

# A LEAP OF FAITH

2019  
ANNUAL  
REPORT

A black and white photograph of a woman sitting on the floor, weaving on a traditional wooden loom. She is wearing a patterned sari and a shawl. The loom is made of wood and has several threads running through it. The background shows a doorway and some hanging items. The image has a red overlay at the bottom.

# A LEAP OF FAITH

We live in a world that is thriving on scientific progress and is undergoing rapid changes every day. While some are reaping benefits of technological advancements and research that is meant to facilitate human convenience, a large section of the global population is bearing the brunt of this progress. They are suffering consequences of deep-seated socio-economic inequalities that such advancement has failed to address and instead, with time has made it worse. It is an unfortunate truth but in our country itself millions wake up to unpleasant realities everyday. Each day becomes a tough fight for survival. A stable source of livelihood, familial stability, being able to afford proper education and a warm home to stay in are far-fetched aspirations for such individuals. Some of them might have entrepreneurial ideas but find it hard and sometimes almost impossible to make those a reality. Despite all setbacks and struggles that come their way, these individuals do not quit but keep struggling for a better tomorrow. They strive to find hope when everything is stacked up against them and work extremely hard to fuel and materialise their aspirations. We, at Jagaran, admire this resilience. As a microfinance firm committed to making financial services accessible, our team pledges to make a difference to these lives by promoting economic literacy and helping them make their lives better.

In the last few years, Microfinance as a concept has evolved and incorporated a wide range of services such as provisions for housing credit for the poor, microinsurance facilities, processes of microsavings and the like. There is more emphasis on women borrowers with a larger focus on improving processes of providing services that will in turn help build and maintain financial assets. More and more economists in recent

times have acknowledged that microfinance businesses have a long-term growth potential and can play a crucial role in rural and semi-urban socio-economic development. As one of the very few microfinance organisations in India, Jagaran has attuned its products and services to such evolving notions and developments. It has, since its inception, committed itself to women empowerment. As an organisation, over the years, Jagaran has striven to facilitate financial empowerment and has helped women from the economically weaker section of our society establish their entrepreneurial small-scale businesses or support their existing ventures. Our efforts have been fuelled by inspiring stories of these resilient and determined women who, despite challenging circumstances, fought for themselves and their families for a better tomorrow. We salute this indomitable spirit and wish to be part of their journey towards financial independence and support the cause of economic empowerment of such women. We aspire to help make a difference to not only their lives but also the lives of those associated with them. This year we wish to expand our mode of operations and strengthen our initiatives so that we can make a larger difference.

“Actually, the “leap of faith”—to give it the memorable name that Soren Kierkegaard bestowed upon it—is an imposture.

As he himself pointed out, it is not a “leap” that can be made once and for all. It is a leap that has to go on and on being performed, in spite of mounting evidence to the contrary.”-

Christopher Hitchens



# OUR PRINCIPLES



## MISSION

To build a microfinance institution that, with its professional services, can achieve social and financial sustainability by facilitating economic empowerment, especially amongst women from the economically backward sections of the population in India. We wish to promote entrepreneurship and develop employment opportunities so that more people can achieve financial independence.



## VISION

To empower members of the weaker sections of the society, especially women and help them integrate into the financial fabric of our country by supporting their entrepreneurial ventures through financial investments and sound advice. We realise that accessibility to resources, even banking practices is a huge challenge for many lives. So, we wish to contribute to the improvement in the modes of accessibility to resources and promote better livelihood, health and education.



# VALUES

As an organisation committed to providing financial services, our employees are required to sustain meaningful and sincere relationships with our customers. Since economic data indicates that, at least in India, microfinance is primarily rural and semi-urban in character, we feel that it is important to distinguish the rural and semi-urban market from urban financial structures and understand the specificity of such rural stakeholders. Microfinancial services have always been effective when there has been an effortless confluence of formal banking practices and informal procedures. Our employees take special care of our customers who are largely from these rural and semi-urban areas, help them familiarise with a wide array of financial services that are available and suggest schemes that would be the most suitable for them. These interactions thus, come with significant responsibility and require a high degree of patience, clarity and empathy. Our organisation is premised on empathetic principles and are guided by the values of **Transparency, Integrity, Innovation and Determination**.



## TRANSPARENCY

The majority of our customers are from rural and semi-urban parts of India and are quite unaware of the various products that are available as part of financial services. This makes us responsible for not only informing them of the features, advantages and benefits of our products but also making them aware of other useful services and the nuances of good financial schemes. We strive to help them familiarise themselves with such practices and also to make them aware of the pitfalls in the various fraudulent schemes that are common in the rural landscape. We have imbibed such transparent practices in our regular interactions and over the years it has helped us earn the trust of our customers and prove our loyalty.



## INTEGRITY

The actual test of integrity is the ability to pass the highest levels of scrutiny. Every member of our team rises to this challenge in his or her respective work areas. We undergo audits from leading firms, subject ourselves to stress tests to measure compliance standards and have an exemplary set of people on board who inspire us to reach higher standards of progress. Our board comprises of eminent members from the financial services domain and we have consistently managed to improve our business and our external ratings.



## INNOVATION

The Microfinance sector in India has seen periods of rapid transitions. We had realised early that innovation and adaptability in the face of ever-changing circumstances are going to be significant factors that would give us the edge in the long run. We continuously examine options to scale our business, simplify routine functions, enhance service delivery and improve our results without compromising on the satisfaction levels of our customers. Automation has and shall continue to remain the most crucial weapon in our arsenal to increase our level of efficiency.



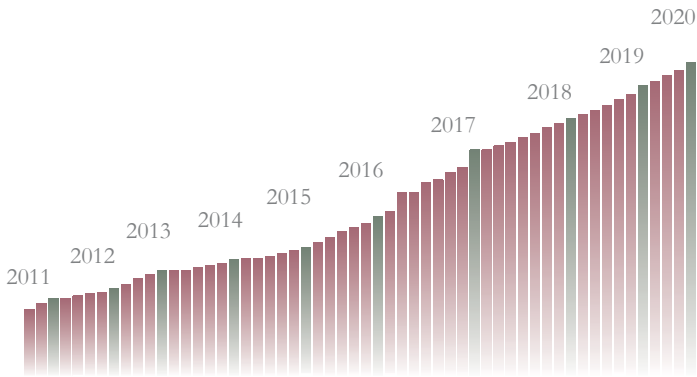
## DETERMINATION

Our organisation commenced its operations in November 2010 - around the same time when a crisis in the microfinance sector was crippling several sections of the rural and semi-urban population in India. As an organisation that came into existence in the middle of such a challenging situation, since the very beginning we have embodied resilience as a part of our organisational culture. This resilience has stirred in us the determination to stay invested in our vision, move forward with optimism and stay motivated to carve out a long-term success story.

# THE JOURNEY SO FAR ...



Jagaran began its operation in November 2010 with a workforce comprising of five members. Over the years, we have grown in terms of our business interactions, branches and employees with our vision of facilitating economic empowerment of women from weaker sections of society, illuminating our path. The journey hasn't been easy - demonetisation, stringent credit and the COVID-19 pandemic has ushered in major challenges to the industry we are associated with. However, looking back, the resilience and determination of our team has paid off and we have succeeded in achieving corporate milestones and making a difference to many lives at the grassroots level. We keep a close check on the goals we formulate and commit to implementing it. Last year, we had committed to facilitating improved use of Information and Technology services in our branches. Our digital payment portal, IPay, in line, with our aspirations from last year came into existence towards the close of this financial year and has proved to be an asset to many individuals, especially during the lockdown period. We wish to keep growing our services and reach new heights in the coming years.



# ENGAGING HISTORY

Jagaran Microfin Private Limited is a subsidiary of GTFS Multi Services Limited (GTFS MSL), which was established way back in 1995 with a distinctive aim of providing a wide range of financial services. GTFS MSL management soon conceived the idea of commencing a Microfinance business as part of their financial endeavours. To put their thoughts into action, SBT Consultants Private Limited, incorporated on 12th January, 1993, as a Category B, Non-Banking Finance Company (converted as NBFC on 18.03.1998) registered under the Reserve Bank of India (RBI), was acquired to promote Micro Finance Business under the brand name 'Jagaran' and accordingly the name of the company was changed to 'Jagaran Microfin Private Limited'. Jagaran commenced its microfinance operations from November 2010.

'Jagaran Microfin Private Limited' obtained the Certificate of Registration to carry on the business of non-banking financial institution without accepting public deposits on 09.11.2011 and then converted to NBFC-MFI wef 27.09.2013.



5

NUMBER OF  
STATES



38

NUMBER OF  
DISTRICTS



139

NUMBER OF  
BRANCHES



786

NUMBER OF  
EMPLOYEES



2,32,233

NUMBER OF ACTIVE  
BORROWERS



4,74,94,48,095

LOAN  
PORTFOLIO



25,74,34,12,136

CUMULATIVE  
AMOUNT DISBURSED



77,107

NUMBER OF  
GROUPS

# CORPORATE GOVERNANCE

Jagaran's philosophy with regard to corporate governance is premised upon the principles of accountability, transparency and equity in all facets of operations and interactions. In addition to this, our company has a well-structured system of risk management and risk reparation. To keep the integrity of our organisation at check, we have an efficient internal control system that ensures proper documentations of our transactions, operations and protects the company's assets from losses or misuse.

## ► OUR EMPLOYEES

Our directorial and managing team is composed of a dynamic and experienced set of individuals who have a remarkable grasp over financial and socio-economic developmental policies. Their leadership has moulded Jagaran to be an organisation that has not lost sight of its goals and aspirations in the face of changing circumstances and crises. Our Board of Directors take sufficient charge and maintain company accounts in accordance with the Companies Act, 2013 to safeguard assets of the company and prevent financial irregularities and fraudulent activities.

We have a dedicated team of employees working in several branches whose commitment to our mission has borne fruitful results and has contributed to the growth of our organisation as indicated by our increasing number of branches and growth in disbursal amounts. Our employees add a personal touch, humanise and simplify bureaucratic complexities during their interactions with our borrowers that help us build relationships beyond business.

It is important to have a deep understanding of the local environment while working on microfinancial enterprises. As an entity committed to generating employment that would catalyse economic empowerment of more and more people, we often employ members of the local community to help our branch operations. Several children of our borrowers have launched their careers by working for Jagaran. It also gives us immense joy that as an organisation, we have not only ushered in economic empowerment of our women borrowers by helping them with loans but also have directly facilitated the financial independence of several women by recruiting them as employees for our operations. This has helped them earn a stable livelihood and make a name for themselves.

### **Soma Mondal, Area Manager, Barasat**

I joined Jagaran in 2011. After having escaped from a failed marriage, I was devastated and didn't know what to do. I was in an acute financial crisis and needed to support my family. I learned about Jagaran and was given the opportunity of working as a collector officer. This was a turning point in my life. Slowly, with the mentorship of my seniors, I grew as an individual, learned the nuances of our financial operations and am now an Area Manager. I made a name for myself and am financially independent. My seniors never let complacency set in and encourage me to keep learning and develop skills that will help with my career advancement. In a sense, Jagaran awoke my potential and nurtured it when most people in my life had turned their backs on me.

### **Anuara Khatun, Assistant Branch Manager, Patirajpur**

I had recently finished my studies and was tutoring students to help my family out of a financial crisis. I knew it wouldn't be enough in the long run and with my minimum qualifications, I didn't know much about the opportunities that would be available for me. I began my journey at Jagaran in 2016. My responsibilities taught me a lot about communication and helped me become a more confident individual. This opportunity has been enriching, facilitated my financial independence and I am truly grateful to have received it.



# WORK PHILOSOPHY

Over the years, our interactions with our customers has supported our growth and development as an organisation. We are committed to being responsive to their needs, issues and work to the best of our abilities to support them in their endeavours.



## EXCELLENCE IN SERVICE:

Providing unflinching support and service at the right place and right time.

## PRODUCT OFFERING:

Our experts aim to ensure practical and best-suited solutions while designing products. They pay close attention to the changing socio-economic scenarios and adapt our services to make them most effective.

## SUPPORT AND GUIDANCE:

Our employees strive to understand the problems of our customers and offer the necessary assistance whenever required.



## THE ROAD AHEAD

### IMPROVE FIELD PRACTICES:

A large amount of informal procedures are involved in our operations and contribute to the success of microfinancial institutions. In the next few years, we wish to simplify our collection methods and other operations so that we succeed in reaching out to more people.

### EMPLOYEE RETENTION:

Our employees form the backbone of our organisation and we wish to strengthen our workforce by retaining them so that we have people on board who know the nuances of our operations well. Their experienced inputs will help us further our existing ventures.

### UNDERSTANDING OUR CUSTOMERS:

The ongoing COVID-19 pandemic has ushered in a major humanitarian crisis. Parts of West Bengal and Orissa were devastated by the Amphan cyclone. Several people have lost their homes, families and livelihood. Such times have served as important reminders for being more humane and kind. As an institution, we have to vow to be more compassionate and practical in our approach while dealing with our customers and help them recover from these crises.

### DIVERSIFY OUR PRODUCTS AND SERVICES:

We wish to increase our range of services and products.

### INCREASE OUR DIGITAL SERVICES:

We wish to promote digital literacy and help our customers familiarise themselves with digital resources such as e-payment portals and e-wallets. We wish to further expand our range of e-products and train our employees accordingly, so that they can help our customers.

### INCREASE OUR PRESENCE:

We wish to increase our branch numbers and disbursal amounts in the coming years so that we can reach out to more people.



# WHAT WE OFFER

As one of the few microfinance organisations in India, Jagaran has been a diligent participant in Industry level Initiatives led by Micro Finance Institutions Network (MFIN) and has adopted the MFIN Code of Conduct that promotes responsible lending practices. Jagaran offers small loans to women beneficiaries who are engaged in income generating activities and ventures after evaluating their repayment potential. Our employees also offer financial counselling while discussing loan disbursements with our clients who are primarily poor women from rural and semi-urban areas.

## OUR PRODUCTS AND SERVICES:

### ►► SARAL:

This is a loan scheme ranging from Rs. 5,000 to Rs. 50,000 that had been designed to support small business ventures and are meted out to entrepreneurs engaged in agriculture, cottage industries, animal husbandry or women as artisans. We also have other special variant loans of **Saral** like **Suvidha** and **Seva** for some seasonal expenses.

### ►► ASHRAY:

The word “Ashray” translates to shelter in English. As the name might imply, this is a small loan disbursed to our long-term borrowers for renovation purposes of dwelling units. The loan amount may go up to Rs. 30,000.

### ►► IPAY:

In 2020, we launched our e-payment system, IPay. This was created to help facilitate digital transactions for our women borrowers.

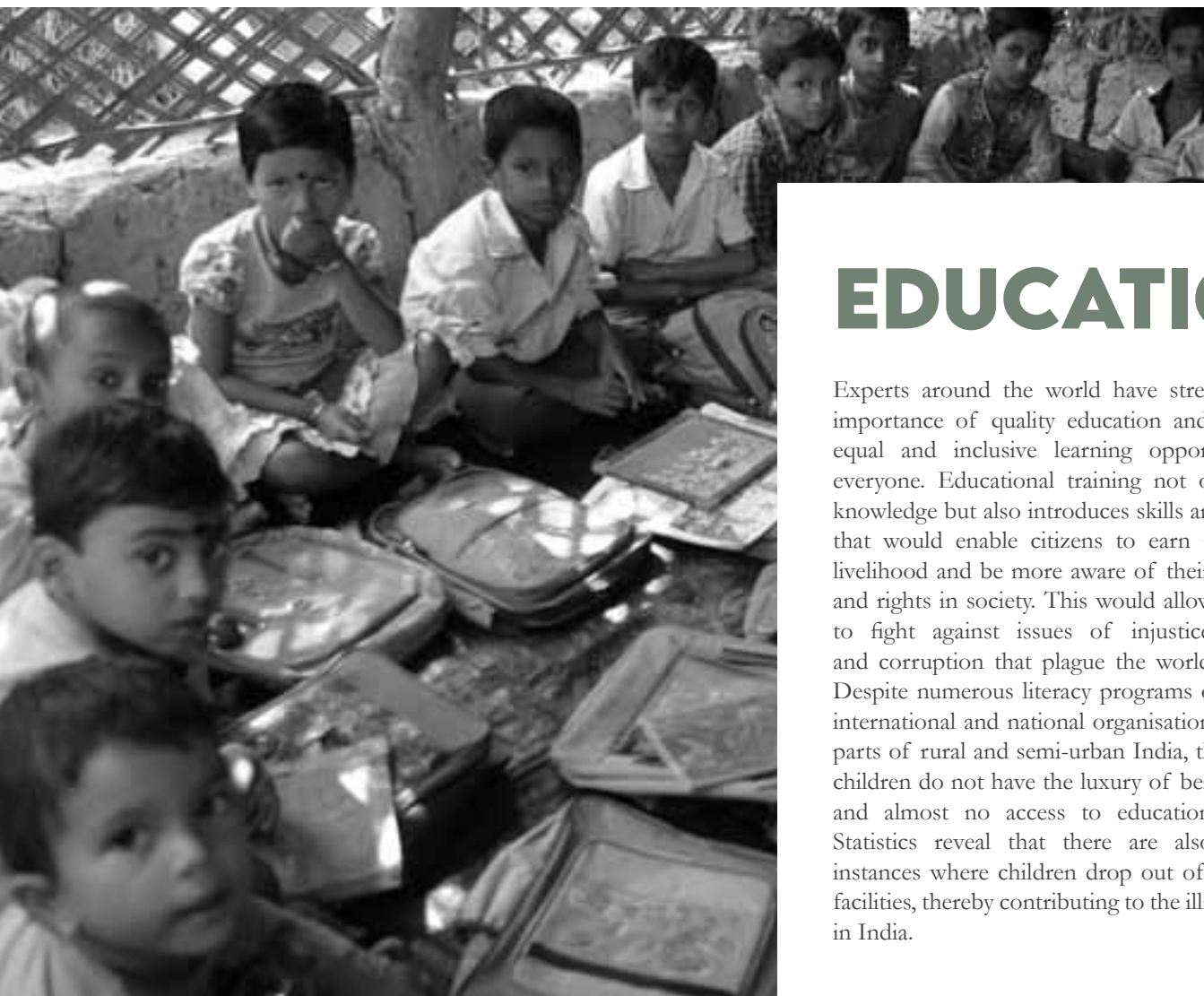
As part of our company policies, we do not allow more than two loans at one time.



## CORPORATE SOCIAL RESPONSIBILITY (CSR)

In April 2014, India became one of the first countries to make Corporate Social Responsibility (CSR) mandatory after an amendment was instituted with reference to the Companies Act, 2013. Since the very beginning, Jagaran has been attentive to its social responsibilities and has devoted itself to the cause of women empowerment. While discussing social issues pertaining to women, several researchers have concluded that the lack of financial independence and sound financial advice has aggravated issues of gender inequality. In the last few years, Jagaran has facilitated the economic empowerment of several women from rural and semi-urban parts of India and has helped them earn a better life not only for themselves but also for their families. As part of our CSR initiatives, we have designed projects to promote education, proper health and sanitation amidst the local, rural and semi-urban populations. Furthermore, we also have promised more skill-based employment opportunities for women from the economically weaker sections of the society.





# EDUCATION

Experts around the world have stressed on the importance of quality education and argued for equal and inclusive learning opportunities for everyone. Educational training not only imparts knowledge but also introduces skills and technique that would enable citizens to earn a source of livelihood and be more aware of their own duties and rights in society. This would allow individuals to fight against issues of injustice, inequality and corruption that plague the world we live in. Despite numerous literacy programs organised by international and national organisations, in several parts of rural and semi-urban India, thousands of children do not have the luxury of being educated and almost no access to educational facilities. Statistics reveal that there are also numerous instances where children drop out of educational facilities, thereby contributing to the illiteracy count in India.

## PRE-PRIMARY EDUCATION

Several countries across the world have adopted 'Pre-primary education' procedures to keep children from dropping out of formal educational practices. As scientists have indicated, pre-primary education contributes to the cognitive and motor skills development of children that is essential for their intellectual and personal growth. Moreover, early education and care for children between the age group of 3-6 years old is a key tenet of the global Education for All (EFA) movement launched by UNESCO in 2015.





Our organisation, keeping such prescriptions in mind supports nineteen pre-primary schools across various districts in rural and semi-urban parts of Bengal, Bihar and Jharkhand. These schools encourage community participation in the learning process so that not only children receive free access to early educational facilities and care but also their parents are made aware of the benefits and necessity of education.

The year 2020 witnessed the COVID-19 pandemic that has resulted in a major educational crisis in several parts of the world including India. As offices, schools and universities shut down in March with social distance measures and lockdowns in place, people from across the

world found themselves confined to their homes and turned to digital media and internet resources for communication, entertainment, education and business. This led to what commentators are calling the 'digital divide' between those who have access to internet services and those who do not. Students from rural parts of India have been worst affected. Doctors have issued warnings and stressed on the importance of social distancing by highlighting how children below ten years are quite susceptible to health hazards. Several institutions like our primary schools have not stopped teaching services. Teachers of our schools are receiving timely payments and have devised alternative methods of conducting teaching, as online education is not an option during such difficult and



*As 2020 has proven to be a rough year, we also arranged for clothes distribution drive and gifted 600 children new clothes on the occasion of Durga Puja to lighten up their spirits and spread smiles.*

poverty-stricken circumstances. In our primary schools, teachers are sending out homework and class notes to their students through their parents. Parents are ensuring that their children work their homework out while staying

home and are then delivering it again to teachers for feedback and correction. In the coming months, we wish to simplify these alternative methods of teaching and ensure that children receive the quality education they deserve.



## MERIT SCHOLARSHIP PROGRAM

Students from the economically disadvantaged sections of society find it difficult to continue financing their education. Jagaran offers financial support and bicycles to meritorious Madhyamik and Higher-Secondary students. This year 80 students have received such financial support.



## HIGHER EDUCATION

Formal education is becoming a necessity as one considers job prospects. College education is a distant dream for many students from rural and semi-urban areas. At Jagaran, we have helped several young members of our customers' families by funding their undergraduate education.

# HEALTH CARE

An expenditure survey of our customers revealed that affording healthcare for medical emergencies has been a major financial challenge. At Jagaran, we pledge to sustain healthy lives and organise awareness campaigns and health camps for the benefit of our rural and semi-urban stakeholders.

In collaboration with Susrut Eye Foundation, we have successfully organised eye testing camps for low-income families in several parts of semi-urban and rural West Bengal. Several patients who required cataract surgeries were operated free of cost and other patients who had some form of eye ailment received the medical attention they required.

In association with Narayana Hospitals, Jagaran has organised several health camps and frequently conducted several tests such as ECG, preliminary breast cancer screening and the like, for low-income families in West Bengal. We help these families connect with doctors who are experts in their fields so that they can receive a proper medical diagnosis and learn about the treatment route they should adopt for themselves or their family members.

We also have special provisions of ambulance services for our borrowers in case of emergencies. This service has greatly benefitted many of our borrowers in South 24 Parganas in times of medical crisis.

Recently we had also organised a short Basic Health Training program for our borrowers in Mecheda (Medinipur) in association with Dhanwantari Welfare society.



*In light of the COVID-19 pandemic, in May-June, we distributed masks and sanitisers in local institutions like police stations, villages in rural areas of West Bengal to spread awareness about precautionary measures in such times.*

## COMMUNITY PARTICIPATION AND SKILL- DEVELOPMENT OPPORTUNITIES

### THE LIVELIHOOD PROGRAM:

Making jute products, participating in embroidery and bead-setting activities; contribute to the livelihood of several women living in rural and semi-urban parts of India. Moreover, such skills form the backbone of cottage and handloom industries. In an attempt to facilitate more participation in such practices, Jagaran organises 3-month tailoring programs for women and especially our borrowers where they can learn these skills and find employment in handicraft and handloom enterprises.

### SOCIAL SECURITY PROGRAM:

In association with officials from the Central Board for Worker's Education, Government of India, Jagaran has organised several programs and workshops for women from the unorganised labour sector living in both rural and urban areas. These programs, which were primarily two-day awareness camps, discussed social security measures and the different opportunities available for the women that will help them become self-reliant. These programs also helped enlist women who were in need of economic assistance and allowed them to voice their struggles.

# ACCREDITATIONS

We are delighted to share that the dedication and hard work of our team members and the leadership of our experienced management has facilitated the growth of our organisation. Our organisation has greatly benefitted from its stringent credit assessment procedures that has not only helped to maintain healthy asset quality but also supported the establishment of more efficient collection systems. The tireless efforts of our employees have borne fruit, helped us retain our customers and has earned us positive reviews, constructive feedbacks and accreditations that will encourage us to improve our modes of operation and work with greater focus on our endeavours.

## RATINGS & GRADINGS

### NCD Rating (Credit Rating for Rs. 22 Cr NCDS) | 16 December, 2019

Rating Agency <b>ICRA Ratings</b>	Rated for Jagaran <b>BBB-/Stable</b>	Scale (High to Low) <b>AA to C</b>
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### MFI Grading | 31 August, 2019

Rating Agency <b>SMERA Ratings</b>	Rated for Jagaran <b>M2 (Second from top)</b>	Scale (High to Low) <b>M1 to M8</b>
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### Code Of Conduct (Comprehensive Grading) | 31 August, 2019

Rating Agency <b>SMERA Ratings</b>	Rated for Jagaran <b>C2 (Second from top)</b>	Scale (High to Low) <b>C1 to C5</b>
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### Bank Loan Facilities | 16 July, 2019

Rating Agency <b>Acuite Ratings</b>	Rated for Jagaran <b>BBB+/Stable (Triple B plus)</b>	Scale (High to Low) <b>AAA to D</b>
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## CHAIRMAN'S ADDRESS



Dear Shareholders, Esteemed Colleagues and Partners,

It is my pleasure to share with you the success story of Jagaran Microfin Private Limited in this Annual Report. There have been three stages of the development of the Micro-finance industry in India. The first stage was marked by the awareness of methodologies of providing loans to the poor, the second stage was when these methods morphed into commercial organisations and the theoretical 'third stage', emerged as mainstream institutions, started Microfinance as a business. Jagaran has kept pace with these socio-economic developments and has continuously grown in its years of operation.

Like in the past years, Jagaran has witnessed substantial growth in terms of workforce, customer network, size of the balance sheet and geographical reach in the financial year 2019-2020. Jagaran has developed more efficient customer policies, diversified collection methods and services and has also launched electronic payment system IPay to promote digital economic literacy among customers who are from low-income families. Jagaran has also attracted international investment.

India was one of the first countries to make Corporate Social Responsibility (CSR) an obligatory corporate requirement. Jagaran has taken up CSR measures and has been doing quality work in the education sector and currently supports 19 pre-primary schools to prepare about 450 children for more formal education. Jagaran also offers financial support in the form of scholarships to meritorious students taking board examinations and has helped several borrowers support their children's college education. Jagaran organises health awareness camps and actively nurtures income generation opportunities among the local communities by organising multiple livelihood programs and skill-based training camps.

Jagaran was prompt in responding to the gravity of the COVID pandemic and the economic challenges people from low-income families would face. Despite the closure of its office branches, the Jagaran team walked the extra mile and adopted IPay for digital payment procedures for customers. Jagaran conducted distribution of masks and sanitisers for local communities and spread awareness about the nature of this disease. Jagaran has faced its challenges with resilience and adaptability in the past and in the coming years, Jagaran will come up with befitting financial strategies and services that will help local communities recover from the pandemic.

**Dipankar Chatterji**  
Non-Executive Chairman



## MD'S ADDRESS

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Dear Stakeholders,

Since the advent of this organisation, Jagaran has been working diligently towards its vision of empowering and uplifting the underprivileged section of the society. I am glad to announce that in accordance with its vision the company has maintained an impeccable record in the past and will continue to do so.

Riding on the growth story of the past, we have added a few feathers in the company's cap this financial year. We have been able to cross the benchmark level and are now qualified as a systemically important NBFC.

Addition of equity has been another worthwhile milestone of the year. The addition of funds portrays the investors' growing confidence and faith in our business dealings.

Also, we have been able to upgrade our ratings from BBB- to BBB+, a jump of two notches, which is indicative of the trust that the industry is bestowing upon us.

These achievements are a consequence of the efforts of all the employees of our organisation who have committed themselves to realising the mission and vision of the company.

Our main strength has been our field officers who have been instrumental in implementing the larger goal and acting as the perfect liaison between the company and our clients. I would like to thank the management team for their leadership and vision that has kept us going and helped us find direction in the most challenging situations. I also wish to thank all our customers for their business and continued patronage.

We want to thank each and every stakeholder of the organisation and share the credit with you for all the prosperity that the company has witnessed in the past. We are grateful for your support and commitment, which in turn, motivates us to continue the good work.

Best Regards,  
**Sourav Ghosh**



## CEO'S ADDRESS

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Dear Shareholders, Esteemed Colleagues and Partners,

Our company is on the threshold of completing a decade in its humble efforts to assist the underprivileged. In the process, we have been able to earn the enduring trust of more than 2 lakh customers spread over 139 branches due to the unflinching dedication of almost 800 loyal employees. With an exemplary Board of Directors to guide the management team and a seasoned microfinance field force to respond to the dynamics of an evolving market, the company has been able to improve and broaden the product suite to cater to the huge demand. Apart from the usual cycle-based income generation loans, Jagaran has started to offer short term loans to meet seasonal business requirements. Loans are also available to aid in the clean water, sanitation and alternate energy related requirements of our customers. We are grateful to our employees, investors, lending and technology partners, who have all been a part of this amazing journey.

During the FY 2019-20, the company achieved an extremely important milestone by becoming a systemically important NBFC. We are confident that this development would propel us into becoming a large NBFC-MFI, which in turn would lead to increased confidence of the lenders, improved governance standards and better external ratings. All of those would translate into higher efficiencies and margins for the organisation.

Like every other sector, our sector too was impacted by the pandemic which left in its wake, disrupted businesses, broken households and impaired earning capacities. However, as a rural-focused microfinance entity, the resilience of our organisational structure, the lending methodologies we have curated over the years and the unshakeable resolve our underprivileged customers displayed, helped us in our efforts to fend off the challenges. We are now even more invested to support those who displayed courage in the face of an unprecedented crisis.

We have emerged stronger and we shall surely prosper together.

Thanks,  
**Jaydeep Ghosh**



# BOARD OF DIRECTORS:



MR. DIPANKAR CHATTERJI

Mr. Chatterji is a renowned Chartered Accountant who has worked in both India and abroad in this field. He is a Senior Partner of L. B. Jha and Co. and has been practising for more than 36 years now. He was a member of the Central Council and served as the Chairman of the Auditing Practices Committee at the Institute of Chartered Accountants of India.



DR. SAMIR KUMAR BARUA

Dr. Barua holds a Master's Degree in Technology from the Indian Institute of Technology, Kanpur and received his Doctorate in Management from the Indian Institute of Management, Ahmedabad. He has been a faculty member at the Indian Institute of Management, Ahmedabad, where he also served as a Director on Board. He has served in several committees of the Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and Government Committees. Currently, he is a board member of Axis Bank Limited, Torrent Power Limited, Axis Capital Limited, Indian Oil Tanking Limited, Tata Projects Limited and Torrent Pipavav Generation Limited.



MR. SANDIP GHOSE

Mr. Ghose till recently was Director of the National Institute of Securities Markets (NISM), an educational initiative of the Securities and Exchange Board of India (SEBI). Prior to taking over as Director of NISM, he was the Head of Human Resources in the Reserve Bank of India (RBI). A central banker by profession, he worked with the RBI for more than three decades. While in RBI he was Executive Assistant to three successive RBI Governors - Dr. C. Rangarajan, Dr. Bimal Jalan, and Dr. Y.V. Reddy - over a period of nine years, i.e. 1996-2004. He was also the Principal, Bankers' Training College, Mumbai, now CAFRAL, between 2004-2007 where he was responsible for grooming and capacity building of the top management of the commercial banks in India. He has also served as Principal of College of Agricultural Banking, Pune and Regional Director of the RBI, Delhi.



MR. RANA SOM

Mr. Som is the Ex-Chairman and Managing Director of National Mineral Development Corporation Limited and Hindustan Copper Limited. He is a corporate leader who has used his expertise in working for different organisations to script the turn-around of two public sector giants. He was the architect of Hindustan Copper Limited's revival and was instrumental in the massive diversification and growth of National Mineral Development Corporation Limited (NMDC). Mr. Som as CMD of NMDC was a member of India- Russia and India- South Africa Joint CEO's Forum. Mr. Som is now the Non-executive Chairman of BBCL and director on the board of a number of companies. He is also a member of an international jury for selection of best companies in various fields in metals and mining sector. He has also authored an important book on corporate turn around.



MR. PRATIP CHAUDHURI

Mr. Chaudhuri served as the Deputy Managing Director (International Banking) of the State Bank of India from November 2008 to March 2011. He was then appointed the Chairman of State Bank of India from March 2011 to September 2013. He has also held several other important positions in SBI including the role of the Chief General Manager of Chennai Circle. He is also credited with the merger of State Bank of Saurashtra in 2008, where he was a director. He also serves as the Director in Spencer's Retail Limited, Sundaram Asset Management Company Limited, The Calcutta Electric Supply Corporation Infrastructure Limited and Kota Electricity Distribution Limited.



### MS. SHANTA GHOSH

An Architect and Urban Planner by profession, Ms. Ghosh is the Chairperson of Development Consultants Private Limited (DC Group). She is also the Principal Partner of Development Architects Private Limited. She has designed numerous projects in India and abroad. As a student, she earned a Bachelor of Architecture from Jadavpur University in India. She pursued Master of Architecture with specialisation in Urban Design at the University of Pennsylvania in USA. Her career began with The Kuljian Corporation USA in Philadelphia, where she spent an entire decade. She is also the Managing Trustee of the Suresh Amiya Memorial Trust and the President of the Board of Governors, The Economic & Entrepreneurship Development Foundation that runs Sri Aurobindo Seva Kendra.



### MR. SOURAV GHOSH

Mr. Ghosh completed his Post Graduate Diploma in Management (Marketing) from the Institute of Management Technology, Ghaziabad. He acted as the Leisure Markets-Chief Executive Officer in OYO Business, managing Business Development, Sales and Operations. He has also worked as the Senior Account Manager at Snapdeal handling Sales and Marketing and also served as the Key Account Manager looking after Electronics. Currently, he has been working as the whole-time director of Jagaran Microfin Private Limited.



### MR. JAYDEEP GHOSH

Mr. Jaydeep Ghosh has over two decades of experience in the BFSI sector. Before taking charge as the CEO for the 2nd term from August, 2018, he has also served as the COO at Jagaran since its inception until December '15. His previous employers were ICICI Prudential Life Insurance and Axis Bank. Before joining Jagaran, he was the Zonal Manager (Eastern India) for Agency Development with ICICI Prudential Life Insurance. At Axis Bank, he was in charge of retail banking in the Eastern Zone.



### MS. AATREYEE MAJUMDER

Ms. Aatreyee Majumder completed her MS (Master of Science) degree in Economics and International Financial Economics at the University of Warwick. She also earned a postgraduate degree in Economics from the University of Calcutta before heading to Warwick to complete a more specialised training. She has committed to several academic projects and is an NSE certified Capital Market professional. In the past, she has also served as the Facilitator for the Department of Social Work & National Service Scheme (NSS), from 2010 to 2013. She is a young, energetic and dedicated professional whose academic expertise and background in working for various social projects makes her a very reliable and efficient member of our team.



## NOTICE OF 10TH ANNUAL GENERAL MEETING

Notice is hereby given that the 10<sup>th</sup> annual general meeting of the shareholders of Jagaran Microfin Private Limited (the 'Company') will be held on Tuesday, September 29, 2020 at 1100 hours through Video Conferencing ('VC') facility in conformity with the regulatory provisions and Circulars issued by the Ministry of Corporate Affairs, to transact the following businesses :

### ORDINARY BUSINESS

1. To consider and adopt the audited Financial Statements of the company for the financial year that ended on March 31, 2020 along with the Auditors' report and the Boards' Report thereon.
2. To ratify the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants as the Statutory Auditors of the company who would then hold office from the conclusion of this AGM until the cessation of the AGM for the 2024-25 thereby authorising the Board of Directors to fix their remuneration.

The Board of Directors, citing their meeting held on 03.03.2020, recommended to appoint M/s Deloitte Haskins & Sells, Chartered Accountants to hold office for another term of 5 years.

To consider, and if thought fit, to pass the following resolution –

**"RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof) the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 302009E) as Statutory Auditors of the Company be and is hereby ratified and confirmed to hold office from the conclusion of the AGM (FY 2020-21) till the conclusion of the AGM for FY 2024-25 with respect to the financial years beginning from April 01, 2020 and ending on March 31, 2025 at a remuneration as may be fixed by the Board of Directors of the Company plus applicable service tax thereon, in addition to the payments, if any, for such other services and reimbursement of actual out of pocket expenses."

3. To declare final dividend for FY 2019-20.

The Board recommended to pay dividend at the rate of 8% based on the performance of FY 2019-20 and opening of a separate bank account for payment of the dividend amounting to Rs 3.86 Crores.

To consider, and if thought fit, to pass the following resolution –

**"RESOLVED THAT** the payment of Final Dividend for FY 2019-20 at the rate of 8% per equity share of Rs 10 each aggregating to Rs 3.86 crores be and is hereby approved."

**"RESOLVED FURTHER THAT** a Bank Account be opened with IDBI Bank Limited, Brabourne Road Branch (Branch Code : 0060) in the name of Jagaran Microfin Private Limited – Dividend Account and a sum of Rs 3.86 crores be transferred to the aforesaid account on or before 5<sup>th</sup> day of the approval by the Shareholders of the company for payment of final dividend."

**"RESOLVED FURTHER THAT** the said Branch of the Bank be and is hereby authorized to honour cheques signed, drawn, made JOINTLY by any two of the following officials of the Company, as authorized signatory viz

1. MR. JAYDEEP GHOSH, CEO & DIRECTOR
2. MR. SOURAV GHOSH, MANAGING DIRECTOR
3. MS. AATREYEE MAJUMDER, CHIEF RISK OFFICER & DIRECTOR

and to act upon any instruction so given **JOINTLY by any two** of the above named officials of the Company related to the Account whether the same be overdrawn or not or related to any transactions of the Company until the authority to operate the account is changed by the Board of Directors with prior intimation to the Bank".



**“RESOLVED FURTHER THAT** Mr. Jaydeep Ghosh, CEO & Director be and is hereby authorised to take necessary steps for compliance of the formalities for opening of the account with the bank and to comply with all other formalities in this regard.”

**“RESOLVED FURTHER THAT** the amounts remaining unpaid on the dividend account be transferred to Unpaid Dividend Account on expiry of 37 days from the date of declaration of final dividend by the Shareholders.”

4. To appoint a director in place of Mr. Jaydeep Ghosh, who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.

Mr. Jaydeep Ghosh with over two decades of experience in the BFSI segment, was appointed as Whole time Director in the Board on November 2019.

Mr. Jaydeep Ghosh is not disqualified from being appointed as a director in terms of section 164 of the Act. He is not related to any director or key managerial personnel of the Company. The Board recommends for consideration and approval of the shareholders.

To consider, and if thought fit, to pass the following resolution –

**“RESOLVED THAT** pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013, Mr. Jaydeep Ghosh, who retires by rotation, be and is hereby re-appointed as a Director of the Company.”

#### **SPECIAL BUSINESS**

5. To appoint Mr. Rana Som (DIN – 00352904) as Non-Executive and Non-Independent Director of the Company.

To consider, and if thought fit, to pass the following resolution –

**“RESOLVED THAT** pursuant to the provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Rana Som, (DIN: 00352904) who was appointed as an Non-Executive and Non-Independent (Additional) Director of the Company pursuant to the provisions of Section 149, 152 and 161 of the Act and who holds office upto the date of this Annual General Meeting is hereby appointed as Non-Executive and Non-Independent Director of the Company, liable to retire by rotation.”

**“RESOLVED FURTHER THAT** Ms. Tanusree Ghosh, Company Secretary be and is hereby authorised to sign and submit the requisite e-form to Ministry of Corporate Affairs (MCA) within such time and period as prescribed by the Companies Act, 2013.”

“By order of the Board  
For Jagaran Microfin Private Limited  
(Tanusree Ghosh)  
Company Secretary”





Registered Office :

5<sup>th</sup> Floor, 38 Hemanta Basu Sarani,

Kolkata – 700001

Dated : 05.09.2020

**NOTES :**

1. In view of the outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and the Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 20/2020 dated 5th May, 2020, read with General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 (collectively referred to as "said Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Shareholders at a common venue. Accordingly, in compliance with the applicable provisions of the Companies Act, 2013 ("Act") read with the said Circulars, the Company has decided to convene its ensuing 10th AGM through VC/OAVM and the Shareholders can attend and participate in the ensuing AGM through VC.
2. The deemed venue for the AGM shall be the Registered Office of the Company at 38 Hemanta Basu Sarani, Kolkata – 700001.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. However, since this AGM is being held through VC, whereby physical attendance of Shareholders has been dispensed with and in line with the said Circulars THE FACILITY TO APPOINT A PROXY TO ATTEND AND CAST VOTE FOR THE SHAREHOLDER IS NOT MADE AVAILABLE FOR THIS AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Corporate shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (pdf/jpg format) of its board resolution/authorisation, etc., authorising their representative to attend the e-AGM on its behalf. The said board resolution/authorisation shall be sent to [tanusree.ghosh@jagaranmf.com](mailto:tanusree.ghosh@jagaranmf.com).
5. The attendance of the Shareholders attending the AGM through VC will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. The Explanatory Statements pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special businesses set out in the Notice are annexed. The special business set out under item no. 5, being considered unavoidable, be transacted at the e-AGM of the Company.
7. To ensure timely credit of dividend through electronic mode members are requested to notify change to their particulars of bank account, if any, to the mail id – [tanusree.ghosh@jagaranmf.com](mailto:tanusree.ghosh@jagaranmf.com).
8. In view of the outbreak of the COVID-19 pandemic, resultant difficulties involved in dispatching of physical copies of the Annual Report and in line with the said Circulars issued by the MCA, the Annual Report including Notice of the AGM of the Company is being sent only by Email, to all the Shareholders whose Email IDs are registered with the Company for communication purposes. Further, the Annual Report will also be available on the website of the Company at [www.jagaranmf.com](http://www.jagaranmf.com).



## ANNEXURE TO NOTICE

### Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

#### Item No. 5

Mr. Rana Som was appointed by the Board of Directors as Additional Non-Executive and Non-Independent Director of the Company on 03.03.2020, holds office only till the date of the forthcoming Annual General Meeting, and is eligible for re-appointment.

Mr. Rana Som served as the Chairman and Managing Director of NMDC Limited. He served as a Functional Director, Chairman and Managing Director of Hindustan Copper Limited and also the Director of Human Resources of State Trading Corporation of India Ltd. He was the Chief Architect of Hindustan Copper Limited's revival. He served as the Chairman of NMDC-CMDC Limited and J&K Mineral Development Corporation Limited and as a Director of Essar Steel India Limited.

Requisite Notice under Section 160 of the Act proposing the appointment of Mr. Rana Som has been received by the Company and consent has been filed by Mr. Som pursuant to Section 152 of the Act.

Mr. Rana Som does not hold any share in the Company, neither in their individual capacity nor on a beneficial basis for any other person.

Mr. Rana Som is not disqualified from being re-appointed as a director in terms of section 164 of the Act. None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed resolution.

The Board recommends item no. 5 for consideration and approval of the shareholders.

By order of the Board  
For Jagaran Microfin Private Limited  
(Tanusree Ghosh)  
Company Secretary

Dated : 05.09.2020



## BOARD REPORT TO MEMBERS

### FOR THE YEAR THAT ENDED ON 31<sup>ST</sup> MARCH 2020

Dear Members,

Your directors have pleasure in presenting to you the Board Report on the business and operations of the company for the year that ended on March 31, 2020.

#### 1. FINANCIAL & OPERATIONAL SUMMARY OR HIGHLIGHTS/PERFORMANCE OF THE COMPANY

##### Financial Results

(All amounts in Rs)

Particulars	FY 2019-20	FY 2018-19
Profit before Tax Depreciation & Provision	24,10,14,531	17,30,19,978
Less: Depreciation	48,56,527	43,86,485
Provision as per RBI norms	45,3,85,422	3,23,81,240
Profit before Tax	<b>19,07,72,581</b>	<b>13,62,52,253</b>
Less : Provision for Taxation		
Current Tax	5,76,38,648	4,22,95,847
Deferred Tax	(1,55,08,611)	(54,48,987)
Profit after Tax	<b>14,86,42,544</b>	<b>9,94,05,393</b>
Other Comprehensive Income adjustments	(144,6,137)	91,163
Profit transferred to Reserve	<b>14,71,96,046</b>	<b>9,94,96,556</b>
Profit Brought forward	25,13,98,047	19,95,74,169
Amount available for Appropriation	40,00,40,590	29,89,79,562
Appropriations		
Transfer to Statutory Reserve	2,97,28,509	1,98,81,079
Dividend Paid	5,21,95,440	2,30,52,987
Corporate Dividend Tax	1,07,28,924	47,38,612
Balance Carried to Balance Sheet	30,59,41,580	25,13,98,047

Operational performance for the FY 2019-20 is summarized in the following table :

Particulars	FY 2019-20	FY 2018-19
<b>Number of branches</b>	139	117
<b>Number of members</b>	2,32,233	2,18,821
<b>Number of employees</b>	786	700
<b>Number of states</b>	5	5
<b>Number of districts</b>	38	31
<b>Number of villages</b>	3,832	3,500
<b>Amount disbursed</b>	692.24	611.34
<b>Portfolio outstanding</b>	465.50	391.09



## 2. Dividend on Equity Share Capital

The company intends to declare dividend for FY 2019-20 @ 8%.

## 3. Transfer to Reserves

In accordance with the provision of Section 45-IC of the Reserve Bank of India Act 1934, your Company has transferred ₹2.97 crores to statutory reserves.

## 4. Grading and Credit Rating

**SMERA rating** had assigned Grading of **M2** (2<sup>nd</sup> highest grading on the eight point scale) vide letter dated 27/08/2019. Rating of '**BBB-(triple B minus)**' **had been assigned by ICRA** on Long Term Instruments-NCD to the tune of **77.00** crore. Company has also been assigned rating of '**BBB+/Stable (triple B plus)**' by **Acuite Rating** on Bank Loans of **250.00** crore.

## 5. Capital adequacy

The Capital Adequacy Ratio (CRAR) of the company was 19.87% as on March 31, 2020 as against the minimum capital adequacy requirements of 15% by RBI.

## 6. Resource mobilization

### a. Term Loan

During the year under review, the Company has diversified its sources of funds and raised a sum of INR 329 Crore by way of short term, long-term loans (including NCD of Rs 22 crores).

### b. Secured / Unsecured Debentures

The company raised an amount of INR 22 crores by way of issuance of secured, rated, listed, redeemable transferable non-convertible Debentures in dematerialised form on a private placement basis to Microfinance Initiative for Asia (MIFA) Debt Fund SA, during the financial year ended March 31, 2020.

## 7. The company's working during the year

The Company is registered with Reserve Bank of India as Non-Deposit accepting NBFC-MFI vide Registration No. B.05.00998 granted on 27<sup>th</sup> September, 2013. The Company achieved 260,536 active loan clients as on March 31, 2020. The active loan clients grew from 253,871 as on March 31, 2019 to 260,536. as on March 31, 2020. The above was possible with excellent efforts of 786 employees of the Company through 139 branches, across 5 states and 38 districts in India. During the year under review, the Company opened 22 new branches.

## 8. Change in nature of business

There has been no change in the nature of business of the Company and the Company continues to lend to women in semi urban and rural areas through the JLG model only.

## 9. Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report

During the year there is no material change in the nature of business of the Company which have occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report.



## 10. SHARE CAPITAL

### RAISING OF FUNDS/ INFUSION OF EQUITY CAPITAL

#### A. ISSUE OF EQUITY SHARES

The following issue of shares was made during the financial year :

S.No.	Date of Allotment	Name of the allottees	Number of equity shares
1	24.09.2019	Ms. Abira Majumder	20,05,300
2	24.09.2019	Ms. Aatreyee Majumder	13,94,800
3	24.09.2019	Mr. Adipta Majumder	13,99,900

#### B. NON CONVERTIBLE DEBENTURES

In the last FY, company has issued Non-convertible Debentures on private placement basis aggregating to INR 22.00 crore. Details of the Non-Convertible Debentures issued to the allottees are mentioned below:

SI No	Date of Allotment	Name of allottees	No of NCD	Price	Status
1	23.12.2019	Microfinance Initiative for Asia (MIFA) Debt Fund SA	220	10,00,000	Listed with BSE

## 11. Details of Related Party Transaction

During the year under review the company had entered into related party transactions with GTFS Multi Services Limited, its holding company on an arm's length basis, in ordinary course of business through rent agreement.

## 12. Directors' Responsibility Statement

Pursuant to the requirement of clause (c) of sub-section (5) of Section 134 of the Companies Act, 2013, your Directors confirm that:

- in the preparation of the annual accounts for the year ended on March 31, 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2020 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a 'going concern' basis;
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.





### **13. Auditors**

#### **Statutory Auditors**

In the Annual General Meeting (AGM) held on August 13, 2015, M/s. Deloitte Haskins and Sells, Chartered Accountants have been appointed as Statutory Auditors of the Company to hold office from the conclusion of this AGM (FY 2014-15) till the conclusion of the AGM for FY 2019-20 with respect to the financial years beginning from April 01, 2015 and ending on March 31, 2020.

The Board recommended for the re-appointment of M/s. Deloitte Haskins and Sells, Chartered Accountants as the Statutory Auditors of the Company for the another term of 5 years starting from April 01, 2020 and ending on March 31, 2025.

#### **Internal Auditors**

The Company has re-appointed M/s Dhar & Basu for conducting branch audit and M/s Protiviti for conducting HO audit for the FY 2020-21. Each branch is audited atleast once in 3 months. Risk areas were identified every month and branches were audited more than once wherever there were triggers of risk.

### **14. Explanations or comments by the board on every qualification, reservation or adverse remark or disclaimer made**

There were no major qualifications, reservations or adverse remarks made by the Auditors in their report except the Emphasis of Matter as mentioned in Auditors' Report which describes that the potential impact of the COVID-19 Pandemic on the Company's financial statements are dependent on future developments, which are highly uncertain.

### **15. Conservation of energy, foreign exchange earning and outgo**

The company has no activity relating to consumption of energy. The company had foreign exchange earnings of Rs 22 crores by issuing Non-convertible Debentures on private placement basis to Microfinance Initiative for Asia (MIFA) Debt Fund SA. The company did not have any foreign outgo during the year under review.

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

During the year under review, no significant and material orders were passed by the regulators, courts or tribunals against the Company, impacting its ongoing concern status or its future operations.

### **17. Details in respect of adequacy of internal financial controls with reference to the financial statements**

Pursuant to Section 139(5) (e) of the Companies Act, 2013 the company has laid down measures for internal financial controls and ensures that the measures are adequate and operating effectively. The company ensures that the adoption of all policies and procedures for conduct of its business, including adherence to the Company's policy, of its assets, prevention and detection of fraud and error, the accuracy of the accounting records and the timely preparation of reliable financial information.

As per Section 177 of the Companies Act, 2013, the Audit Committee of the company regularly evaluates the internal financial controls and risk management systems in the Company.

### **18. Details of Subsidiary/ Joint Ventures/ Associate Companies**

Your Company does not have any subsidiary/joint venture/associate company during the period under review.



## **19. Deposits**

The company has not received or accepted any deposit and has maintained its Non-acceptance of Public Deposit NBFC status. The financials do not contain any figures that come under the definition of deposits as specified under Chapter V of Companies Act, 2013.

## **20. Particulars of loans, guarantee or investment under Section 186**

Your company is a Non-Banking Financial Company classified as NBFC-MFI and the principal business of your company is to provide loans. Hence Section 186 will not be applicable to your company.

## **21. Details of establishment of vigil mechanism for directors and employees**

The Company had already adopted a Whistle Blower policy. The main aim of the policy is to encourage employees and directors to make good faith reports of suspected fraud, corruption. The vigil mechanism was duly incorporated in the policy which serves as a guide for daily business interactions, reflecting your Company's standard for appropriate behaviour and living Corporate Values.

## **22. Disclosure under Sexual Harassment of Women at Workplace (Prevention, prohibition and Redressal) Act, 2013**

Your Company has in place an Internal Complaints Committee (ICC) in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary) are covered according to the requirement of the Act. During the year no complaints had been received.

## **23. Risk Management**

The Board of Directors of the Company has formed a board risk management committee to frame, implement, and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan, ensuring its effectiveness and verifying adherence to various risk parameters. The Company's Risk Management strategy is based on clear understanding of various risks, disciplined risk assessment and continuous monitoring. The Risk Management Committee reviews various risks with which the organization is exposed including Credit Risk, Chief Risk Officer, Interest Rate Risk, Liquidity Risk and Operational Risk.

The Company has a separate Risk Management and Asset Liability Management Committee consisting majorly of independent Directors to oversee the risk management system in the company.

The development and implementation of risk management policy has been covered in the Management Discussion and Analysis in "ANNEXURE 1", which is a part of this report.

## **24. Information Technology**

Your Company is extensively using Information Technology in its operations to monitor and control different activities. Activities like loan processing, Accounts, HR and MIS are technologically driven and obtained from third party providers.

## **25. RBI guidelines**

The Company is registered with the Reserve Bank of India as a NBFC-MFI within the provisions of the NBFC (Reserve Bank of India) Directions, 1998. The Company continues to comply with all the requirements prescribed by the Reserve Bank of India as applicable to it.

## **26. Listing**

During the year, the company had issued Non-Convertible Debentures amounting to Rs 22 crores, which were listed on Bombay Stock Exchange.



## 27. Corporate Governance

Central to the concept of corporate governance is the role of the Board. This company has a Board with independent members who bring with them vast experience. The company has formed various Committees in tune with its emphasis on governance.

The company ensures the implementation of good corporate governance on which management decisions are based. All functions of the Company are discharged in a professionally sound, competent and transparent manner.

## 28. Directors

### Changes in the composition of Board of Directors

- Mr. Jaydeep Ghosh and Ms. Aatreyee Majumder have been appointed as Whole-time Directors with effect from November 14, 2019.
- Mr. Rana Som has been appointed as Nominee Director on behalf of GTFS Multi Services Limited, holding office with effect from March 03, 2020.

## 29. Declaration by Independent Director(s)

The Company has received necessary declarations of independence from each of its Independent Directors under section 149(7) of the Companies Act, 2013, that he/she meets the criteria of Independent Director envisaged in section 149 (6) of the Companies Act, 2013,

## 30. Number of Meetings of the Board of Directors

The Board of your Company held 6 Meetings during the year under review on 14.05.2019, 24.09.2019, 14.11.2019, 10.12.2019, 23.12.2019 and 03.03.2020.

## 31. Committee Details

The Company has 6 committees which govern and oversee different areas of the Company's operations ensuring regular guidance and monitoring.

The details of the composition of the Committees of the Board of Directors along with number of times met during the year are stated as under:

### Audit Committee

Sl. No.	Name	Chairman/ Members
1.	Mr. Dipankar Chatterji	Chairman
2.	Mr. Sandip Ghose	Member
3.	Dr. Samir Kumar Barua	Member

During the year the Audit Committee had met 5 times on 01.04.2019, 13.05.2019, 29.07.2019, 09.12.2019 and 02.03.2020.

### Executive Committee

Sl. No.	Name	Chairman/ Members
1.	Mr. Jaydeep Ghosh	Chairman
2.	Mr. Sourav Ghosh	Member
3.	Ms. Aatreyee Majumder	Member

The Executive Committee met 7 times on 03.06.2019, 01.07.2019, 11.09.2019, 06.11.2019, 16.01.2020, 21.03.2020 and 28.03.2020.



### Nomination & Remuneration Committee

Sl. No.	Name	Chairman/ Members
1.	Mr. Dipankar Chatterji	Chairman
2.	Mr. Sandip Ghose	Member
3.	Dr. Samir Kumar Barua	Member
4.	Mr. Rana Som	Member

During the year under review the Nomination and Remuneration Committee met twice on 12.11.2019 and 03.03.2020.

### IT Strategy Committee

Sl. No.	Name	Chairman/ Members
1.	Ms. Shanta Ghosh	Chairperson
2.	Mr. Sandip Ghose	Member
3.	Mr. Rana Som	Member
4.	Mr. Dipankar Chatterji	Member
5.	Mr. Jaydeep Ghosh	Member
6.	Mr. Sourav Ghosh	Member

During the year under review the Committee met twice on 29.07.2019 and 10.12.2019.

### CSR Committee

Sl. No.	Name	Chairman/ Members
1.	Dr. Samir Kumar Barua	Chairman
2.	Mr. Sandip Ghose	Member
3.	Mr. Rana Som	Member
4.	Mr. Sourav Ghosh	Member
5.	Mr. Jaydeep Ghosh	Member

During the year the Committee met on 01.04.2019 and 10.12.2019.

### Risk Management and Asset Liability Management Committee

Sl. No.	Name	Chairman/ Members
1.	Mr. Dipankar Chatterji	Chairman
2.	Mr. Sandip Ghose	Member
3.	Dr. Samir Kumar Barua	Member
4.	Mr. Pratip Chaudhury	Member

During the year the Committee met on 01.04.2019, 29.07.2019 and 02.03.2020.

## 32. Extract of Annual Return

Pursuant to section 92(3) of the Companies Act, 2013 ('the Act') and rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return is Annexed in **Annexure 2**.

## 33. Disclosure of remuneration of directors and key managerial personnel

The Remuneration paid to Whole time Directors (Chairman, Whole time Director and Managing Director) during the year under review was ₹74,77,289.





The Non-executive and independent Directors do not have any pecuniary relationship with the Company. They do not receive any remuneration except sitting fee(s).

Total payment of Sitting Fees amounting to Rs 21,90,000/- was made during FY 2019-20 (including Meetings of Board of Directors and Committee of Directors).

### **34. CSR Activities**

The Company has always responded in a responsible manner to the growing needs of the communities in which it operates. The Company believes in making lasting impact towards creating a just, equitable, humane and sustainable society.

Jagaran has been involved in various social and developmental activities to supplement its efforts of poverty alleviation in addition to its main activity of economic empowerment of underprivileged women through micro credit.

The initiatives undertaken by the Company on CSR activities are mentioned in “**ANNEXURE 3**” of the Board’s Report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

### **Acknowledgement:**

Your Directors wish to thank the customers, bankers, and all lenders, shareholders and various service agencies for their support. The Directors also thank the employees for their contribution to the Company’s operations and performance during the period under review.

For and on behalf of the Board of Directors

**Dipankar Chatterji**

*Chairman*

Place : Kolkata

Date : 29.07.2020



## Annexure -1

### REPORT ON MANAGEMENT DISCUSSION

#### INDUSTRY STRUCTURE AND DEVELOPMENTS

##### Company overview:

During the financial year 2019-20, the Company made good progress against its key strategic objectives during the year. The Company continued to grow and diversify in new geographies, invest in capacity building. During the year team building was a key objective. The company also made significant prosper in achieving cash less disbursement and recovering of loans.

##### FY 2019-20 for Jagaran Microfin Private Limited:

The portfolio of the company crossed INR 475 crore during the financial year 2019-20. The company achieved the Tier II Capital with rating of '**BBB+/Stable (triple B plus)**' by **Acuite Rating** on Bank Loans Rating of **250.00** crore

##### Company outreach:

The company, as on March 31, 2020 was operating in 5 states covering 38 districts with 139 branches.

##### Funding & Capital Raising:

The company has raised funds through various sources during the financial year 2019-20. Out of the total fund raise of 329 crore during the year, INR 22 crore was raised through issue of Non-Convertible Debentures. The Net worth of the company as on March 31, 2020 stood at 99.62 crore, the revenue being INR 106.24 crore.

#### OPPORTUNITIES AND THREATS

The growth of the Company is subject to opportunities and threats as are applicable to the industry from time to time.

#### OUTLOOK

##### Roadmap for FY 2019-20

The focus of the company during the financial year 2019-20 would be in finding new ways to connect with its borrowers, increasing focus on automation, paperless transaction, Data analytics and learning & development.

#### RISK AND CONCERNS

The company being involved in business of lending is subject to multiple risks i.e. Credit risk, Operational risk, Liquidity risk, and Regulatory risk. The Risk Management framework of the company tends to reduce the risks which might result in compromising the organizational strength.

The Board of the company comprises of professional directors with relevant experience who are well versed to understand the risks specific to the company. The company has put in adequate checks by complying with the regulations framed by RBI, SEBI and MCA which are applicable on the company. It also has an effective risk management department which is bound to work in an effective manner in order to mitigate risks. Whereas each department focuses on its specific area of activity, the risk management department operates in cooperation with all other departments, utilizing all significant information sourced by the other departments in order to manage risks.



The company is also regulated by Reserve Bank of India which has stipulated certain regulations to be followed by each and every NBFC-MFIs.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The internal control systems of the company are designed to ensure that all assets of the company are safeguarded and protected against any loss and be in line with the nature of its business and the size of operations.

### **DISCUSSION ON FINANCIAL PERFORMANCE WITH OPERATIONAL PERFORMANCE**

There has been a significant rise in the operations of the company during the year. The company has diversified its operations as on March 31, 2020 in 5 states with 139 branches in 38 districts.

The number of borrowers has also increased to 2,32,233 as compared to 208821 in the previous year. This has resulted in increase in the revenue of the company to INR 106.24 crore during the year 2019-20. Further details related to the operational performance can be seen in the Director's Report of the company.

### **Human Resource**

The company is cognizant of the importance of human capital in a fast evolving and high growth industry like the one it operates in. It also strives hard to retain its experienced team rich in domain expertise as it recognizes their importance in the growth of the Company. There has been a significant increase in the number of branches of the company during the year which has resulted in increase in the number of employees as on March 31, 2020 at 786 as compared to 700 in the previous year.

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

For and on behalf of the Board of Directors

**Dipankar Chatterji**

*Chairman*

Place : Kolkata

Date : 29.07.2020



## Annexure 2

**Form No. MGT-9****EXTRACT OF ANNUAL RETURN**

for the financial that year ended on March 31, 2020

of

JAGARAN MICROFIN PRIVATE LIMITED

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies

(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	U74210WB1993PTC057457
ii)	Registration Date	21.06.2011
iii)	Name of the Company	Jagaran Microfin Private Limited
iv)	Category / Sub-Category of the Company	Private Company/ Limited by Shares
v)	Address of the Registered Office and Contact details	5th Floor, 38 Hemanta Basu Sarani, Kolkata - 700001 Tel : 03322650100 Fax : Website : info@jagaranmf.com
vi)	Whether listed company	Yes listed for NCD with BSE
vii)	Name, Address and Contact details of Registrar & Transfer Agents (RTA), if any	Link Intime India Private Limited 46-C, Jawaharlal Nehru Rd, Kankaria Estates, Bhowanipore, Kolkata, West Bengal 700071 Contact details - 033 22890539

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

SI No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Financial and Related Services	9971	99.42

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

SI No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING / SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	GTFS Multi Services Limited 6 <sup>th</sup> Floor, 38 Hemanta Basu Sarani, Kolkata - 700001	U74140WB2003 PLC097206	Holding Company	72.09	2(87)(ii)





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

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year %				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) <b>Indian</b>									
(a) Individual/HUF		86,80,600	86,80,600	19.96		1,34,80,600	1,34,80,600	27.91	7.95
(b) Central Govt									
(c) State Govt (s)									
(d) Bodies Corp.		3,48,15,600	3,48,15,600	80.04		3,48,15,600	3,48,15,600	72.09	7.95
(e) Banks / FI									
(f) Any Other....									
<b>Sub-total (A) (1):-</b>		4,34,96,200	4,34,96,200	100		4,82,96,200	4,82,96,200	100	
(2) <b>Foreign</b>									
(a) NRIs - Individuals									
(b) Other – Individuals									
(c) Bodies Corp.									
(d) Banks / FI									
(e) Any Other....									
<b>Sub-total (A) (2):-</b>									
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>									
B. <b>Public Shareholding</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
1. <b>Institutions</b>									
(a) Mutual Funds									
(b) Banks / FI © Central Govt									
(d) State Govt(s)									
(e) Venture Capital Funds									
(f) Insurance Companies									
(g) FIs									
(h) Foreign Venture Capital Funds Others (specify)									
<b>Sub-total (B)(1):-</b>									
2. <b>Non-Institutions</b>									
(a) Bodies Corp.									
(i) Indian									
(ii) Overseas									
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
© Others (specify)									
<b>Sub-total (B)(2):-</b>									
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>									
C. <b>Shares held by Custodian for GDRs &amp; ADRs</b>		4,34,96,200	4,34,96,200			4,82,96,200	4,82,96,200		
<b>Grand Total (A+B+C)</b>									



## (ii) Shareholding of Promoters

SI No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change In share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	GTFS Multi Services Limited	3,48,15,600	80.04	-	3,48,15,600	72.09	-	7.95
2.	Individuals	86,80,600	19.96	-	1,34,80,600	27.91	-	7.95

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

SI No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	3,48,15,600	80.04	3,48,15,600	80.04
2	Date wise Increase / Decrease in Promoters Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):  24.09.2019  Decrease in shareholding – increase in paid up capital through allotment of new shares to existing shareholders	3,48,15,600	72.09		72.09
3	At the end of the year	3,48,15,600	72.09	3,48,15,600	72.09

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

SI No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year ( or on the date of separation, if separated during the year)	Nil	Nil	Nil	Nil

## (v) Shareholding of Directors and Key Managerial Personnel:

SI No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year				
2.	Ms. Aatreyee Majumder Director	17,50,100	4.02	17,50,100	4.02
	Mr. Tirtha Pratim Sahu, CFO - KMP	10,000	0.02	10,000	0.02
1.	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): 24.09.2019 Ms. Aatreyee Majumder Director Increase in shareholding - allotment of 13,94,800 shares @ Rs 18.75	30,00,000	6.21	30,00,000	6.21
1.	At the end of the year				
2.	Ms. Aatreyee Majumder Director	30,00,000	6.21	30,00,000	6.21
	Mr. Tirtha Pratim Sahu, CFO - KMP	10,000	0.02	10,000	0.02



## V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3,65,89,87,127			3,65,89,87,127
ii) Interest due but not paid	4,55,23,707			4,55,23,707
iii) Interest accrued but not due				
Total (i+ii+iii)	3,70,45,10,834			3,70,45,10,834
<b>Change in Indebtedness during the financial year</b>				
• Addition	3,81,05,06,029	5,49,36,986		3,86,54,43,015
• Reduction	2,84,31,82,108	42,15,068		2,84,73,97,176
Net Change	96,73,23,921	5,07,21,918		1,01,80,45,939
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	4,60,04,08,200	5,00,00,000		4,65,04,08,200
ii) Interest due but not paid	7,14,26,255	7,21,918		7,21,48,473
iii) Interest accrued but not due				
Total (i+ii+iii)	4,67,18,34,755	5,07,21,918		4,72,25,56,673

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SI No	Particulars of Remuneration	Managing Director	Chairman	Whole-time Director Ms Aatreyee Majumder	CEO & Whole time Director Mr Jaydeep Ghosh	Total Amount (in ₹)
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under	25,52,896	24,74,193	12,12,600	12,37,600	74,77,289
2.	Stock Option	Nil	Nil	Nil	Nil	
3.	Sweat Equity	Nil	Nil	Nil	Nil	
4.	. Commission - as % of profit - others, specify...	Nil	Nil	Nil	Nil	
5.	Others, please specify	Nil	Nil	Nil	Nil	
	Total	25,52,896	24,74,193	12,12,600	12,37,600	74,77,289
	Ceiling as per the Act	11% of Net Profit		11% of Net Profit	11% of Net Profit	

The remuneration to Chairman was paid upto January 16, 2020, he resigned from the Chairmanship.

The remuneration of Ms Aatreyee Majumder is paid from November to March as she joined Board from 14.11.2019.

Mr Jaydeep Ghosh became WTD from 14.11.2019, his remuneration as WTD is effective from 14.11.2019.



## B. Remuneration to other directors:

SI No	Particulars of Remuneration	Name of Directors (₹50,000/- and ₹15,000/- for 4 independent Directors and 5 NEDs)				Total Amount (in ₹)
1.	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	21,90,000				21,90,000
	Total (1)	21,90,000				21,90,000
2.	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify	-				-
	Total (2)	-				21,90,000
	Total (B)=(1+2)	21,90,000				21,90,000

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

SI No	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary	CFO	CEO	Total Amount (in ₹)
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	5,00,000	(**)	14,00,000	19,00,000
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...				
5	Others, please specify	Nil	Nil	Nil	Nil
	Total	-	-	14,00,000	19,00,000

(\*\*) The salary of CFO appointed on January 01, 2016 is borne by holding company, GTFS Multi Services Limited.





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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/NCLT / COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty					
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of Board of Directors

**Dipankar Chatterji**

*Chairman*

Place : Kolkata

Date : 29.07.2020



## Annexure -3

### ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

#### A brief outline of the company's CSR policy

##### Policy Statement

Jagaran Microfin Private Limited is committed to operate and grow its business in a socially responsible way with a vision to be an environment friendly corporate citizen. Jagaran Microfin Private Limited has taken up various Corporate Social Responsibility (CSR) initiatives and will continue to do more in future.

CSR activities at Jagaran Microfin Private Limited reflect its commitment to make things happen at every project it undertakes. Its passion in these activities make it more responsible year after year. As a responsible corporate citizen, Jagaran is to contribute to social, educational and environmental causes on a regular basis. Jagaran firmly believes that it must maintain highest standards of corporate behaviour towards its investors, stakeholders, employees.

##### Organization Setup

The CSR projects are implemented under the guidance of the Board's Committee on CSR which has five directors. The terms of reference of the Committee is given below:

- a. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the rules made thereunder.
- b. To recommend the amount of expenditure to be incurred on the CSR activities.
- c. To monitor the implementation of framework of CSR Policy.
- d. To carry out any other function as mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable, necessary or appropriate for performance of its duties.

##### Scope of Activities

The CSR activities are as per the provisions of Schedule VII of the Companies Act, 2013.

##### Composition of the CSR Committee

The CSR Committee comprised of five Members out of which there are 2 independent directors. The committee was reconstituted on 10.12.2019 with the following composition:

Dr. Samir Kumar Barua, Chairman

Mr. Sandip Ghose

Mr. Rana Som

Mr. Jaydeep Ghosh

Mr. Sourav Ghosh



### Details of CSR spent during the financial year

a) Total amount to be spent for the financial year 2019-20 – Rs. 24,08,728/-

b) Amount Spent: Rs. 24,08,728/-

c) Amount unused, if any: Nil

Additionally, the Company has utilised Rs. 38,70,218/- from unspent balance of previous years lying unutilised in the CSR funds. Out of the same amount, Rs. 32,36,191/- was donated to the Prime Minister's National Relief Fund to comply with the CSR requirements.

The status on the CSR expenditure is as under:

Particulars		Amount ( INR)
Amount required to be spent during the current year FY 2019-20 as per Co. Act	a	24,08,728
Amount spent during the year out of above requirement for the Current Year	b	24,08,728
Balance Unspent	a-b	-
Amount unspent in previous years	c	53,11,133
Amount expended out of above due amount of previous years	d	6,34,027
Amount donated to Prime Minister Relief Fund	e	32,36,191
Total amount expended from previous years' dues	d+e	38,70,218
Balance remaining to be spent	c-d-e	14,40,915
Total CSR expenditure during the year	b+d+e	62,78,946



Summary of the CSR Activities undertaken during the year :

Particulars	INR
Pre - Primary School Room Rent	1,43,500
Pre - Primary School Teachers' Salary	2,50,100
Books for Pre-Primary School	1,11,925
Pre - Primary School Supplies	87,523
Bags for Pre-Primary School	23,450
Medical Health Camp	2,19,702
Eye Camp	20,748
Blood Sugar Test	15,870
Financial Literacy	4,147
Social Security Prog.	10,675
Entrepreneurship Dev. Prog.	1,22,058
Skill Development Training	9,86,800
Group Leadership Training	1,360
Staff Salary (Admin Cost)	1,81,837
Support towards borrowers' families ( death related)	1,63,500
Merit Scholarship for HS & Secondary Students	5,56,131
Cultural Prog.	1,05,164
Awareness Camp through cultural activities	32,572
Others	5,693
Donation to Prime Minister's National Relief Fund (PMNRF)	32,36,191
<b>TOTAL</b>	<b>62,78,946</b>

For and on behalf of the Board of Directors

Dipankar Chatterji

Chairman

Place : Kolkata

Date : 29.07.2020

# LENDERS PROFILE

Jagaran is a cumulative effort and contribution of all our partners who have supported us in every step.

## OVERSEAS LENDERS

- 45 Blue Orchard Microfinance Fund
- 46 Japan ASEAN Women Empowerment Fund
- 47 Microfinance Initiative Fund for Asia

Punjab & Sind Bank

Oriental Bank of Commerce

HERO FinCorp Limited

Ecclar Leasing & Finance Pvt. Ltd.

Bank of Baroda

MAS Financial Services Limited

Ananya Finance for Inclusive Growth Pvt. Ltd.

Dena Bank

Vijaya Bank

State Bank of India

IDFC First Bank

SIDBI Bank

Jain Sons Finlease Limited

Bank of Maharashtra

Electronica Finance Limited

Avanse Financial Services Limited

Western Capital Advisors Pvt. Ltd.

Intellegrow

MUDRA Bank

Nabard Financial Services Limited

Syndicate Bank

Habitat Microbuild India Housing Finance Company Pvt. Ltd.

Ujjivan Small Finance Bank

Canara Bank

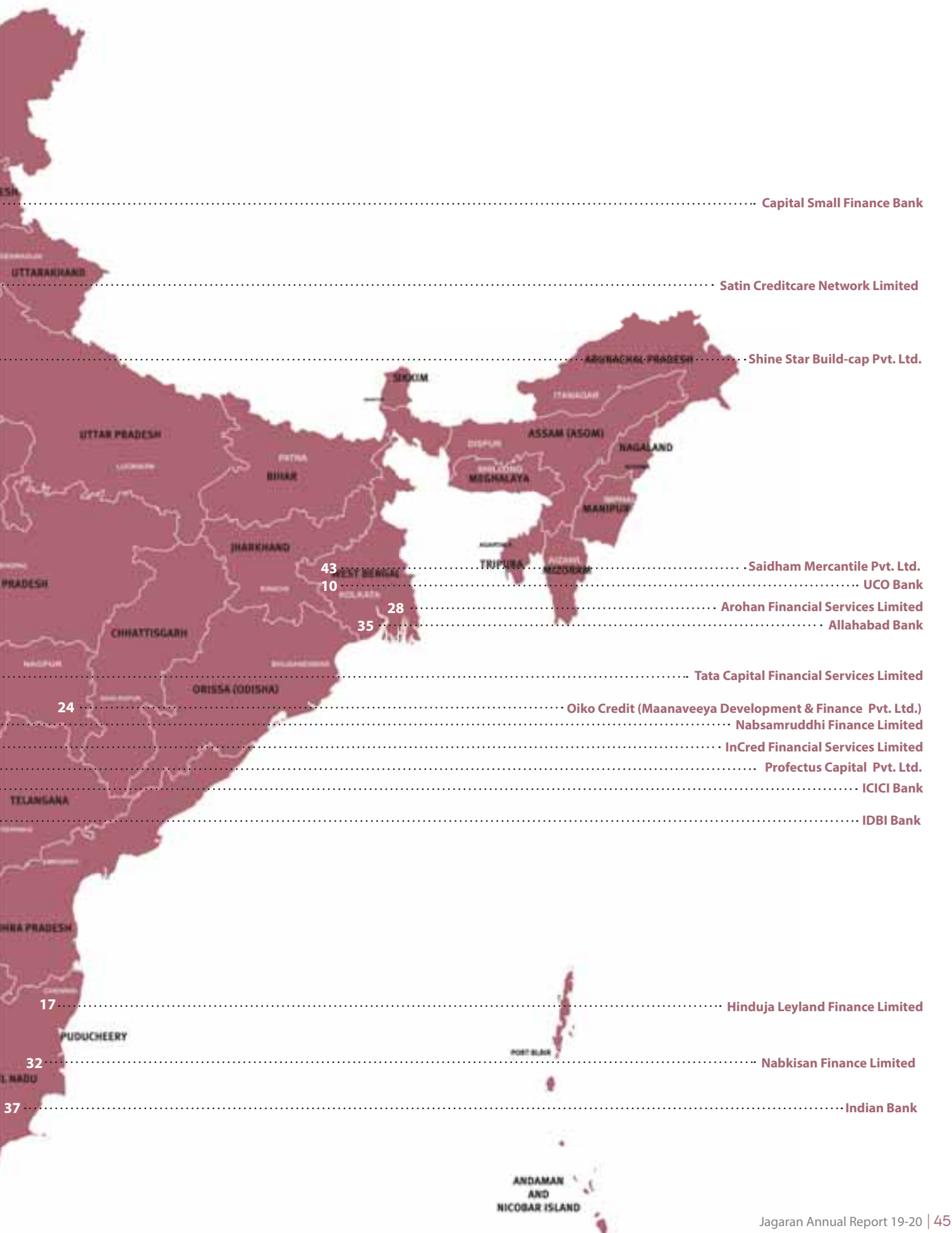
Muthoot Capital Services Limited

South Indian Bank

ESAF Small Finance Bank









## **INDEPENDENT AUDITOR'S REPORT**

### **To The Members of Jagaran Microfin Private Limited**

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

#### **Opinion**

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

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

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

We draw attention to Note 45 to the financial statements which describes that the potential impact of the COVID-19 Pandemic on the Company's financial statements are dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Expected credit losses on loans (Refer Note 7 read with Note 27 to the financial statements)</p> <p>The Company has net loan balance amounting to INR 4,65,50,74,477 as at March 31, 2020.</p> <p>Given the size of loan book relative to the balance sheet and the impact of impairment provision on the books, we have considered this as a key audit matter.</p> <p>Recognition and measurement of impairment of loans involve significant management judgement. Credit loss assessment under Ind AS 109 is based on expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Collective impairment allowances are calculated using ECL models which approximate credit conditions on homogenous portfolios of loans.</p> <p>Also, during the year, the Company has also considered additional provisions after evaluating the extent to which COVID-19 pandemic will impact its overall operations and performance. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements.</p>	<p>Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the financial statements were reasonable and the related disclosures in the financial statements made by the management were adequate.</p> <p>These procedures included, but not limited, to the following:</p> <p>(a) obtained an understanding of the model adopted by the Company for calculation of expected credit losses including how management calculated the expected credit losses and the appropriateness of the data on which the calculation is based;</p> <p>(b) tested the assumptions used by the Company for staging of loan portfolio into default buckets for determining the PD and LGD rates. Tested the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records;</p> <p>(c) tested samples for staging of loans based on their past - due status to check compliance with requirements of Ind AS 109;</p> <p>(d) tested the arithmetical calculation of the workings of the expected credit losses;</p> <p>(e) tested assumptions used by the management in determining the overlay for macro-economic factors especially COVID-19 pandemic;</p> <p>(f) assessed disclosures included in the Ind AS financial statements in respect of expected credit losses including the specific disclosures made with regard to the management's evaluation of the uncertainties arising from COVID-19 and its impact on ECL estimation;</p> <p>(g) obtained written representations from management and those charged with governance whether they believe significant assumptions used in calculation of expected credit losses are reasonable.</p>

#### 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 the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Management's Responsibility for the Financial Statements

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

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

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

## Auditor's Responsibility for the Audit of the Financial Statements

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

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

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



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

The comparative financial information of the Company for the year ended March 31, 2019 and the related transition date opening balance sheet as at April 01, 2018 included in these financial statements, have been prepared after adjusting previously issued the financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The previously issued financial statements were audited by us and expressed an unmodified opinion on those financial statements. Adjustments made to the previously issued financial statements to comply with Ind AS have been audited by us.

Our opinion on the financial statements is not modified in respect of this the above matters on the comparative financial information.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, Section 197 of the Act related to the managerial remuneration is not applicable.



- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position
  - 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 302009E)

**Abhijit Bandyopadhyay**  
Partner  
(Membership No. 054785)  
UDIN : 20054785AAAABZ6548

Kolkata, July 29, 2020





## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

We have audited the internal financial controls over financial reporting of **Jagaran Microfin Private Limited** (“the Company”) as of March 31, 2020 in conjunction with our audit of the Ind AS 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 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 over financial reporting of the based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

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



### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 302009E)

**Abhijit Bandyopadhyay**  
Partner  
(Membership No. 054785)  
UDIN : 20054785AAAABZ6548

Kolkata, July 29, 2020



## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

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

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.  
  
(b) The property, plant and equipment were physically verified during the year by the management in accordance with a regular program of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.  
  
(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable
- ii. The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under the provisions of Sections 185 and 186 of the Companies Act, 2013 and hence reporting under Clause (iv) of the CARO 2016 is not applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year and it did not have any unclaimed deposits at the beginning of the year. Hence reporting under clause (v) of the Order is not applicable.
- vi. Having regard to the nature of the Company’s business / activities, reporting under clause (vi) of the CARO 2016 is not applicable.
- vii. According to the information and explanations given to us, in respect of statutory dues:  
  
(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employees’ State Insurance, Income-tax, Goods & Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.  
  
(b) There were no undisputed amounts payable in respect Provident Fund, Employees’ State Insurance, Income-tax, Goods & Service Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.  
  
(c) There are no dues of Income-tax, Sales Tax, Goods & Service Tax, Service Tax and Value Added Tax as on March 31, 2020 on account of disputes.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. The Company has not taken any loans or borrowings from government.
- ix. The Company has not raised moneys by way of initial public offer during the year. In our opinion and according to the explanations given to us, money raised by way of further public offer of debt securities and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.



- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. The Company is a private company and hence the provisions of Section 197 of the Companies Act, 2013 do not apply to the Company.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- xiii. The Company is a private company and hence the provisions of Section 177 and Section 188 of the Companies Act, 2013 are not applicable to the Company. In our opinion and according to the information and explanations given to us, the Company has disclosed the details of related party transactions in the financial statements etc. as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us, the Company has made preferential allotment of shares during the year under review.

In respect of the above issue, we further report that:

- (a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and
  - (b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
  - xvi. The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 302009E)

**Abhijit Bandyopadhyay**  
Partner  
(Membership No. 054785)  
UDIN : 20054785AAAABZ6548

Kolkata, July 29, 2020



**INDEPENDENT AUDITOR'S REPORT ON AUDIT OF ANNUAL FINANCIAL RESULTS  
TO THE BOARD OF DIRECTORS OF  
JAGARAN MICROFIN PRIVATE LIMITED**

**Opinion**

We have audited the Financial Results for the year ended March 31, 2020 included in the accompanying "Statement of audited financial results for the six months and year ended March 31, 2020" ("the Statement"), of **JAGARAN MICROFIN PRIVATE LIMITED** ("the Company"), being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Financial Results for the year ended March 31, 2020:

- i. is presented in accordance with the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- ii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India of the net profit and total comprehensive income and other financial information of the Company for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in Auditor's Responsibilities for audit of the Annual Financial Results section below. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Financial Results for the year ended March 31, 2020 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 ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of Matter**

We draw attention to Note No. 5 to the financial results, which describes that the potential impact of the COVID-19 Pandemic on the Company's financial results/financial position are dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

**Management's Responsibilities for the Statement**

This Statement, which includes the Financial Results is the responsibility of the Company's Board of Directors and has been approved by them for the issuance. The Statement has been compiled from the related audited financial statements and interim financial information for the half year ended March 31, 2020. This responsibility includes the preparation and presentation of the Financial Results for the year ended March 31, 2020 that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.



In preparing the Financial Results, the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

### **Auditor's Responsibilities for audit of Annual Financial Results**

Our objectives are to obtain reasonable assurance about whether the financial results for the year ended March 31, 2020 as a whole is 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 this Financial Results.

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 annual financial results, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 52 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' 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 ability of the Company 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 Statement 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 annual financial results, including the disclosures, and whether the annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the annual financial results of the Company to express an opinion on the annual financial results.

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





results of our work; and (ii) to evaluate the effect of any identified misstatements in the Annual Financial Results.

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

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

#### **Other Matters**

- The Statement includes the results for the half year ended March 31, 2020 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the half year of the current financial year which were subject to limited review by us.

Our report on the Statement is not modified in respect of this matter.

- As stated in Note 4 of the Statement, the figures for the corresponding half year ended March 31, 2019 are the balancing figures between the annual audited figures for the year then ended and the year to date figures for the six months ended September 30, 2018, which have not been subjected to limited review or audit.

Our report on the Statement is not modified in respect of this matter.

- The previously issued financial information of the Company for the year ended March 31, 2019 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006. These previously issued financial information have been adjusted to comply with Ind AS and included in this Statement as comparative financial information.

Our report on the Statement is not modified in respect of these matters.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 302009E)

**Abhijit Bandyopadhyay**  
Partner  
(Membership No. 054785)  
UDIN : 20054785AAAABZ6548

Kolkata, July 29, 2020

**JAGARAN MICROFIN PRIVATE LIMITED**
**BALANCE SHEET AS AT MARCH 31, 2020**

(All amount in ₹, unless otherwise stated)



Particulars	Notes	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents	4	26,73,62,459	28,12,68,879	25,54,96,830
Bank Balances Other than Cash and Cash Equivalents	5	55,99,24,920	33,64,54,499	22,90,28,421
Receivables				
(I) Trade Receivables	6	1,15,302	14,48,782	48,28,899
Loans	7	4,65,50,74,477	3,91,09,12,864	2,28,28,20,553
Investments	8	50,33,593	-	-
Other Financial Assets	9	19,38,52,842	15,40,44,327	9,62,27,526
<b>Non-financial Assets</b>				
Current Tax Assets (Net)	10	53,20,278	44,36,931	43,68,533
Deferred Tax Assets (Net)	11	2,76,67,616	1,16,72,630	62,61,096
Property, Plant and Equipment	12	1,10,19,332	1,11,71,872	1,08,33,342
Other Intangible Assets	13	33,96,508	27,28,040	19,64,367
Other Non-financial Assets	14	26,04,100	65,45,357	29,20,917
<b>TOTAL ASSETS</b>		<b>5,73,13,71,427</b>	<b>4,72,06,84,181</b>	<b>2,89,47,50,484</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Financial Liabilities</b>				
Payables				
(I) Trade Payables				
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises		-	-	-
(ii) Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises	15	1,68,53,409	2,13,97,416	2,18,72,774
Debt Securities	16	80,70,31,446	57,91,23,752	-
Borrowings (Other than Debt Securities)	17.1	3,85,01,49,275	3,29,27,61,405	2,12,57,46,549
Subordinated Liabilities	17.2	5,00,41,802	-	-
<b>Non-financial Liabilities</b>				
Current Tax Liabilities (Net)	18	73,12,991	61,02,843	-
Provisions	19	60,73,819	21,73,546	12,83,634
Other Non-financial Liabilities	20	62,22,851	57,11,427	41,38,692
<b>Equity</b>				
Equity Share Capital	21	48,29,62,000	43,49,62,000	43,49,62,000
Other Equity	22	50,47,23,834	37,84,51,792	30,67,46,835
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>5,73,13,71,427</b>	<b>4,72,06,84,181</b>	<b>2,89,47,50,484</b>
<b>Summary of Significant Accounting Policies</b>	1			
The accompanying notes are an integral part of these financial statements.	2 to 47			

In terms of our attached report

**For Deloitte Haskins & Sells**

Chartered Accountants

Firm Registration No. 302009E

**For and on behalf of the Board of Directors of  
Jagaran Microfin Private Limited**
**Abhijit Bandyopadhyay**

Partner

**Sourav Ghosh**

Managing Director

DIN: 08154243

**Jaydeep Ghosh**

Whole Time Director &amp; CEO

DIN: 07475085

**Tirtha Pratim Sahu**

Chief Financial Officer

**Tanusree Ghosh**

Company Secretary

Place: Kolkata

Date: 29 July 2020

 Place: Kolkata  
Date: 29 July 2020

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹, unless otherwise stated)



Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Revenue from Operations</b>			
Interest Income	23	1,05,72,80,469	75,04,52,527
Dividend Income	24	51,34,094	97,67,609
<b>Total Revenue from Operations</b>		<b>1,06,24,14,563</b>	<b>76,02,20,136</b>
Other Income	25	11,06,668	20,59,654
<b>Total Income</b>		<b>1,06,35,21,231</b>	<b>76,22,79,790</b>
<b>Expenses</b>			
Finance Costs	26	57,91,44,628	40,26,58,393
Impairment on Financial Instruments	27	4,53,85,422	3,23,81,240
Employee Benefits Expenses	28	15,31,76,641	11,20,87,332
Depreciation and Amortisation Expenses	29	48,56,527	43,86,485
Other Expenses	30	9,01,85,432	7,45,14,087
<b>Total Expenses</b>		<b>87,27,48,650</b>	<b>62,60,27,537</b>
<b>Profit before Tax</b>		<b>19,07,72,581</b>	<b>13,62,52,253</b>
<b>Tax Expense</b>			
(a) Current Tax	11.2	5,76,38,648	4,22,95,847
(b) Deferred Tax	11.2	(1,55,08,611)	(54,48,987)
		<b>4,21,30,037</b>	<b>3,68,46,860</b>
<b>Profit for the year</b>		<b>14,86,42,544</b>	<b>9,94,05,393</b>
<b>Other Comprehensive Income:</b>			
<b>(a) Items that will not be reclassified subsequently to Profit or Loss:</b>			
(i) Re-measurements of the Defined Benefit Plans		(19,32,512)	1,28,616
(ii) Income Tax relating to items that will not be reclassified subsequently to Profit or Loss		4,86,375	(37,453)
<b>(b) Items that will be reclassified subsequently to Profit or Loss:</b>		-	-
<b>Total Other Comprehensive Income for the year, Net of Tax</b>		<b>(14,46,137)</b>	<b>91,163</b>
<b>Total Comprehensive Income for the year</b>		<b>14,71,96,407</b>	<b>9,94,96,556</b>
<b>Earnings per Equity Share (Face Value of ₹ 10/- each)</b>			
Basic and Diluted Earnings per Share (₹)	33	3.20	2.32
<b>Summary of Significant Accounting Policies</b>	1		
The accompanying notes are an integral part of these financial statements.	2 to 47		

In terms of our attached report

**For Deloitte Haskins & Sells**

Chartered Accountants

Firm Registration No. 302009E

**For and on behalf of the Board of Directors of  
Jagaran Microfin Private Limited****Abhijit Bandyopadhyay**

Partner

**Sourav Ghosh**  
Managing Director  
DIN: 08154243

**Jaydeep Ghosh**  
Whole Time Director & CEO  
DIN: 07475085

**Tirtha Pratim Sahu**  
Chief Financial Officer

**Tanusree Ghosh**  
Company Secretary

Place: Kolkata  
Date: 29 July 2020

Place: Kolkata  
Date: 29 July 2020

**JAGARAN MICROFIN PRIVATE LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020**

(All amount in ₹, unless otherwise stated)

**(A) Equity**

Particulars	Notes	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Balance at the beginning of the year</b>	21	43,49,62,000	43,49,62,000	43,49,62,000
Changes in Equity Share Capital during the year		4,80,00,000	-	-
<b>Balance at the end of the year</b>		<b>48,29,62,000</b>	<b>43,49,62,000</b>	<b>43,49,62,000</b>

**(B) Other Equity**

Particulars	Notes	Reserves and Surplus			Total
		Securities Premium	Statutory Reserves	Retained Earnings	
<b>As at April 01, 2018</b>	22	<b>4,35,13,000</b>	<b>6,36,59,667</b>	<b>19,95,74,168</b>	<b>30,67,46,835</b>
Profits after Tax for the year		-	-	9,94,05,393	9,94,05,393
Dividend Paid		-	-	2,30,52,987	2,30,52,987
Dividend Distribution Tax Paid		-	-	47,38,612	47,38,612
Transferred to Statutory Reserve*		-	1,98,81,079	1,98,81,079	-
Other Comprehensive Income transferred from Statement of Profit and Loss		-	-	91,163	91,163
<b>As at March 31, 2019</b>	22	<b>4,35,13,000</b>	<b>8,35,40,746</b>	<b>25,13,98,046</b>	<b>37,84,51,792</b>
Profits after Tax for the year		-	-	14,86,42,544	14,86,42,544
Issue of Equity Shares during the year		4,20,00,000	-	-	4,20,00,000
Dividend Paid		-	-	5,21,95,440	5,21,95,440
Dividend Distribution Tax Paid		-	-	1,07,28,925	1,07,28,925
Transferred to Statutory Reserve		-	2,97,28,509	2,97,28,509	-
Other comprehensive Income transferred from Statement of Profit and Loss		-	-	(14,46,137)	(14,46,137)
<b>As at March 31, 2020</b>		<b>8,55,13,000</b>	<b>11,32,69,255</b>	<b>30,59,41,579</b>	<b>50,47,23,834</b>

\* The Company has transferred 20% of the Profit after Tax to the Statutory Reserve in accordance with the provisions of Section 45-IC of The Reserve Bank of India Act, 1934. For the year ended March 31, 2019, the transfer of 20% of the Profit after Tax is after re-measurement adjustments on transition to Ind AS, if any, to the Statutory Reserves in accordance with the provision of Section 45-IC of the RBI Act, 1934.

**Summary of Significant Accounting Policies**

1

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

2 to 47

In terms of our attached report

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm Registration No. 302009E

**For and on behalf of the Board of Directors of**  
**Jagaran Microfin Private Limited**

**Abhijit Bandyopadhyay**  
Partner

**Sourav Ghosh**  
Managing Director  
DIN: 08154243

**Jaydeep Ghosh**  
Whole Time Director & CEO  
DIN: 07475085

**Tirtha Pratim Sahu**  
Chief Financial Officer

**Tanusree Ghosh**  
Company Secretary

Place: Kolkata  
Date: 29 July 2020

Place: Kolkata  
Date: 29 July 2020



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 | (All amount in ₹, unless otherwise stated)

	PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Profit Before Tax	19,07,72,581	13,62,52,253
	Adjustments for:		
	Depreciation and Amortisation Expenses	48,56,527	43,86,485
	Impairment of Financial Instruments	4,53,85,422	3,23,81,240
	Dividend Income	(51,34,094)	(97,67,609)
	Interest Income on Deposits	(4,09,95,756)	(2,25,55,377)
	<b>Operating Profit before Working Capital Changes</b>	<b>19,48,84,680</b>	<b>14,06,96,992</b>
	<b>Adjustment for changes in Operating Assets &amp; Liabilities</b>		
	<u>Adjustments for (increase)/decrease in Operating Assets:</u>		
	Loans	(78,95,47,035)	(1,66,04,73,551)
	Trade Receivables	13,33,480	33,80,117
	Other Financial Assets	(15,38,561)	(55,63,967)
	Other Non-financial Assets	39,41,257	(36,24,440)
	<u>Adjustments for increase/(decrease) in operating liabilities:</u>		
	Trade Payables	(45,44,007)	(4,75,358)
	Provisions	19,67,761	10,18,528
	Other Non-financial Liabilities	5,11,425	15,72,734
	<b>Cash used in Operations</b>	<b>(59,29,91,000)</b>	<b>(1,52,34,68,946)</b>
	Income Tax Paid	(5,73,11,847)	(3,62,61,402)
	<b>Net Cash used in Operating Activities</b>	<b>(65,03,02,847)</b>	<b>(1,55,97,30,348)</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets	(53,72,455)	(54,88,688)
	Purchase of Investment in Mutual Fund	(3,62,26,43,434)	(4,12,36,48,528)
	Sale of Investment in Mutual Fund	3,61,76,09,841	4,12,36,48,528
	Investment in Deposits with Banks & NBFCs (net)	(26,17,40,375)	(15,96,78,911)
	Interest Income on Deposits	4,09,95,756	2,25,55,379
	Dividend Income	51,34,094	97,67,609
	<b>Net cash used in Investing Activities</b>	<b>(22,60,16,573)</b>	<b>(13,28,44,610)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Dividend and Dividend Tax Paid	(6,29,24,365)	(2,77,91,599)
	Issue of Non-Convertible Debentures (NCDs)	22,00,00,000	55,00,00,000
	Issue of Subordinated Liabilities	5,00,00,000	-
	Borrowings from Banks and NBFCs	3,02,50,00,000	2,49,00,00,000
	Repayment of Borrowings to Banks and NBFCs	(2,45,96,62,635)	(1,29,38,61,394)
	Issue of Share Capital	9,00,00,000	-
	<b>Net Cash generated from Financing Activities</b>	<b>86,24,13,000</b>	<b>1,71,83,47,007</b>
	<b>Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(1,39,06,420)</b>	<b>2,57,72,049</b>
	Add: Cash and Cash equivalents at the beginning of the year	28,12,68,879	25,54,96,830
	<b>Cash and Cash Equivalents at the end of year</b>	<b>26,73,62,459</b>	<b>28,12,68,879</b>

## Additional notes to Cash Flow Statement:

- Figures in brackets indicate outflows.
- Cash and bank balances includes cash equivalents (Refer Note 4).
- Previous year figures have been regrouped/restated wherever necessary.

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm Registration No. 302009E

**For and on behalf of the Board of Directors of**  
**Jagaran Microfin Private Limited**

**Abhijit Bandyopadhyay**  
Partner

**Sourav Ghosh**  
Managing Director  
DIN: 08154243

**Jaydeep Ghosh**  
Whole Time Director & CEO  
DIN: 07475085

Place: Kolkata  
Date: 29 July 2020

**Tirtha Pratim Sahu**  
Chief Financial Officer  
Place: Kolkata  
Date: 29 July 2020

**Tanusree Ghosh**  
Company Secretary



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes to the Financial Statements for the Year ended March 31, 2020

#### 1. Corporate Information

Jagaran Microfinance Private Limited ('the Company') is incorporated under the provisions of the Companies Act, 1956. The Company is registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and has got classified as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with effect from September 27, 2013.

The Company is engaged primarily in providing micro finance services to women who are enrolled as members and organized as Joint Liability Groups ('JLG').

#### 2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under Section 133 of the Companies Act, 2013 ("the Act") per read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The financial statements have been prepared on a going concern basis.

For all periods up to and including the year ended March 31, 2019, the Company had prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP) notified under section 133, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 (hereinafter referred as "Previous GAAP") and the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI.

The financial statements for the year ended March 31, 2020 are the first, the Company has prepared in accordance with Ind AS. The Company has applied Ind AS 101 - First time adoption of Indian Accounting Standards, for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note No. 42.

The financial statements have been prepared on a historical cost basis, except for certain items which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange of goods or services. The financial statements are presented in Indian Rupees (INR), except when otherwise indicated.

##### 2.1. Presentation of Financial Statements

The Company presents its balance sheet in order of liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the balance sheet. They are offset and reported net when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically.

##### 2.2. Critical Accounting Estimates and Judgements

The preparation of the Company's financial statements requires Management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgements are used in various line items in the financial statements for e.g.:

- Business model assessment (Refer Note no. 3.13)
- Effective interest rate (EIR) (Refer Note no. 3.1.1)
- Impairment of financial assets (Refer Note no. 3.14)





## **JAGARAN MICROFIN PRIVATE LIMITED**

### **Notes to the Financial Statements for the Year ended March 31, 2020**

- Provisions (Refer Note no. 3.8)
- Contingent liabilities and assets (Refer Note no.3.9)
- Provision for tax expenses (Refer note no. 3.11)
- Residual value and useful life of property, plant and equipment (Refer Note no. 3.6.1)

### **3. Summary of Significant Accounting Policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **3.1 Revenue Recognition**

##### **3.1.1 Interest Income**

Interest income for all financial instruments measured at amortised cost and recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

3.1.2 Interest on financial assets at fair value through profit and loss (FVTPL) is recognised in accordance with the contractual terms of the instrument.

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

3.1.4 The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis.

#### **3.2 Finance Cost**

Borrowing cost on financial liabilities are recognised by applying the EIR.

#### **3.3 Cash and Cash Equivalents**

Cash and cash equivalents, comprise cash in hand, cash at bank and short-term investments with an original maturity of three months or less, that are readily convertible to insignificant risk of changes in value.

#### **3.4 Property, Plant and Equipment ('PPE') Initial Recognition and Measurement:**

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

#### **3.5 Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes to the Financial Statements for the Year ended March 31, 2020

#### 3.6 Depreciation and amortization

##### 3.6.1 Depreciation

Depreciation on property, plant and equipment is measured using the straight line method as per the useful lives of the assets estimated by the management. The useful life estimated by the management is as under:

Category of Asset	Useful Life (Years)
Furniture and fittings	10
Office equipments	05
Vehicles	08
Computers (including Servers)	03

##### 3.6.2 Amortization

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The management has determined its estimate of useful economic life as five years. The useful lives of intangible assets are reviewed at each financial year and adjusted.

#### 3.7 Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

#### 3.8 Provisions

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

#### 3.9 Contingent Liabilities and Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.



## **JAGARAN MICROFIN PRIVATE LIMITED**

### **Notes to the Financial Statements for the Year ended March 31, 2020**

#### **3.10 Retirement and Other Employee Benefits**

##### **3.10.1 Defined Contribution Plan**

Retirement benefits in the form of provident fund and superannuation are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognises contribution payable to the respective funds as expenditure, when an employee renders the related service.

##### **3.10.2 Defined Benefit Plan**

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each year. Gains or losses through remeasurements of net benefit liabilities/ assets are recognised with corresponding charge/credit to the retained earnings through other comprehensive income in the period in which they occur.

##### **3.10.3 Other Employee Benefits**

The Company treats accumulated leave expected to be carried forward beyond twelve months as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

#### **3.11 Taxes**

##### **3.11.1 Current Income Tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961. 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 recognised outside the statement profit or loss is recognised outside the statement profit or loss (either in other comprehensive income or in equity).

##### **3.11.2 Deferred Tax**

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement profit or loss is recognised outside the statement profit or loss (either in other comprehensive income or in equity).



## **JAGARAN MICROFIN PRIVATE LIMITED**

### **Notes to the Financial Statements for the Year ended March 31, 2020**

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **3.12 Earning 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 period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

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

#### **3.13 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **3.13.1 Financial Assets**

###### **3.13.1.1 Initial Recognition and Measurement**

Financial assets are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

###### **3.13.1.2 Classification and Subsequent Measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Loans at amortised cost
- Loans at fair value through other comprehensive income (FVTOCI)
- Investments in debt instruments and equity instruments at fair value through profit or loss (FVTPL)

###### **3.13.1.3 Loans at Amortised Costs**

Loans are measured at the amortised cost if both the following conditions are met:

- (a) Such loan is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

###### **3.13.1.4 Investment in Mutual Funds at Amortised Cost**

Investments in liquid mutual funds are measured at amortised cost and is classified as FVTPL by accounting for any gain/loss during the period.



## **JAGARAN MICROFIN PRIVATE LIMITED**

### **Notes to the Financial Statements for the Year ended March 31, 2020**

#### **3.13.2 Financial Liabilities**

##### **3.13.2.1 Initial Recognition and Measurement**

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments, which are measured at amortised cost.

##### **3.13.2.2 Borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. The EIR amortisation is included as finance costs in the statement of profit and loss.

##### **3.13.3 Reclassification of Financial Assets and Liabilities**

The company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

##### **3.13.4 De-recognition of Financial Assets and Liabilities**

###### **3.13.4.1 De-recognition of Financial Assets**

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

The Company has transferred the financial asset if, and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset Or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients. A transfer only qualifies for de-recognition if either:

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



## **JAGARAN MICROFIN PRIVATE LIMITED**

### **Notes to the Financial Statements for the Year ended March 31, 2020**

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset in its entirety, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit or loss account.

#### **3.13.4.2 De-recognition of Financial Liabilities**

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

### **3.14 Impairment of Financial Assets**

#### **3.14.1 Overview of the Expected Credit Loss (ECL) Allowance Principles**

The Company is recording the allowance for expected credit losses for all loans at amortised cost and FVOCI and other debt financial assets not held at FVTPL.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in Note 3.16.2).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on a collective basis for identified homogenous pool of loans.

Accordingly, the Company groups its loans into Stage 1, Stage 2, Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 month ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the LTECLs.

Stage 3: Loans considered credit-impaired. The Company records an allowance for the LTECLs.

For financial assets for which the company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) de-recognition of the financial asset.

#### **3.14.2 The Calculation of ECL**

The Company calculates ECLs based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

ECL consists of three key components: Probability of Default (PD), Exposure at Default (EAD) and Loss given default (LGD). ECL is calculated by multiplying them. Refer Note 37 for explanation of the relevant terms.





## **JAGARAN MICROFIN PRIVATE LIMITED**

### **Notes to the Financial Statements for the Year ended March 31, 2020**

The maximum period for which the credit losses are determined is the expected life of a financial instrument.

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3: For loans considered credit-impaired, the Company recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

#### **3.15 Write-offs**

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to the statement profit and loss account.

#### **3.16 Fair Value Measurement**

The Company measures financial instruments at fair value at each balance sheet date using valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either :- In the principal market for the asset or liability, or- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured are categorised with fair value hierarchy into Level I, Level II and Level III based on level of input.

#### **3.17 Segment Information**

The Company operates in a single business segment i.e. lending to members, having similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments'. The Company operates in a single geographical segment i.e. domestic.

#### **3.18 Foreign Currency**

3.18.1 All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.

3.18.2 Foreign currency monetary items are reported using the exchange rate prevailing at the close of the period.

#### **3.20 Leases (where the Company is the lessee)**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.



## **JAGARAN MICROFIN PRIVATE LIMITED**

### **Notes to the Financial Statements for the Year ended March 31, 2020**

#### **3.21 New and Amended Standards adopted by the Company**

The Company has applied the following standards and amendments for the first time for annual reporting period commencing from April 01, 2019.

##### **(i) Ind AS 116 Leases**

Nature of the effect of adoption of Ind AS 116 Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases - Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases.

The Company adopted Ind AS 116 retrospectively with the cumulative effect of initially applying the standard at the date of initial application and applied the Standard to its leases on a prospective basis. The adoption of the standard did not have any impact to the financial statements. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases') and lease contracts for which the underlying asset is of low value (low-value assets).

##### **(ii) Ind AS 12 – Income Taxes – Appendix C, Uncertainty over Income Tax Treatments**

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit/loss, tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition – i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives. The standard became effective from April 01, 2019. The Company has adopted the standard on April 01, 2019. There is no effect on adoption of Ind AS 12 Appendix C in the financial statements.

##### **(iii) Amendment to Ind AS 12 – Income taxes**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The adoption of the standard did not have any material impact to the financial statements. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend in accordance with Ind AS 12.

##### **(iv) Amendment to Ind AS 19 – Employee benefit – plan amendment, curtailment or settlement**

The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The adoption of the standard did not have any material impact to the financial statements.



## Notes to the Financial Statements for the Year ended March 31, 2020

(All amount in ₹, unless otherwise stated)

**4 Cash and Cash Equivalents**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Cash in Hand	6,86,324	8,66,880	1,16,21,490
Balances with Banks - In Current Accounts	26,66,76,135	28,04,01,999	24,38,75,340
	<b>26,73,62,459</b>	<b>28,12,68,879</b>	<b>25,54,96,830</b>

**5 Bank Balances Other than Cash and Cash Equivalents**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Balances with Banks - In Fixed Deposit Accounts* (Including accrued interest for fixed deposits)	55,99,24,920	33,64,54,499	22,90,28,421
	<b>55,99,24,920</b>	<b>33,64,54,499</b>	<b>22,90,28,421</b>

\* Fixed Deposits are under lien against borrowings availed by the Company (except Fixed Deposits not under lien as at March 31, 2020 : ₹ 12,23,32,758, March 31, 2019 : ₹ Nil, April 01, 2018 : ₹ Nil)

**6 Receivables**

Trade Receivables\*

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
(a) Unsecured Considered Good	1,15,302	14,48,782	48,28,899
Less: Allowance for impairment loss allowance	-	-	-
	<b>1,15,302</b>	<b>14,48,782</b>	<b>48,28,899</b>
(b) Credit Impaired	-	94,725	-
Less: Allowance for Impairment Loss Allowance	-	94,725	-
	<b>1,15,302</b>	<b>14,48,782</b>	<b>48,28,899</b>

\*Trade Receivables includes dues in respect of Commission on Business Correspondance (BC) Income

**Ageing of Trade Receivables and Credit Risk arising therefrom is as below:**

Particulars	As at March 31, 2020		
	Gross Carrying Amount	Allowance for Credit Loss	Net Carrying Amount
Overdue till Three Months	1,15,302	-	1,15,302
Overdue between Three to Six Months	-	-	-
Overdue between Six Months to One year	-	-	-
More than 1 year overdue	-	-	-
	<b>1,15,302</b>	<b>-</b>	<b>1,15,302</b>

Particulars	As at March 31, 2019		
	Gross Carrying Amount	Allowance for Credit Loss	Net Carrying Amount
Overdue till Three Months	14,48,782	-	14,48,782
Overdue between Three to Six Months	-	-	-
Overdue between Six Months to One year	94,725	(94,725)	-
More than 1 year overdue	-	-	-
	<b>15,43,507</b>	<b>(94,725)</b>	<b>14,48,782</b>



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes to the Financial Statements for the Year ended March 31, 2020

(All amount in ₹, unless otherwise stated)

Particulars	As at April 01, 2018		
	Gross Carrying Amount	Allowance for Credit Loss	Net Carrying Amount
Overdue till Three Months	48,28,899	-	48,28,899
Overdue between Three to Six Months	-	-	-
Overdue between Six Months to One year	-	-	-
More than 1 year overdue	-	-	-
	<b>48,28,899</b>	<b>-</b>	<b>48,28,899</b>

## 7 Loans

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Unsecured, At Amortised Cost</b>			
<b>Term Loans</b>	4,73,45,61,860	3,95,06,65,029	2,30,60,72,625
<b>Total (Gross)</b>	<b>4,73,45,61,860</b>	<b>3,95,06,65,029</b>	<b>2,30,60,72,625</b>
Less: Impairment Loss Allowance	7,94,87,383	3,97,52,165	2,32,52,072
<b>Total (Net)</b>	<b>4,65,50,74,477</b>	<b>3,91,09,12,864</b>	<b>2,28,28,20,553</b>
<b>In India</b>			
Others	4,73,45,61,860	3,95,06,65,029	2,30,60,72,625
Less: Impairment Loss Allowance	7,94,87,383	3,97,52,165	2,32,52,072
<b>Total (Net)</b>	<b>4,65,50,74,477</b>	<b>3,91,09,12,864</b>	<b>2,28,28,20,553</b>

Note 1: The contractual amount outstanding on Financial Assets that were written off during the reporting period and are still subject to enforcement activity as on March 31, 2020 is ₹ 60,05,593 (Previous year ₹ 1,71,67,331)

Note 2: The change in Expected Credit Loss Allowance of the portfolio was driven by an change in the size of the portfolio and movements between age buckets as a result of increase or decrease in credit risk of the the receivables.

## 8 Investments

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Investment in Mutual Fund (Wholly In India) - At Fair Value through Profit and Loss	50,33,593	-	-
(4935.766 units of HDFC Liquid Fund as on March 31, 2020, March 31, 2019 : ₹ Nil, April 1, 2018 : ₹ Nil)	<b>50,33,593</b>	<b>-</b>	<b>-</b>

## 9 Other Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Security Deposit	79,61,160	74,51,909	11,27,582
Term Deposits with Non Banking Financial Companies*	18,26,77,426	14,44,07,472	921,54,639
Receivables in respect of TDS Amount	29,14,018	21,39,946	25,72,330
Other Advances	3,00,238	45,000	3,72,975
	<b>19,38,52,842</b>	<b>15,40,44,327</b>	<b>9,62,27,526</b>
Less: Impairment Loss Allowance	-	-	-
<b>Total</b>	<b>19,38,52,842</b>	<b>15,40,44,327</b>	<b>9,62,27,526</b>

\* Term deposits are under lien against borrowings.



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes to the Financial Statements for the Year ended March 31, 2020

(All amount in ₹, unless otherwise stated)

#### 10 Current Tax Assets (Net)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Advance Income Tax [net of Income tax provision of ₹ 9,26,67,420 (March 31, 2019 : ₹ 5,03,71,573, April 1, 2018: ₹ 5,03,71,573)]	53,20,278	44,36,931	43,68,533
	<b>53,20,278</b>	<b>44,36,931</b>	<b>43,68,533</b>

#### 11 Deferred Tax Assets (Net)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Tax Effect on Items constituting Deferred Tax Asset:</b>			
Financial Assets at Amortised Cost	1,31,41,773	1,00,67,608	62,58,579
Provision for Impairment Loss Allowance	2,05,82,720	79,75,170	51,55,528
Disallowance under Section 43B of the Income Tax Act, 1961	30,93,483	21,14,205	16,98,071
<b>Total Deferred Tax Assets</b>	<b>3,68,17,976</b>	<b>2,01,56,983</b>	<b>1,31,12,178</b>
<b>Tax Effect on Items constituting Deferred Tax Liability:</b>			
Property, Plant and Equipment and Intangible Assets	1,90,954	(1,60,614)	(6,30,974)
Financial Liabilities at Amortised Cost	(93,41,314)	(83,23,739)	(62,20,108)
<b>Total Deferred Tax Liabilities</b>	<b>(91,50,360)</b>	<b>(84,84,353)</b>	<b>(68,51,082)</b>
<b>Deferred Tax Asset (Net)</b>	<b>2,76,67,616</b>	<b>1,16,72,630</b>	<b>62,61,096</b>

#### 11.1 Movement in Deferred Tax Assets for year ended March 31, 2020:

Particulars	As at April 01, 2019	Statement of Profit or Loss	Other Comprehensive Income	As at March 31, 2020
Deferred Tax Assets for Deductible Temporary Differences on:				
Financial Assets at Amortised Cost	1,00,67,608	30,74,165	-	1,31,41,773
Provision for Impairment Loss Allowance	79,75,170	1,26,07,550	-	2,05,82,720
Disallowance under section 43B of the Income Tax Act, 1961	21,14,205	4,92,903	(4,86,375)	30,93,483
<b>Total</b>	<b>2,01,56,983</b>	<b>1,61,74,618</b>	<b>(4,86,375)</b>	<b>3,68,17,976</b>
<b>Deferred Tax Liabilities for Taxable Temporary Differences on:</b>				
Property, Plant and Equipment and Intangible Assets	(1,60,614)	3,51,568	-	1,90,954
Financial Liabilities at Amortised Cost	(83,23,739)	(10,17,575)	-	(93,41,314)
<b>Total</b>	<b>(84,84,353)</b>	<b>(6,66,007)</b>	<b>-</b>	<b>(91,50,360)</b>
<b>Deferred Tax Asset (Net)</b>	<b>1,16,72,630</b>	<b>1,55,08,611</b>	<b>(4,86,375)</b>	<b>2,76,67,616</b>



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes to the Financial Statements for the Year ended March 31, 2020

(All amount in ₹, unless otherwise stated)

#### Movement in Deferred Tax Assets for year ended March 31, 2019:

Particulars	As at April 01, 2018	Statement of Profit or Loss	Other Comprehensive Income	As at March 31, 2019
Deferred Tax Assets for Deductible Temporary Differences on:				
Financial Assets at Amortised Cost	62,58,579	38,09,029	-	1,00,67,608
Provision for Impairment Loss Allowance	51,55,528	28,19,642	-	79,75,170
Disallowance under section 43B of the Income Tax Act, 1961	16,98,071	4,53,587	(37,453)	21,14,205
<b>Total</b>	<b>1,31,12,178</b>	<b>70,82,258</b>	<b>(37,453)</b>	<b>2,01,56,983</b>
<b>Deferred Tax Liabilities for Taxable Temporary Differences on:</b>				
Property, Plant and Equipment and Intangible Assets	(6,30,974)	4,70,360	-	(1,60,614)
Financial Liabilities at Amortised Cost	(62,20,108)	(21,03,631)	-	(83,23,739)
<b>Total</b>	<b>(68,51,082)</b>	<b>(16,33,271)</b>	<b>-</b>	<b>(84,84,353)</b>
Deferred Tax Asset (Net)	62,61,096	54,48,987	(37,453)	1,16,72,630

#### Note

Deferred Tax Assets and Deferred Tax Liabilities have been offset wherever the Company has a legally enforceable right to set off Current Tax Assets against Current Tax Liabilities and where the Deferred Tax Assets and Deferred Tax Liabilities relate to Income Taxes levied by the same taxation authority.

## 11.2 Current Tax and Deferred Tax

### Income Tax Expense

Particulars	As at March 31, 2020	As at March 31, 2019
Current Tax	5,76,38,648	4,22,95,847
Deferred Tax Asset (Net)	(1,55,08,611)	(54,48,987)
	<b>4,21,30,037</b>	<b>3,68,46,860</b>

### Other Comprehensive Income

Particulars	As at March 31, 2020	As at March 31, 2019
Other Comprehensive Income	4,86,375	(37,453)
	<b>4,86,375</b>	<b>(37,453)</b>

### Reconciliation of Book Profit and Tax Expense

Particulars	As at March 31, 2020	As at March 31, 2019
Profit before Tax	19,07,72,581	13,62,52,253
Income Tax using the Company's Domestic Tax Rate*	4,79,94,566	3,96,76,656
Effect of Income Exempt from Tax/ Items Not Deductible	(20,73,781)	(23,29,490)
Effect of Change in Substantially Enacted Tax Rate	(37,90,748)	(5,00,306)
	<b>4,21,30,037</b>	<b>3,68,46,860</b>





## JAGARAN MICROFIN PRIVATE LIMITED

### Notes to the Financial Statements for the Year ended March 31, 2020

(All amount in ₹, unless otherwise stated)

#### 12 Property, Plant and Equipment

Particulars	Owned Assets				
	Computer	Furniture and Fixtures	Office Equipment	Vehicles	Total
<b><i>Gross Block</i></b>					
Balance as at April 01, 2018	41,12,377	29,29,428	32,23,798	5,67,739	1,08,33,342
Additions	18,28,610	8,99,298	3,90,526	8,78,904	39,97,338
Disposal	-	-	-	-	-
Balance as at March 31, 2019	59,40,987	38,28,726	36,14,324	14,46,643	1,48,30,680
Additions	16,14,228	6,64,417	12,82,132	-	35,60,777
Disposal	-	-	-	-	-
Balance as at March 31, 2020	75,55,215	44,93,143	48,96,456	14,46,643	1,83,91,457
<b><i>Accumulated Depreciation and Impairment</i></b>					
Balance as at April 01, 2018	-	-	-	-	-
Charge for the year	21,25,697	4,71,069	9,46,271	1,15,771	36,58,808
Disposal/Adjustments	-	-	-	-	-
Balance as at March 31, 2019	21,25,697	4,71,069	9,46,271	1,15,771	36,58,808
Charge for the year	20,52,513	4,99,281	9,71,301	1,90,222	37,13,317
Disposal/Adjustments	-	-	-	-	-
Balance as at March 31, 2020	41,78,210	9,70,350	19,17,572	3,05,993	73,72,125
<b><i>Net Block</i></b>					
Balance as at April 01, 2018	41,12,377	29,29,428	32,23,798	5,67,739	1,08,33,342
Balance as at March 31, 2019	38,15,290	33,57,657	26,68,053	13,30,872	1,11,71,872
Balance as at March 31, 2020	33,77,005	35,22,793	29,78,884	11,40,650	1,10,19,332



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes to the Financial Statements for the Year ended March 31, 2020

(All amount in ₹, unless otherwise stated)

#### 13 Other Intangible Assets

Particulars	Owned Assets	
	Computer Software	Total
<b>Gross Block</b>		
Balance as at April 01, 2018	19,64,367	19,64,367
Additions	14,91,350	14,91,350
Disposal	-	-
Balance as at March 31, 2019	34,55,717	34,55,717
Additions	18,11,678	18,11,678
Disposal	-	-
Balance as at March 31, 2020	52,67,395	52,67,395
<b>Accumulated Depreciation and Impairment</b>		
Balance as at April 01, 2018	-	-
Charge for the year	7,27,677	7,27,677
Disposal/Adjustments	-	-
Balance as at March 31, 2019	7,27,677	7,27,677
Charge for the year	11,43,210	11,43,210
Disposal/Adjustments	-	-
Balance as at March 31, 2020	18,70,887	18,70,887
<b>Net Block</b>		
Balance as at April 01, 2018	19,64,367	19,64,367
Balance as at March 31, 2019	27,28,040	27,28,040
Balance as at March 31, 2020	33,96,508	33,96,508

#### 14 Other Non-Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Advance to Employees	9,64,039	4,46,876	1,03,092
Security Deposit	-	46,50,400	-
Prepaid Expenses	8,37,659	10,18,404	9,43,634
Advance to Insurance Companies	7,57,402	2,61,656	49,585
Other Advances	45,000	1,68,021	18,24,606
<b>Total</b>	<b>26,04,100</b>	<b>65,45,357</b>	<b>29,20,917</b>

#### 15 Payables

##### (I) Trade Payables

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises			
- Employee Payables	72,84,095	1,37,14,932	1,10,91,183
- Others*	95,69,314	76,82,484	1,07,81,591
	<b>1,68,53,409</b>	<b>2,13,97,416</b>	<b>2,18,72,774</b>

\* Includes Insurance Payable for ₹ 58,71,655/- (March 31, 2019 : ₹ 41,87,390/-, April 01, 2018: ₹ 68,83,456/-).



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes to the Financial Statements for the Year ended March 31, 2020

(All amount in ₹, unless otherwise stated)

#### 16 Debt Securities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>At Amortised Cost</b>			
Non Convertible Debentures - Listed (Secured)*	80,70,31,446	57,91,23,752	-
	<b>80,70,31,446</b>	<b>57,91,23,752</b>	-
Debt Securities in India	80,70,31,446	57,91,23,752	-
Debt Securities outside India	-	-	-
	<b>80,70,31,446</b>	<b>57,91,23,752</b>	-

\* Debentures are secured against hypothecation of Book Debts of the Company.

\* During the year ended 31 March 2020, the Company has raised ₹ 2,200 lakhs (FY 2018-2019: ₹ 5,500 lakhs; FY 2017-2018: ₹ Nil) through private issue of secured, listed Non-Convertible Debentures which are secured against hypothecation of Book Debts of the Company. The Debentures has tenure of 60 months and carries rate of interest at 13.000% and are redeemable at par in single instalment. The debentures issued during the previous year have a tenure of 48 months carries interest rate of 13.0465%. These debentures further contains both put and call option exercisable on or after twenty four months from the date of the issue.

#### 17.1 Borrowings (other than Debt Securities)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Term loans (Secured)</b>			
<b>At Amortised Cost</b>			
From Banks	1,54,65,62,997	1,26,55,81,794	92,53,40,174
From Non banking Financial Companies	2,28,22,44,319	1,83,12,21,020	1,20,04,06,375
Collateralised Borrowings #	2,13,41,959	19,59,58,591	-
<b>Total</b>	<b>3,85,01,49,275</b>	<b>3,29,27,61,405</b>	<b>2,12,57,46,549</b>
Borrowings in India*	3,85,01,49,275	3,29,27,61,405	2,12,57,46,549
Borrowings outside India	-	-	-
	<b>3,85,01,49,275</b>	<b>3,29,27,61,405</b>	<b>2,12,57,46,549</b>

# This represent amount received against assignment of Business Correspondence (BC) portfolio, which does not qualify for de-recognition under Ind AS 109.

\* The loans are fully secured against hypothecation of Book Debts (refer note 17A).



## JAGARAN MICROFIN PRIVATE LIMITED

Notes to the Financial Statements for the Year ended March 31, 2020 | (All amount in ₹, unless otherwise stated)

### 17A. Details of terms of repayment for the Borrowings from Banks, NBFCs, NCD and Security provided in respect of the same:

Particulars	Details of Security	Terms of repayment	Rate of Interest as at March 31, 2020 %	As at March 31, 2020		As at March 31, 2019		As at March 31, 2018	
				Instalment due (Range)	Total	Instalment due (Range)	Total	Instalment due (Range)	Total
<b>Term loans from Banks:</b>				₹	₹	₹	₹		₹
IDBI Bank	Hypothecation of Book Debt, Term deposit & Corporate Guarantee of GTFMSML Limited (GTFMSML)	Monthly	11.95	16	5,28,40,214	24	24,58,76,826	6	2,52,53,723
Punjab & Sind Bank	Hypothecation of Book Debt, Cash Margin, Corporate Guarantee of GTFMSML	Monthly	10.9	9	1,51,35,336	21	3,18,06,112	33	4,99,55,249
DENA Bank	Hypothecation of Book Debt, Term deposit & Corporate Guarantee of GTFMSML	Monthly	-	-	-	11	1,65,10,535	23	3,44,72,635
Vijaya Bank	Hypothecation of Book Debt, Cash Margin, Corporate Guarantee of GTFMSML	Monthly	12	3	1,68,49,437	2-15	6,61,22,247	14	12,81,75,706
South Indian Bank	Hypothecation of Book Debt, Term deposit & Corporate Guarantee of GTFMSML	Monthly	-	-	-	11	90,20,775	23	1,89,33,794
Syndicate Bank	Hypothecation of Book Debt, Cash Margin, Corporate Guarantee of GTFMSML	Quarterly	11.95	1	1,11,56,698	5	5,55,69,442	9	9,99,18,307
UCO Bank	Hypothecation of Book Debt, Term deposit & Corporate Guarantee of GTFMSML	EMI	10.60-11.75	3-33	13,65,63,198	15-21	8,43,70,991	27-33	13,54,59,056
Bank Of Baroda	Hypothecation of Book Debt, Term deposit & Corporate Guarantee of GTFMSML	Quarterly	10.45	4	2,00,10,832	7	3,46,18,351	11	5,44,00,351
Bank Of Maharashtra	Hypothecation of Book Debt, Term deposit & Corporate Guarantee of GTFMSML	Monthly	11.4	12	3,34,25,062	23	6,39,06,858	35	9,99,50,548
Capital Small Finance Bank	Hypothecation of Book Debt, Term deposit & Corporate Guarantee of GTFMSML	EMI	13	3	1,42,28,308	15	6,73,33,638	24	9,95,51,026
State Bank of India	Hypothecation of Book Debt, Cash Margin, Corporate Guarantee of GTFMSML	Monthly	10.50-11.05	21-32	42,25,65,223	8-33	26,10,76,950	5-20	17,92,69,781
ICICI Bank	Hypothecation of Book Debt, Cash Margin, Corporate Guarantee of GTFMSML	Monthly	13.5	10	8,20,73,393	22	14,92,94,579	-	-
ESAF Small Finance Bank	Hypothecation of Book Debt, Cash Margin, Corporate Guarantee of GTFMSML	Monthly	13.4	10	5,33,24,434	22	9,89,84,918	-	-
IDFC Bank	Hypothecation of Book Debt, Corporate Guarantee of GTFMSML	Quarterly & Monthly	14.00-14.50	20-24	22,35,25,013	32-36	27,70,48,163	4-8	-
Allahabad Bank	Hypothecation of Book Debt, Corporate Guarantee of GTFMSML	Quarterly & Monthly	10.45	5	9,35,38,429	-	-	-	-
Ujjivan Small Finance Bank	Hypothecation of Book Debt, Corporate Guarantee of GTFMSML	Monthly	12.5	15	9,37,57,495	-	-	-	-
Canara Bank	Hypothecation of Book Debt, Corporate Guarantee of GTFMSML	Monthly	12.5	35	4,85,94,282	-	-	-	-
Oriental Bank Of Commerce	Hypothecation of Book Debt, Corporate Guarantee of GTFMSML	Monthly	10.8	48	15,05,38,136	-	-	-	-
Indian Bank	Hypothecation of Book Debt, Corporate Guarantee of GTFMSML	Monthly	12	30	9,97,79,468	-	-	-	-
<b>Total - Term loans from Banks (A)</b>					<b>1,56,79,04,956</b>		<b>1,46,15,40,385</b>		<b>92,53,40,174</b>

## Notes to the Financial Statements for the Year ended March 31, 2020 | (All amount in ₹, unless otherwise stated)

Particulars	Details of Security	Terms of repayment	Rate of Interest as at March 31, 2020	As at March 31, 2020		As at March 31, 2019		As at March 31, 2018	
				Instalment due (Range)	Total	Instalment due (Range)	Total	Instalment due (Range)	Total
Term loans from NBFCs:									
Ananya Finance for Inclusive Growth (P) Limited	Hypothecation of Book Debt, Margin	Monthly	15	22	7,09,14,354	12	4,63,70,067	5	10,48,86,120
Capital First Limited (IDFC First Bank)	Hypothecation of Book Debt , Corporate Guarantee of Holding Company GTFSMSL	Quarterly	-	-	-	-	-	4-8	13,31,41,501
Mannaveeya Development & Finance Limited	Hypothecation of Book Debt, Cash Margin	Monthly	14.25-17	16-18	20,38,13,160	28	12,31,77,031	-	-
Nabsamrudhhi Financial Limited	Hypothecation of Book Debt, Corporate Guarantee of GTFSMSL, Fixed Deposit	Quarterly	13.5-14.00	1-8	14,51,17,288	4-11	10,47,87,192	8	3,47,32,854
Nabard Financial Services Limited	Hypothecation of Book Debt, Fixed Deposit	Monthly	14	7	1,95,41,591	19	5,29,60,899	1-4	2,36,14,782
Jain Sons Finlease Limited	Hypothecation of Book Debt, Fixed Deposit	EMI	16	13	3,75,17,648	3-6	2,27,14,720	14-18	9,14,48,400
Electronica Finance Limited	Hypothecation of Book Debt, Deposit	EMI	13.75-14.50	4-18	3,65,79,728	16	2,09,70,501	-	-
Muthoot Capital Services Limited	Hypothecation of Book Debt, Comfort letter of GTFSMSL	Monthly	-	-	-	10	2,07,45,475	3-22	5,98,05,286
InCred Financial Services Private Limited	Hypothecation of Book Debt	EMI	13.75-14.75	4-19	9,18,78,726	16	6,96,02,653	-	-
Profectus Capital Services Limited	Hypothecation of Book Debt, Fixed Deposit	EMI	14.5	4	1,74,69,304	4	69,73,064	-	-
Reliance Capital	Hypothecation of Book Debt, Fixed Deposit, Corporate Guarantee of GTFSMSL	Monthly	-	-	-	-	-	7-8	6,63,32,619
MAS Financial Services Limited	Hypothecation of Book Debt, Deposit and Comfort letter of GTFSMSL	Monthly	13.90-14.75	4-24	94,33,98,298	1-24	72,35,77,916	6-20	57,77,20,684
Hinduja Leyland Finance Limited	Hypothecation of Book Debt , Comfort Letter of GTFS MSL	EMI	13.75-14.00	10-18	22,40,20,481	22-29	12,12,04,687	24	6,64,57,211
Habitat Microbuild India Housing Finance Company Pvt. Ltd.	Hypothecation of Book Debt, Cash Margin	EMI	14.50-14.75	24-38	6,38,32,916	36-44	8,16,84,091	48	2,99,41,771
TATA Capital Financial Services Limited	Hypothecation of Book Debt, Fixed Deposit and Corporate Guarantee of GTFSMSL	Quarterly	11.5	1	87,76,662	5	4,33,33,657	1	1,23,25,147
Avanse Financial Services Limited	Hypothecation of Book Debt, Fixed Deposit	EMI	-	-	-	12	4,59,00,761	-	-
NABKISAN Finance Limited	Hypothecation of Book Debt, Fixed Deposit , Comfort Letter of GTFS MSL	Quarterly	14.25	9	11,02,13,421	12	14,92,02,370	-	-
Satin Creditcare Network Limited	Hypothecation of Book Debt, Deposit	EMI	15	7	2,89,34,943	18	6,90,08,917	-	-
Satin Finserv Limited	Hypothecation of Book Debt, Deposit	EMI	15	7	1,27,81,318	18	3,00,50,000	-	-
Arohan Financial Services Limited	Hypothecation of Book Debt, Deposit	EMI	14.75	12	2,65,48,965	24	4,94,92,116	-	-
Western Capital Advisory Services Limited	Hypothecation of Book Debt	Monthly	14.75	12	2,70,93,497	24	4,94,64,903	-	-
Shine Star Build Cap	Hypothecation of Book Debt, Fixed Deposit and Corporate Guarantee of GTFSMSL	Monthly	14.75	14	9,29,41,651	-	-	-	-
Saidham Merchantile Pvt. Ltd.	Hypothecation of Book Debt, Cash Margin	Monthly	15	14	4,65,64,271	-	-	-	-
Ecilar Leasing and Financing Ltd	Hypothecation of Book Debt, Cash Margin	Monthly	14.75	20	4,23,60,766	-	-	-	-
Hero Fincorp	Hypothecation of Book Debt, Cash Margin	Monthly	14.75	11	3,19,45,332	-	-	-	-
Total - Term loans from NBFCs (B)					2,28,22,44,319		1,83,12,21,020		1,20,04,06,375
Total (A+B)					3,85,01,49,275		3,29,27,61,405		2,12,57,46,549





## JAGARAN MICROFIN PRIVATE LIMITED

Notes to the Financial Statements for the Year ended March 31, 2020 | (All amount in ₹, unless otherwise stated)

### 17.2 Subordinated Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Unsecured</b>			
Subordinated Debt (Tier II Capital)*	5,00,41,802	-	-
	<b>5,00,41,802</b>	-	-
Subordinated Liabilities in India	5,00,41,802	-	-
Subordinated Liabilities outside India	-	-	-
	<b>5,00,41,802</b>	-	-

\*During the year that ended on 31 March 2020, the company has raised ₹ 500 lakhs (Previous Years ₹ Nil) as Subordinated Debt having a tenure of 72 months and carries rate of interest at 17.00% and are repayable in two equal instalments at end of 5.5 years and 6 years from the date of disbursement.

### 18 Current Tax Liabilities (Net)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Provision for Income Tax [Net of Advance Tax of ₹ 5,03,25,658 (March 31, 2019 : ₹ 4,31,79,194, April 1, 2018: ₹ Nil)]	73,12,991	61,02,843	-
	<b>73,12,991</b>	<b>61,02,843</b>	-

### 19 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Provision for Compensated Absence	35,73,259	20,29,926	12,41,821
Provision for Gratuity (refer note 36)	25,00,560	1,43,620	41,813
	<b>60,73,819</b>	<b>21,73,546</b>	<b>12,83,634</b>

### 20 Other Non-financial Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Statutory Dues Payable	62,22,851	57,11,427	41,38,692
	<b>62,22,851</b>	<b>57,11,427</b>	<b>41,38,692</b>

### 21 Equity Share Capital

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number	Amount	Number	Amount	Number	Amount
<b>Authorized share capital</b>						
Equity Shares of ₹ 10 each	7,50,00,000	75,00,00,000	7,50,00,000	75,00,00,000	7,50,00,000	75,00,00,000
	<b>7,50,00,000</b>	<b>75,00,00,000</b>	<b>7,50,00,000</b>	<b>75,00,00,000</b>	<b>7,50,00,000</b>	<b>75,00,00,000</b>
<b>Issued, Subscribed and Fully Paid Up</b>						
Equity Shares of ₹ 10 each	4,82,96,200	48,29,62,000	4,34,96,200	43,49,62,000	4,34,96,200	43,49,62,000
	<b>4,82,96,200</b>	<b>48,29,62,000</b>	<b>4,34,96,200</b>	<b>43,49,62,000</b>	<b>4,34,96,200</b>	<b>43,49,62,000</b>

#### (a) Reconciliation of Shares Outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number	Amount	Number	Amount	Number	Amount
Balance at the beginning of the year	4,34,96,200	43,49,62,000	4,34,96,200	43,49,62,000	4,34,96,200	43,49,62,000
Add : Issued during the year	48,00,000	4,80,00,000	-	-	-	-
<b>Balance at the end of the year</b>	<b>4,82,96,200</b>	<b>48,29,62,000</b>	<b>4,34,96,200</b>	<b>43,49,62,000</b>	<b>4,34,96,200</b>	<b>43,49,62,000</b>





## JAGARAN MICROFIN PRIVATE LIMITED

**Notes to the Financial Statements for the Year ended March 31, 2020** | (All amount in ₹, unless otherwise stated)

### (b) Details of Shareholders holding more than 5% of the Aggregate Shares in the Company:

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number	%	Number	%	Number	%
Fully Paid-up Equity Shares of ₹ 10 each:						
(a) GTFS Multi Services Private Limited	3,48,15,600	72.09	3,48,15,600	80.04	3,48,15,600	80.04

### (c) Terms/ Rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 10 per Share. Such holder of Equity Share is entitled to one vote per Share. In the event of liquidation, the Equity Shareholders are entitled to receive the remaining Assets of the Company after distribution of all Preferential amounts, in proportion to their shareholdings. However, no such preferential amounts exists currently.

## 22 Other Equity

Particulars	As at March 31, 2020	As at 31 March 2019
<b>Securities Premium</b>		
Opening Balance	4,35,13,000	4,35,13,000
Add: Received on Issue of Equity Shares for the year	4,20,00,000	-
Closing Balance	8,55,13,000	4,35,13,000
<b>Statutory Reserve</b>		
Opening Balance	8,35,40,746	6,36,59,667
Add: Transferred from Surplus in the Statement of Profit and Loss for the year*	2,97,28,509	1,98,81,079
Closing Balance	11,32,69,255	8,35,40,746
<b>Retained Earnings</b>		
Opening Balance	25,13,98,046	19,95,74,168
Add: Profit after Tax Transferred from Statement of Profit and Loss	14,86,42,544	9,94,05,393
Add: Other Comprehensive Income/(Loss) Transferred from/to Statement of Profit and Loss	(14,46,137)	9,11,63
Less: Dividend Paid	5,21,95,440	2,30,52,987
Less: Dividend Distribution Tax Paid	1,07,28,925	47,38,612
Less: Amount Transferred to Statutory Reserve	2,97,28,509	1,98,81,079
Closing Balance	30,59,41,579	25,13,98,046
	50,47,23,834	37,84,51,792

\* The amount transferred to Statutory Reserves has been calculated in accordance with the provision of Section 45-IC of the RBI Act, 1934 which requires transfer of 20% of the Profit after Tax to the Statutory Reserves. However, the Profit for Previous Year has been restated for the impact of Ind AS readjustment items and the amount transferred to Statutory Reserve has been computed on the Profit as per IndAS."

### Nature and Purpose of Reserves:

#### i) Securities Premium

Securities Premium is used to record the Premium on issue of Shares. The Reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.

#### ii) Statutory Reserve

Statutory Reserve has been created out of Profits earned by the Company in the Previous Years. The Company has transferred 20% of the Profit after Tax to the Statutory Reserve in accordance with the provision of Section 45 - IC of The



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes to the Financial Statements for the Year ended March 31, 2020 | (All amount in ₹, unless otherwise stated)

Reserve bank of India Act, 1934.

#### iii) Retained Earnings

Retained Earnings are the Profits that the Company has earned till date, less any transfer to General Reserves, Dividends and other distributions made to the Shareholders.

#### 23 Interest Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>On Financial Assets measured at Amortised Cost</b>		
Interest Income on Loans	1,01,62,84,713	72,78,97,150
Interest Income on Deposits	4,09,95,756	2,25,55,377
	<b>1,05,72,80,469</b>	<b>75,04,52,527</b>

#### 24 Dividend Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividend Income	51,34,094	97,67,609
	<b>51,34,094</b>	<b>97,67,609</b>

#### 25 Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Miscellaneous Income*	11,06,668	20,59,654
	<b>11,06,668</b>	<b>20,59,654</b>

\* Includes bad debt recovery for FY 2019-20: ₹ 11,06,072/- (Previous Year: ₹ 6,38,685/-) and Liability written Back for FY 2019-20: ₹ 596/-, (Previous Year: ₹ 13,83,982/-).

#### 26 Finance Costs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on Borrowings	48,51,39,439	34,91,33,767
Interest on Debt Securities	8,44,37,805	5,17,78,354
Interest on Subordinated Liabilities	42,79,149	-
Other Interest Expense	52,88,235	17,46,272
	<b>57,91,44,628</b>	<b>40,26,58,393</b>

#### 27 Impairment on Financial Instruments

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>On Financial instruments measured at Amortised Cost</b>		
Loans	4,53,85,422	3,22,86,515
Trade Receivables	-	94,725
	<b>4,53,85,422</b>	<b>3,23,81,240</b>



## JAGARAN MICROFIN PRIVATE LIMITED

**Notes to the Financial Statements for the Year ended March 31, 2020** | (All amount in ₹, unless otherwise stated)

### 28 Employee Benefits Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and Wages	13,56,25,150	9,95,70,094
Contribution to Provident and Other Funds	1,33,58,105	94,35,918
Staff Welfare Expenses	41,93,386	30,81,320
	<b>15,31,76,641</b>	<b>11,20,87,332</b>

### 29 Depreciation and Amortisation Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on Property, Plant and Equipment	37,13,317	36,58,808
Amortisation of Intangible Assets	11,43,210	7,27,677
	<b>48,56,527</b>	<b>43,86,485</b>

### 30 Other Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Electricity Charges	27,88,024	29,63,460
Rent (Refer Note 35)	3,08,79,283	2,45,35,570
Repairs & Maintenance	11,80,081	14,04,877
Software Maintenance	8,92,583	11,47,255
Director Sitting Fees	23,70,750	23,76,200
Printing & Stationery	35,75,093	24,19,542
Telephone Expenses	36,93,436	27,65,076
Travelling Expenses	1,60,96,704	84,95,660
Membership Fees	13,79,774	10,72,579
Professional Fees	48,48,102	47,18,057
Statutory Auditor's Remuneration		
- For Statutory Audit	17,00,000	17,00,000
- For Tax Audit	2,00,000	2,00,000
- For Certification Fees	3,00,000	2,00,000
- For Out of Pocket Expenses	50,816	-
Corporate Social Responsibility ('CSR') Expenses (refer note 34)	62,78,946	16,35,916
Consultancy Charges	56,62,061	81,84,620
Training Expenses	13,85,072	12,03,011
Rates & Taxes	10,37,886	2,72,673
Internal Audit Fees	17,48,585	14,13,580
Security & Contractual Manpower Expenses	4,79,909	5,99,325
Insurance Premium Paid	14,27,468	13,31,321
Miscellaneous Expenses	22,10,859	58,75,365
	<b>9,01,85,432</b>	<b>7,45,14,087</b>



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

#### 31: Additional Information to the Financial Statements

##### 31.1: Contingent Liabilities and Commitments (to the extent not provided for)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Contingent Liabilities</b>	Nil	Nil	Nil
<b>Commitments</b>			
Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for :	Nil	Nil	Nil

##### 31.2: Disclosures Required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

The amount due to the Micro and Small Enterprise as defined in the “The Micro, Small and Medium Enterprises Development Act, 2006” has been determined to the extent such parties have been identified on the basis of the information available with the Company. The disclosure relating to the Micro and Small Enterprise as at March 31, 2020 are as under:

Description	Year ended March 31, 2020	Year ended March 31, 2019	Year ended April 01, 2018
a. The Principal Amount remaining unpaid to Supplier as at end of the year	-	-	
b. Interest Due as on remaining unpaid to Supplier as at the end of the year	-	-	
c. Amount of Interest Due and Payable for the period of delay in making payment (which have been paid beyond the appointed day during the year) but without adding Interest specified under the Act	-	-	
d. Amount of Interest accrued and remaining unpaid as at end of the year	-	-	
e. The amount of further interest remaining due and payable even in the succeeding year until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	

##### 31.3: Proposed Dividend on Equity Shares

On July 29, 2020, the Board of Directors of the Company have proposed a final dividend of ₹ 0.80/- per share in respect of the year ending March 31, 2020 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in cash outflow of ₹ 3,86,36,960/-.

#### 32: List of Related Parties and Relationship

Name	Relationship
GTFS Multi Services Limited	Holding Company
Ms. Abira Majumder	Individual having significant influence
Ms. Aatreyee Majumder	Key Management Personnel (from 08-03-2019) - Whole Time Director (from 14-11-2019) and Relative of Individuals having significant influence.
Mr. Adipta Majumder	Individual having significant influence.
Mr. Bhabesh Majumder	Relative of Individuals having significant influence.
Mrs. Sona Majumder	Relative of Individuals having significant influence.
Mr. Sourav Ghosh	Key Management Personnel (from 08-03-2019) - Managing Director (from 17-01-2020) and Relative of Individuals having significant influence.
Mr. Indrajit Gupta	Key Management Personnel - Chairman, Executive Director (till 16-01-2020)
Mr. Jaydeep Ghosh	Key Management Personnel - Whole Time Director and CEO (from 14-11-2019)



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

#### Transaction with Related Parties

Particulars	Holding Company	Key Management Personal	Individual and Relatives of Individuals having Significant Influence
Dividend Paid	<b>4,17,78,720</b> (1,84,52,269)	- (-)	<b>77,52,600</b> (34,18,712)
Rent and Maintenance Charges	<b>1,99,25,679</b> (1,86,11,066)	- (-)	- (-)
Security Deposit for Rent	- (69,75,600)	- (-)	- (-)
Advance Rent Paid	- (69,75,600)	- (-)	- (-)
Advance Rent Adjusted against Rent Paid	<b>43,59,750</b> (26,15,850)	- (-)	- (-)
Rent and Maintenance Charges (paid to Mr. Bhabesh Majumder)	- (-)	- (-)	<b>2,83,200</b> (2,83,200)
Share Capital including Premium (Issued to Ms. Abira Majumder)	- (-)	- (-)	<b>3,75,99,375</b> (-)
Share Capital including Premium (Issued to Ms. Aatreyee Majumder)	- (-)	<b>2,61,52,500</b> (-)	- (-)
Share Capital including Premium (Issued to Mr. Adipta Majumder)	- (-)	- (-)	<b>2,62,48,125</b> (-)
Remuneration of Mr. Indrajit Gupta	- (-)	<b>25,99,193</b> (31,20,000)	- (-)
Remuneration of Mr. Jayanta Majumder	- (-)	- (13,81,320)	- (-)
Remuneration of Mr. Sourav Ghosh	- (-)	<b>26,02,896</b> (1,66,917)	- (-)
Remuneration of Ms. Aatreyee Majumder	- (-)	<b>24,85,427</b> (1,45,239)	- (-)
Remuneration of Mr. Jaydeep Ghosh	- (-)	<b>26,71,260</b> (14,37,530)	- (-)

# previous year's numbers are disclosed in bracket



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

#### 32 List of Related Parties and Relationship (Continued)

##### Balance Outstanding Payable as at March 31, 2020

Particulars	Holding Company	Key Management Personal	Individual and Relatives of Individuals having Significant Influence
Rent and Maintenance Charges (Balance as at March 31, 2020)	-	-	-
Rent and Maintenance Charges (Balance as at March 31, 2019)	(-)	(-)	(-)
Rent and Maintenance Charges (Balance as at April 01, 2018)	(1,89,540)	(-)	(-)
Remuneration of Mr. Indrajit Gupta (Balance as at March 31, 2020)	-	-	-
Remuneration of Mr. Indrajit Gupta (Balance as at March 31, 2019)	(-)	(20,610)	(-)
Remuneration of Mr. Indrajit Gupta (Balance as at April 01, 2018)	(-)	(80,519)	(-)
Remuneration of Mr. Sourav Ghosh (Balance as at March 31, 2020)	-	-	-
Remuneration of Mr. Sourav Ghosh (Balance as at March 31, 2019)	(-)	(1,14,050)	(-)
Remuneration of Mr. Sourav Ghosh (Balance as at April 01, 2018)	(-)	(-)	(-)
Remuneration of Ms. Aatreyee Majumder (Balance as at March 31, 2020)	-	-	-
Remuneration of Ms. Aatreyee Majumder (Balance as at March 31, 2019)	(-)	(1,25,529)	(-)
Remuneration of Ms. Aatreyee Majumder (Balance as at April 01, 2018)	(-)	(-)	(-)
Equity Share Capital of GTFS Multi Services Private Limited	<b>34,81,56,000</b>	-	-
Equity Share Capital of GTFS Multi Services Private Limited	(34,81,56,000)	(-)	(-)
Equity Share Capital of GTFS Multi Services Private Limited	(34,81,56,000)	(-)	(-)
Equity Share Capital of Ms. Aatreyee Majumder (Balance as at March 31, 2020)	-	<b>2,99,49,000</b>	-
Equity Share Capital of Ms. Aatreyee Majumder (Balance as at March 31, 2019)	(-)	(1,60,01,000)	(-)
Equity Share Capital of Ms. Aatreyee Majumder (Balance as at April 01, 2018)	(-)	(1,60,01,000)	(-)
Equity Share Capital of Mr. Abira Majumder (Balance as at March 31, 2020)	-	-	<b>3,65,54,000</b>
Equity Share Capital of Mr. Abira Majumder (Balance as at March 31, 2019)	(-)	(-)	(1,60,01,000)
Equity Share Capital of Mr. Abira Majumder (Balance as at April 01, 2018)	(-)	(-)	(1,60,01,000)
Equity Share Capital of Mr. Adipta Majumder (Balance as at March 31, 2020)	-	-	<b>3,00,00,000</b>
Equity Share Capital of Mr. Adipta Majumder (Balance as at March 31, 2019)	(-)	(-)	(1,60,01,000)
Equity Share Capital of Mr. Adipta Majumder (Balance as at April 01, 2018)	(-)	(-)	(1,60,01,000)
Equity Share Capital of Mr. Sona Majumder	-	-	<b>1,60,01,000</b>
Equity Share Capital of Mr. Sona Majumder	(-)	(-)	(1,60,01,000)
Equity Share Capital of Mr. Sona Majumder	(-)	(-)	(1,60,01,000)
Remuneration of Mr. Jaydeep Ghosh (Balance as at March 31, 2020)	-	-	-
Remuneration of Mr. Jaydeep Ghosh (Balance as at March 31, 2019)	(-)	(1,75,455)	(-)
Remuneration of Mr. Jaydeep Ghosh (Balance as at April 01, 2018)	(-)	(-)	(-)
Security Deposit for Rent (Balance as at March 31, 2020)	<b>69,75,600</b>	-	-
Security Deposit for Rent (Balance as at March 31, 2019)	(69,75,600)	(-)	(-)
Security Deposit for Rent (Balance as at April 01, 2018)	(4,50,000)	(-)	(-)
Advance Rent (Balance as at March 31, 2020)	-	-	-
Advance Rent (Balance as at March 31, 2019)	(43,59,750)	(-)	(-)
Advance Rent (Balance as at April 01, 2018)	(-)	(-)	(-)

# previous year's numbers are disclosed in bracket





## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

#### 33. Earnings Per Share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit for the year available to Equity Shareholders (₹)	14,71,96,407	9,94,96,556
Weighted Average Number of Equity Shares	4,59,88,003	4,29,49,481
Nominal Value per Equity Share (₹.)	10	10
Basic and Diluted Earnings per Share (₹)	3.20	2.32

#### 34. Corporate Social Responsibility (CSR) Expenditure

In accordance to Section 135 of Companies Act 2013, the Company has incurred ₹ 62,78,946 (Previous year: ₹ 16,35,916 ) as CSR expenditure. Under the CSR activities, the Company has arranged free skill development training for women, free medical camp, free primary school training, financial literacy programme, merit scholarship, free coaching center and other social security programmes. Out of the above expenditure, ₹ 32,36,191 (Previous year: Nil) has been donated by the Company to the Prime Minister's National Relief Fund (PMNRF) on account of the unspent balances for the previous years.

a) Gross Amount required to be spent by the company during the year 2019-20: ₹ 24,08,728, P.Y. 2018-19: ₹ 18,12,156.

b) Amount spent during the year on:

Particulars	In Cash	Yet to be Paid in Cash	Total
(I) Construction/Acquisition of any Asset	-	-	-
(ii) On purposes other than (I) above	62,78,946	-	62,78,946

#### 35. Operating Lease - As a Lessee

The Company has taken certain office premises under cancellable operating lease arrangements which generally, range between 11 months to 1 year, and are usually renewable by mutual agreement. For the year ended 31st March, 2020, lease payments charged to the Statement of Profit and Loss with respect to such leasing arrangements aggregate to ₹ 3,08,79,283 (Previous Year: ₹ 2,45,35,570). The Company has availed the benefit of short term lease exemption under Ind AS 116 and charged off the lease payments charged to the Statement of Profit and Loss.



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

#### 36. Defined Benefit Plan

The Company operates a gratuity plan covering qualifying employees. The benefit payable is calculated as per the Payment of Gratuity Act, 1972 and the benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India.

##### 36.1 Reconciliation of Net Defined Benefit Liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/assets and its components:

Particulars	March 31, 2020	March 31, 2019	April 01, 2018
<b>Reconciliation of Present Value of Defined Benefit Obligation</b>			
Obligation at the beginning of the year	40,00,064	28,48,908	19,91,809
Current Service Cost	22,57,540	12,86,943	8,69,917
Interest Cost	2,40,658	2,14,372	1,51,854
Past Service Cost	-	-	-
Actuarial (gains)/ losses recognised in Other Comprehensive Income			
- Changes in Experience Adjustments	2,88,956	(1,69,045)	(24,140)
- Changes in Financial Assumptions	15,80,157	(36,985)	(1,11,455)
Benefits Settled	8,16,299	1,44,129	29,077
<b>Obligation at the end of the year</b>	<b>75,51,076</b>	<b>40,00,064</b>	<b>28,48,908</b>
<b>Reconciliation of Present Value of Plan Assets</b>			
Plan Assets at the beginning of the year, at Fair Value	38,56,444	28,07,095	12,09,916
Interest Income on Plan Assets	2,58,382	2,16,708	92,922
Re-measurement- Actuarial Gain	-	-	-
Return on Plan Assets	(63,399)	(77,414)	(10,637)
Employer Contributions	18,15,388	10,54,184	15,43,971
Benefits Settled	8,16,299	1,44,129	29,077
<b>Plan Assets at the end of the year, at Fair Value</b>	<b>50,50,516</b>	<b>38,56,444</b>	<b>28,07,095</b>
<b>Net Defined Benefit Liability</b>	<b>25,00,560</b>	<b>1,43,620</b>	<b>41,813</b>

##### 36.2 Expense Recognised in Profit or Loss

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current Service Cost	22,57,540	12,86,943
Interest Cost	(17,723)	(2,335)
<b>Net Gratuity Cost</b>	<b>22,39,817</b>	<b>12,84,608</b>



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

#### 36.3 Income Recognised in Profit or Loss

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income	-	-
<b>Net Gratuity Income</b>	<b>-</b>	<b>-</b>

#### 36.4 Re-measurement Recognised in Other Comprehensive Income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Re-measurement of the Net Defined Benefit Liability</b>		
- Changes in Experience Adjustments	15,80,157	(36,985)
- Changes in Financial Assumptions	2,88,956	(1,69,045)
<b>Re-measurement of the Net Defined Benefit Asset</b>		
Return on Plan Assets (greater)/ less than discount rate	(63,399)	(77,414)
<b>Total Actuarial (gain)/ loss included in OCI</b>	<b>19,32,512</b>	<b>(1,28,616)</b>

#### 36.5 Plan Assets

Particulars	March 31, 2020	March 31, 2019	April 01, 2018
Funds managed by Insurer	100%	100%	100%

#### 36.6 Defined Benefit Obligation - Actuarial Assumptions

Particulars	March 31, 2020	March 31, 2019	April 01, 2018
Discount Rate	6.70%	7.72%	7.68%
Expected Return on Plan Asset	6.70%	7.72%	7.72%
Rate of Compensation Increase (Salary Inflation)	6.00%	6.00%	6.00%
Early Retirement & Disablement (All Causes Combined)	1.00%	1.00%	1.00%

#### 36.7 Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	March 31, 2020			
	Increase	%	Decrease	%
Discount Rate (+/- 100 basis points)	67,21,364	-10.99	85,04,248	12.62
Future Salary Growth (+/- 100 basis points)	85,02,285	12.60	67,15,927	-11.06
Attrition Rate (+/- 100 basis points)	75,37,711	-0.18	75,64,517	0.18
Mortality Rate (+/- 100 basis points)	75,53,945	0.04	75,48,207	-0.04
	March 31, 2019			
	Increase	%	Decrease	%
Discount Rate (+/- 100 basis points)	35,70,217	-10.75	44,92,912	12.32
Future Salary Growth (+/- 100 basis points)	44,96,712	12.42	35,63,737	-10.91
Attrition Rate (+/- 100 basis points)	39,94,224	-0.15	40,05,944	0.15
Mortality Rate (+/- 100 basis points)	40,05,264	0.13	39,94,824	-0.13



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

	April 01 2018			
	Increase	%	Decrease	%
Discount Rate (+/- 100 basis points)	23,40,948	-10.77	29,47,153	12.34
Future Salary Growth (+/- 100 basis points)	29,49,566	12.43	23,36,750	-10.93
Attrition Rate (+/- 100 basis points)	26,17,592	-0.22	26,29,372	0.23
Mortality Rate (+/- 100 basis points)	26,26,827	0.13	26,20,085	-0.13

### 36.8 Table Showing Cash Flow Information

Particulars	March 31, 2020	March 31, 2019	April 01, 2018
Next Year Liability (Expected)	1,07,13,681	59,04,727	39,07,542
Minimum Funding Requirements	53,70,974	17,81,182	9,04,152
Company's Discretion	-	-	-

### 36.9 Table Showing Maturity Analysis of the Defined Benefit Plan

Particulars	March 31, 2020	March 31, 2019	April 01, 2018
Year 1	44,720	29,499	244,029
Year 2	99,328	32,149	20,265
Year 3	54,138	73,922	22,162
Year 4	58,655	38,751	43,465
Year 5 and above	4,47,57,619	3,10,34,227	2,00,09,515
Total Undiscounted Payments related to Past Service	4,50,14,460	3,12,08,548	2,03,39,436
Less Discount For Interest	3,74,63,384	2,72,08,484	1,74,90,527
Projected Benefit Obligation	75,51,076	40,00,064	28,48,909

**36.10 The company has contributed ₹ 71,23,749 (Previous year: ₹ 46,19,254) to Defined Contribution Cchemes.**

### 37. Risk Management and Impairment Allowance

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Risk Management Committee and the Board of Directors.

The Company has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk through- out the Company. The risk management process is continuously reviewed, improved and adapted in the context of changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.



## **JAGARAN MICROFIN PRIVATE LIMITED**

### **Notes forming part of Financial Statements**

(All amount in ₹, unless otherwise stated)

#### **37.1 Credit Risk**

The Company is a rural focused NBFC-MFI with a geographically diversified presence in India and offer income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas. Further more, as we focus on providing micro-loans in Rural Areas, our results of operations are affected by the performance and the future growth potential of microfinance in rural India. Our clients typically have limited sources of income, savings and credit histories and our loans are typically provided free of collateral. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, we rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of our loans.

In order to mitigate the impact of credit risk in the future profitability, the Company creates impairment loss allowance basis the expected credit loss (ECL) model for the outstanding loans as at balance sheet date.

The below discussion describes the Company's approach for assessing impairment as stated in note 3.14 of the significant accounting policies.

##### **A) Probability of Default (PD)**

The Company determines PD on a collective basis. The Company uses historical information of its loan portfolio to estimate PD.

In determining the above PD's, an effort is made to eliminate outliers for a particular observation period which are not likely to happen in future. Accordingly, the Company determines PD depending upon the underlying classification of asset (i.e. Stage I or Stage II).

##### **B) Exposure at Default (EAD)**

The outstanding balances as at the reporting date is considered as EAD by the Company.

##### **C) Loss Given Default**

The Company determines its expectation of lifetime loss by estimating recoveries towards its entire loan portfolio through analysis of historical information. The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. Based on its analysis of historical trends, the Company has assessed that significant recoveries happen in the year in which default has occurred. Accordingly, it believes no significant difference arise from discounting such recoveries for determining ultimate loss rates.

#### **37.2 Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company is exposed to two types of market risks as follows:



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

#### 37.2a Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows

Finance Cost	As at March 31, 2020
0.50 % Increase	1.92 Crore
0.50 % Decrease	1.92 Crore

#### 37.2b Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

#### 37.3 Liquidity Risk

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilization team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Company has a asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

The table in Note No. 40.7 provide details regarding the contractual maturities of significant financial assets and liabilities as at year end.

**38. Maturity Analysis of Assets and Liabilities**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Assets	As at March 31, 2020			As at March 31, 2019			As at April 01, 2018		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Cash and Cash Equivalents	26,73,62,459	-	26,73,62,459	28,12,68,879	-	28,12,68,879	25,54,96,830	-	25,54,96,830
Other Balances with Bank	37,05,64,097	18,93,60,823	55,99,24,920	15,02,48,210	18,62,06,289	33,64,54,499	4,67,77,491	18,22,50,930	22,90,28,421
Trade Receivables	1,15,302	-	1,15,302	14,48,782	-	14,48,782	48,28,899	-	48,28,899
Loans	3,56,98,84,858	1,08,51,89,619	4,65,50,74,477	3,60,69,12,863	30,40,00,001	3,91,09,12,864	2,16,87,09,332	11,41,11,221	2,28,28,20,553
Investments	50,33,593	-	50,33,593	-	-	-	-	-	-
Other Financial Assets	7,01,47,590	12,37,05,252	19,38,52,842	7,79,31,769	7,61,12,558	15,40,44,327	2,36,73,121	7,25,54,405	9,62,27,526
Tax Assets (Net)	-	3,29,87,894	3,29,87,894	-	1,61,09,561	1,61,09,561	-	1,06,29,629	1,06,29,629
Property, Plant and Equipment	-	1,10,19,332	1,10,19,332	-	1,11,71,872	1,11,71,872	-	1,08,33,342	1,08,33,342
Other Intangible Assets	-	33,96,508	33,96,508	-	27,28,040	27,28,040	-	19,64,367	19,64,367
Other Non-financial Assets	26,04,100	-	26,04,100	65,45,357	-	65,45,357	29,20,917	-	29,20,917

Liabilities	As at March 31, 2020			As at March 31, 2019			As at April 01, 2018		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Trade Payables	1,68,53,409	-	1,68,53,409	2,13,97,416	-	2,13,97,416	2,18,72,774	-	2,18,72,774
Debt Securities	-	80,70,31,446	80,70,31,446	-	57,91,23,752	57,91,23,752	-	-	-
Borrowings (Other than Debt Securities)	1,98,13,73,602	1,86,87,75,673	3,85,01,49,275	2,02,61,29,709	1,26,66,31,696	3,29,27,61,405	1,19,83,64,248	92,73,82,301	2,12,57,46,549
Subordinated Liabilities	-	5,00,41,802	5,00,41,802	-	-	-	-	-	-
Current Tax Liabilities (Net)	73,12,991	-	73,12,991	61,02,843	-	61,02,843	-	-	-
Provisions	-	60,73,819	60,73,819	-	21,73,546	21,73,546	-	12,83,634	12,83,634
Other Non-financial Liabilities	62,22,851	-	62,22,851	57,11,427	-	57,11,427	41,38,692	-	41,38,692







## JAGARAN MICROFIN PRIVATE LIMITED

### Notes to the Financial Statements for the Year ended March 31, 2020

(All amount in ₹, unless otherwise stated)

#### 39. Financial Instruments and Related Disclosures

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of Financial asset, Financial liability and equity instrument are disclosed in Note 3 to the financial statements.

#### A. Categories of Financial Instruments

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>						
<b>a) Measured at Amortised Cost</b>						
i) Cash and Cash Equivalents	26,73,62,459	26,73,62,459	28,12,68,879	28,12,68,879	25,54,96,830	25,54,96,830
ii) Other Bank Balances	55,99,24,920	55,99,24,920	33,64,54,499	33,64,54,499	22,90,28,421	22,90,28,421
iii) Trade Receivables	1,15,302	1,15,302	14,48,782	14,48,782	48,28,899	48,28,899
iv) Loans	4,65,50,74,477	4,65,50,74,477	3,91,09,12,864	3,91,09,12,864	2,28,28,20,553	2,28,28,20,553
v) Other Financial Assets	19,38,52,842	19,38,52,842	15,40,44,327	15,40,44,327	9,62,27,526	9,62,27,526
<b>Sub-total</b>	<b>5,67,63,30,000</b>	<b>5,67,63,30,000</b>	<b>4,68,41,29,351</b>	<b>4,68,41,29,351</b>	<b>2,86,84,02,229</b>	<b>2,86,84,02,229</b>
<b>b) Measured at Fair value through Profit or Loss</b>						
i) Investments	50,33,593	50,33,593	-	-	-	-
<b>Sub-total</b>	<b>50,33,593</b>	<b>50,33,593</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Financial Assets</b>	<b>5,68,13,63,593</b>	<b>5,68,13,63,593</b>	<b>4,68,41,29,351</b>	<b>4,68,41,29,351</b>	<b>2,86,84,02,229</b>	<b>2,86,84,02,229</b>
<b>Financial liabilities</b>						
<b>a) Measured at Amortised Cost</b>						
i) Payables	1,68,53,409	1,68,53,409	2,13,97,416	2,13,97,416	2,18,72,774	2,18,72,774
ii) Debt Securities	80,70,31,446	81,36,89,747	57,91,23,752	60,39,64,803	-	-
iii) Borrowings (Other than Debt Securities)	3,85,01,49,275	3,92,33,52,896	3,29,27,61,405	3,29,93,09,102	2,12,57,46,549	2,14,03,81,725
iv) Subordinated Liabilities	5,00,41,802	5,02,25,317	-	-	-	-
<b>Total Financial Liabilities</b>	<b>4,72,40,75,932</b>	<b>4,80,41,21,369</b>	<b>3,89,32,82,573</b>	<b>3,92,46,71,321</b>	<b>2,14,76,19,323</b>	<b>2,16,22,54,499</b>

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables.

#### Loans Measured at Amortised Cost

The management assessed the fair values of loans approximate their carrying amounts largely due to the short-term maturities of these instruments.

#### Other Financial Assets Measured at Amortised Cost

For other financial assets that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash, cash equivalents, other bank balances, Trade receivables and Other financial assets.



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

#### Debt Securities, Subordinated Liabilities and Other Borrowings Measured at Amortised Cost

The fair values of debts are estimated using a discounted cash flow model based on observable future cash flows based on terms, discounted at a rate that reflects market risks.

#### Other Financial Liabilities Measured at Amortised Cost

For other financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include Trade and Other payables.

### 39. Financial Instruments and Related Disclosures (continued)

#### B. Fair Value Hierarchy

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

Quoted prices in an active market (Level 1): Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity and mutual funds instruments that have quoted price. The fair value of all equity and mutual funds instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Valuation techniques with observable inputs (Level 2): The fair value of financial instruments that are not traded in an active market (for example over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Valuation techniques with significant unobservable inputs (Level 3): If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

#### Fair Value Hierarchy of Financial Assets and Financial Liabilities:

	As at March 31, 2020			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Loans	-	-	4,65,50,74,477	4,65,50,74,477
Investments	50,33,593	-	-	50,33,593
Other Financial Assets	-	-	19,38,52,842	19,38,52,842
	<b>50,33,593</b>	<b>-</b>	<b>4,84,89,27,319</b>	<b>4,85,39,60,912</b>
<b>Financial Liabilities</b>				
Debt Securities	-	-	80,70,31,446	80,70,31,446
Borrowings (Other than Debt Securities)	-	-	3,85,01,49,275	3,85,01,49,275
Subordinated Liabilities	-	-	5,00,41,802	5,00,41,802
	<b>-</b>	<b>-</b>	<b>4,70,72,22,523</b>	<b>4,70,72,22,523</b>

	As at March 31, 2019			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Loans	-	-	3,91,09,12,864	3,91,09,12,864
Other Financial Assets	-	-	15,40,44,327	15,40,44,327
	<b>-</b>	<b>-</b>	<b>4,06,49,57,191</b>	<b>4,06,49,57,191</b>
<b>Financial liabilities</b>				
Debt Securities	-	-	57,91,23,752	57,91,23,752
Borrowings (Other than Debt Securities)	-	-	3,29,27,61,405	3,29,27,61,405
	<b>-</b>	<b>-</b>	<b>3,87,18,85,157</b>	<b>3,87,18,85,157</b>



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

	As at April 01, 2018			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Loans	-	-	2,28,28,20,553	2,28,28,20,553
Other Financial Assets	-	-	9,62,27,526	9,62,27,526
	-	-	<b>2,37,90,48,079</b>	<b>2,37,90,48,079</b>
<b>Financial liabilities</b>				
Borrowings (Other than Debt Securities)	-	-	2,12,57,46,549	2,12,57,46,549
	-	-	<b>2,12,57,46,549</b>	<b>2,12,57,46,549</b>

### Fair Value of the Company's Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

Particulars	Fair Value as at			Fair Value Hierarchy	Valuation Technique and Key Input	Significant Unobservable Input
	March 31, 2020	March 31, 2019	April 01, 2018			
<b>Financial Assets</b>						
Loans	4,65,50,74,477	3,91,09,12,864	2,28,28,20,553	Level 3	Note (i)	Note (i)
Investments	50,33,593	-	-	Level 1	Note (ii)	N/A
Other Financial Assets	19,38,52,842	15,40,44,327	9,62,27,526	Level 3	Note (i)	Note (i)
<b>Financial liabilities</b>						
Debt Securities	81,36,89,747	60,39,64,803	-	Level 3	Note (iii)	Note (iii)
Borrowings (other than Debt Securities)	3,92,33,52,896	3,29,93,09,102	2,14,03,81,725	Level 3	Note (iii)	Note (iii)
Subordinated Liabilities	5,02,25,317	-	-	Level 3	Note (iii)	Note (iii)

#### (i) Income Approach.

The discounted cash flow method was used to capture the present value of the expected future benefits to be derived from the Loan Assets and Other Financial Assets. However, since these loans and financials assets have short term maturity, the fair value approximates the carrying value.

#### (ii) Quoted Prices.

Quoted bid prices of an active market was used.

#### (iii) Discount rate, determined using the average cost of lending of the company.

### Reconciliation of Level 3 Fair Value Measurements

Reconciliation	Loans	
	March 31, 2020	March 31, 2019
Opening Balance	3,91,09,12,864	2,28,28,20,553
Issuances	6,92,25,25,000	6,11,34,15,000
Settlements	6,17,83,63,387	4,48,53,22,689
Closing Balance	<b>4,65,50,74,477</b>	<b>3,91,09,12,864</b>
Unrealised Gains and Losses related to Balances held at the end of the period	-	-



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

#### C. Transfers of Financial Assets

##### Transfers of Financial Assets that are not derecognised in their entirety :

Assignment: The company has carried out an securitisation transaction wherein it has securitised loans to banks. Even though the loan assets have been securitised, the company still holds the right (legal as well as contractual) to recover the entire overdue balance in respect of these loan assets. Further, the returns are dependent on the realisation from the securitised loan assets, leading to company bearing the risk of non-realisation from the pool.

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018*
Carrying Amount of Assets	1,15,91,990	19,82,60,711	-
Carrying Amount of Associated Liabilities	2,13,41,959	19,59,58,591	-
Fair Value of Assets	1,15,91,990	19,82,60,711	-
Fair Value of Associated Liabilities	2,13,41,959	19,59,58,591	-

\* The company has chosen to apply the de-recognition requirements of Ind AS - 109 prospectively by choosing the first-time exemptions provided by Ind AS - 101.

#### 40. RBI Disclosures

##### 40.1. Disclosure as required under RBI Master Direction DNBR.PD.007/03.10.119/2016-17 dated September 01, 2016 (as amended) :

##### Capital to Risk Assets Ratio

Particulars	As at March 31, 2020	As at March 31, 2019*	As at March 31, 2018*
Tier I Capital	95,57,84,051	80,70,79,016	73,36,15,483
Tier II Capital	9,85,56,390	Nil	Nil
Total	1,05,43,40,441	80,70,79,016	73,36,15,483
Total Risk Weighted Assets	5,35,12,08,841	4,29,85,91,954	2,66,85,06,435

Capital Ratios:			
Tier I Capital as a percentage of Total Risk Weighted Assets (%)	17.86%	18.78%	27.49%
Tier II Capital as a percentage of Total Risk Weighted Assets (%)	1.84%	Nil	Nil
Total Capital (%)	19.70%	18.78%	27.49%

\* The details as at March 31, 2019 and March 31, 2018 are as per previous period financial statements prepared in accordance with generally accepted accounting principles in India (Indian GAAP) notified under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 ("Previous GAAP").



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

#### 40.2 Investments

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
HDFC Liquid Fund - Mutual Fund (fully in India)	50,33,593	-	-

#### 40.3 Ratings

Particulars	Rating Agency	Ratings	Date	Valid upto	Amount
Term Borrowings from Banks and Sub Debt	Aquite	BBB+	26/3/2020	18/6/2021	250.00 Crore
Non Convertible Debentures	ICRA	BBB-	29/10/2018	28/10/2022	55.00 Crore
Non Convertible Debentures	ICRA	BBB-	11/12/2019	10/12/2020	22.00 Crore

**40.4** The Company has no exposure to Capital Market (apart from indirect exposure through Investments in Mutual Funds as disclosed above) or has not issued any Gold Loans.

#### 40.5 Exposure to real estate sector, both direct & indirect

The Company does not have any direct or indirect exposure to the real estate sector as at March 31, 2020.

#### 40.6 Other Disclosures

The Company, during the current year and previous year, has no exposure in derivatives. It has also not transferred any loans through securitization nor has purchased or sold any non-performing financial assets during the said periods. The Company has not engaged in financing of any holding company products. During the year, no Single Borrower Limit (SGL) / Group Borrower Limit (GBL) was exceeded by the Company.

The Company is not registered with any from other financial sector regulators.

During the Current and Previous Years, no penalties were imposed by the RBI and other regulators.

There were no Draw Down from Reserves, Concentration of Deposits, Advances, Exposures and NPAs during the current and previous years.

**JAGARAN MICROFIN PRIVATE LIMITED**  
**Notes forming part of Financial Statements**  
(All amount in ₹, unless otherwise stated)  
**40.7 Maturity Pattern of Assets and Liabilities**

Maturity Pattern of Certain Items of Assets and Liabilities as at March 31, 2020

Particulars	Up to one Month	Over one Month to 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 4 Months	Over 4 Months upto 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
<b>Liabilities:</b>	<b>12,41,41,243</b>	<b>5,42,28,669</b>	<b>20,93,38,868</b>	<b>21,10,00,061</b>	<b>52,31,99,616</b>	<b>1,40,11,82,974</b>	<b>2,70,96,58,931</b>	<b>40,21,25,310</b>	<b>2,75,03,425</b>	<b>5,66,23,79,097</b>
Borrowings from Banks and Others	8,82,63,368	5,42,28,669	19,50,36,941	21,10,00,061	52,31,99,616	1,35,10,05,099	1,95,91,45,950	12,49,23,383	2,75,03,425	4,53,43,06,512
Market Borrowings	3,58,77,875	-	1,43,01,927	-	-	5,01,77,875	75,05,12,981	27,72,01,927	-	1,12,80,72,585
<b>Assets:</b>	<b>1,05,52,029</b>	<b>16,22,157</b>	<b>61,45,55,324</b>	<b>60,98,37,673</b>	<b>1,04,79,44,284</b>	<b>2,16,91,18,224</b>	<b>1,21,66,41,351</b>	-	-	<b>5,67,02,71,042</b>
Advances	1,05,52,029	16,22,157	61,45,55,324	60,98,37,673	1,04,29,10,691	2,16,91,18,224	1,21,66,41,351	-	-	5,66,52,37,449
Investments	-	-	-	-	50,33,593	-	-	-	-	50,33,593

Maturity Pattern of Certain Items of Assets and Liabilities as at March 31, 2019

Particulars	Up to one Month	Over one Month to 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 4 Months	Over 4 Months upto 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
<b>Liabilities:</b>	<b>41,40,95,016</b>	<b>17,94,24,720</b>	<b>20,67,58,392</b>	<b>18,56,42,842</b>	<b>39,61,51,407</b>	<b>1,02,63,98,434</b>	<b>1,49,77,52,714</b>	<b>65,69,73,123</b>	-	<b>4,56,31,96,648</b>
Borrowings from Banks and Others	37,85,12,182	17,94,24,720	20,67,58,392	18,56,42,842	39,61,51,407	99,02,25,518	1,35,42,41,214	3,54,13,965	-	3,72,63,70,240
Market Borrowings	3,55,82,834	-	-	-	-	3,61,72,916	14,35,11,500	62,15,59,158	-	83,68,26,408
<b>Assets:</b>	<b>53,46,63,006</b>	<b>54,26,69,280</b>	<b>46,30,35,174</b>	<b>44,68,21,926</b>	<b>76,87,84,420</b>	<b>1,30,24,37,259</b>	<b>35,13,54,173</b>	<b>4,82,95,962</b>	-	<b>4,45,80,61,200</b>
Advances	53,46,63,006	54,26,69,280	46,30,35,174	44,68,21,926	76,87,84,420	1,30,24,37,259	35,13,54,173	4,82,95,962	-	4,45,80,61,200
Investments	-	-	-	-	-	-	-	-	-	-

Maturity Pattern of Certain Items of Assets and Liabilities as at March 31, 2018

Particulars	Up to one Month	Over one Month to 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 4 Months	Over 4 Months upto 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
<b>Liabilities:</b>	<b>12,73,37,531</b>	<b>9,89,80,892</b>	<b>12,61,12,272</b>	<b>10,43,97,591</b>	<b>21,50,85,688</b>	<b>53,62,46,888</b>	<b>91,81,91,970</b>	<b>91,90,331</b>	-	<b>2,13,55,43,163</b>
Borrowings from Banks and Others	12,73,37,531	9,89,80,892	12,61,12,272	10,43,97,591	21,50,85,688	53,62,46,888	91,81,91,970	91,90,331	-	2,13,55,43,163
Market Borrowings	-	-	-	-	-	-	-	-	-	-
<b>Assets:</b>	<b>30,76,87,289</b>	<b>29,47,89,850</b>	<b>27,59,02,917</b>	<b>23,03,71,006</b>	<b>44,15,38,438</b>	<b>66,08,06,496</b>	<b>11,41,11,221</b>	-	-	<b>2,32,52,07,217</b>
Advances	30,76,87,289	29,47,89,850	27,59,02,917	23,03,71,006	44,15,38,438	66,08,06,496	11,41,11,221	-	-	2,32,52,07,217
Investments	-	-	-	-	-	-	-	-	-	-

**Note:**

Note: The above information has been considered as per the Asset Liability Management Report compiled by the Management and reviewed by the ALM Committee.





## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

Disclosure of Frauds reported during the year vide RBI/DNBS.PD.CC.No. 256/03.10.042/2011-12 dated March 02, 2012

	Less than Rs. 1 lakh		Rs. 1 lakh to Rs.5 lakh		Rs. 5 lakh to Rs.25 lakh		Total	
	No. of Accounts	Value Rs. In Lakh	No. of Accounts	Value Rs. In Lakh	No. of Accounts	Value Rs. In Lakh	No. of Accounts	Value Rs. In Lakh
<b>A) Person Involved</b>								
Staff	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-
Staff & Customer	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-
<b>B) Type of Fraud</b>								
Misappropriation and Criminal Breach of Trust	-	-	-	-	-	-	-	-
Fraudulent Encashment/ Manipulation of Books of Accounts	-	-	-	-	-	-	-	-
Unauthorised Credit Facility Extended	-	-	-	-	-	-	-	-
Negligence and cash shortages	-	-	-	-	-	-	-	-
Cheating and Forgery	-	-	-	-	-	-	-	-
Any other kind fraud not coming under above heads	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

Note: The above summary is prepared based on the information available with the Company and relied upon by the Auditor.

#### 40.8 Movement of Loan and Estimated Credit Loss (ECL)

Particulars	Stage 1 (PAR 0-30)	Stage 2 (PAR 31-90)	Stage 3 (PAR > 91)	Total
<b>Gross Carrying Value of Assets as at March 31, 2019</b>	3,93,82,01,895	33,77,503	90,85,631	3,95,06,65,029
New Assets originated during the year, netted off for repayments and derecognised portfolio	77,37,23,918	58,41,504	1,03,37,002	78,99,02,424
Assets written off during the year			(60,05,593)	(60,05,593)
<b>Movement between Stages</b>				-
Transfer to Stage 1	11,12,761	(10,54,598)	(58,163)	-
Transfer to Stage 2	(15,41,336)	15,41,336	-	-
Transfer to Stage 3	(1,09,07,431)	(98,150)	1,10,05,581	-
<b>Gross Carrying Value of Assets as at March 31, 2020</b>	<b>4,70,05,89,807</b>	<b>96,07,595</b>	<b>2,43,64,458</b>	<b>4,73,45,61,860</b>

Particulars	Stage 1 (PAR 0-30)	Stage 2 (PAR 31-90)	Stage 3 (PAR > 91)	Total
<b>ECL Allowance as at March 31, 2019</b>	2,80,94,166	29,84,010	86,73,989	3,97,52,165
New Assets originated during the year, netted off for repayments and derecognised portfolio	2,04,96,031	48,40,255	95,56,095	3,48,92,381
Assets written off during the year			(56,36,849)	(56,36,849)
<b>Movement between Stages</b>				
Transfer from Stage 1	3,318	(6,46,584)	(54,592)	(6,97,858)
Transfer from Stage 2	(4,596)	9,45,007	-	9,40,410
Transfer from Stage 3	(32,528)	(60,177)	1,03,29,838	1,02,37,133
<b>ECL Allowance as at March 31, 2020</b>	<b>4,85,56,391</b>	<b>80,62,511</b>	<b>2,28,68,481</b>	<b>7,94,87,383</b>





## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

Particulars	Stage 1 (PAR 0-30)	Stage 2 (PAR 31-90)	Stage 3 (PAR > 91)	Total
<b>Gross Carrying Value of Assets as at March 31, 2018</b>	2,28,03,79,605	37,75,477	2,19,17,543	2,30,60,72,625
New Assets originated during the year, netted off for repayments and derecognised portfolio	1,65,78,86,455	(2,95,685)	41,68,965	1,66,17,59,735
Assets written off during the year			(1,71,67,331)	(1,71,67,331)
<b>Movement between Stages</b>				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	(64,165)	(1,02,289)	1,66,454	-
<b>Gross Carrying Value of Assets as at March 31, 2019</b>	<b>3,93,82,01,895</b>	<b>33,77,503</b>	<b>90,85,631</b>	<b>3,95,06,65,029</b>

Particulars	Stage 1 (PAR 0-30)	Stage 2 (PAR 31-90)	Stage 3 (PAR > 91)	Total
<b>ECL Allowance as at March 31, 2018</b>	1,18,63,747	3,26,732	1,10,61,593	2,32,52,072
New Assets originated during the year, netted off for repayments and derecognised portfolio	1,62,30,610	27,19,992	1,35,69,419	3,25,20,021
Assets written off during the year	-	-	(1,61,13,257)	(1,61,13,257)
<b>Movement between Stages</b>				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	(191)	(62,714)	1,56,234	93,329
<b>ECL Allowance as at March 31, 2019</b>	<b>2,80,94,166</b>	<b>29,84,010</b>	<b>86,73,989</b>	<b>3,97,52,165</b>

#### 40.8 Movement of Loan and Estimated Credit Loss (ECL) (Continued)

##### Comparison between Provisions required under IRACP and Impairment Allowances made under Ind AS 109:

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions as required as per IRACP norms	Differences between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7=4-6
<b>Performing Assets</b>						
Standard	Stage 1	4,70,05,89,807	4,85,56,390	4,65,20,33,417	4,70,05,898	15,50,492.31
	Stage 2	96,07,595	80,62,512	15,45,083	96,076	79,66,436
Subtotal		4,71,01,97,402	5,66,18,902	4,65,35,78,500	4,71,01,974	95,16,928
<b>Non Performing Assets (NPA)</b>						
Substandard	Stage 3	2,43,64,458	2,28,68,480	14,95,978	2,43,645	2,26,24,836
Subtotal		2,43,64,458	2,28,68,480	14,95,978	2,43,645	2,26,24,836
Other items such as guarantees, loan commitments etc. which are in the scope of IndAS 109 but not covered under Income Recognition, Asset Classification and Provisioning Norms (IRACP)	NA			NA		
Subtotal						
Total	Stage 1	4,70,05,89,807	4,85,56,390	4,65,20,33,417	4,70,05,898	15,50,492.31
	Stage 2	96,07,595	80,62,512	15,45,083	96,076	79,66,436
	Stage 3	2,43,64,458	2,28,68,480	14,95,978	2,43,645	2,26,24,836



## **JAGARAN MICROFIN PRIVATE LIMITED**

### **Notes forming part of Financial Statements**

(All amount in ₹, unless otherwise stated)

#### **41. Disclosure as required under RBI Master Direction DNBR.PD.007/03.10.119/2016-17 dated September 01, 2016, as updated:**

During the year the average interest on borrowings calculated on balances of average monthly outstanding borrowings is 15.56%.

During the year the Company has charged an average interest rate of 25.56%, calculated on average monthly balances of outstanding loan portfolio.

#### **42. First Time Adoption of Ind AS**

The Company has prepared its Ind AS compliant financial statements for the year that ended on March 31, 2020, the comparative period ended on March 31, 2019 and an opening Ind AS balance sheet as at April 1, 2018 (the date of transition), as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Group in restating its previous GAAP financial statements, including the balance sheet as at April 1, 2018 and the financial statements as at and for the year ended March 31, 2019.

For years ended upto the year ended March 31, 2019, the Group had prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with Companies (Accounting Standards) Rules, 2006 (Previous GAAP).

Ind AS 101 "First-time Adoption of Indian Accounting Standards" provides a suitable starting point for accounting in accordance with Ind AS and is required to be mandatorily followed by first-time adopters. The Company has prepared the Opening Balance Sheet as per Ind AS of April 1, 2018 (the transition date) by:

- a. recognising all assets and liabilities whose recognition is required by Ind AS,
- b. not recognising items of assets or liabilities which are not permitted by Ind AS,
- c. reclassifying items from previous Generally Accepted Accounting Principles (GAAP) to Ind AS as required under Ind AS, and
- d. applying Ind AS in measurement of recognised assets and liabilities.

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

The Company has applied for the following exemptions:

##### **1. Property, Plant, Equipment & Intangible Assets**

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets as at March 31, 2018, measured as per the Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets as on April 1, 2018.

##### **2. Estimates**

The estimates at April 1, 2018 and at March 31, 2019 are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2018 and as of March 31, 2019.

##### **3. Classification of Measurement of Financial Assets**

The classification of financial assets to be measured at amortized cost or fair value through Profit and Loss is made on the basis of facts and circumstances that existed on the date of transition to Ind AS.



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

#### Reconciliation of Other Equity

Particulars	Note	As at March 31, 2019	As at April 01, 2018
Other Equity as per Previous GAAP		38,41,96,482	30,68,40,476
Re-measurements on transition to Ind AS			
a. Interest income and expenses recognition using effective interest rate (EIR) method on financial assets and liabilities at amortised cost	(i)	(58,20,489)	(1,32,112)
b. Expected Credit Loss	(ii)	(22,84,323)	-
C. Deferred Tax on above adjustments	(iv)	23,60,123	38,472
Other Equity as reported under Ind AS		37,84,51,793	30,67,46,836

#### Reconciliation of Total Comprehensive Income

Particulars	Note	For the year ended March 31, 2019
Profit after Tax as reported under previous GAAP		10,51,47,605
Adjustments on account of:		
Adjustment on recognition of financial assets at amortised cost by application of effective interest rate (EIR) method	(i)	(1,29,12,383)
Adjustment on recognition of financial liabilities at amortised cost by application of effective interest rate (EIR) method	(i)	72,24,006
Adjustment on account of impairment allowance under Expected Credit Loss (ECL)	(ii)	(22,84,323)
Reclassification of net Actuarial gain on employee defined benefit obligation to Other Comprehensive Income (OCI)	(iii)	(1,28,616)
Tax Impact on above adjustments	(iv)	23,59,104
<b>Profit after Tax as per IND AS</b>		<b>9,94,05,393</b>
Other Comprehensive income, net of tax		91,163
<b>Total Comprehensive Income(after tax) as reported under IND AS</b>		<b>9,94,96,556</b>

#### Reconciliation of Cash Flow Statement

Particulars	Note	As at March 31, 2019		
		Previous GAAP	Effect of Ind AS transition	Ind AS
As per Previous GAAP				
Net cash flow from operating activities	(v) & (vi)	(1,34,13,19,035)	(21,84,11,313)	(1,55,97,30,348)
Net cash flow from investing activities	(vi)	(12,85,61,281)	(42,83,329)	(13,28,44,610)
Net cash flow from financing activities	(v) & (vi)	1,49,56,52,365	22,26,94,642	1,71,83,47,007
<b>Net Increase in Cash and Cash Equivalents</b>		<b>2,57,72,049</b>	<b>-</b>	<b>2,57,72,048</b>

#### Footnotes to the reconciliation of equity as at March 31, 2019 and April 01, 2018 and Total Comprehensive Income for year ended March 31 2019

##### (i) Measurement of financial assets and financial liabilities at amortised cost

Under Previous GAAP, all financial assets and financial liabilities were carried at cost. Under Ind AS, certain financial assets and financial liabilities are subsequently measured at amortised cost which involves the application of effective interest method. In applying the effective interest method, an entity identifies fees that are an integral part of the effective interest rate of a financial instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or financial liability.



## **JAGARAN MICROFIN PRIVATE LIMITED**

### **Notes forming part of Financial Statements**

(All amount in ₹, unless otherwise stated)

#### **(ii) Expected Credit Loss Allowances on Financial Assets measured at amortized cost**

Under Previous GAAP, the impairment provisioning in respect of a NBFC-ND-NSI was governed by the principles as prescribed by the RBI through NBFC-ND-NSI Directions.

Under Ind AS, a loss allowance for expected credit losses is recognised on financial assets carried at amortized cost. Expected credit losses (with the exception of purchased or original credit-impaired financial assets) are required to be measured through a loss allowance at an amount equal to the 12 month expected credit losses; or Lifetime expected credit losses if credit risk has increased significantly since initial recognition of the financial instrument.

#### **(iii) Re-measurement Gains and Losses on Defined Benefit Plans**

Under previous GAAP, actuarial gains and losses related to the defined benefit schemes for gratuity were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability/asset which is recognised in OCI. Consequently, the tax effect of the same has also been recognised in Other Comprehensive Income (OCI) instead of profit or loss.

#### **(iv) Tax Impact on above adjustments**

The above adjustments have led to recognition of deferred taxes on new temporary differences.

#### **(v) Grossing up of Collateralised Borrowings**

The Company transfers loan assets under Business Correspondent (BC) arrangements to banks. This does not meet the de-recognition criteria due to risk being retained by the Company. Consequently, proceeds received from such transactions are recorded as collateralised borrowings and loan assets continue to be recognised in the financial statements. Under the Previous GAAP, such transactions were de-recognised and recorded as a sale.

#### **(vi) Regrouping**

The other adjustments regrouping adjustments for certain items from operating and investment activities to financing activities.



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

#### 43: Additional information to the financial statements

Notes to the balance sheet of a non deposit taking Non Banking Financial Company as required under RBI master direction DNBR. PD.007/03.10.119/2016-17 dated September 01, 2016, as amended

Particulars	Amount Outstanding	Amount Overdue
<b>Liabilities side:</b>		
<b>1) Loans &amp; advances availed by the NBFC inclusive of accrued interest thereon but not paid</b>		
(a) Debentures: Secured	80,70,31,446	Nil
Unsecured	Nil	Nil
(Other than falling within the meaning of public deposits)		
(b) Deferred credits	Nil	Nil
(c) Term loans	3,90,01,91,077	Nil
(d) Inter-corporate loans and borrowings	Nil	Nil
(e) Commercial papers	Nil	Nil
(f) Public deposits	Nil	Nil
(g) Other loans (specify nature)	Nil	Nil
<b>2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>		
(a) In the form of unsecured debentures	Nil	Nil
(b) In the form of partly secured debentures i.e. debenture where there is a shortfall in the value of security	Nil	Nil
(c) Other public deposits	Nil	Nil
<b>Particulars</b>		<b>Amount Outstanding</b>
<b>Assets Side:</b>		
<b>3) Break-up of loans and advances including bills receivables [other than those included in (4) below]</b>		
(a) Secured		Nil
(b) Unsecured		4,65,50,74,477
<b>4) Break up of leased assets and stock on hire and other assets counting towards AFC activities.</b>		
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial lease		Nil
(b) Operating lease		Nil
(ii) Stock on hire including hire charges under sundry debtors		
(a) Asset on hire		Nil
(b) Repossessed assets		Nil
(iii) Other loans counting towards AFC activities.		
(a) Loans where assets has been repossessed		Nil
(b) Loans other than (a) above		Nil



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

#### 5) Break up of investments

	Amount Outstanding
<b>Current investments</b>	
(A) Quoted:	
(i) Shares : (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and bonds	Nil
(iii) Units of mutual funds	50,33,593
(iv) Government securities	Nil
(v) Others (please specify)	Nil
(B) Unquoted:	
(i) Shares: (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government securities	Nil
(v) Others (please specify)	Nil
<b>Long term investments</b>	
(A) Quoted:	
(i) Shares: (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government securities	Nil
(v) Others (please specify)	Nil
(B) Unquoted:	
(i) Shares : (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government securities	Nil
(v) Others (please specify)	Nil



## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

#### 6) Borrower group -wise classification of assets, financed (3) and (4) above:

Category	Amount net of provisions		
	Secured	Unsecured	Total
(i) Related parties			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
(ii) Other than related parties	Nil	4,65,50,74,477	4,65,50,74,477
<b>Total</b>	<b>Nil</b>	<b>4,65,50,74,477</b>	<b>4,65,50,74,477</b>

#### 7) Investor group wise classification of all investments (Current and long term) in shares and securities (both quoted and unquoted category)

Particulars	Market value/Break-up on fair value or NAV	Book value
(i) Related parties		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
(ii) Other than related parties	Nil	Nil

#### 8) Other Information:

Particulars	
(i) Gross non-performing assets*	
(a) Related parties	Nil
(b) Other than related parties	2,43,64,458
(ii) Net non performing assets*	
(a) Related parties	Nil
(b) Other than related parties	14,95,978
(iii) Assets acquired in satisfaction of debt	Nil

\* Non-performing assets represents Stage 3 contracts i.e. which are overdue for more than 90 days.





## JAGARAN MICROFIN PRIVATE LIMITED

### Notes forming part of Financial Statements

(All amount in ₹, unless otherwise stated)

#### 44. Segment Information

The Company is engaged in taking loans from banks and financial institutions and provide finance to members in India. Consequently, there are no separate reportable segments as per 'Ind AS 108'.

#### 45. Impact of COVID-19 Pandemic

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March, 27, 2020 and April 17, 2020 and May 23, 2020 and in accordance therewith, the Company has proposed an initial moratorium of three months on the payment of all principal instalments and/or interest, as applicable falling due between April, 2020 and May 31, 2020 to all eligible borrowers classified as standard, even if over due as on February 29, 2020, excluding the collections made/already made in the month of March 2020, as per the RBI guidelines and approval by its Board of directors. Further, the Company has, based on current available information and based on the policy approved by the board determined the provision for impairment of financial assets.

Given the uncertainty over the potential macro-economic impact, the Company's management has considered internal and external information upto the date of approval of these financial statements. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets.

The extent to which the COVID-19 pandemic will impact the Company's future results/financial position will depend on future developments, which are highly uncertain. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

#### 46. Previous Year's Figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

#### 47. Adoption In Board Meeting

This Financial Statements together with the Accounting Policies and Notes have been adopted in the Meeting of the Board dated 29 July 2020.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm Registration No. 302009E

**For and on behalf of the Board of Directors of  
Jagaran Microfin Private Limited**

**Abhijit Bandyopadhyay**  
Partner

**Sourav Ghosh**  
Managing Director  
DIN: 08154243

**Jaydeep Ghosh**  
Whole Time Director & CEO  
DIN: 07475085

**Tirtha Pratim Sahu**  
Chief Financial Officer

**Tanusree Ghosh**  
Company Secretary

Place: Kolkata  
Date: 29 July 2020

Place: Kolkata  
Date: 29 July 2020





**JAGARAN**

**Jagaran Microfin Private Limited**

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