



SWARNA PRAGATI HOUSING

Notice No. 13

To,
The Members,
Swarna Pragati Housing Microfinance Private Limited

NOTICE is hereby given that the 13th Annual General Meeting of the Members of M/s. Swarna Pragati Housing Microfinance Private Limited will be held on Monday, 14th March, 2022 at 3:00 p.m. through Video Conference (VC) facility to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2021 and the report of the Board of Directors and Auditors thereon and in this regard pass the following resolution with or without modification as an Ordinary Resolution.

“RESOLVED THAT the Audited Financial Statements of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

2. Appointment of Auditor

To consider and if thought fit to pass the following resolution with or without modification, as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and 142 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof, for the time being in force) the consent of the Shareholders of the Company be and is hereby accorded to appoint M/s. V.K. Ladha & Associates, Chartered Accountants, having registration No. (FRN 002301C) as the Statutory Auditors of the Company for a period of five years (subject to compliance the RBI Guidelines for Appointment of Statutory Auditors) starting from financial year 2021-22 and that they shall hold office from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting to be held in the year 2026 i.e for financial year 2025-26 on such remuneration as may be determined by Mr. Prashant Banerjee, Chief Executive Officer of the Company in consultation with the Auditors, in addition to reimbursement of all out-of-pocket expenses as may be incurred in connection with the audit of the accounts of the Company.”

Special Business:

3. Regularization of Mr. Vijaya Kumar Chowti Shivananda as an Independent Director



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To consider and if thought fit, to pass the following resolution as Ordinary Resolution with or without modification(s):

“RESOLVED THAT pursuant to provision of Section 149,150,152 read with Schedule IV to the Companies Act, 2013, and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Vijaya Kumar Chowti Shivananda, having Director Identification Number 07430496 who was appointed as an Additional Director (Non-Executive & Independent) by the Board of Directors on December 30, 2021 and who holds office up to the date of Annual General Meeting in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as an Independent Director to hold office for a term upto 5 (five) consecutive years from December 30, 2021.

FURTHER RESOLVED THAT any Director and Company Secretary of the Company be and are hereby authorized to file necessary return with the Registrar of Companies and take all necessary action to implement the above board resolution.”

4. Regularization of Mr. Mukul Gulati as Nominee Director

To consider and if thought fit, to pass the following resolution as Ordinary Resolution with or without modification(s):

“RESOLVED THAT pursuant to the provisions of Companies Act, 2013, Mr. Mukul Gulati having Director Identification Number 00746183 who was appointed as an Additional Director by the Board of Directors of the Company and who holds office up to the date of Annual General Meeting in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as Nominee Director - Zephyr Peacock India Fund III Limited of the Company.

FURTHER RESOLVED THAT any Director and Company Secretary of the Company be and are hereby authorized to file necessary return with the Registrar of Companies and take all necessary action to implement the above board resolution.”

5. Grant of Stock Options 1% or more of the Issued Share Capital of the Company

To consider and if thought fit, to pass the following resolution as Special Resolution with or without modification(s):

“RESOLVED THAT as per the provisions of Section 62 of Companies Act 2013 read with the Rule 12 of The Companies (Share Capital and Debenture) Rules, 2014 and any other rules, regulations and guidelines of any / various statutory / regulatory authority(ies) that are or may become applicable and subject to any approvals, permissions and sanctions of any / various authority(ies) as may be required and subject to such conditions and modifications as may be prescribed or imposed while



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granting such approvals, permissions and sanctions and based on the recommendations of the Nomination and Remuneration Committee (NRC) and Board of Directors of the Company in their respective meetings held on February 17, 2022, the consent of the Shareholders of the Company be and are hereby accorded to grant stock options under the Employees Stock Plan (Plan) 1% (one percent) or more of the issued share capital of the Company, during the financial year 2021-2022, to the following employee:

Name of Eligible Employee	Designation	Number of Options to be granted
Mr. Prashant Banerjee (exceeding 1% of paid-up capital)	Chief Executive Officer	13,02,493
Ms. Gouri Gajaralwar	Senior Manager – Accounts & Finance	1,000
Mr. Sunil Kumar Mohapatra	Partners Relationship Manager	1,000
Mr. Govind Dangale	Area Collection Manager	1,000
Mr. Nilesh R Pande	Associate Vice President – Accounts & Finance	1,000
Mr. Anand Belurkar	Assistant Manager – Admin	1,000
Ms. Swati Rawat	Manager – Operation	1,000
Mr. Yogeshwar P Choudhary	Collection Executive	1,000
Mr. Nagesh S	Regional Collection Manager	1,000

RESOLVED FURTHER THAT that all members of the Nomination and Remuneration Committee of the Company be and are hereby severally authorised to sign Stock option Agreement/ issue grant letter/s and do all such acts, deeds and things for and on behalf of the Company as may be necessary for granting stock options to the aforesaid employees of the Company.”

**By the order of the Board,
For Swarna Pragati Housing Microfinance Private Limited,
Sd/-
Megha Vivek Mohunta
Company Secretary
F 10009**

Place: Nagpur

Date: February 18, 2022



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NOTES:

1. Statement pursuant to Section 102(1) of the Companies Act, 2013 (“Act”) in respect of the Special Business to be transacted in the Annual General Meeting (“AGM”) is annexed hereto.
2. In view of the continuing Covid 19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its General Circular No. 21/2021 dated December 14, 2021 (referred to as “MCA Circulars”) permitted the holding of Annual General Meeting (“AGM”) through Video Conferencing (VC) or other Audio Visual Means (OVAM), without the physical presence of the Members at a common venue. Accordingly in Compliance with the provisions of the Act and MCA Circulars, the AGM of the Company is being held through VC/OVAM.
3. The AGM of the Company is being held pursuant to the MCA Circulars through VC/OVAM, physical presence of the Members has been dispensed with. Accordingly, the facility for appointment of proxies will not be available for the AGM and hence the proxy form is not annexed to this Notice.
4. Since the AGM will be held through VC, the Route Map is not annexed in this Notice.
5. Documents for inspection will be available electronically from the date of circulation of the Notice of AGM up to the date of AGM. Members seeking to inspect such documents can send an e-mail to cs@sphm.co.in.
6. Instructions for Attending the AGM are as follows:
 - a) Members will be able to attend the AGM through VC by using the link to be provided to the Members.
 - b) Facility for joining the AGM through VC shall open 15 minutes before the time scheduled for the AGM and members who like to express their views or ask questions during the AGM may send their queries to cs@sphm.co.in.
 - c) Corporate members are required to send a PDF copy of Board and governing body resolution/authorization etc., authorizing its representative to attend and vote at the AGM through VC on its behalf by email through its registered email address at cs@sphm.co.in.
 - d) In compliance with aforesaid MCA Circulars, Notice of the AGM along with Annual Report 2020-21 is being sent through email address to those Shareholders whose email are registered with the Company. Members whose email address is not registered can register the same.
 - e) Members attended meeting through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
 - f) Members who need technical assistance before or during the AGM, can contact at cs@sphm.co.in .



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EXPLANATORY STATEMENT
(Pursuant to Section 102 of the Companies Act, 2013)

The following Explanatory Statement sets out all the material facts relating to the Business under the accompanying notice dated 18th February, 2022

Item No. 2

The Statutory Auditors of the company M/s. S.R. Batliboi & Co. LLP by their e-mail dated August 28, 2021, have expressed their inability to continue as Statutory Auditors and conduct audit for f.y. 2021-22 and that they shall hold office upto the completion of Audit for f.y. 2020-21 i.e. conclusion of the Annual General Meeting of the Company.

In light of Reserve Bank of India Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated 27th April, 2021. It was proposed to appoint M/s. V.K. Ladha & Associates, Chartered Accountants, as the new Statutory Auditors.

The Board of Directors have considered the qualifications and experience of the proposed auditors and have recommended the passing of Ordinary Resolution for the appointment of M/s. V.K. Ladha & Associates, Chartered Accountants, as Statutory Auditors in place of the resigning Auditor M/s. S.R. Batliboi & CO. LLP.

Written consent of the proposed auditors together with a certificate that the appointment, if made, shall be in accordance with the conditions specified in Rule 4 of the Companies (Audit and Auditors) Rules, 2014 has been received.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 3

The Board of Directors of the Company approved the appointment of Mr. Vijaya Kumar Chowti Shivananda on December 30, 2021 as an Additional Director (Non-Executive & Independent) of the Company. Mr. Vijaya Kumar Chowti Shivananda by virtue of section 161 of the Companies Act, 2013 vacates his office in this Annual General Meeting of the Company and being eligible offers himself for to be appointed as an Independent Director.

The Company has received a declaration of independence from Mr. Vijaya Kumar Chowti Shivananda. In the opinion of the Board of Directors Mr. Vijaya Kumar Chowti Shivananda fulfills the conditions specified in the Companies Act, 2013 for appointment as an Independent Director of the Company.

The Board of Directors recommends this Ordinary Resolution for approval of the Members.



Except Mr. Vijaya Kumar Chowti Shivananda, Director of the Company, None of the Directors or Key Managerial Personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 4

The Board of Directors of the Company approved the appointment of Mr. Mukul Gulati on December 31, 2021 as an Additional Director of the Company. Mr. Mukul Gulati by virtue of section 161 of the Companies Act, 2013 vacates his office in this Annual General Meeting of the Company and being eligible offers himself for to be appointed as Nominee Director of Zephyr Peacock India Fund III Limited.

The Board of Directors recommends this Ordinary Resolution for approval of the Members.

Except Mr. Mukul Gulati, Director of the Company, None of the Directors or Key Managerial Personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 5

In a challenging environment, Mr. Prashant Banerjee has provided the necessary leadership and stability, and restored employee morale. The company has been impacted by multiple waves of Covid, and Prashant has helped improved collection efficiencies despite these external challenges. Under his leadership, the Company has commenced lending both on/off books. In the current challenging environment, the company is in capable hands under Prashant's strong leadership and it is proposed to grant ESOPs to him.

Further, considering the responsibilities, contribution and on-going efforts of the employees who have completed 7 years of service as on January 1, 2022 it is proposed to grant ESOPs to such employees

Board based on the recommendation of the Nomination and Remuneration Committee in their respective meetings held on February 17, 2022, has recommended for approval of the shareholders, the grant of stock options as follows–

I.

Sr. No.	Particulars	Description
1	Identification of classes of employees entitled to participate in the Employees Stock Option Scheme	Chief Executive Officer
2	Eligible Employees	Mr. Prashant Banerjee



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3	Total number of stock options to be granted	13,02,493 Stock Options															
4	Exercise Price	Rs. 10/- per share (Rupees Ten only)															
5	Exercise Period	Options vested shall not be exercisable after 18 months from the date of respective vesting.															
6	Vesting Schedule	<p>The options granted shall vest over a period of three years. There shall be a minimum period of 1 year between Grant of Options and its first vesting date. Vesting schedule shall be as follows -</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Loyalty (40%)</th> <th>Performance (60%)</th> </tr> </thead> <tbody> <tr> <td>1st</td> <td>1,69,324</td> <td>3,25,623</td> </tr> <tr> <td>2nd</td> <td>1,69,324</td> <td>3,25,623</td> </tr> <tr> <td>3rd</td> <td>1,82,349</td> <td>1,30,250</td> </tr> <tr> <td>Total</td> <td>5,20,997</td> <td>7,81,496</td> </tr> </tbody> </table>	Year	Loyalty (40%)	Performance (60%)	1 st	1,69,324	3,25,623	2 nd	1,69,324	3,25,623	3 rd	1,82,349	1,30,250	Total	5,20,997	7,81,496
Year	Loyalty (40%)	Performance (60%)															
1 st	1,69,324	3,25,623															
2 nd	1,69,324	3,25,623															
3 rd	1,82,349	1,30,250															
Total	5,20,997	7,81,496															
7	The appraisal process for determining the eligibility of employees to the Employees Stock Option Scheme	As per the Employment Agreement.															

II.

Sr. No.	Particulars	Description
1	Identification of classes of employees entitled to participate in the Employees Stock Option Scheme	Employees completing 7 years of service with the Company as on January 1, 2022
2	Eligible Employees	<ul style="list-style-type: none"> a. Ms. Gouri Gajaralwar b. Mr. Sunil Kumar Mohapatra c. Mr. Govind Dangale d. Mr. Nilesh R Pande e. Mr. Anand Belurkar f. Ms. Swati Rawat g. Mr. Yogeshwar P Choudhary h. Mr. Nagesh S
3	Total number of stock options to be granted	8000 Stock Options (1000 Stock Options to each Eligible Employee)
4	Exercise Price	Rs. 10/- per share (Rupees Ten only)
5	Exercise Period	Options vested shall not be exercisable after 18 months from the date of respective vesting.
6	Vesting Schedule	The options granted shall vest over a period of three



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		years. There shall be a minimum period of 1 year between Grant of Options and its first vesting date. Vesting schedule shall be as follows – <table border="1"><thead><tr><th>Year</th><th>Loyalty (40%)</th><th>Performance (60%)</th></tr></thead><tbody><tr><td>1st</td><td>130</td><td>170</td></tr><tr><td>2nd</td><td>130</td><td>170</td></tr><tr><td>3rd</td><td>140</td><td>260</td></tr><tr><td>Total</td><td>400</td><td>600</td></tr></tbody></table>	Year	Loyalty (40%)	Performance (60%)	1 st	130	170	2 nd	130	170	3 rd	140	260	Total	400	600
Year	Loyalty (40%)	Performance (60%)															
1 st	130	170															
2 nd	130	170															
3 rd	140	260															
Total	400	600															
7	The appraisal process for determining the eligibility of employees to the Employees Stock Option Scheme	Performance evaluated by the Vertical Head and CEO. Approved by the NRC.															

Except Mr. Prashant Banerjee, Chief Executive Officer of the Company, None of the Directors or Key Managerial Personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution set out at Item No. 5 of this Notice.

The Board recommends passing of the resolutions for approval of the members as a special resolution.

**By the order of the Board,
For Swarna Pragati Housing Microfinance Private Limited,
Sd/-
Megha Vivek Mohunta
Company Secretary
F 10009**

Place: Nagpur

Date: February 18, 2022



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ANNUAL REPORT

OF

**SWARNA PRAGATI HOUSING
MICROFINANCE PRIVATE LIMITED**

2020-2021

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1. BOARD'S REPORT
2. INDEPENDENT AUDITORS' REPORT & FINANCIAL STATEMENT



SWARNA PRAGATI HOUSING

BOARD'S REPORT

Your Directors are pleased to present the Thirteenth Annual Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your Company for the financial year ended, 31st March, 2021.

1. Financial Results

The summarized financial results for the year ended 31st March, 2021 are as under:

Particular	Amount in Rs.	
	For the financial year ended 31 st March, 2021	For the financial year ended 31 st March, 2020
Profit / (Loss) before Tax	(15,60,84,665)	(27,61,26,863)
Net Current Tax Expense	Nil	Nil
Deferred Tax	Nil	Nil
Transfer to Statutory Reserve	Nil	Nil
Profit / (Loss) after Tax	(15,60,84,665)	(27,61,26,863)

2. State of Affairs

The two waves of the pandemic crisis has affected the Company adversely. The erosion in the repayment ability of our borrowers due to halted economic activities along with the medical expenses incurred specifically during the second wave, has hit the portfolio quality. Our set of rural borrowers have not availed of the Medical Insurance, thereby further denting the repayment capabilities. We are seeing increasing trend of borrowers willing to restart their EMIs and in some cases opting for settlement of dues, to be paid over the next 4-5 months as the harvesting season is on. The opening up of Courts has allowed us to initiate legal action for willful defaulters. On account of efforts over the last 12 months, we have been able to collect some amounts in hitherto abandoned areas, the aim will be to continuously start initiatives in possibly all of the areas wherein we have abandoned portfolio. While we were indeed lucky to not lose any colleague of ours, but some of our colleagues have lost immediate family. The two months of the second wave precipitated a liquidity crunch, however the Company has been able to meet most of the repayment obligations and is still a standard account with all the lenders. The Company has re-started disbursement in few of the select existing geographies on its own book. The Company has been able to build upon the partnership with a 100% subsidiary of a leading microfinance company for originating loans, thereby generating additional income without significant capital allocation. Additionally, a co-lending agreement has been entered with another partner, wherein we expect excellent returns going forward. Most of the



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colleagues have reposed faith in our company and have continued with us, despite problems arising on account of the waves of the pandemic, thereby allowing us to maintain business continuity at a higher level. We look forward to better days, as we hope that our efforts and initiatives would allow us to keep collecting the bad book and the businesses with the new partners would generate positive cash flows and profits allowing the company to forge ahead.

3. Material Changes and Commitments

Effect on COVID -19 pandemic on the financial position of the Company has been covered in detail in the preceding para of this report.

4. Review of Business Operations

During the year under review, the Company has earned Rs. 928.45 lakhs as revenue from operations and Rs. 351.68 lakhs from other income. The Profit/(Loss) before tax for the year has been Rs. (1560.85) lakhs as against Rs. (2761.27) lakhs during the previous financial year.

The total indebtedness of the Company as on 31st March 2021 is of Rs. 866.17 lakhs (Long Term Borrowing) and Rs. 2749.28 lakhs (Current Liabilities) as against Rs. 2512.69 lakhs and Rs. 3466.09 lakhs during the previous financial year.

5. Share Capital

During the year under review, there is no change in Authorised Share Capital and Paid-up Share Capital of the company.

6. Dividend

Your Directors do not recommend for any dividend for the year ended 31st March, 2021.

7. Transfer of amount(s) to Reserve (s)

As per Section 29C (1) of National Housing Bank Act, 1987 the Company is required to transfer at least 20% of its net profit every year to a reserve before a dividend is declared. As Company has incurred loss no transfer has been made to the reserves.

For transfer to reserves in terms of section 134(3)(J) of the Companies Act, 2013, for the financial year ended 31st March, 2021 your Directors propose to transfer Nil amount to General Reserve of the company and the amount of Rs. (15,60,84,665) will be transferred to Profit & Loss account.

8. Deposit

Your Company is registered as a non-deposit taking Housing Finance Company with National Housing Bank and hence does not accept any deposits. No deposits were accepted from the public in the financial year ended 31st March, 2021.


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9. Particulars of Loans, Guarantees or Investments by Company

The Company has not granted any loans or provided any guarantees attracting the provisions of Section 186 of Companies Act, 2013.

Details of Investment made by the Company are set out in Note 12 to the Financial Statements forming part of this report.

10. Credit Rating

CARE rated your Company as BB+ (Outlook: Stable) on 31st March, 2021.

11. Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2021 is available on the Company's website at -

http://sphm.co.in/sphm/assets/upload/Annual_Return_for_the_year_2020_2021.pdf

12. Board of Directors

During the year under review, Mr. Mukul Gulati was appointed as an Additional Director w.e.f. 17th February, 2021 and Mr. Abhijeet Kudva resigned from directorship w.e.f. 17th February, 2021.

The Present Composition of the Board as on 31st March, 2021.

Sl.No	Name	Address	Designation	Date of Appointment
1.	Ramesh Kumar	Amuthalakshmi Villa, Plot No. 20, Bhaskar Street, Extension 8, Thiruverkadu, Thiruvallur, Tamilnadu 600077	Chairman & Director	5 th January, 2009
2	Shreya Deb	E-804, Mahindra Splendour, LBS, Marg Bhandup West, Mumbai 400078	Nominee Director	4 th February, 2020
3	Mukul Gulati	70 East 96th Street, #4A, NY 10128	Additional Director	17 th February, 2021

13. Key Managerial Personnel

During the period under review, Mr. Prashant Banerjee appointed as Chief Executive Officer of the Company w.e.f. 11th November, 2020.



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14. Details of Board meetings

During the year, 4 (Four) Board meetings were held on 4th June, 2020, 28th July, 2020, 11th November, 2020 and 17th February, 2021.

15. Committees of the Board

The Board has constituted various Committees to support the Board in discharging its responsibilities. The Company has constituted the following committee in accordance with the provisions of the Act viz.

- a. Audit Committee
- b. Risk Management Committee
- c. ALCO Committee
- d. Debt-Approval Committee
- e. Nomination & Remuneration Committee

The board at the time of constitution of each committee fixes the terms of reference and also delegates powers from time to time.

a. Audit Committee - During the year the Audit Committee had met on 4th June, 2020, 28th July, 2020, 11th November, 2020 and 17th February, 2021.

b. Risk Management Committee - During the year the Risk Management Committee had met on 28th July, 2020 and 17th February, 2021.

c. ALCO Committee - During the year the Asset Liability Committee had met on 4th June, 2020, 28th July, 2020, 11th November, 2020 and 17th February, 2021.

d. Nomination & Remuneration Committee - During the year Nomination & Remuneration Committee had met on 4th June, 2020, 28th July, 2020, 11th November, 2020 and 17th February, 2021.

16. Compliance with Secretarial Standards

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

17. Directors' Responsibility Statement

With reference to clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, Your Directors state that—

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) Your directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

The block contains a handwritten signature in blue ink and a circular purple stamp. The stamp has the text 'Nagpur Housing Microfinance Private Limited' around the perimeter and 'Nagpur' in the center. To the right of the stamp, the letters 'MA' are handwritten in blue ink.

(c) Your directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) Your directors have prepared the annual accounts on a going concern basis; and

(e) Your directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18. Statutory Auditors

At the Annual General Meeting held on 28th September, 2017, M/s. S.R. Batliboi & CO. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company. In light of Reserve Bank of India Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated 27th April the Statutory Auditors of the company have expressed their inability to continue as Statutory Auditor and conduct audit for F.Y. 2021-22.

It is proposed to appoint M/s. V.K. Ladha & Associates, Chartered Accountant as Auditor to fill the casual vacancy created due to the resignation of M/s. S.R. Batliboi & CO. LLP, Chartered Accountants. The Company has received certificate(s) of eligibility in accordance with Section 141 and other applicable provisions of the Companies Act, 2013 and Rules issued there under (including any statutory modification(s) or re-enactment(s) for the time being in force), from M/s. V.K. Ladha & Associates.

The report of the Statutory Auditors along with notes to Schedules is enclosed with this report.

19. Auditors' Report

The Statutory Auditors in their report have expressed a qualified opinion which is reproduced herein under:

"According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting with reference to these financial statements as at 31st March, 2021:

The Company's internal financial controls over user access management were not operating effectively as observed in certain instances of delays in deactivating internal users and non-availability of information for deactivating external users with access to information systems. We believe that such material weakness in the internal financial controls over information systems could result in material misstatement in the Company's financial statement balances and presentation and disclosure of financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the above, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of 31st March, 2021, based on the internal control over financial




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reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of 31st March, 2021."

The Audit Committee of the Board has considered the qualified opinion of the Auditors, sought responses from the Management and deliberated on practical solutions to address the matters raised. Synchronization of the access control with the date of exit of employees is practically difficult to implement due to the geographically dispersed nature of the Company's operations and the time lag between an employee's exit from the Company and the access being deactivated. The Company has a process wherein the access to information system gets blocked on the third day after two consecutive days of inactivity to ensure that the possibility of mishandling of outgoing users, if any is identified quickly and addressed. The external users' access to the information system has been given to the employees of the Business Associates and the Company is setting up a process to monthly reconcile the list of 'Active Users' from the Business Associate. The Board took note that despite this lack of synchronization, no instance of misstatement of financial transactions or statements was reported during the financial year.

20. Risk Management Policy & Internal Control Adequacy

The Company has in place the mechanism to assess, monitor & mitigate various risks to key business objectives. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Risk Management Committee and Board of Directors of the Company.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. Significant audit observations and follow up actions thereon are reported to the Board. The Board of Directors reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

21. Related party transactions

All contracts or arrangements with related parties, entered into or modified during the financial year, were on an arm's length basis and in the ordinary course of business. No material contracts or arrangements with related parties were entered into during the year under review. Further, the prescribed details of related party transactions of the Company in Form No. AOC-2, in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in the Annexure to this Report. (Annexure 1).

22. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information pertaining to conservation of energy, technology absorption, Foreign Exchange Earnings and Outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 during the Financial Year under review are given below.

(a) Conservation of energy



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The particulars as required under the provisions of the Companies Act, 2013 in respect of conservation of energy have not been furnished considering the nature of activities undertaken by the company during the year under review.

(b) Technology absorption

The Company has continued developing its in-house software METIS in order to create a comprehensive technology-driven workflow across the organization. All loan processes move through the system and each loan file is traceable in real time with its current stage along with movement timelines. Some of the major implementations completed during the financial year 20-21 are given below.

1. Automated the Separation Process in METIS wherein system can keep the record of the employees who have resigned and will deactivate the USER instantly on the Last Working Day of the such employee. An automated report will also be mailed to the Concerned Department Head along with HR.
2. End of the Day process has been enhanced by creating a feature in METIS where no employee can mark their attendance until he/she deposit all the cash collected by him the previous day. This feature is expected to ease out tracking of the errant employees as well as ensure that Branch Accounting is undertaken at day-end.
3. Automatic SMS feature has been developed through which Borrower will be sent the reminder for his EMI collection due date, same will be integrated with the borrower app which is in development stage.
4. All the HR Letters are now automated and are delivered via METIS.
5. Automatic SMS feature has been developed for Collection Executive too so that they can plan their day for collection accordingly.
6. One Time Settlement (OTS) feature has been upgraded in Mobile app where no OTS will be initiated without borrower and his property pictures in order to facilitate/ provide better inputs for the OTS approvals.
7. New developments are being channelized in order to enhance the working related to - Automated Travel Claim, Digital Payments.
8. Feature is under development wherein all the company asset handed over to the employee as well as branch will be recorded in the system.

The total cost moved to Software Work in Progress (SWIP) during the year under review is given below. Also, the total cost of the modules capitalized in FY 20-21 is given below

SWIP booked in FY 20-21 : NIL
Capitalized in FY 20-21 : Rs.15,00,000

(c) Foreign Exchange Inflow and Outflow

Foreign Exchange Inflow: Nil
Foreign Exchange Outflow: Nil

23. Details in respect of frauds reported auditors under sub-section (12) of section 143 other than those which are reportable to the central government

There were no such reporting by the auditor under Section 143 (12) of the Companies Act, 2013 during the

The image shows a handwritten signature in blue ink over a circular purple stamp. The stamp contains the text 'Nagpur' in the center and 'Nagpur Housing Microfinance Private Limited' around the perimeter. To the right of the stamp, the initials 'MG' are handwritten in black ink.

year under review and hence the said provision is not applicable. During the year under review frauds amounting to INR 14,03,163/- (Rupees Fourteen Lacs Three Thousand One Hundred and Sixty-Three) were identified by the Management. Necessary reporting for the same has been made to the National Housing Bank.

The Notes on financial statements are self-explanatory, and needs no further explanation.

24. Significant/material orders passed by the Regulators:

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

25. Particulars of Employees:

In accordance with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the name and other particulars of employees are to be set out in the annexure forming part of the Annual Report. The details are set out in Annexure -2.

26. Employee Stock Option Plan:

The Company has Employee Stock Option Plan for its Employees/ Directors. The Company has not provided any grants and there has not been any vesting under the Stock Option Scheme to the Employees/Directors during the year under review.

27. Sexual Harassment Policy

The Company has in place a policy on prevention of sexual harassment at workplace in line with the requirements of the sexual harassment of women at workplace (prevention, prohibition and redressal) Act, 2013 ("Sexual Harassment Act") and rules framed thereunder. Your Company believes in providing a safe and harassment free workplace for every individual and endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No cases of Sexual Harassment were reported during the year under review, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

28. Vigil Mechanism, Whistle Blower Policy

Your Company as part of the "Vigil Mechanism" has in place a "Whistle Blower Policy" to deal with instances of fraud and misappropriations, if any. During the year under review no whistle blower complaint was received.

29. Transfer of unclaimed dividend to investor education and protection fund

Since there was no unpaid/unclaimed Dividend in the last year, the provisions of Section 125 of the



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Companies Act, 2013 do not apply.

30. Corporate Social Responsibility

The company does not meet the criteria of Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 so there is no requirement to constitute Corporate Social Responsibility Committee.

31. Acknowledgements


Your Directors place on record their gratitude for the continuing support of Shareholders, Bankers and Business Associates at all levels.

**For and on behalf of the Board
Swarna Pragati Housing Microfinance Private Limited**

Date: February 17, 2022



**Vijaya Chowti Shivananda Kumar
Director
DIN.: 07430496
Place: Bangalore**



**Mukul Gulati
Director
DIN.: 00746183
Place: Bangalore**



Annexure 1

FORM NO. AOC-2

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 : NA

(a) Name(s) of the related party and nature of relationship

Sl. No.	Name(s) of the related party	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

Sl. No.	Name(s) of the related party	Nature of contract	Duration of Contract	Value

(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 :

(a) Name(s) of the related party and nature of relationship:



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Sl. No.	Name(s) of the related party	Nature of relationship
1	A.Ramesh Kumar	Chairman

- (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:

Sl. No.	Name(s) of the related party	Nature of contract	Duration of Contract	Value
1	A.Ramesh Kumar	Proposal for recovering outstanding amounts from Business Associates	-	Rs.2,00,000/-

(e) Date(s) of approval by the Board, if any: 4-Jun-2020

(f) Amount paid as advances, if any : Nil

(g) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: 3-Sep-2020

For and on behalf of the Board
Swarna Pragati Housing Microfinance Private Limited

Date: February 17, 2022


Vijaya Chowti Shivananda Kumar
Director
DIN.: 07430496
Place: Bangalore


Mukul Gulati
Director
DIN.: 00746183
Place: Bangalore



Annexure 2

PARTICULARS OF TOP TEN EMPLOYEES' REMUNERATION

Sl. No.	Name	Designation	Qualification & Experience	Age	Remuneration received	Date of Commencement of Employment	Last Employment held before joining the Company
01	Prashant Banerjee	Chief Executive Officer	MBA-IRMA 14+ years of experience in Banking and Operation Field	44	35,00,000	1-Apr-20	Gilada Finance and Investments
02	Govindarajan K	Head Customer Management	MBA 25+ years of experience in Sales and Retail Lending	52	33,22,220	31-Oct-18	AXIS Bank
03	Meenakshi Dholwani	Financial Controller	CA, B.com 8+ years of experience in the field of Accounts and Finance.	28	22,97,039	3-Oct-18	Tata Consultancy Services
04	Siddhalingayya	General Manager-Field Collection	B.Com 10 years of Experience in Housing Finance Industry	40	14,50,002	2-Mar-20	Mahindra Rural Housing Finance
05	Aditya Singh Bais	VP Learning & Development	MBA 10 years of experience in Learning and Development	36	12,67,292	13-Jun-19	ITM-Edutech Training Pvt.Ltd
06	Megha Mohunta	CS & VP Corporate Legal	CS, LLB 13 years of experience as Company Secretary	36	12,53,730	2-Jan-19	WNS Global Service Pvt.Ltd
07	Rajeshree Kanojiya	AVP -Web Developer	MCA 6 years of experience in Software Development	32	9,34,310	1-Sep-16	FUSIONSPAN SOFTWARES PVT LTD




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08	Akshay Fadnavis	VP - Database Developer	B.E Mechanical 6 years of experience in Database Development and Administration	29	9,15,955	6-Feb-17	Prudential
09	Rinky Subhadeep Bera	AVP - Human Resource	MBA-HR & Mkt 7 years of experience in Human Resource.	32	9,12,533	17-Sep-18	ACC Limited
10	Anshul Jain	AVP- Accounts and Finance	CA, B.com 6 years of experience in the field of Accounts and Finance	29	8,92,889	25-Feb-19	V.K.Surana

For and on behalf of the Board
Swarna Pragati Housing Microfinance Private Limited

Date: February 17, 2022


Vijaya Chowti Shivananda Kumar
Director
DIN.: 07430496
Place: Bangalore


Mukul Gulati
Director
DIN.: 00746183
Place: Bangalore



INDEPENDENT AUDITOR'S REPORT

To the Members of Swarna Pragati Housing Microfinance Private Limited

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

We have audited the accompanying financial statements of Swarna Pragati Housing Microfinance Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss and the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 36 to the accompanying financial statements which describes the extent to which the continuing COVID-19 pandemic will impact the Company's operations, repayment obligations and financial results including estimates of provisions on loans to customers and certain assets, which are highly dependent on uncertain future developments.

Our opinion is not modified in respect of the above matter.

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

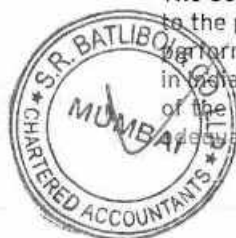
The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the



Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

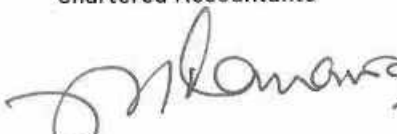
Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.



2. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on March 31, 2021 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) With respect to the adequacy of the internal financial controls with reference to standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2021;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 22 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. BATLIBOI & CO. LLP
ICAI Firm's Registration Number: 301003E/E300005
Chartered Accountants


per Jitendra H. Ranawat
Partner
Membership Number: 103380
UDIN: 22103380ACJEQZ7420



Mumbai
February 15, 2022

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date**Re: Swarna Pragati Housing Microfinance Private Limited**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties included in fixed assets of the Company and accordingly the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in few cases. As informed, provisions relating to duty of custom, duty of excise, sales-tax and value added tax are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. As informed, provisions relating to duty of custom, duty of excise, sales-tax and value added tax are not applicable to the Company.
- (c) According to the information and explanations given to us, the dues outstanding of income tax, sales-tax, service tax, customs duty, excise duty, value added tax, goods and services tax and cess which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of disputed dues	Amount under dispute (Rs.)	Amount paid (Rs.)*	Period to which the amount relates	Forum where dispute is pending
Income Tax, 1961	Income Tax	26,069,428	5,213,886	FY 2015-16	Commissioner of Income Tax (Appeals)
Income Tax, 1961	Income Tax	2,020,228	404,050	FY 2016-17	Commissioner of Income Tax (Appeals)



**paid under protest*

- (viii) According to the information and explanations given by the management, the Company has delayed in repayment of loans or borrowings from financial institutions or banks during the year to the extent of Rs. 81,391,540 (the delay in such repayments being for less than 106 days in each individual case).

The lender wise details are tabulated as under:

Bank / Financial Institution ("Lenders")	Repayment delayed (Rs)*	Period of delay [#]	Remarks
Hinduja Leyland Finance Limited	1,720,579	10	According to the information and explanations provided to us by the management, these repayments were not made by the Company on the respective due dates in view of the discussions with the Lenders for availing repayment moratorium pursuant to COVID-19 Regulatory Package announced by Reserve Bank of India on March 27, 2020. Subsequent to the due date moratorium requests were approved by the respective financial institution.
Northern Arc Capital Limited	6,797,216	28	
Muthoot Financial Services	1,873,360	16	
State Bank of India	37,057,384	12	
Nabsamruddhi Finance Limited	2,693,000	64	
MAS Financial Services Limited	31,250,001	105	
Total	81,391,540		

*The amounts reported above do not include delayed interest payments.

#Represents the range of delay across multiple facilities availed from the bank/ financial institution.

The Company did not have any dues of loans or borrowing to debenture holders or government during the year.

- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) We have been informed that during the year there were instances of misappropriation of cash by employees of the Company aggregating to Rs. 1,403,163; As informed, services of the employees have been terminated and the Company is in the process of taking legal action against the employees. The outstanding balance (net of recovery) aggregating Rs.1,403,163 has been fully provided in the books of account.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

Swarna Pragati Housing Microfinance Private Limited
Independent Auditors' Report for the year ended March 31, 2021

Page 6 of 8

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. BATLIBOI & CO. LLP
ICAI Firm's Registration Number: 301003E/E300005
Chartered Accountants



per Jitendra H. Ranawat
Partner
Membership Number: 103380



UDIN: 22103380ACJEQZ7420

Mumbai
February 15, 2022

Annexure 2 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date

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

We have audited the internal financial controls with reference to financial statements of Swarna Pragati Housing Microfinance Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls with reference to these Standalone Financial Statements

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



Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls with reference to these financial statements as at March 31, 2021:

The Company's internal financial controls over user access and change management in respect of Company's information systems were not operating effectively as observed in instances of user access reviews and user acceptance tests. We believe that such material weakness in the internal financial controls over information systems could result in material misstatement in the Company's financial statement balances and presentation and disclosure of financial statements.

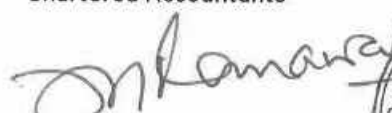
A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the above, the Company has, in all material respects, maintained adequate internal financial controls with reference to these financial statements as of March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls with reference to these financial statements were operating effectively as of March 31, 2021.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of Swarna Pragati Housing Microfinance Private Limited, which comprise the Balance Sheet as at March 31, 2021, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2021 financial statements of Swarna Pragati Housing Microfinance Private Limited and this report does not affect our report dated February 15, 2022, which expressed an unqualified opinion on those financial statements.

For S.R. BATLIBOI & CO. LLP
ICAI Firm's Registration Number: 301003E/E300005
Chartered Accountants


per Jitendra H. Ranawat
Partner
Membership Number: 103380
UDIN: 22103380ACJEQZ7420



Mumbai
February 15, 2022

Swarna Pragati Housing Microfinance Private Limited

Balance Sheet as at March 31, 2021

	Particulars	Note No.	As at	As at
			March 31, 2021	March 31, 2020
			₹	₹
A	EQUITY AND LIABILITIES			
1)	Shareholders' funds			
	(a) Share capital	3	41,96,93,320	41,96,93,320
	(b) Reserves and surplus	4	(15,93,93,417)	(33,08,752)
			26,02,99,903	41,63,84,568
2)	Non-current liabilities			
	(a) Long-term borrowings	5	8,66,17,549	25,12,69,007
	(b) Other long-term liabilities	6	2,13,94,631	1,09,54,985
	(c) Long-term provisions	7	23,52,61,353	12,60,30,782
			34,32,73,533	38,81,54,774
3)	Current liabilities			
	(a) Trade payables	8	-	-
	Micro, Small and Medium Enterprises			
	Others		75,74,317	71,16,093
	(b) Other current liabilities	6	28,48,11,004	35,71,86,508
	(c) Short-term provisions	7	37,75,068	37,68,455
			29,61,60,389	36,80,71,056
	TOTAL (1 + 2 + 3)		89,97,33,825	1,17,26,10,398
B	ASSETS			
1)	Non-current assets			
	(a) Fixed Assets			
	(i) Property, Plant and Equipment	9	52,31,010	72,78,430
	(ii) Intangible assets	9	68,30,241	1,05,33,599
	(iii) Intangible assets under development		4,15,213	19,15,213
	(b) Long-term loans and advances	10	53,32,91,568	64,13,45,045
	(c) Other non-current assets	11	2,88,96,480	5,58,47,091
			57,46,66,512	71,69,19,378
2)	Current assets			
	(a) Current investments	12	40,26,038	2,77,26,241
	(b) Cash and bank balances	13	9,41,99,465	12,88,70,329
	(c) Short-term loans and advances	10	15,17,61,832	23,63,22,695
	(d) Other current assets	11	7,50,79,978	6,27,71,753
			32,50,67,313	45,56,91,019
	TOTAL (1 + 2)		89,97,33,825	1,17,26,10,398

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For S.R. Batliboi & Co. LLP

ICAI Firm Registration No. 301003E/E300005
Chartered Accountants

per Jitendra H. Ranawat
Partner
Membership No. 103380
Place: Mumbai
Date: February 15, 2022



For and on behalf of the Board of Directors of

Swarna Pragati Housing Microfinance Private Limited

Mukul Gulati

Mukul Gulati
Director
DIN No. 00746183
Place: New York
Date: February 16, 2022

Vijaya Chowti Shivananda Kumar

Vijaya Chowti Shivananda Kumar
Director
DIN No. 07430496
Place: Bangalore
Date: February 15, 2022

Meenakshi Dholwani

Meenakshi Dholwani
Financial Controller
Place: Bangalore
Date: February 15, 2022

Megha Mohunta

Megha Mohunta
Company Secretary
Membership No. F 10009
Place: Nagpur
Date: February 15, 2022

Prashant Bauerjee

Prashant Bauerjee
Chief Executive Officer
Place: Bangalore
Date: February 15, 2022



Swarna Pragati Housing Microfinance Private Limited

Statement of Profit and Loss for the year ended March 31, 2021

	Particulars	Note No.	For the year ended	For the year ended
			March 31, 2021	March 31, 2020
			₹	₹
I	Income			
(a)	Revenue from operations	14	9,28,44,710	19,81,14,608
(b)	Other income	15	3,51,68,018	1,72,60,235
	Total income (I)		12,80,12,728	21,53,74,843
II	Expenses			
(a)	Employee benefits expense	16	6,64,91,739	7,78,43,912
(b)	Finance costs	17	7,54,56,629	11,45,74,224
(c)	Depreciation and amortisation expense	18	72,36,103	1,23,77,569
(d)	Other expenses	19	4,48,21,507	5,11,93,062
(e)	Loan losses and provisions	20	9,00,91,415	23,55,12,938
	Total expenses (II)		28,40,97,393	49,15,01,706
III	Profit / (Loss) before tax (I- II)		(15,60,84,665)	(27,61,26,863)
IV	Tax expense:			
(a)	Current tax expense		-	-
(b)	(Excess) provision for tax relating to prior years		-	-
(c)	Deferred tax (credit)/charge		-	-
	Total Tax expense (IV)		-	-
V	Profit / (Loss) for the year (III-IV)		(15,60,84,665)	(27,61,26,863)
VI	Earnings per share (EPS) (nominal value of ₹ 10 each):			
	Basic EPS (Rs. per share)	21	(4.61)	(8.16)
	Diluted DPS (Rs. per share)	21	(4.61)	(8.16)

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the Financial Statements

As per our report of even date attached

For S.R. Batliboi & Co. LLP
ICAI Firm Registration No. 301003E/E300005
Chartered Accountants

per Jitendra H. Ranawat
Partner
Membership No. 103380
Place: Mumbai
Date: February 15, 2022



For and on behalf of the Board of Directors of
Swarna Pragati Housing Microfinance Private Limited

Mukul Gulati
Director
DIN No. 00746183
Place: New York
Date: February 15, 2022

Vijaya Chowti Shivananda Kumar
Director
DIN No. 07430496
Place: Bangalore
Date: February 15, 2022

Meenaksh Dholwani
Financial Controller
Place: Bangalore
Date: February 15, 2022

Megha Mohunta
Company Secretary
Membership No. F 10009
Place: Nagpur
Date: February 15, 2022

Prashant Banerjee
Chief Executive Officer
Place: Bangalore
Date: February 15, 2022

Cash Flow Statement for the year ended March 31, 2021

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	₹	₹	₹	₹
A. Cash flow from operating activities				
Profit / (Loss) before tax		(15,60,84,665)		(27,61,26,863)
Adjustments for				
Depreciation on property, plant and equipment	20,32,745		38,08,499	
Amortisation of intangible assets	52,03,358		87,69,070	
Loss on sale of property, plant and equipment	4,773		1,82,845	
Employee stock option expense	0		(7,14,885)	
Contingent provision on standard assets	(22,89,258)		(12,70,491)	
Provision for doubtful advances (related to financing activity)	9,17,29,866		7,30,47,632	
Bad debts written off	6,50,817		16,37,36,797	
Amortisation of ancillary borrowing costs	34,89,611		52,00,456	
Provision for other advances	1,91,62,137		76,20,490	
Interest income on fixed deposits	(61,92,584)		(42,86,059)	
Profit on sale of current investments	(16,38,686)		(12,89,731)	
		11,21,52,769		29,46,03,624
Operating profit before working capital changes		(4,39,31,896)		(2,15,23,240)
Changes in working capital				
Adjusted for (increase) / decrease in assets				
Long term loans and advances	10,80,32,443		15,75,01,020	
Short term loans and advances	8,45,60,864		19,92,08,401	
Other non-current assets	2,34,58,999		1,19,33,363	
Other current assets	(70,07,723)		(59,96,269)	
Adjusted for increase / (decrease) in liabilities				
Long term liabilities	1,05,39,646		87,45,023	
Trade payables	4,58,224		(34,66,869)	
Other current liabilities	(6,94,300)		(55,08,968)	
Short term provisions	6,34,448		(8,61,051)	
		21,99,82,601		35,95,54,600
Cash used in operations		17,60,50,705		33,80,31,361
Net income tax (paid)		(6,29,782)		(8,39,996)
Net cash flow (used in) / from operating activities (A)		17,54,20,923		33,71,91,366
B. Cash flow from investing activities				
Purchase of property, plant and equipment and purchase of intangible		(57,990)		(71,269)
Sale of property, plant and equipment		67,891		2,74,126
Interest income on fixed deposits		8,92,082		(78,780)
Investment in fixed deposits not considered as cash and cash equivalents		50,00,000		(20,00,000)
Purchase of current investments		(16,55,00,000)		(19,65,00,000)
Sale of current investments		19,08,38,889		18,05,69,140
Net cash flow (used in) / from investing activities (B)		3,12,40,872		(1,78,06,603)
C. Cash flow from financing activities				
Proceeds from long term borrowings		-		-
Repayment of long term borrowings		(23,63,32,659)		(38,55,47,786)
Proceeds from issue of compulsorily convertible preference shares		-		17,86,73,202
Net cash flow (used in) / from financing activities (C)		(23,63,32,659)		(21,68,74,584)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(2,96,70,864)		10,05,09,978
Cash and cash equivalents at the beginning of the year		12,38,70,329		2,33,60,351
Cash and bank balances at the end of the year (refer note 16)		9,41,99,465		12,38,70,328

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS) - 3 'Cash Flow Statements' notified under section 133 of the Companies Act 2013, read together with the Companies (Accounts) Rules 2014.

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the Financial Statements

As per our report of even date attached

For S.R. Batliboi & Co, LLP
ICAI Firm Registration No. 301003E/E300095
Chartered Accountants

per Jitendra H. Ranawat
Partner
Membership No. 103380
Place: Mumbai
Date: February 15, 2022



For and on behalf of the Board of Directors of
Swarna Pragati Housing Microfinance Private Limited

Mukul Gulati

Mukul Gulati
Director
DIN No. 00746183
Place: New York
Date: February 15, 2022

Vijaya Chowti Shivananda Kumar
Director
DIN No. 07430496
Place: Bangalore
Date: February 15, 2022

Megha Mohunta
Financial Controller
Place: Bangalore
Date: February 15, 2022

Megha Mohunta
Company Secretary
Membership No. F 10009
Place: Nagpur
Date: February 15, 2022

Prashant Banerjee
Chief Executive Officer
Place: Bangalore
Date: February 15, 2022

Notes to the financial statements for the year ended March 31, 2021

- 1 Corporate Information**
Swarna Pragati Housing Microfinance Private Limited (the Company) was incorporated in India on January 05, 2009 to provide housing finance in respect of new house / habitat and upgradation and repairs/ renovations of existing shelters by way of productive housing in Indian rural areas. The Company is registered as a housing finance company without accepting public deposits with National Housing Bank (NHB) with effect from August 31, 2009 having registration no. 06,0075.09
- 2 Basis of preparation of financial statements**
The financial statements have been prepared in conformity with generally accepted accounting principles in India (Indian GAAP) to comply in all material respects with the Accounting Standards (AS) notified under section 133 of the Companies Act, 2013 (the 'Act') read together with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, the Master Direction – Non Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN. HFC.CC.No.120/03.10.136/2020-21, 17 February, 2021 (the RBI Master Directions) issued by Reserve Bank of India (RBI) and other circulars / guidelines issued by NHB from time to time. The financial statements have been prepared on an accrual basis and under the historical cost convention except as detailed in note no. 2.1(h). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.
- 2.1 Summary of significant accounting policies**
- (a) **Current/ Non Current classification of assets and liabilities**
As required by Schedule III, the Company has classified assets and liabilities into current and non-current based on the operating cycle. An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Since normal operating cycle is not readily determinable considering the Company's business i.e housing finance, the operating cycle has been considered as 12 months.
- (b) **Use of estimates**
The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.
- (c) **Property, plant and equipment**
Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.
Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.
Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.
- (d) **Intangible assets**
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.
Intangible assets are amortized on a written down value basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.
The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS-8 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.
Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.
- (e) **Depreciation on Property, plant and equipment/ Amortisation of Intangible asset**
Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.
Depreciation on property, plant and equipment has been provided on the written down value method as per the useful life prescribed in Schedule II to the Companies Act, 2013.
The Company has used the following rates to provide depreciation on its fixed assets:
- | Particulars | Useful life estimate (As specified in Schedule II of Companies Act, 2013) |
|-------------------------------|--|
| Computers: Servers | 6 years |
| Computers: other than servers | 3 years |
| Office Equipment | 5 years |
| Furnitures & Fixtures | 10 years |
| Plant & Machinery | 15 years |
| Vehicles | 5 years |
| Computer Software | 5 years |
- (f) **Loans to borrowers**
Loans are stated at the amount advanced, as reduced by the amounts received up to the balance sheet date.
- (g) **Investments**
Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investment are carried in the financial statements at lower of cost and fair value except for investment in mutual funds which are carried at their Net asset value declared by the mutual fund in accordance with the RBI Master Directions.



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(h) **Revenue recognition**

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

(a) **Interest income**

Interest income on loans is recognised by applying interest rate implicit in the contract. In case of non-performing assets, interest income is recognised on receipt basis in accordance with the RBI Master Directions.

(b) **Income from assignment**

Income on retained interest in the assigned asset, if any, is accounted on an accrual basis, except in case of non-performing assets wherein interest income is recognised on receipt basis in accordance with the RBI Master Directions.

(c) **Processing fee income**

Processing fee income on loan is recognised as income in the year in which the loan is disbursed to the borrowers.

(d) **Profit/Loss on sale of investments**

Profit/Loss earned on sale of investments is recognised on trade date basis. Profit or loss on sale of investments is determined on the basis of the weighted average cost method. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(i) **Retirement and other employee benefits**

Defined contribution plans

In accordance with the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952, eligible employees of the Company are entitled to receive benefits with respect to provident fund, a defined contribution plan in which both the Company and the employee contribute monthly at a determined rate. Company's contribution to Provident Fund is charged as an expense in the Statement of Profit and Loss.

Leave benefits

Compensated absences with respect to leave encashment benefits payable to employees of the Company while in service, on retirement, death while in service or on termination of employment with respect to accumulated leaves outstanding at the year end are accounted for on the basis of an actuarial valuation as at the balance sheet date.

Defined benefit plans

Benefits payable to eligible employees of the Company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment in an amount equivalent to 15 days basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The present value of such obligation is determined by the projected unit credit method and adjusted for past service cost and fair value of plan assets as at the balance sheet date through which the obligations are to be settled. The resultant actuarial gain or loss on change in present value of the defined benefit obligation or change in return of the plan assets is recognised as an income or expense in the Statement of Profit and Loss. The expected return on plan assets is based on the assumed rate of return of such assets.

(j) **Leases**

Operating Lease

Where the Company is lessee

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

(k) **Taxes on income**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(l) **Earnings per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented.



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- (m) **Impairment of assets**
The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted at the pre tax discount rate reflecting current market assessment of time value of money and risks specific to asset.
After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.
- (n) **Foreign currency transactions**
(i) **Initial Recognition**
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
(ii) **Conversion**
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
(iii) **Exchange Differences**
Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.
- (o) **Expenses on issue of securities**
Expenses incurred with respect to issuance of securities are debited to securities premium account in accordance with the provisions of Section 52 of the Companies Act, 2013.
- (p) **Borrowing costs**
Borrowing costs consists of interest and other ancillary cost that an entity incurs in connection with borrowing of funds. Ancillary costs incurred in connection such borrowings are amortised on a straight line basis over the tenure of such borrowings.
- (q) **Employee share based payments**
In case of stock option plan, measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock option using the fair value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.
- (r) **Asset classification of loans under financing activity**
Loans given to customers are classified into various categories in accordance with the NHB Directions. Pursuant to the Reserve Bank of India (RBI) notification dated March 27, 2020, April 17, 2020 and May 23, 2020 on COVID-19 Regulatory Package, the Company has excluded the period from March 1, 2020 to August 31, 2020 from the arrear period for determining asset classification of loans which were extended moratorium benefit under the COVID-19 Regulatory package.
- (s) (i) **Provisioning norms for loans under financing activity**
Contingent provision for standard assets and provision for non-performing assets is determined based on management estimates subject to minimum requirements stipulated in the RBI Master Directions.
(ii) **Write off (Loans under financing activity)**
Loans are written off by the Company based upon management's assessment of ultimate recovery (net of recoveries, if any made during the year).
- (t) **Provisions**
A provision is recognised when the Company has a present obligation as a result of past event, it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- (u) **Contingent liabilities**
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.
- (v) **Cash and Cash Equivalents**
Cash and Cash Equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank including fixed deposit with original maturity period of three months and short term highly liquid investments with an original maturity of three months or less.



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3. SHARE CAPITAL

Particulars	As at	
	March 31, 2021	March 31, 2020
	₹	₹
(a) Authorised		
*3,90,00,000 Equity shares [March 31, 2020 : 3,90,00,000] of ₹ 10 each	39,00,00,000	39,00,00,000
*1,10,00,000 Preference shares [March 31, 2020 : 1,10,00,000] of ₹ 10 each	11,00,00,000	11,00,00,000
	<u>50,00,00,000</u>	<u>50,00,00,000</u>
(b) Issued, subscribed and fully paid up:		
I. Equity share capital		
3,38,51,319 Equity shares [March 31, 2020: 3,38,51,319 Shares] of ₹ 10 each	33,85,13,190	33,85,13,190
Less: 14,80,500 Equity shares [March 31, 2020: 14,80,500] of ₹10 each held in Trust for employees under ESOP Scheme#	(1,48,05,000)	(1,48,05,000)
Total (A)	32,37,08,190	32,37,08,190
II. Preference share capital		
95,98,513 Compulsorily Convertible Preference shares [March 31, 2020: 95,98,513] of ₹ 10 each (B)	9,59,85,130	9,59,85,130
Total (A + B)	<u>41,96,93,320</u>	<u>41,96,93,320</u>

*The company has vide its EGM resolution dated March 18, 2019 modified its authorised capital from 4,00,00,000 Equity shares to 3,90,00,000 equity shares and from 1,00,00,000 Preference shares to 1,10,00,000 preference shares

#Represents loan given to ESOP trust for subscription of shares of the Company in accordance with the ESOP scheme. The balance of unexercised equity shares by the trust at the end of the year has been reduced against the relevant equity account i.e share capital as if the trust is administered by the Company itself in accordance with the Guidance Note on Accounting for Employee Share based Payments issued by the Institute of Chartered Accountants of India.

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at		As at	
	March 31, 2021		March 31, 2020	
	No. of Shares held	₹	No. of Shares held	₹
Equity shares				
Balance at the beginning of the year	3,38,51,319	33,85,13,190	3,38,51,319	33,85,13,190
Add: Shares issued during the year	-	-	-	-
Balance at the end of the year	<u>3,38,51,319</u>	<u>33,85,13,190</u>	<u>3,38,51,319</u>	<u>33,85,13,190</u>
0.001% Compulsorily Convertible Preference Shares				
Balance at the beginning of the year	95,98,513	9,59,85,130	44,31,119	4,43,11,190
Add: Shares issued during the year	-	-	51,67,394	5,16,73,940
Less: Conversion into Equity Shares	-	-	-	-
Balance at the end of the year	<u>95,98,513</u>	<u>9,59,85,130</u>	<u>95,98,513</u>	<u>9,59,85,130</u>

(ii) Terms / Rights attached to equity and preference shares

Equity Shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of Equity shares is entitled to one vote per share. The dividend, if any, is proposed by the Board of Directors and is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all Preferential amounts, in proportion of their shareholding.

Compulsorily Convertible Preference Shares ("CCPS")

Voting Rights:

The CCPS Holders shall be entitled to exercise similar voting rights as the Shareholders holding Equity Shares, pro-rata to their respective shareholding in the Company, and in computing the CCPS Holders' shareholding for the purposes of voting rights, the CCPS Holders' entire shareholding in the Company (including the holding of CCPS) shall be taken into account on an 'as converted basis', irrespective of the number of Equity Shares held by the CCPS Holders.

Terms of Conversion:

CCPS convertible into 1 (one) equity share

The entire issue of CCPS shall be convertible, at the option of the CCPS holders, within 7 days of receipt notice from the CCPS holders at the then applicable conversion ratio in proportion to the face value of equity shares at the date of conversion, provided that the CCPS shall be converted upon the sooner to occur of:

a) the expiry of 19 (Nineteen) years from 10th December, 2015.

b) if required by the applicable law, on the occurrence of a Qualified IPO, as defined in the Share Holders Agreement, effective on the latest date prior to the Qualified IPO as is permissible under applicable law, or

c) upon the occurrence of a Liquidation Event.

The equity shares issued and allotted upon conversion of the CCPS Series shall rank pari passu with all the other equity shares of the Company.

CCPS Issued during F.Y. 19 -20 (hereinafter 'Bridge Round CCPS') -

Bridge Round CCPS shall be convertible at the option of the Bridge Round CCPS holder within 10 days of receipt of Bridge Round CCPS Conversion Notice as per the applicable Conversion Price.

Provided the Bridge Round CCPS shall be compulsorily convertible into fully paid at the then applicable Conversion Price at the earlier of:

a) Expiry of 19 (Nineteen) years from March 18, 2019;

b) Immediately prior to filing of a red herring prospectus (or equivalent document, by whatever name called) by the Company in connection with an IPO in accordance with the Articles (as amended from time to time).

The Equity Shares to be issued upon the conversion of the Bridge Round CCPS shall, without prejudice to the special rights of the holders of the Bridge Round CCPS under the Articles, rank pari passu in all respects with the existing Equity Shares of the Company.



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(iii) Details of shares held by the holding company: Not Applicable

(iv) Details of shares held by each shareholder holding more than 5% shares:

Name of Shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of Shares held	%	No. of Shares held	%
Equity shares				
1. Aavishkaar Goodwill India Microfinance Development Company - II Limited	1,20,85,737	35.70%	1,20,85,737	35.70%
2. Zephyr Peacock India Fund III Limited	98,93,823	29.23%	98,93,823	29.23%
3. A. Ramesh Kumar	40,87,482	12.07%	40,87,482	12.07%
0.001% Compulsory Convertible Preference Shares				
1. Omidyar Network Mauritius	56,54,741	58.91%	56,54,741	58.91%
2. Zephyr Peacock India Fund III Limited	39,43,772	41.09%	39,43,772	41.09%

Particulars	As at March 31, 2021	As at March 31, 2020
(v) Securities convertible into equity shares	95,98,513	95,98,513
(vi) Shares reserved for issue under Employee Stock Option Scheme (Refer note 28)	14,80,500	14,80,500
(vii) Aggregate number of shares issued for a consideration other than cash during the period of five years immediately	Nil	Nil

4. RESERVES AND SURPLUS

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Securities Premium Account		
Opening balance		28,29,95,132
Add: Premium on shares issued during the year	40,79,84,393	12,49,39,261
Closing balance	40,79,84,393	40,79,84,393
(b) Statutory Reserve (Under Section 29C of the National Housing Bank Act, 1987 'NHB Act')		
Opening balance	55,45,397	55,45,397
Addition during the year	-	-
Appropriation during the year	-	-
Closing balance	55,45,397	55,45,397
(c) General Reserve		
Opening balance	11,115	11,115
Add: Transferred from Share options outstanding account	-	-
Closing balance	11,115	11,115
(d) Share options outstanding account		
Opening balance	-	7,14,885
Add: Cost amortised during the year	-	-
Less: Reversed to statement of profit and loss upon forfeiture of options	-	7,14,885
Closing balance	-	-
(e) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(41,68,49,657)	(14,07,22,795)
Add: Profit / (Loss) for the year	(15,60,04,065)	(27,61,26,063)
Less: Transferred to Statutory Reserve as per Section 29C of NHB Act	-	-
Closing balance	(57,29,34,322)	(41,68,49,657)
Total	(15,93,93,417)	(33,08,752)



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5. LONG-TERM BORROWINGS

Particulars	Non Current maturities		Current Maturities*	
	As at March 31, 2021 ₹	As at March 31, 2020 ₹	As at March 31, 2021 ₹	As at March 31, 2020 ₹
Secured				
Term loans				
- Banks	72,85,248	6,84,88,629	11,11,72,152	10,52,64,000
- Others	7,93,32,301	18,27,80,378	16,37,55,350	24,13,44,707
	<u>8,66,17,549</u>	<u>25,12,69,007</u>	<u>27,49,27,502</u>	<u>34,66,08,707</u>

* Amount disclosed under the head 'Other current liabilities' (Refer note no. 9)

a. Security details for Secured Term loans

1. Term loans of ₹ 28,03,04,966 (Previous year: ₹ 59,78,77,713) is secured by way of Exclusive first charge on portfolio of receivable as accepted to the lender of the Company.

2. Term loans of ₹ 23,93,66,724 (Previous year: ₹ 44,64,30,787) is secured additionally by cash collateral from financial institutions amounting to ₹ 5,37,50,000 (Previous year: ₹ 6,68,75,000).

b. Terms of repayment:

Term loans from Banks and Others-Secured

As at March 31, 2021

Tenure	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
36-48 months				
24-36 months				
12-24 months	11.20% to 15%	Monthly and quarterly	8,66,17,549	23,55,55,600
Upto 12 Months	13.00% to 15%	Monthly and quarterly	-	3,93,71,902
Grand Total			8,66,17,549	27,49,27,502

As at March 31, 2020

Tenure	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
48-60 months				
36-48 months	12.51% to 15%	Monthly and quarterly	11,89,07,094	7,66,13,826
24-36 months	12.15% to 15%	Monthly and quarterly	13,23,61,912	18,37,56,217
12-24 months	14.25% to 15%	Monthly	-	8,62,38,664
Grand Total			25,12,69,006	34,66,08,707



Ashok Kumar

Ranjeev

M. G.

Shruti

6. OTHER LIABILITIES

Particulars	Non-current		Current	
	As at March 31, 2021 ₹	As at March 31, 2020 ₹	As at March 31, 2021 ₹	As at March 31, 2020 ₹
Retention commission payable to business associates	2,13,94,631	1,08,54,985	-	-
Current maturities of long term borrowings [Refer Note 5 above]	-	-	27,49,27,502	34,66,08,707
Interest accrued but not due on borrowings	-	-	17,78,899	30,33,761
Rent equalisation	-	-	-	-
Payable to Employees	-	-	15,45,076	12,37,712
Excess money received from borrowers	-	-	28,23,589	27,42,578
Statutory dues	-	-	36,13,949	34,41,761
Others	-	-	1,21,989	1,21,989
Total	2,13,94,631	1,08,54,985	28,48,11,004	35,71,86,508

7. PROVISIONS

Particulars	Non-current		Current	
	As at March 31, 2021 ₹	As at March 31, 2020 ₹	As at March 31, 2021 ₹	As at March 31, 2020 ₹
Contingent provision for standard assets	8,71,062	25,32,494	6,15,061	12,42,896
Provision for non-performing assets	20,38,15,765	11,20,85,899	-	-
Provision towards doubtful advances	82,26,264	69,41,674	-	-
Provision towards other assets	2,23,48,262	44,70,715	-	-
Employee benefits	-	-	-	-
Provision for compensated absences	-	-	31,60,007	25,25,559
Total	23,52,61,353	12,60,30,782	37,75,068	37,68,455

8 TRADE PAYABLES

Particulars	As at	
	March 31, 2021 ₹	March 31, 2020 ₹
Trade payables: To Micro, Small and Medium Enterprises (Refer note below)	-	-
Others	75,74,317	71,16,093
Total	75,74,317	71,16,093

* Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Based on current information / confirmations available with the Company, there are no dues to suppliers who are registered under the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') as at March 31, 2021 (March 31, 2020: Nil)



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Swarna Pragati Housing Microfinance Private Limited

Notes to the financial statements for the year ended March 31, 2021

9. Fixed assets

Particulars	Gross block				Accumulated depreciation				Net Block	
	Balance as at April 01, 2020	Additions	Disposals	Balance as at March 31, 2021	Balance as at April 01, 2020	Depreciation / amortisation expense for the period	Deduction during the period	Balance as at March 31, 2021	Balance as at March 31, 2021	Balance as at March 31, 2020
A. Property, plant and equipment										
(a) Furniture and Fixtures (Previous Year)	1,03,35,780 (1,10,28,818)	- (3,800)	1,54,527 (6,96,838)	1,01,81,254 (1,03,35,780,43)	62,52,739 (50,92,705)	10,66,573 (14,98,647)	96,958 (3,38,613)	72,22,354 (62,52,739)	29,58,900 (40,83,041)	40,83,042 (59,36,114)
(b) Office Equipment (Previous Year)	38,64,659 (39,71,475)	(20,782)	76,759 (1,27,598)	37,87,900 (38,64,659)	32,60,409 (28,37,667)	2,54,815 (5,14,425)	64,107 (91,863)	34,51,117 (32,60,409)	3,36,783 (6,04,250)	6,04,250 (11,33,808)
(c) Computers (Previous Year)	1,07,52,271 (1,10,18,785)	57,990 (46,707)	53,250 (3,13,221)	1,07,57,011 (1,07,52,271)	98,33,545 (88,62,787)	4,05,782 (12,21,148)	50,806 (2,50,390)	1,01,88,521 (98,33,545)	5,88,490 (9,18,726)	9,18,726 (21,65,998)
(d) Plant & Machinery (Previous Year)	36,78,124 (36,78,124)	-	-	36,78,124 (36,78,124)	20,10,655 (16,40,541)	3,03,300 (3,70,114)	-	23,13,955 (20,10,655)	13,84,169 (16,67,469)	16,67,469 (20,37,583)
(e) Vehicles (Previous Year)	34,500 (34,500)	-	-	34,500 (34,500)	29,557 (25,382)	2,276 (4,166)	-	31,833 (29,557)	2,667 (4,943)	4,943 (9,108)
Sub total (Previous Year)	2,86,65,335 (2,97,31,702)	57,990 (71,289)	2,84,536 (11,37,657)	2,84,38,789 (2,86,65,335)	2,13,86,905 (1,84,59,092)	20,32,746 (36,08,499)	2,11,871 (6,80,686)	2,32,07,780 (2,13,86,905)	52,31,010 (72,78,430)	72,78,429 (1,12,72,610)
B. Intangible Assets										
(f) Computer Software (Previous Year)	3,55,95,921 (3,55,95,921)	15,00,000	-	3,70,95,921 (3,55,95,921)	2,50,62,322 (1,62,93,251)	52,03,358 (87,69,070)	-	3,02,65,680 (2,50,62,322)	68,30,241 (1,05,33,599)	1,05,33,600 (1,93,02,670)
Total (A+B) Previous Year	6,42,61,256 (6,53,27,623)	15,57,990 (71,289)	2,84,536 (11,37,657)	6,55,34,710 (6,42,61,256)	4,64,49,227 (3,47,52,343)	72,36,103 (1,23,77,569)	2,11,871 (6,80,686)	5,34,73,459 (4,64,49,227)	1,20,61,251 (1,78,12,029)	1,78,12,029 (3,05,75,280)









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Swarna Pragati Housing Microfinance Private Limited

Notes to the financial statements for the year ended March 31, 2021

10 LOANS AND ADVANCES

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	₹	₹	₹	₹
I. Loans and advances related to financing activity				
Secured, considered good*				
Housing loans	17,60,88,900.51	37,50,80,167	11,78,32,344.36	19,87,01,807
Non-housing loans	4,16,76,474.70	8,07,93,568	3,10,73,275.42	3,63,22,812
Secured, considered doubtful**				
Housing loans	26,10,96,225.28	14,46,49,156	-	-
Non-housing loans	2,79,16,554.22	1,49,28,304	-	-
Unsecured, considered good*				
Non-housing loans	-	57,830	-	65,533
Unsecured, considered doubtful**				
Non-housing loans	5,95,575.00	5,45,253	-	-
TOTAL	50,73,73,730	61,60,54,277	14,89,05,620	23,50,90,152
II. Other loans and advances				
Unsecured, considered good				
Capital advances				
Security deposits	18,50,780	20,08,895	-	-
Advances recoverable in cash or in kind or for value to be received	57,58,969	51,10,682	28,56,212	12,32,543
Advance income tax (net of provisions)	1,28,43,040	1,22,13,258	-	-
Unsecured, considered doubtful				
Other advances	54,65,049	59,57,933	-	-
TOTAL	2,59,17,838	2,52,90,768	28,56,212	12,32,543
GRAND TOTAL (I + II)	53,32,91,568	64,13,45,045	15,17,61,832	23,63,22,695

* represents standard assets in accordance with the asset classification policy of the Company (refer note 2.1(r))

** represents non-performing assets in accordance with the asset classification policy of the Company (refer note 2.1(r))

There were no debts due outstanding as at March 31, 2021 and March 31, 2020 by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.



Barjia Swastika
Mq
Shubeen'

Shubeen'

Swarna Pragati Housing Microfinance Private Limited

Notes to the financial statements for the year ended March 31, 2021

11 OTHER ASSETS

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Interest accrued on deposits with banks and financial institutions	7,497	54,29,737	1,07,59,921	54,59,419
Interest accrued on loans and advances under financing activities	-	-	48,59,553	88,32,646
Unamortised borrowing costs	20,11,267	35,42,354	7,02,498	21,66,137
Deposits with financial institutions**	-	1,18,75,000	1,87,50,000	1,50,00,000
Receivable from banks (Refer note 13)**	3,80,541	3,50,00,000	3,50,00,000	-
Receivable from business associates (Refer Note 23)	2,23,50,131	-	-	3,03,12,239
Other assets	41,49,046	-	21,32,112	10,01,312
Insurance Claim Receivable	-	-	28,75,895	-
Total	2,88,98,481	5,58,47,091	7,50,79,978	6,27,71,763

**represents deposits lien marked against term loans availed by the Company & deposits lien marked towards Business Correspondence arrangement

12 CURRENT INVESTMENTS

Particulars	As at March 31, 2021	As at March 31, 2020
Investments in Liquid Mutual Funds	40,26,038	2,77,26,241

* measured at net asset value declared by the mutual fund in accordance with the RBI Master Directions.

13 CASH AND BANK BALANCES

Particulars	As at March 31, 2021	As at March 31, 2020
I. Cash and cash equivalents		
Cash on hand	15,22,269	5,55,643
Balances in current accounts with banks	1,66,67,612	12,33,14,686
Deposit with original maturity for less than three months	7,60,09,584	-
	9,41,99,465	12,38,70,329
II. Other Bank Balances		
Deposit with original maturity for more than three months but less than twelve months #	-	50,00,000
	Total (I + II)	12,88,70,329
	3,53,80,541	3,50,00,000

represents deposits lien marked against term loans availed by the Company & deposits lien marked towards Business Correspondence arrangement



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14 REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹	₹
Financing activity		
Interest Income on housing and non-housing loans	9,10,64,320	19,74,80,769
Processing fees*	12,68,394	30,700
Legal and Technical Fee	27,023	-
Loan File Login Fee	27,204	-
Other operating revenue		
Income from asset assignment	-	5,81,290
Income from Business Correspondance activity	4,57,769	21,849
Total	9,28,44,710	19,81,14,608

* Includes Rs. 12,06,000/- received from NHB under various subsidy schemes on behalf of borrowers.

15 OTHER INCOME

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹	₹
Interest on fixed deposits with banks and financial institutions	61,92,584	42,86,059
Interest on delayed collection of deposit from business associates	51,83,725	43,76,583
Profit on sale of current investments	16,38,686	12,89,731
Bad debts recovery	2,19,82,194	70,65,529
Miscellaneous income	1,70,829	2,42,333
Total	3,51,68,018	1,72,60,235

16 EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹	₹
Salaries and wages	6,12,62,394	7,12,08,009
Contributions to provident fund	33,99,470	45,99,022
Gratuity (Refer Note 24)	7,36,547	7,35,903
Staff welfare expenses	10,93,328	20,15,863
Stock option cost (refer note 28)	-	(7,14,885)
Total	6,64,91,739	7,78,43,912

17 FINANCE COSTS

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹	₹
Interest expense on borrowings	7,19,67,018	10,93,73,768
Amortisation of ancillary borrowing costs	34,89,611	52,00,456
Total	7,54,56,629	11,45,74,224

18 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹	₹
Depreciation on property, plant and equipment (Refer Note 9)	20,32,745	36,08,499
Amortisation of intangible Assets (Refer Note 9)	52,03,358	87,69,070
Total	72,36,103	1,23,77,569



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19 OTHER EXPENSES

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
	₹	₹
Rent expenses [Refer Note 26]	60,63,844	72,91,065
Repairs & Maintenance	10,80,127	14,20,621
Travelling & Conveyance	45,81,429	86,43,370
Printing & stationery	1,03,131	4,90,776
Communication expenses	7,62,001	10,92,232
Business promotion expenses	43,533	65,281
Electricity & water charges	5,03,501	10,15,736
Commission to business associates	52,28,163	69,62,745
Legal & Professional charges	48,53,178	1,25,23,038
Auditors Remuneration		
- as auditor	9,00,000	9,00,000
- for Certification	4,00,000	2,00,000
Bank charges	4,72,810	6,68,763
Provision for other advances	1,87,57,213	76,20,490
Miscellaneous expenses	10,72,577	22,98,945
Total	4,48,21,507	5,11,93,062

Note:

The provisions with respect to Corporate Section Responsibility under Section 135 of the Act are not applicable to the Company.

20 LOAN LOSSES AND PROVISIONS

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
	₹	₹
Contingent provision on standard assets	(22,89,268)	(12,70,491)
Provision for doubtful advances (financing activity)	9,17,29,866	7,30,47,632
Loans Written Off	6,50,817	16,37,35,797
Total	9,00,91,415	23,55,12,938

21 Earnings per share (EPS)

The following is a computation of earnings per share and a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share.

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
	₹	₹
Basic EPS		
Net profit / (loss) for the year	(15,60,84,665)	(27,61,26,863)
Weighted average number of equity shares – for Basic EPS	3,38,51,319	3,38,51,319
Par value per share	10	10
Earnings per share – Basic	(4.61)	(8.16)
Diluted EPS		
Net Profit / (loss) considered for basic EPS calculation	(15,60,84,665)	(27,61,26,863)
Weighted average number of equity shares – for Basic EPS	3,38,51,319	3,38,51,319
Add: Weighted number of equity shares under options	-	8,399
Add: Weighted number of equity shares under Compulsorily Convertible Preference Shares	95,98,513	1,31,90,326
Weighted average number of diluted equity shares	4,34,49,832	4,70,50,044
Nominal value per equity share	10	10
Earning per equity share - Diluted*	(4.61)	(8.16)

Since the impact of conversion of potential equity shares is anti-dilutive in nature, the same has not been considered in the calculation of diluted EPS.



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Notes to the financial statements for the year ended March 31, 2021

22 Contingent liabilities and commitments (to the extent not provided for)

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
	₹	₹
(i) Contingent liabilities		
(a) Dividend payable on compulsorily convertible preference shares	2,855	1,895
(b) Income tax dispute	2,80,89,656	2,80,89,656
(ii) Commitments		
(a) Other commitments:		
Housing loans sanctioned but not disbursed to the borrowers	11,56,114.00	-
TOTAL	2,92,48,625	2,80,91,551

In addition, the Company is involved in other legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.

23. Other assets include an amount of Rs 2,23,50,131 representing receivable from business associates ("BAs") towards loan collections made from borrowers on behalf of the Company. The Company expects to recover the outstanding balances from the BA's in due course. Based on availability of documentation confirming collections by the BA's from the Company's borrowers, no change in the asset classification of the loans given to the borrowers is considered necessary.

24. Employee benefit plans

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
	₹	₹

(i) Defined benefit plans

The Company offers the employee benefit schemes of Gratuity to its employees. Benefits payable to eligible employees of the company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date. Gratuity expense has been included under Personnel expenses.

The following table sets out the funded status of defined benefit schemes and the amount recognised in the financial statements:

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
	₹	₹
Components of employer expense		
Current service cost	5,44,953	4,71,229
Interest cost	1,69,395	1,06,437
Expected return on plan assets	(2,21,772)	(2,15,863)
Actuarial losses/(gains)	2,43,971	3,70,827
Total expense recognized in the Statement of Profit and Loss	7,36,547	7,32,630
Net asset / (liability) recognized in the Balance Sheet		
Present value of defined benefit obligation	22,13,847	25,05,848
Fair value of plan assets	23,42,530	30,50,512
Net asset / (liability) recognized in the Balance Sheet	1,28,683	5,44,664
Change in defined benefit obligations (DBO) during the year		
Present value of the DBO at beginning of the year	25,05,848	16,00,549
Current service cost	5,44,953	4,71,229
Interest cost	1,69,395	1,06,437
Actuarial losses/(gains)	77,304	3,27,633
Benefit paid	(10,83,653)	-
Present value of DBO at the end of the year	22,13,847	25,05,848
Change in fair value of assets during the year		
Plan assets at beginning of the year	30,50,512	28,44,041
Actual company contributions	3,20,566	33,802
Actual return on plan asset	55,105	1,72,669
Benefits paid	(10,83,653)	-
Plan assets at the end of the year	23,42,530	30,50,512
Experience adjustment on plan asset Gain/(loss)	(1,66,667)	(43,194)



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Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
Major categories of plan assets (as percentage of total plan assets)		
Funds Managed by Insurer	100%	100%
Actuarial assumptions		
Discount rate	6.90%	6.76%
Salary escalation	7.00%	7.00%
Mortality tables	IALM (2012-14)	IALM (2012-14)
Attrition		
Ages:		
Upto 30 years	30.07%	30.07%
From 31 to 44 years	30.07%	30.07%
Above 44 years	30.07%	30.07%

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

Experience adjustments	Present value of DBO	Fair value of plan assets	Experience gain/ (loss) adjustments on plan liabilities	Experience gain/ (loss) adjustments on plan assets
	₹	₹	₹	₹
2015-16	7,51,375	4,49,473	(5,719)	(1,101)
2016-17	14,52,896	15,42,675	77,444	(1,22,795)
2017-18	9,23,619	26,51,365	(8,98,060)	(6,032)
2018-19	16,00,549	28,44,041	2,55,588	(37,883)
2019-20	25,05,848	30,50,512	3,70,827	(43,194)
2020-21	22,13,847	23,42,530	2,43,971	(1,66,667)

25 Segment Reporting

The Company operates in a single reportable segment i.e financing which has similar risks and profits for the purpose of AS-17 on Segment Reporting. The Company operates in single geographical segment i.e domestic.

26. Operating Leases

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

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
	₹	₹
Lease payments recognised in the Statement of Profit and Loss [Refer to Note 24]	60,63,844	72,91,065
Future minimum lease payments		
not later than one year	11,88,780	5,32,512
not later than one year and not later than five years	3,96,260	-

27. Related party transactions

The names of related parties of the Company as required to be disclosed under Accounting Standard 18 is as follows:

(a) Details of related parties:

Description of relationship	Names of related parties
Key Managerial Personnel	Mr. Prashant Banerjee Chief Executive Officer Mrs. Megha Vivek Mohunta- Company Secretary Mr. George Thomas (Advisor to the company till 31st March'2020)
Director and Chairman	Mr. A. Ramesh Kumar (Key Managerial Personnel till 31st March'2020)



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(b) Details of related party transactions during the year ended March 31, 2021 and outstanding balance as at March 31, 2021:

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
	₹	₹
I) Transactions during the year		
A) Rent expense - Mr. A. Ramesh Kumar	-	1,16,000
B) <u>Remuneration paid*</u>		
Key Managerial Personnel #		
Mr. Prashant Banerjee	35,00,000	-
Mr. Amit Ranjan Biswal	-	8,33,334
Mr. Sameer Siddiqui	-	18,36,793
Mrs. Megha Vivek Mohunta	12,53,730	7,00,506
Director and Chairman #		
Mr. A. Ramesh Kumar	2,00,000	-
C) Consultancy fee Mr. George Thomas	-	55,93,342
* Does not includes reimbursement expenses		
There are no related party balances payable / receivable at the end of the year.		

28. Disclosures on Employee share based payments

On March 17, 2015 the Company's Board of Directors approved an Employee Stock Option Plan whereby common stock are reserved for issuance to eligible employees of the Company. Under the plan, options are to be granted to the employees as and when advised by the Compensation Committee/Board constituted for the purpose. The options are to be converted into one share at a predetermined price to be exercised in accordance with the plan. The options granted will vest in a graded manner and are to be exercised within a period of 3 years from the date of vesting.

Vesting Condition

- There shall be minimum period of 1 year between Grant of Options and its first vesting date;
- Vesting of options is subject to the loyalty and performance of the Employee in the following manner:
 - 40% of the Grant of options due for vesting will be based upon loyalty and
 - 60% of the Grant of options due for vesting will be discretionary and based upon performance criteria, as may be determined by the Chairman & MD and recommended to the Compensation Committee;
- Under the Scheme, the options granted will vest with the Employees over a period of 3 years from the date of Grant;

For the loyalty part of the option, vesting will happen as follow:

Time Period	Options Vested
1st Year from the date of Grant	13% of the Grant
2nd Year from the date of Grant	13% of the Grant
3rd Year from the date of Grant	14% of the Grant

Other information with respect to the plan is as follows:

Particulars	
Exercise period	48 months from date of vesting
Vesting conditions	Employee to be in service at the time of vesting
Weighted average remaining contractual life (years)	Vest II: 1 year Vest III: 2 years
Weighted average exercise price per option (Rs.)	17.69
Weighted average fair value of each option (Rs.)	17.31



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Reconciliation of options:

Particulars	31-Mar-21	31-Mar-20
Options outstanding at the beginning of the year	-	1,50,000
Granted during the year	-	-
Forfeited during the year	-	(1,50,000)
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	-	-
Exercisable at the end of the year	-	-

29. During the current and previous year, the Company has not incurred any foreign currency expenditure or foreign currency income.
30. The code on Social Security, 2020 ('Code') relating to the employee benefits during the employment and post-employment benefits received Presidential assent in September 2020, The code has been published in Gazette of India. However, the date on which code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The company will assess the impact of the code when it comes into effect and will record any related impact in the period the code becomes effective.



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31. Additional disclosures in terms of RBI Master Directions

31.1 Capital to Risk Assets Ratio (CRAR)

Particulars	Amounts in Rupees	
	Current Year	Previous Year
(i) CRAR (%)		
(ii) CRAR - Tier I capital (%)	88.72%	80.13%
(iii) CRAR - Tier II Capital (%)	68.31%	79.38%
(iv) Amount of subordinated debt raised as Tier-II capital	0.41%	0.75%
(v) Amount raised by issue of Perpetual Debt Instruments		

31.2 Disclosure regarding Reserve fund under Section 29C of NHB Act, 1987 as per NHB Circular dated April 7, 2014.

Particulars	Amounts in Rupees	
	Current Year	Previous Year
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	55,45,397	55,45,397
b) Amount of special reserve u/s 36(1)(vii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987		
c) Total	55,45,397	55,45,397
Addition / Appropriation / Withdrawal during the year		
Add a) Amount transferred u/s 29C of the NHB Act, 1987		
b) Amount of special reserve u/s 36(1)(vii) of the Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987		
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987		
b) Amount withdrawn from special reserve u/s 36(1)(vii) of the Income Tax Act, 1961 which has been taken into account for the purposes of provisions u/s 29C of the NHB		
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	55,45,397	55,45,397
b) Amount of special reserve u/s 36(1)(vii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987		
c) Total	55,45,397	55,45,397

31.3 Investments

Particulars	Amounts in Rupees	
	Current Year	Previous Year
31.3.1. Value of Investments		
(i) Gross Value of Investments		
(a) In India		
(a) Outside India	40,26,038	2,77,26,241
(i) Provision for Depreciation		
(a) In India		
(a) Outside India		
(ii) Net Value of investments		
(a) In India		
(a) Outside India	40,26,038	2,77,26,241
31.3.2. Movement of provisions held towards depreciation on Investments		
(i) Opening balance		
(ii) Add: Provisions made during the year		
(ii) Less: Write-off/ write-back of excess provisions during the year		
(vi) Closing balance		

31.4 Derivatives

The Company has not entered into derivative / forward rate agreements / interest rate swaps/ exchange traded interest rate derivatives during the current year or previous year.

31.5 Securitisation

The Company has not entered into any securitization transaction during the current year or previous year.

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

The Company has not entered into any securitization transaction during the current year or previous year.

31.7 Details of Assignment transactions

The Company has not entered into any assignment transaction during the current year or previous year.

31.8 Details of non-performing financial assets purchased / sold

The Company has not purchased / sold any non-performing financial assets during the current or previous year.

31.9 Exposure

31.9.1 Exposures to real estate sector

Particulars	Amounts in Rupees	
	Current Year	Previous Year
a) Direct exposure		
(i) Residential Mortgages -		
Housing loans up to Rs. 15 lakhs	55,90,17,470	71,84,31,131
Housing loans more than Rs. 15 lakhs		
Non Housing Loans	10,12,61,879	13,27,13,299
(ii) Commercial Real Estate -		
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		

31.9.2 Exposure to Capital Market

The Company does not have any exposure to capital markets.

31.9.3 Details of financing of parent company products

There are no such instances.

31.9.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC

During the year, the Company has not exceeded SGL & GBL limits as prescribed under the RBI Master Directions.

31.9.5 Unsecured Advances

Refer Note 10.

31.10 Miscellaneous

31.10.1 Registration obtained from other financial sector regulators

Company Identification no. (CIN) : L65922MH2008PTC331333

31.10.2 Disclosure of Penalties imposed by NHB and other regulators

During the year ended March 31, 2021, No penalty has been levied by NHB on the Company. No adverse findings have been communicated by NHB during the year.

31.10.3 2.3 Related Party Transactions

Refer note 27 for transactions with related party transactions



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31.10.4 Ratings assigned by credit rating agencies and migration of ratings during the year
 Long term Bank facilities. Current year: CARE 6B+, Outlook: "Stable" (Previous year: CARE BBB-, Outlook: "Negative")

During the year, there was a change in credit ratings of the Company from BSB- to BSB+.

31.10.5 Remuneration of Directors (Non-executive) - Current year-Nil (Previous year-Nil)

31.10.6 Drawdown from reserves
 The Company has not drawn any amount from reserves during the year.

31.10.7 The Company has not granted loans against security of gold / gold jewellery during the year.

31.11 Break up of Provisions and Contingencies shown under the head Expenditure in Profit and Loss Account

Particulars	Amounts in Rupees	
	Current Year	Previous Year
1. Provision for depreciation on investments	-	-
2. Provision towards income tax	-	-
3. Provision towards non-performing assets	9,17,29,868	7,30,47,832
4. Contingent provision towards standard assets	(22,89,268)	(12,70,491)
5. Provisions towards other assets and advances	1,87,57,213	76,20,490

31.12 Break up of Loan & Advances and Provisions thereon

Particulars	Amounts in Rupees			
	Housing loans		Non Housing loans	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
a) Total Outstanding Amount	29,39,21,245	57,37,81,975	7,27,49,750	11,72,39,747
b) Provisions made	11,90,671	22,09,669	2,95,451	5,85,721
Sub-Standard Assets				
a) Total Outstanding Amount	14,67,70,306	14,42,59,948	1,56,22,447	1,54,73,557
b) Provisions made	10,27,39,214	10,09,81,964	1,09,35,713	1,08,31,490
Doubtful Assets - Category-I				
a) Total Outstanding Amount	10,88,76,469	1,02,777	1,26,26,885	-
b) Provisions made	7,62,13,528	1,34,944	89,80,090	-
Doubtful Assets - Category-II				
a) Total Outstanding Amount	18,77,191	1,96,430	-	-
b) Provisions made	13,14,174	1,17,901	-	-
Doubtful Assets - Category-III				
a) Total Outstanding Amount	35,72,060	-	60,997	-
b) Provisions made	35,72,060	-	60,997	-
Loss Assets				
a) Total Outstanding Amount	Nil	Nil	Nil	Nil
b) Provisions made	Nil	Nil	Nil	Nil
Total				
a) Total Outstanding Amount	55,53,17,470	71,94,31,151	10,12,61,879	13,27,13,299
b) Provisions made	18,90,29,648	10,44,64,078	2,02,72,241	1,13,97,211

31.13 Concentration of Public Deposits, Advances, Exposures and NPAs

31.13.1 Concentration of Public Deposits (for Public Deposit taking/holding HFCs)
 The Company has not accepted any public deposits during the current or previous year.

31.13.2 Concentration of Loans & Advances

Particulars	Amounts in Rupees	
	Current Year	Previous Year
Total Loans & Advances to twenty largest borrowers	96,27,309	1,00,03,825
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the Company	1.47%	1.18%

31.13.3 Concentration of all Exposure (including off-balance sheet exposure)

Particulars	Amounts in Rupees	
	Current Year	Previous Year
Total Exposure to twenty largest borrowers / Customers	96,27,309	1,00,03,825
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the Company	1.47%	1.18%

31.13.4 Concentration of NPAs

Particulars	Amounts in Rupees	
	Current Year	Previous Year
Total Exposure to top ten NPA accounts	48,61,786	51,15,470

31.13.5 Sector-wise NPAs (As certified by the management and relied upon by auditors)

Sr No.	Sector	Amounts in Rupees
		Percentage of NPAs to Total Advances in that sector
A		
1	Housing Loans	
	Individuals	47.04%
	Builders/Project Loans	
	Corporates	
	Others (specify)	
B		
1	Non-Housing Loans	
	Individuals	28.16%
	Builders/Project Loans	
	Corporates	
	Others (specify)	

31.13.6 Movement of NPAs

Particulars	Amounts in Rupees	
	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	18.96%	6.50%
(II) Movement of NPAs (Gross)		
a) Opening balance	16,01,22,713	12,91,95,008
b) Additions during the year	14,22,61,908	19,59,10,678
c) Reductions during the year	(1,27,76,264)	(16,49,82,672)
d) Closing balance	28,96,08,354	16,01,22,713
(III) Movement of Net NPAs		
a) Opening balance	4,80,36,814	9,01,56,741
b) Additions during the year	4,16,17,865	8,78,78,568
c) Reductions during the year	(38,62,209)	(12,99,98,495)
d) Closing balance	8,57,92,590	4,80,36,814
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	11,20,65,899	3,50,38,767
b) Provisions made during the year	10,06,43,821	10,60,31,026
c) Write-off/write-back of excess provisions	(88,14,055)	(3,49,84,377)
d) Closing balance	20,38,15,765	11,20,65,899

31.14 Overseas Assets

Nil (March 31, 2020, Nil)



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31.15 Off-balance Sheet SPVs sponsored

Name of the SPV sponsored	
Domestic	Overseas
None	None

31.16 Disclosure of customer complaints (As certified by the management and relied upon by auditors)

Particulars	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	-	-
b) No. of complaints received during the year	-	-
c) No. of complaints redressed during the year	-	2
d) No. of complaints pending at the end of the year	-	2

31.17 Exposure to group companies engaged in real estate business

The Company does not have any exposure to group companies engaged in real estate business during the current and previous year.

31.18 Principal Business Criteria

Principal Business Criteria for the Company to be classified as "Housing Finance Company" as per the Paragraph 4.1.17 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

RBV2020-21/73 DOR.FIN.HFC.CC.No.12003.10.198/2020-21 17 February, 2021 is given below

Criteria	% as at 31 March 2021
Percentage of total assets towards housing finance	62.81%
Percentage of total assets towards housing finance for individuals	62.81%

32. During the year, there were various instances of cash embezzlement by the employees of the Company & Business Associates amounting to Rs. 14.03.163. Further, such instances have been referred to statutory authorities for further investigation wherever necessary. The services of all such employees have been terminated and outstanding balances (net of recoveries, if any) have been fully provided in the financial statements.

33. Additional disclosure in terms of the circular DOP.No.SP.BC.63/21.04.048/2019-20 dated April 17, 2020 (the RBI Circular) the following disclosures are stated below:-

Sr.No.	Particulars	Rs.
1	Outstanding balance of loans which were standard but overdue as at February 29, 2020 where the moratorium benefit was extended	10,71,69,957
2	Asset classification benefit extended to loans indicated in 1 above	10,32,11,518
3	General provision recognised on loans indicated at 2 above in terms of the RBI circular	1,03,21,152
4	Amount of provision adjusted out of 3 above towards actual slippages	1,03,21,152
5	Outstanding balance of general provision after adjustments towards actual slippages (3-4)	0

34. The Company has not restructured any loan assets under the Resolution Framework for COVID-19 related stress as per Circular dated August 08, 2020 issued by the RBI.

35. The Company had issued compulsorily convertible preference shares to certain shareholders during the year ended March 31, 2020. The Company is in the process of assessing the necessary amendments to the Shareholder's Agreement ('SHA') and Articles of Association ('AOA') required if any pursuant to such issue. As per legal opinion and company's own assessment, this being procedural matters do not affect the validity of the aforesaid issue of capital, operations or financial statements of the Company in any manner. The aforesaid issue of capital continues to be in compliance with the requirements of the Companies Act, 2013 and relevant rules issued thereunder.

36. a. During the year ended March 31, 2020, a national lockdown was declared by Government of India with effect from March 24, 2020 as a result of the recent outbreak of Coronavirus, a virus causing potentially deadly respiratory tract infections (the "Covid-19") which was further extended across the country to contain the spread of the virus. The onset of the 2nd wave of COVID-19 towards the end of the financial year ended March 31, 2021 has affected the business and operations of the Company and its customers. Amongst various measures announced to mitigate the economic impact arising from the pandemic, the Reserve Bank of India ("RBI") had allowed lending institutions to offer a moratorium to customers on payment of instalments falling due between March 1, 2020 and August 31, 2020. Accordingly, the Company had granted moratorium to its borrowers in accordance with the RBI Directions.

Given the dynamic and evolving nature of the pandemic, the estimates of provision towards loans to customers include the possible impact of known events till date and are subject to uncertainty caused by resurgence of COVID-19 pandemic and related events. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Company.

b. The Company's non-performing assets have increased significantly in the current year primarily due to challenges faced in loan recoveries during the continuing COVID-19 pandemic, which was further accentuated with the onset of the 2nd wave towards the end of financial year. This has resulted in an adverse mismatch of Company's obligations towards borrowings and other liabilities, and cash flows expected from the performing assets over the foreseeable future. The Company's total borrowings as at March 31, 2021 were Rs. 36.15 crore. Further, the rise in non-performing assets has led to breach of covenants under various borrowing arrangements. Further, the Company has delayed repayment of dues to its lenders subsequent to March 31, 2021 and the outstanding amount of default stands at Rs. 2.71 crore as on date. The Company's credit ratings have also been downgraded to CARE 'D'.

With gradual reduction in the impact of the COVID-19 pandemic and removal of restrictions by statutory authorities subsequent to the financial year, the Company has stepped up its collection efforts and is in the process of recovering dues from the delinquent borrowers. The Company also has plans to enforce various remedies, including sale of assets mortgaged by its borrowers. The Company has prepared financial projections under a stress scenario to support its assessment of business continuity as approved by the Board of Directors. The Company also has obtained a conditional letter of comfort from an investor to provide adequate liquidity to the Company in a stressed financial condition, subject to compliance with certain pre-defined conditions. Thus, with the plans and mitigating factors in place, the Company believes that it will be able to raise the necessary funds and service its obligations as and when they are due. Accordingly, the financial statements have been prepared on the assumption that the Company will be able to continue as a going concern for the foreseeable future.

37. Figures for previous year have been regrouped and/or reclassified wherever considered necessary, to conform to current year classifications.

For S.R. Batliboi & Co. LLP
ICAI Firm Registration No. 2011003EAE300025
Chartered Accountants

per Jitendra H. Ranawat
Partner
Membership No. 103380
Place: Mumbai
Date: February 15, 2022



For and on behalf of the Board of Directors of
Swarna Pragati Housing Microfinance Private Limited

Mukul Gulati

Mukul Gulati
Director
OIN No. 00746183
Place: New York
Date: February 15, 2022

Moosakshi Dholwani
Financial Controller
Place: Bangalore
Date: February 15, 2022

Prashant Banerjee
Chief Executive Officer
Place: Bangalore
Date: February 15, 2022

Vijaya Sowmi Shivamonda Kumar
Director
DIN No. 07430436
Place: Bangalore
Date: February 15, 2022

Madha Mohanrao
Company Secretary
Membership No. F 10205
Place: Mysore
Date: February 15, 2022



31.10.8 Asset Liability Management

Amounts in Rupees crores

Current Year	1 day to 30-31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 year to 7 years	Over 7 year to 10 years	Over 10 year	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	NII
Borrowings from Banks	0.93	0.93	0.93	2.78	5.56	0.73	-	-	-	-	11.85
Market Borrowings	1.79	1.79	1.41	3.97	7.90	7.93	-	-	-	-	24.31
Foreign Currency liabilities	NII	NII	NII	NII	NII	NII	NII	NII	NII	NII	NII
Assets											
Advances	2.50	1.27	1.25	3.71	6.77	44.85	5.28	-	-	-	55.63
Investments	0.40	-	-	-	-	-	-	-	-	-	0.40
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	NII

Amounts in Rupees crores

Previous Year	1 day to 30-31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 year to 7 years	Over 7 year to 10 years	Over 10 year	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	NII
Borrowings from Banks	0.86	0.88	0.86	2.63	5.26	6.85	-	-	-	-	17.38
Market Borrowings	2.16	2.43	2.84	7.25	9.45	18.28	-	-	-	-	42.41
Foreign Currency liabilities	NII	NII	NII	NII	NII	NII	NII	NII	NII	NII	NII
Assets											
Advances	3.19	1.97	1.92	5.60	10.84	54.96	6.60	0.04	-	-	85.11
Investments	2.77	-	-	-	-	-	-	-	-	-	2.77
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	NII

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Ramesh C.



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