



# Annual Report FY18-19



**Chaitanya India Fin Credit Private Limited**



# Samit S Shetty

Dearest Shareholders,

This is an opportunity to express my heartfelt gratitude to you, our shareholders, especially those of you who have backed us for more than 8 years now. You all have been admirable in your patience and your trust that Chaitanya is a good steward of your capital has been at the heart of our strength. As we move forward it seems that a lot of early shareholders are required to exit the cap table of our holding company. Hoping that we will find ways to engage with each other and with the concept that through business we can make a sustainable change to the lives of millions.

There are moments in an organisation's life when it is time to pause, reflect, reinvent and re-energise. For Chaitanya this is the year of reflection and metamorphosis. This period of reflection should lead the organisation to a better trajectory in pursuit of its vision and we need to do it post haste.

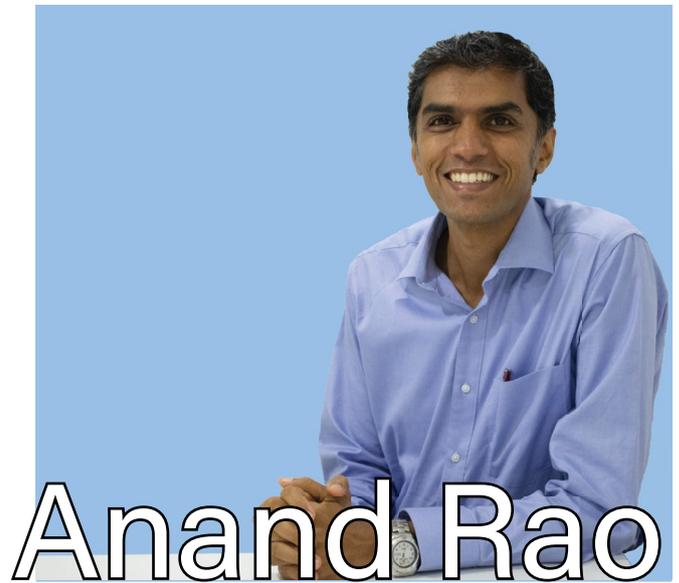
We are completing 10 years of business in Sep 2019. We are headed towards a substantial change in ownership and shareholding pattern of our holding company. Our Industry is looking towards a period of transition as technological changes and increasing competition threaten to change the industry dynamics. Pvt Banks look to fight for their rightful share of the micro finance consumer space, some Small Finance Banks are re-focussing back on the MFI customer base and mainstream NBFCs who are in the midst of a liquidity crunch are discovering that MFI subsidiaries are a great source of diversification and strength. The country is heading into a period of economic reality check, as it faces up to the fact that income expansion without productivity growth is untenable and that productivity improvements needs more than relying on favourable demographics. The trade-offs in making conscious reforms to our business and taxation milieu, trade-offs in backing technological and financial innovations currently occupy finance policy makers. In these uncertain next 2-3 years we are likely to encounter substantial change in the space and we are preparing to win. Hoping that an honest appraisal of our present and aspirational dreams for the future would prepare us well.

## *Our Business*

The JLG business in Karnataka has reached a scale and operating efficiency level which is sustainable. Further improvements in the nature of fine-tuning are possible. Substantial efficiency improvements however can come only by innovations in operating model, product design or through leaps in technology usage. In the North Indian states of UP, Bihar, Jharkhand and Chattisgarh we were behind the curve in establishing our presence, but the opportunity to gain a relevant foothold there beckons. With close to 30 months on the ground in Bihar we have been successful in building a robust base and aligned team. The hard work of implementing a geographical expansion strategy to get from 25 Branches to 200 Branches in North over the next 2-3 years remains.

In the two wheelers 5+ years of building has enabled us to live the dynamics of the 2 wheeler business very well. We have established and understood that we will have a competitive advantage versus competition if we are able to deliver the product by integrating with the JLG platform and JLG branches. Our 2 wheeler business has to demonstrate its capability to translate this strategic advantage into market share and profitability. The housing loan business and Small business loans continue in discovery mode and will see further changes in product design, operating model and structure. In the digital lending business while there have been organisational learnings and some experiments, we have a long way to go before we evolve a coherent digital lending strategy and the time to evolve is getting shorter as penetration of mobile phones and networks continues to grow in rural India.

Our biggest success is in being an institution that is professionally run with a highly committed and stable middle management. We have established our presence in the minds and balance sheets of Lenders and other stake holders as a credible counterparty and sustainable institution. Our Aspiration is to get from here to be one of the preferred and trusted financial services partner in rural India and amongst the top 3 Financial institutions in our territory.



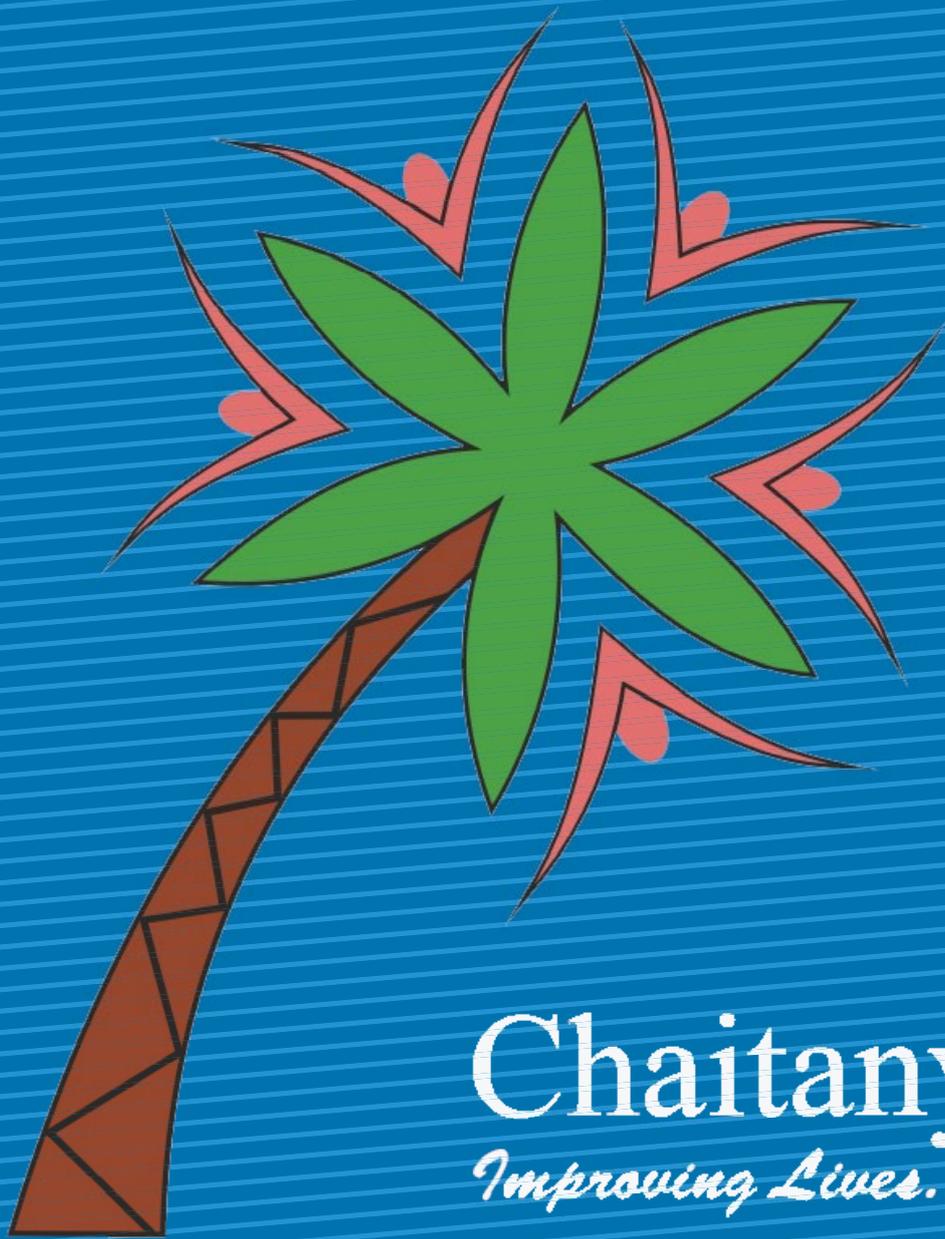
Dear Shareholders,

The microfinance (MFI) sector continues to grow at an annual compounded growth rate of close to 40% for the past 8 years with the only dip in the last 8 years being in the year of demonetization. This compounded growth rate has taken the industry to a size of 1.86 lakh crore as of March 2018-19. The growth rate of close to 40% this year is commendable as it came in spite of the larger NBFC sector going through a liquidity crisis. The continued good health of the MFI sector indicates the strong fundamentals of the industry. Of the different players operating in the MFI space, NBFC-MFIs (Chaitanya is a NBFC-MFI) continue to have the fastest growth (42% in FY18-19) and the largest share in the industry (36.8% as of FY18-19). This has come in spite of the other industry players (Banks, Small Finance Banks and NBFCs) having a regulatory arbitrage, wherein these other players are not required to follow all the regulations which are applicable to NBFC-MFIs. However, the entry of much larger entities (Banks and NBFCs) has also meant that NBFC-MFIs need to have scale to be competitive. The successful public market offering this year of one of the larger NBFC-MFIs and good valuations of other listed NBFC-MFIs, point to the confidence of the market in the NBFC-MFI model. The acquisition of the largest NBFC-MFI by a bank this year also indicates the strategic value the NBFC-MFI business. The Self Regulator Organization (SRO) status given by the regulator to the two industry bodies—MFIN and Sadhan has continued to work well for the sector ensuring a stable regulatory environment for the industry. The industry has also been able to reasonably manage the political risks arising at district and state levels—especially after the demonetization period—by actively engaging with local district and state administrations across the country.

The industry is seeing its share of technology impact. Most players have moved to eliminating paper work in repayments and some in customer sourcing. More than eighty percent of the industry has moved to bank account disbursements for customers. With 9 crore microfinance accounts spread across 619 districts in the country, disbursements into customer bank account is the industry's additional contribution to financial inclusion. Making customer repayments cashless will be the next big milestone for the industry with positive implications for the industry. Small cash collections across large geographies is an operational drag for the industry today.

A number of MFIs have been able to make the transition from group loans to unsecured individual loans for their customers. This is good for both the customer and the industry. Individual loan is a customer requirement as customer incomes' rise and imperative for the industry to offer this. Technology disruption of the group lending model remains a threat, but yet to be seen happening in any significant manner. Disruption looks inevitable at some point of time, but the MFI model of regular customer contact and connect at a cost-efficient manner, can continue to be a significant edge for the industry.

The last year was Chaitanya's ninth year of operations. Till date, the company focussed on being a deep rural MFI. This has served us well and should continue to be our strength in the years to come. The company grew its loan book by 61% during the year with a PAT of 7.25 Cr. This is a good bounce back after the demonetization crisis. The post demonetization loan book is doing well with one day overdue loans being less than 0.21% of the loan book. The company now operates in 4 states, Karnataka and Maharashtra in the south, Bihar and Uttar Pradesh in the north. Our experience till date in expanding in the north has been good giving us confidence to expand rapidly in the rural markets of the north. Since inception our focus has been to build a values-based institution with a strong focus on sound processes. This foundation should help us to build a country wide operation in the coming years. Our vision is also to be a multi-product company, providing financial services beyond group loans. Our 2 wheeler product line is stabilizing in Karnataka and we would be looking to scale it to the other states in which we operate. Our housing loan product and business loan product continues to be run as a pilot. We are confident to scale up these products in the coming years.



Chaitanya  
*Improving Lives....*

# About Us





Chaitanya has its origins in Chaitanya Rural Women and Children Welfare Society, an NGO started in 2004. The NBFC operations started in 2009 September with micro lending activities to low income families in rural karnataka.

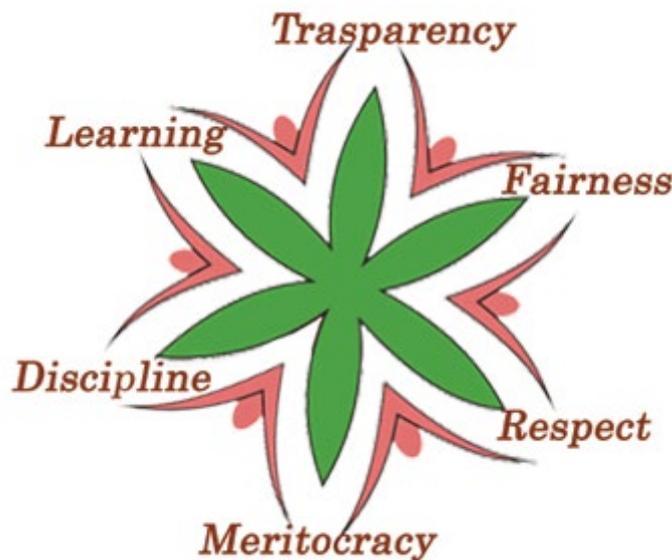
## Mission of the Company

*Improving lives of Low Income Families through provision of financial services and ensuring sustainable shareholder returns.*

## Vision of the Company

*To be a Pan India Rural Financial Services company meeting the full spectrum of financial service needs for low income rural customers.*

Chaitanya now operates in 5 states, in over 195 branches and serving more than 3.5Lakh micro credit customers. Chaitanya is built upon the core values of Transparency, Fairness, Respect, Meritocracy, Discipline and Continuous Learning. Every effort is taken to infuse these core values every step of the way.



Chaitanya enters its 10<sup>th</sup> year of operations this year and looking back we take pride in having built a value based institution. Though the distance covered in the past is significant, the opportunity to make an impact across India is massive. With the rise in the penetration of technology, Chaitanya is preparing for the next wave of growth and the rapid changes that come along with it.



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# Management Discussion



# Operational Highlights



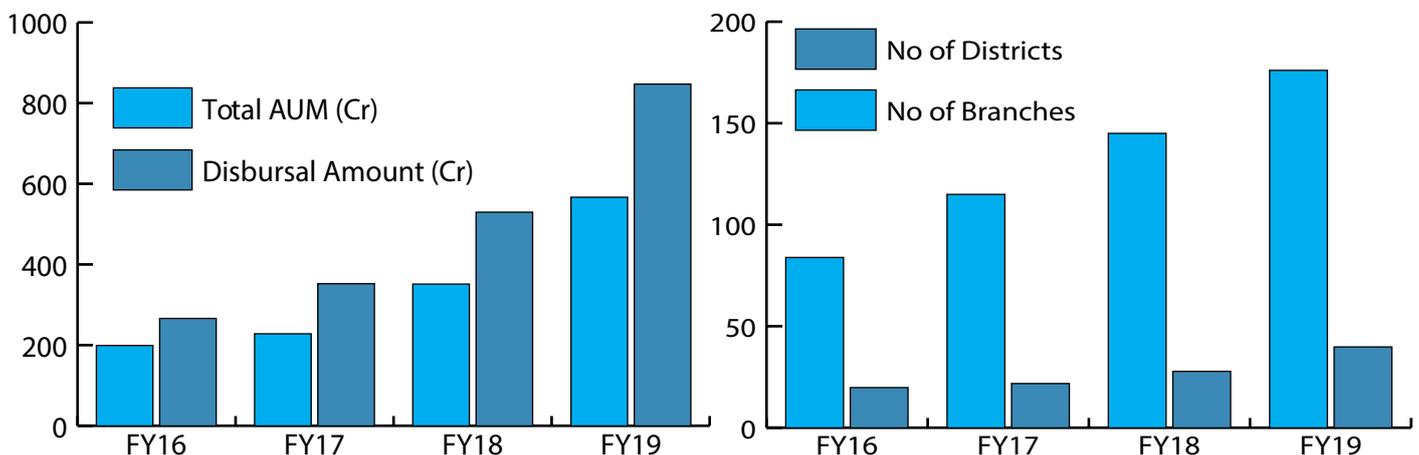
Chaitanya  
Improving Lives...



# KEY OPERATIONAL METRICS

Particulars	FY 2018	FY 2019
No. of states covered	3	4
No. of districts covered	28	32
No. of branches	145	176
No. of employees	1,313	1,582
No. of active microcredit clients	2,73,863	3,48,565
Total AUM in Rs. (crores)	351	567
Operating Cost Ratio	12%	9.9%
Clients per loan officer	366	387

As on 31st March 2019 Chaitanya's operations spreads across four states-Karnataka, Maharashtra, Bihar and Uttar Pradesh (UP), with UP being the newest state for the company. Expansion into newer states is in line with the company's objective to have a geographically diversified portfolio. The non-Karnataka share of microfinance book (JLG loans) increased from 20% to 30% during the year. The company added 31 branches during the financial year with all new branches coming outside the home state of Karnataka. The company added 13 branches in Maharashtra, 14 branches in Bihar and 4 branches in UP. The microfinance book of the company grew by a healthy 61% during the financial year, with an active customer base growth of 32% and a growth in average loan outstanding per client of 22%. The growth in portfolio has also been accompanied by improvements in efficiency parameters. The operating cost ratio of the company decreased from 12% to 9.9%. The clients per loan officer has moved up from 366 to 387, and in the south, this number increased from 379 to 416. The portfolio growth with improved efficiencies has resulted in a healthy PAT of Rs. 7.25 crores. The post demonetization loan book is performing well, the Portfolio at Risk (PAR) of the post demonetization book is 0.21%.



As the company expands across geographies, it has moved into a business unit(strategic business unit-SBU) structure. The South SBU currently covers Karnataka and Maharashtra, and the North SBU currently covers Bihar and UP.

For FY2019, the focus areas for SBU South were:

- 1) to improve efficiency in the JLG business and scale up non JLG products,
- 2) to expand coverage in Maharashtra, and
- 3) stabilise processes and controls in Maharashtra.

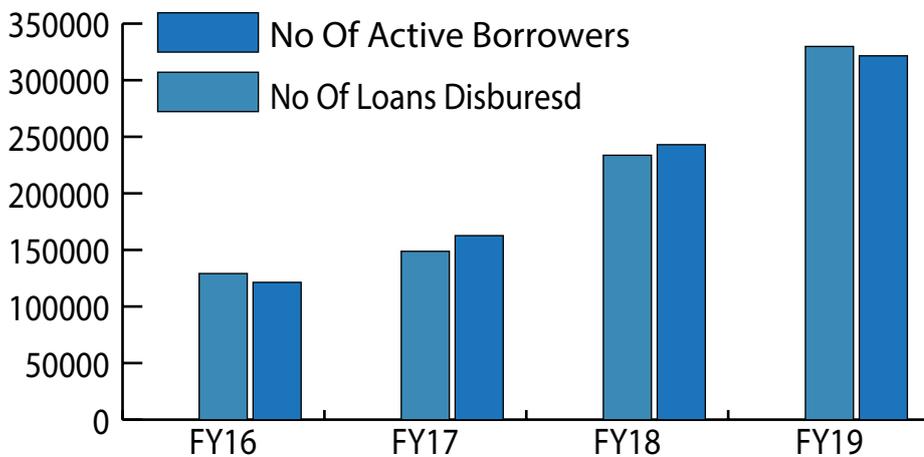


The South SBU ended the year with a portfolio of 517 Cr, a growth of 52% for the year, coming from 146 branches in Karnataka and Maharashtra and serving 3.16 lakh clients.

For FY 2019, the focus areas of the North SBU were:

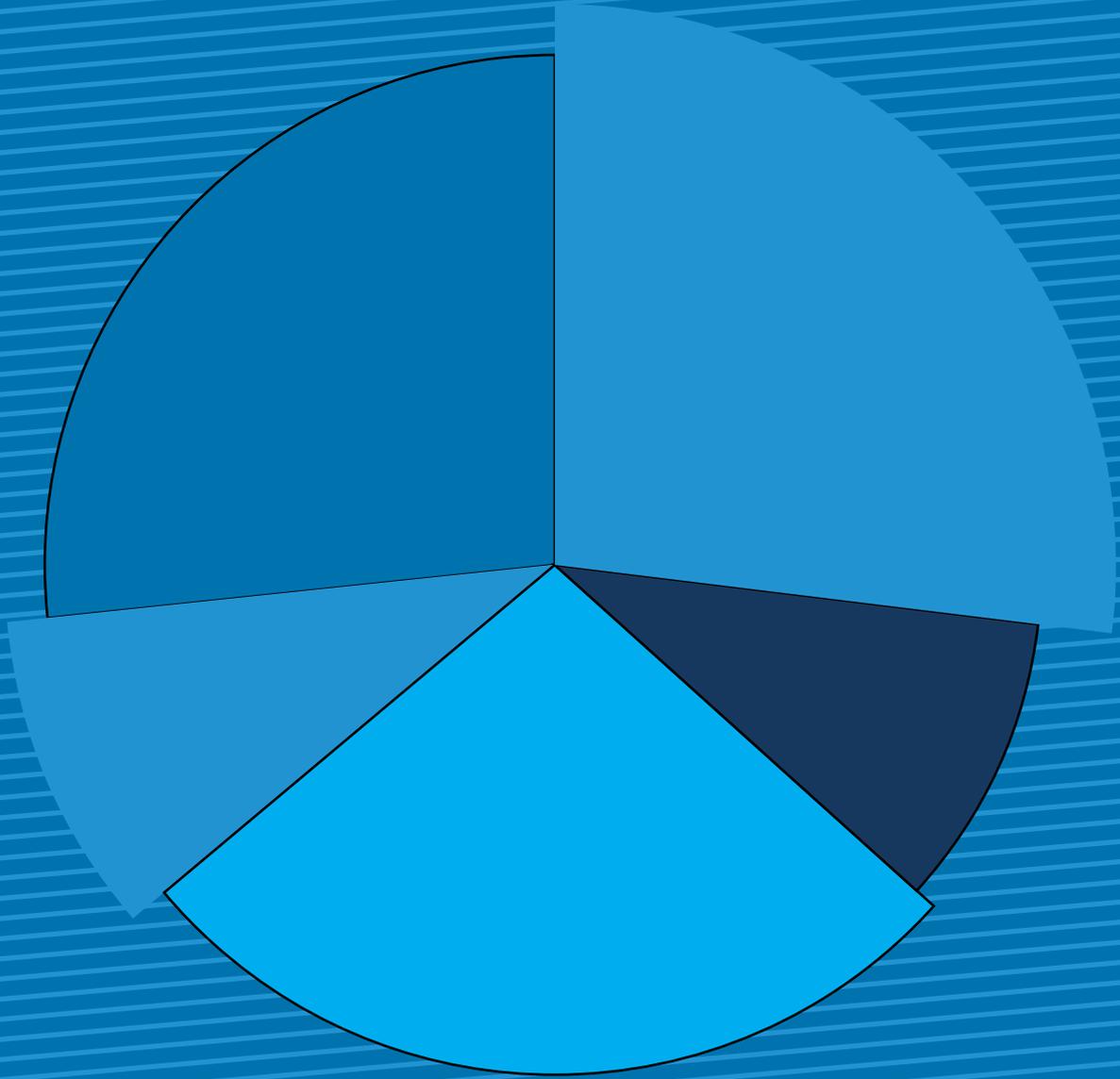
- 1) expanding into new geographies across states and new districts within states,
- 2) building a good team through a robust recruitment and training process,
- 3) focus on building a strong Chaitanya culture in the new team, and
- 4) building capabilities in Patna to sustain future growth.

The North SBU ended the year with a portfolio of 50cr coming from 27 branches spread across the districts of Gaya, Aurangabad, Navada, and East Champaran in Bihar and Rae Bareli district in UP and serving 31 thousand clients.



### *Grevience Redressal Mechanism*

The Company has a systematic procedure for handling client grievances. Every client is given a pass book which explains the procedure of Client Grievance Mechanism. This is also explained to each client when she comes to the branch for loan disbursal. If a client has a grievance, she can either contact the branch manager or contact the company's toll-free number and register their complaint. If the client is not satisfied with the solution offered by the company, they can contact the grievance number of the industry association which is also put in the passbook of the client. Every quarter, client grievance position is reviewed by the Audit Committee of the company and also discussed at the Company's quarterly Board Meeting. During FY 18-19, a total of 128 grievances were received out of the total 1060 phone calls made to the toll-free number, with 5 grievances pending for resolution at the end of the year.



# Financial Highlights



# KEY FINANCIAL METRICS

Particulars	FY2015	FY2016	FY2017	FY2018	FY2019
PAT (Rs in Crores)	0.83	1.49	1.23	-8.00	7.25
Growth in avg assets under management	78%	93%	97%	9%	53%
Yield on avg portfolio	27.6%	27.4%	25.6%	25.4%	24.9%
Cost of funding	16.2%	15.8%	15.3%	14.4%	13.9%
Interest margin (Interest margin + LPF)	11.5%	11.6%	10.2%	11.0%	11.0%
OCR (Operating cost ratio)	11.0%	10.74%	9.96%	12.00%	9.9%
Provision on average portfolio	0.6%	0.7%	0.6%	4.0%	0.2%
PAT on average portfolio (ROA)	1.2%	1.1%	0.4%	-2.7%	1.6%
ROE	3.4%	5.8%	2.6%	-16.3%	11.3%
Return on capital employed (ROCE)	16.1%	15.3%	15.0%	9.4%	14.8%

## Financial Highlights of FY2018-19

1. Your company returned to profitability with a profit after tax (PAT) of Rs. 7.25 crores bouncing back from previous year's loss of Rs. 8 crores. Despite the challenges around NBFC liquidity concerns the company posted a healthy growth of 191% in PAT.
2. There has been a growth of 60 % in the portfolio of the company reaching Rs. 571.8 Crores (Previous year's portfolio was at Rs. 358.4 Crores).
3. The average portfolio, grew by 53 % to Rs. 456.5 Crores (Previous year's average portfolio growth was 9%).
4. The operating cost ratio improved to 9.9 % when compared to the previous year of 12%. This has reflected in the ROCE bouncing back to near 15% in FY2019.
5. The fund utilisation efficiency ratio has slightly dipped by about 1.2% being at 93.1% when comparing with previous year 94.3% largely due to additional funds held as buffer on account of liquidity concerns during the later part of FY18-19.
6. There has been a significant reduction in Cost of Funding, which is presently at 13.9% showing a decreasing trend over the past few years.
7. All the key drivers mentioned above has significantly contributed to the increase in profit after tax for FY 18-19.



## Performance versus projections:

Particulars	Projections FY2019	Actual FY2019
PAT (Rs in Crores)	4.66	7.25
Growth in avg assets under management	61%	53%
Yield on avg portfolio	25.3%	24.9%
Cost of funding	13.7%	13.9%
Interest margin (Interest margin + LPF)	11.6%	11.0%
OCR (Operating cost ratio)	12.1%	9.9%
Provision on average portfolio	0.5%	0.2%
Fund utilisation efficiency	96.3%	93.1%
PAT on average portfolio (ROA)	1.0%	1.6%
ROE	3.0%	11.3%
Return on capital employed (ROCE)	12.8%	14.8%

The company posted a 55.6% higher profit after tax when compared to projections.

The key contributors are:

1. The GLP (Gross loan portfolio) grew by 60% to Rs. 571.84 crores when compared to previous year's Rs. 358.41 crores. However, the GLP growth was lower than the budgeted growth projection of 89%.
2. Operating costs ratio improved to 9.9% when compared to the projections of 12.1%. However the total number of branches increased only to 176 during FY18-19 compared to the projected number of 195.
3. The reduction in OCR directly contributed to the increase in return on assets and return on capital employed when compared with the projections.
4. Cost of funding has moved up marginally by 0.02% when compared to the projections. In the year FY 18-19 the management decided to hold additional cash buffers to safe guard against any liquidity related exigencies owing to unfolding NBFC liquidity concerns in the financial markets during the second half of the financial year. This has moved the cash utilisation to 93%, down from the projected 96%.
5. Your company's decision to raise equity has got delayed by two quarters. In order to ensure a debt to equity ratio of below 5x and capital adequacy ratio of above 20% the company assigned/secured assets (off balance sheet funding) to the tune of Rs. 319 crores. During the financial year, the company also raised Rs. 30 Crores of Tier II capital (Redeemable preference capital of Rs. 15 Crores and subordinated debt of Rs. 15 Crores).
6. While the revenue grew by 45% to Rs. 110.55 crores the expenses (excluding provisions and write offs) grew by 32% to Rs. 99.68 crores, posting an operating profit of Rs. 10.87 crores (previous year's operating profit was Rs. 1.06 crores). Overall the company bettered its performance in all key areas and posted a healthy profit recovering after the losses of FY 17-18.

# Industry Analysis



Chaitanya  
Empowering Lives...



# MFI INDUSTRY TRENDS

## *Growth*

The Micro-credit industry is defined here as unsecured lending to low & low-medium income customers. The customers that we target constitute the lower 80 percentile of India's income distribution.

The Overall MFI Industry is currently at INR 1.87 lac crores of Gross Loan Portfolio (GLP) excluding the SHG-Bank linkage program. After including the SHG-Bank linkage program, the Industry is estimated at INR 2.85 lac crores. This accounts for 3.1% of total Bank credit in India and 13.2% of total Household debt in India.

The total Microfinance disbursements in FY 2018-19 (including SHG-Bank linkage program) is estimated at around INR 2.7 lac crores.

Over the next 5 years, we expect the Industry to grow at a CAGR of 25%. While this will likely be lower than the 30% CAGR it witnessed in last 3 years, the Microfinance Industry shall continue to remain one of the strongest growing sectors in the coming years.

## *Concentration Risk & Customer Indebtedness*

Certain markets in the MFI Industry is witnessing high saturation, while some states and territories continue to remain low penetrated. The top-10 states accounted for 83% of all MFI disbursements in FY19, and this top-10 concentration figure has remained similar in previous 2 FYs. In terms of population, these top-10 states contribute to 70.6% of India's population (2011 census).

The high saturation is indicated by several factors, viz. multiple borrowings among customers, strong growth in ticket size in certain markets, and growth in average outstanding per customer.

The Eastern states are witnessing a strong growth in disbursements as well as Loan ticket size, especially the states - West Bengal, Bihar, Assam, and Odisha. In terms of ticket size growth, Bihar, Assam and Odisha has outgrown the national average, while WB & Assam holds the top-2 spot in terms of average ticket size; both states are witnessing average ticket size of 42-43K while the national average is at 31.6K. Also, WB & Assam have one of the largest shares of 60K+ ticket segment (~41%) among their loan portfolios.

In terms of multiple borrowings, Tamil Nadu & Kerala lead the pack, followed by Odisha and Chhattisgarh. In terms of loan outstanding per customer, WB & Assam are far ahead than others.

142 out of 619 districts (23%) have MFI exposure of INR 500 Cr & above, and these districts are growing at similar rate as the overall industry. This indicates that saturated markets continue to become over-penetrated and MFI players are less keen to explore uncharted territories.

In terms of clients outreach, our internal estimates indicate that Karnataka, Tamil Nadu, and West Bengal have all reached optimum levels, while states like Maharashtra, Odisha, and Kerala are close to the optimum mark.

Given the context, the relatively uncharted territories lie in the hinterlands of Jharkhand, Madhya Pradesh, Uttar Pradesh, Chattisgarh and to an extent Bihar along with select parts of Rajasthan, Punjab, Haryana, Gujarat and Maharashtra. States like J&K, Himachal Pradesh, Uttarakhand, & the North Eastern states (except Assam) are also less penetrated but they pose unique geographical & political challenges at the same time – thus diminishing their business potential.

## *Financial Risk*

The Industry has been witnessing a fair amount of consolidation with several players merging with Banks and other NBFCs and some of the other MFIs becoming Business Correspondents (BCs). Raising capital has become the key challenge, especially following the IL&FS fallout and NBFC liquidity crisis. While large players are able to raise debt capital from Banks as well as from market without much difficulty, the small & mid-sized players have ended up on the receiving end.

RBI data on Source of Funds for NBFCs shows that share of Bank Borrowings to Total Interest-bearing Liabilities has gone up from 23.6% in March'18 to 29.2% in March'19. At the same time, share of Debentures



has come down from 47.4% to 41.5%, while share of Commercial Papers has come down from 8.5% to 7.6% in the corresponding period. This shows that, NBFCs are now more dependent on Bank borrowings than Debentures and CPs. At the same time, Banks have become more cautious following the NBFC crises, and are imposing stringent internal caps for lending to NBFC sector. This means that only well-rated and bigger NBFCs are able to garner funds at lower cost from Banks, and are also having access to public funds through Debentures and CP channels. Whereas the smaller players are missing out of the pie at the expense of larger competitors.

On a related comparison, RBI data shows that Leverage ratio of NBFCs have gone up from 3.2x in March'18 to 3.4x in March'19. Whereas, MFIN data shows that D-E ratio of NBFC-MFIs have come down from 3.6x in March'18 to 2.8x in March'19. While MFIs are having better capital adequacy and solvency profiles than mainstream NBFCs, this reverse-trend is largely contributed due to two reasons; one, some of the key MFIs have become Small Finance Banks and/or merged with other Banks/NBFCs and are not coming under NBFC-MFI ambit in FY 2018-19; two, Off Balance-sheet transactions (securitizations, direct assignments, and Business Correspondence) of NBFC-MFIs have shot up in FY 2018-19 – by around 190% from previous financial year.

In terms of Liquidity risk, MFIs ordinarily do not come under the ambit of traditional Asset-Liability mismatches since average loan tenures are smaller than their average liabilities tenure. However, MFIs are exposed to Interest rate sensitivity, especially in a falling yield curve regime – wherein faster maturing assets and slower maturing liabilities would eat up Net Interest Margins. Our NIM will continue to remain sensitive to interest rate movements as our rate sensitive assets will perpetually remain higher than rate sensitivity liabilities in the near-to-medium term.

In terms of Regulator support, RBI has taken several initiatives to improve liquidity scenario and funding availability to NBFCs. It has conducted several Open Market Operations (OMOs) during H2- FY 2018-19 to add liquidity to the system. At the same time, it has encouraged Banks to lend to NBFCs / HFCs by way of reducing Risk Weights of exposure to NBFCs, Partial Credit Enhancement to NBFC & HFC bonds, relaxing High-Quality Liquid Asset (HQLA) norms, relaxing holding period of securitization transactions, and co-origination of priority sector loans by Banks and NBFCs. ECB norms have also been relaxed both in terms of upper cap on raising per financial year, as well as end usage of ECBs for onward lending or for repayment of local loans.

## IMPLICATIONS OF THE UNION BUDGET TO CHAITANYA

The NBFC sector has been provided specific focus in the budget. Regulatory control of HFCs will shift to RBI and this will create a level playing field in the market. The banks will be provided with a recapitalisation of Rs 70,000 crore and have been also incentivised for purchasing assets from NBFCs. For purchase of high-rated pooled assets of financially sound NBFCs, amounting to a total of Rs 1 lac crores during the current financial year, the government will provide one time six months' partial credit guarantee to Public Sector Banks for first loss of up to 10%.

The SME sector will be provided interest subvention at 2% provided they are GST registered. This will facilitate fund flow to SME as well as increased formalisation. Exclusive payment platform will be designed by Government for MSMEs to ensure timely payment of dues.

The Budget has also given a big push to affordable housing with an additional deduction up to Rs 1.5 lakh for interest paid on loans borrowed till March 2020.

The budget has recognized the positive impact of Farmer Producer Organisation (FPOs), and hopes to form 10,000 new Farmer Producer Organizations, to ensure economies of scale for farmers.

# BOARD OF DIRECTORS



**SAMIT S SHETTY**  
**MANAGING DIRECTOR**



**ANAND RAO**  
**JOINT MANAGING DIRECTOR**



**NANDAKUMAR R**  
**INDEPENDENT DIRECTOR**



**RAVI K S**  
**INDEPENDENT DIRECTOR & CHAIRMAN**



**RAMESH SUNDERASAN**  
**NOMINEE DIRECTOR**



**LISA G THOMAS**  
**NOMINEE DIRECTOR**

## COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Dimple J Shah

## SECRETERIAL AUDITOR

S.C.Sharada & Associates  
Company Secretaries  
405, 7th Cross, IV Block  
Koramangala  
Bangalore - 560 034

## BANKERS

RBL Bank  
State Bank of India  
HDFC Bank  
KOTAK Bank

## REGISTERED OFFICE ADDRESS

No.145, 2nd Floor, NR Square,  
1st Main Road, Sirsi Circle,  
Chamrajpet, Bangalore - 560018

## CHEIF FINANCIAL OFFICER

Mr. Srinivasan C V

## STATUTORY AUDITOR

Ramesh Ashwin and Karanth  
Chartered Accountants  
No. 37/E, 2nd Floor, Beside Surana College,  
South End Road, Near South End Circle,  
Basavanagudi, Bangalore - 560004

## REGISTRAR & SHARE TRANSFER AGENTS

Karvy Fintech Pvt. Ltd.  
7th floor, 701, Hallmark Business Plaza,  
Sant Dnyaneshwar Marg, Off Bandra Kurla  
Complex, Bandra East, Mumbai - 400 051

## HEAD OFFICE ADDRESS

No. 98, 3rd Floor,  
Sirsi Circle, Mysore Road,  
Chamrajpet, Bangalore - 560018

# Committees of the Board

### AUDIT COMMITTEE

*Ravi K S - Chairman*

*Nanda Kumar R*

*Ramesh Sundareshan*

### RISK MANAGEMENT COMMITTEE

*Nanda Kumar R - Chairman*

*Samit S Shetty*

*Ramesh Sundareshan*

### ALCO COMMITTEE

*Ravi K S - Chairman*

*Lisa G Thomas*

*Anand Rao*

*Abhik Sarkar*

### FINANCE COMMITTEE

*Anand Rao*

*Samit Shetty*

### NOMINATION & REMUNERATION COMMITTEE

*Ramesh Sundareshan - Chairman*

*Ravi K S*

*Nanda Kumar R*

### IT STRATEGY COMMITTEE

*Nanda Kumar R - Chairman*

*Samit Shetty*

*Abhik Sarkar*





# Board Report



Dear Members,

It is our pleasure in presenting the tenth Annual Report on business and operations along with the Audited financial statements and the Auditor's report of the Company for the financial year ending 31<sup>st</sup> March 2019.

The summarized financial results for the year ending 31<sup>st</sup> March 2019 are as under:

### Financial Highlights

Year Ending 31 <sup>st</sup> March	2019	2018
	Amount in INR	Amount in INR
Operating Income	1,07,52,27,966	73,72,12,103
Other Income	3,02,75,017	2,57,80,631
Total Income	1,10,55,02,982	76,29,92,734
Less Expenditure		
Finance Cost	50,09,46,891	37,42,61,388
Personnel Cost	33,11,46,449	25,20,76,671
Administrative Cost	15,20,76,474	11,46,98,731
Depreciation	1,26,56,105	1,13,39,371
Bad Debts	4,97,54,104	2,91,011
Provision for Loan Assets as Per RBI Guidelines	(3,98,95,693)	11,80,23,601
Profit/(Loss) Before Tax	9,88,18,652	(10,76,98,039)
Income Tax	1,69,36,549	41,16,065
Deferred Tax	93,92,667	(3,17,76,687)
Profit/(Loss) After Tax	7,24,89,436	(8,00,37,417)

### Performance Review

During the fiscal year ending 31<sup>st</sup> March 2019, Gross revenue grew by 44.89% and Profit after tax is INR 7.24 Crores for the year FY 2018-19 compared to a loss of INR 8 Crores for the previous year.

### State of Company's Affairs

The Company has been registered with the Reserve Bank of India as a Non-Banking Financial Institution (Non-Deposit taking).

During the year, the Company has categorized as a Systemically Important Non-Deposit taking Non-Banking Financial Company" as the asset size has reached to INR 500 crores at the consolidated level in terms of provisions of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

### Change in the nature of business

There is no Changes in the nature of business of the company during the Year under review

### Share Capital

The Company's Paid-up Share Capital as on 31<sup>st</sup> March 2019 was INR 39.53 Crores as compared to INR 21.73 Crores of previous year. During the financial year under review, the Company has issued and allotted:

- 28,03,100 Equity Shares at Face Value of INR 10 at a premium of INR 18.54 each on 27<sup>th</sup> March 2019 to Chaitanya Rural Intermediation Development Services Private Limited through Rights Issue aggregating to a total of INR 8,00,00,474.
- 1,50,00,000 Non-Convertible Redeemable Cumulative Preference Shares at face value of INR10 each on 29<sup>th</sup> September, 2018 aggregating to a total INR of 15,00,00,000.



## Credit Rating

The Company continues to enjoy a good reputation for its sound financial management and the ability to meet its financial obligations. The Credit Ratings assigned during the financial year are listed below.

- BBB Stable from Brickworks for Term Loans
- BBB- Stable from Brickworks Non-Convertible Redeemable Cumulative Preference Shares
- BBB- Stable rating from ICRA for Bank facilities
- BBB- Stable rating from ICRA for Non-Convertible Debentures
- BBB- Stable rating from ICRA for Subordinated Debt

The Company has also been assigned an MFI Grade of M2 for its microfinance activity (on a scale of M1 to M8) and a C2 (on a scale of C1 to C5) for its performance on the Code of Conduct Dimensions by Acuite Ratings & Research (formerly known as SMERA RATINGS LIMITED).

M2C2 refers to High capacity of the MFI to manage its operations in a sustainable manner and good performance on code of conduct dimensions

## Capital Adequacy Ratio

The Capital Adequacy Ratio was 23.43% as of 31st March 2019 as against the minimum capital adequacy of 15% required by the RBI.

## Performance & financial position of Subsidiary Company (ies), Associates and Joint Ventures

The Company does not have any subsidiary companies, associate companies or joint ventures.

## Material Changes and Commitments, if any, Affecting The Financial Position Of The Company Which Has Occurred Between The End Of The Financial Year Of the Company To Which Financial Statements Relate and The Date Of The Report

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

## Transfer to Reserve

During the financial year the Company has transferred INR 1,44,97,887 to Statutory reserves in terms of Section 45-IC of the Reserve Bank of India Act, 1934 and No amount is being transferred to the General Reserve for the year ended under review.

## Dividend

The Company has not made any provision for payment of dividend for the year under consideration.

## Internal Financial Controls

Your Company has in place an adequate internal control system commensurate with the size of its operations. The Internal control system comprising of policies and procedures is designed to ensure sound management of your Company's operations, safekeeping of its assets, optimal utilisation of resources, reliability of its financial information and compliance. Clearly defined roles and responsibilities have been institutionalised. Systems and procedures are periodically reviewed to keep pace with the growing size and complexity of your Company's operations.

During the financial year under review, no material or serious observation has been received from the Statutory Auditors and the Internal Auditors of the Company on such controls.

## Particulars of loans, guarantee or investment made by company during the financial year as per sec 186.

The Company has not made any loans, investments nor provided any guarantee during the reporting period within the meaning of Section 186 of the Companies Act, 2013.



## Particulars of Related party transaction as per sec 188(1).

All the related party transactions are entered on arm's length basis and are in compliance with the applicable provisions of the Act. There are no materially significant related party transactions made by the company with any of its Directors, Key Managerial Personnel or other designated persons which have potential conflict of interest of the company at large. All related party transactions as required under the provisions of Companies Act, 2013 are provided in Form – AOC 2 as Annexure II to this report.

### Deposits

The Company did not accept any deposits during FY 2018-19, falling within the purview of section 73 of the Companies Act 2013.

Explanation by Board of Directors about the adverse remarks, reservation made by Auditors in their report or by Company Secretary in their secretarial audit report.

(i) Statutory Auditor's report: There are no disqualifications, reservations, adverse remarks or disclaimers in the auditor's report.

(ii) Secretarial Auditor's Report: Qualification raised by Secretarial Auditor and the management's response are as below:

In terms of the Maharashtra Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2017 read with Rules, Annual Return needs to be filed within 2 months from the year ending on 31<sup>st</sup> December However, the Company has not filed the same.

### Management's Response:

The filing was delayed as the Online Portal for filing annual Return was not available. The Company has further submitted the physical copy of the same to the Labour department in the Month of May as the Online portal was not activated for filing.

### Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board, Committees and Individual Directors pursuant to the provisions of the Companies Act, 2013.

In a separate meeting of Independent Directors held on 30<sup>th</sup> March 2019 performance of Non-Independent Directors, performance of the Board as a whole and performance of the chairman was evaluated, considering the views of Executive Directors and Non-Executive Directors.

The Board in their meeting held on 23<sup>rd</sup> May 2019 took note of the Performance evaluation carried out by Independent Directors and also evaluated the performance of Independent Directors, excluding the Independent Director being evaluated.

### Details of frauds reported by auditors other than those which are reportable to the Central Government

During the year under review, 4 frauds were reported to the Audit Committee. The following is the summary of the same:

Category	No of Instances	Amount INR
Staff Fraud	2	6,63,759
Cash Theft Case	2	1,18,449

### Board and Committees

The Board meets at regular intervals to discuss and decide on the Company's performance and strategies. During the financial year under review, the Board met 15 (Fifteen) times. The dates on which the meetings of the board were held during the year are as follows:



SL No.	Date of Board Meeting	No. of Directors Present	SL No.	Date of Board Meeting	No. of Directors Present
I.	19 <sup>th</sup> April 2018	4	II.	10 <sup>th</sup> May 2018	3
III.	24 <sup>th</sup> May 2018	6	IV.	20 <sup>th</sup> July 2018	6
V.	21 <sup>st</sup> August 2018	5	VI.	26 <sup>th</sup> September 2018	5
VII.	29 <sup>th</sup> September 2018	5	VIII.	20 <sup>th</sup> October 2018	5
IX.	26 <sup>th</sup> October 2018	5	X.	6 <sup>th</sup> November 2018	5
XI.	3 <sup>rd</sup> December 2018	6	XII.	19 <sup>th</sup> January 2019	4
XIII.	25 <sup>th</sup> February 2019	6	XIV.	22 <sup>nd</sup> March 2019	5
XV.	27 <sup>th</sup> March 2019	5			

The Company has paid INR 1,15,000 as Sitting fee each to Mr. Ravi K S and Mr. R Nandakumar for the Board Meetings for FY 2018-19.

All necessary information which is required to be placed before the board as stipulated in Companies Act, 2013 & rules made thereunder has been placed before the board for its review and consideration.

#### Audit Committee

During the financial year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of your Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control system of your Company. The Committee has also reviewed the procedures laid down by your Company for assessing and managing the risks.

During the financial year under review, the Audit Committee met 6 (Six) times to deliberate on various matters and the gap between any two Meetings was not more than 120 (One Hundred Twenty) days. The required quorum was present in all the Meetings.

During the financial year under review, Audit Committee Meetings were held on 21<sup>st</sup> May 2018, 21<sup>st</sup> July 2018, 27<sup>th</sup> October 2018, 23<sup>rd</sup> November 2018, 30<sup>th</sup> January 2019 and 30<sup>th</sup> March 2019.

The composition, attendance and sitting fees paid are as follows:

Name of Member	Category	No of meeting held during the period		Sitting fees paid
		Held	Attended	
Mr. Ravi K S (Chairman)	Independent Director	6	6	80,000
Mr. Nandakumar R	Independent Director	6	6	80,000
Mr. Ramesh Sundaresan	Nominee Director	6	1	-

#### Nomination and Remuneration Committee

The Committee comprises of 3 (Three) Members out of which 2 (Two) are Independent Directors and one is Nominee Director.

During the financial year under review, the Committee met once on 24<sup>th</sup> June 2018 and all the members were present. The Sitting fee paid to Independent Director Mr. Ravi K S and Mr. Nandakumar R was INR 10,000 each.



## Risk Management Committee

Risk Management is the process that can contribute progressively to organisational improvement by providing Management with a greater insight into risks and their impact. The Company has a robust Risk Management framework which proactively addresses risks and seizes opportunities so as to gain competitive advantage, and protects and creates value for your stakeholders

The objectives and scope of the Risk Committee broadly include:

- Risk identification;
- Risk Assessment;
- Risk Response and Risk Management strategy; and
- Risk monitoring, communication and reporting.

The Risk Committee comprises of 1 (One) Independent Directors and 1 (One) Nominee Director and 1 (One) Managing Director.

During the financial year under review, the Risk Committee met 4 (Four) times on 21<sup>st</sup> April 2018, 7<sup>th</sup> July 2018, 29<sup>th</sup> September 2018 and 2<sup>nd</sup> February 2019 to deliberate upon various matters. The composition, attendance during the financial year and sitting fees paid are as follows:

Name of Member	Category	No of meeting held during the period		Sitting fees paid
		Held	Attended	
Mr. Nandakumar R (Chairman)	Independent Director	4	4	50,000
Mr. Samit S Shetty	Managing Director	4	4	-
Mr. Ramesh Sundaresan	Nominee Director	4	3	-

## Finance Committee

The Finance Committee of your Company comprises of Mr. Samit S Shetty and Mr. Anand Rao as its Members.

The Committee looks into the borrowings, if any, to be made from fund and non-fund-based limits for the business requirements of the Company, authorises Officers of the Company to open/operate/close bank accounts, besides the other powers granted to it by the Board from time to time.

During the financial year under review, the committee has met 26 (Twenty-Six) times on 16<sup>th</sup> April 2018, 9<sup>th</sup> May 2018, 18<sup>th</sup> May 2018, 8<sup>th</sup> June 2018, 14<sup>th</sup> June 2018, 27<sup>th</sup> June 2018, 19<sup>th</sup> July 2018, 24<sup>th</sup> July 2018, 31<sup>st</sup> July 2018, 8<sup>th</sup> August 2018, 17<sup>th</sup> August 2018, 22<sup>nd</sup> August 2018, 7<sup>th</sup> September 2018, 19<sup>th</sup> September 2018, 28<sup>th</sup> September 2018, 30<sup>th</sup> October 2018, 27<sup>th</sup> November 2018, 26<sup>th</sup> December 2018, 31<sup>st</sup> December 2018, 22<sup>nd</sup> January 2019, 29<sup>th</sup> January 2019, 5<sup>th</sup> February 2019, 22<sup>nd</sup> February 2019, 1<sup>st</sup> March 2019, 20<sup>th</sup> March 2019 and 27<sup>th</sup> March 2019 to deliberate upon various matters.

During the year, the following committees were constituted as Company had attained the status of Non-Deposit Systemically Important NBFC (NDSI-NBFC) as per the Master Direction “Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016”.

## IT Strategy Committee

The Company constituted IT Strategy Committee in the month of March, 2019 with the following members

1. Mr. Nandakumar R
2. Mr. Samit S Shetty
3. Mr. Abhik Sarkar



## Asset-Liability Committee

Asset-Liability Committee has been constituted in the month of December,2018 with the following members

- 1.Mr. K S Ravi
- 2.Ms. Lisa G Thomas
- 3.Mr. Anand Rao
- 4.Mr. Abhik Sarkar

## Declaration by Independent Directors

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

## Details of Directors/KMP who have appointed or resigned during the year

Mr. Nandakumar Rachamadagu was reappointed as Independent Director of the Company for a period of 5 years in the Annual General Meeting held on 8<sup>th</sup> September 2018.

## Details of commission received by MD or WTD of the company during the financial year 197(14).

During the Financial Year, none of the directors or Key Managerial Persons (KMP) has received any commission from the Company, Holding company or Associate company.

## Key Managerial Personnel

In terms of the provisions of Sections 2(51) and 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Srinivasan C V, Chief Financial Officer (CFO) and Ms. Dimple J Shah, Company Secretary (CS), are the Key Managerial Personnel of your Company.

Name of the company which have ceased to become subsidiaries, joint ventures, and associates of the company during the financial year.

The Company did not have and does not have any subsidiaries / associate / joint Ventures. Hence the disclosure as per section 134 is not applicable to the Company.

## Extracts of annual return for the financial year as per sec 92(3), MGT-9.

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report Annexure-1.

A copy of the annual return will be hosted on the website of the Company at <https://www.chaitanyaindia.in/>

## Details regarding conservation of energy, technology absorption, foreign exchange earnings and outgo.

### A.Conservation of Energy

Since the Company does not own any manufacturing facility, the particulars relating to conservation of Energy and technology absorption in the above rules are not applicable.

### B.Technology Absorption

The Company is not involved in any activity relating to technology absorption.

### C.Foreign Exchange Earnings and Outgo

Particulars	In Rs
Foreign Exchange Earning in terms of actual inflows	0
Foreign Exchange Outgo in terms of actual outflows	1,84,047



## Particular of employees

Disclosures pertaining to remuneration and other details, as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is attached as Annexure III of the Board's Report.

There were no employees drawing salary exceeding the limits stated in Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence disclosure was not warranted.

## Risks Management

The Committee reviews the Risk Management Framework of the company and verifies adherence to various risk parameters and compliances. The Risk Management Committee reviews various risks which the organization is exposed to including Credit Risk, Interest Rate Risk, Liquidity Risk, Operational Risk and Regulatory Compliance issues. The Risk Committee approves and makes recommendations to the Board regarding all its risk-related responsibilities, including the review of major risk management and Regulatory compliances.

## Details of Vigil mechanism

In compliance with the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, the Company has formulated a vigil mechanism for Directors and Employees to report concerns.

The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

## Name and Address of the Whistle blower & Ethics Officer

Mr. K Subramanyam Ravi  
21, 'Shruthi' Central Excise Layout, Vijayanagar, Bangalore - 560040  
Email: ksravi121@gmail.com  
Tele No: 9513566658

The Whistle Blower policy of the Company is hosted on our website.

## Nomination & Remuneration Policy

The company pursuant to the provisions of Section 178 of the Companies Act 2013 has formulated and adopted a Nomination & Remuneration Policy which is hosted in our website.

## General Disclosures

### a) Buy back of securities:

In accordance with Section 68 of the Act, the Company has not bought back any of its securities during the year.

### b) Sweat Equity:

The Company has not issued any Sweat Equity Shares under the provisions of Section 54 of the Act.

### c) Bonus Shares:

In terms of Section 63 of the Act, the Company has not issued Bonus Shares during the year under review.

### d) Shares of Differential Rights

The company has not issued any shares with differential rights during the financial year as per sec 43.

### e) Employees Stock Option

The Holding Company (CRIDS) has allotted 5,78,000 equity shares under Chaitanya Employee Stock Option Scheme 2017(ESOP, 2017) through Trust route to provide motivation to the employees of the Company and its Subsidiary Company, and to enable them to participate in joint achievement of corporate objectives and provide a sense of ownership to these employees.



## Mandatory ESOP Disclosures

Disclosures as required under Section 62 of the Companies Act, 2013 (to be read with Rule 12 of the Companies) (Share Capital and Debenture) Rules, 2014:

SL No	Particulars	March 31, 2019						
a.	Options Granted(A)	5,77,333						
b.	Options Vested	1,75,333						
c.	Options Exercised(B)	NIL						
d.	The total number of shares arising as a result of exercise of option(C)	NIL						
e.	Options lapsed(D)	NIL						
f.	The exercise price	NIL						
g.	Variation of terms of options	NIL						
h.	Money realized by exercise of options	NIL						
i.	Total number of options in force=(A)+(B)+(C)+(D)	5,77,333						
j.	(i) Details of Options granted to Key Management Personnel	<table border="1"> <thead> <tr> <th>Name and Designation</th> <th>No of Options Granted</th> </tr> </thead> <tbody> <tr> <td>Srinivasan C V, CFO</td> <td>50,000</td> </tr> <tr> <td>Dimple J Shah, CS</td> <td>10,000</td> </tr> </tbody> </table>	Name and Designation	No of Options Granted	Srinivasan C V, CFO	50,000	Dimple J Shah, CS	10,000
Name and Designation	No of Options Granted							
Srinivasan C V, CFO	50,000							
Dimple J Shah, CS	10,000							
k.	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.	<p>During the year, the following employees received options more than 5%:</p> <ol style="list-style-type: none"> <li>1. Mr. Srinivasan C V</li> <li>2. Mr. Deepak Jha</li> </ol>						
l.	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	NIL						

No voting rights have been exercised by the employees during the year under review.

### Non-Convertible Debentures:

During the year, the Company has issued and allotted Non-Convertible Debentures through private placement:

- INR 20,00,00,000 from IFMR FImpact Income Builder Fund through allotment of 2000 Rated, Senior, Unsecured, Transferable, Redeemable, Principle Protected Market Linked Non- Convertible Debentures of face value INR 1,00,000 on 10<sup>th</sup> May, 2018.

- INR 44,00,00,000 from Microfinance Initiative for Asia (MIFA), Debt Fund and Japan-ASEAN Women Empowerment Fund through allotment of 220 Secured, Rated, Listed Non-Convertible Debentures each of face value INR 10,00,000 on 6<sup>th</sup> November, 2018.

### Auditors

#### a) Statutory Auditors:

As per the provisions of the Act, the period of office of M/s Ramesh Ashwin and Karanth, Chartered Accountants (ICAI FRN: 101248W/ W-100022), Statutory Auditors of the Company, expires at the conclusion of the ensuing Annual General Meeting. It is proposed to appoint Walker Chandiook & Co LLP Chartered Accountants (ICAI FRN: 001076N/N500013) for a term of 5 (five) consecutive years who have confirmed their eligibility and qualification required under the Act for holding the office, as Statutory Auditors of the Company.



#### b) Secretarial Auditor:

Pursuant to the requirements of Section 204(1) of the Act read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s S.C. Sharada & Associates, Company Secretaries to conduct the Secretarial Audit for the financial year under review.

The Secretarial Audit Report in Form MR-3 for the financial year under review, as received from M/s S.C. Sharada & Associates, Company Secretaries, is attached as Annexure IV of the Board's Report

#### c) Internal Auditor:

Pursuant to the provisions of Section 138 of the Act read with the Companies (Accounts) Rules, 2014, the Company has appointed CA. Bala Subrahmanyam, as Internal Auditor of the Company.

#### Corporate Social Responsibility

Pursuant to the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Corporate Social Responsibility (CSR) is not applicable to the company for FY 2018-19.

However, the Company has made net profit of INR 7.24 Crores for the FY 2018-19 and the company is required to comply with CSR provisions for the Financial year 2019-20. Accordingly, the Board is in the process of forming CSR Committee and formulating CSR Policy.

#### Disclosure About Cost Audit

The Central Government of India has not prescribed the maintenance of cost records under sub-section 148(1) of the Act for any of the goods produced or services rendered by the Company.

#### Compliance With Secretarial Standards

The Company is in adherence of applicable Secretarial standards.

#### Directors responsibility statement

We state that:

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed
- (b) that the directors have selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year ended 31<sup>st</sup> March, 2019 and of the profit and loss account of the company for the period;
- (c) that the directors have ensured proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) That the directors have ensured that the annual accounts have been prepared on a going concern basis
- (e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- (f) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively.

#### Statutory Disclosures

None of the Directors of your Company are disqualified as per provisions of Section 164(2) of the Companies Act, 2013.

#### Disclosure Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance for sexual harassment at the workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. The Policy aims to promote a healthy work environment and to provide protection to employees



at the workplace and redress complaints of sexual harassment and related matters thereto. The Company has also constituted an Internal Complaints Committee, known as the Prevention of Sexual Harassment (POSH) Committee, to enquire into complaints of sexual harassment and recommend appropriate action.

The following is the summary of sexual harassment complaints received and disposed off during the year 2018-19:

No of complaints received: 1

No of complaints disposed off: 1

#### Significant & Material Orders Passed by The Regulators

During the financial year there were no orders from regulators or courts affecting the going concern of the company. There were no disputes/appeals with various statutory authorities impacting the financial position of the company.

#### Acknowledgements and Appreciation:

Your Directors take this opportunity to thank the customers, shareholders, employees, lender, bankers, business partners/associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company. We are sure you will join our Directors in conveying our sincere appreciation to stakeholder of the Company and Associates for their hard work and commitment. Their dedication and competence have ensured that the Company will be a significant player in Business.

By Order of the Board of Directors  
For and on behalf of Chaitanya India Fin Credit Private Limited

sd/-  
Samit S Shetty  
Managing Director  
DIN: 02573018

sd/-  
Anand Rao  
Joint Managing Director  
DIN: 01713987

Place: Bangalore  
Date: 17-08-2019



# GENERAL SHAREHOLDER INFORMATION

## COMPANY REGISTRATION DETAILS

The Company is registered in the state of Karnataka, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is U67190KA2009PTC049494.

## ANNUAL REPORT

The Annual Report containing inter alia, Audited Annual Accounts, Director's Report, Auditor's Report and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report and the Annual Report is also displayed on the website [www.chaitanyaindia.in](http://www.chaitanyaindia.in).

## DEBT SECURITIES LISTING

The Bombay Stock Exchange

## PAYMENT OF LISTING FEES & DEPOSITORY FEES

Annual Listing fee for the year 2019-20 was paid on 9<sup>th</sup> April 2019 to the Bombay Stock Exchange (BSE).

Annual Custody/Issuer fee for the year 2018-19 was paid on 1<sup>st</sup> July 2019 by the Company to National Securities Depositories Limited (NSDL).

## SEBI COMPLAINTS REDRESS SYSTEM (SCORES)

The investor complaints are processed in a centralized web-based complaints redress system by Securities Exchange Board of India for debt listing. The salient features of this system are centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status. Till the date of the report the status of the investor compliance is NIL.



# Annexure-1

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN as on financial year ended on 31.03.2019

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

## I. REGISTRATION & OTHER DETAILS:

1	CIN	U67190KA2009PTC049494
2	Registration Date	3/31/2009
3	Name of the Company	Chaitanya India Fin Credit Private Limited
4	Category/Sub-category of the Company	Company Limited by shares Indian Non-Government Company
5	Address of the Registered office & contact details	No - 145, 2nd Floor NR Square 1st Main Road Sirsi Circle, Chamrajpet, Bangalore- 560018,Karnataka Email id : corporate@chaitanyaindia.in Phone no: 080-26750010
6	Whether listed company	Yes (Debt Listed)
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Fintech Private Limited 7th floor  701, Hallmark Business Plaza Sant Dnyaneshwar Marg , Off Bandra Kurla Complex, Bandra East , Mumbai - 400 051

## 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)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	NBFC- MFI - Micro lending JLG	64199	93.7%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Chaitanya Rural Intermediation Development Services Private Limited Reg. Office: No - 145, 2nd Floor NR Square 1st Main Road Sirsi Circle, Chamrajpet, Bangalore- 560018, Karnataka	U65923KA2012PTC062537	Holding	100%	2(46)



#### 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 [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	1	1	0.00%	-	1	1	0.00%	0.00%
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	21,731,417	21,731,417	100.00%	-	24,534,517	24,534,517	100.00%	12.90%
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	-	21,731,418	21,731,418	100.00%	-	24,534,518	24,534,518	100.00%	12.90%
<b>(2) Foreign</b>									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
TOTAL (A)	-	21,731,418	21,731,418	100.00%	-	24,534,518	24,534,518	100.00%	12.90%
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	0.00%	-	-	-	-	-
b) Banks / FI	-	-	-	0.00%	-	-	-	-	-
c) Central Govt	-	-	-	0.00%	-	-	-	-	-
d) State Govt(s)	-	-	-	0.00%	-	-	-	-	-
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	-	-
f) Insurance Companies	-	-	-	0.00%	-	-	-	-	-
g) FIIs	-	-	-	0.00%	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	-	-
i) Others (AIF)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(1):-	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>c) Others (specify)</b>									
Non Resident Indians	-	-	-	0.00%	-	-	-	0.00%	0.00%



Overseas Corporate Bodies	-	-	0.00%	-	-	0.00%	0.00%		
Foreign Nationals	-	-	0.00%	-	-	0.00%	0.00%		
Clearing Members	-	-	0.00%	-	-	0.00%	0.00%		
Trusts	-	-	0.00%	-	-	0.00%	0.00%		
Foreign Bodies - D R	-	-	0.00%	-	-	0.00%	0.00%		
Sub-total (B)(2):-	-	-	-	-	-	-	-		
Total Public (B)	-	-	0.00%	-	-	0.00%	100.00%		
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-		
Grand Total (A+B+C)	-	21,731,418	21,731,418	100.00%	-	24,534,518	24,534,518	100.00%	-

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Anand Rao	1	0.00%		1	0.00%		0.00%
2	Chaitanya Rural Intermediation Development Services Private Limited	21,731,417	100.00%		24,534,517	99.90%		12.90%

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

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Chaitanya Rural Intermediation Development Services Private Limited						
	At the beginning of the year			21,731,417	99.99%	21,731,417	99.99%
	Changes during the year	28.03.2019	Allot	2,803,100	-	2,803,100	-
	At the end of the year			24,534,517	99.99%	24,534,517	99.99%

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	At the beginning of the year				0.00%		0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year				0.00%		0.00%

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Anand Rao						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year			1	0.00%	1	0.00%



## V. INDEBTEDNESS

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

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,543,943,120.00	312,499,997.00		2,856,443,117.00
ii) Interest due but not paid				-
iii) Interest accrued but not due	26,811,126.00	140,636.00		26,951,762.00
Total (i+ii+iii)	2,570,754,246.00	312,640,633.00	-	2,883,394,879.00
Change in Indebtedness during the financial year				
* Addition	2,145,000,000.00	350,000,000.00		2,495,000,000.00
* Reduction	(1,376,554,622.00)	(12,499,997.00)		(1,389,054,619.00)
Net Change	768,445,378.00	337,500,003.00	-	1,105,945,381.00
Indebtedness at the end of the financial year				
i) Principal Amount	3,312,388,498.00	650,000,000.00		3,962,388,498.00
ii) Interest due but not paid				-
iii) Interest accrued but not due	42,768,644.00	38,075,246.00		80,843,890.00
Total (i+ii+iii)	3,355,157,142.00	688,075,246.00	-	4,043,232,388.00

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (Rs/Lac)
		Anand Rao	Samit S Shetty	
	Name	Joint Managing Director	Managing Director	
	Designation			
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,380,000.00	4,380,000.00	8,760,000.00
	(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			-
2	Stock Option			-
3	Sweat Equity			-
4	Commission			-
	- as % of profit			-
	- others, specify			-
5	Others, please specify			-
	Total (A)	4,380,000.00	4,380,000.00	8,760,000.00
	Ceiling as per the Act	NA	NA	NA

### B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors			Total Amount (Rs/Lac)
		K S Ravi Independent Director	R Nandakumar Independent Director	Ramesh S Nominee Director	
1	Independent Directors				
	Fee for attending board committee meetings	240,000.00	255,000.00		495,000.00
	Commission				-
	Others, please specify				-
	Total (1)	240,000.00	255,000.00		495,000.00



2	Other Non-Executive Directors				-
	Fee for attending board committee meetings				-
	Commission				-
	Others, please specify				-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	240,000.00	255,000.00	-	495,000.00
	Total Managerial Remuneration				8,760,000.00
	Overall Ceiling as per the Act				

#### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs/Lac)
		Name	Srinivasan C V	Dimple J Shah	
		Designation	CEO	CFO	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,900,000.00	857,000.00		3,757,000.00
	(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				-
2	Stock Option				-
3	Sweat Equity				-
4	Commission				-
	- as % of profit				-
	- others, specify				-
5	Others, please specify				-
	Total	-	2,900,000.00	857,000.00	3,757,000.00

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

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)
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##### A. COMPANY

Penalty

Punishment

Compounding

##### B. DIRECTORS

Penalty

Punishment

Compounding



C. OTHER OFFICERS IN DEFAULT

Penalty

Punishment

Compounding

By Order of the Board of Directors  
For and on behalf of Chaitanya India Fin Credit Private Limited

sd/-  
Samit S Shetty  
Managing Director  
DIN: 02573018

sd/-  
Anand Rao  
Joint Managing Director  
DIN: 01713987

Place: Bangalore  
Date: 17-08-2019



# Annexure - 2

Form No. AOC-2

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

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

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

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

Sl No	(a) Name(s) of the related party and nature of relationship	(b) Nature of contracts/arrangements/transactions	(c) Duration of the contracts / arrangements/ transactions	(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	(e) Date(s) of approval by the Board/ Committee, if any:	(f) Amount paid as advances, if any:
1	Chaitanya Rural Intermediation Service Pvt Ltd	Sale of Loan Portfolio	7 Months	a. Rate of interest: 15% PA b. MRR: 5% c. Total Principal pool: INR 8,48,64,199 d. Purchase consideration: INR 8,06,20,989	22nd August 2018	NA
2	Chaitanya Rural Intermediation Service Pvt Ltd	Service Fee	1 Year	a. Processing fee on loan Disbursal amount at 1% and Service fees at 8% on Average outstanding portfolio of Two-wheeler and other products b. Processing fee loan Disbursal amount at 1% and Service fees at 2.5% on Average outstanding portfolio of Housing loans.	21st August 2018	0

By Order of the Board of Directors  
For and on behalf of Chaitanya India Fin Credit Private Limited

sd/-  
Samit S Shetty  
Managing Director  
DIN: 02573018  
Place: Bangalore  
Date: 17-08-2019

sd/-  
Anand Rao  
Joint Managing Director  
DIN: 01713987



# Annexure -3-Particulars of Employees

*Statement of Disclosure of Remuneration under Rule 5(1) of Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014*

## Remuneration paid to Whole Time Directors

Name of the Director	Designation	% Increase/Decrease of remuneration in 2019 as compared to 2018*	Ratio of remuneration to MRE*
Mr. Samit S Shetty	Managing Director	17.17%	18.48
Mr. Anand Rao	Joint Managing Director	17.17%	18.48

## Remuneration paid to Other Directors

Name of the Director	Designation	% Increase/Decrease of remuneration in 2019 as compared to 2018*	Ratio of remuneration to MRE*
Ravi K S	Independent Director	NA	NA
Nandakumar R	Independent Director	NA	NA
Lisa G Thomas	Nominee Director	NA	NA
Ramesh Sundaresan	Nominee Director	NA	NA

## Remuneration paid to KMP

Name of KMPs	Designation	% Increase/Decrease of remuneration in 2019 as compared to 2018*	Ratio of remuneration to MRE*
Mr. Srinivasan C V	Chief Financial Officer	19.80 %	12.24
Ms. Dimple Shah	Company Secretary	26.10 %	3.62

MRE- Median Remuneration of Employees, WTD- Whole Time Director

\*Rounded-off to two decimals

1. The median remuneration of employees of the Company during the financial year was Rs. 2,37,000 /-
2. The percentage increase in the median remuneration of employees during the financial year- There was an increase of 4.19%.
3. The number of employees on the rolls of Company as on March 31, 2019 is 1,582;
4. Relationship between average increase in remuneration and company performance: - The Profit before Tax for the financial year ended March 31, 2019 was INR 9,88,18,652 as compared to previous year loss of INR 10,76,98,039 whereas the increase in median remuneration was 4.19%
5. Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year 2018-19 was 4.19% whereas the increase in the managerial remuneration for the financial



year 2018-19 was 17.17%;

6. There is no variable component of remuneration availed by the Directors.
7. The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year – Not Applicable.
8. It is hereby affirmed that the remuneration paid is as per the Policy for Directors, Key Managerial Personnel and other Employees.

By Order of the Board of Directors  
For and on behalf of Chaitanya India Fin Credit Private Limited

sd/-  
Samit S Shetty  
Managing Director  
DIN: 02573018

Place: Bangalore  
Date: 17-08-2019

sd/-  
Anand Rao  
Joint Managing Director  
DIN: 01713987



# Annexure-4 Secretarial Audit Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019

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

To-

The Members

Chaitanya India Fin Credit Private Limited

CIN: U67190KA2009PTC049494

No.145, 2<sup>nd</sup> Floor, NR Square,

1<sup>st</sup> Main Road, Sirsi Circle,

Chamrajpet, Bangalore - 560018

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Chaitanya India Fin Credit Private Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Chaitanya India Fin Credit Private Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Chaitanya India Fin Credit Private Limited ("the Company") for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
  - (a) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
  - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (v) Laws, Norms and Directions as specifically applicable to Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI):
  - (a) Reserve Bank of India Act, 1934;
  - (b) Non-Banking Financial Company – Micro Finance Institutions (Reserve Bank) Directions, 2011;
  - (c) Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) - Directions, 2011;



- (d) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007 and Modifications thereof; and
- (e) Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
- (f) Other relevant RBI Circulars / Notifications

(vi) Applicable Labour Laws

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and
- (ii) The Listing Agreement for debt securities entered into by the Company with Bombay Stock Exchange

Provisions of the following laws, regulations and guidelines were not applicable to the Company during the period under review:

- (i) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (ii) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (iv) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (v) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (vii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- (i) In terms of the Maharashtra Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2017 read with Rules, Annual Return needs to be filed within 2 months from the year ending on 31<sup>st</sup> December. However, the Company has not filed the same.

We further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period under review.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and at least one Independent Director was present wherein the Board meetings were held at a shorter notice to transact urgent matters and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As per the minutes of the general meetings duly recorded and signed by the Chairman, the decisions were carried unanimously and there were no dissenting views. Similarly, all the decisions of the Board and Committees thereof were taken with requisite majority.

We further report that:

- There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- Based on the information provided by the Company, its officers and authorized representatives, during the conduct of the audit



and also on the review of the details, records, documents and papers provided, in our opinion, adequate systems and processes and control mechanism exist in the Company to monitor and to ensure compliance with applicable general laws like labour laws.

- The compliance of applicable financial laws, like direct and indirect tax laws, have not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that during the audit period:

- (i) The Company has raised an amount of Rs. 20,00,00,000 from Axis Trustee Services Limited, Trustee to IFMR Finance for Freedom Fund V with IFMR FImpact Income Builder Fund through allotment of 2000 Rated, Senior, Unsecured, Transferable, Redeemable, Principle Protected Market Linked Non-Convertible Debentures of Rs. 1,00,000 each on 10<sup>th</sup> May, 2018.
- (ii) The Company has raised an amount Rs.15,00,00,000 from UNIFI AIF through allotment of 1,50,00,000 Non-Convertible Redeemable Cumulative Preference Shares of Rs.10 each on 29<sup>th</sup> September, 2018.
- (iii) The Company has raised an amount of Rs. 44,00,00,000 from Microfinance Initiative for Asia (MIFA), Debt Fund and Japan-ASEAN Women Empowerment Fund through allotment of 440 Secured, Rated, Listed Non-Convertible Debentures of Rs. 10,00,000 each on 6<sup>th</sup> November, 2018.
- (iv) The Company has raised an amount of Rs. 8,00,00,474 from Chaitanya Rural Intermediation Development Services Private Limited through allotment of 28,03,100 Equity Shares of Rs.10 each at a premium of Rs.18.54 on 27<sup>th</sup> March, 2019.
- (v) The Company has availed Term Loan from multiple banks and financial institutions on different dates for an amount of Rs. 1,58,00,00,000.

For S. C. Sharada & Associates

S. C. Sharada

Company Secretary in Practice

C.P. No.: 11903

Place: Bangalore

Date: 15<sup>th</sup> May, 2019

UCN: S2016KR379800

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



# Annexure-A of the Secretarial Audit Report

To-

The Members

Chaitanya India Fin Credit Private Limited

CIN: U67190KA2009PTC049494

No.145, 2<sup>nd</sup> Floor, NR Square,

1<sup>st</sup> Main Road, Sirsi Circle,

Chamrajpet, Bangalore - 560018

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

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

For S. C. Sharada & Associates

S. C. Sharada

Company Secretary in Practice

C.P. No.: 11903

Place: Bangalore

Date: 15<sup>th</sup> May, 2019

UCN: S2016KR379800





# Financial Report



# INDEPENDENT AUDITOR'S REPORT

*To the Members of Chaitanya India Fin Credit Private Limited*

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

### *Opinion*

We have audited the standalone financial statements ("the financial statements") of Chaitanya India Fin Credit Private Limited ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2019, and the statement of Profit and Loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements gives the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2019, the profits, and its cash flows for the year ended on that date.

### *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. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, 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.

### *Responsibilities of Management and Those Charged with Governance for the financial statements*

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Companies Act, 2013. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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



•Identified and assessed 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 obtained 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.

•Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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, refer to our separate report in “Annexure B”.

•Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

•Concluded 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.

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

We had communicated 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 have identified during our audit.

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

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

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

2.As required by Section 143 (3) of the Act, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;
- (e) on the basis of the written representations received from the directors as on 31<sup>st</sup> March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2019 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 B”; and
- (g) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company doesn’t have any Pending litigations as on Balance Sheet date other than those stated in notes forming part of financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses.
  - iii. The Company is not required to transfer any amounts to the Investor Education and Protection Fund by the Company.

For Ramesh Ashwin & Karanth  
Chartered Accountants

Firm’s registration number: 010680S  
sd/-

Prashanth Karanth  
Partner

Membership number: 214235

Place: Bangalore

Date: 23.05.2019



# Annexure - A

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2019, we report that:

- i.
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) All fixed assets have been physically verified by the management during the year and the material discrepancies noticed during the visit have been properly dealt in books of accounts.
  - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties held in the name of the Company.
- ii. The Company is not manufacturing nor trading in goods and does not deal with stores, spare parts and raw materials. Hence, clause 3 (ii) of the Order 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. Hence the Clauses 3 (iii) (a), 3 (iii) (b) and 3 (iii) (c) of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. The Company has not accepted any deposits from the public during the year under review.
- vi. Maintenance of cost records as prescribed by the Central Government under section 148 (1) of the Companies Act, 2013 is not applicable to the Company.
- vii.
  - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-Tax, Employee State Insurance, Professional Tax, Service Tax, Cess, Goods and Service Tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income-Tax, Employee State Insurance, Professional Tax, Service Tax, Cess, Goods and Service Tax and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

(b) According to information and explanations given to us, the following income tax dues have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Demand raised by department (in Rs)	Amount Paid under dispute (in Rs)	Demand unpaid on account of dispute (in Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act 1961	Income Tax	82,49,240	16,49,848	65,99,392	FY 2014-15	CIT 2(1)(1) - Bangalore
Income Tax Act 1961	Income Tax	48,25,255	9,65,061	38,60,194	FY 2015-16	CIT 2(1)(1) - Bangalore

Barring the above, there are no amounts payable in respect of Provident Fund, Employee State Insurance, Professional Tax, Service Tax, Cess and Goods and Service Tax which have not been deposited on account of any disputes.

- viii. The Company has not defaulted in repayment of loans or borrowings to any financial institution, banks, government or debenture holders during the year.
- ix. According to the information and explanations given to us, The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). However, it raised term loans/ Non-convertible debentures from banks and Financial Institutions during the year and the company has utilized the money raised by way of Term Loans/ Non-convertible debentures for the purposes for which it was raised.
- x. According to the information and explanations given to us, we have noticed the following frauds by its officers or employees on the company during the year. And

Sl No.	Nature	Amount
1	Misappropriation of cash - withdrawn from the bank.	Rs. 3,00,000/-
2	Misappropriation of cash - collected from the borrowers/customers.	Rs. 3,56,961/-



Other than the above instances, there were no fraud by the company or any fraud on the company by its officers or employees has been noticed / reported during the year

xi. The Provisions of Sec 197 of Companies Act 2013 shall apply only to a Public Company. Since Chaitanya India Fin Credit Private Limited is a Private Limited Company, Clause 3 (Xi) of the Order is not applicable.

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

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

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment and private placement of shares during the year and as complied with the requirement of section 42 of the Companies Act, 2013.

The company has utilized the money raised by way of preferential allotment and private placement of shares for the purposes for which it was raised

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

xvi. The Company has been registered under section 45-IA of the Reserve Bank of India Act 1934.

For Ramesh Ashwin & Karanth  
Chartered Accountants  
Firm's registration number: 010680S  
sd/-  
Prashanth Karanth  
Partner  
Membership number: 214235

Place: Bangalore

Date: 23.05.2019



# Annexure - B

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

We have audited the internal financial controls over financial reporting of Chaitanya India Fin Credit Private Limited (“the Company”) as of 31 March 2019 in conjunction with our audit of the standalone 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 (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### *Auditors’ Responsibility*

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

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

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

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

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

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

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



## *Opinion*

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, 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.

For Ramesh Ashwin & Karanth  
Chartered Accountants  
Firm's registration number: 010680S  
sd/-  
Prashanth Karanth  
Partner  
Membership number: 214235

Place: Bangalore

Date: 23.05.2019



## Balance Sheet as at March 31, 2019

Particulars	Note No.	As at March 31, 2019 (INR)	As at March 31, 2018 (INR)
<b>I. EQUITY AND LIABILITIES</b>			
(1) Share holders fund			
(a) Share capital	3	395,345,180	217,314,180
(b) Reserves and surplus	4	396,864,190	273,935,280
		792,209,370	491,249,460
(2) Non-current Liabilities			
(a) Long term borrowings	5	2,809,861,570	1,820,040,419
		2,809,861,570	1,820,040,419
(3) Current Liabilities			
(a) Trade payables	6	4,167,003	4,515,682
(b) Other current liabilities	7	1,447,782,132	1,133,881,324
(c) Short-term provisions	8	216,235,065	208,670,417
		1,668,184,200	1,347,067,423
<b>TOTAL</b>		<b>5,270,255,140</b>	<b>3,658,357,302</b>
<b>II. ASSETS</b>			
(1) Non-Current Assets			
(a) Property Plant & Equipment	9	24,636,469	20,632,999
(b) Intangible Assets (Net)	10	1,397,163	927,838
(c) Deferred tax assets (Net)	11	36,824,379	46,217,046
(d) Long term loans and advances	12	10,252,143	9,137,457
(e) Loans and advances towards Financing Activities - [Long Term]	13	549,102,167	163,074,334
(f) Other Non-Current Assets	14	39,743,330	101,331,680
		661,955,651	341,321,354
(2) Current Assets			
(a) Cash and cash equivalents	15	815,857,682	295,773,378
(b) Loans and advances towards Financing Activities - [Short Term]	16	3,444,744,463	2,962,179,538
(c) Other Short Term Loans & Advances	17	57,573,752	21,042,890
(d) Other Current Assets	18	290,123,593	38,040,142
		4,608,299,489	3,317,035,948
<b>TOTAL</b>		<b>5,270,255,140</b>	<b>3,658,357,302</b>

Significant accounting policies

The notes referred to above from an integral part of the financial statements In terms of our report of even date attached.

2

For and on behalf of Chaitanya India Fin Credit Private Limited

RAMESH ASHWIN & KARANTH

CHARTERED ACCOUNTANTS  
(REGN No.: 010680S)

sd/-

PRASHANTH KARANTH  
Partner

Membership No.: 214235

Place: Bangalore

Date: 23.05.2019

sd/-

sd/-

ANAND RAO  
Joint Managing Director  
DIN: 01713987

SAMIT S SHETTY  
Managing Director  
DIN: 02573018

sd/-

Srinivasan C V  
Chief Financial officer

sd/-

Dimple J Shah  
Company Secretary  
ACS - A36349



## Statement of Profit and Loss for the year ended March 31, 2019

Particulars		Note No.	Year ended March 31, 2019 (INR)	Year ended March 31, 2018 (INR)
I.	Revenue from Operations	19	1,075,227,966	737,212,103
II.	Other Income	20	30,275,017	25,780,631
III.	TOTAL REVENUE (I+II)		1,105,502,982	762,992,734
IV.	Expenses			
	(a) Finance Cost	21	500,946,891	374,261,388
	(b) Employee benefit expenses	22	331,146,449	252,076,671
	(c) Depreciation and amortisation expense	9 & 10	12,656,105	11,339,371
	(d) Other Administrative expense	23	152,076,474	114,698,731
	(e) Bad Debts Written Off		49,754,104	291,011
	(f) Provision / (write back of) for Receivables under Financing Activity		(39,895,693)	118,023,601
	TOTAL EXPENSES		1,006,684,330	870,690,772
V	Profit / (loss) before exceptional and extraordinary items and tax (III-IV)		98,818,652	(107,698,039)
VI.	Exceptional items		-	-
VII.	Profit / (loss) before extraordinary items and tax (V - VI)		98,818,652	(107,698,039)
VIII.	Extraordinary items		-	-
IX.	Profit / (loss) before tax (VII - VIII)		98,818,652	(107,698,039)
X.	Provision for taxation:			
	(a) Current tax provision / (write back)		16,936,549	4,116,065
	(b) Deferred tax provision / (write back)		9,392,667	(31,776,687)
XI.	Profit / (loss) for the period from continuing Operations		72,489,436	(80,037,417)
XII.	Profit / (loss) for the period from discontinuing Operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
XIV.	Profit / (loss) for the period from discontinuing Operations ( after tax)		-	-
XV.	Profit / (loss) for the period		72,489,436	(80,037,417)

### Earnings Per Share

Basic	3	-4
Diluted	3	-4

### Significant accounting policies

The notes referred to above from an integral part of the financial statements.  
In terms of our report of even date attached.

2

For and on behalf of Chaitanya India Fin Credit Private Limited

RAMESH ASHWIN & KARANTH

CHARTERED ACCOUNTANTS (REGN No.: 010680S)

sd/-  
PRASHANTH KARANTH  
Partner

Membership No.: 214235

Place: Bangalore

Date: 23.05.2019

sd/-  
ANAND RAO  
Joint Managing Director  
DIN: 01713987

sd/-  
SAMIT S SHETTY  
Managing Director  
DIN: 02573018

sd/-  
Srinivasan C V  
Chief Financial officer

sd/-  
Dimple J Shah  
Company Secretary  
ACS - A36349



### Cash Flow Statement for the year ended March 31, 2019

Particulars	For the Year Ended March 31, 2019		For the Year Ended March 31, 2018	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit Before Tax		98,818,652		(107,698,039)
Adjustments for:				
Add: Depreciation	12,656,105		11,339,371	
Profit / (Loss) on Sale of assets	(88,986)		-	
Assets Written off	-		(14,109)	
Profit on sale of liquid fund investments	(12,973,615)		(10,412,960)	
Interest & Finance Charges Paid	500,946,891	500,540,395	374,261,388	375,173,690
Operating Profit before Working Capital Changes		599,359,047		267,475,651
Adjustments for:				
Decrease/ (Increase) in Cash Margin & Deposits	(31,628,634)		(9,879,092)	
Decrease/(Increase) in Loans & Advances	(905,388,927)		(996,404,720)	
Decrease / (Increase) in Other Current Assets	(252,083,450)		(87,487,410)	
Increase/ (Decrease) in Other current liabilities	197,776,577		(13,456,066)	
Increase/ (Decrease) in Trade payables	(348,678)		40,730,240	
(Decrease)/Increase in Borrowings	1,105,945,382		440,680,598	
Interest & Finance Charges paid	(500,946,891)		(374,261,388)	
Increase/ (Decrease) in Short term Provisions	7,564,649	(379,109,972)	149,554,002	(850,523,836)
Cash generated from operations		220,249,075		(583,048,184)
Income Tax paid		16,936,549		27,660,622
Net Cash flow from Operating activities		203,312,526		(555,387,562)
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(17,363,925)		(9,869,766)	
Sale of Fixed Assets	324,008		69,121	
Profit on sale of liquid fund investments	12,973,615		10,412,960	612,315
Net Cash used in Investing activities		(4,066,302)		612,315
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase in Share Capital	178,031,000		34,398,510	
Increase in Securities Premium	50,439,474		65,601,457	
Net Cash used in financing activities		228,470,474		99,999,967
Net increase in cash & Cash Equivalents		427,716,699		(454,775,280)
Cash and Cash equivalents Opening Balance		211,820,346		666,595,626
Cash and Cash equivalents Closing Balance		639,537,045		211,820,346



Cash & Cash Equivalents	As on March 31, 2019	As on March 31, 2018
Cash in Hand	2,035,143	1,659,719
Cash at Bank (Current Account)	637,501,901	210,160,627
Cash & Cash equivalents as stated	<u>639,537,045</u>	<u>211,820,346</u>

Significant accounting policies

The notes referred to above from an integral part of the financial statements

In terms of our report of even date attached

RAMESH ASHWIN & KARANTH  
CHARTERED ACCOUNTANTS  
(REGN No.: 010680S)

For and on behalf of Chaitanya India Fin Credit Private Limited

sd/-  
Prashanth Karanth  
Partner (Membership No.: 214235)

sd/-  
Anand Rao  
Joint Managing Director  
DIN: 01713987

sd/-  
Samit S Shetty  
Managing Director  
DIN: 02573018

Place: Bangalore  
Date: 23.05.2019

sd/-  
Srinivasan C V  
Chief Financial officer

sd/-  
Dimple J Shah  
Company Secretary  
ACS - A36349



## 1. CORPORATE INFORMATION

Chaitanya India Fin Credit Private Limited was incorporated on March 31, 2009, to carry on the business of Lending, Instalment Financing, Bill discounting, Providing Working Capital and Term Loan Facilities to Small and Medium Business Enterprises including Individual loans, with or without all or any types of securities. And the Company act's as facilitator for provision of micro finance, savings and other financial services by acting as intermediaries between Bank, Financial Institutions, Individuals, Corporate bodies or other entities (whether incorporated or not), of one part, with the Joint Liability Groups (JLG), Members of JLGs, discrete individuals or small groups which are in the process of forming JLGs and / or other micro-credit aspirants, And to assist, execute, provide consultancy service and promote and finance such programs, either directly or through an independent agency and/or in any other manner.

The Company is a Non-Banking Finance Company – Micro Finance Institution (NBFC-MFI). The Company has received Certificate of registration from Reserve Bank of India dated 25<sup>th</sup> September 2009, to carry on the business of Non- Banking Financial Institution without accepting deposits. During the year ended 31<sup>st</sup> March 2014, the company has obtained registration under the Non-Banking Finance Company – Micro Finance Institution (Reserve Bank) Directions, 2011 vide RBI Letter dated 05<sup>th</sup> September 2013.

Chaitanya India Fin Credit Private Limited is a subsidiary of Chaitanya Rural Intermediation Development Services Private Limited with effect from 12<sup>th</sup> November 2014.

The company has been upgraded from Non-Systemically Important Non-Banking Financial Company – Micro Finance Institutions(MFIs) to Systemically Important Non-Banking Financial Company – Micro Finance Institutions(MFIs) as the assets size of the group (consolidated Assets size of Chaitanya India Fin Credit Private Limited and Chaitanya Rural Intermediation Development Services Private Limited put together) has exceeded Rs. 500 crores in the month of September 2018 ( by virtue of RBI Master direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 01st September 2016).

## 2.

### (I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### a) Basis of Accounting

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the previous year.

The Company is a Non-Banking Finance Company - Micro Finance Institutions (NBFC-MFI). The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for Non-Banking Finance Company - Micro Finance institution (NBFC-MFI).

#### b) Revenue Recognition

- i. Revenue from Interest on loans financed by the Company is recognized on accrual basis, except for loans outstanding for more than 90 days which are recognized only on receipt basis, considering the directions issued by the RBI from time to time.
- ii. Revenues from loan processing charges are recognized as income on cash basis.
- iii. Income on securitization is recognized on the basis of Circular DBOD.No.BP.BC.60/21.04.048/2005-06 dated 1<sup>st</sup> February 2006 issued by RBI. The said circular has prescribed a formula for Amortization of Securitization Profits. For the Securitization transactions undertaken during the year which have been done at a premium, recognition of income was done over the period of underlying portfolio as stated in Circular DBOD.No.BP.BC.60/21.04.048/2005-06 dated 1<sup>st</sup> February 2006 issued by RBI.
- iv. Revenue from interest income on fixed deposits with banks is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- v. Short term capital gains on sale of investment instruments i.e. liquid funds (treasury operations) are recognized on actual sale of instruments.

#### c) Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the results of operations at the end of reporting period. These estimates are based upon management's best knowledge of current events and actions. The actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively.



**d) Cash and cash equivalents**

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

**e) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

**f) Property Plant & Equipment**

Property, plant & equipment are carried at cost less accumulated depreciation and impairment losses, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

The Gains or losses arising from de recognition of Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the Assets and are recognised in the statement of profit and loss account when the asset is derecognised.

The cost of a tangible asset comprises its purchase price net of any trade discounts and rebates, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities) and any directly attributable expenditure on making the asset ready for its intended use.

**g) Intangible Fixed Assets**

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities) and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognized as an expense when incurred, unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

**h) Depreciation and Amortization**

Depreciation on Property, plant & equipment has been provided on the Written down value method as prescribed in Schedule II of Companies Act 2013 or the rates determined by the management as per estimated useful life of the Assets, whichever is higher. All Individual Assets (other than Furniture & Fixtures and Office equipments) valued less than Rs. 5000/- are depreciated in full in the year of acquisition. The Useful life of the Assets is as follows:

Property, plant & equipment:

Sl. No	Asset	Useful Life (In Years)
1.	Furniture & Fixtures	10
2.	Computer & Peripherals	3
3.	Office Equipment	5
4.	Motor Vehicles	
	- Motor Car	8
	- Motor Bikes	10

Intangible Assets:

Sl. No	Asset	Useful Life (In Years)
1.	Computer Software	3

The company is charging depreciation on Computer software on Straight Line method as the company feels the same would result in a more appropriate presentation of Financial Statements.



## **i) Investments**

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage and fees.

Investments maturing within three months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments".

Long-term investments (including current portion thereof) are carried at cost less any other-than temporary diminution in value, determined separately for each individual investment based on management's assessment of recovery and realisation.

Current investments are carried at the lower of cost and fair value.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

## **j) Employee Benefits**

Employee benefits include provident fund, gratuity and ESI.  
Defined contribution plan:

The Company's contribution to provident fund and ESI are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans:

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the actuarially determined rates at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of profit and loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of profit and loss. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employee is recognised in the Statement of profit and loss on a straight-line basis over the average period until the benefits become vested. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

Compensated absences:

The compensated absences given to the employees of the company are in the nature of Non-Accumulating and Non-vesting type. As such the company is not required to recognise any liability for unpaid compensated absences as on balance sheet date.

Short term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service.

## **k) Leases**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis.

## **l) Provisions and Contingencies**

A provision is recognized when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made, Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date, these are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

All material known liabilities are provided for and liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.



#### **m) Taxes on Income**

Tax expense comprises of current and deferred tax.

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognized in statement of profit and loss except that tax expense relating to items recognized directly in reserves is also recognized in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one year and are capable of reversal in one or more subsequent years. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

#### **n) Borrowing Costs**

Borrowing costs include interest and ancillary costs that the Company incurs in connection with the borrowings. Costs in connection with the borrowing of funds to the extent directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss at the time of availment of the Loan.

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

The company does not have a distinguishable and reportable business or geographical segment. As such disclosure requirements stated in Accountant Standard -17(Segment reporting) are not applicable to the company.

#### **p) Earnings per Share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year/period. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

#### **q) Impairment of Assets**

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the assets recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, as if no impairment loss had been recognised.

#### **r) Classification and provisioning on receivables under financing activities.**

1. Receivables under financing activities are recognised on disbursement of loan to customers. The details of the policy are given below:
2. Asset classification: -

Receivables under financing activities are classified as standard and sub - standard assets and provided for as per the Company's policy and Management's estimates, subject to the minimum classification and provisioning norms as per the Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (RBI Master Direction No. RBI/DNBR/2016-17/45 DNBR.PD.008/03.10.119/2016-17, Dated 1st September 2016).



Asset Classification	Criteria
Standard assets	Not overdue or overdue for less than 90 days
<b>Non-performing assets (NPA)</b>	
Sub- standard assets	Overdue for 90 days or more

“Overdue” refers to interest and/or principal and/or instalment remaining unpaid from the day it became receivable.

3. Provisioning norms for receivables under financing activities: -

The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of the following:

1% of the outstanding loan portfolio or

50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more

3.1 SHARE CAPITAL

(Amount in Rupees)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorized capital		
2,50,00,000 equity shares of Rs.10 each (Previous Year 2,50,00,000 equity shares of Rs. 10 each)	250,000,000	250,000,000
1,80,00,000 11%Non - convertible, redeemable, cumulative preference shares of Rs 10 each (Previous year - Nil)	180,000,000	-
Issued, subscribed and paid up capital		
2,45,34,518 equity shares of Rs. 10 each fully paid-up (Previous Year 2,17,31,418 equity shares of Rs. 10 each)	245,345,180	217,314,180
1,50,00,000 11% Non - convertible, redeemable, cumulative preference shares of Rs 10 each (Previous year - Nil)	150,000,000	-
	395,345,180	217,314,180

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

Particulars	As at March 31, 2019 ( Units in Nos.)	As at March 31, 2019 (Amount in rupees)	As at March 31, 2018 ( Units in Nos.)	As at March 31, 2018 (Amount in rupees)
Number of shares outstanding as at the beginning of the financial year (April 01)	21,731,418	217,314,180	18,291,567	182,915,670
Add: Increase in number of shares during the year				
- Fresh issue of shares	2,803,100	28,031,000	3,439,851	34,398,510
	24,534,518	245,345,180	21,731,418	217,314,180
Less: Reduction in number of shares during the year				
- Redemption of shares	-	-	-	-
Number of shares outstanding as at the Close of the financial year (March 31)	24,534,518	245,345,180	21,731,418	217,314,180



### 3.3 Reconciliation of preference shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March	As at March	As at March	As at March
	31, 2019 ( Units in Nos.)	31, 2019 (Amount in rupees)	31, 2018 ( Units in Nos.)	31, 2018 (Amount in rupees)
Number of shares outstanding as at the beginning of the financial year (April 01)	-	-	-	-
Add: Increase in number of shares during the year				
- Fresh issue of shares	15,000,000	150,000,000	-	-
	15,000,000	150,000,000	-	-
Less: Reduction in number of shares during the year				
- Redemption of shares	-	-	-	-
Number of shares outstanding as at the Close of the financial year (March 31)	15,000,000	150,000,000	-	-

### 3.4 Rights, preferences and restrictions attached to each class of shares:-

#### (a) Equity Shares

The Company has only one class of equity share having a par value of Rs.10 per share. Accordingly all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the board of directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend.

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

#### (b) 11% Non - Convertible, Redeemable, Cumulative Preference Shares

The Company has only one class of Non - convertible, redeemable, cumulative preference shares (NCRCPs or Preference shares) having a par value of Rs.10 per share.

The preference shares shall carry a preferential right to dividend. Such dividend will be determined as per terms and conditions of issue of such shares. Dividend/yield will be calculated on prorata basis at the rate of 11% p.a and shall rank in priority over dividend to the equity shares.

The obligation to pay the dividend on preference shares will arise, when declared and approved in board meeting. As such dividend payable to the preference shareholders will be provided in the books of accounts only once the dividend is approved by the board of directors in accordance with sec 123 of companies act 2013.

In the event of liquidation of Companies, the holders of preference shares will be entitled to receive remaining assets of the Company, prior to the equity shareholders. The distribution will be in proportion to the number of preference shares held by the share holders.

The preference shareholders will not be entitled to participate in surplus funds nor in surplus assets and profits on winding up which may remain after the entire capital has been repaid.

### 3.5 Details of Shares held by Holding Company

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares held	Amount in Rupees	No. of Shares held	Amount in Rupees
Chaitanya Rural Intermediation Development Services Private Limited	24,534,517	245,345,170	21,731,417	217,314,170



### 3.6 Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>FOR EQUITY SHARE CAPITAL</b>				
Chaitanya Rural Intermediation Development Services Private Limited	24,534,517	100	21,731,417	100.00
<b>TOTAL</b>	<b>24,534,517</b>	<b>100</b>	<b>21,731,417</b>	<b>100</b>
<b>FOR PREFERENCE SHARE CAPITAL</b>				
UNIFI AIF	15,000,000	100	-	-
<b>TOTAL</b>	<b>15,000,000</b>	<b>100</b>	<b>-</b>	<b>-</b>

3.7 The Company has not issued bonus shares, not issued shares for consideration other than cash and has not bought back shares during the period of five years immediately preceding the reporting date.

### 4.1 RESERVES AND SURPLUS

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(a) Securities Premium</b>		
Opening Balance	298,398,427	232,796,970
Add : Securities premium credited on Share issue	51,969,474	65,601,457
Less: Premium Utilised	1,530,000	-
Closing Balance	348,837,901	298,398,427
<b>(b) Statutory Reserve</b>		
Opening Balance	11,419,250	11,419,250
Add : Current Year Transfer	14,497,887	-
Less: Written Back in Current Year	-	-
Closing Balance	25,917,137	11,419,250
<b>(c) Surplus</b>		
Opening balance	(35,882,398)	44,155,019
Add : Net Profit/(Net Loss) For the current year	72,489,436	(80,037,417)
Less: Proposed Dividends	-	-
Less: Transfer to Reserves	14,497,887	-
Closing Balance	22,109,151	(35,882,398)
<b>Total</b>	<b>396,864,190</b>	<b>273,935,280</b>

4.2 As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of Rs. 1,44,97,887 /- (March 31, 2018 :- Nil ), out of the profit after tax for the year ended March 31, 2019 to Statutory Reserve.

### 5.1 LONG TERM BORROWINGS

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Long Term Borrowings</b>		
<b>Secured</b>		
<b>(a) Term loans</b>		
From Banks [ Refer sub-note A-i ]	218,934,390	327,818,025
From Financial Institutions [ Refer sub-note A-ii ]	716,627,180	407,922,394
	935,561,570	735,740,419
<b>(b) NCDs</b>		
[ Refer sub-note B ]	1,424,300,000	784,300,000
	1,424,300,000	784,300,000



Unsecured		
(a) Sub-Debts		
[ Refer sub-note C ]	400,000,000	250,000,000
	400,000,000	250,000,000
(b) Term Loans from others		
[ Refer sub-note D ]	50,000,000	50,000,000
	50,000,000	50,000,000
Total	2,809,861,570	1,820,040,419

5.2 The Company has created a specific charge on its receivables under financing activities for its secured borrowings.

5.3 During the year, the Company has not defaulted in the repayment of dues to its lenders.

## 6 TRADE PAYABLES

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables		
-dues to micro enterprises and small enterprises [ Refer note 27 ]	-	-
-dues to other than micro enterprises and small enterprises	4,167,003	4,515,682
Total	4,167,003	4,515,682

## 7.1 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Current maturities of Secured long-term borrowings [ Refer sub-note A-i & ii ]	1,152,526,928	1,023,902,701
(b) Current maturities of Unsecured long-term borrowings [ Refer sub-note D ]	-	12,499,997
(c) Insurance Payable	15,068,962	8,589,712
(d) Statutory Payables	9,114,211	8,766,888
(e) Cash Profit on Loan Transfer Transactions Pending Recognition	-	6,305,822
(f) Payables for financial activity	271,072,030	73,816,204
Total	1,447,782,132	1,133,881,324

7.2 The Company has created a specific charge on its receivables under financing activities for its secured borrowings.

7.3 During the year, the Company has not defaulted in the repayment of dues to its lenders.

## 8 SHORT TERM PROVISIONS

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Provision for Employee Benefit	1,785,279	15,660,927
(b) Provision for Gratuity	15,814,507	11,088,664
(c) Provision for Expenses	5,408,951	2,690,932
(d) Provision for Receivables under Financing Activity [ Refer Note 35 ]	112,382,439	152,278,132
(e) Provision for Interest Accrued but not due on Borrowings	80,843,890	26,951,762
Total	216,235,065	208,670,417



## 9 PROPERTY, PLANT & EQUIPMENT

(Amount in Rupees)

Particulars	Gross Block			Accumulated Depreciation				Net block		
	As at April 1, 2018	Addition during the year	Disposals during the year	Balance as at March 31, 2019	As at April 1, 2018	For the year	Adjustment during the year	Balance as at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Com-puters & Peripherals	20,199,856	8,994,740	294,315	28,900,280	15,537,852	6,119,277	280,674	21,376,455	7,523,825	4,662,004
Furniture and fixtures	11,568,779	2,237,090	-	13,805,869	5,855,845	1,762,112	-	7,617,957	6,187,912	5,712,934
Motor Car	12,309,466	2,918,163	689,000	14,538,629	6,497,262	2,327,587	474,896	8,349,953	6,188,676	5,812,204
Motor Bike	199,241	-	-	199,241	134,030	16,940	-	150,970	48,271	65,211
UPS	3,187,635	660,743	78,799	3,769,579	1,489,143	525,140	71,521	1,942,762	1,826,817	1,698,492
Office equipments	794,509	166,119	-	960,628	611,872	121,830	-	733,702	226,926	182,637
Godrej Safe	3,722,657	995,120	-	4,717,777	1,223,139	860,595	-	2,083,734	2,634,042	2,499,518
Total	51,982,142	15,971,975	1,062,114	66,892,003	31,349,143	11,733,481	827,091	42,255,533	24,636,469	20,632,999
Previous period (2017-18)	42,617,611	9,822,285	457,754	51,982,142	21,466,723	10,285,162	402,742	31,349,143	20,632,999	

## 10 INTANGIBLE ASSETS

(Amount in Rupees)

Particulars	Gross Block			Accumulated Depreciation				Net block		
	As at April 1, 2018	Addition during the year	Disposals during the year	Balance as at March 31, 2019	As at April 1, 2018	For the year	Adjustment during the year	Balance as at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Computer software	4,787,703	1,391,950	-	6,179,653	3,859,865	922,625	-	4,782,490	1,397,163	927,838
Total	4,787,703	1,391,950	-	6,179,653	3,859,865	922,625	-	4,782,490	1,397,163	927,838
Previous period (2017-18)	4,740,222	47,481	-	4,787,703	2,805,656	1,054,209	-	3,859,865	927,838	

## 11 DEFERRED TAX ASSET

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Opening balance as at the beginning of the year (April 1)		
- Depreciation on tangible fixed assets	2,012,417	907,354
- on Asset Provisioning	41,149,425	11,325,576
- on Gratuity Provision	3,055,204	2,207,429
	46,217,046	14,440,359
(b) Adjustments during the financial year		
- Depreciation on tangible fixed assets	891,360	1,105,063
- on Asset Provisioning	(11,628,419)	29,823,849
- on Gratuity Provision	1,344,392	847,775
	(9,392,667)	31,776,687
(c) Closing balance as at the end of the year (March 31)		
- Depreciation on tangible fixed assets	2,903,777	2,012,417
- on Asset Provisioning	29,521,006	41,149,425
- on Gratuity Provision	4,399,596	3,055,204
Total	36,824,379	46,217,046



12 LONG TERM LOANS AND ADVANCES

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Security deposits - Unsecured, considered good		
Rental deposits	5,980,546	5,137,030
Other deposits	75,190	69,327
(b) Other Loans and Advances		
Loans to employees - Unsecured, considered good	4,196,407	3,931,100
<b>Total</b>	<b>10,252,143</b>	<b>9,137,457</b>

13 LOANS AND ADVANCES TOWARDS FINANCING ACTIVITIES - LONG TERM

Particulars	As at March 31, 2019	As at March 31, 2018
Receivable under Financing Activities		
(a) Secured and Considered Good - Long term	939,461	2,989,974
[Assets Derecognized on account of securitization & Buy-out of receivables is Rs. 21,54,247 /- (P.Y. - Rs. 2,34,24,698 /-)]		
(b) Unsecured and Considered Good - Long term	548,162,706	160,084,360
[Assets Derecognized on account of securitization & Buy-out of receivables is Rs. 14,83,61,431 /- (P.Y.- Rs. 1,11,29,704 /-)]		
<b>Total</b>	<b>549,102,167</b>	<b>163,074,334</b>

14 OTHER NON-CURRENT ASSETS:

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Cash Collateral		
Cash Collateral with maturity more than 12 months (TL) - Banks	32,266,688	63,748,101
Cash Collateral with maturity more than 12 months (TL) - FI s	5,000,000	10,557,995
Cash Collateral with maturity more than 12 months - Securitisation	2,476,642	27,025,584
<b>Total</b>	<b>39,743,330</b>	<b>101,331,680</b>

15 CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Cash on hand	2,035,143	1,659,719
(b) Balances with banks		
In Current Account	637,501,901	210,160,627
Fixed Deposit		
Maturity less than 12 months	-	25,000,000
Cash Collateral		
Cash Collateral with maturity less than 12 months (TL) - Banks	62,505,166	47,559,389



	Cash Collateral with maturity less than 12 months (TL)- FI s	10,964,149	11,393,643
	Cash Collateral with maturity less than 12 months - Securitisation	102,851,322	-
	Total	815,857,682	295,773,378
16	LOANS AND ADVANCES TOWARDS FINANCING ACTIVITIES - SHORT TERM		
	<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
	Receivable under Financing Activities		
	(a) Secured and Considered Good	5,496,554	2,809,762
	[Assets Derecognized on account of securitization & Buy-out of receivables is Rs. 3,61,88,563 /- (P.Y. Rs. 3,52,27,474 /-)]		
	(b) Unsecured and Considered Good	3,439,247,909	2,959,369,776
	[Assets Derecognized on account of securitization & Buy-out of receivables is Rs. 153,78,44,538 /- (P.Y. Rs. 38,90,92,192 /-)]		
	Total	3,444,744,463	2,962,179,538
17	OTHER SHORT TERM LOANS & ADVANCES		
	<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
	Prepaid expenses	2,525,714	893,869
	Interest Accrued on Loan Portfolio	48,391,174	10,412,960
	Advance to Suppliers & Others	6,656,863	9,736,061
	Total	57,573,752	21,042,890
18	OTHER CURRENT ASSETS		
	<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
	Interest accrued on fixed deposits but not Due	3,839,163	-
	Advance to Staffs	1,157,811	643,546
	Insurance Claim Receivable	10,810,647	7,767,868
	Statutory Receivables	3,786,855	2,147,517
	Other Receivables	730,026	1,223,309
	Insurance claim Receivable on staff fraud / cash loss	775,410	-
	Tax paid under dispute	2,614,899	1,650,848
	Loan Assets Retained on Securitisation / Assignment Transactions	266,408,782	24,607,054
	Total	290,123,593	38,040,142



## 19 REVENUE FROM OPERATIONS

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest Received from Customers	892,887,913	646,746,180
Loan Processing Fees	84,742,795	53,256,128
Securitization Income	54,255,490	14,353,437
Business Correspondent Service Income	33,045,098	22,388,152
Service Fees Received on Securitisation	3,723,635	468,206
Micro Credit Insurance Commission	6,573,035	-
Total	1,075,227,966	737,212,103

## 20 OTHER INCOME

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest income		
- On Bank Deposits for Cash Collateral	14,018,002	14,571,735
- On Bank Deposits other than Cash Collateral	211,130	-
Profit on sale of liquid fund investments	12,973,615	10,474,300
Loan Processing Fees on employee loan	47,120	37,600
Interest on employee loan	685,247	388,951
Profit on Sale of Assets	88,986	34,253
Bad Debts Recovered	2,227,403	175,718
Other Income	23,514	98,074
Total	30,275,017	25,780,631

## 21 FINANCE COSTS

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest expense		
On Term Loans	285,844,552	241,060,346
On NCDs	191,175,309	110,219,278
Bank charges	3,543,063	2,192,441
Loan Processing Expenses	15,702,335	10,740,368
NCD Expenses	4,681,632	10,048,955
Total	500,946,891	374,261,388

## 22 EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salary, Wages, Allowances & other Benefits	298,454,122	221,828,581
Contributions to P.F., ESI & Others	17,785,920	20,936,318
Gratuity Expenses	5,295,987	5,275,082
Staff welfare expenses	9,610,420	4,036,690
Total	331,146,449	252,076,671



## 23 OTHER EXPENSES

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Conveyance Expenses	53,866,172	42,869,272
Rent	17,565,882	13,500,952
Printing, Books & Other Stationary	9,392,658	7,781,688
Vehicle Running & Maintenance	10,863,753	6,770,567
Telephone & Internet Charges	9,967,978	9,528,080
Professional Charges	8,992,549	5,449,316
Tour & Travelling Expenses	6,937,553	4,720,255
Meeting & Training Expenses	7,507,146	4,940,311
Loan Management Software Support & Hosting Charges	5,017,276	3,611,566
Business Promotion Expenses	724,583	769,393
GST Expense	6,224,150	3,612,328
Membership Fee & Subscription	1,075,089	1,111,942
Electricity Charges	2,562,592	1,940,643
Internal Audit Fees	270,000	120,000
Statutory & Tax Audit Fees	300,000	180,000
Loss of Cash in Transit	-	300,751
Asset Written off	-	20,144
Postage & Courier Charges	626,880	510,139
Director's Sitting Fees	495,000	435,000
Repairs & Maintenance [General]	554,391	238,039
Repairs & Maintenance of Computers	258,801	188,002
Water Charges	1,764,503	1,339,727
Insurance Charges	572,334	400,637
Office & General Expenses	4,020,638	2,504,951
Brokerage for Office	65,741	20,900
Rates & Taxes	1,959,188	765,774
Recruitment Expenses	365,250	1,019,881
Auction Related Expenses	126,367	48,473
<b>Total</b>	<b>152,076,474</b>	<b>114,698,731</b>

## 24 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

Particulars	Upto 30/31 days	1 month upto 2 month	over 2 months upto 3 month	3 month & up to 6 month	6 month & up to 1 Years	1 Year & up to 3 Years	3 Years & up to 5 Years	Over 5 Years	Total
Fixed Deposits (Asset)	4,256,613	-	-	48,868,506	118,175,704	44,763,140	-	-	216,063,963
Advances	345,680,697	390,599,653	372,124,606	953,641,129	1,382,810,938	548,989,607	-	-	3,993,846,630
Investments	-	-	-	-	-	-	-	-	-
Borrowings	84,259,071	113,891,187	109,572,742	302,993,003	541,810,938	1,443,840,204	1,216,021,358	150,000,000	3,962,388,503
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

Cash & Bank balance as the end of March 31, 2019 = RS.63,95,37,045 /-.



**25. Payment to auditors**  
(Including Interim audit fees)

Particulars	2018-2019	2017-2018
Statutory audit fees	2,40,000	1,40,000
Tax audit fees	60,000	40,000
GST	54,000	32,400

**26. Contingent Liabilities**

i) Relating to Securitisation/Buyout Payments:-

Particulars	As at March 31, 2019 (Rs.)	As at March 31, 2018 (Rs.)
Shortfall in Payment to the buyers in case of Securitisation Transactions to the extent of Cash Margin	NIL	NIL

ii) Claims against the Company not acknowledged as Debt

Particulars	As at March 31, 2019 (Rs.)	As at March 31, 2018 (Rs.)
Income tax demands	1,30,74,495	82,49,240

**27. Disclosure under Micro, Small and Medium Enterprises development act, 2006**

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information presently available with the management, the disclosures required under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") are given below:

Particulars	As at March 31, 2019 (Rs.)	As at March 31, 2018 (Rs.)
The principal amount remaining unpaid to any supplier as at the end of the Period/Year	-	-
The interest due on the principal remaining outstanding as at the end of the Period/Year	-	-
The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the Period/Year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the Period/Year) but without adding the interest specified under the Act	-	-
The amount of interest accrued and remaining unpaid at the end of the Period/Year	-	-
The amount of further interest remaining due and payable even in the succeeding Periods/Years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Act	-	-



## 28. Expenditure in foreign currency (accrual basis)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Web hosting charges	1,84,047	2,03,140
Processing Fees Paid	-	36,66,667

## 29. Leases

The Company has entered into operating lease arrangements for office premises. Lease payments recognized in the statement of profit and loss for the year 2018-19 amounts to Rs.1,75,65,882 /- (Previous year – Rs. 1,35,00,952 /-).

## 30. Employee benefits

### *Defined contribution plans*

The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

The amount recognised as an expense towards contribution to provident fund for the year aggregated to Rs. 1,51,07,581 /- (March 31, 2018: Rs. 1,85,08,007 /-).

The amount recognised as an expense towards contribution to ESI for the year aggregated to Rs. 17,39,923 /- (March 31, 2018: Rs. 16,30,670 /-).

Company adopted Accounting Standard 15 "Employee Benefits" ('AS 15') as specified in Rule 3 of the Companies (Accounting Standard) Rules, 2006:

Particulars	March 31, 2019 (Rs.)	March 31, 2018 (Rs.)
Change in present value of obligation		
Present value of obligation as at the beginning of the year	1,10,88,664	66,76,433
Current service cost	47,81,457	29,11,336
Interest cost	8,31,877	4,73,296
Plan Amendments	-	57,339
Amalgamations (Transfers or acquisitions)	-	(4,23,917)
Actuarial (gain) / loss	(3,17,346)	18,33,111
Benefits paid	(5,70,144)	(4,38,934)
Present value of obligation as at the end of the year	1,58,14,507	110,88,664
Change in plan assets		
Plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution by the Company	-	-
Benefits paid	-	-
Actuarial gain / (loss)	-	-
Plan assets at the end of the year	-	-
Liability recognized in the financial statement	1,58,14,507	1,10,88,664
Expense recognized in the Statement of Profit and Loss		
Current service cost	47,81,457	29,11,336
Interest cost	8,31,877	4,73,296
Past Service Cost - vested benefits	-	57,339
Actuarial (gain) / loss	(3,17,346)	18,33,111
Expense recognized in the Statement of Profit and Loss	52,95,987	52,75,082



Constitution of plan assets		
Other than equity, debt, property and bank a/c	Not applicable	Not applicable
Funded with LIC	Not applicable	Not applicable

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Present value of obligation at the end	1,58,14,507	1,10,88,664
Fair value of plan assets at the end		-
Net liability recognized in Balance Sheet	1,58,14,507	1,10,88,664
Experience adjustment on plan liabilities (loss) / gain	(4,22,258)	9,64,674
(Gain)/loss due to change in Assumptions	1,04,912	8,68,437
Total (Gain)/loss on Benefit obligations	(3,17,346)	18,33,111

#### Five years Information

Particulars	March 2019	March 2018	March 2017	March 2016	March 2015
Present value of benefit obligations	1,58,14,507	1,10,88,664	66,76,433	36,57,061	17,94,649
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit in the plan	1,58,14,507	1,10,88,664	66,76,433	36,57,061	17,94,649
Experience adjustments arising on plan liabilities - (gain)/loss	(4,22,258)	9,64,674	(5,42,969)	(24,185)	-
Experience adjustments arising on plan assets - gain/(loss)	-	-	-	-	-

### 31. Related Party Disclosures

#### Related Party relationships

##### 1. Key Management personnel

- Mr. Anand Rao – Director
- Mr. Samit Shankar Shetty – Director
- Mr K S Ravi - Director
- Mr R Nanda Kumar - Director
- Mr Ramesh Sundaresan - Nominee Director
- Mr Srinivasan C V – CFO
- Ms Dimple Shah – CS

##### 2. Holding company

- Chaitanya Rural Intermediation Development Services Pvt. Ltd.

##### 3. Enterprises significantly influenced by Person with Significant influence

- Chaitanya Employee Welfare trust



Nature of Transaction	Related Party	Relationship	For the Year Ended March 31, 2019 (Rs)	For the Year Ended March 31, 2018 (Rs)
Remuneration to Key Managerial Personnel	Mr. Anand Rao	Jt. Managing Director	41,80,000	37,37,400
	Mr. Samit Shankar Shetty	Managing Director	41,80,000	37,38,000
	Mr. Srinivasan C V	CFO	28,04,000	24,20,621
	Ms. Dimple Shah	CS	8,38,000	6,79,600
	Total		1,20,02,000	1,05,75,621
Director's Sitting Fees	Mr. K S Ravi	Director	2,40,000	1,55,000
	Mr. R Nanda Kumar	Director	2,55,000	1,70,000
	Mr. Ramesh Sundaresan	Nominee Director	-	1,10,000
	Total		4,95,000	4,35,000
Face Value of Equity Shares allotted	Chaitanya Rural Intermediation Development Services Pvt. Ltd.	Holding Company	2,80,31,000	3,43,98,510
Securities Premium Received	Chaitanya Rural Intermediation Development Services Pvt. Ltd.	Holding Company	5,19,69,474	6,56,01,457
Sale of Loan Portfolio	Chaitanya Rural Intermediation Development Services Pvt. Ltd.	Holding Company	8,06,20,989	9,50,00,201
Service Fee Received (Excluding Service Tax / GST)	Chaitanya Rural Intermediation Development Services Pvt. Ltd.	Holding Company	3,30,45,098	2,23,88,152

### 32. Earnings per share ('EPS')

Particulars	March 31, 2019	March 31, 2018
Earnings		
Profit after tax (as reported)	7,24,89,436	(8,00,37,417)
Less: Dividend on preference shares and tax thereon	-	-
Net profit attributable to equity shareholders for calculation of basic EPS	7,24,89,436	(8,00,37,417)
Net profit attributable to equity shareholders for calculation of diluted EPS	7,24,89,436	(8,00,37,417)
Shares		
Equity shares at the beginning of the year	2,17,31,418	1,82,91,567
Shares issued during the year	28,03,100	34,39,851
Total number of equity shares outstanding at the end of the year	2,45,34,518	2,17,31,418
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	2,17,69,817	1,95,30,330
Compulsory convertible preference shares	-	-
Options granted	-	-
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	2,17,69,817	1,95,30,330
Face value per share	10	10



### Earnings per share

Basic	3.33	(4.10)
Diluted	3.33	(4.10)

### 33. Disclosure Pursuant to paragraph 26 of Master Direction - Non-Banking Financial Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

#### Gold Loan portfolio

The Company has not provided loan against gold during the year ended March 31, 2019 and March 31, 2018.

### 34. Capital Adequacy Ratio

Particulars	As at March 31, 2019 (Rs.)	As at March 31, 2018 (Rs.)
Tier I Capital	60,14,62,113	42,96,97,914
Tier II Capital	45,00,00,000	18,64,87,208
Total Capital	1,05,14,62,113	61,61,85,122
Total Risk Assets	4,48,72,15,722	323,84,60,949
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	13.40%	13.27%
Tier II Capital as a percentage of Total Risk Assets (%)	10.03%	5.76%
Total Capital (%)	23.43%	19.03%

### 35. Asset classification & Provisioning

#### 1. Classification of Assets:

The Company follows Prudential Norms of the Reserve Bank of India (RBI) with regards to classification in respect of all loans extended to its customers. Loans where the instalment is overdue for a period of 90 days or more or on which interest amount remained overdue for a period of 90 days or more is treated as Non-Performing Assets. Provision is made for loan assets as per the RBI Master Direction RBI/DNBR/2016-17/45 DNBR.PD.008/03.10.119/2016-17, Dated 1st September 2016.

Classification of Assets	As at March 31, 2019	As at March 31, 2018
Standard Assets	388,98,21,582	295,63,92,226
Sub-standard Assets		
Secured Loans	37,24,361	23,53,429
Unsecured Loans	10,03,00,687	16,65,08,217
Total Sub- Standard Assets	10,40,25,048	16,88,61,646
Grand Total	399,38,46,630	312,52,53,872

#### 2. Provisioning Norms for Loans - As Per RBI Guidelines [RBI Master Direction RBI/DNBR/2016-17/45 DNBR.PD.008/03.10.119/2016-17, Dated 1st September 2016]

Provision for Assets	As at March 31, 2019	As at March 31, 2018
1% of Aggregate Loan Portfolio (A)	3,99,80,430	3,12,91,850
50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days	4,19,262	33,56,767
100% of the aggregate loan instalments which are overdue for 180 days or more	10,31,86,524	14,89,21,365
Total Provision on Sub-Standard Assets (B)	10,36,05,786	15,22,78,132
Higher of (A) & (B)	10,36,05,786	15,22,78,132
Additional Provision made	87,76,653	-
Provision at the end of the year	11,23,82,439	15,22,78,132
Less: Provision at the Beginning of the year	15,22,78,132	3,42,54,531
Provision for the year	(3,98,95,693)	11,80,23,601



**36. Disclosure Pursuant to paragraph 18 of Master Direction - Non-Banking Financial Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:**

Particulars	As on March 31, 2019		As on March 31, 2018	
	Amount Outstanding in Rs.	Amount Overdue in Rs.	Amount Outstanding in Rs.	Amount Overdue in Rs.
<b>Liabilities:</b>				
1	Loans and Advances availed by the NBFC inclusive of interest accrued there on but not paid:			
(a)	Debentures			
	- Secured	1,49,21,07,005	-	80,33,12,889
	- Unsecured	-	-	-
	(other than falling within the meaning of public deposits)			
(b)	Deferred Credits	-	-	-
(c)	Term Loans	2,15,02,82,232	-	1,82,99,81,080
	- Secured	2,10,02,62,369	-	1,76,74,41,357
	- Unsecured	5,00,19,863	-	6,25,39,723
(d)	Inter- Corporate Loans and Borrowings	-	-	-
(e)	Commercial Paper	-	-	-
(f)	Cash Credits	-	-	-
(g)	Sub Debt	40,08,43,150	-	25,01,00,910
	Total	404,32,32,387	-	2,88,33,94,879

Particulars	Amount outstanding as at March 31, 2019 (Rs.)	Amount outstanding as at March 31, 2018 (Rs.)
<b>Assets:</b>		
2	Break -up of loans and Advances including Bills Receivables [Other than those included in (3) below]:	
(a)	Secured	64,36,015
(b)	Unsecured	3,98,74,10,615
		57,99,736
		3,11,94,54,136

Particulars	Amount outstanding as at March 31, 2019 (Rs.)	Amount outstanding as at March 31, 2018 (Rs.)
3	Break up of Leased Assets and Stock on Hire and Other Assets Counting towards AFC activities	
(i)	Lease Assets including Lease Rentals Accrued and Due:	
	(a) Financial Lease	-
	(b) Operating Lease	-
(ii)	Stock on Hire including Hire Charges under Sundry Debtors:	



(a) Assets on Hire	-	-
(b) Repossessed Assets	-	-
(iii) Other Loans counting towards AFC Activities		
(a) Loans where Assets have been Repossessed	-	-
(b) Loans other than (a) above	-	-

Particulars	Amount outstanding as at March 31, 2019(Rs.)	Amount outstanding as at March 31, 2018(Rs.)
4 Break-up of Investments		
Current Investments		
I Quoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Other (Please specify)		
II Unquoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Other (Please specify)	-	-
Long Term Investments		
I Quoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Other (Please specify)	-	-
II Unquoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Investment in Pass Through Certificates	-	-



5 Borrower Group-wise Classification of Assets Financed as in (2) and (3) above

Category	As at March 31, 2019 Amount in Rs.		As at March 31, 2018 Amount in Rs.	
	Secured	Unsecured	Secured	Unsecured
1 Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same Group	-	-	-	-
(c) Other Related Parties	-	-	-	-
2 Other than Related Parties	64,36,015	3,98,74,10,615	57,99,736	3,11,94,54,136
Total	64,36,015	3,98,74,10,615	57,99,736	3,11,94,54,136

6 Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted):

Category	Market Value/ Break-up value or Fair value or Net Asset Value (Company's Share) as on March 31, 2019	Book Value as on March 31, 2018	Market Value/ Break-up value or Fair value or Net Asset Value (Company's Share) as on March 31, 2018	Book Value as on March 31, 2018
1 Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same Group	-	-	-	-
(c) Other Related Parties	-	-	-	-
2 Other than Related Parties (Refer Note Below)	-	-	-	-
Total	-	-	-	-

7 Other Information

Category	As at March 31, 2019		As at March 31, 2018	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i) Gross Non-Performing Assets	-	10,40,25,048	-	16,88,61,646
(ii) Net Non-Performing Assets	-	-	-	1,65,83,514
(iii) Assets Acquired in Satisfaction of Debt	-	-	-	-

37. Details of Fraud / Cash loss noticed during the year:

Based on the audit procedures performed and the information and explanations given to us, we report that following frauds has been noticed during the period/year:

Category	For the year ended March 31, 2019		For the year ended March 31, 2018	
	No of Instances	Amount Rs.	No of Instances	Amount Rs.
Fraud / Cash loss	4	7,75,410	02	3,00,751

Out of the above, the Company has not made any recoveries.



### 38. Exposure to real estate Sector

Particulars	March 31, 2019	March 31, 2018
A. Direct exposure		
i. Residential Mortgages-	33,28,742	45,63,429
(Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
ii. Commercial Real Estate –	-	-
(Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits)		
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures-		
a) Residential (refer note below)	-	-
b) Commercial Real Estate	-	-

### 39. Exposure to capital Market

Particulars	March 31, 2019	March 31, 2018
(i) Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPO's/ESOP's), convertible bonds, convertible debentures and units of equity oriented mutual funds	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds ' does not fully cover the advances ;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows/issues;	-	-
(viii) All exposures to Venture capital funds (both registered and unregistered)	-	-

### 40. Disclosures relating to securitisation

#### 1. Details of assignment transactions undertaken

Sl. No.	Particulars	As at March 31, 2019	As at March 31, 2018
1	No of accounts	74,328	27,236
2	Aggregate value (net of provision) of account sold	1,19,49,31,309	36,06,31,591
3	Aggregate consideration (Net of expenses)	1,18,74,98,717	34,25,82,539
4	Additional consideration realized in respect of account transferred in earlier years	-	-
5	Aggregate gain/ loss over net book value	-	-



## 2. Details of financial assets sold to securitisation

Sl. No.	Particulars	As at March 31, 2019	As at March 31, 2018
1	No of accounts	1,25,813	25,004
2	Aggregate value (net of provision) of account sold	1,68,94,78,293	30,70,38,761
3	Aggregate consideration	1,68,94,78,293	32,02,89,324
4	Additional consideration (net of expenses) realized in respect of account transferred in earlier years	58,47,867	3,19,97,085
5	Aggregate gain/ loss over net book value	-	-

Sl. No.	Particulars	As at March 31, 2019	As at March 31, 2018
1	No of special purpose vehicle's (SPV's) sponsored by the NBFC for securitization transactions (Nos.)	7	2
2	Total amount of securitized assets as per books of the SPVs sponsored by the NBFC	1,90,49,33,610	30,70,38,761
3	Total amount of exposures retained by the NBFC to comply with Minimum Retention Ration (MRR) as on the date of balance sheet		
	a) Off-balance sheet exposures		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	- First loss (Cash Collateral) (including Accrued Interest)	10,17,63,486	2,70,25,584
	- Others (MRR)	21,54,55,318	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third party securitizations		
	- First loss	-	-
	- Others	-	-

## 41. Details of Non-performing financial assets purchased/sold

The Company has neither purchased nor sold any non-performing financial assets during the current year & previous year

**42. Details of financing of parent company products**

Nil.

**43. Details of Single Borrower Limits (SBL) / Group Borrower Limits (GBL) exceeded.**

The Company has not exceeded the single borrower limit as set by Reserve Bank of India for the year ended March 31, 2019 and March 31, 2018.

**44. Advances against Intangible securities**

The Company has not given any loans against intangible securities.

**45. Registration/Licence /Authorisation obtained from other financial sector regulators**

Registration / License	Authority issuing the registration / license	Registration / License reference
Certificate of Registration	Reserve Bank of India	N-02.00243 dated 25.09.2009

**46. Penalties imposed by RBI and other regulators**

No penalties have been imposed by RBI and Other Regulators during the financial year.

**47. Ratings**

The ICRA Limited (ICRA) and Brickwork Ratings India Pvt Ltd (BWR) have assigned ratings for the various facilities availed by the company, details of which are given below:

Particulars	Rating Agency	As at March 31,2019	As at March 31,2018
Bank facilities	ICRA	BBB (-) Stable	BBB (-) Stable
Term loans	BWR	BBB Stable	-
Non-Convertible, Redeemable, Cumulative preference shares	BWR	BBB (-) Stable	-
Non – convertible debentures	ICRA	BBB (-) Stable	BBB (-) Stable
Sub-Ordinated debt	ICRA	BBB (-) Stable	BBB (-) Stable

**48. Draw down from reserves**

The Company has not made any drawdown from existing reserves.

**49. Concentration of advances**

Concentration of advances	As at March 31,2019	As at March 31,2018
Total Advances to twenty largest borrowers	20,72,783	25,88,623
Percentage of advances to twenty largest borrowers to total exposure	0.05%	0.08%

**50. Concentration of Exposures**

Concentration of Exposures	As at March 31,2019	As at March 31,2018
Total Exposure to twenty largest borrowers	20,86,805	25,88,623
Percentage of Exposures to twenty largest borrowers to total exposure	0.05%	0.08%



## 51. Concentration of NPA's

Concentration of NPAs	As at March 31,2019	As at March 31,2018
Total exposure to top four NPA accounts	6,98,097	7,03,284

## 52. Sector-wise NPA's (Percentage of NPAs to Total Advances in that sector)

Sector	As at March 31,2019	As at March 31,2018
Agriculture & allied activities	2.44%	4.73%
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto loans	4.63%	1.21%
other loans	2.68%	4.40%

The above Concentration of advances and exposures and Sector-wise NPA are based on the data available with the Company which has been relied upon by the auditors.

## 53. Movement of Non-Performing Assets (NPA's)

SI No	Particulars	As at March 31, 2019	As at March 31, 2018
i)	Net NPAs to Net advances (%)	0.00%	0.53%
ii)	Movement of NPAs (Gross)		
	a) opening balance	16,88,61,646	10,34,81,279
	b) Additions during the year	85,76,682	15,29,44,370
44	c)Reductions during the year	7,20,53,419	8,75,64,003
	d)Closing balance	10,53,84,909	16,88,61,646
iii)	Movement of NPAs (Net)		
	a) opening balance	1,65,83,514	7,92,26,748
	b) Additions during the year	-	-
	c)Reductions during the year	1,65,83,514	6,26,43,234
	d)Closing balance	-	1,65,83,514
iv)	Movement of provisions of NPAs (excluding contingent provisions against standard assets)		
	a) opening balance	-	-
	b) Additions during the year	-	-
	c)Reductions during the year	-	-
	d)Closing balance	-	-
v)	Movement of contingent provision against standard assets		
	a) opening balance	-	-
	b) Additions during the year	-	-
	c)Reductions during the year	-	-
	d)Closing balance	-	-
vi)	Movement of provisions held towards guarantees		
	Opening balance	-	-
	Add: Provisions made during the year	-	-
	Less: Write- off/write- back of excess provisions	-	-
	Closing balance	-	-



**54. Percentage of particular product loan to their total portfolio**

Product wise	Percent (%)
JLG Loan	99.84%
2-Wheeler Loan	0.08%
Housing Loan Mortgage	0.08%

**55. Overseas assets (for those with joint ventures and subsidiaries abroad)**

There is no overseas asset owned by the company.

**56. Off-balance sheet SPVs sponsored**

There are no SPVs which are required to be consolidated as per accounting norms.

**57. Customer complaints**

Particulars	March 31, 2019	March 31, 2018
No. of complaints pending at the beginning of the year	2	4
No. of complaints received during the year	84	36
No. of complaints redressed during the year	85	38
No. of complaints pending at the end of the year	1	2

**58. Disclosures of Transactions Pursuant to clause 28 of the Debt Listing Agreement with BSE Limited**

Sl. No	Loans and Advances in the nature of Loans	As at March 31,2019		As at March 31,2018	
		Amount Outstanding	Maximum Amount Outstanding during the period	Amount Outstanding	Maximum Amount Outstanding during the year
1	From Holding Company: - Chaitanya Rural Intermediation Development Services Private Limited	-	-	-	-
2	To Fellow Subsidiaries				
3	To Associates -No Associate during the Current period/year	-	-	-	-
4	Where there is  - No Repayment Schedule Repayment Schedule beyond seven years  - No Interest Interest below the rate as specified in section 372A of the Companies Act	-	-	-	-
5	To Firms/ Companies in which directors are interested (other than the 1 and 2 above).	-	-	-	-
6	Investments by Loan in the shares of Parent and Subsidiary Company	-	-	-	-



**59. Disclosure of Transactions Pursuant to clause 16 of the Listing Agreement for debt securities**  
During the year the company has issued the following debentures: -

SL No	Holder Name	No of Debentures issued	Face value of Debentures
1	Microfinance Initiative for Asia (MIFA) Debt Fund	220	22,00,00,000
2	Japan Asean Women Empowerment Fund	220	22,00,00,000
3	IFMR Finance for Freedom Fund V (IFMR Fimpact)	2,000	20,00,00,000

**60. During the year company has auctioned in case of defaults in repayment of Loans. The details of such auction conducted during the year are as follows.**

Particulars	2018-2019		2017-2018	
	Number of Cases	Auction Proceeds	Number of Cases	Auction Proceeds
Gold	1	90,000/-	109	26,10,200/-
2-Wheeler	95	25,75,129/-	99	25,19,881/-

- 61. Disclosure as required under RBI Circular No. RBI Master Direction RBI/DNBR/2016-17/45 DNBR.PD.008/03.10.119/2016-17, Dated 1st September 2016:**  
Margin Cap of the Company as on 31st March 2019 is 9.47%. This has been computed as suggested by MFIN in their representation to the RBI Master Direction RBI/DNBR/2016-17/45 DNBR.PD.008/03.10.119/2016-17, Dated 1st September 2016.
- 62. The company has Qualifying assets of Rs. 3,98,74,10,713/- the qualifying assets as on 31.03.2019 is as defined in RBI Master Direction RBI/DNBR/2016-17/45 DNBR.PD.008/03.10.119/2016-17, Dated 1st September 2016 the percentage of qualifying assets to total assets is 89.50%.**
- 63. The Company has written off Bad debts to the tune of Rs 4,97,54,104/- as the company is of the opinion that the chances of recovery of the said advances are remote.**
- 64. During the year, the RBI has not conducted any survey on the company.**
- 65. Provisions for all known liabilities are adequate in the opinion of the Management.**
- 66. Previous year figures have been re-grouped/re-classified wherever necessary to correspond with the current year's classification/disclosure.**
- 67. Figures have been rounded off to nearest rupee wherever necessary.**



# Notice of 10<sup>th</sup> Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE TENTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED WILL BE HELD ON WEDNESDAY, 21<sup>ST</sup> AUGUST 2019 AT 9:00 AM AT THE REGISTERED OFFICE OF THE COMPANY AT NO. 145, 2<sup>ND</sup> FLOOR, NR SQUARE, 1<sup>ST</sup> MAIN ROAD, SIRSI CIRCLE, CHAMRAJPET, BANGALORE- 560018, KARNATAKA, INDIA TO TRANSACT THE FOLLOWING BUSINESS:

## ORDINARY BUSINESS:

ITEM NO 1: TO RECEIVE, CONSIDER AND ADOPT THE FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019 TOGETHER WITH THE REPORT OF THE BOARD OF DIRECTORS AND OF THE AUDITORS THEREON.

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

“RESOLVED THAT the Audited Financial Statements of the Company for the financial year ended March 31, 2019 including the Audited Balance Sheet as at March 31, 2019, Statement of Profit & Loss and Cash flow statements for the year ended March 31, 2019 and the Reports of the Board of Directors and Auditors thereon; along with all annexures as laid before this Annual General Meeting be and are hereby received, considered and adopted.”

ITEM NO 2: TO APPOINT WALKER CHANDIOK & CO LLP, CHARTERED ACCOUNTANT (ICAI FRN: 001076N/ N500013) AS STATUTORY AUDITORS OF THE COMPANY FOR A PERIOD OF FIVE FINANCIAL YEARS.”

To consider and if thought fit to pass the following resolution as Ordinary Resolution:

“RESOLVED THAT pursuant to section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time and RBI Master Direction on Non-Banking Financial Company Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Walker ChandioK & Co LLP, Chartered Accountant, (ICAI FRN: 001076N/ N500013), be and is hereby appointed as the Statutory Auditors of the Company pursuant to the recommendations of the Board, to hold office for a period of five consecutive years commencing from the financial year 2019-20, subject to rotation of Partner after three year, on a remuneration as may be determined by the Board in consultation with the Auditors and that such remuneration.”

## SPECIAL BUSINESS:

ITEM NO. 3: TO APPROVE BORROWINGS BY THE COMPANY

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

“RESOLVED THAT in supersession of the earlier resolution passed by the Members in their meeting held on 8<sup>th</sup> September 2018, pursuant to section 180 (1) (c) of the Company Act, 2013 and amendments thereto, the consent of the Company be and is hereby accorded to the Board of Directors (“the Board”, which shall include any Committee of the Board), to borrow from time to time from Banks, Financial Institutions, Bodies Corporate whether in India or abroad or any other agencies, any sum or sums of monies which, together with the monies already borrowed by the Company ( apart from non-fund based facility in the form of Letter of Credits, Bank Guarantees, etc. obtained from the Company’s Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board (including by way of the CP issuances) shall not at any time exceed an aggregate limit of INR 1000,00,00,000/- (Rupees One Thousand Crores Only).

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do such acts, deeds, things and execute all such documents, undertakings as may be necessary for giving effect to the above resolution.”

ITEM NO. 4: TO APPROVE MORTGAGE/PLEDGE/CREATE CHARGE ON THE ASSETS OF THE COMPANY

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

“RESOLVED THAT in suppression of the resolution passed by the members at their Meeting held on 8<sup>th</sup> September 2018, pursuant to provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, and the relevant Rules framed thereunder, the consent of the Company be and is hereby accorded to the Board of Directors or any Committee formed by the Board of the Company to pledge, mortgage and/or create charge on the assets of the Company by way of charge on all the immovable and movable properties of the Company in favour of the Banks, Financial Institutions, any other lenders or debenture trustees to secure the amount borrowed by the Company or any third party in respect of such borrowings provided that the maximum extent of the indebtedness secured by the properties of the Company does not exceed INR 1000,00,00,000/- (Rupees One Thousand Crores Only) at any time.



“RESOLVED FURTHER THAT any of the Director/s of the Company, be and is/are hereby jointly and/or severally authorised to do all such acts, matters, deeds and thing

**ITEM NO. 5: RAISING OF FUNDS THROUGH ISSUE OF COMMERCIAL PAPER/NON-CONVERTIBLE DEBENTURES/ MARKET LINKED DEBENTURES ON PRIVATE PLACEMENT BASIS**

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

“RESOLVED THAT pursuant to the provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) read together with the Companies (Prospectus and Allotment of Securities) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, Securities and Exchange Board of India (Issue and Listing of Debt Securities), Regulations, 2008 as amended from time to time and other applicable laws, if any, for the time being in force and subject to the provisions of the Articles of Association of the Company, consent of the Members be and is hereby accorded to the Board of Directors (hereinafter referred to as the “Board”) to issue, make offer(s) and/or invitation(s) to eligible persons to subscribe subordinated or unsubordinated, listed or unlisted, secured or unsecured non-convertible debentures (“NCDs”)/bonds/ market linked debentures/commercial papers and other instruments aggregating up to INR 300,00,00,000/- (Indian Rupees Three Hundred crores only) on private placement basis, on such terms and conditions at par, premium or discount as fully paid or partly paid instruments, in one or more series / tranches, for a period of one year from the date of passing of this resolution, provided that the outstanding amount at any time during the period shall be within the overall borrowing limits of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board be and is hereby authorized to do all such acts, matters, deeds and things and to take all such steps and do all such things and give all such directions as the Board may consider necessary, expedient or desirable and also to settle any question or difficulties that may arise in such manner as the Board in its absolute discretions may deem fit and take all steps which are incidental and ancillary in this connection.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to delegate such powers to any Committee of the Board as it may deem necessary or appropriate in relation to allotment of aforesaid securities issued on private placement basis.”

**ITEM NO. 6: TO APPROVE ISSUE OF COMMERCIAL PAPER UPTO INR 5 CRORE ON PRIVATE PLACEMENT BASIS**

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

“RESOLVED THAT pursuant to the provisions of Section 42 of the Companies Act, 2013, Companies (Prospectus and Allotment of Securities) Rules, 2014, Securities and Exchange Board of India (Issue and Listing of Debt Securities), Regulations, 2008, as amended from time to time, Master Direction or Circulars issued by RBI and other applicable laws, if any, each as may be applicable, and the provisions of Memorandum and Articles of Association of the Bank and subject to such approval(s), consent(s), permission(s) and sanction(s) as may be necessary from statutory or regulatory authority(ies), approval of the members of the Company be and is hereby accord to issue unlisted, secured or unsecured Commercial Paper on private placement up to an amount not exceeding INR 5,00,00,000/- (Rupees Five crore only) on such terms and conditions at par, premium or discount as fully paid or partly paid instruments, in one or more tranches to the eligible investors on such terms and conditions as the Board of Directors of the Company may decide in its absolute discretion.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do such acts, deeds, things and execute all such documents, undertakings as may be necessary for giving effect to the above resolution.”

**ITEM NO. 7: INCREASE IN AUTHORISED SHARE CAPITAL AND ALTERATION OF CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 13, 61 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) and re-enactment(s) thereof for the time being in force) and the rules framed thereunder, consent of the Members be and is hereby accorded to increase the Authorized Share Capital of the Company from the present INR 43,00,00,000 (Rupees Forty Three Crores) divided into 2,50,00,000 (Two Crore Fifty Lakh) Equity Shares of INR 10/- each and 1,80,00,000 (One Crore Eighty Lakh) Preference Shares of face value of INR 10/- each to INR 93,00,00,000 (Rupees Ninety Three Crore) divided into 7,50,00,000 (Seven Crore Fifty Lakh) Equity Shares of INR 10/- each and 1,80,00,000 (One Crore Eighty Lakh) Preference Shares of face value of INR 10/- each

“FURTHER RESOLVED THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause 5 thereof by the following new Clause 5 as under:

5th. The Authorised Share Capital of the Company is INR 93,00,00,000 (Rupees Ninety-Three Crore) divided into:

- I. 7,50,00,000 (Seven Crore Fifty Lakh) Equity Shares of INR 10/- each;
- II. 1,80,00,000 (One Crore Eighty Lakh) Preference Shares of face value of INR 10/- each;



FURTHER RESOLVED THAT any director or company secretary of the Company be and is hereby severally authorised to do all such act(s), deed(s) and things including all forms, documents filing with Registrar of Companies as may be necessary and incidental to give effect to the aforesaid Resolution.”

By Order of the Board

For Chaitanya India Fin Credit Private Limited

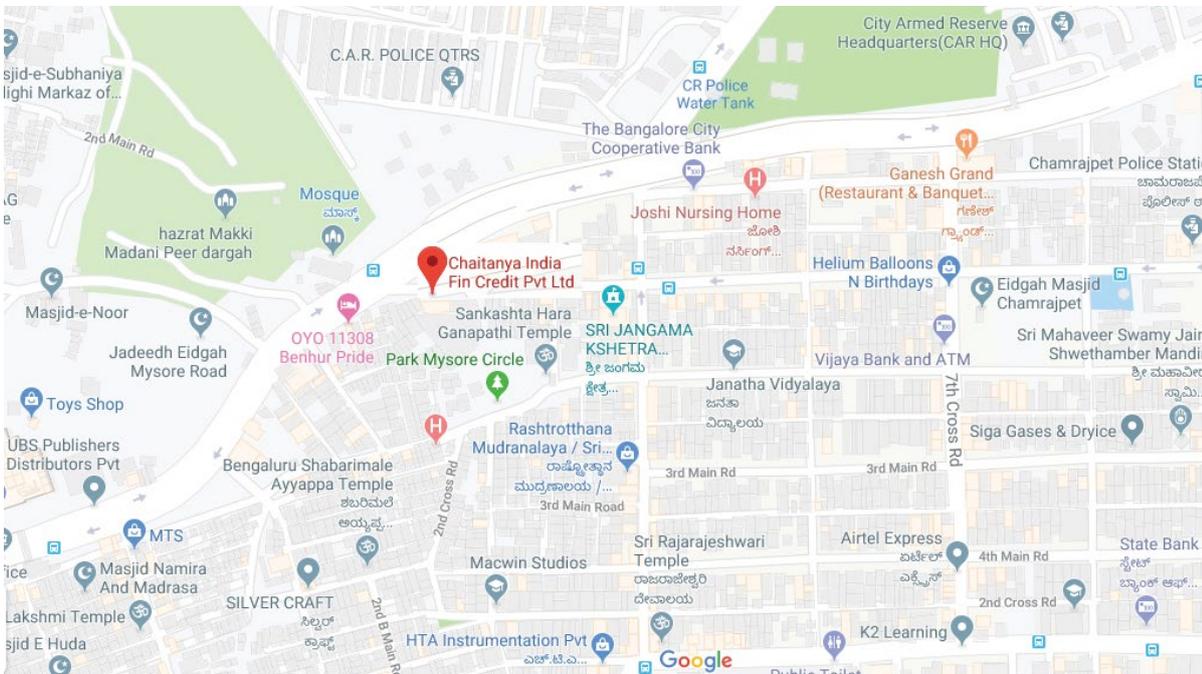
sd/-  
Dimple J shah  
Company Secretary  
ACS: A36349

Date: 17.08.2019  
Place: Bangalore

Notes:

1. Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be member of the company.
2. Proxies, in order to be effective, must be received in the enclosed Proxy Form by the Company at its Head Office not less than forty-eight hours before the time fixed for the meeting.
3. Authorized representative can attend the meeting on behalf of Body Corporate.
4. Members are requested to notify immediately any change in their address to the company.
5. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business is annexed hereto.

Route Map: <http://www.chaitanyaindia.in/contact-us>





## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 3 & 4:

The Company being Non – Banking financial Company having the object to carry on the business of Lending, Installment Financing, providing working capital and Loan under micro finance. For this purpose, the Company is desirous of raising finance from various Banks and/or Financial Institutions as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and the free reserves of the Company. Hence it is proposed to increase the maximum borrowing limits upto Rs. 1000,00,00,000 (Rupees One Thousand Crores Only).

In order to facilitate securing the borrowing made by the Company, it would be necessary to pledge/mortgage/ create charge on the assets of the Company to the maximum extent of the indebtedness secured by the properties of the Company which does not exceed INR 1000,00,00,000 (Rupees One Thousand Crores Only) at any time.

The Board recommends these resolutions for the approval of the members as “Special Resolution”.

None of the Directors/ key managerial persons of the Company or their relatives are interested, financially or otherwise, in the aforesaid resolution

### Item no 5:

In terms of the provisions of section 42 of the Companies Act, 2013 and rules applicable there on for making of a private placement offer a special resolution has to be passed.

The Company proposes to increase its capital base for the working capital requirements and long-term financial sources for the Company by way of private placement of Non- convertible debentures /market linked debentures/ Commercial Paper sand require approval of the shareholders to issue privately placed Non-convertible debentures/any other instrument aggregating up to INR 300,00,00,000/- (Rupees Three Hundred Crore Only) provided that the outstanding amount at any time during the period shall be within the overall borrowing limits of the Company.

In view of the requirements of section 42 of the Companies Act, 2013 and the above said rules made thereunder, the Company seek approval of members at the general meeting by way of special resolution which will be valid for a period of 12 months from the date of passing thereof.

The Board recommends these resolutions for the approval of the members as “Special Resolution”.

None of the Directors / key managerial persons of the Company or their relatives are interested, financially or otherwise, in the aforesaid resolution.

### Item No. 6:

The Company is in the process of raising debt funds through issue of Unsecured Commercial Paper on private placement basis.

As per Section 42 of the Companies Act, 2013, and the Rules made thereunder, it is required that for issue of securities on private placement basis, the Company is required to obtain prior approval of the Members of the Company by way of a Special Resolution.

Thus, the approval of the members of the Company is sought by way of Special Resolution for enabling the Board of Directors of the Company to issue Commercial Papers aggregating to INR 5 Crores in one or more tranches, and at such price or prices, as may be decided by and deemed appropriate by the Board.

The issue of the above-mentioned securities shall be in compliance with the provisions of Section 42 of the Companies Act, 2013 and rules made thereunder,

None of the Promoters, Directors, Managers and Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, in the above referred Resolution

### Item No 7:

The Authorized Share Capital of your Company is presently INR 43,00,00,000 (Rupees Forty Three Crores) divided into 2,50,00,000 (Two Crore Fifty Lakh) Equity Shares of INR 10/- each and 1,80,00,000 (One Crore Eighty Lakh) Preference Shares of face value of INR 10/- each. The Company intends to increase its capital for expansion and explore new avenues for business. In order to meet the



requirement for infusion of long-term capital fund, the Company proposed to meet its fund requirement by issue of equity shares. It is, therefore, considered appropriate to increase the Authorized Share Capital of the Company from existing INR 43,00,00,000/- to INR 93,00,00,000/-.

Further, consequent upon the increase in the authorized share capital, the Capital Clause of the Memorandum of Association of the Company is required to be suitably altered as set out at Item No. 8 of the accompanying Notice. Accordingly, pursuant to the provisions of Section 61 read with Section 13 of the Companies Act, 2013, the approval of the members is sought by way of Special Resolution to the increase in the Authorized Share Capital and consequential alteration of the Capital Clause of the Memorandum of Association of the Company.

Draft copy of amended Memorandum is available at the Registered Office of the Company and remain available for inspection during the office hours on any working day, except Sundays, between 10.00 a.m. to 5.00 p.m. upto the conclusion of the Extra Ordinary General Meeting.

The Board of Directors recommends the Resolutions at Item No. 8 of the accompanying Notice for the approval of the Members of the Company as Special Resolution.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested, financially or otherwise in the passing of the Resolutions at Item No. 8.

Inspection of documents

The documents pertaining to the Special Business are available for inspection during the business hours at the registered office of the Company.

By Order of the Board

For Chaitanya India Fin Credit Private Limited

sd/-  
Dimple J shah  
Company Secretary  
ACS: A36349

Date: 17.08.2019  
Place: Bangalore