

Annual Report

FY 2017-18



Chaitanya India Fin Credit Private Limited

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MISSION

“Improving lives of Low Income Families through provision of Financial Services and ensuring sustainable Shareholder Returns.”

VISION

“Chaitanya's Vision is to be a Pan India Rural Financial Services Company meeting the full spectrum of financial service needs of the low and middle-Income Rural Customers.”

Chaitanya aims to serve low-income households in deep rural areas that are un-banked and under-banked. Chaitanya engages with customers with the intention of making a positive impact in the lives of customers on a sustainable basis.



BOARD OF DIRECTORS

➤ EXECUTIVE DIRECTORS

Mr. Samit Shankar Shetty is an entrepreneur first and a manager next. He is a co-founder and Managing Director of Chaitanya India Fin Credit Pvt Ltd, a Karnataka based rural micro finance NBFC. He is an entrepreneur with the skillset of managerial personnel and his area of interest is in developing products and providing services that impact the lower income population. He holds a graduate degree in Mechanical Engineering from UVCE in Bangalore and further pursued MBA from Indian Institute of Management-Ahmedabad. Post Qualification, he served for nine years in Olam International Limited a Singapore Based Commodity Trading House. He headed OLAM Brazilian Subsidiary, Outspan for a period of four years. He has also worked in coffee and cocoa procurement, trading these commodities in Cote'd'Ivoire and Tanzania in various business roles.

He is a Non-Executive director with Indus Momentus Business Solutions and Plan Visage Private Limited, firms which are IT- solution providers and consultants in the supply chain area of business management. He is a Trustee with Nivasa Trust a Not for Profit which provides culturally sensitive, site driven **DESIGN INTERVENTIONS** in the housing for the low income.

Samit area of interest is in Finance, Risk management, Supply chain and rural businesses. His key skill sets are in laying down operational, management and business control processes and structures. He is a voracious reader and his interest include politics, economics, psychology, and philosophy.

Mr. Anand Rao is a Co-founder and the Joint Managing Director of Chaitanya India Fin Credit Pvt Ltd, a Karnataka based rural micro finance NBFC. He heads the operations of the company. He holds a graduate degree in Mechanical Engineering from UVCE in Bangalore, a Management Degree from Indian Institute of Technology, Bombay and further pursued MA in International Relations from Syracuse University, USA. His prior work experience has been in International Development at World Resources Institute, Washington DC and has played varied roles in different capacities in the Indian Corporate Sector at PepsiCo India and Bosch India. He comes to Chaitanya from Small Scale Sustainable Infrastructure Development Fund (S3IDF), an international nonprofit organization working in supporting enterprises in the small-scale infrastructure space, where he had worked for five years.

➤ INDEPENDENT DIRECTORS

Mr. K. S. Ravi is the founder and senior partner of Ravi & Shrihari Chartered Accountants. He became an Associate of the Institute of Chartered Accountants of India in 1990 and attained Fellowship in 1995. He has been instrumental in establishing the firm with a strong team and delivering professional services in all fields, including areas like Accountancy, Audit, Taxation (Direct and Indirect), Costing, Corporate Law Matters, International Taxation and Business Consultancy. His strengths include excellent drafting, communication and management skills. He is also an eminent speaker who regularly delivers lectures in various Institutions, both Private and Government. Besides this, he periodically contributes articles to various professional journals. He has been instrumental in advising and nurturing producer companies with the object of supporting farmers at the gross root level. In addition to his professional life he travels into deep and remote villages to understand the social dynamics of rural life.

Mr. Nanda Kumar is a Science Graduate and a Certified Associate of Indian Institute of Bankers. He is a Banker by profession with 38 years of unstinted and unblemished banking experience having worked in ING Vysya Bank Ltd in different capacities like Branch Head, Regional Head, Zonal Head, Assistant General Manager, Senior Assistant General Manager, Vice President in different areas of operation and in different locations. Though a banking generalist, he had specialistic stints in Advances, Credit Risk, Administration, General Banking, Marketing, Audit, Finance, Foreign Exchange and in Human Resource. He has built an excellent qualitative credit portfolio and made extensive financing to Rural Financing, Agriculture, Retail, Trading, Mid Corporate Financing. He is recipient of various awards/rewards and also Chairman's Club member for several years and recipient of VYC Award under Banking Category.

Mr. Nanda Kumar over his long professional career has excelled in highly competitive environments. He is a critical thinker and an adept negotiator who can apply expert knowledge of the industry for rapid business revenue growth opportunities. Team leader with good communication skills & interpersonal relations.

➤ NOMINEE DIRECTORS

Mr. Ramesh Sundaresan is a Investor's nominee Director at Chaitanya. He is a BE graduate from REC Trichy, and further he pursued MBA from IIM Lucknow in 1993. He joined Olam in 1995, headed Coffee division for a period of 08 years (1995-2003). In 2003, He set up the Commodity Financial Services arm under the Olam group (later named Invenio). The business focused on derivatives trading and risk solutions further it rapidly expanded and had operations in Singapore, Bangalore, Dubai, Brazil and Geneva. Post retirement from the executive roles, he has been involved himself as Investor / Advisor / Board member in relevant companies.

Ms. Lisa Gayle Thomas is the Nominee Director (nominated by Shorecap II Limited) at Chaitanya. She has completed her MBA from The University of Chicago Booth School of Business, USA and Bachelor of Science from University of Oregon, USA. She is a highly skilled professional with over 10 years of work experience in venture capital and private equity investing, financial analysis, microfinance, strategic planning, project management, governance and operations. She has a robust emerging market experience having worked with companies in 20 countries in Africa, Asia and the Caucuses. She is very passionate about impact investing with significant expertise in the financial inclusion space including microfinance, small and medium enterprise (SME) lending, deposit mobilization and alternative delivery channels. Earlier, she has worked in Companies like Equator Capital Partners, Capital Plus Exchange, The Clement Group, CRT Capital Group LLC, Merrill Lynch & Co. and she was also a Co-founder and Chief

Investment Officer of VestedWorld, Inc, Chicago, USA. She is a recognized leader in the social impact space through lecturing and scholarship.

COMMITTEES OF THE BOARD

Sl. No	Name of the Committee	Name of the Committee Members		
		Chairman	Member	Member
1	Audit Committee	Mr. K S Ravi	Mr. R Nanda Kumar	Mr. Ramesh Sundaresan
2	Risk Management Committee	Mr. R Nanda Kumar	Mr. Samit S Shetty	Mr. Ramesh Sundaresan
3	Nomination and Remuneration Committee	Mr. Ramesh Sundaresan	Mr. K S Ravi	Mr. R Nanda Kumar
4	Finance Committee	-	Mr. Anand Rao	Mr. Samit S Shetty

HEAD OFFICE ADDRESS

No. 98, 3rd Floor, Sirsi Circle, Mysore Road,
Chamrajpet, Bangalore – 560018.
Tel: 080 – 26750010
Fax: 080 – 26756767
Email: corporate@chaitanyaindia.in
Website: www.chaitanyaindia.in

SHARE REGISTRAR & TRANSFER AGENT

Karvy Computershare Private Limited
Karvy House, No. 46, 8-2-609/K
Avenue 4, Street No. 1 Banjara Hills,
Hyderabad - 500 034. Telangana, India.
+91-40-23312454
Website: www.karvy.com
(For Debt Listed Securities)

STATUTORY AUDITORS

M/s Ramesh Ashwin & Karanth
No.37/E, 2nd Floor,
Beside Surana College,
South End Road, Near South End Circle,
Basavanagudi, Bangalore-560004
Tel: 080 40918409
Email: prashanth.karanth@rakca.in

SECRETARIAL AUDITOR

S. C. Sharada & Associates
Company Secretaries
405, 7th Cross, IV Block
Koramangala
Bangalore – 560 034
Tel: 080-25534374 / 25536618
E Mail: sharada.sc@sharadasc.com

DEBENTURE TRUSTEES

CATALYST TRUSTEESHIP LIMITED (Formerly known as GDA Trusteeship Ltd)

GDA House, Plot No. 85, Bhusari Colony
(Right) Paud Road, Pune - 411038
Phone No.: 020 - 2528 0081
Fax No.: 020 - 25280275
Email: dt@gdatrustee.com
Website: www.gdatrustee.com

IDBI TRUSTEESHIP SERVICES LIMITED

Asian Building, Ground Floor 17. R. Kamani
Marg Ballard Estate
Mumbai, Maharashtra - 400 001
Phone: 022 4080 7000
Email id: swapneil.tiwari@idbitrustee.com
Website: www.idbitrustee.com

OUR PARTNERS

BANKERS

Sl. No	Name of the Banks
1	Au Small Finance Bank
2	Bandhan Bank Limited
3	Bank of Maharashtra
4	Canara Bank
5	DCB Bank Limited
6	Dena Bank
7	HDFC Limited
8	Karnataka Bank Limited
9	Kaveri Grameen Bank
10	Ratnakar Bank Limited
11	Small Industries Development Bank of India
12	South Indian Bank
13	State Bank of India

FINANCIAL INSTITUTIONS





SI No	Name of the Financial Institution
1	Avanse Financial Services Limited
2	AAV SARL
3	Capital First Limited
4	Caspian Impact Investment Private Limited
5	Habitat Micro Build India Housing Finance Company Private Limited
6	Hero FinCorp Limited
7	Hinduja Leyland Finance Limited
8	Nothern Arc Capital Limited
9	Jain Son Finlease Limited
10	Maanaveeya Development & Finance Private Limited
11	Mannapuram Finance Limited
12	MAS Financial Services Limited
13	National Bank for Agricultural and Rural Development
14	NABKISAN Finance Limited
15	Reliance Capital Limited
16	Religare Finvest Limited
17	Microfinance Enhancement Facility SA, SICAV-SIF
18	Tata Capital Financial Services Limited
19	MicroBuild I, B.V.

INSURANCE PARTNERS

SI No	Name of the Insurance Partners
1	DHFL Pramerica Life Insurance Company Limited
2	Bajaj Allianz Life Insurance Company Limited
3	Royal Sundaram General Insurance Company Limited
4	Kotak Mahindra Old Mutual Life Insurance Limited

CREDIT INFORMATION SERVICES

High Mark and Equifax are the leading credit rating information providers. They offer access to data from the member microfinance institutions. They have adopted Global best practices in bureau technology to analyse borrower's credit profile. The multiple report formats enable easier and faster understanding of the borrower's credit profile, mitigation of credit risk and enables management decision making.

RATING AGENCIES

i. Grading report



Acuite Ratings & Research (formerly known as SMERA RATINGS LIMITED): SMERA MFI grading is a one-time assessment of a MFI's operational and financial capability to perform and sustain the targeted level of operations. SMERA evaluates MFI grading based upon two parameters-

1. Capacity to manage their microfinance operations in a sustainable manner
2. Performance on COCA dimensions- common minimum indicators such as:
 - a. Sensitive Indicators
 - b. Integrity and Ethical Behaviour
 - c. Transparency
 - d. Client Protection
 - e. Governance
 - f. Recruitment
 - g. Client Education
 - h. Feedback and Grievance Redressal
 - i. Data Sharing

Chaitanya has obtained M2C2- MFI Grading (High capacity of the MFI to manage its operations in a sustainable manner and good performance on code of conduct dimensions)

ii. Rating report



ICRA has reaffirmed the long-term rating of [ICRA] BBB- (Pronounced as ICRA triple B minus) assigned to Chaitanya India Fin Credit Private Limited. This rating is valid up to April 2019.

ACCOUNTING & MIS SOFTWARE



The system originally developed by the Grameen Foundation and currently managed by Conflux Technologies Bangalore is highly adaptable with API based modular technology that allows the CORE-IT platform to interact with a number of diverse systems and platforms.

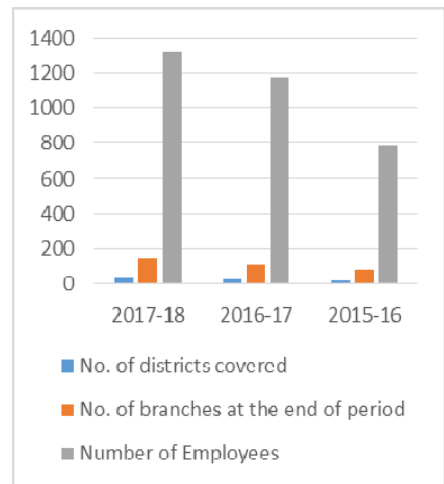
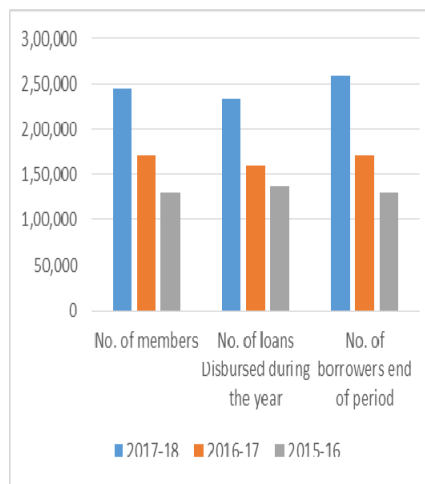
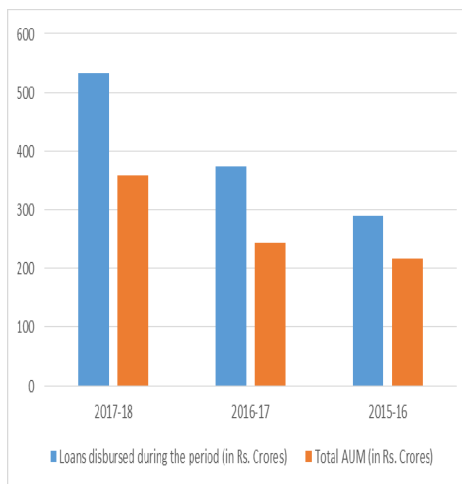
IT-Strategy in Chaitanya Micro Finance is built on a flexible and reliable core web enabled transaction handling software, interfaced with custom built business automation and decision-making tools all reported in through Business Intelligence applications.

PRODUCTS

We believe in providing financial assistance to women and enable them to achieve their business targets, along with a like-minded group of members (JLG – Joint Liability Group). The Company adopts the Grameen Bank based Joint Liability Group mechanism for loan disbursal. Loans are in the range of Rs. 5,000 to 50,000 with tenure of 12 months to 24 months.



BUSINESS SNAPSHOTS



Indicator	2017-18	2016-17	2015-16
No. of members	2,45,126	1,71,648	1,30,688
No. of loans Disbursed during the year	2,33,989	1,60,976	1,37,582
No. of borrower's end of period	2,59,292	1,71,648	1,30,688
No. of districts covered	30	23	21
No. of branches at the end of period	145	114	83
Number of Employees	1313	1,175	785
Total AUM (in Rs. Crores)	358.41	244.84	216.80
Loans disbursed during the period (in Rs. Crores)	533.73	374.88	290.54

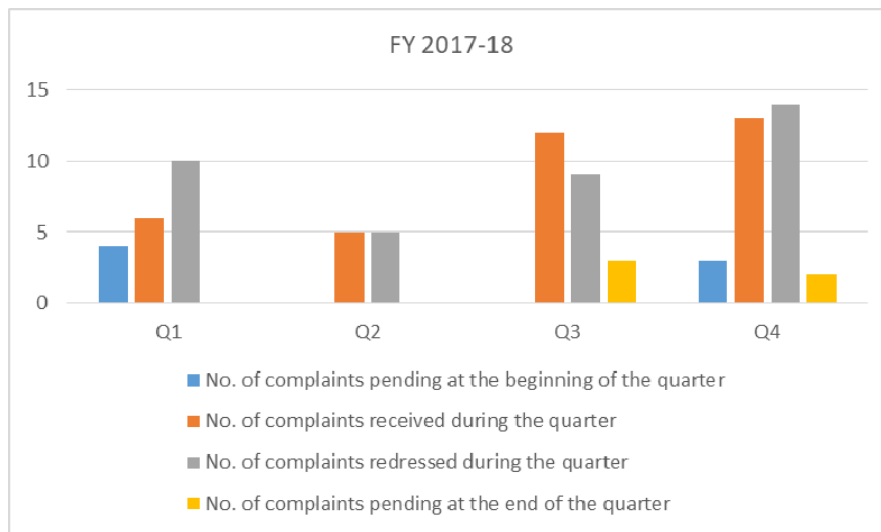
5 Trainings: Training is a program that helps employees learn specific knowledge or skills to improve performance in their current roles. The following trainings were conducted:

- Co-ordination Training
- Credit Officer's Refreshment Training
- Business Development Managers
- Credit Executive Officers Branch Managers Induction training
- High potential training
- Regional & Branch Managers Training
- Middle Management -Induction
- Train the Trainer
- Product Training
- Credit team workshop
- Middle Management Skill Development Training.



GRIEVANCE REDRESSAL MECHANISM

The Company has a systematic procedure for handling customer grievances. Every customer is given a pass book which contains the procedure of Customer Grievances Mechanism and same has been explained.



ANALYSIS OF FINANCIALS

Key financial metrics for FY17-18

Particulars	FY2014	FY2015	FY2016	FY2017	FY2018
PAT / Loss (Rs. in Crores)	0.8	0.83	1.49	1.23	-8.00
Growth in PAT	55%	5%	80%	-18%	-753%
Growth in avg assets under management	88%	78%	93%	97%	9%
Yield on avg portfolio	26.4%	27.6%	27.4%	25.6%	25.4%
Cost of funding / net average adjusted debt	15.7%	16.2%	15.8%	15.3%	14.4%
Interest margin (Interest margin + LPF)	10.7%	11.5%	11.6%	10.2%	11.0%
OCR (Operating cost ratio)	12.0%	11.0%	10.74%	9.96%	12.00%
Provision on average portfolio	1.0%	0.6%	0.7%	0.6%	4.0%
Fund utilization efficiency	90.6%	87.6%	91.5%	91.7%	94.3%
PAT on average portfolio (ROA)	1.9%	1.2%	1.1%	0.4%	-2.7%
ROE	5.5%	3.4%	5.80%	2.60%	-16.29%
Return on capital employed (ROCE)	13.4%	16.1%	15.3%	15.0%	9.4%

1.2 Highlights of financials for the year 2017-18:

1. Assets Under management (AUM) grew 46% to Rs. 358.41 Crores (previous year Rs. 244.82 Crores).
2. The Net loss of your Company was Rs. (8.00) Crores (Previous year profit of Rs. 1.23 Crores).
3. The impact of demonetisation led to Higher Operating Costs reflected in the OCR (Operating Costs to Average AUM) increasing from **9.96% to 12.00%**. While the total operating costs grew YOY at 32%, the average portfolio growth for the year was only 9% causing the OCR surge.

4. Despite a YOY AUM growth of 46%, revenue growth comes from growth in Average AUM. For the year Average AUM grew **9% to 297.50 Crores** (previous year Rs. 272.17 Crores) as the growth in AUM had come during the later part of the year.
5. The substantial growth in operating costs was caused by additional teams that were put in place to handle the recoveries and follow-ups arising out of demonetisation (accounting for 13% out of 32% cost growth) and a credit team brought into place to handle underwriting of larger JLG loans and the secured loan products (accounting for 7% of 32% cost growth). These two factors coupled with wage inflation, expansion in branch and employee network (115 to 145, 1230 to 1313 respectively) contributed to the increase in costs by 32%.
6. Geographical Diversification was an important thrust post demonetisation and hence despite poor OCR numbers the company added newer branches in Maharashtra and Bihar.
7. Your Company had to take additional loan loss provisions to the tune of INR 11.83 Crores for the year taking up the full provisions against loan losses to INR 15.23 crores fully covering the portfolio quality fallout arising from demonetisation.
8. There was an improvement in financial efficiencies and funds utilisation at 94.3% and lower cost of debt at 14.4% during the financial year (previous year 91.7% and 15.3% respectively) as your company continued to see support from Banks, DFIs, and other financial institutions.

With Portfolio growth returning and Collection efficiencies of loans sourced after Feb-2017 returning to pre-crisis levels, there are clear signs that we have moved from the effects of Demonetization that triggered events behind us as we get back into growth momentum and improving operating efficiencies. The last quarter of the year (Jan – March 18) has been operational profitable and month on month profitability is seen in all the months of the current financial year also.

1.3 Performance versus projections:

Particulars	Budget FY2018	Actual FY2018
PAT (Rs in Crores)	0.55	-8.00
Growth in PAT	-55%	-753%
Growth in avg assets under management	24.4%	9.3%
Yield on avg portfolio	26.6%	25.4%
Cost of funding / net average adjusted debt	15.1%	14.4%
Interest margin (Interest margin + LPF)	11.4%	11.0%
OCR (Operating cost ratio)	11.7%	12.0%
Provision on average portfolio	1.1%	4.0%
Fund utilization efficiency	96.6%	94.3%
PAT on average portfolio (ROA)	0.2%	-2.7%
ROE	1.0%	-16.3%
Return on capital employed (ROCE)	13.8%	9.4%

The overall performance was below projections. The company made a net loss of Rs. 8 Crores when compared with the projected PAT of Rs. 0.55 Crores. The leading contributors to the same are:

- a) The company achieved an AUM of Rs. 358.41 Crores only, which is substantially below the projected AUM of Rs. 473.44 Crores
- b) Higher OCR 12 % when compared to the projected 11.7% owing to lower average AUM.

- c) Higher loan loss provisions at 4% when compared to the projected 1.1% owing to higher than anticipated PAR numbers. A detailed discussion on PAR and asset quality is given separately under the heading Portfolio quality.
- d) The fund utilisation efficiency was lower when compared to projected number of 96.6%. As the company gets better at availing loans from its lenders at smaller quantum, the funds utilisation efficiency is expected to improve in the future years.
- e) There was a significant reduction in the cost of funds which is at 14.4 % compared to the projected cost of 15.1%.

While, the overall performance was below budget the company was operationally profitable for the year, before accounting for the impact of the loan loss provisions caused due to portfolio impairment in 2016. Further, from Q4 onwards the company was fully profitable on a month on month basis.

1.4 Operational Review

Business Growth: For the year 2017-18, total disbursements for the company was at Rs. 534 crores registering a growth of 42% over the previous year. The gross loan book of the company now stands at Rs. 358.41 crores, a growth of 46% over the previous year. We have added 0.75 lakh new borrowers during the year, closing at 2.45 lakh borrowers as of 31st March 2018. The first quarter disbursements were slow as we were coming out of the demonetization crisis and the disbursements picked up in subsequent quarters. However, overall disbursements in existing branches were subdued due to the overhang of demonetization. We are moving in the direction of lowering our concentration in the state of Karnataka. The concentration of Karnataka in the overall portfolio has reduced from 96% to 80% during the year. With no major expansion planned in Karnataka, the concentration of Karnataka should continue to reduce in the coming years.

Product Performance: Joint Liability Group business grew by 53% to Rs. 351.91 crores despite a tough year post demonetization. Overall JLG expansion was subdued during the year with an addition of 30 branches, out of which 14 were in Maharashtra, 9 were in Bihar and 7 in Karnataka. We have started livestock loans as an individual secured loan product through a Business Correspondent (BC) arrangement with Tata Capital. We built a loan book of 76 lakhs for this product during the year.

Portfolio Quality: For recoveries from JLG loans that were in the PAR >90 bucket we put in place a separate collection team. We have been able to reduce the JLG PAR 0 from 14% as on 31st March 2017 to 5% by 31st March 2018. There has been no significant overdue post the demonetization period. Disbursements post-Feb 2017, are having an on-time repayment rate of 99.8%.

MANAGEMENT ANALYSIS AND DISCUSSIONS

1.0 Environment Analysis:

1.1 Industry Trends

1.1.1 MFI Industry Trends

The MFI Industry is defined here as unsecured lending to low and Lower Middle-Income Customers. The Customers that the MFI industry targets constitute the lower 80% percentile of India's Income Distribution with Household Income Below 2.5 Lakhs in rural Karnataka and marginally higher for Urban areas and lower for lesser developed States and Urban areas in different States of the Country. The population in the target segment is fluid based on Income growth and Income levels assumed but largely represents what is called as the Deprived (55%) and Aspirers (30%) in various studies on Income Distribution of the Country.

MFI Industry Trends:

- 1) The Overall Industry is currently at INR 1.22 Lakh Crs of GLP excluding the SHG-Bank Linkage Program and including the **SHG Bank Linkage Program** (SBLP) it is estimated at close to INR 1.8 Lakh Crs.

- 2) Over the next 2-3 years the Industry is predicted to grow to around INR **4 Lakh Crs, a CAGR of 30%** a higher growth than the last 2 years but a clear departure from 40% - 50% growth experienced during 2011 – 2016.
- 3) NBFC-MFIs and MFIs turned SFBs have grown at a pace faster than the overall Industry from 2012-2017. However, the SFBs have slowed down post getting the SFB licence. If it is a sign of things to come or the more severe impact of demonetisation on Urban MFIs (The MFIs that became SFBs were more urban-focused) is anybody's guess but it seems likely that the last phase of faster than normal growth is likely to be for in rural areas and the SFBs are going to play a smaller role in this growth phase.
- 4) NBFCs that set up MFI Divisions have been the most successful in growing in the past 2-3 years, questioning the need to have specialist MFI skills to promote and start an MFI if you are coming from an NBFC background. It also brings in the question of regulatory Arbitrage that works against the NBFC-MFIs. However, the quality of the portfolio of these NBFCs needs to be observed over time before a final conclusion is drawn on their ability to manage this diversification as it may be too early to notice the impact of their growth on PAR and NPA
- 5) Further, NBFC – MFIs that got acquired or taken over by NBFCs or Banks also seem to get a growth booster dose immediately after the acquisition, showing hyper growth for a period of 2-3 years after the acquisition. The sustainability of the growth is unknown but it has been established that the fastest path to build an MFI book for a mainstream NBFC is to acquire an existing MFI asset and back it to grow strongly for 2-3 years.
- 6) The SHG – Bank Linkage continues to lose market share and is dependent on the support of State Governments, World Bank and Public Sector Banks to show growth. Hence it is very likely that in the 3-5 year time frame, the SHG Bank linkage which was above 50% of the industry would be less than 20%.
- 7) BFIL and a few of the larger MFIs have in the last few years also grown at a pace of similar to the NBFCs coming into the MICROFINANCE space, demonstrating that growth is not a structural issue (NBFC vs NBFC-MFI) but is contingent on access to Capital and ability to diversify.
- 8) Increasingly MFIs are diversifying across geographies and across products, but very few MFIs have been able to achieve product diversification at scale.
- 9) The MFI Industry can be categorised into the large MFI > 1000 Crores AUM, all of whom are growing at a very high rate with the exception of two MFIs.
- 10) The second Tier of MFIs between 100 Crores to 1000 Crores have also had a growth of more than 50% over the last 3-4 years but for 3 MFIs. In the current financial Year, a few more have had a slowdown in growth plans clearly indicating that the larger entities are finding capital and growth easier to come by.
- 11) Out the 3rd Tier of 15 MFIs (less than 100 Crs) growth has been inconsistent across MFIs and access to Capital for this Tier of MFIs is getting to be increasingly difficult with only a few MFIs in this segment able to successfully grow.
- 12) Repayment track record of Urban Customers has been much worse than rural Customers causing a lot of MFIs to re-look at Rural with renewed Interest. As a combination of the demonetisation impact and conversion of Urban MFIs to SFBs the growth rate of urban areas has been slower than rural.
- 13) The Penetration levels in the 3 Southern states is closer to full saturation and increase in customer outreach has slowed down over the past 1 year. Most growth in the Southern States is coming from newer and higher loans to the same customer.
- 14) In Bihar, Orissa, Assam and the North-East the recent growth of customers continues to be strong and these states along with West Bengal should reach saturation similar to the Southern states in the next 3 years. There are urban pockets in some of these states which are reaching high saturation levels.
- 15) The North-Western states of Haryana and Punjab have had slower (No) growth post 2016 and are reeling from the portfolio impact of the rapid growth from 2012-16. The Western States of Gujarat and Rajasthan with average growth of 30%- 50% between 2012-16 continue to grow slower than the market.
- 16) Leaving out the districts heavily affected by the November 2016 crisis, of Western UP, Vidarbha region of Maharashtra, various districts of Madhya Pradesh, growth in customer numbers newer Branches and

Employee additions is seen in most rural districts of Maharashtra, Madhya Pradesh, and UP. These 3 states along with Jharkhand and Chhattisgarh are states where there is a significant gap in potential to actual penetration, however, the customer growth has been modest over the last 2 years. These are the states that would see continued customer growth over the next 3-7year period and are likely to be the states that would take the longest time to achieve higher penetration levels. Given the substantial Population of some of these states and the penetration Gap that exists, the next phase of MFI client growth has to be centred on these 5 states.

- 17) The Overall Loan Size Per customer (O/s per Customer) is growing at a CAGR of close to 20% in the last 3-4 years. The challenge of Underwriting and managing larger ticket sizes within the group loan is the most significant challenge for the industry especially as the strength of the group model wanes. Credit and Income Assessment will be the key differentiator rather than quality group processes in the next 5 years.
- 18) Larger MFIs have shown an increasing trend of having much larger loan O/S per customer (growth of 25% in the last 1 year) compared to the 9% growth in O/S per customer of smaller and medium MFIs. A lot of this increase in O/S per customer is coming from some of the really larger one's increasingly giving multiple loans for a customer during the tenure of an existing loan. The Sustainability of this practise would have to be observed.

1.1.2 Key Trends in the Banking Industry

- 1) Total O/S Bank Credit is 53% of Nominal GDP. Retail Bank Credit at **16Trillion** is below 12% of the GNP
- 2) MFI Industry at INR 1.8 Trillion compared to INR 80 Trillion or around 2.3% of the Lending of the Banking System and more than 10% of the Retail Bank Credit. At 10% retail credit level it serves a population that represents around **20% of Gross National Income and 80% of the population**. These indicate that increasingly formal credit is a larger part of the credit taken up by the bottom 80% of the population. It also indicates that the relatively faster credit growth in the MFI borrower segment could last for another 3 years before attractiveness changes.
- 3) Nominal Bank Credit Growth has reduced to 5.4% from around 10% of the last 3 years with Public Banks not growing in the last year.
- 4) From an 80:20 position in 2013 Private Banks have grabbed 10% market share making it 70:30 (Public Vs Private Banks) as on date. 10% increase in Asset Book of the private sector Banks is effectively a gain of an Asset Size as large as the entire **Micro Finance Industry added every year**. It explains the limited Interest in MFI amongst the large the private sector Banks
- 5) The Market Share Growth in Priority sector advances has been slower for Private Banks and is currently 75%:25% (compared to 70/30 for all loans) making the case that as the PVT Banks grow they will find it difficult to meet priority sector targets given the lack of presence in Rural Areas and connect with the lower income population. This could be an opportunity for MFIs / SFBs and could be a threat if Pvt Banks invest substantially on building the capability for this growth.
- 6) NBFCs continue to creep up from 18.6% Asset Size of the Banks to above 20% of the Banking Industry Size. The Growth rate of NBFCs at a 10% CAGR is better than the Banking Industry growth but lower than the growth of the Private Sector Banks.

In Summary, the two big trends in banking are the slowdown of the Public Sector Banks and the emergence of dominant retail private Banks and increasing success these banks have in the Retail and Consumer lending side. The Lower Income Segment would be next on the horizon as an area of focus for many of them.

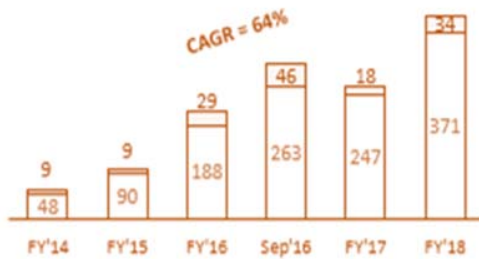
1.2 Analysis of Chaitanya

1.2.1 History and Past Performance covering

a) Financial performance

Profitable growth till the end of FY2016. Returning to the profitable growth path after the blip last year

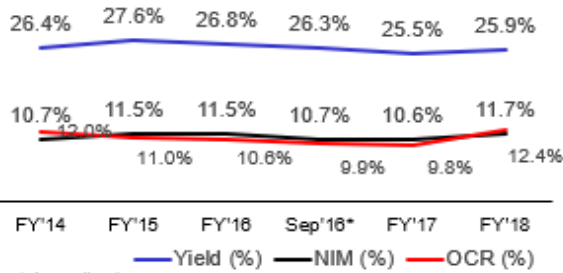
GLP – on & off book (Rs. Cr.)



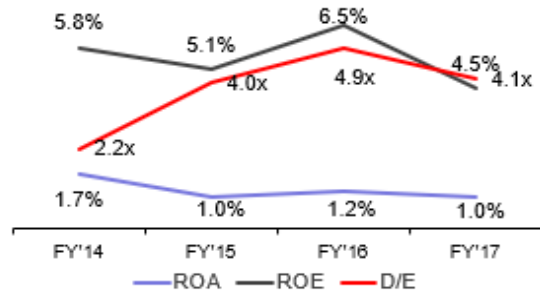
Revenue (Rs. Cr.) & Operating profit (%)



Yield, NIM & OCR



RoE, RoA & Leverage



b) Geographical diversification

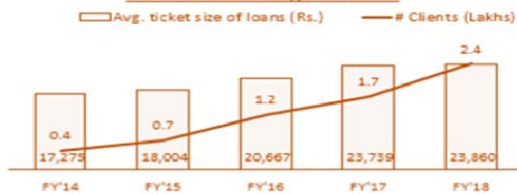
Geographic expansion:

- Started from N. Karnataka
- Expanded to Maharashtra in 2016
- Currently present in 3 states (Kar, MH, Bihar)

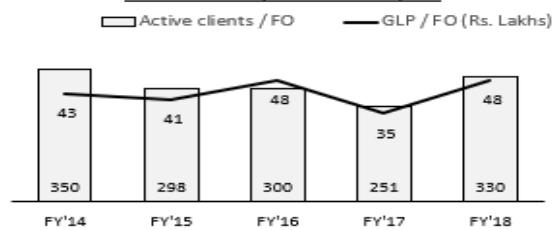


c) Key operating Metrics for JLG

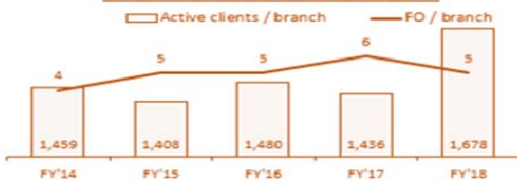
Clients and average ticket size



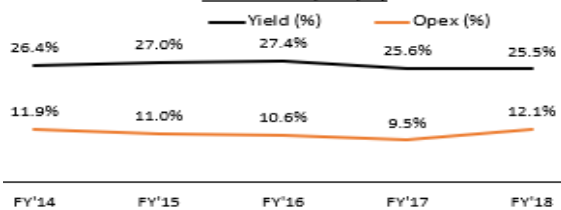
Active clients / FO and GLP / FO



Active clients / branch and FO / branch



Yield and opex (%)



1.2.2 Strengths and Weaknesses of the Company

Sr. No.	Strengths	Weaknesses
1.	Implementation of Two-wheeler, Housing and Business Loan products through the JLG branch Interface is an indicator of the Structural flexibility of the company.	Limited experience and exposure of senior management to other financial services and other Loan products before starting the same in Chaitanya.
2.	Stabilized management processes for audit, performance assessment, risk management and Loan Officer and Branch Manager Training.	Expertise in Credit Underwriting methodologies for the newer products is of lower Vintage.
3.	Successful implementation of JLG processes and adherence to sound JLG principles, which shows up in the resilience of the Portfolio even as North Karnataka was at the epicenter of MFI Industry Crisis post Demonetization in November 2016.	Slower growth compared to other start up peer microfinance companies in the space as a result of its rural focus and diversification of efforts on multiple products
4.	Process-oriented business development, well suited to achieve penetration and reach in rural regions	High levels of Credit Officer Attrition in the first 6 months of their enrolment.
5.	Committed Second line of middle managers, with considerable time in the company	Capacity building and Skill enhancement to enable managers to take up newer roles in Credit and product needs to be built as the skills sets are different from an MFI Regional Manager.

Opportunities:

- 1) Rural Microfinance Penetration in the North Indian States of UP/MP/Jharkhand/Chhattisgarh and Bihar still has another 3-6 years before it reaches levels of the Southern states. This provides an opportunity to expand from the current base in Bihar and establish a presence in these territories and build a geographically diversified portfolio.
- 2) SFBs are slowing down their growth in microfinance segment and this could prove to be an opportunity to enter some of their key customer segments.
- 3) Rural two-wheeler loan demand is growing and is synergistic with the MFI branch operations. As the larger two-wheeler NBFCs focus on the Semi-Urban Markets, Chaitanya's competitive positioning with the rural sub-dealers should help grow this business.
- 4) With the imminent rollout of E-NACH and UPI – II automated collect facilities should fully take root in the next one year. Given Chaitanya's experience with these collection mechanisms over the last 12 months, it could help the company automate collections from some customers. Automation of collection for particular customer segments could render the delivery of small ticket individual loans cost-effective and viable in rural areas.
- 5) As digital mechanisms of sourcing develop further the possibility of an entirely digital delivery mechanism of microcredit could be a reality first in Urban and then in Semi-urban Markets and eventually in Rural Areas. Chaitanya's presence in rural / semi-urban areas and its ability to manage recoveries and loan follow-ups could be an advantage in launching a purely digital individual loan product.
- 6) Experience of working with Fintech companies and prior experience in Student Loans provides an opportunity to scale up a digital loan model and the student education loans in rural and semi-urban colleges is an opportunity with little competition
- 7) Low Ticket Size (less than 5Lakhs) Housing and Business Loans in rural areas needs the recovery and follow up the support of the JLG Branch, making it difficult for non- MFIs to serve this demand. Other Agri-equipment loans, Retail loans and Consumer loans in rural areas are currently provided mostly at Urban / District locations by NBFCs and with Chaitanya's experience in Two- Wheeler and Education loans could be leveraged to expand into these retail products

- 8) Chaitanya's experience with Live Stock Loans and Housing Loans should give the company an advantage in delivering Small Business Loans through its branch Infrastructure.

Threats:

- 1) Consolidation of the industry started about 2-3 years ago and is accelerating with the growing presence of private Banks and NBFCs in the sector. Further access to Equity and Debt Capital is increasingly favouring the larger players and, MFIs that do not show or reach the right threshold size before a slowdown in client growth is likely to be caught in between.
- 2) Hyper growth of MFIs acquired by NBFCs/Banks, due to high capital infusion could crowd out NBFC-MFIs. The Margin Cap of 10% on NBFC-MFIs is a regulatory arbitrage in favor of the BANKS / NBFCs who have no such limitation, allowing them to pursue a higher risk model of higher spread and higher loan losses in pursuit of growth and profitability while the NBFC-MFIs are restricted in margin structure and the credit risk appetite.
- 3) Increasing saturation levels in some southern markets could lead to pockets of credit stress as increasingly growth is likely to come from increasing loan sizes while the income growth plateau
- 4) Ability to Manage increased organization complexity with increasing product scope at a Branch along with geographical diversification.
- 5) Declining strength of Joint Liability Groups could lead to the splintering of the group model of microloans to Individual loans increasing the operations costs of delivering and collecting small value loans. Given the Margin caps and the poor collection efficiencies of Individual loans breakdown of the JLG mechanism could threaten the business model.
- 6) Increase in SFB penetration who benefit from a better Margin Cap would increase the Individual Loan habit among the underserved customers and accelerate the end of the JLG mechanism
- 7) The government-run livelihood and financial inclusion programs which compete with NBFC-MFIs may add to structural instability. Further political Instability in any of the states and center level increases the political risk and the clamor for Loan Waivers creating a systemic risk for the industry.

2.0 Strategic Discussions

Chaitanya is today amongst the few players that have made significant headway in being able to deliver both Hypothecated, Mortgage Loan Products and unsecured loans through the MFI branch network and Channel. It has structured itself to derive synergy from the MFI branch team and now has the proven capability of delivering the full scope of retail loan products to lower and middle-income rural customers. Despite the sub-scale economics in villages for some of the Non-JLG loan products, Individually, Chaitanya with its multiproduct approach is amongst the very few entities that is able to viably deliver business loans, Dairy Loans, Housing Loans and two-wheeler loans to low and middle-income families residing in villages. However, Chaitanya today is around the 50th Percentile among the 50 MFI players in terms of size, in an Industry that is showing a clear trend towards consolidation and is yet to achieve the right level of geographical diversification which is a key risk mitigation requirement.

Hence the Strategy for Chaitanya envisages a rapid scale up on the Geographical Axis in the next 2-3 years as the company fine-tunes its capability to deliver its retail loan products in its core geographies and achieves the synergy benefits of delivering a credit product suite in Rural Karnataka. Towards this end, opportunities for geographical expansion through in-organic means would be viewed along with a thrust on organic growth in Maharashtra, Bihar, and UP.

2.1 Vision 2025

Chaitanya's vision is to be a 10,000 crores financial institution by 2025 serving more than 2 Million Customers and to be a Trusted Financial Institution in its area of operations. Chaitanya aims to deliver a ROE greater than 18% and an asset quality that consistently has less than 1% Non- Performing Assets and annual credit costs below 0.5% by 2025. Chaitanya will aggressively pursue geographical diversification and product expansion ensuring that exposure to no single state is above 15%, and that unsecured loans account for less than 50% and non-credit revenue is above 10% of total revenues.

At the Centre of Vision 2025 is to grow Customer Connectedness that will enable customers to reach us and be able to engage and transact digitally at all times. Chaitanya's vision is to be able to respond within the hour to customer's financial needs in its operating areas. By 2025 Chaitanya aims to be the most preferred financial services partner for majority of its customers and be amongst the top -3 Financial Institutions in its operating territory.

2.2 Strategy

Chaitanya's Strategy is to leverage deep rural presence in JLG operations and build a portfolio of non-JLG, secured loan products to gain an efficiency and effectiveness advantage through synergy and ensuring risk diversification. The Strategy requires Chaitanya to be a significant player in the rural geographies it covers and hence the immediate thrust of geographical expansion is into areas where the current rural MFI penetration is below 50%.

Key Competencies of the Company

Chaitanya's Strategic Positioning is to combine a Responsive and Efficient Branch Interface that is grounded in the local community within a Professional Corporate Framework. Chaitanya has a strong **Rural Branch Network** and capability to build **Management and leadership in Rural Locations**. The strengths of the company in **Process Control and Risk Management Culture at the Branch level** are integral to ensuring reliable customer choices and service delivery happens in a decentralized manner. **Multiple Product Delivery Capability and Structure scaled across multiple rural geographies** would ensure efficiency and the right amount of risk diversification.

2.3 Key Elements of the Strategic Plan.

1. **Rapid Geographical Expansion beyond Karnataka and Maharashtra creating the potential to add more than 300 Branches out of these states in the next 2-3 years while deriving efficiencies and JLG Growth from Existing branches in Karnataka and Maharashtra**
 - a. Rapid Expansion from Current Base in Bihar to 3-4 States in the centre East with Focus on JLG products only, for the next 2 years
 - b. Explore other lesser Penetrated Markets in North India to enter in 2019
 - c. Consolidate Branch Growth and Grow JLG Efficiencies in Existing Branches through growth in loan size, customer retention and employee retention.
2. **Expand Product Scope through Branch Network.**
 - a. Scale up Two-Wheeler Loans to most existing branches achieving 70% - 80% CAGR portfolio growth for the next 3 years in Two wheelers
 - b. Stabilise the Mortgage products for Dairy, Business and Housing loans in FY-19 before expanding the Mortgage products to all Branches in Karnataka and Maharashtra between FY19 and FY21
3. **Enhance Institutional Capability as Scale and Complexity grows**
 - a. Investment in Capability enhancement in core areas of Human Resource, Risk and Credit Management.
 - b. Improve efficiency and reliability of internal business processes by investments in IT, accounting and Banking.
 - c. Expand initiatives on Marketing, Data Analytics, communication and Customer Research to enhance capability in adding newer products and visibility of the company
4. **Innovate on Technology** and Product Development processes to add new technology led products like Education Loans and Salary loans to add another 20% of AUM growth by 2023
5. **Seek out aligned Institutions and Investors** who share the growth plan and Vision to bolster the organic growth path with Inorganic growth opportunities.

2.4 Challenges in the Execution of the Overall Plan

- 1) Chaitanya's Success in delivering NON-JLG Product Offerings through the Microfinance Branch Network, resulting in Synergies and better cost economies compared to Mainstream NBFCs delivering in rural markets would enable it to scale these products.
- 2) Fit of Chaitanya's product offerings to changing customer demand and product environment especially as newer loan products and customer experiences are introduced by fintech companies

- 3) Enhancement of Risk Management Capabilities of the Organisation at the customer interface branch level as product complexity and customer profile changes.
- 4) Ability of existing branches to deliver on the efficiencies in the JLG loan products hence providing the capital support to expand geographically and add product scope

2.5 Key Deliverables for the year 2018-19

- 1) Grow Portfolio Size to 800 Crores from 180 Branches with at least 50 Crores from 30 Branches coming from the Northern Part of the Country.
- 2) Grow Two-Wheeler and Mortgage Loans together to 60 Crores
- 3) At least two products on Technology led Lending models with portfolio of above 2 crores
- 4) Non-HO OCR in 120 branches of vintage of more than 24 months old to drop below 8%.
- 5) Enhance the Credit Team to more than 50 members with Capability to assess Income, Intent and documentation for different kinds of loan products.
- 6) Bring down Borrowing Costs to below 13%
- 7) Enhance the Equity base of the company to 200 Crores by FY19

DIRECTORS REPORT

The Members,

Your Directors are pleased to present the Ninth Annual Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your Company for the Financial Year ending 31st March 2018.

The summarized financial results for the year ended 31st March 2018 are as under:

Financial Highlights

Year Ended 31st March	2018	2017
	Amount in Rs.	Amount in Rs.
Operating Income	71,47,23,951	61,98,76,977
Other Income	4,91,63,012	3,58,90,798
Total Income	76,38,86,963	65,57,67,776
Less Expenditure		
Finance Cost	37,42,61,388	34,55,80,292
Personnel Cost	25,29,70,900	17,47,84,481
Administrative Cost	11,46,98,731	9,19,24,913
Depreciation	1,13,39,371	97,16,290
Bad Debts	2,91,011	8,75,997
Provision for Loan Assets as Per RBI Guidelines	11,80,23,601	1,54,54,040
Profit/(Loss) Before Tax	(10,76,98,039)	1,74,31,762
Income Tax	(41,16,065)	(1,17,58,443)
Deferred Tax	3,17,76,687	65,81,332
Profit/(Loss) After Tax	(8,00,37,417)	1,22,54,651

- The Company's total income for the year ended 31st March 2018 has increased from Rs. **65.57 Crores** (previous year) to Rs. **76.39 Crores** in this Financial Year, an increase of **16.50 %** for the year.
- During the year, the Company made a Loss after Tax of Rs. **8.00 Crores**, compared to last year's PAT of Rs. **1.23 Crores**.

DEPOSITS

As on 31st March 2018, the Company does not have any public deposits.

DIVIDENDS

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

GENERAL RESERVE

The Company has not transferred any amount to General Reserve for the year under consideration.

STATE OF COMPANY'S AFFAIRS

The financial year ending 31st March 2018 has been a significant one, considering the turn around the company has achieved post demonetization period. The recovery in disbursal of loans to customers started sometime around June 2017 and along with it the portfolio growth. The year on year portfolio grew by 46.4 % to Rs. 358.4 Cores (previous year Rs. 216.8 Crores) with year on year growth in disbursals of 42%, amounting to Rs. 532.93 Crores (previous year Rs. 374.88 Crores). There is no change in the nature of the business of the company in the entire year under review.

CREDIT RATING

SMERA has assigned a grading of **M2C2** as on 23rd March 2018 and valid till 22nd March 2019.

CAPITAL ADEQUACY RATIO

The Capital Adequacy Ratio was **19.03%** as of 31st March 2018 as against the minimum capital adequacy requirements of 15% by RBI.

ANNUAL RETURN

In accordance with Section 92(3) the Companies Act, 2013, a copy of the annual return will be hosted on the website of the Company at <http://www.chaitanyaindia.in>

NO. OF MEETINGS HELD

During Financial Year 2017-18, the Board of Directors met Fifteen (15) times on following Dates and Directors attendance is also shown below:

SL No.	Date of Board Meeting	No. of Directors Present	SL No.	Date of Board Meeting	No. of Directors Present
1	20.04.2017	02	9	28.09.2017	03
2	24.05.2017	05	10	12.10.2017	03
3	19.06.2017	03	11	14.11.2017	05
4	29.06.2017	03	12	19.01.2018	03
5	12.07.2017	03	13	24.02.2018	05
6	03.08.2017	03	14	24.03.2018	03
7	26.08.2017	05	15	28.03.2018	02
8	21.09.2017	03			

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.

NOMINATION AND REMUNERATION POLICY

The Company pursuant to the provisions of Section 178 of the Companies Act, 2013 has formulated and adopted a Nomination and Remuneration policy which is disclosed on our website at the below link-

<http://www.chaitanyaindia.in/docs/policy/Co%20Act/Nomination%20and%20remuneration%20policy%20v1.0.pdf>

AUDITORS:

STATUTORY AUDITORS

The Company has appointed M/s. Ramesh Ashwin & Karanth, Chartered Accountants, Bangalore as Statutory auditors of the company for period of Five years from the conclusion of fifth Annual General Meeting (held on 7th August 2014) till conclusion of Tenth Annual General Meeting.

SECRETARIAL AUDITOR

The Company has appointed Ms. S. C. Sharada, Practicing Company Secretary as Secretarial Auditor of the Company for the F.Y. 2017-18 as required under Section 204 of the Companies Act, 2013 and the Rules made there under. Secretarial Audit report is attached as **"Annexure 1"** to the Director's report.

EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE –

(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 are as below with the management response:

1. Being a Listed Company appointment of Women Director is mandatory. The position was vacant till 25th August, 2017
Response: Company was actively looking for women director and the same was complied by the Company by appointing Ms Lisa Gayle Thomas as a Woman Director on 26th August 2017.
2. In terms of the Secretarial Standards on Board Meetings, signed minutes shall be circulated to all the Directors within 15 days from the date of signing. However, the same has not been complied with by the Company.
Response: Company has circulated the draft minutes to all the Directors within 15 days from the date of meeting. However, the signed minutes were not circulated within 15 days from the date of signing. This will be taken care going forward.
3. Being a Listed Company "Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders and Fair Disclosure of Unpublished Price Sensitive Information" is applicable in terms of the SEBI (Prohibition of Insider Trading) Regulations, 2015.
Response: Company has adopted the said policy on 14th November 2017.

LOANS, GUARANTEES AND INVESTMENTS MADE BY THE COMPANY UNDER SECTION 186

The company has not given any loan and guarantees.

TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR

Particulars of contracts or arrangements with related parties referred to in Section 188(1) in the prescribed form AOC -2 is appended as **"Annexure 2"** to the Board's Report.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATES AND THE DATE OF THE BOARD'S REPORT

There was no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year, to which the Balance Sheet relates and the date of the board's report.

THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, IN THE MANNER AS PRESCRIBED IN RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

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.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange Inflow for the Company during the year was NIL.

The Foreign Exchange outflow during the year is following:

SL No.	Particulars	As on 31.03.2018 (in Rs)	As on 31.03.2017 (in Rs)
1	Web Services	2,03,140	6,66,116
2	Processing fees paid	36,66,667	20,84,400
	TOTAL	38,69,807	27,50,516

The Foreign Exchange Earnings was **NIL**

CODE OF CONDUCT, TRANSPARENCY & CLIENT PROTECTION

The Company has fully implemented the Reserve Bank of India's Fair Practice Code and adopted the Microfinance Institutions Network's (MFIN) Code of Conduct.

RISK MANAGEMENT

The Committee reviews the Risk Management Framework of the company and verifies adherence to various risk parameters and compliances. The Company's Risk Management strategy is based on clear understanding of various risks, disciplined risk assessment and continuous monitoring. The Risk Management Committee reviews various risks 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.

CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act 2013, constitution of Corporate Social Responsibility committee is Not Applicable.

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 28th March 2018, 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 same was discussed in the Board meeting followed by the meeting of Independent Directors, at which the performance of the Board, its Committees and Individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

DETAILS AS REQUIRED UNDER RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014

1. **The change in nature of business:** NIL
2. **Details of Directors/KMP who have appointed or resigned during the year:**
 - Mr. Davis F Golding, Nominee Director of Shore cap II Limited had resigned from the directorship on 24th May 2017.
 - Ms. Lisa Gayle Thomas, Nominee Director of Shore cap II Limited was appointed on 26th August 2017.
3. **Deposits:** As on 31st March 2018, the Company does not have any public deposits.
4. **Names of Companies which have become or ceased to be its subsidiaries, Joint ventures or associate companies during the year:** NIL
5. **The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:** None
6. **The details in respect of adequacy of Internal Financial Controls (IFC) with reference to the Financial Statement:** The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

OTHER DISCLOSURES:

1. **DETAILS OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS:** The Company has not issued any equity shares with differential rights during the year.

M/s. Chaitanya India Fin Credit Private Limited issued

- I. 24,22,040 equity shares of Rs.10/- each of face value of Rs. 10/- each at a premium of Rs. 23.03/- in physical form and
- II. 10,17,811 equity shares of Rs.10/- each of face value of Rs. 10/- each at a premium of Rs. 9.65/- in physical form.

Name of the Shareholder	Address	No. of Shares	Date of Allotment
Chaitanya Rural Intermediation Development Services Private Limited	#145, 2nd Floor NR Square 1st Main Road Sirsi Circle, Chamrajpet, Bangalore- 560018.	24,22,040	28.09.2017
Chaitanya Rural Intermediation Development Services Private Limited	#145, 2nd Floor NR Square 1st Main Road Sirsi Circle, Chamrajpet, Bangalore- 560018.	10,17,811	28.03.2018
Total		34,39,851	

2. DETAILS OF SWEAT EQUITY SHARES ISSUED: The Company has not issued any sweat equity shares during the year.

3. DETAILS OF EMPLOYEE STOCK OPTION SCHEME:

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, 2018	
a	Options Granted(A)	5,59,000	
b	Options Vested	Nil	
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)	10,000	
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)	5,49,000	
j	(i) Details of Options granted to Key Management Personnel	Name and Designation	No of Options Granted
		Mr Srinivasan CV, CFO	20,000
		Ms Dimple J Shah, CS	10,000
	(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.	Nil	
	(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	

4. ISSUE OF NON-CONVERTIBLE DEBENTURES THROUGH PRIVATE PLACEMENT

Chaitanya India Fin Credit Private Limited has issued and allotted Non-Convertible Debentures through private placement during the year.

SI No.	Investor's Name	Investor's Address	Number of debentures	Face value (in Rs.)	Total amount (in Rs)	Date of allotment
1	Microfinance Enhancement Facility SA, SICAV-SIF (Blue Orchard Pool)	5 Rue Jean Monnet, L – 2180 Luxembourg	250	10,00,000.00	25,00,00,000	29.06.2017

2	AAV Sarl	20, rue de la Poste, L-2346 Luxembourg	330	10,00,000.00	33,00,00,000	03.08.2017
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5. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12)

During the year under review, two frauds were reported by the auditors to the Audit Committee and the Board under Section 143(12) of the Companies Act, 2013.

Category	No of Instances	Amount RS.
Embezzlement of cash	02	Rs. 3,00,751

6. VIGIL MECHANISM

The Company promotes ethical behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. The Company has a vigil mechanism process wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to an e-mail ID designated or by post. 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. Anand Rao
Chaitanya India Fin Credit Private Limited
#98,3rd floor, Sirsi circle, Mysore Road, Chamrajpet, Bangalore-560018, Karnataka.
Email: anand@chaitanyaindia.in
Phone: 9886743054

Name and Address of MD of the Company

Mr. Samit S Shetty
Chaitanya India Fin Credit Private Limited
#98,3rd floor, Sirsi circle, Mysore Road, Chamrajpet, Bangalore-560018, Karnataka.
Email: samit@chaitanyaindia.in

Name and Address of Chairman (Audit Committee):

Mr. K Subramanyam Ravi
121, 'SHRUTHI' Central Excise Layout, Vijayanagar, Bangalore - 560040
Email: ksravi121@gmail.com

The whistle blower policy of the Company is disclosed on our website at the below link:-

<http://www.chaitanyaindia.in/docs/policy/Co%20Act/Chaitanya%20Whistle%20Blower%20policy%20v1.0.pdf>

PARTICULARS OF EMPLOYEES

The table containing the names and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as “**Annexure 3**”.

Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014[A statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of One Crore and Two Lakh (1.02 Crore) or more, or employed for part of the year and in receipt of Eight lakh and Fifty-Two Thousand (8.52 Lakh) or more a month] is **Not Applicable**.

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

Your Company has always believed in providing a safe and harassment free workplace for every individual working in Chaitanya premises through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company is following the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and has a Anti Sexual Harassment policy in place. The Directors further state that during the year under review, there was one case filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and immediate action was taken.

Directors Responsibility Statement

Pursuant to the requirement under Section 134 (5) of the Companies Act, 2013, Board of Directors confirms that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and are prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The Directors had prepared the annual accounts on a going concern basis; and
5. The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
6. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws, Secretarial Standards issued by Institute of Company Secretaries of India and that such systems were adequate and operating effectively.

Acknowledgment

Your Directors take this opportunity to offer their sincere thanks to Bankers & Investors for their unstinted support and assistance received from them during the year. The Directors would also like to place on record their appreciation of the dedicated efforts put in by the employees of the Company.

Bangalore, 21.08.2018

By order of the Board

Sd/-
Samit S Shetty
Managing Director
DIN: 02573018

Sd/-
Anand Rao
Joint Managing Director
DIN: 01713987



**FORM NO. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[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, 2nd Floor, NR Square,

1st 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 31st March, 2018, 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:

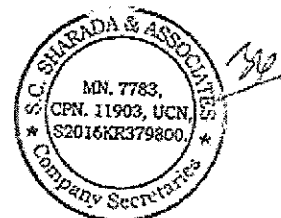
We have examined the books, papers, minute books, forms and returns filed and other records maintained by Chaitanya India Fin Credit Private Limited ("the Company") for the financial year ended on 31st March, 2018 according to the provisions of:

405, 7th Cross, IV Block, Koramangala, Bangalore - 560 034

☎: 080-25534374 / 25536618

✉: sharada.sc@sharadasc.com

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- (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) Other relevant RBI Circulars / Notifications
- (vi) Applicable Labour Laws

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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:

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- (i) Being a listed Company appointment of Woman Director is mandatory. *The position was vacant till 25th August, 2017, which was filled by the appointment of Ms. Lisa Gayle Thomas as Woman Director w.e.f. 26th August, 2017.*
- (ii) *In terms of the Secretarial Standards on Board Meetings, signed minutes shall be circulated to all the Directors within 15 days from the date of signing. However, same has not been complied with by the Company.*
- (iii) Being a listed Company "Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders and Fair Disclosure of Unpublished Price Sensitive Information" is applicable in terms of The SEBI (Prohibition of Insider Trading) Regulations, 2015. *The same has been framed and adopted only w.e.f. 14th November, 2017.*

We further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and 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 meetings duly recorded and signed by the Chairman, the decisions were carried unanimously and there were no dissenting views.

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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. 25,00,00,000 from Microfinance Enhancement Facility SA, SICAV-SIF (Blue Orchard Pool) through allotment of 250 Rated, Listed, Secured, Redeemable, Transferable, Non-Convertible Debentures of Rs.10 lakhs each on 29th June, 2017. Said debentures are listed on the Bombay Stock Exchange (BSE).
- (ii) The Company has raised an amount of Rs. 33,00,00,000 from AV Sarl Symbiotics through allotment of 330 Secured, Unlisted, Rated, Redeemable, Non-Convertible Debentures of Rs.10 lakhs each on 3rd August, 2017.
- (iii) The Company has allotted 24,22,040 Equity Shares of Rs.10 each and at a premium of Rs. 23.03 per share on rights basis to Chaitanya Rural Intermediation Development Services Private Limited (CRIDS), existing shareholder on 28th September, 2017.

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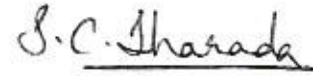
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- (iv) The Company has allotted 10,17,811 Equity Shares of Rs.10 each at a premium of Rs. 9.65 per share on rights basis to Chaitanya Rural Intermediation Development Services Private Limited (CRIDS), existing shareholder on 28th March, 2018.
- (v) The Company has availed Term Loan from multiple banks and financial institutions on different dates for an amount of Rs. 1,77,00,00,000.
- (vi) The Company has redeemed 100 Non-Convertible Debentures of Rs.10 lakhs each aggregating to Rs. 10,00,00,000 on 23rd June, 2017 issued to Hinduja Leyland Finance Limited.



For S. C. Sharada & Associates



S. C. Sharada
Company Secretary in Practice
M.No.: 7783
C.P. No.: 11903
UCN: S2016KR379800

Place: Bangalore
Date: 15th May, 2018

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'

To-

The Members

Chaitanya India Fin Credit Private Limited

CIN: U67190KA2009PTC049494

No.145, 2nd Floor, NR Square,

1st 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.

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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

S. C. Sharada
Company Secretary in Practice
M.No.: 7783
C.P. No.: 11903
UCN: S2016KR379800

Place: Bangalore
Date: 15th May, 2018

ANNEXURE 2- RELATED PARTY DISCLOSURE UNDER SECTION 188(I)

1. Transactions with related parties during the year:

Key Managerial Personnel

Particulars	March 31, 2018	March 31, 2017
Remuneration	(RS.)	(RS.)
Mr. Samit S Shetty	37,38,000	33,63,000
Mr. Anand Rao	37,37,400	33,63,000
Mr. Srinivasan C V	24,20,621	22,80,000
Ms. Dimple Shah	6,79,600	5,59,612

Director Fees

Particulars	March 31, 2018	March 31,2017
Sitting Fees	(Rs.)	(Rs.)
Mr. K S Ravi	1,55,000	1,12,500
Mr. Nanda Kumar	1,70,000	1,12,500
Mr. Ramesh S (Nominee Director)	1,10,000	90,000

Investment by Holding Company

Particulars	Name of the Company	Amount (RS.) March 2018	Amount (RS.) March 2017
Equity Shares Allotted	Chaitanya Rural Intermediation Development Services Private Ltd. (Holding Company)	3,43,98,510	5,50,96,410
Securities Premium Received	Chaitanya Rural Intermediation Development Services Private Ltd. (Holding Company)	6,56,01,457	14,49,03,558

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1) IN THE PRESCRIBED FORM BELOW;

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

There were no contracts or arrangements or transactions entered in to during the year ended March 31, 2018, which were not at arm's length basis.

2. Details of contracts or arrangements or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	M/s. Chaitanya Rural Intermediation Development Services Private Limited (Holding company)
	Mr. Samit S Shetty, Promoter and Director Mr. Anand Rao, Promoter and Director Mr. Ramesh Sundaresan- Nominee Director Ms. Lisa Gayle Thomas- Nominee Director

Nature of contracts/ arrangements/transactions	Sale of Loan portfolio
Duration of the contracts / arrangements/transactions	09 months
Salient terms of the contracts or arrangements or transactions including the value, if any:	Rate of interest: 16% PA MRR- 5% Total Principal pool: 7,00,00,293/- Purchase consideration: 6,65,00,277/-
Date(s) of approval by the Board, if any:	25th Jan 2018
Amount paid as advances, if any:	NIL

Name(s) of the related party and nature of relationship	M/s. Chaitanya Rural Intermediation Development Services Private Limited (Holding company) Mr. Samit S Shetty, Promoter and Director Mr. Anand Rao, Promoter and Director Mr. Ramesh Sundaresan- Nominee Director Ms. Lisa Gayle Thomas- Nominee Director
Nature of contracts/ arrangements/transactions	Sale of Loan portfolio
Duration of the contracts / arrangements/transactions	08 months
Salient terms of the contracts or arrangements or transactions including the value, if any:	Rate of interest: 16% PA MRR- 5% Total Principal pool: 2,99,99,920/- Purchase consideration: 2,84,99,924/-
Date(s) of approval by the Board, if any:	21st Feb 2018
Amount paid as advances, if any:	NIL

Name(s) of the related party and nature of relationship	M/s. Chaitanya Rural Intermediation Development Services Private Limited (Holding company) Mr. Samit S Shetty, Promoter and Director Mr. Anand Rao, Promoter and Director Mr. Ramesh Sundaresan- Nominee Director Ms. Lisa Gayle Thomas- Nominee Director
Nature of contracts/arrangements/transactions	Business Correspondent- Service Agreement
Duration of the contracts / arrangements/transactions	2 years
Salient terms of the contracts or arrangements or transactions including the value, if any:	Processing fee on loan Disbursal amount at 1% and Service fees at 8% on Average outstanding portfolio of Two-wheeler and other products Processing fee loan Disbursal amount at 1% and Service fees at 2.5% on Average outstanding portfolio of Housing loans.
Date(s) of approval by the Board of Directors:	11 th November 2016
Amount paid as advances, if any:	NIL

ANNEXURE 3- PARTICULARS OF EMPLOYEES

Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Remuneration paid to Whole Time Directors

Name of the Director	Designation	Remuneration in FY 2017-2018	% increase of remuneration in 2018 as compared to 2017	Ratio of remuneration to MRE
Mr. Samit S Shetty	Managing Director	37,38,000	11.15%	16.43
Mr. Anand Rao	Joint Managing Director	37,37,400	11.15%	16.43

2. Remuneration paid to KMP

Name of the KMP	Designation	Remuneration in FY 2017-2018	% increase of remuneration in 2018 as compared to 2017	Ratio of remuneration to MRE
Mr. Srinivasan	Chief Financial Officer	24,20,621	6.17%	10.64
Ms. Dimple Shah	Company Secretary	6,79,600	21.44%	2.99

1. The median remuneration of employees of the Company during the financial year was Rs. 2,27,460 /-
2. The percentage increase in the median remuneration of employees during the financial year- There was an increase of 18.66%.
3. The number of employees on the rolls of Company as on March 31, 2018 is 1313;
4. Relationship between average increase in remuneration and company performance: - The Loss before Tax for the financial year ended March 31, 2018 was Rs.10,76,98,039/- a decrease of 23.0% as compared to previous year profit of Rs. 1,74,31,762/- whereas the increase in median remuneration was **18.66%**;
5. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2017-18 was 18.66% whereas the increase in the managerial remuneration for the same financial year was **11.15%**;
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.

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.

DEBT SECURITIES LISTING: The Bombay Stock Exchange

PAYMENT OF LISTING FEES & DEPOSITORY FEES:

Annual Listing fee for the year 2018-19 was paid on 13th April 2018 to the Bombay Stock Exchange (BSE).

Annual Custody/Issuer fee for the year 2017-18 was paid on 29th May 2018 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 are NIL.



M/S RAMESH ASHWIN & KARANTH

CHARTERED ACCOUNTANTS

Firm Reg. No : 010680S

Partners

Ramesh B N (M.No : 015170) Mob:9448468958

Ashwin B R (M.No : 214199) Mob: 9886415958

Prashanth Karanth (M.No: 214235) Mob: 9886282946

Independent Auditor's Report

To the Members of CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Chaitanya India Fin Credit Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone 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 Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

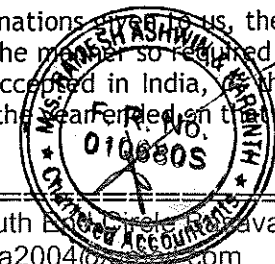
We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018 and its loss and its cash flows for the year ended on that date.



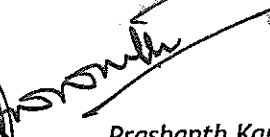
Report on Other Legal and Regulatory Requirements

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 standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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 amount to the Investor Education and Protection Fund by the Company.

Place: Bangalore
Date: 24/05/2018

For Ramesh Ashwin & Karanth
Chartered Accountants
Firm's registration number: 010680S




Prashanth Karanth
Partner
Membership number: 214235

Annexure - A to the Auditors' Report

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 2018, 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 any 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 2018 for a period of more than six months from the date they became payable.

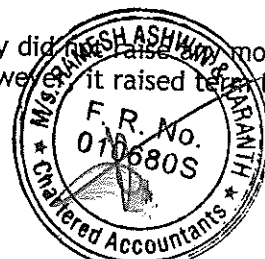
- (b) According to information and explanations given to us, the following income tax dues have not been deposited by the Company on account of disputes:

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

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 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 report that 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 not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence Clause 3 (xiv) of the Order is not applicable.

(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.

Place: Bangalore
Date: 24/05/2018

For Ramesh Ashwin & Karanth
Chartered Accountants
Firm's registration number: 010680S



Prashanth Karanth
Partner
Membership number: 214235

Annexure - B to the Auditors' Report

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 2018 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.

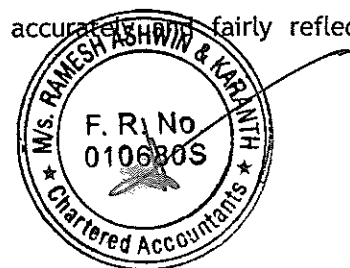
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal 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 authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

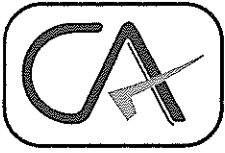
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria 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.

Place: Bangalore
Date: 24/05/2018

For Ramesh Ashwin & Karanth
Chartered Accountants
Firm's registration number: 010680S



Prashanth Karanth
Partner
Membership number: 214235



M/S RAMESH ASHWIN & KARANTH

CHARTERED ACCOUNTANTS
Firm Reg. No : 010680S

Partners

Ramesh B N (M.No : 015170) Mob:9448468958
Ashwin B R (M.No : 214199) Mob: 9886415958
Prashanth Karanth (M.No: 214235) Mob: 9886282946

AUDITORS' REPORT


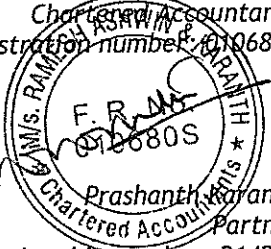
To,
The Board of Directors,
Chaitanya India Fin Credit Private Limited

In terms of Reserve Bank of India, Department of Non-banking regulation, Master Direction RBI/DNBR/2016-17/44 DNBR.PD.007/03.10.119/2016-17, Dated 1st September 2016, we report that:

1. The Company is engaged in the business of Non-banking financial institution and has received Registration Certificate, as provided in section 45 IA of the Reserve Bank of India Act, 1934 (2 of 1934) from Reserve Bank of India on 25.09.2009.
2. The company is entitled to continue to hold such CoR in terms of its asset/income pattern as on March 31 2018.
3. Based on the criteria set forth by the Bank in the Notification viz; Non-Banking Financial Company- Micro Finance Institutions (Reserve Bank) Directions, 2015, No. DNBR (PD) CC. No. 047/03.10.119/2015-16 dated July 1st, 2015 for classification of NBFCs as NBFC-MFIs, the company has been correctly classified as NBFC-MFI as defined in the said Directions with reference to the business carried on by it during the financial year 2017-18.
4. A resolution for non-acceptance of any public deposits was passed in the 1st meeting of the Board of Directors for the financial year held on 20th April 2017.
5. The Company has not accepted any public deposits for the year ended 31st March, 2018.
6. The Company has undertaken lending activity during the period 01.04.2017 to 31.03.2018. The Company has made suitable provisions on Non-performing advances as suggested by the prudential norms prescribed by the Reserve Bank of India.
7. The Company is not a Systemically Important Non-deposit taking NBFCs as defined in paragraph 2(1)(xxviii) of the Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 Notification No.DNBR.008/CGM (CDS)-2015 dated 27th March 2015.
8. The percentage of qualifying assets to total assets as defined in RBI Master Direction RBI/DNBR/2016-17/44 DNBR.PD.007/03.10.119/2016-17, Dated 1st September 2016 is 95.10% for the year ended 31st March 2018.
9. The Net Owned fund (NOF) of the Company is Rs. 42.96 Crores and the CRAR is 19.03 % as on 31st March 2018.

Place: Bangalore
Date: 24/05/2018

For Ramesh Ashwin & Karanth
Chartered Accountants
Firm's registration number: 010680S



Prashanth Karanth
Partner
Membership number: 214235



M/S RAMESH ASHWIN & KARANTH

CHARTERED ACCOUNTANTS

Firm Reg. No : 010680S

Partners

Ramesh B N (M.No : 015170) Mob:9448468958

Ashwin B R (M.No : 214199) Mob: 9886415958

Prashanth Karanth (M.No: 214235) Mob: 9886282946

Statutory Auditors Certificate (SAC) for the year ended March 31, 2018

We have examined the books of accounts of M/s. Chaitanya India Fin Credit Private Limited for the financial year ended March 31, 2018 having its Registered Office at No. 145, 2nd Floor, NR Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bangalore - 560018 and certify the following:

Sl. No.	Particulars	Details
1.	Name of the company	Chaitanya India Fin Credit Private Limited
2.	Certificate of Registration No.	N - 02.00243 dated 25.09.2009
3.	Registered office Address	No. 145, 2 nd Floor, NR Square, 1 st Main Road, Sirsi Circle, Chamrajpet, Bangalore - 560018.
4.	Corporate office Address - Head Office	No. 98, 3 rd Floor, Sirsi Circle, Mysore Road, Chamrajpet, Near Nalanda Theatre, Bangalore - 560018.
5.	The company has been classified by RBI as:	NBFC - MFI
6.	Net owned fund of the Company - Rs. in Crores (Calculations of the same provided in Annexure)	Rs. 42.96 Crores
7.	Total Assets - - Rs. in Crores	Rs. 367.67 Crores
8.	Asset-Income pattern: (in terms of RBI Press Release 1998-99/1269 dated April 8, 1999)	
	a) % of Financial Assets to Total Assets	84.99%
	b) % of Financial Income to Gross Income	93.56%
9.	Whether the Company was holding any public deposits as on 31st March 2018?	NO
10.	Has the Company transferred a sum not less than 20% of its Net Profit for the year to Reserve Fund?	Not applicable as the company has suffered losses during the current financial year
11.	Has the Company received any FDI?	NO
12.	If the Company is classified as NBFC - Factor,	NA
13.	If the Company is classified as NBFC - MFI, A. % of Qualifying Assets to Net Assets	95.10%
14.	If the Company is classified as AFC,	NA
15.	If the Company is classified as NBFC - IFC,	NA
16.	Has there been any acquisition / takeover of control / change in share holding / management during the year which required prior approval from RBI?	NO

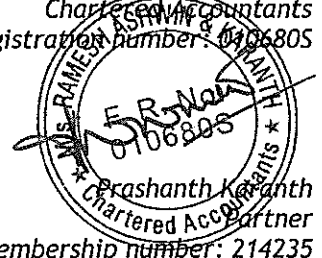


In terms of paragraph 2 of Notification No. DNBS.201/DG(VL)-2008 dated September 18, 2008, a separate report to the Board of Directors of the company has been made.

I have read and understood paragraph 5 of Notification No. DNBS.201/DG(VL)-2008 dated September 18, 2008.

Place: Bangalore
Date: 24/05/2018

For Ramesh Ashwin & Karanth
Chartered Accountants
Firm's registration number: 0106805



Membership number: 214235

Annexure**Net Owned Funds:-**

Particulars		(Amount RS. /-)	
PART - A			
Item Name	Item Code	Amount	
Capital Funds - Tier - I			
(i) Paid-up Equity Capital	111	21,73,14,180	
(ii) Preference shares to be compulsorily convertible into equity	112	-	
(iii) Free Reserves/Veh Rev Fund	1.17		
(a) Capital Reserves	113	-	
(b) Capital Redemption Reserve	114	-	
(c) Share Premium	115	29,83,98,427	
(d) General Reserves	116	-	
(e) Statutory Reserves	117	1,14,19,250	
(f) Other Reserves-Excess provision for NPA	118	-	
(g) Balance in P & L Account	119	(3,58,82,398)	
Total (111 to 119)	110	49,12,49,460	
(iv) Accumulated loss		-	
(vi) Other Intangible Assets		9,27,838	
Deferred Tax Asset		4,62,17,046	
Cash Embezzlement		-	
Prepaid Expenses		8,93,869	
Deferred revenue expenditure		-	
Total (121 to 123)	120	4,80,38,753	
(vii) Owned Funds (110 - 120)	130	44,32,10,706	
10% of Owned Fund		4,43,21,071	
(viii) Investment in shares of :			
(a) Subsidiaries		-	
(b) Companies in the same Group		-	
(c) Other non-banking financial companies		-	
(ix) The book value of debentures, bonds, outstanding loans and advances, bills purchased and discounted (including hire-purchase and lease finance) made to, and deposits			
(a) Subsidiaries			
(b) Companies in the same Group		-	
(x) Total (141 to 145)	140	-	
(xi) Amount of Item 140 in excess of 10% of item 130 above	150	-	
(xii) Tier I Capital			
Net owned fund (130 - 150)	151	44,32,10,706	
Less; Cash Collaterals provided 50% to be deducted from Tier I		1,35,12,792	
Assessed Net Owned Fund		42,96,97,914	



CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED

CIN: U67190KA2009PTC049494

#145, 2nd Floor, NR Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bangalore - 560018

Balance Sheet as at March 31, 2018

Particulars	Note No.	As at March 31, 2018 (Rupees)	As at March 31, 2017 (Rupees)
I. EQUITY AND LIABILITIES			
(1) Share holder's fund			
(a) Share capital	3	21,73,14,180	18,29,15,670
(b) Reserves and surplus	4	27,39,35,280	28,83,71,239
		49,12,49,460	47,12,86,909
(2) Non-current Liabilities			
(a) Long term borrowings	5	1,82,00,40,419	1,24,28,15,162
(b) Long-term provisions	6	-	13,69,689
		1,82,00,40,419	1,24,41,84,851
(3) Current Liabilities			
(a) Trade payables	7	9,67,60,347	5,60,29,927
(b) Other current liabilities	8	1,06,00,65,120	1,18,31,50,714
(c) Short-term provisions	9	20,86,70,417	5,91,16,415
		1,36,54,95,884	1,29,82,97,056
TOTAL		3,67,67,85,763	3,01,37,68,816
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed assets			
(i) Tangible Assets (Net)	10	2,06,32,999	2,11,50,888
(ii) Intangible Assets (Net)	11	9,27,838	19,34,566
		2,15,60,837	2,30,85,454
(b) Deferred tax assets (Net)	12	4,62,17,046	1,44,40,359
(c) Long term loans and advances	13A	91,37,457	63,38,887
(d) Loans and advances towards Financing Activities - [Long Term]	13B	16,30,74,334	13,63,34,675
(e) Other Non-Current Assets	14	10,13,31,680	9,21,77,818
		34,13,21,354	27,23,77,193
(2) Current Assets			
(a) Cash and cash equivalents	15	29,57,73,378	66,65,95,626
(b) Loans and advances towards Financing Activities - [Short Term]	16	2,96,21,79,538	1,99,41,88,910
(c) Other Short Term Loans & Advances	17	1,13,06,829	1,35,94,781
(d) Other Current Assets	18	6,62,04,664	6,70,12,305
		3,33,54,64,409	2,74,13,91,623
TOTAL		3,67,67,85,763	3,01,37,68,816

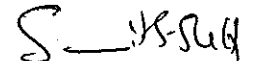
See accompanying notes to the financial statements
in terms of our report of even date attached

RAMESH ANAND & PRAKASH K. KARANTH
CHARTERED ACCOUNTANTS
(REGD NO.: 0106805)

RAMESH ANAND & PRAKASH K. KARANTH
a Partner
Members of ICAI

For and on behalf of
CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED


ANAND RAO
DIN: 01713987
Joint Managing Director


SAMIT S SHETTY
DIN: 02573018
Managing Director


Chief Financial Officer


Company Secretary

Place: Bangalore
Date: 24.05.2018



CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED

CIN: U67190KA2009PTC049494

#145, 2nd Floor, NR Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bangalore - 560018

Statement of Profit and Loss for the year ended March 31, 2018

Particulars	Note No.	Year ended March 31, 2018 (Rupees)	Year ended March 31, 2017 (Rupees)
I. Revenue from Operations	19	71,47,23,951	61,98,76,977
II. Other Income	20	4,91,63,012	3,58,90,798
III. TOTAL REVENUE (I+II)		76,38,86,963	65,57,67,776
IV. Expenses			
(a) Finance Cost	21	37,42,61,388	34,55,80,292
(b) Employee benefit expenses	22	25,29,70,900	17,47,84,481
(c) Depreciation and amortisation expense	10 & 11	1,13,39,371	97,16,290
(d) Other Administrative expense	23	11,46,98,731	9,19,24,913
(e) Bad Debts Written Off		2,91,011	8,75,997
(f) Provision for Receivables under Financing Activity		11,80,23,601	1,54,54,040
TOTAL EXPENSES		87,15,85,001	63,83,36,014
V Profit / (loss) before exceptional and extraordinary items and tax (III-IV)		(10,76,98,039)	1,74,31,762
VI. Exceptional items		-	-
VII. Profit / (loss) before extraordinary items and tax (V - VI)		(10,76,98,039)	1,74,31,762
VIII. Extraordinary items		-	-
IX. Profit / (loss) before tax (VII - VIII)		(10,76,98,039)	1,74,31,762
X. Provision for taxation:			
(a) Current tax (provision) / write back		(41,16,065)	(1,17,58,443)
(b) Deferred tax (provision) / write back		3,17,76,687	65,81,332
XI. Profit / (loss) for the period from continuing Operations		(8,00,37,417)	1,22,54,651
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		(8,00,37,417)	1,22,54,651

Earnings Per Share

Basic	(4.10)	0.75
Diluted	(4.10)	0.75

See accompanying notes to the financial statements
In terms of our report of even date attached

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

PRASHANTH KARANTH
a Partner
Membership No.: 214235



For and on behalf of
CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED

ANAND RAO
DIN: 01713987
Joint Managing Director

SAMIT S SHETTY
DIN: 02573018
Managing Director

Place: Bangalore
Date: 24.05.2018



Chief Financial Officer

Company Secretary

CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED

CIN: U67190KA2009PTCO49494

#145, 2nd Floor, NR Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bangalore - 560018

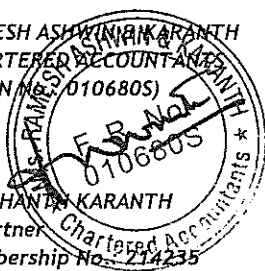
Cash Flow Statement

Particulars	For the Year Ended 31.03.2018 (Rupees)	For the Year Ended 31.03.2017 (Rupees)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	(10,76,98,039)	1,74,31,762
Adjustments for:		
Add: Depreciation	1,13,39,371	97,16,290
Assets Written off / Loss on sale of Assets	(14,109)	1,54,322
Interest & Finance Charges Paid	37,42,61,388	34,55,80,292
Operating Profit before Working Capital Changes	27,78,88,611	37,28,82,666
Adjustments for:		
Decrease/ (Increase) in Cash Margin & Deposits	(98,79,092)	(1,50,98,101)
Decrease/ (Increase) in Loans & Advances	(99,64,04,720)	(25,96,95,731)
Decrease / (Increase) in Other Current Assets	(2,90,80,000)	(4,35,80,867)
Increase/ (Decrease) in Payables & Others	20,23,73,798	1,75,31,895
Cash generated from operations	(55,51,01,403)	7,20,39,862
Income Tax paid	2,76,60,622	(51,77,111)
Net Cash flow from Operating activities	(52,74,40,781)	6,68,62,751
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(98,69,766)	(1,71,19,442)
Sale of Fixed Assets	69,121	62,500
Short Term Capital Loss	-	-
Dividend Income	-	-
Net Cash used in Investing activities	(98,00,645)	(1,70,56,942)
C CASH FLOW FROM FINANCING ACTIVITIES		
(Decrease)/Increase in Borrowings	44,06,80,598	65,34,65,080
Increase in Share Capital	3,43,98,510	5,50,96,410
Increase/ (Decrease) in Share Application Money	-	-
Increase in Securities Premium	6,56,01,457	14,49,03,562
Interest & Finance Charges paid	(37,42,61,388)	(34,55,80,292)
Net Cash used in financing activities	16,64,19,178	50,78,84,760
Net increase in cash & Cash Equivalents	(37,08,22,248)	55,76,90,569
Cash and Cash equivalents Opening Balance	66,65,95,626	10,89,05,057
Cash and Cash equivalents Closing Balance	29,57,73,378	66,65,95,626
Cash & Cash Equivalents	As on 31.03.2018	As on 31.03.2017
Cash in Hand	16,59,719	22,93,426
Cash at Bank (Current Account)	21,01,60,627	36,62,59,406
Cash at Bank (Cash Collateral & FD)	8,39,53,032	29,80,42,795
Cash & Cash equivalents as stated	29,57,73,378	66,65,95,626

See accompanying notes to the financial statements
In terms of our report of even date attached

RAMESH ASHWINI KARANTH
CHARTERED ACCOUNTANTS
(REGN No. 0106805)

PRASHANTH KARANTH
a Partner
Membership No. 214235



For and on behalf of
CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED

ANAND RAO
DIN: 01713987
Joint Managing Director

SAMIT S SHETTY
DIN: 02573018
Managing Director

Chief Financial Officer

Company Secretary

Place: Bangalore
Date: 24.05.2018



Notes forming part of financial statements for the year ended 31.03.2018

1. CORPORATE INFORMATION

Chaitanya India Fin Credit Private Limited was incorporated on March 31, 2009, to carry on the business of Lending, Installment 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 25th September 2009, to carry on the business of Non- Banking Financial Institution without accepting deposits. During the year ended 31st March 2014, the company has obtained registration under the Non-Banking Finance Company - Micro Finance Institution (Reserve Bank) Directions, 2011 vide RBI Letter dated 05th September 2013.

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

2.

(I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

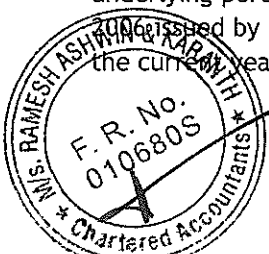
a) Basis of Accounting

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.

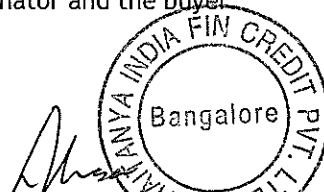
The Company is a Non-Banking Finance Company - Micro Finance Institutions (NBFC-MFI). The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for Non-Banking Finance Company - Micro Finance institution (NBFC-MFI).

b) Revenue Recognition

- i. Revenue from Interest on loans financed by the Company is recognized on accrual basis, except for loans outstanding for more 90 days which will be 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 1st 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 was 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 1st February 2006 issued by RBI. Income recognition on the securitization transactions at par undertaken during the current year is being done as per the terms between originator and the buyer



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- iv. Revenue from interest income in 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 (treasury operations) are recognized on actual sale of instruments.
- vi. Service Fee received in case of Securitization and buyout transactions is recognised upfront on the execution of Securitization / buyout agreement.

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. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively.

d) Fixed Assets

i. Property, plant and equipments

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

Gains or losses arising from derecognition of Property, plant and equipments are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the statement of profit and loss when the asset is derecognised.

ii. 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.

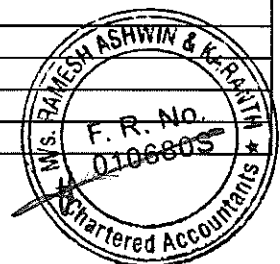
e) Depreciation and Amortization

Depreciation on Property, plant and equipments 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 and equipments:

Sl. No	Asset	Useful Life (In Years)
1.	Furniture & Fixtures	10
2.	Computer & Peripherals	3
3.	Office Equipments	5
4.	Electrical Equipments	10
5.	UPS	10
6.	Motor Bikes	10
7.	Motor Car	8
8.	Safe Locker	10

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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.

f) Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried at the lower of cost and fair market value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

g) Employee Retirement 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 Projected Unit Credit (PUC) actuarial method, with actuarial valuations being carried out at balance sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets.

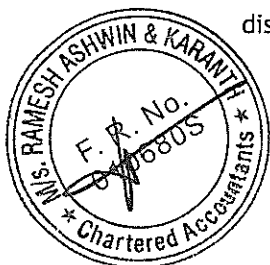
h) Leases

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.

i) 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.



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j) Taxes on Income

Tax expense comprises of current and deferred tax.

Current income tax is measured after taking into consideration benefits/disallowances admissible under the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on unabsorbed depreciation and carried forward business losses, are recognized only if there is virtual certainty that they will be realized and are reviewed every year. The tax effect is calculated on the accumulated timing differences at the end of the period based on enacted or substantially enacted tax rates.

k) 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 not 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.

l) Segment reporting

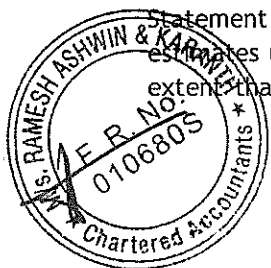
The company does not have a distinguishable and reportable business or geographical segment. As such disclosure requirements stated in Accountant Standard -17(Segment reporting) are not applicable to the company.

m) Earnings per Share

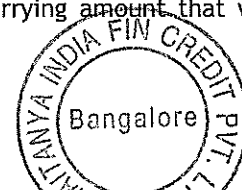
Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including 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.

n) 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



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been determined net of depreciation or amortization, as if no impairment loss had been recognised.

(II) NOTES ON ACCOUNTS:

a) Contingent Liabilities

i) Relating to Securitisation/Buyout Payments:-

Particulars	31 March 2018 (Rs.)	31 March 2017 (Rs.)
Shortfall in Payment to the buyers in case of Securitisation Transactions to the extent of Cash Margin	NIL	2,07,77,207

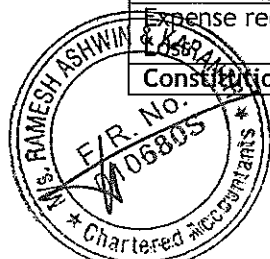
ii) Claims against the Company not acknowledged as Debts

Particulars	31 March 2018 (Rs.)	31 March 2017 (Rs.)
Income tax demands	82,49,240	Nil

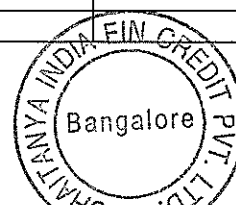
b) Disclosure regarding Defined Benefit Plans

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

Particulars	31 March 2018 (Rs.)	31 March 2017 (Rs.)
Change in present value of obligation		
Present value of obligation as at the beginning of the year	66,76,433	36,57,061
Current service cost	29,11,336	27,07,467
Interest cost	4,73,296	2,92,565
Plan Amendments	57,339	-
Amalgamations (Transfers or acquisitions)	(4,23,917)	-
Actuarial (gain) / loss	18,33,111	19,340
Benefits paid	(4,38,934)	-
Present value of obligation as at the end of the year	110,88,664	66,76,433
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	110,88,664	66,76,433
Expense recognized in the Statement of Profit and Loss		
Current service cost	29,11,336	27,07,467
Interest cost	4,73,296	2,92,565
Past Service Cost - vested benefits	57,339	-
Actuarial (gain) / loss	18,33,111	19,340
Expense recognized in the Statement of Profit and Loss	52,75,082	30,19,372
Composition of plan assets		



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

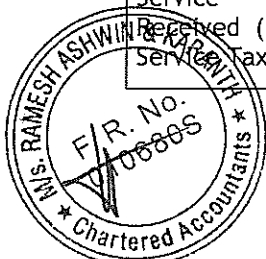
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Present value of obligation at the end	110,88,664	66,76,433
Fair value of plan assets at the end	-	-
Net liability recognized in Balance Sheet	110,88,664	66,76,433
Experience adjustment on plan liabilities (loss) / gain	9,64,674	(5,42,969)
Experience adjustment on plan assets (loss) / gain	-	-

NOTE:

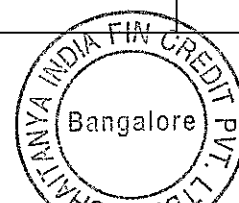
(a) Provision amounting to Rs. 4,23,917 has been transferred from Chaitanya India Fin Credit Pvt Ltd to Chaitanya Rural Intermediation Development Pvt Ltd as the equivalent concerned number of employees have been moved from the payroll of subsidiary company to the holding company

- c) The Balances of Trade payables, Other payables, Long Term / Short Term Loans & Advances towards financing activities, Long Term Loans & Advances and Other Current assets are subject to confirmation.
- d) Provisions for all known liabilities are adequate in the opinion of the Management.
- e) The Company has written off Bad debts to the tune of Rs 2,91,011/- as the company feels that the chances of recovery of the said advances are remote.
- f) **Related Party Disclosures**

Nature of Transaction	Related Party	Relationship	For the Year Ended 31st March 2018	For the Year Ended 31st March 2017
			Rs.	Rs.
Remuneration to Key Managerial Personnel	Mr. Anand Rao	Jt. Managing Director	37,37,400	33,63,000
	Mr. Samit Shankar Shetty	Managing Director	37,38,000	33,63,000
	Mr. Srinivasan C V	CFO	24,20,621	22,80,000
	Ms. Dimple Shah	CS	6,79,600	5,59,612
	Total		1,05,75,621	95,65,612
Director's Sitting Fees	Mr. K S Ravi	Director	1,55,000	1,12,500
	Mr. R Nanda Kumar	Director	1,70,000	1,12,500
	Mr. Ramesh Sundaresan	Nominee Director	1,10,000	90,000
	Total		4,35,000	3,15,000
Face Value of Equity Shares allotted	Chaitanya Rural Intermediation Development Services Pvt. Ltd.	Holding Company	3,43,98,510	5,50,96,410
Securities Premium Received	Chaitanya Rural Intermediation Development Services Pvt. Ltd.	Holding Company	6,56,01,457	14,49,03,558
Sale of Loan Portfolio	Chaitanya Rural Intermediation Development Services Pvt. Ltd.	Holding Company	9,50,00,201	25,27,76,569
Service Fee Received (Excluding Service Tax / GST)	Chaitanya Rural Intermediation Development Services Pvt. Ltd.	Holding Company	2,23,88,152	61,82,539



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g) Auditors Remuneration

Sl. No	PARTICULARS	2017-2018	2016-2017
1	STATUTORY AUDIT FEES	1,40,000	1,35,000
2	TAX AUDIT FEES	40,000	40,000
3	GST / SERVICE TAX	32,400	26,250

h) During the year company has auctioned the gold & 2 Wheelers in case of defaults in repayment of gold loans & 2 Wheeler Loans. The details of such auction conducted during the year are as follows.

Particulars	2017-2018		2016-2017	
	Number of Cases	Auction Proceeds	Number of Cases	Auction Proceeds
Gold	109	26,10,200/-	167	49,17,200/-
2 Wheeler	99	25,19,881/-	36	11,86,401/-

i) The company has Qualifying assets of Rs. 311,89,69,952/- the qualifying assets is as defined in RBI Master Direction RBI/DNBR/2016-17/44 DNBR.PD.007/03.10.119/2016-17, Dated 1st September 2016 the percentage of qualifying assets to total assets is 95.10%.

j) Capital Adequacy Ratio

Capital Adequacy Ratio		
Particulars	As at 31st March 2018 (Rs.)	As at 31st March 2017 (Rs.)
Tier I Capital	42,96,97,914	43,17,41,782
Tier II Capital	18,64,87,208	22,82,66,919
Total Capital	61,61,85,122	66,00,08,701
Total Risk Assets	323,84,60,949	225,01,44,003
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	13.27%	19.19%
Tier II Capital as a percentage of Total Risk Assets (%)	5.76%	10.14%
Total Capital (%)	19.03%	29.33%

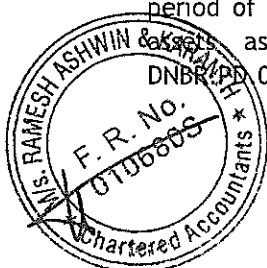
k) Disclosure as required under RBI Circular No. RBI Master Direction RBI/DNBR/2016-17/44 DNBR.PD.007/03.10.119/2016-17, Dated 1st September 2016:

Margin Cap of the Company as on 31 March 2018 is 9.58%. This has been computed as suggested by MFIN in their representation to the RBI Master Direction RBI/DNBR/2016-17/44 DNBR.PD.007/03.10.119/2016-17, Dated 1st September 2016.

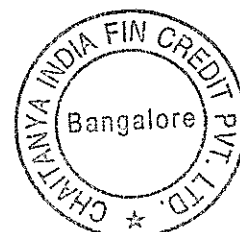
l) Asset classification & Provisioning

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 installment 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 as per the RBI Circular No. RBI Master Direction RBI/DNBR/2016-17/44 DNBR.PD.007/03.10.119/2016-17, Dated 1st September 2016.



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Classification of Assets	As at 31st March 2018	As at 31st March 2017
Standard Assets	295,63,92,226	202,70,42,306
Sub-standard Assets		
Secured Loans	23,53,429	60,14,040
Unsecured Loans	16,65,08,217	9,74,67,239
Total Sub- Standard Assets	16,88,61,646	10,34,81,279
Staff Loans	39,31,100	18,57,760
Total	312,91,84,972	213,23,81,345

2. Provisioning Norms for Loans - As Per RBI Guidelines [RBI Master Direction RBI/DNBR/2016-17/44 DNBR.PD.007/03.10.119/2016-17, Dated 1st September 2016]

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.

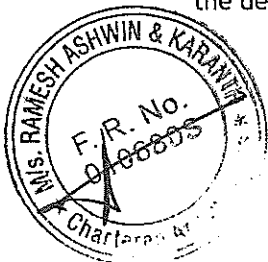
Provision for Assets	As at 31 st March 2018	As at 31 st March 2017
1% of Aggregate Loan Portfolio (A)	3,12,91,850	2,13,23,813
50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days	33,56,767	2,03,56,229
100% of the aggregate loan installments which are overdue for 180 days or more	14,89,21,365	38,98,302
Total Provision on Sub-Standard Assets (B)	15,22,78,132	2,42,54,531
Higher of (A) & (B)	15,22,78,132	2,42,54,531
Less: Provision at the Beginning of the Period	3,42,54,531	(1,88,00,491)
Provision for the year	11,80,23,601	54,54,040
Additional Provision made		1,00,00,000
Total Provision for the year	11,80,23,601	1,54,54,040

m) Statutory Reserve:

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. However the company has suffered a loss during the financial year 2017-18. As such it is not required to transfer any amount to statutory reserve. In the previous financial year, the Company had transferred an amount of Rs. 24,50,930/-, out of the net profit after tax for the year ended 31st March 2017 to Statutory Reserve.

n) Securitization of Assets

As per the RBI Guidelines on Securitization on Standard Assets issued on 6 February 2006, the details of Assets De-recognised by way of securitisation are as under:



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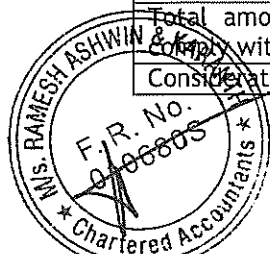
Particulars	For the Year Ended 31st March 2018 (Rs.)	For the Year Ended 31st March 2017 (Rs.)
Total Number of Loan Assets Securitized during the Year	25,004	31,786
Book Value of Loans Assets Securitized during the Year	30,70,38,761	56,94,35,455
Micro Finance Loans Subordinated as Credit Enhancements for Assets De-Recognised	-	-
Sale Consideration Received during the Year	32,02,89,324	54,09,63,683
Quantum of Credit Enhancement provided during the Year in the form of Deposits (including Accrued Interest)	2,70,25,584	3,48,17,139
Un-amortized Income as at year end	63,05,822	-
Interest spread Recognised in the Statement of Profit and Loss during the Year	-	14,14,340

o) Disclosures Pursuant to Reserve Bank of India Guidelines on Securitization Transactions
RBI Master Direction RBI/DNBR/2016-17/44 DNBR.PD.007/03.10.119/2016-17, Dated 1st September 2016

Sl.No.	Particulars	As at 31 March 2018	As at 31 March 2017
1	No of special purpose vehicle's (SPV's) sponsored by the NBFC for securitization transactions (Nos.)	2	4
2	Total amount of securitized assets as per books of the SPVs sponsored by the NBFC	30,70,38,761	56,94,35,455
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)	2,70,25,584	3,48,17,139
	- Others (MRR)	-	2,84,71,772
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		

p) Disclosure for Buy-out Transactions

Particulars	For the Year Ended 31st March 2018 (Rs.)	For the Year Ended 31st March 2017 (Rs.)
No. of Buy-out Transactions during the year	6	7
Total Number of Loan Assets buy-out during the Year	27,236	19,414
Loans Assets buy-out during the Year	36,06,31,591	37,47,01,788
Total amount of exposures retained by the NBFC to comply with Minimum Retention Ration (MRR)	1,80,49,052	2,27,13,807
Consideration Received during the Year	34,25,82,539	35,19,87,981



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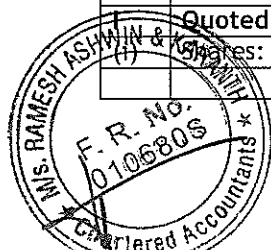
q) Disclosure Pursuant to paragraph 13 of Non- Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007):

	Particulars	As on 31 March 2018		As on 31 March 2017	
		Amount Outstanding in Rs.	Amount Overdue in Rs.	Amount Outstanding in Rs.	Amount Overdue in Rs.
	Liabilities:				
1	Loans and Advances availed by the NBFC inclusive of interest accrued there on but not paid:				
(a)	Debentures				
	- Secured	78,43,00,000	-	21,68,00,000	-
	- Unsecured	-	-	-	-
	(other than falling within the meaning of public deposits)				
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans				
	- Secured	175,96,43,120	-	186,97,95,854	-
	- Unsecured	6,24,99,997	-	7,91,66,665	-
(d)	Inter- Corporate Loans and Borrowings	-	-	-	-
(e)	Commercial Paper	-	-	-	-
(f)	Cash Credits	-	-	-	-
(g)	Sub Debt	25,00,00,000	-	25,00,00,000	-

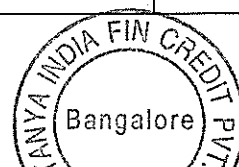
	Particulars	Amount outstanding as at 31 March 2018 (Rs.)	Amount outstanding as at 31 March 2017 (Rs.)
	Assets:		
2	Break -up of loans and Advances including Bills Receivables [Other than those included in (3) below]:		
(a)	Secured	57,99,736	1,28,82,954
(b)	Unsecured	3,11,94,54,136	211,76,40,631

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 31 March 2018 (Rs.)	Amount outstanding as at 31 March 2017 (Rs.)
4	Break-up of Investments		
	Current Investments		
	Quoted:		
	(a) Equity	-	-
	(b) Preference	-	-



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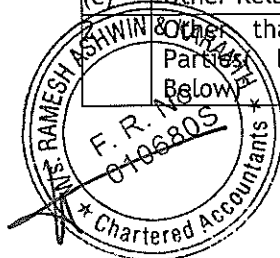


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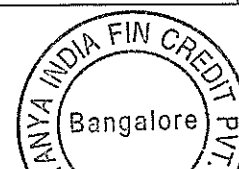
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Other(Please specify)		
II	Unquoted:		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Other(Please specify)	-	-
	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 31 March 2018 Amount in Rs.		As at 31 March 2017 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	57,99,736	3,11,94,54,136	1,28,82,954	211,76,40,631
	Total	57,99,736	3,11,94,54,136	1,28,82,954	211,76,40,631

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 31 March 2018	Book Value as on 31 March 2018	Market Value/ Break-up value or Fair value or Net Asset Value (Company's Share) as on 31 March 2017	Book Value as on 31 March 2017
1	Related Parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same Group	-	-	-	-
	(c) Other Related Parties	-	-	-	-
	Other than Related Parties Refer Note Below	-	-	-	-



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Total	-	-	-	-
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7	Other Information				
	Category	As at 31 March 2018		As at 31 March 2017	
		Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i)	Gross Non-Performing Assets	-	16,88,61,646	-	4,46,10,760
(ii)	Net Non-Performing Assets	-	1,65,83,514	-	2,03,56,229
(iii)	Assets Acquired in Satisfaction of Debt	-	-	-	-

r) Expenditure incurred in Foreign Currency (On Accrual basis):

Particulars	For the year ended 31 st March 2018 (Rs.)	For the year ended 31 st March 2017 (Rs.)
Web hosting charges	2,03,140	6,66,116
Processing Fees Paid	36,66,667	20,84,400

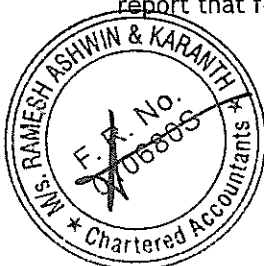
s) Payable to Micro & Small Enterprises

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:

Sl. No	Particulars	As at 31 March 2018 (Rs.)	As at 31 March 2017 (Rs.)
1	The principal amount remaining unpaid to any supplier as at the end of the year	-	-
2	The interest due on the principal remaining outstanding as at the end of the year	-	-
3	The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year	-	-
4	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 year) but without adding the interest specified under the Act	-	-
5	The amount of interest accrued and remaining unpaid at the end of the year	-	-
6	The amount of further interest remaining due and payable even in the succeeding 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	-	-

t) Details of Fraud 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 year:



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Category	For the year ended 31 st March 2018		For the year ended 31 st March 2017	
	No Of Instances	Amount Rs.	No Of Instances	Amount Rs.
Embezzlement of Cash	02	3,00,751	02	4,79,842

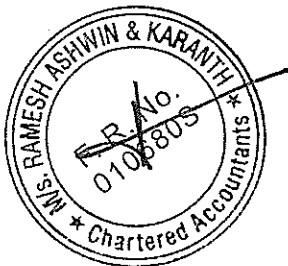
Note: Out of the above an amount nothing has been recovered by the company.

u) Disclosures of Transactions Pursuant to clause 28 of the Debt Listing Agreement with BSE Limited

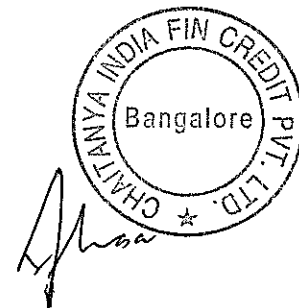
Sl. No	Loans and Advances in the nature of Loans	As at 31 March 2018		As at 31 March 2017	
		Amount Outstanding	Maximum Amount Outstanding during the year	Amount Outstanding	Maximum Amount Outstanding during the year
1	From Holding Company:				
	- Chaitanya Rural Intermediation Development Services Private Limited	-	-	-	-
2	To Fellow Subsidiaries				
3	To Associates				
	-No Associate during the Current 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	-	-	-	-

v) Figures have been rounded off to nearest rupee wherever necessary.

w) Previous year figures have been regrouped wherever necessary.



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Notes Forming Part Of Balance Sheet

SHARE CAPITAL

Particulars	(Amount in Rupees)	
	As at March 31, 2018	As at March 31, 2017
Authorized capital	25,00,00,000	25,00,00,000
2,50,00,000 equity shares of Rs.10 each (Previous Year 2,50,00,000 equity shares of Rs. 10 each)		
Issued, subscribed and paid up capital		
217,31,418 equity shares of Rs. 10 each fully paid-up (Previous Year 182,91,567 equity shares of Rs. 10 each)	21,73,14,180	18,29,15,670
	21,73,14,180	18,29,15,670

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

Particulars	Financial year 2017-18	Financial year 2017-18	Financial year 2016-17	Financial year 2016-17
	(Units in Nos.)	(Amount in rupees)	(Units in Nos.)	(Amount in rupees)
Number of shares outstanding as at the beginning of the financial year (April 01)	1,82,91,567	18,29,15,670	1,27,81,926	12,78,19,260
Add: Increase in number of shares during the year				
- Fresh issue of shares	34,39,851	3,43,98,510	55,09,641	5,50,96,410
	2,17,31,418	21,73,14,180	1,82,91,567	18,29,15,670
Less: Reduction in number of shares during the year				
- Redemption of shares	-	-	-	-
- Forfeiture of shares	-	-	-	-
Number of shares outstanding as at the Close of the financial year (March 31)	2,17,31,418	21,73,14,180	1,82,91,567	18,29,15,670

Disclosures to made:

3.2 The Company has only one class of equity share having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

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.

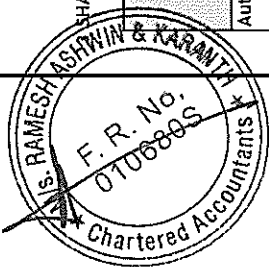
3.3 Details of Shares held by Holding Company

Particulars	As at 31 March 2018		As at 31 March 2017	
	No. of Shares held	Amount in Rupees	No. of Shares held	Amount in Rupees
Chaitanya Rural Intermediation Development Services Private Limited	2,17,31,417	21,73,14,170	1,82,91,566	18,29,15,660

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

Name of Shareholder	As at 31 March 2018		As at 31 March 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Chaitanya Rural Intermediation Development Services Private Limited	2,17,31,417	100.00	1,82,91,566	100.00

3.5 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.



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CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED
#145, 2nd Floor, NR Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bangalore - 560018

Notes Forming Part Of Balance Sheet

4 RESERVES AND SURPLUS

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Securities Premium Account		
Opening Balance	23,27,96,970	8,78,93,408
Add : Securities premium credited on Share issue	6,56,01,457	14,49,03,562
Closing Balance	29,83,98,427	23,27,96,970
(b) Statutory Reserve		
Opening Balance	1,14,19,250	89,68,320
Add : Current Year Transfer	-	24,50,930
Closing Balance	1,14,19,250	1,14,19,250
(c) Surplus		
Opening balance	4,41,55,019	3,43,51,298
Add : Net Profit/(Net Loss) For the current year	(8,00,37,417)	1,22,54,651
Add : Transfer from Reserves	-	-
Less: Proposed Dividends	-	-
Less: Interim Dividends	-	-
Less: Asset Adjustment on Account of Companies Act, 2013	-	-
Less: Transfer to Reserves	-	24,50,930
Closing Balance	(3,58,82,398)	4,41,55,019
Total	27,39,35,280	28,83,71,239

5 LONG TERM BORROWINGS

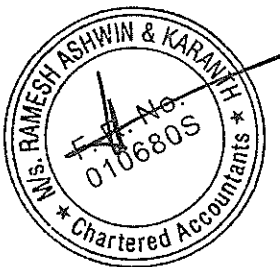
(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
Long Term Borrowings		
<u>Secured</u>		
(a) Term loans		
From Banks [Refer sub-note A-i]	32,78,18,025	22,34,58,523
From Financial Institutions [Refer sub-note A-ii]	40,79,22,394	50,25,56,642
	73,57,40,419	72,60,15,165
(b) NCDs		
[Refer sub-note B]	78,43,00,000	20,43,00,000
	78,43,00,000	20,43,00,000
<u>Unsecured</u>		
(a) Sub-Debts		
[Refer sub-note C]	25,00,00,000	25,00,00,000
	25,00,00,000	25,00,00,000
(c) Unsecured Loan		
[Refer sub-note D]	5,00,00,000	6,24,99,997
	5,00,00,000	6,24,99,997
Total	1,82,00,40,419	1,24,28,15,162

6 LONG TERM PROVISIONS

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
Long Term Provisions		
Provision for receivables under financing activity - Long Term	-	13,69,689
Total	-	13,69,689



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7 TRADE PAYABLES

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
Sundry Creditors		
Dues to MSMED's	-	-
Dues to others	9,67,60,347	5,60,29,927
Total	9,67,60,347	5,60,29,927

8 OTHER CURRENT LIABILITIES

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Current maturities of Secured long-term borrowings [Refer sub-note A-i & ii]	1,02,39,02,701	1,14,37,80,689
(b) Current maturities of NCDs [Refer sub-note B]	-	1,25,00,000
(c) Current maturities of Unsecured long-term borrowings [Refer sub-note D]	1,24,99,997	1,66,66,668
(d) Insurance Payable	85,89,712	35,41,782
(e) Other payables	87,66,888	57,04,277
(f) Cash Profit on Loan Transfer Transactions Pending Recognition	63,05,822	9,57,298
Total	1,06,00,65,120	1,18,31,50,714

9 SHORT TERM PROVISIONS

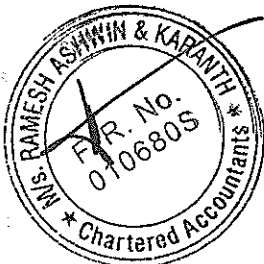
(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Provision for Employee Benefit	1,56,60,927	20,89,347
(b) Provision for Gratuity	1,10,88,664	66,76,433
(c) Provision for Payment to Auditor	1,89,736	1,83,750
(d) Provision for Expenses	25,01,196	20,92,471
(e) Provision for Receivables under Financing Activity-Short Term	15,22,78,132	3,28,84,842
(f) Provision for Interest Accrued but not due on Loans	2,69,51,762	1,51,89,573
Total	20,86,70,417	5,91,16,415

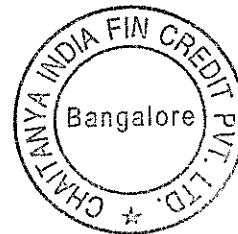
12 DEFERRED TAX ASSET

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Opening balance as at the beginning of the year (April 01)		
- Depreciation on tangible fixed assets	9,07,354	4,33,887
- on Preliminary expenses	-	-
- on Asset Provisioning	1,13,25,576	62,16,006
- on Gratuity Provision	22,07,429	12,09,134
-Un absorbed loss as per Income Tax Act	-	-
	1,44,40,359	78,59,027
(b) Adjustments during the financial year		
- Depreciation on tangible fixed assets	11,05,063	4,73,467
- on Preliminary expenses	-	-
- on Asset Provisioning	2,98,23,849	51,09,570
- on Gratuity Provision	8,47,775	9,98,295
-Un absorbed loss as per Income Tax Act	-	-
	3,17,76,687	65,81,332
(c) Closing balance as at the end of the year (March 31)		
- Depreciation on tangible fixed assets	20,12,417	9,07,354
- on Preliminary expenses	-	-
- on Asset Provisioning	4,11,49,425	1,13,25,576
- on Gratuity Provision	30,55,204	22,07,429
-Un absorbed loss as per Income Tax Act	-	-
Total	4,62,17,046	1,44,40,359



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13A LONG TERM LOANS AND ADVANCES

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Security deposits - Unsecured, considered good		
Rental deposits	51,37,030	44,33,988
Other deposits	69,327	47,139
	52,06,357	44,81,127
(b) Other Loans and Advances		
Loans to employees - Unsecured, considered good	39,31,100	18,57,760
Total	91,37,457	63,38,887

13B LOANS AND ADVANCES TOWARDS FINANCING ACTIVITIES - LONG TERM

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
Receivable under Financing Activities		
(a) Secured and Considered Good - Long term	29,89,974	83,97,373
<i>[Assets Derecognized on account of securitization & Buy-out of receivables is Rs. 2,34,24,698/- (P.Y. - Rs. 4,52,92,464 /-)]</i>		
(b) Unsecured and Considered Good - Long term	16,00,84,360	12,79,37,302
<i>[Assets Derecognized on account of securitization & Buy-out of receivables is Rs. 1,11,29,704/- (P.Y. - Rs. 58,68,452/-)]</i>		
Total	16,30,74,334	13,63,34,675

14 OTHER NON-CURRENT ASSETS:

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
Others bank balances		
Fixed Deposit Bank		
Maturity more than 12 months - Banks	-	-
Cash Collateral		
Cash Collateral with maturity more than 12 months (TL) - Banks	7,43,06,096	8,15,04,175
Cash Collateral with maturity more than 12 months (TL) - FI s	-	1,06,73,643
Cash Collateral with maturity more than 12 months (Securitisation) - Banks	2,70,25,584	-
Total	10,13,31,680	9,21,77,818

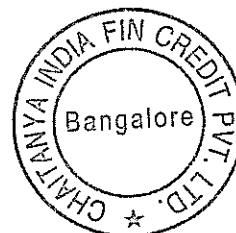
15 CASH AND CASH EQUIVALENTS

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Cash on hand	16,59,719	22,93,426
(b) Balances with banks		
In Current Account	21,01,60,627	36,62,59,406
Fixed Deposit Bank		
Maturity less than 12 months	2,50,00,000	20,00,00,000
Cash Collateral		
Cash Collateral with maturity less than 12 months (TL) - Banks	4,75,59,389	4,92,14,362
Cash Collateral with maturity less than 12 months (TL) - FI s	1,13,93,643	53,62,270
Cash Collateral with maturity less than 12 months (Securitisation)	-	4,34,66,163
	29,41,13,659	66,43,02,201
Total	29,57,73,378	66,65,95,626



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16 LOANS AND ADVANCES TOWARDS FINANCING ACTIVITIES - SHORT TERM

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
Receivable under Financing Activities		
(c) Secured and Considered Good <i>[Assets Derecognized on account of securitization & Buy-out of receivables is Rs. 3,52,27,474 /- (P.Y. Rs. 8,75,22,183 /-)]</i>	28,09,762	44,85,581
(d) Unsecured and Considered Good <i>[Assets Derecognized on account of securitization & Buy out of receivables is Rs. 38,90,92,192/- (P.Y. Rs. 17,90,26,162/-)]</i>	2,95,93,69,776	1,98,97,03,329
Total	2,96,21,79,538	1,99,41,88,910

17 OTHER SHORT TERM LOANS & ADVANCES

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
Prepaid expenses	8,93,869	14,37,120
Interest Accrued on Loan Portfolio	1,04,12,960	1,21,57,661
Total	1,13,06,829	1,35,94,781

18 OTHER CURRENT ASSETS

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
Advances to Others	14,02,727	12,27,703
Advance to Staffs	6,43,546	12,17,476
Advance EMI	83,33,334	83,33,334
Receivable from CRIDS	1,84,28,462	6,82,879
CENVAT Credit	-	7,08,522
Insurance Claim Receivable	77,67,868	85,29,632
IT Refund Receivable	8,26,112	8,26,112
Other Receivables	12,23,309	1,65,108
TDS Asset	13,21,405	-
Tax paid under dispute	16,50,848	-
Retention Money on Buyout Transaction	2,46,07,053	4,53,21,539
Total	6,62,04,664	6,70,12,305



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CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED
#145, 2nd Floor, NR Square, 1st Main Road, Sirsi Circle, Chamrajpet, Bangalore - 560018

Notes Forming Part Of Statement of Profit & Loss

19 REVENUE FROM OPERATIONS

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
Interest Received from Customers	64,67,46,180	55,26,43,638
Loan Processing Fees	5,32,56,128	4,45,07,199
Securitization Income	1,43,53,437	2,27,26,141
Business Correspondance Income	3,68,206	-
Total	71,47,23,951	61,98,76,977

20 OTHER INCOME

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
<u>Interest income</u>		
On Bank Deposits	1,45,71,735	1,36,47,307
<u>Dividend income</u>		
On Current Investments	-	-
Short Term Capital gain on Mutual Fund	1,04,74,300	1,21,80,366
Loan Processing Fees on employee loan	37,600	22,129
Interest on employee loan	3,88,951	2,23,781
Service Fees Received on Business Correspondance	2,23,88,152	71,09,920
Service Fees Received on Securitisation	1,00,000	22,99,000
Profit on Sale of Assets	34,253	(21,937)
Bad Debt Recovered	1,75,718	2,775
Subsidy - PF employer Contribution	8,94,229	-
Other Income	98,074	4,27,456
Total	4,91,63,012	3,58,90,798

21 FINANCE COSTS

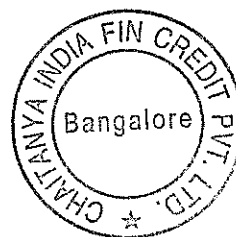
(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
<u>Interest expense</u>		
On Term Loans	24,10,60,346	28,42,12,882
On NCDs	11,02,19,278	2,75,15,407
Bank charges	21,92,441	16,51,249
Loan Processing Expenses	1,07,40,368	2,26,49,561
NCD Expenses	1,00,48,955	95,51,194
Total	37,42,61,388	34,55,80,292

22 EMPLOYEE BENEFIT EXPENSES

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
Salary, Wages, Allowances & other Benefits	22,18,28,581	15,12,84,632
Contributions to P.F., ESI & Others	2,18,30,547	1,35,93,088
Gratuity Expenses	52,75,082	30,64,718
Staff welfare expenses	40,36,690	68,42,043
Total	25,29,70,900	17,47,84,481



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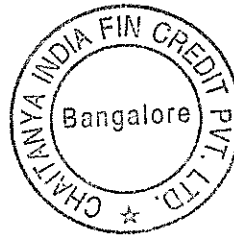
23 OTHER EXPENSES

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
Conveyance Expenses	4,28,69,272	2,75,56,412
Rent	1,35,00,952	95,54,693
Printing, Books & Other Stationary	77,81,688	73,52,091
Vehicle Running & Maintenance	67,70,567	42,28,729
Telephone & Internet Charges	95,28,080	67,76,436
Professional Charges	54,49,316	68,05,373
Tour & Travelling Expenses	47,20,255	34,89,801
Meeting & Training Expenses	49,40,311	53,48,827
Rent Paid For Server Hosting	36,11,566	29,51,407
Remuneration to Statutory Auditors	1,80,000	1,91,125
Remuneration to Internal Auditors	1,20,000	3,66,281
Business Promotion Expenses	7,69,393	3,99,170
Service Tax Paid	3,00,423	74,11,489
GST Expense	33,11,905	-
Membership Fee & Subscription	11,11,942	17,41,315
Electricity Charges	19,40,643	13,20,643
Postage & Courier Charges	5,10,139	5,36,265
Director's Sitting Fees	4,35,000	3,50,000
Repairs & Maintenance [General]	2,38,039	1,60,985
Repairs & Maintenance of Computers	1,88,002	92,562
Water Charges	13,39,727	8,69,739
Insurance Charges	4,00,637	2,51,106
Office & General Expenses	25,04,951	19,21,737
Brokerage for Office	20,900	19,900
Rates & Taxes	7,65,774	13,93,257
Recruitment Expenses	10,19,881	4,79,487
Auction Related Expenses	48,473	1,38,260
Cash loss	3,00,751	85,437
Assets Written Off	20,144	1,32,385
Total	11,46,98,731	9,19,24,913



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Notes Forming Part Of Balance Sheet

(Amount in Rupees)

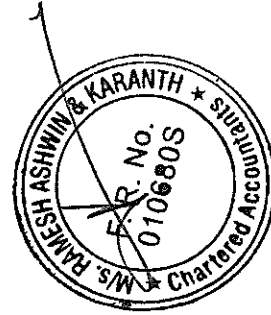
FIXED ASSETS

10 TANGIBLE ASSETS (PROPERTY, PLANT & EQUIPMENT)

Particulars	Gross Block				Accumulated Depreciation			Net Block		Amount of assets which are charged to Banks / Financial Institutions	Amount of loan outstanding
	As at April 1, 2017	Addition during the year	Disposals during the year	Write off	Balance as at March 31, 2018	For the year	Adjustment during the year	Balance as at March 31, 2018	As at March 31, 2018		
Computers & Computer Equipments	1,56,96,907	46,31,030	-	1,28,081	2,01,99,856	1,06,57,209	49,94,266	1,55,37,852	46,62,004	50,39,698	-
Furniture and fixtures	99,43,099	16,48,669	-	23,989	1,15,68,779	41,18,215	17,54,932	58,55,845	57,12,934	58,24,884	-
Motor Car	98,00,445	27,78,446	2,69,425	-	1,23,09,466	47,62,102	19,83,945	64,97,262	58,12,204	50,38,343	11,51,676
Motor Bike	1,99,241	-	-	-	1,99,241	1,11,144	22,886	1,34,030	65,211	88,097	-
UPS	26,12,027	6,12,867	37,259	-	31,87,635	9,93,725	5,18,449	14,89,143	16,98,492	16,18,302	-
Office equipments	6,43,235	1,51,274	-	-	7,94,509	4,78,383	1,33,489	6,11,872	1,82,637	1,64,852	-
Godrej Safe	37,22,657	-	-	-	37,22,657	3,45,945	8,77,194	12,23,139	24,99,518	33,76,712	-
Electrical Equipments	-	-	-	-	-	-	-	-	-	-	-
Total	4,26,17,611	98,22,285	3,06,684	1,51,070	5,19,82,142	2,14,66,723	1,02,85,162	3,13,49,143	2,06,32,999	2,11,50,888	13,98,000
Previous period (2016-17)	2,71,14,973	1,62,63,652	7,61,014	-	4,26,17,611	1,31,56,762	88,54,153	2,14,66,723	2,11,50,888	1,39,58,211	-

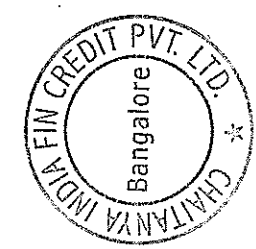
11 INTANGIBLE ASSETS

Particulars	Gross Block				Accumulated Depreciation			Net Block		Amount of assets which are charged to Banks / Financial Institutions	Amount of loan outstanding
	As at April 1, 2017	Addition during the year	Disposals during the year	Write off	Balance as at March 31, 2018	For the year	Adjustment during the year	Balance as at March 31, 2018	As at March 31, 2018		
Computer software	47,40,222	47,481	-	-	47,87,703	28,05,656	10,54,209	38,59,865	9,27,838	19,34,566	-
Total	47,40,222	47,481	-	-	47,87,703	28,05,656	10,54,209	38,59,865	9,27,838	19,34,566	-
Previous period (2016-17)	38,84,432	8,55,790	-	-	47,40,222	19,43,919	8,62,137	28,05,656	19,34,566	19,40,913	-



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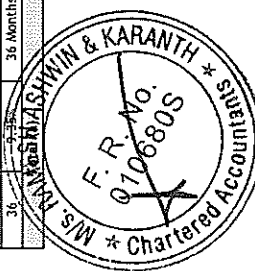
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Subnote Forming Part Of Balance Sheet

A. Long Term Borrowings & Current Maturities Of Long-Term Borrowings

Sl. No.	Rate of Interest	Original Loan Tenure	No. of Installments O/s as on 31.03.2018	Facility Availed	Long Term Borrowings			Current Maturities of Long Term Borrowings		Securities Offered
					31.03.2018	31.03.2017	31.03.2018	31.03.2017		
1	12.5%	33 Months	0	Term Loan	-	-	-	-	3,07,06,523	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
2	12.5%	30 Months	21	Term Loan	5,80,33,469	56,99,996	6,40,00,000	6,40,00,000	38,00,004	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
3	13.0%	18 Months	0	Term Loan	-	-	-	-	1,84,66,674	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
4	12.4%	36 Months	11	Term Loan	-	1,92,95,942	1,44,39,381	1,44,39,381	1,72,22,066	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
5	14.0%	30 Months	0	Term Loan	-	-	-	-	54,30,000	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
6	13.7%	30 Months	6	Term Loan	-	54,57,000	55,28,388	55,28,388	1,09,08,000	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
7	12.0%	48 Months	0	Vehicle Loan	-	-	-	-	61,729	Motor Car Hypothecated to Bank
8	12.5%	36 Months	25	Term Loan	2,00,95,879	-	1,81,92,000	1,81,92,000	-	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
9	13.5%	18 Months	1	Term Loan	-	1,42,85,714	1,42,85,714	1,42,85,714	5,71,42,537	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
10	10.6%	24 Months	8	Term Loan	5,00,00,000	-	5,00,00,000	5,00,00,000	-	Cash Collateral, Book Debts Assigned
11	12.5%	24 Months	0	Term Loan	-	-	-	-	53,12,500	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned, Corporate Guarantee of Chaitanya Rural Intermediation Development Services Pvt Ltd
12	12.4%	36 Months	4	Term Loan	-	1,66,66,664	1,66,66,666	1,66,66,666	1,69,04,676	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
13	14.0%	30 Months	0	Term Loan	-	-	-	-	17,31,979	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
14	13.6%	30 Months	11	Term Loan	-	1,20,00,439	1,31,76,392	1,31,76,392	1,23,11,920	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
15	12.7%	36 Months	0	Term Loan	-	-	-	-	98,27,623	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
16	13.5%	36 Months	0	Term Loan	-	-	-	-	1,83,62,039	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned, Corporate Guarantee of Chaitanya Rural Intermediation Development Services Pvt Ltd
17	13.7%	36 Months	2	Term Loan	-	14,93,785	15,46,785	15,46,785	1,91,69,822	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned, Corporate Guarantee of Chaitanya Rural Intermediation Development Services Pvt Ltd
18	10.5%	36 Months	0	Re-finance	-	-	-	-	3,40,77,806	Personal Guarantees of Promoter Directors, Book Debts Assigned
19	10.5%	36 Months	1	Re-finance	-	1,66,63,998	1,66,66,665	1,66,66,665	3,33,33,334	Personal Guarantees of Promoter Directors, Book Debts Assigned
20	11.7%	60 Months	0	Vehicle Loan	-	-	-	-	32,232	Motor Car Hypothecated to Bank
21	11.7%	60 Months	0	Vehicle Loan	-	-	-	-	32,232	Motor Car Hypothecated to Bank
22	15.7%	60 Months	0	Hypothecation Loan	-	-	-	-	82,541	Motor Car Hypothecated to Bank
23	12.5%	22 Months	6	Term Loan	-	1,50,00,000	1,50,00,000	1,50,00,000	3,00,00,000	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
24	13.0%	24 Months	0	Term Loan	-	-	-	-	2,31,73,402	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
25	12.5%	78 Months	19	Term Loan	1,23,07,696	1,53,84,620	32,33,957	32,33,957	32,71,541	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
26	13.7%	36 Months	7	Term Loan	-	77,94,874	60,68,596	60,68,596	1,02,01,990	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
27	9.3%	60 Months	0	Vehicle Loan	-	3,78,155	-	-	84,880	Motor Car Hypothecated to Bank
28	13.0%	30 Months	18	Term Loan	2,00,08,000	6,00,04,000	3,99,96,000	3,99,96,000	4,07,79,582	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
29	13.5%	30 Months	6	Term Loan	1,11,11,115	3,33,33,335	2,22,22,220	2,22,22,220	1,72,39,953	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
30	12.0%	36 Months	9	Term Loan	15,55,55,558	-	9,44,44,442	9,44,44,442	-	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
31	9.3%	36 Months	29	Term Loan	1,17,718	-	74,228	74,228	-	Motor Car Hypothecated to Bank
32	9.3%	36 Months	29	Term Loan	1,17,718	-	74,228	74,228	-	Motor Car Hypothecated to Bank
33	9.3%	36 Months	29	Term Loan	1,17,718	-	74,228	74,228	-	Motor Car Hypothecated to Bank
34	9.3%	36 Months	29	Term Loan	1,17,718	-	74,228	74,228	-	Motor Car Hypothecated to Bank
35	9.3%	36 Months	29	Term Loan	1,17,718	-	74,228	74,228	-	Motor Car Hypothecated to Bank
36	9.3%	36 Months	29	Term Loan	1,17,718	-	74,228	74,228	-	Motor Car Hypothecated to Bank
					32,78,18,025	22,34,58,523	39,59,12,222	39,59,12,222	41,96,66,885	

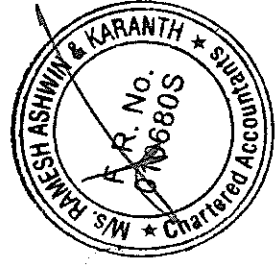


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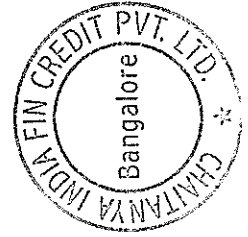
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ii. From Financial Institutions

Sl. No.	Rate of Interest	Original Loan Tenure	No. of Installments O/S as on 31.03.2018	Facility/Availed	Long Term Borrowings		Current Maturities of Long Term Borrowings		Securities Offered
					31.03.2018	31.03.2017	31.03.2018	31.03.2017	
1	15.00%	24 Months	1	Term Loan	-	20,83,345	20,83,341	2,49,99,996	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned, PDCs for EM Amount
2	15.00%	24 Months	1	Term Loan	-	20,83,345	20,83,341	2,49,99,996	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned, PDCs for EM Amount
3	14.50%	24 Months	9	Term Loan	-	3,74,99,995	3,75,00,002	5,00,00,004	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned, PDCs for EM Amount
4	15.25%	24 Months	4	Term Loan	-	-	-	37,87,804	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
5	15.25%	24 Months	6	Term Loan	-	-	-	2,23,51,414	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
6	15.25%	36 Months	8	Term Loan	-	-	-	1,73,76,414	Personal Guarantees of Promoter Directors, Book Debts Assigned
7	15.25%	36 Months	8	Term Loan	-	-	-	1,73,76,414	Personal Guarantees of Promoter Directors, Book Debts Assigned
8	15.25%	36 Months	13	Term Loan	17,62,060	1,31,79,567	1,31,79,567	1,63,13,323	Book Debts Assigned
9	15.25%	36 Months	13	Term Loan	17,61,791	2,07,43,931	1,89,81,870	1,63,13,323	Book Debts Assigned
10	15.00%	36 Months	12	Term Loan	34,57,131	2,21,84,443	1,89,82,141	1,60,99,582	Book Debts Assigned
11	13.00%	36 Months	12	Term Loan	2,31,05,337	5,83,34,417	3,52,29,081	3,02,66,401	Book Debts Assigned
12	13.50%	36 Months	31	Term Loan	1,15,49,394	-	-	-	Book Debts Assigned
13	13.50%	36 Months	31	Term Loan	4,62,32,803	-	-	-	Book Debts Assigned
14	13.50%	36 Months	36	Term Loan	3,55,22,642	-	-	-	Book Debts Assigned
15	13.50%	36 Months	36	Term Loan	3,53,61,030	-	-	-	Book Debts Assigned
16	13.40%	36 Months	36	Term Loan	3,95,13,708	-	-	-	Book Debts Assigned
17	13.40%	36 Months	36	Term Loan	3,54,72,235	-	-	-	Book Debts Assigned
18	15.00%	36 Months	11	Term Loan	-	4,58,25,000	4,58,25,000	5,00,04,000	Personal Guarantees of Promoter Directors, Book Debts Assigned
19	14.00%	36 Months	7	Term Loan	5,41,66,666	-	-	-	Book Debts Assigned
20	15.50%	36 Months	10	Term Loan	-	-	-	48,83,028	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
21	15.00%	36 Months	8	Term Loan	-	39,35,273	39,35,271	52,16,018	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
22	14.00%	48 Months	30	Term Loan	2,20,67,674	3,44,17,638	1,23,49,964	1,07,45,247	Personal Guarantees of Promoter Directors, Book Debts Assigned
23	12.50%	24 Months	16	Term Loan	92,23,092	-	-	-	Cash Collateral, Book Debts Assigned
24	16.00%	24 Months	0	Term Loan	-	-	-	-	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
25	16.00%	24 Months	0	Term Loan	-	-	-	-	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
26	15.75%	18 Months	0	Term Loan	-	-	-	-	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
27	15.75%	18 Months	0	Term Loan	-	-	-	-	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
28	15.75%	18 Months	0	Term Loan	-	-	-	-	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
29	14.00%	36 Months	8	Term Loan	-	1,66,66,664	1,66,66,664	1,11,104	Personal Guarantees of Promoter Directors, Book Debts Assigned
30	14.75%	24 Months	5	Term Loan	-	3,16,34,428	3,16,34,427	6,84,84,886	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
31	14.50%	36 Months	9	Term Loan	-	1,66,66,663	1,66,66,668	2,00,00,004	Personal Guarantees of Promoter Directors, Book Debts Assigned
32	14.00%	18 Months	3	Term Loan	-	1,81,49,429	1,81,49,429	6,65,99,465	Personal Guarantees of Promoter Directors, Book Debts Assigned, PDCs for EM Amount
33	14.00%	18 Months	5	Term Loan	-	2,99,02,899	2,99,02,898	6,50,72,251	Personal Guarantees of Promoter Directors, Book Debts Assigned, PDCs for EM Amount
34	15.50%	24 Months	5	Term Loan	-	1,14,29,954	1,14,29,954	2,52,78,280	Personal Guarantees of Promoter Directors, Book Debts Assigned, PDCs for EM Amount
35	15.50%	24 Months	7	Term Loan	-	1,59,65,081	1,59,65,081	2,46,30,963	Personal Guarantees of Promoter Directors, Book Debts Assigned, PDCs for EM Amount
36	13.50%	33 Months	14	Term Loan	-	1,50,21,883	1,37,58,502	1,72,04,282	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
37	15.25%	24 Months	3	Term Loan	-	1,24,99,993	1,24,99,993	5,00,00,004	Personal Guarantees of Promoter Directors, Book Debts Assigned
38	13.45%	24 Months	4	Term Loan	-	1,04,17,300	1,04,17,300	2,49,99,600	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
39	13.50%	36 Months	5	Term Loan	1,66,21,244	4,99,91,895	3,33,33,332	3,33,33,332	Cash Collateral, Personal Guarantees of Promoter Directors, Book Debts Assigned
40	13.00%	36 Months	30	Term Loan	3,82,29,534	-	2,18,61,358	-	Book Debts Assigned
41	13.25%	30 Months	27	Term Loan	3,78,76,053	-	2,61,15,345	-	Book Debts Assigned
Total (a)					40,79,22,394	50,25,56,642	62,79,50,478	72,41,13,804	
Total (b)					73,57,40,419	72,60,15,165	1,02,39,02,701	1,14,37,80,699	



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B. Details of Non Convertible Debentures

Sl. No.	Coupon Rate	Maturity Date	Debenture Details		31.03.2017	Options Available	Date of Redemption if Option is exercised
			Nos.	Face Value			
1	12.40%	29-Jun-22	250	10,00,000	25,00,00,000	-	NA
2	12.90%	03-Aug-20	330	10,00,000	33,00,00,000	-	NA
3	13.50%	28-Jun-17	100	10,00,000	1,25,00,000	-	NA
4	13.80%	22-Aug-22	2,043	1,00,000	20,43,00,000	-	NA
Total					78,43,00,000		
Less: Current Maturities of NCDs					1,25,00,000		
Long Term Portion of NCDs					78,43,00,000		

Note: (a) The Secured, Non Convertible Debentures are secured by hypothecation of specified Receivables under Financing Activities
 (b) The above Non Convertible Debentures are listed on BSE Limited (Bombay Stock Exchange). Further, the Company has entered into an agreement with GDA Trusteeship Services Limited to act as Debentures Trustees for the Debentures
 (c) The Company has not defaulted in the repayment of dues to the Debenture Holders.

C. Sub Debt

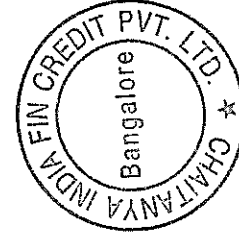
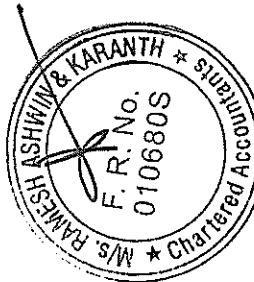
Sl. No.	Rate of Interest	Original Loan Tenure	No. of Installments O/S as on 31.03.2018	Facility Availed	Long Term Borrowings		Current Maturities of Long Term Borrowings		Securities Offered
					31.03.2018	31.03.2017	31.03.2018	31.03.2017	
1	16.50%	78 Months	1	Sub-Debt	5,00,00,000	5,00,00,000	-	-	NA
2	17.00%	75 Months	1	Sub-Debt	5,00,00,000	5,00,00,000	-	-	NA
3	14.50%	72 Months	1	Sub-Debt	15,00,00,000	15,00,00,000	-	-	NA
Total					25,00,00,000	25,00,00,000			

D. Unsecured Loan

Sl. No.	Rate of Interest	Original Loan Tenure	No. of Installments O/A as on 31.03.2018	Facility Availed	Long Term Borrowings		Current Maturities of Long Term Borrowings		Securities Offered
					31.03.2018	31.03.2017	31.03.2018	31.03.2017	
1	17.45%	36 Months	7	Term Loan	5,00,00,000	1,24,99,997	1,24,99,997	1,66,66,668	NA
2	14.50%	75 Months	1	Term Loan	5,00,00,000	6,24,99,997	1,24,99,997	1,66,66,668	NA
Total					5,00,00,000	6,24,99,997	1,24,99,997	1,66,66,668	
Grand Total					1,82,00,40,419	1,24,28,15,162	1,03,64,02,698	1,17,29,47,357	

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CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED

Head Office: #98, Third Floor, Sirsi Circle, Mysore Road, Chamrajpet, Bangalore- 560018.

Tel: 080-26750010 / 080-26747414, Fax: 080-26756767.

CIN NO: U67190KA2009PTC049494

NOTICE OF NINTH ANNUAL GENERAL MEETING

NOTICE HEREBY GIVEN THAT THE NINTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED WILL BE HELD ON SATURDAY, 8TH SEPTEMBER 2018 AT 11:00 AM AT THE REGISTERED OFFICE OF THE COMPANY AT NO. 145, 2ND FLOOR, NR SQUARE, 1ST 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 AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE PERIOD ENDED 31ST MARCH 2018 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, 2018 including the Audited Balance Sheet as at March 31, 2018 and Statement of Profit & Loss for the year ended on that date 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 RATIFY THE APPOINTMENT OF M/S RAMESH ASHWIN & KARANTH, CHARTERED ACCOUNTANTS, BANGALORE (REGISTRATION NO. 010680S) AS STATUTORY AUDITORS OF THE COMPANY AND FIX THEIR REMUNERATION.

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

"RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions, if any of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof), the appointment of M/s Ramesh Ashwin & Karanth, Chartered Accountants, Bangalore (Registration No. 010680S) which has been approved at the Annual General Meeting held on 07.08.2014 for a term of 5 years, be and is hereby ratified for the financial year 2018-19 and the Board of Directors be and is hereby authorized to fix their remuneration plus travelling and other out of pocket expenses incurred by them in connection with statutory audit under the Companies Act, 2013."





CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED

Head Office: #98, Third Floor, Sirsi Circle, Mysore Road, Chamrajpet, Bangalore- 560018.

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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 28th September 2017, the consent of the Company be and is hereby accorded to the Board of Directors and/or any Committee of Directors thereof, under Section 180(1)(c) of the Companies Act, 2013 to borrow any sum or sums of moneys from time to time notwithstanding that the money or moneys to be borrowed, together with the moneys already borrowed by the Company, may exceed aggregate of its paid-up capital and free reserves, apart from temporary loans obtained from the company’s bankers in the ordinary course of business, provided however, the total amount so borrowed shall not exceed Rs. 600,00,00,000 (Rupees Six Hundred 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 OF THE PROPERTIES 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 supersession of the earlier resolution passed by the Members in their meeting held on 28th September 2017, the consent of the Company be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 to pledge, mortgage and/or charge by the Board of Directors and/or Committee of Directors 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 from time to time for the due payment of the Principal together with interest, charges, costs, expenses and all other monies payable 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 Rs. 600,00,00,000 (Rupees Six Hundred Crores Only) at any time. “

“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.”





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ITEM NO. 5: RE-APPOINTMENT OF MR. NANDAKUMAR RACHAMADUGU AS AN INDEPENDENT DIRECTOR OF THE COMPANY

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 Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Members of the Company be and is hereby accorded to re-appoint Mr. R Nandakumar (DIN: 03313824) who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 to the office of Independent Director, to hold office for five consecutive years till the conclusion of 14th Annual General Meeting, and whose office shall not be liable to retire by rotation."

ITEM NO. 6: ISSUE OF 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, 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 and to make offer(s) and/or invitation(s) to eligible persons to subscribe to unsubordinated or subordinated, listed or unlisted, secured or unsecured non-convertible debentures ("NCDs")/bonds/market linked debentures and other instruments aggregating up to Rs. 200,00,00,000/- (Rupees Two 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** the Board be and is hereby authorized to determine the terms and conditions (including without limitation, interest, repayment, security or otherwise) with the Investors and the trustees, the documents for creating the mortgages, charges, pledges and/or hypothecations and to negotiate, modify, finalize, and sign the documents as it may think fit of such NCDs/bonds/MLDs /other instruments, and to do all such acts, deeds, and things, and to execute all such documents, instruments and writings as may be required to give effect to these resolutions."





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

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

“RESOLVED THAT pursuant to section 61 and such other applicable provisions, if any of the Companies Act, 2013 (“Act”) or any statutory modification(s) thereof and Rules framed thereunder and the articles of association of the Company, the consent of the members be and is hereby accorded to increase the authorized share capital of the Company from Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 250,00,000 (Two Crore Fifty Lakhs Only) Equity Shares of Rs. 10 (Rupees Ten Only) each to Rs 50,00,00,000/- (Rupees Fifty Crores) divided into 2,50,00,000 (Two Crore Fifty Lakhs Only) Equity Shares of Rs. 10 (Rupees Ten Only) each and 2,50,00,000 (Two Crores fifty lakhs) Preference Shares of Rs.10/- (Rupees Ten only) each.”

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 13, 61 and 64 of the Act and other applicable provisions, if any, of the Act or any statutory modification(s) thereof and Rules framed thereunder the existing Clause V of the Memorandum of Association of the Company be substituted with the following new Clause V”.

“5th. The authorized share capital of the Company is Rs 50,00,00,000/- (Rupees Fifty Crores only) divided into:

- I. 2,50,00,000 (Two Crores fifty lakhs) Equity shares of face value of Rs 10/- (Rupees Ten only) each;
- II. 2,50,00,000 (Two Crores fifty lakhs) Preference Shares of face value of Rs 10/- (Rupees Ten only) each;”

Place: Bangalore

Date: 04.09.2018



By Order of the Board

Dimple Shah
Company Secretary

ACS No: A36349

Address: Bindu Amulya Apartment,
Flat No. 408, 4th Floor, Anjananagar,
Bangalore- 560091

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.

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

corporate@chaitanyaindia.in www.chaitanyaindia.in



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- 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.php>

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. 600,00,00,000 (Rupees Six Hundred Crores Only).

In order to facilitate securing the borrowing made by the Company, it would be necessary to create charge on the assets or whole of the undertaking of the Company.

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:

Mr. Nandakumar Rachamadugu has given a declaration to the Board that he meets the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, Mr. Nandakumar fulfils the conditions specified in the Act and the Rules framed thereunder for appointment as an Independent Director and is independent of the management of the Company.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

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.





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Item no.6:

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 debentures and require approval of the shareholders to issue privately placed debentures aggregating up to Rs. 200,00,00,000/- (Rupees Two 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 has to 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.7:

The Company, in order to meet its growth objectives and to strengthen the financial position, is required to generate long-term resources by issuing securities. It is therefore deemed appropriate to increase the Authorised share capital of the Company and for that purpose, the Memorandum of Association of the Company is proposed to be suitably altered as set out at item no.7 of the accompanying notice. Pursuant to section 61 and such other applicable provisions of the Companies Act, 2013, the Company has to seek approval of members at the general meeting by way of Ordinary resolution to increase the Authorised share capital of the Company.

The Board recommends these resolutions for the approval of the members as "Ordinary Resolution".

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

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.

Place: Bangalore
Date: 04.09.2018



By Order of the Board


Dimple Shah
Company Secretary
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