriti Capital Private Limited	110.0%
Northern Arc Capital Ltd	110.0%
Sundaram BNP Paribas Home Finance Limited	120.0%
Hinduja Housing Finance Limited	120.0%
National Housing Bank	125.0%
Hero Housing Finance Limited	110.0%
Satin Creditcare Network Limited	100.0%

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due	35.10	36.52
Unamortized debt securities fees	49.28	17.83

**Satin Housing Finance Limited**

**Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**16 Subordinated liabilities (at amortised cost)**

Particulars	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures - Unsecured 20 (31 March 20: 20) @14% Unsecured listed redeemable nonconvertible debentures of face value of Rs.1,00,00,000 each, The date of allotment is December 17, 2019.	2,064.10	2,063.45
<b>Total (A)</b>	<b>2,064.10</b>	<b>2,063.45</b>
Subordinated liabilities in India	2,064.10	2,063.45
Subordinated liabilities outside India	-	-
<b>Total (B)</b>	<b>2,064.10</b>	<b>2,063.45</b>

**Non convertible debentures (unsecured)**

Sr No	Particulars	Terms of repayment	As at March 31, 2021	As at March 31, 2020
1	20 (31 March 20: 20) @14% Unsecured listed redeemable nonconvertible debentures of face value of Rs.1,00,00,000 each, The date of allotment is December 17, 2019.	Redeemable in equally 4 tranches starting from 30-06-2025 to 31-12- 2026	2,000.00	2,000.00
	<b>Total</b>		<b>2,000.00</b>	<b>2,000.00</b>
	Less : Unamortized transaction cost		4.94	5.59
	<b>Net Total</b>		<b>1,995.06</b>	<b>1,994.41</b>

**Particulars**

	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due	69.04	69.04

**Reconciliation of liabilities arising from financing activities**

The changes in the Company's liabilities arising from financing activities can be classified as follows:

Particulars	Borrowings (other than debt)	Subordinated liabilities	Liability against leased assets	Total
<b>April 01, 2019</b>	3,348.73	-	-	3,348.73
Adoption of Ind AS 116	-	-	51.69	51.69
<b>Cash flows:</b>				
- Repayment	(1,574.26)	-	(21.54)	(1,595.80)
- Proceeds from overdraft facility	-	-	-	-
- Proceeds other than overdraft facility	6,150.00	2,000.00	-	8,150.00
<b>Non cash:</b>				
- Addition during the year	-	-	7.77	7.77
- Conversion of Optionally Convertible, Redeemable Preference Shares	-	-	-	-
- Foreign exchange	-	-	-	-
- Amortisation of upfront fees and others	(17.83)	(5.59)	-	(23.42)
- Others	-	69.04	(17.55)	51.49
<b>March 31, 2020</b>	<b>7,906.64</b>	<b>2,063.45</b>	<b>20.37</b>	<b>9,990.46</b>
Adoption of Ind AS 116	-	-	-	-
<b>Cash flows:</b>				
- Repayment	(4,211.71)	-	(7.21)	(4,218.92)
- Proceeds from overdraft facility	-	-	-	-
- Proceeds other than overdraft facility	8,200.00	-	-	8,200.00
<b>Non cash:</b>				
- Addition during the year	-	-	-	-
- Conversion of Optionally Convertible, Redeemable Preference Shares	-	-	-	-
- Foreign exchange	-	-	-	-
- Amortisation of upfront fees and others	(31.44)	0.65	-	(30.79)
- Others	-	-	2.00	2.00
<b>March 31, 2021</b>	<b>11,863.49</b>	<b>2,064.10</b>	<b>15.15</b>	<b>13,942.74</b>

**17 Other financial liabilities**

Particulars	As at March 31, 2021	As at March 31, 2020
Payable towards assignment/securitisation transactions	60.76	-
Expenses payable	50.82	24.04
Employee related payables	11.28	1.42
Other liabilities	36.21	2.91
	<b>159.07</b>	<b>28.37</b>

**Satin Housing Finance Limited****Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**18 Provisions**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Provision for employee benefits</b>		
Provision for gratuity	20.49	7.41
Provision for compensated absences	79.09	46.51
	<u>99.58</u>	<u>53.92</u>

**19 Other non-financial liabilities**

Particulars	As at March 31, 2021	As at March 31, 2020
Advance received from customers	50.73	30.19
Statutory dues payable	27.74	0.24
	<u>78.47</u>	<u>30.43</u>

**Satin Housing Finance Limited**

**Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

<b>20 Equity share capital</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>Authorised equity share capital</b>		
950,00,000 (31 March 2020: 800,00,000) Equity shares of ₹10 each	9,500.00	8,000.00
	<b>9,500.00</b>	<b>8,000.00</b>
<b>Issued, subscribed and paid up equity share capital</b>		
950,00,000 (31 March 2020: 800,00,000) Equity shares of ₹10 each	9,500.00	8,000.00
	<b>9,500.00</b>	<b>8,000.00</b>

**i) Rights, preferences and restrictions attached to equity shares:**

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian ₹. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**ii) Reconciliation of equity shares outstanding at reporting year end date**

	<b>No. of shares</b>	<b>₹</b>	<b>No. of shares</b>	<b>₹</b>
	<b>As on March 31, 2021</b>		<b>As on March 31, 2020</b>	
Equity share capital of ₹ 10 each fully paid up	800.00	8,000.00	500.00	5,000.00
Balance at the beginning of the year	150.00	1,500.00	300.00	3,000.00
Add: Issued during the period	<b>950.00</b>	<b>9,500.00</b>	<b>800.00</b>	<b>8,000.00</b>

**iii) Shares held by holding company as at balance sheet date:**

	<b>No. of shares</b>	<b>% holding</b>	<b>No. of shares</b>	<b>% holding</b>
	<b>As on March 31, 2021</b>		<b>As on March 31, 2020</b>	
Equity share capital of ₹ 10 each fully paid up	950.00	100%	800.00	100%
Satin Creditcare Network Limited (holding company)	<b>950.00</b>	<b>100%</b>	<b>800.00</b>	<b>100%</b>

**21 Other equity**

**Special Reserve u/s 29C of National Housing Bank Act, 1987 read with 36 (1) (viii) of Income Tax Act, 1961**

Balance at the beginning of the year	-	-
Transferred during the year	26.82	-
Utilised during the year	-	-
Balance at the end of the year	26.82	-

**Retained earnings**

Balance at the beginning of the year	(289.69)	(173.48)
Transferred from statement of profit and loss	137.27	(94.53)
Other comprehensive income		
- Remeasurement income on defined benefit plans	(4.27)	3.91
- Income tax relating to above item	1.11	(1.09)
Transfer to Special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of Income Tax Act, 1961	(26.82)	
Expenses on a/c of issue of shares	(19.99)	(24.50)
Balance at the end of the year	(202.39)	(289.69)
<b>Total Other Equity</b>	<b>(175.57)</b>	<b>(289.69)</b>

**Note:**

**Other comprehensive income (OCI)**

The Company has recognised remeasurements of defined benefits plans through other comprehensive income.

**Satin Housing Finance Limited**

**Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**22 Interest income**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income on loans	2,378.86	1,591.15
Interest income on deposits with banks	100.73	25.10
Other interest income	0.67	0.53
Total	<b>2,480.26</b>	<b>1,616.78</b>

**23 Fees and commission income**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Income from fees and other charges	96.46	93.16
	<b>96.46</b>	<b>93.16</b>

**24 Net gain on fair value changes**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Net gain/ (loss) on financial instruments at fair value through profit or loss</b>		
- Mutual Funds	27.89	163.49
<b>Total Net gain/(loss) on fair value changes</b>	<b>27.89</b>	<b>163.49</b>
<b>Fair Value Changes:</b>		
-Realised	27.89	163.49
-Unrealised	-	-
<b>Total Net gain/(loss) on fair value changes</b>	<b>27.89</b>	<b>163.49</b>

**25 Net gain on derecognition of financial instruments**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Gain on sale of loan portfolio through assignment	148.79	-
	<b>148.79</b>	<b>-</b>

**Satin Housing Finance Limited**

**Notes forming part of Financial Statements for the quarter ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**26 Other income**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Income from promotion of financial products	187.50	225.00
Miscellaneous income	16.40	0.78
	<b>203.90</b>	<b>225.78</b>

**27 Finance costs**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(A) Interest on borrowings</b>		
Interest expense on bank overdraft	0.07	0.60
Interest expense on term loan from others	1,073.06	751.28
Interest expense on subordinated liabilities	280.00	79.78
Interest expense on lease rental assets	2.00	2.21
<b>(B) Other interest expense</b>		
Interest expense on taxes	-	-
Corporate guarantee fees	8.78	0.42
Commission on bank guarantee	0.45	0.26
	<b>1,364.36</b>	<b>834.55</b>

**28 Impairment on financial instruments**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Impairment on loan assets	6.22	118.94
	<b>6.22</b>	<b>118.94</b>

**29 Employee benefits expenses**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	953.77	874.44
Contribution to provident and other funds	62.62	51.68
Share based payment	2.76	22.06
Staff welfare expenses	33.98	26.08
Recruitment expenses	0.75	0.03
	<b>1,053.88</b>	<b>974.29</b>

**Satin Housing Finance Limited**

**Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**30 Depreciation, amortization and impairment**

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
Depreciation on property, plant & equipments	26.20	25.31
Depreciation on right on use assets	6.25	19.90
Amortization on Intangible assets	3.69	3.16
	<b>36.14</b>	<b>48.37</b>

**31 Other expenses**

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
Advertisement expenses	0.56	1.14
Auditor's remuneration*	13.64	7.81
Rates and taxes	2.16	2.98
Legal and professional charges	24.76	13.47
Financial inspection expenses	5.47	12.40
Legal Verification Charges	17.71	24.31
Technical Verification Charges	16.16	28.35
Travelling and conveyance	16.84	22.55
Power and fuel	6.50	5.89
Office maintenance charges	22.52	19.02
Software expenses	67.09	50.19
Communication cost	8.14	5.30
Rent	50.45	22.53
Director sitting fees	2.91	2.73
Printing and stationery	16.62	15.88
Security guard expenses	3.10	2.83
DSA commission	0.76	1.29
Credit rating charges	0.09	0.68
Record maintainance charges	4.60	2.13
Bank charges	2.12	1.25
Miscellaneous expenses	3.03	4.26
	<b>285.23</b>	<b>246.99</b>
<u>*Auditor's remuneration includes</u>		
As Auditors	8.70	4.00
Other Services	4.94	3.81
	<b>13.64</b>	<b>7.81</b>

## Satin Housing Finance Limited

### Notes forming part of Financial Statements for the year ending March 31, 2021

(All amounts in rupees in lakhs, unless stated otherwise)

#### 32 Earnings per share (basic and diluted)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net profit/(Loss) for the year	137.27	(94.53)
Weighted average number of equity shares for EPS in lakhs	869.04	727.05
Par value per share	10.00	10.00
Earnings per share - Basic and diluted	<b>0.16</b>	<b>(0.13)</b>

#### 33 Tax expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax (including taxes earlier years)	35.47	11.79
Deferred tax credit	38.73	(41.19)
	<b>74.20</b>	<b>(29.40)</b>

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 26.00% and the reported tax expense in profit or loss are as follows:

Accounting profit before income tax	<b>211.47</b>	<b>(123.93)</b>
At country's statutory income tax rate of 26.00%	54.99	(32.22)
(31 March 2019: 26%)		
Adjustments in respect of taxes earlier years		
(i) Expenses in increase in Authorised Capital	-	24.51
(ii) Preliminary expenses allowed	(2.57)	(2.57)
(iii) Others	21.78	(19.12)
	<b>74.20</b>	<b>(29.40)</b>

#### 34 Segment information

The Company operates in a single reportable segment i.e. financing, which has similar risks and returns for the purpose of Ind AS 108 on 'Segment Reporting' is considered to be only the reportable business segment. The company derives its major revenues from financing activities and its customers are widespread. The Company is operating in India which is considered as a single geographical segment.

#### Information about interest income on loans

Particulars	March 31, 2021	March 31, 2020
Housing loans	1,963.69	1,351.52
Non Housing loans	415.18	239.62
Total	<b>2,378.86</b>	<b>1,591.14</b>

#### 35 Contingent liability and Capital & other commitments

No contingent liability as on 31st March 2021 (previous year NIL)

Estimated amount of contracts remaining to be executed on capital account is Nil (previous year Rs 0.92 lakhs)

The company has undrawn exposure towards borrowers of Rs 1862.91 lakhs as on 31st March 2021

(previous year Rs 1518.45 lakhs)

**Satin Housing Finance Limited**
**Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**36 Related Party transactions**

In accordance with the requirements of Indian Accounting Standard – 24 the names of the related parties where control/ability to exercise significant influence exists, along with the aggregate amount of transactions and year end balances with them as identified and certified by the management are given below:

**a. Details of related parties:**

Description of relationship	Names of related parties	
Holding company	Satin Creditcare Network Limited	
Entities over which significant influence is exercised by the company /key management personnel (either individually or with others)	Niryas Food Products Private Limited	
Key management personnel (KMP)	Amit Sharma	; Whole Time Director & Chief Executive Officer
	Sachin Sharma	; Chief Financial Officer
	Prince Kumar	; Company Secretary

**b. Transactions with Related Parties are as under:**

	Related Party Entities		Key Management Personnel	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>(i) Transactions during the year</b>				
<b>Satin Creditcare Network Limited</b> (holding company)				
a) Issue of Equity Shares	1,500.00	3,000.00	-	-
b) Reimbursement towards payment of Incorporation expenses	-	-	-	-
c) Employee Compensation expenses on account of ESOP Scheme of holding company	(11.88)	22.06	-	-
d) Payment of Rent for sharing registered office premises	7.68	0.86	-	-
e) Loan proceeds	3,000.00	300.00	-	-
f) Loan repayment	1,000.00	400.00	-	-
g) Closing loan balance	2,000.00	-	-	-
h) Interest on Loan	6.51	10.04	-	-
i) Corporate guarantee fees payment	19.01	29.06	-	-
j) Corporate guarantee fees expenses	8.78	0.38	-	-
<b>Niryas Food Products Private Limited</b>				
a) Office expenses	-	0.23	-	-
<b>Key Management Personnel</b>				
* Salary and Bonus				
i. Amit Sharma; Whole Time Director & Chief Executive Officer	-	-	57.60	78.37
ii. Sachin Sharma; Chief Financial Officer	-	-	23.98	27.91
iii. Prince Kumar; Company Secretary	-	-	8.53	8.50

With respect to the key management personnel, disclosure has been given for those relatives with whom the Company has made transactions during the year.

**Key management personnel remuneration includes the following expenses:**

	March 31, 2021	March 31, 2020
Short-term employee benefits	90.11	114.78
Post-employment benefits	3.80	0.39
Other long term benefits	4.60	5.34
Share based payment	(11.88)	22.06
<b>Total remuneration</b>	<b>86.63</b>	<b>142.57</b>

**Satin Housing Finance Limited**

**Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**37 Leases disclosure as lessee**

The Company has taken various office premises under operating lease arrangements. Generally, the lease term varies from 11 months to 60 months and is renewable under mutually agreed terms between lessee and lessor. The company has considered leases having initial lease term of upto 12 months as short term leases as per para 6 of Ind AS 116 and their expenses have been recognised as Rent under note 31. For all other leases having lease term of more than 12 months a right of use asset is recognised with a corresponding lease liability. The right of use asset is disclosed under Property, Plant and Equipement and lease liability is disclosed under Borrowings. Further disclosures as on March 31, 2021 are as follows:

**1 The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:**

Particulars	Right of use asset Office Premises
Total number of leases	16
Number of leases considered as short term leases	13
No. of right-of use assets leased	3
Range of remaining term	From 8 months to 38 months
Average remaining lease term	26 months
No. of leases with extension options	0
No. of leases with purchase options	0
No. of leases with variable payments linked to an index	0
No. of leases with termination options	3

**2 Additional information on the right-of-use assets by class of assets is as follows:**

Particulars	Right of use asset Office Premises
<b>Carrying amount as on March 31, 2019</b>	-
Reclassified on account of adoption of Ind AS 116	51.69
Addition	7.77
Deletion	34.71
Depreciation	4.95
<b>Carrying amount as on March 31, 2020</b>	<b>19.80</b>
Reclassified on account of adoption of Ind AS 116	-
Addition	-
Deletion	-
Depreciation	6.25
<b>Carrying amount as on March 31, 2021</b>	<b>13.55</b>

Note: The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

**3 Lease liabilities are presented in the statement of financial position as follows:**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current	5.46	5.22
Non-current	9.69	15.15
Total	15.15	20.37

**4 At 31 March 2021 the Company do not have any committed leases which had not commenced.**

**5 The undiscounted maturity analysis of lease liabilities at 31 March 2021 is as follows:**

Particulars	Lease payments	Finance charges	Net present values
Within 1 year	6.83	1.37	5.46
1-2 years	5.85	0.80	5.06
2-5 years	4.85	0.21	4.64
Total	17.53	2.38	15.15

The Company has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred. The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

## Satin Housing Finance Limited

### Notes forming part of Financial Statements for the year ending March 31, 2021

(All amounts in rupees in lakhs, unless stated otherwise)

#### 6 Operating leases

The Company has taken on lease certain assets under operating lease arrangements. The contractual future minimum lease payment obligation in respect of these leases are as under:

##### Office premises

Particulars	March 31, 2021	March 31, 2020
Short term leases	15.10	18.68
Leases of low value assets	-	-
Variable lease payments	-	-
<b>Total</b>	<b>15.10</b>	<b>18.68</b>

7 The Company had total cash outflows for leases of INR 56.95 Lakhs in 31 March 2021 (INR 43.54 Lakhs in 31 March 2020).

#### 8 The following are the amounts recognised in profit or loss:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation expense of right-of-use assets	6.25	19.90
Interest expense on lease liabilities	2.00	2.21
Expense relating to short-term leases (included in other expenses)	50.45	22.53
Expense relating to leases of low-value assets (included in other expenses)	-	-
Variable lease payments (included in other expenses)	-	-
<b>Total amount recognised in profit or loss</b>	<b>58.70</b>	<b>44.64</b>

9 The Company has lease contracts for office buildings used in its operations. Leases of these buildings generally have lease terms between 2 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

10 The Company does not have any lease contracts that contains variable payments.

11 Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

Particulars		Within five years	More than five years	Total
Extension options expected not to be exercised	count	-	-	-
Termination options expected to be exercised	count	-	-	-
Extension options expected not to be exercised	INR Lakhs	-	-	-
Termination options expected to be exercised	INR Lakhs	-	-	-
<b>Total</b>		-	-	-

**38 Employee benefits**

The Company has adopted Indian Accounting Standard (Ind AS) - 19 on Employee Benefit as under :

**Defined contribution plans****Provident fund and other funds**

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Company has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue.

	As at March 31, 2021	As at March 31, 2020
Employers contribution to provident and other fund	62.62	51.68

**Defined benefit plans****Gratuity**

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The liability of Gratuity is recognized on the basis of actuarial valuation.

**Risks associated with plan provisions**

Salary increases	Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Investment risk	If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality & disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

**(i) Amount recognised in the balance sheet is as under:**

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation	20.49	7.41
Fair value of plan assets	-	-
<b>Net obligation recognised in balance sheet as provision</b>	<b>20.49</b>	<b>7.41</b>

**(ii) Amount recognised in the statement of profit and loss is as under:**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	8.31	4.05
Past service cost including curtailment gains/losses	-	-
Interest cost on defined benefit obligation	0.50	0.52
<b>Net impact on profit (before tax)</b>	<b>8.81</b>	<b>4.57</b>

**Amount recognised in the other comprehensive income:**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Actuarial (gain)/loss recognised during the year	4.27	(3.91)

**(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:**

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of defined benefit obligation as at the beginning of year	7.41	6.76
Current service cost	8.31	4.05
Interest cost	0.50	0.52
Actuarial loss/(gain) on obligation	-	-
Actuarial (gain)/loss on arising from change in demographic assumption	-	-
Actuarial (gain)/loss on arising from change in financial assumption	4.27	(3.91)
Actuarial (gain)/loss on arising from experience adjustment	-	-
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>20.49</b>	<b>7.41</b>

**Satin Housing Finance Limited**
**Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**(iv) Movement in the plan assets recognised in the balance sheet is as under:**

Particulars	As at March 31, 2021	As at March 31, 2020
Fair value of plan assets at beginning of year	-	-
Actual return on plan assets	-	-
Employer's contribution	-	-
Benefits paid	-	-
Expected return on plan assets	-	-
Actuarial loss/(gain) on plan assets	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>-</b>	<b>-</b>

**(v) Actuarial assumptions**

Particulars	As at March 31, 2021	As at March 31, 2020
Discounting rate	6.76%	6.76%
Future salary increase	8.00%	4.00%
Retirement age (years)	58.00	58.00
Withdrawal rate		
Up to 30 years	25.50%	25.50%
From 31 to 44 years	38.10%	38.10%
Above 44 years	0.00%	0.00%
Weighted average duration	3.42	3.25

Mortality rates inclusive of provision for disability -100% of IALM (2012 – 14)

Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used Indian Assured Lives Mortality (2012-14) Ultimate table.

Assumptions for actuarial valuation is based on experience on past data updated till the reporting date of the Company regarding movement of employees.

**(vi) Sensitivity analysis for gratuity liability**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	20.49	7.41
- Impact due to increase of 0.50 %	(0.92)	(0.35)
- Impact due to decrease of 0.50 %	0.98	0.37
<b>Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	20.49	7.41
- Impact due to increase of 0.50 %	0.96	0.38
- Impact due to decrease of 0.50 %	(0.91)	(0.36)

Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these is not calculated

Sensitivities as to rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable.

	As at March 31, 2021	As at March 31, 2020
<b>(vii) Maturity profile of defined benefit obligation</b>		
<b>year</b>	<b>Amount</b>	<b>Amount</b>
0 to 1 year	0.05	0.03
1 to 2 year	0.58	0.09
2 to 3 year	1.28	0.14
3 to 4 year	1.30	0.35
4 to 5 year	0.85	0.31
5 to 6 year	0.55	0.20
6 year onwards	15.88	6.30

**Satin Housing Finance Limited**
**Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**39 Financial Instruments**
**A Financial assets and liabilities**

The carrying amounts of financial instruments by category are as follows:

Particulars	Notes to schedule	As at March 31, 2021	As at March 31, 2020
<b>Financial assets measured at amortised cost</b>			
Cash and cash equivalents	4	1,862.02	3,187.44
Bank balances other than above	5	377.28	358.17
Loans	7	20,858.54	13,731.67
Trade receivables		17.70	47.20
Security deposits	9	8.59	11.78
Other financial assets	9	117.73	145.73
<b>Total</b>		<b>23,241.86</b>	<b>17,481.99</b>
<b>Financial liabilities measured at amortised cost</b>			
Trade payables	14	23.56	1.02
Borrowings (other than debt securities but including interest accrued)	15	11,878.64	7,927.01
Subordinated liabilities	16	2,064.10	2,063.45
Other financial liabilities	17	159.07	28.37
<b>Total</b>		<b>14,125.37</b>	<b>10,019.85</b>

**B Fair values hierarchy**

The Company does not have any financial instrument which is measured at fair value.

**Fair value of instruments measured at amortised cost**

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Loans	20,858.54	21,636.27	13,731.67	14,604.76
Security deposits	8.59	8.59	11.78	11.78
Other financial assets	117.73	117.73	145.73	145.73
<b>Total</b>	<b>20,984.86</b>	<b>21,762.59</b>	<b>13,889.18</b>	<b>14,762.27</b>
<b>Financial liabilities</b>				
Borrowings (other than debt securities)	11,878.64	11,878.64	7,927.01	7,927.01
Subordinated liabilities	2,064.10	2,210.04	2,063.45	2,190.56
Other financial liabilities	159.07	159.07	28.37	28.37
<b>Total</b>	<b>14,101.81</b>	<b>14,247.75</b>	<b>10,018.83</b>	<b>10,145.94</b>

The management assessed that fair values of investments, cash and cash equivalents, other bank balances, trade receivables and trade payables approximate their respective carrying amounts, largely due to the short-term maturities of these instruments. The following methods and assumptions were used to estimate the fair values for other assets and liabilities:

(i) The fair values of the Company's fixed interest bearing loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's lending rate as at the end of the reporting period. The own non-performance risk as at March 31, 2021 was assessed to be insignificant.

(ii) The fair values of the Company fixed rate interest-bearing debt securities, borrowings and subordinated liabilities are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. For variable rate interest-bearing debt securities, borrowings and subordinated liabilities, carrying value represent best estimate of their fair value as these are subject to changes in underlying interest rate indices as and when the changes happen.

**C Financial risk management**
**i) Risk Management**

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents (other than cash), loans, financial assets measured at amortised cost	Ageing analysis	Highly rated bank deposits and diversification of asset base and collaterals taken for assets
Liquidity risk	Borrowings and other financial liabilities	Cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - interest rate	Variable rates borrowings	Sensitivity analysis	Negotiation of terms that reflect the market factors

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

**A) Credit risk**

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, loan assets, and other financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

**Satin Housing Finance Limited**
**Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**a) Credit risk management**

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- (i) Low credit risk on financial reporting date
- (ii) Moderate credit risk
- (iii) High credit risk

The Company provides for expected credit loss based on the following:

Nature	Assets covered	Basis of expected credit loss
Low credit risk	Cash and cash equivalents (other than cash), other bank balances, investments, loans in stage 1 and other financial assets	12 month expected credit loss
Moderate credit risk	Stage 2 loans	Life time expected credit loss or 12 month expected credit loss
High credit risk	Nil	Life time expected credit loss fully provided for

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a borrower declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

**Financial assets that expose the entity to credit risk**

Particulars	As at March 31, 2021	As at March 31, 2020
(i) <b>Low credit risk - Stage 1</b>		
Loans	20,611.31	13,731.67
Trade receivables	17.70	47.20
Cash and cash equivalents	1,861.66	3,187.43
Bank balances other than above	377.28	358.17
Security deposits	8.59	11.78
Other financial assets	117.73	145.73
(ii) <b>Moderate credit risk - Stage 2</b>		
Loans	247.23	-
(iii) <b>High credit risk - Stage 3</b>		
Loans	-	-

**Cash and cash equivalents and bank deposits**

Credit risk related to cash and cash equivalents (other than cash) and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

**Loans**

Credit risk related to borrower's are mitigated by considering collateral's/ bank guarantees/letter of credit, from borrower's. The Company closely monitors the credit-worthiness of the borrower's through internal systems that are configured from systematic institutional and project appraisal process analysis to assess the credit risk and define credit limits of borrower, thereby, limiting the credit risk to pre-calculated amounts. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due.

**Other financial assets measured at amortized cost**

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

**b) Expected credit losses for financial assets other than loans**

- i) Company provides for expected credit losses on financial assets other than loans by assessing individual financial instruments for expectation of any credit losses:
  - For cash and cash equivalents and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.
  - For investments - Considering the investments are in mutual funds, certificate of deposits and Government securities, credit risk is considered low.
  - For loans comprising security deposits paid - Credit risk is considered low because the Company is in possession of the

underlying asset.

- For other financial assets - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though the reconciliation of expected credit loss for all sub categories of financial assets (other than loans) are disclosed below:

<b>As at March 31, 2021</b>	<b>Estimated gross carrying amount at default</b>	<b>Expected probability of default</b>	<b>Expected credit losses</b>	<b>Carrying amount net of impairment provision</b>
Cash and cash equivalents	1,861.66	0%	-	1,861.66
Bank balances other than above	377.28	0%	-	377.28
Trade receivables	17.70	0%	-	17.70
Security deposits	8.59	0%	-	8.59
Other financial assets	117.73	0%	-	117.73

<b>As at March 31, 2020</b>	<b>Estimated gross carrying amount at default</b>	<b>Expected probability of default</b>	<b>Expected credit losses</b>	<b>Carrying amount net of impairment provision</b>
Cash and cash equivalents	3,187.44	0%	-	3,187.44
Bank balances other than above	358.17	0%	-	358.17
Security deposits	11.78	0%	-	11.78
Other financial assets	145.73	0%	-	145.73

## Satin Housing Finance Limited

### Notes forming part of Financial Statements for the year ending March 31, 2021

(All amounts in rupees in lakhs, unless stated otherwise)

#### ii) Expected credit loss for loans

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days.

If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days.

If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

Considering, the Company has started business from November 2017 and does not have history and there are no loan balances which has become 90 days past due and hence, provisioning norms are been used to make provision for loan assets, with a background of management overlay.

Particulars	As at March 31, 2021	As at March 31, 2020
Gross loans in respect of borrower's where no specific default has occurred	21,015.39	13,882.30
Expected loss rate	0.75%	1.09%
Loans due from borrowers where specific default has occurred		
Expected credit loss (loss allowance provision)	156.85	150.63

#### Changes in the gross carrying amount and the corresponding ECL allowances in relation to loans from beginning to end of reporting period:

Particulars	Loans
<b>Gross carrying amount as at April 1, 2019</b>	<b>206.81</b>
<b>Assets originated</b>	<b>13,675.48</b>
Net transfer between stages	
Transfer to stage 1	-
Transfer to stage 2	-
Transfer to stage 3	-
Assets derecognised or collected (excluding write offs)	-
Write - offs (including death cases)	-
<b>Gross carrying amount as at March 31, 2020</b>	<b>13,882.30</b>
<b>Assets originated</b>	<b>6,884.00</b>
Net transfer between stages	
Transfer to stage 1	-
Transfer to stage 2	249.10
Transfer to stage 3	-
Assets derecognised or collected (excluding write offs)	-
Write - offs (including death cases)	-
<b>Gross carrying amount as at March 31, 2021</b>	<b>21,015.39</b>

**Reconciliation of loss allowance provision from beginning to end of reporting period:**

<b>Reconciliation of loss allowance</b>	<b>Loans</b>
<b>Loss allowance on April 1, 2019</b>	31.69
Loss allowances on assets originated	118.94
Loss allowance written back	-
Write - offs	-
<b>Loss allowance on March 31, 2020</b>	<b>150.63</b>
Loss allowances on assets originated	6.22
Loss allowance written back	-
Write - offs	-
<b>Loss allowance on March 31, 2021</b>	<b>156.85</b>

**c) Concentration of loans**

<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Housing Loans	16,687.36	12,354.91
Non-Housing Loans	4,748.67	1,855.53
Add: Changes in fair value	-	-
Less: Unamortised processing fee	(420.64)	(328.14)
<b>Total</b>	<b>21,015.39</b>	<b>13,882.30</b>

**B) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

**(i) Financing arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>Floating rate</b>		
- Expiring within one year ((Financial Institutions- Floating rate)	-	-
- Expiring beyond one year ((Financial Institutions - Floating rate)	1,000.00	1,000.00
	<b>1,000.00</b>	<b>1,000.00</b>

The bank overdraft facilities may be drawn at any time and may be terminated by the bank with notice. The Company has fixed deposit lien against book overdraft.

Subject to the continuance of satisfactory credit ratings, the bank loan facilities can be drawn.

**Satin Housing Finance Limited**

**Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**(ii) Maturities of financial assets and liabilities**

The tables below analyse the Company's financial assets and liabilities into relevant maturity based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at March 31, 2021	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Financial Assets</b>					
Cash and cash equivalents	1,862.02	-	-	-	1,862.02
Bank balances other than above	238.45	-	-	138.83	377.28
Loans	5,664.44	5,169.82	4,676.55	20,871.64	36,382.45
Trade receivables	17.70	-	-	-	17.70
Other financial assets	123.45	-	2.72	0.15	126.32
	<b>7,906.06</b>	<b>5,169.82</b>	<b>4,679.27</b>	<b>21,010.62</b>	<b>38,765.77</b>
<b>Financial Liabilities</b>					
Borrowings (other than debt securities)	4,016.27	3,719.22	2,998.73	4,980.15	15,714.37
Subordinated liabilities	280.00	280.00	280.00	2,629.42	3,469.42
Trade payables	23.56	-	-	-	23.56
Other financial liabilities	159.07	-	-	-	159.07
<b>Total</b>	<b>4,478.89</b>	<b>3,999.22</b>	<b>3,278.73</b>	<b>7,609.57</b>	<b>19,366.41</b>

As at March 31, 2020	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Financial Assets</b>					
Cash and cash equivalents	3,187.44	-	-	-	3,187.44
Bank balances other than above	228.55	-	-	129.62	358.17
Loans	2,328.52	2,327.15	2,312.56	25,660.96	32,629.19
Trade receivables	47.20	-	-	-	47.20
Other financial assets	156.13	1.38	-	-	157.51
	<b>5,947.84</b>	<b>2,328.54</b>	<b>2,312.56</b>	<b>25,790.58</b>	<b>36,379.52</b>
<b>Financial Liabilities</b>					
Borrowings (other than debt securities)	2,390.20	2,573.20	2,361.09	2,338.48	9,662.98
Subordinated liabilities	280.00	280.00	280.00	2,909.42	3,749.42
Trade payables	1.02	-	-	-	1.02
Other financial liabilities	133.93	-	-	-	133.93
<b>Total</b>	<b>2,805.16</b>	<b>2,853.20</b>	<b>2,641.09</b>	<b>5,247.91</b>	<b>13,547.36</b>

## Satin Housing Finance Limited

### Notes forming part of Financial Statements for the year ending March 31, 2021

(All amounts in rupees in lakhs, unless stated otherwise)

#### C) Market risk

##### a) Interest rate risk

##### i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At March 31, 2021, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in fixed deposits all pay fixed interest rates.

##### *Interest rate risk exposure*

Below is the overall exposure of the Company to interest rate risk:

Particulars	As at March 31, 2021	As at March 31, 2020
Variable rate borrowings	11,878.64	7,927.01
Fixed rate borrowings	2,064.10	2,063.45
<b>Total Borrowings</b>	<b>13,942.74</b>	<b>9,990.46</b>

##### *Sensitivity*

Below is the sensitivity of profit or loss in interest rates.

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Interest sensitivity*</b>		
Interest rates – increase by 50 basis points (50 bps)	(59.39)	(39.64)
Interest rates – decrease by 50 basis points (50 bps)	59.39	39.64

\* Holding all other variables constant

##### ii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

#### 40 Capital management

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Particulars	As at March 31, 2021	As at March 31, 2020
Borrowings (other than debt securities)	11,878.64	7,927.01
Subordinated liabilities	2,064.10	2,063.45
Other financial liabilities	159.07	28.37
Less: Cash and cash equivalents and Bank balances	(2,239.30)	(3,545.61)
<b>Total borrowings/net debt</b>	<b>11,862.51</b>	<b>6,473.22</b>
Equity share capital	9,500.00	8,000.00
Other equity	(175.57)	(289.69)
<b>Total equity/Capital</b>	<b>9,324.43</b>	<b>7,710.31</b>
<b>Net debt to equity ratio</b>	<b>1.27</b>	<b>0.84</b>

\* Net debt includes debt securities + borrowings (other than debt securities) + subordinated liabilities + interest accrued - cash and cash equivalents - Bank balances other than cash and cash equivalents.

**Satin Housing Finance Limited**

**Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**41 Assets hypothecated as security**

The carrying amounts of assets hypothecated as security are:

Particulars	March 31, 2021	March 31, 2020
<b>Non-current</b>		
First charge	11,791.89	6,863.88
<b>Total non-current assets hypothecated as security</b>	11,791.89	6,863.88
<b>Current</b>		
First charge	1,640.22	1,889.96
<b>Total current assets hypothecated as security</b>	1,640.22	1,889.96
<b>Total assets hypothecated as security</b>	<b>13,432.11</b>	<b>8,753.83</b>

Company has hypothecated its loan assets as security against borrowings.

**42 Reconciliation of liabilities arising from financing activities**

The changes in the Company's liabilities arising from financing activities can be classified as follows:

Particulars	Borrowings	Equity Share Capital	Total
<b>31 March 2019</b>	<b>3,348.73</b>	<b>5,000.00</b>	<b>8,348.73</b>
Cash flows (net):	6,621.37	3,000.00	9,621.37
Non cash:	-	-	-
- Others	-	-	-
<b>31 March 2020</b>	<b>9,970.10</b>	<b>8,000.00</b>	<b>17,970.10</b>
Cash flows (net):	3,956.81	1,500.00	5,456.81
Non cash:	-	-	-
- Others	0.68	-	-
<b>31 March 2021</b>	<b>13,927.59</b>	<b>9,500.00</b>	<b>23,426.91</b>

**43 Maturity of assets and liabilities**

In accordance with Ind AS 1 Paragraph 61, whichever method of presentation is adopted, Company has disclosed amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled as follows:

	March 31, 2021			March 31, 2020		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and cash equivalents	1,862.02	-	1,862.02	3,187.44	-	3,187.44
Bank balances other than above	238.45	138.83	377.28	228.55	129.62	358.17
Trade receivables	17.70	-	17.70	47.20	-	47.20
Loans	2,708.94	18,149.60	20,858.54	446.13	13,285.54	13,731.67
Other financial assets	123.45	2.87	126.32	156.13	1.38	157.51
	4,950.56	18,291.30	23,241.86	4,065.45	13,416.54	17,481.99
<b>Non Financial assets</b>						
Current tax assets (net)	-	0.63	0.63	-	15.43	15.43
Deferred tax assets (net)	-	49.66	49.66	-	87.28	87.28
Property, plant and equipment	-	44.55	44.55	39.00	26.56	65.56
Intangible assets	-	14.76	14.76	4.41	14.04	18.45
Other non financial assets	75.26	201.13	276.39	64.42	81.38	145.80
	75.26	310.73	385.99	107.82	224.69	332.52
<b>TOTAL ASSETS</b>	5,025.82	18,602.03	23,627.85	4,173.28	13,641.23	17,814.51
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>Financial Liabilities</b>						
Trade Payables						
total outstanding dues of MSMEs	3.03	-	3.03	-	-	-
total outstanding dues of	20.53	-	20.53	1.02	-	1.02
Borrowings (other than debt securities)	2,799.14	9,079.50	11,878.64	1,571.88	6,355.13	7,927.01
Subordinated liabilities	69.04	1,995.06	2,064.10	69.04	1,994.41	2,063.45
Other financial liabilities	159.07	-	159.07	28.37	-	28.37
	3,050.81	11,074.56	14,125.37	1,670.31	8,349.54	10,019.85
<b>Non Financial Liabilities</b>						
Current tax liabilities (net)	-	-	-	-	-	-
Provisions	1.88	97.70	99.58	9.08	44.84	53.92
Other non financial liabilities	78.47	-	78.47	30.43	-	30.43
	80.35	97.70	178.05	39.51	44.84	84.35
<b>TOTAL LIABILITIES</b>	3,131.16	11,172.26	14,303.42	1,709.82	8,394.38	10,104.20
<b>NET</b>	1,894.66	7,429.78	9,324.43	2,463.45	5,246.85	7,710.29

(All amounts in rupees in lakhs, unless stated otherwise)

**44 Impact of COVID-19 Pandemic**

**A Estimation of uncertainties relating to the global health pandemic from COVID-19:**

The Company has considered the past year experience and possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of loan receivables & other receivables, property plant & equipment and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Company. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

**B Impact of Covid-19 on loan receivables and Revenue from Operations**

The Company has considered its past collection trend during the spread of Pandemic and further evaluated the impact of COVID – 19. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods. In accordance with the Reserve Bank of India ('RBI') guidelines relating to 'COVID-19 Regulatory Package' dated 27 March 2020 and subsequent guidelines on EMI moratorium dated 17 April 2020 and 23 May 2020, the Company has offered to its customers a moratorium of six months on the payment of all instalments and / or interest, as applicable, due between March 1, 2020 and August 31, 2020 to all eligible borrowers, classified as standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium was granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

The Company holds provisions as at March 31, 2021 against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the Company are in excess of the RBI prescribed norms.

**C Impact of Covid-19 on Loss allowance for loan receivables and other receivables**

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions. In calculating expected credit loss on loan receivables and other receivables, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

**D Impairment assessment of Property plant and equipment, Intangible assets**

The Company is engaged primarily in providing affordable housing finance services in the northern region India. Considering the nature of business the Company does not have major PP&E assets. As at March 31, 2021, the estimated recoverable amount of the CGU exceeded its carrying amount. Reasonable sensitivities in key assumptions consequent to the change in estimated future economic conditions on account of possible effects relating to Covid 19 is unlikely to cause the carrying amount to exceed the recoverable amount of the cash generating unit.

**E Credit risk on cash and cash equivalents**

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks. Company also invests in mutual funds and reviews the portfolio on regular basis. Mutual Funds with high quality portfolio are preferred. Company has considered the latest available credit ratings in view of COVID – 19 as at the date of approval of these financial statements.

**F Contingencies**

The economic consequences and uncertainties resulting from the Coronavirus itself or from actions taken by governments and the company to respond to the outbreak may have an impact on contingent liability. Liabilities previously meeting or not meeting the definition of a contingent liability may need to be reconsidered for the purpose of disclosure in financial statement. Same has been duly considered by the management.

45 Disclosure of Schedules to the balance sheet in compliance with the RBI Master Direction DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021

A) Liabilities Side

Particulars	Amount Outstanding (in Lakhs)	Amount Overdue (in Lakhs)
<b>1) Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:</b>		
(a) Debentures : Secured	2064.10	Nil
: Unsecured	Nil	Nil
<i>(other than falling within the meaning of public deposits*)</i>		
(b) Deferred Credits	Nil	Nil
(c) Term Loans	11863.49	Nil
(d) Inter-corporate loans and borrowing	Nil	Nil
(e) Commercial Paper	Nil	Nil
(f) Public Deposits	Nil	Nil
(g) Other Loans (specify nature)	Nil	Nil
<b>2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>		
(a) In the form of Unsecured debentures	Nil	Nil
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
(c) Other public deposits	Nil	Nil

B) Assets Side

Particulars	Amount Outstanding (in Lakhs)
<b>3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:</b>	
(a) Secured	21015.39
(b) Unsecured	Nil
<b>4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities</b>	
(i) Lease assets including lease rentals under sundry debtors	
(a) Financial lease	Nil
(b) Operating lease	Nil
(ii) Stock on hire including hire charges under sundry debtors	
(a) Assets on hire	Nil
(b) Repossessed Assets	Nil
(iii) Other loans counting towards asset financing activities	
(a) Loans where assets have been repossessed	Nil
(b) Loans other than (a) above	Nil
<b>5) Break-up of Investments</b>	
Current Investments	
a) Quoted	
i) Shares	
(a) Equity	Nil
(b) Preference	Nil
ii) Debentures and Bonds	Nil
iii) Units of mutual funds	Nil
iv) Government Securities	Nil
v) Others	Nil
b) Unquoted	
i) Shares	
(a) Equity	Nil
(b) Preference	Nil
ii) Debentures and Bonds	Nil
iii) Units of mutual funds	Nil
iv) Government Securities	Nil
v) Others	Nil
Long Term investments	
a) Quoted	
i) Shares	
(a) Equity	Nil
(b) Preference	Nil
ii) Debentures and Bonds	Nil
iii) Units of mutual funds	Nil
iv) Government Securities	Nil
v) Others	Nil
b) Unquoted	
i) Shares	Nil
(a) Equity	Nil
(b) Preference	Nil
ii) Debentures and Bonds	Nil
iii) Units of mutual funds	Nil
iv) Government Securities	Nil
v) Others	Nil

**Satin Housing Finance Limited**

**Notes forming part of Financial Statements for the year ending March 31, 2021**

(All amounts in rupees in lakhs, unless stated otherwise)

**6) Borrower group-wise classification of assets financed as in (3) and (4) above:**

Category	Amount net of provisions*		
	Secured	Unsecured	Total
1) Related Parties	Nil	Nil	Nil
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2) Other than related parties	20,955.85	Nil	20,955.85
<b>Total</b>	<b>20,955.85</b>	<b>Nil</b>	<b>20,955.85</b>

\* provision considered above is provision as prescribed in RBI directions.

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

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1) Related Parties	Nil	Nil
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2) Other than related parties	Nil	Nil

**8) Other information**

Particulars	Amount
i) Gross Non-Performing Assets	Nil
(a) Related parties	Nil
(b) Other than related parties	Nil
(ii) Net Non-Performing Assets	Nil
(a) Related parties	Nil
(b) Other than related parties	Nil
(iii) Assets acquired in satisfaction of debt	Nil

**46 Disclosure on compliance with Principal business criteria in accordance with the RBI Master Direction DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021**

	As at March 31, 2021
Financials assets in business of providing finance for housing	16,350.00
Financials assets in business of providing finance for housing to Individuals	16,350.00
Total Assets (net of intangible assets)	23,613.09
% of financials assets in business of providing finance for housing to total assets (net of intangible assets)	69.24%
% of financials assets in business of providing finance for housing to Individuals to total assets (net of intangible assets)	69.24%

\* the above criteria is effective w.e.f. October 22, 2020, accordingly disclosure for previous year is not applicable.

**47 Disclosures in accordance with the RBI Master Direction DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021:**

**(I) Reserve fund u/s 29C of NHB Act, 1987**

	As at March 31, 2021	As at March 31, 2020
<b>Balance at beginning of the period</b>		
a) Statutory Reserve as per Section 29C of National Housing Bank Act, 1987	-	-
b) Amount of Special Reserve u/s 36 (1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of NHB Act, 1987	-	-
<b>Total (A)</b>	-	-
<b>Addition / Appropriation / withdrawal during the period</b>		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	6.02	-
b) Amount of Special Reserve u/s 36 (1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of NHB Act, 1987	20.80	-
Less:		
a) Amount appropriated from the Statutory Reserve u/s 29 C of the NHB Act 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36 (1) (viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of NHB Act, 1987	-	-
<b>Total (B)</b>	26.82	-
<b>Balance at the end of the period</b>		
a) Statutory Reserve as per Section 29C of National Housing Bank Act, 1987	6.02	-
b) Amount of Special Reserve u/s 36 (1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of NHB Act, 1987	20.80	-
<b>Total [A+B]</b>	26.82	-

**(II) Investment**

	As at March 31, 2021	As at March 31, 2020
a. Value of investments		
(i) Gross value of investments		
(a) In India	-	-
(b) Outside India	-	-
(ii) Provision for depreciations		
(a) In India	-	-
(b) Outside India	-	-
(ii) Net value of investments		
(a) In India	-	-
(b) Outside India	-	-
b. Movements of provision held towards depreciation in investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off/written-back of excess provisioning during the year	-	-
(iv) Closing balance	-	-

**(III) Capital**

	As at March 31, 2021	As at March 31, 2020
Capital to Risk Asset Ratio (CRAR) (%)	90.16%	125.89%
CRAR-Tier I Capital (%)	74.11%	98.36%
CRAR-Tier II Capital (%)	16.05%	27.53%
Amount of subordinated debt raised as Tier- II Capital	1,795.06	1,994.41
Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

**(IV)** The company has no transactions/exposure in any type of derivatives in the current and previous year. The company has no unhedged foreign currency exposure on March 31, 2021 (P.Y. H Nil)

**(V)** The Company has not entered into any securitisation transaction from inception till reporting date

**(VI)** The Company has not sold any financial assets to Securitisation/Reconstruction Company for asset reconstruction from inception till reporting date

**(VII) Details of Assignment transactions undertaken by the Company:**

	For the year ended March 31, 2021	For the year ended March 31, 2020
No. of accounts	209.00	-
Aggregate value (net of provisions) of accounts assigned	1,847.61	-
Aggregate consideration	1,847.61	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-
Interest spread recognized in the statement of profit and loss during the year	148.79	-

**(VIII) Details of non-performing financial assets purchased/sold**

- Details of non-performing financial assets purchased:  
The company has not purchased non-performing financial assets in the current and previous year.
- Details of non-performing financial assets sold:  
The company has not sold non-performing financial assets in the current and previous year.

Satin Housing Finance Limited

Notes forming part of Financial Statements for the year ending March 31, 2021

(All amounts in rupees in lakhs, unless stated otherwise)

(IX) Assets Liability Management

Maturity pattern of certain items of assets and liabilities as at March 31, 2021

	Liabilities				Assets		
	Deposits	Borrowings from Bank	Market Borrowings	Foreign Currency Liabilities	Advances	Investments (FDs)	Foreign Currency Assets
1 day to 7 days	-	-	42.77	-	19.59	-	-
8 days to 14 days	-	-	51.04	-	289.75	-	-
15 days to 30/31 days	-	17.37	105.86	-	83.31	1,301.49	-
Over one month to 2 months	-	100.00	171.91	-	209.64	-	-
Over 2 months upto 3 months	-	-	239.55	-	214.17	-	-
Over 3 months to 6 months	-	65.83	643.58	-	637.77	-	-
Over 6 months to 1 year	-	131.66	1,298.61	-	1,254.72	238.45	-
Over 1 year to 3 years	-	526.64	4,747.08	-	4,749.75	-	-
Over 3 years to 5 years	-	360.64	2,379.97	-	4,219.41	138.83	-
Over 5 years to 7 years	-	98.73	2,961.50	-	3,741.01	-	-
Over 7 years to 10 years	-	-	-	-	4,835.96	-	-
Over 10 years	-	-	-	-	603.47	-	-
<b>Total</b>	<b>-</b>	<b>1,300.87</b>	<b>12,641.87</b>	<b>-</b>	<b>20,858.54</b>	<b>1,678.77</b>	<b>-</b>

Maturity pattern of certain items of assets and liabilities as at March 31, 2020

	Liabilities				Assets		
	Deposits	Borrowings from Bank	Market Borrowings	Foreign Currency Liabilities	Advances	Investments (FDs)	Foreign Currency Assets
1 day to 7 days	-	-	11.99	-	-	-	-
8 days to 14 days	-	-	5.55	-	34.61	-	-
15 days to 30/31 days	-	-	18.98	-	-	-	-
Over one month to 2 months	-	-	-	-	35.06	-	-
Over 2 months upto 3 months	-	12.83	183.86	-	35.51	-	-
Over 3 months to 6 months	-	12.83	448.84	-	109.30	228.55	-
Over 6 months to 1 year	-	25.66	920.38	-	231.65	-	-
Over 1 year to 3 years	-	102.64	3,843.40	-	1,111.10	-	-
Over 3 years to 5 years	-	102.64	2,020.24	-	1,287.93	129.62	-
Over 5 years to 7 years	-	148.64	1,981.44	-	1,413.39	-	-
Over 7 years to 10 years	-	94.76	55.78	-	2,579.21	-	-
Over 10 years	-	-	-	-	6,893.90	-	-
<b>Total</b>	<b>-</b>	<b>500.00</b>	<b>9,490.46</b>	<b>-</b>	<b>13,731.67</b>	<b>358.17</b>	<b>-</b>

(X) Exposure to Real Estate Sector

a. Direct exposure

i) Residential Mortgages-

Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;

20,858.54 13,731.67

ii) Commercial Real Estate-

Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure also include non-fund based limits

- -

iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures

a. Residential

- -

b. Commercial Real Estate

- -

b. Indirect Exposure

Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)

- -

**Total**

**20,858.54 13,731.67**

(XI) Exposure to Capital Market

	As at March 31, 2021	As at March 31, 2020
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows / issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total Exposure to Capital Market</b>	<b>-</b>	<b>-</b>

(XII) The Company has not financed any parent company product from inception till reporting date

(XIII) The Exposure to a single borrower and group of borrower does not exceed the limit stipulated by the NHB/RBI prudential norms applicable to HFC.

(XIV) The Exposure to Unsecured Advances is Nil (PY:Nil)

(XIV) The Company has Nil exposure (PY:Nil) to any group company engaged in real estate business

**48 Miscellaneous disclosures in accordance with the RBI Master Direction DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021**

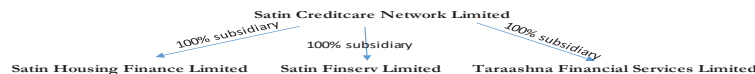
(I) The Company has following Registrations effective as on March 31, 2021:

Issuing Authority	Registration No., if any	Date of registration	Valid upto	Registered as
National Housing Bank	11.0161.17	14/11/17	-	Housing finance institution without permission to accept public deposits.

(II) **Disclosure of penalties imposed by NHB/RBI and other regulators**  
 During FY 2020-21, there were no penalties imposed by NHB/RBI and other regulators (PY: Nil)

(III) **Related party transactions are disclosed in Note 36**

(IV) **Group Structure**



(V) **Ratings assigned by credit rating agencies and migration of ratings during the year:**

Nature of Borrowing

Long Term - Bank Borrowings  
 Long Term - Non Convertible Debentures

There has been no change in credit rating during the year

Rating / Outlook  
**CARE Ratings Ltd**  
 CARE BBB+  
 CARE BBB

(VI) **Remuneration of Directors**  
 Details of Remuneration of Directors are disclosed in Form No. MGT - 9 as part of annual report.

(VII) **Management**  
 Details of Management is provided in annual report under the head Management Discussion and Analysis report

(VIII) **Net Profit or Loss for the period, prior period items and changes in accounting policies**  
 There are no prior period items that have material impact on the current year's profit and loss. There is no change in accounting policy during the current financial year.

(IX) **Revenue Recognition**  
 There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

(X) **Consolidated Financial Statements (CFS)**  
 The Company does not have any subsidiary or associate, hence CFS is not applicable to the Company

**49 Additional disclosures in accordance with the RBI Master Direction DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021**

(I) **Provisions and Contingencies**

**Break up of 'Provisions and Contingencies' shown under the head**

**Expenditure in Profit and Loss Account**

	As at March 31, 2021	As at March 31, 2020
Provisions for depreciation on Investment	-	-
Provision towards NPA	-	-
Provision made towards Income tax	35.47	11.79
Other Provision and Contingencies (with details)	-	-
Provision for Gratuity	13.08	0.66
Provision for compensated absences	33.31	32.99
Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)*	6.22	118.94

\*Provision for Standard Assets Nil amount for CRE, CRE-RH

**Break up of Loans & Advances & Provisions thereon**

	Housing		Non-Housing	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
<b>Standard Assets</b>				
a) Total Outstanding Amount	16,350.00	11,655.97	4,665.39	2,226.33
b) Provisions made	121.86	130.96	34.99	19.67
<b>Sub- Standard Assets</b>				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
<b>Doubtful Assets – Category I</b>				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
<b>Doubtful Assets – Category II</b>				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
<b>Doubtful Assets – Category III</b>				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
<b>Loss Assets</b>				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
<b>Total</b>				
a) Total Outstanding Amount	16,350.00	11,655.97	4,665.39	2,226.33
b) Provisions made	121.86	130.96	34.99	19.67

(II) The Company has not made any drawdown of reserves during the period (PY: Nil)

(III) **Concentration of Public Deposits, Advances, Exposures and NPAs**

(i) **Concentration of Public Deposits (for Public Deposit taking/ holding HFCs)** - The Company is a non-deposit taking housing finance Company

(ii) **Concentration of Loans & Advances**

	As at March 31, 2021	As at March 31, 2020
Total Loans & Advances to twenty largest borrowers	1,054.25	1,002.55
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	5.02%	7.22%

(iii) **Concentration of all Exposure (including off-balance sheet exposure)**

	As at March 31, 2021	As at March 31, 2020
Total Exposure to twenty largest borrowers / customers*	1,160.41	1,002.55
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the HFC on borrow	5.52%	7.22%
Off-balance sheet exposure is NIL as on 31 March 2020		

(iv) **Concentration of NPAs**  
 The Company does not have any NPA as on 31 March 2021 (PY: Nil)

(v) **Sector-wise NPAs**  
 The Company does not have any NPA as on 31 March 2021 (PY: Nil)

(IV) **Movement of NPAs**  
 The Company does not have any NPA as on 31 March 2021 (PY: Nil)

(V) The company does not have overseas asset as on 31 March 2021 (PY: Nil)

(VI) The Company has not sponsored any SPVs from inception till reporting date

50 Disclosure of Customer complaints in accordance with the RBI Master Direction DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
a) No. of complaints pending at the beginning of the period	-	-
b) No. of complaints received during the period	95	96
c) No. of complaints redressed during the period	95	96
d) No. of complaints pending at the end of the period	-	-

51 Disclosure of details as required under notification issued by RBI dated March 13, 2020, RBI/2019-20/170, DOR (NBFC).CC.PD.No.109/22.10.106/2019-20

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5)=(3)-(4)	Provisions required as per IRACP Norms (6)	Difference between Ind AS 109 Provisions and IRACP Norms (7) = (4)-(6)
<b>Performing Assets</b>						
Standard	Stage 1	21,015.39	156.85	20,858.54	59.54	97.32
	Stage 2	NIL	NIL	NIL	NIL	NIL
<b>Subtotal</b>		<b>21,015.39</b>	<b>156.85</b>	<b>20,858.54</b>	<b>59.54</b>	<b>97.32</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	NIL	NIL	NIL	NIL	NIL
Doubtful - up to 1 year	Stage 3	NIL	NIL	NIL	NIL	NIL
1 to 3 years	Stage 3	NIL	NIL	NIL	NIL	NIL
More than 3 years	Stage 3	NIL	NIL	NIL	NIL	NIL
<b>Subtotal for doubtful</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
Loss	Stage 3	NIL	NIL	NIL	NIL	NIL
<b>Subtotal for NPA</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	NIL	NIL	NIL	NIL	NIL
	Stage 2	NIL	NIL	NIL	NIL	NIL
	Stage 3	NIL	NIL	NIL	NIL	NIL
<b>Subtotal</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total</b>	<b>Stage 1</b>	<b>21,015.39</b>	<b>156.85</b>	<b>20,858.54</b>	<b>59.54</b>	<b>97.32</b>
	<b>Stage 2</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	<b>Stage 3</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	<b>Total</b>	<b>21,015.39</b>	<b>156.85</b>	<b>20,858.54</b>	<b>59.54</b>	<b>97.32</b>

52 During the period ended March 31, 2021, Company has received interest subsidy under CLSS scheme of Central Government through NHB of INR 1148.65 Lakhs and utilised INR 1057.35 Lakhs through upfront credit given to respective eligible borrowers' account. Unutilised amount of INR 91.3 Lakhs have been refunded to NHB.

53 The Company has not charged interest on interest to any of its borrowers during the moratorium period in view of RBI Notification dated 7 April 2021..

54 Disclosure of Liquidity Risk as on March 31, 2021 as required under RBI notification DOR.NBFC (HFC).CC.No.118/03.10.136/2020-21 dated October 22, 2020

i) Funding Concentration based on significant counterparty

Sr.	Number of Significant Counterparties	Amount (Rs. In Crores)*	% of Total Deposits	% of Total Liabilities
1	6	113.02	N.A.	79%

Note:

- Included only Principal amount.
- \*Significant Counterparty\* is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSTs, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs
- Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines

ii) Top 20 large deposits (amount in Rs. Crore and % of total deposits)

- Nil. The Company is registered with NHB as Non Deposit accepting HFC.

iii) Top 10 borrowings (amount in Rs Crores & % of total borrowings\*)

Amount (Rs crore)	% of Total Borrowings
107.96	77.80%

Note: Included only principal amount and considered basis outstanding amount.

iv) Funding Concentration based on significant instrument / product:

Name of the instrument/product	Number of Counterparties	Amount (Rs in Crore)	% of Total Liabilities
Long Term Loans	8	118.77	83%
Long Term NCD	1	20	14%
Short Term NCD	-	Nil	0%
Short Term Loans	-	Nil	0%
Commercial Paper	-	Nil	0%
<b>Total</b>	<b>9</b>	<b>138.77</b>	<b>97%</b>

v) Stock ratios:

Commercial papers as a % of total liabilities	N.A.
Commercial papers as a % of total assets	N.A.
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	N.A.
Non-convertible debentures (original maturity of less than one year) as a % of total Assets	N.A.
Other short-term liabilities as a % of total liabilities	21.88%
Other short-term liabilities as a % of total assets	13.24%

vi) Institutional set up for liquidity risk management:

The Company has well defined ALM policy which covers various aspects of liquidity risk management. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. The Asset Liability Management Committee, inter alia, reviews the asset liability profile, risk monitoring system, liquidity risk management, funding and capital planning, and contingency planning.

55 The Company does not have any joint ventures and overseas subsidiaries

56 The Company has not done any business related to insurance broking/agency, hence no fees/brokerage has been received in respect of such business during the current and previous financial year.

57 The Company has not received any notice under section 142(1) of Income Tax Act, 1961 during the current financial year.

58 Foreign Remittance

- Earning (remittance inward) in foreign currency for the period ended 31 March 2021 is Nil (PY: Nil)
- Expenditure (remittance outward) in foreign currency for the period ended 31 March 2021 is Nil (PY: Nil)

59 Previous year figures have been regrouped/reclassified wherever considered necessary to make them in line with that of the current year.

For Rajeev Bhatia & Associates.  
Chartered Accountants  
Firm's Registration No.: 021776N

s/d  
Rohit Kumar Gupta  
Partner  
M. No. 410082

Place: Gungram  
Date: May 12, 2021

For and on behalf of the Board of Directors  
Satin Housing Finance Limited

s/d  
H P Singh  
(Director)  
DIN: 00333754

s/d  
Prince Kumar  
(Company Secretary)  
ACS: 41094

s/d  
Amit Sharma  
(WTD & CEO)  
DIN: 08050304

s/d  
Anil Kumar Kalra  
(Director)  
DIN: 07361739

s/d  
Sachin Sharma  
(Chief Financial Officer)



## SATIN HOUSING FINANCE LIMITED

CIN: U65929DL2017PLC316143

**Registered Office:** 505, 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, New Delhi - 110033

**Corporate Office:** Plot No.-492, 2nd Floor, B-Wing, Udyog Vihar, Phase-3, Gurugram, Haryana - 122016. India

**Email Id:** [compliance@satinhousingfinance.com](mailto:compliance@satinhousingfinance.com)

**Website:** [www.satinhousingfinance.com](http://www.satinhousingfinance.com)

**Phone:** 0124 4346200