

ANNUAL REPORT

2018 - 2019

YEAR OF DOUBLE GROWTH

It has been a remarkable year of dual growth for ESAF. The organization saw growth in all its spheres; financial, economical and most importantly social. ESAF was able to increase its profit shares, but more crucially found a place in the lives of a large number of rural households. While the financial growth of the company is commendable, the social growth lies at the heart of the organization's success.





VISION

A society with equal opportunities, having complete access to sustainable financial services, which help in promoting livelihood opportunities and economic development.

MISSION

To be a leading financial institution that delivers customer centric products & high quality services and adopts innovative technology for the benefit of underserved households in India.



CORPORATE INFORMATION

Registered Office

: No. 8/9, Mansuk Buildings, Flat No. 3A,
3rd Floor, Gangadeeswara Koil St.,
Purasawalkam, Chennai, Tamil Nadu. 600 084

Corporate Office

: Hepzibah Complex, Mannuthy P.O., Thrissur,
Kerala - 680 651

CIN

: U65910TN1996PTC036650,

RBI Registration Number

: B-07-00652

Our investors



Our Bankers



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THE JOURNEY OF ESAF 1992-2019

1992	1995	1995	1997	1998	2000
					
Established ESAF Society as an NGO	Launched microcredit operations under Micro Enterprises Development Project, with the support of EFICOR	ESAF launched Micro Enterprise Development (MED) initiative (First in Kerala) and disbursed first loan at Methala, Thrissur	K. Paul Thomas, Founder & MD met Prof. Muhammed Yunus in Bangladesh to understand the nuances of microcredit.	Received Seed capital from Grameen Trust, Bangladesh	Funding from major financial institutions started
2004	2007	2007	2008	2008	2015
					
Expanded operations to Tamil Nadu, Maharashtra and Chattisgarh	Attained ₹1,000 million cumulative disbursements.	Wins Micro-Insurance Award instituted by ING Netherlands and Planet Finance India.	Ranked 14 th in the world, and 4 th in India for transparency and efficiency, by MIX Market.	MED operations transformed to ESAF Microfinance (RBI Licenced NBFC) after acquiring the portfolio from ESAF NGO	ESAF Launched Loans for Individuals
2010	2010	2011	2011	2015	2015
					
Equity investment by Maanaveeya Holdings (P) Ltd., a wholly owned subsidiary of Oiko Credit, Netherlands.	Selected by the Govt. of India as an aggregator for Swavalamban Yojana, pension scheme (NPS Lite).	Rated mFR4 by CRISIL. Rated B+ (Responsible Microfinance) and ΣB+ (Social Rating) by M-CRIL.	ESAF Swaraya Multistate Co-op. Credit Society got incorporated	ESAF Launched Lahanti Institute of Multiple Skills in Jharkhand	Rated A- by Brickwork Ratings a premier rating agency.
2013	2013	2016	2016	2016	2016
					
MF Transparency has awarded an official seal of transparency for transparent pricing.	K.Paul Thomas, CMD becomes the Director of MFIN	Crossed 1 Million Members & 20 Billion Loan Portfolio	ESAF received SKOCH Order of Merit Award for its excellence in Financial Inclusion space	ESAF received Indywood CSR Excellence Award	ESAF won Inclusive Finance India award by ACCESS ASSIST
2014	2014	2017	2017	2017	2017
					
Launches Ultra Poor Program in Jharkhand	Rated mFR2 by CRISIL Ratings	ESAF Annual Report wins NIB Award (Gold) for Best Annual Report	ESAF received ₹10 Million as the first tranche of Carbon Credit revenue and became the first MFI from India to win Carbon Credit revenues.	ESAF celebrated 25 years of Social Service	ESAF won 'Banking Excellence Award' from Chamber of Indian Micro Small & Medium Enterprises

2014



Wins TrueLift Aspirant Certificate completing the self assessment of TrueLift indicators based on pro-poor principles.

2014



ESAF wins Disability Inclusion Award

2014



ESAF among the finalists to receive the prestigious European Microfinance Award

2014



K. Paul Thomas, CMD wins Emerging Entrepreneur of the year Award by The Indus Entrepreneurs (TIE)

2015



ESAF Quarterly Newsletter 'Lahanti' wins NIB Award among corporate journals in India.



Graded MF12+ and Bank Loan Rating 'BBB+' by Care Ratings

2015



The Cultural Village project of ESAF won the Walking Visionary Award from Walk 21

2015



ESAF Crossed ₹10 Billion Gross Loan Portfolio

2015



K. Paul Thomas, CMD wins CEO Excellence of the year Award by DC Media.

2015



ESAF Launched Housing Loan in association with Microbuild India Habitat

2009



Equity Investment by Dia Vikas Capital (P) Ltd., a wholly owned subsidiary of Opportunity International, Australia.

2009



Selected by International Labour Organization (ILO) for the project 'Microfinance for decent work'.

2016



ESAF Received Special Jury Award for serving MSMEs from Chamber of Indian Micro Small & Medium Enterprises

2016



K. Paul Thomas, CMD wins Dhanam Marketing Man of the Year 2015

2016



Graded MF1 by Care Ratings

2012



SROI Study suggests that, for the equivalent of every ₹1 invested in ESAF Microfinance, ₹3.19 is returned in social value.

2012



Rated mFR3 by CRISIL Ratings

2013



Selected by World Bank Group for 'India Development Marketplace' award.

2016



ESAF Chairman K. Paul Thomas won 'Entrepreneur of the Year' Award by TIE Kerala.

2017



AMCOS, Association of Multi state Co-operative Societies honoured ESAF Chairman K. Paul Thomas for his glorious contributions to the Co-operative sector

2013



Selected as Service Provider for Mahatma Gandhi Pravasi, Suraksha Yojana by the Govt. of India.

2013



ESAF wins the title Socially Transparent and Responsible (STAR) MF1 2013, granted by MIX Market.

2014



Received 'NBFC-MFI' licence from Reserve Bank of India

2014



SIDBI acknowledges ESAF's gender mainstreaming strategy

2017



ESAF launched ESAF Small Finance Bank, the first bank from Kerala since independence

2017



K. Paul Thomas elected to Sa-Dhan, the oldest and largest association of community development finance institutions.

2018



ESAF Small Finance Bank opened 100 new Retail Banking Outlets

2018



K. Paul Thomas won TMA Management Excellence Award

2018



Govt. of India picks ESAF for Atal Pension Yojana

2018



K. Paul Thomas won Chamber of Commerce Award 2018

2018



ESAF Small Finance Bank receives Scheduled Bank status

2019



ESAF Small Finance Bank Launches the 'HUMANOID ROBOT' named 'EIDA'

2019



ESAF Small Finance Bank opens 222 new Retail Banking Outlets

2019



ESAF Micro Finance and Investments changed its name to ESAF Financial Holdings

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BOARD OF DIRECTORS



MRS. MEREENA PAUL
(Co-Founder, Chairperson
& Managing Director)



MR. VIKRAMAN AMPALAKKAT



MR. SANEESH SINGH



MR. RV DILIP KUMAR



MR. EBY THOMAS
(*Till May 27, 2019)



MRS. MUMTAJ BEGUM
(*Till September 04, 2018)



MRS. POONAM MEHTA
(Since September 04, 2018)

**Chief Financial Officer
Company Secretary**

: Mr. Rajesh Sreedharan Pillai
: Ms. Jiju George (Till 28th February, 2019)
Mr. Vaishakh. R (From 06th June, 2019)

**Statutory Auditors
Secretarial Auditors
Legal Advisors**

: M/s S. R. Batliboi & Associates, LLP
: M/s Krishnaprasad RS & Co.
: LexPru Advisors

Trustees for Listed NCDs

: IDBI Trusteeship Services Limited
: Catalyst Trusteeship Limited

Consultants

: A. John Moris & Co. (Tax Consultants)
: Mr. Sony V. Mathew (Branding & Communications)

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**MESSAGE FROM
THE CHAIRPERSON
AND MANAGING
DIRECTOR**

Reposing my ever blossoming faith in the almighty, let me address all eminent stakeholders of this great institution, on this momentous occasion. The year was marked with new learnings and multiple challenges, but we were successful in sailing through the rough waters.

From one among the top ten Microfinance institutions in India, Your Company has changed its status as the promoting entity of ESAF Small Finance Bank from March 10, 2017. During the year under consideration, we have completed the name change process of our institution which was rechristened as M/s ESAF Financial Holdings (P) Ltd, in tune with the application we submitted to the Reserve Bank of India way back in 2015 for granting of the license to incorporate a Small Finance Bank, in the capacity as a promoter.

We have successfully completed the adherence of the laid down specifications mandated for Core Investments Companies by the Reserve Bank of India and submitted our Application, in the month of March 2019, in order to obtain the Certificate of Registration as a Core Investment Company.

Being the promoter entity of ESAF Small Finance Bank, we feel immensely proud because of the stupendous achievements made by the Bank, in alignment with the vision of our Founder Mr. K. Paul Thomas to position it as a Social Bank. Because of its Social orientation, the Bank became the first entrant from India to the prestigious Global Alliance for Banking on Values, which is a global partnership of Banking institutions which believe in value Banking. The Bank ended the financial year with a total business of Rs. 9372 Crore. The Branch penetration increased to an impressive 226 with additional 203 Ultra Small Branches catering to rural households. The Net profit stood at Rs. 90.28 Crore as against the last years Rs. 26.99 which shows an increase of 234.49%. The Bank is having a customer base near to 3 million which in itself is a monumental achievement.

Let's now have a look at the key financial indicators of the promoter entity. In the year under consideration, Profit

after taxes on a standalone basis stood at Rs. 2.94 Crore as against the last year's Profit after taxes of Rs. 1.95 Crore which shows an upward trend of 50.77%.

As you appreciate, the prevailing challenging economic scenario together with the ever increasing competition from peer banks and emerging digital platforms, our proclaimed vision of "Fighting the partiality of prosperity" has stood as the clear differentiating factor. Our customer centric approach and the resultant trust we enjoy from our customers is really overwhelming and I am sure that we have a bright future if we are carrying that values throughout the journey. ESAF believes in empowering the people along with their complete ecosystem through financial and livelihood interventions. On this occasion, I solicit your continued loyalty and support, so that together we can propel our institution to even greater achievements.

Apart from each one of the fellow ESAFIans, I would like to take this opportunity to express my sincere gratitude to all stake holders including our eminent Board of Directors, Bankers, Investors, Auditors and Sangam Members for their unstinted co-operation and trust.

Thanking you all once again and we look forward to your continued patronage



Mereena Paul
Chairperson & Managing Director

AGM NOTICE

NOTICE is hereby given that the 23rd ANNUAL GENERAL MEETING of the members of ESAF FINANCIAL HOLDINGS PRIVATE LIMITED will be held on Saturday, 21st September, 2019 at Hotel Trident, 1, 24, Great Southern Trunk Road, Kannan Colony, Meenambakkam, Chennai, Tamil Nadu, PIN- 600 027 at 02.00 P.M to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2019, the Profit and Loss account and Cash Flow for the year ended on that date together with the schedules and annexures thereto, the Reports of the Auditors' and Directors' thereon.
2. To ratify the appointment of M/s. S R Batliboi & Associates, LLP, Chartered Accountants (Firm Registration No: - 101049W/E300004) as the Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of 24th Annual General Meeting.

"RESOLVED THAT pursuant to the applicable provisions of Section 139 of the Companies Act 2013 read with the Companies (Audit and Auditors) Rules, 2014, including any statutory modifications or enactments made there under, consent of the members of the Company be and is hereby accorded to ratify the appointment of M/s. S R Batliboi & Associates, LLP, Chartered Accountants (Firm Registration number 101049W/E300004) as recommended by the Audit Committee as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of 24th Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to fix the remuneration and out of pocket expenses incurred to the Statutory Auditors in consultation with them based on the recommendations of Audit Committee."

By the order of the Board

Sd/-

Vaishakh.R

Company Secretary
Membership No: A 58953

Place: Mannuthy
Date: 30th August, 2019

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The members are requested to send their proxy forms at the Registered Office of the Company not less than 48 hours before the commencement of the meeting
3. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
4. Proxies shall be deposited with the Company either in person or through post not later than 48 hours before the commencement of meeting.
5. Attendance slip and blank proxy forms are annexed with notice.
6. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company, a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
7. The Registers under the Companies Act, 2013 and copies of all documents referred to in the notice and explanatory statement annexed thereto are available for inspection in physical or in electronic form at the Corporate Office of the Company between 10.00 am and 1.00 pm on all working days till the date of the meeting.
8. Route Map of the venue of the Annual General Meeting mandated in the Secretarial Standards-2 is annexed with the notice.



Environment week celebrations at Kerala Varma College, Thrissur

DIRECTORS' REPORT

To,

The Members,

Your directors have pleasure in presenting the Twenty Third Annual Report together with the audited accounts of the Company on a Standalone basis for the Financial Year ended 31st March, 2019.

1. Financial Highlights

The summary of the Company's financial performance, on a Standalone basis for FY 2018-19 compared to the previous year, FY 2017-18 is given below:

(Amount in lakhs)

Particulars	Stand alone	
	2018-19	2017-18
Total revenue	1735.70	2884.93
Total Expenses	1269.09	2511.82
Profit (Loss) before Extra-Ordinary items and taxation	466.61	373.11
Tax Expenses	172.39	177.88
Profit (Loss) from continuing operations (A)	294.22	195.23
Profit from discontinued operations	-	-
Gain on transfer of business due to discontinued operations	-	-
Profit before tax from discontinued operations	-	-
Tax expense	-	-
Profit from discontinued operations (B)	-	-
Profit for the year (A+B)	294.22	195.23

2. Dividend

With a view to preserve its reserves, your Directors are not recommending any dividend for the year under review.

3. Amounts Transferred to Reserves

During the year under review, your Company has transferred an amount of Rs. 58,84,351/- out of profit after tax for the year to the statutory reserve.

4. RBI Regulations

As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that the Company has not accepted any public deposits during the year and do not have any public deposits outstanding at the end of the year.

5. Share Capital

a. Authorized Share Capital

During the year under review, no change has been made in the Authorized Share capital of the Company. The Authorized Share Capital of the Company as on 31st March 2019 stands at Rs.2500 million divided into 190 million Equity Shares of Rs.10/- each and 6 million Compulsorily Convertible Preference Shares of Rs.100/- each.

b. Paid up Share Capital

During the Financial Year 2018-19, there was no change in the paid up share capital of the Company. The Paid up Share Capital of the Company stood at Rs.1785.20 million as on 31st March 2019.

6. State of Company's affairs

The Company is in the process of converting into a Core Investment Company as per RBI directions.

7. Details of Subsidiary, Joint Venture or Associates

The Company does not have any subsidiaries, joint venture or associate companies.

8. Board meetings

During the Financial Year 2018-19, the Board of Directors of the Company met seven times on 30th May 2018, 19th June, 2018, 07th July, 2018, 04th September, 2018, 28th September, 2018, 05th November 2018 and 08th February 2019.

9. Directors and Key Managerial Personnels (KMPs)

As on date of this report, the Board of Directors of the Company comprises of six directors. As on 31st March 2019, the company has the following directors and KMPs:

Sl.No	Name of Director/ Key Managerial Person	Designation
1.	Mrs. Mereena Paul	Chairperson and Managing Director
2.	Mr. Vikraman Ampalakkat	Independent Director
3.	Mr. Eby Thomas	Independent Director
4.	Mr. Ranganathan Varadarajan Dilip Kumar	Nominee Director
5.	Mr. Saneesh Singh	Nominee Director
6.	Mrs. Poonam Mehta	Nominee Director
7.	Mr. Rajesh Sreedharan Pillai	Chief Financial Officer
8.	Ms. Jiju George*	Company Secretary

*Resigned from the post with effect from 24th January, 2019.

Change in Directors and Key Managerial Personnel

During the last year, the following changes took place in the Board of Directors and KMP's of the Company:

Sl. No	Name of the Director	Designation	Appointment/ Resig- nation	Effective Date
1.	Mrs. Mumtaj Begum	Nominee Director	Resignation	04/09/2018
2.	Mrs. Poonam Mehta	Nominee Director	Appointment	04/09/2018
3.	Ms. Jiju George	Company Secretary	Resignation	24/01/2019

10. Declaration by Independent Director

The Company has received declarations from each of the Independent Directors under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria laid down by Section 149 of the Companies Act, 2013.

11. Directors Responsibility Statement

In accordance with the provisions of Section 134(5) of the Companies Act 2013, your directors confirm that:

in the preparation of the annual accounts for the financial year ended 31st March, 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;

the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the profit /loss of the Company for that period;

the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

the directors had prepared the annual accounts on a going concern basis;

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.

the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

12. Statutory Auditor and Audit Report

At the Annual General Meeting held on 28th September, 2017, the Company has appointed M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, Mumbai (Firm Registration No. 101049W/E300004) as Statutory Auditors the Company for a period of five consecutive years to hold office from the conclusion of the Twenty First Annual General Meeting till the conclusion of Twenty Sixth Annual General meeting.

The Auditors report for the financial year 2018-19 rendered by M/s. S R Batliboi & Associates, does not contain any qualification or remark.

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

Conservation of Energy

Our operations are not energy intensive. However, significant measures will be taken to reduce energy consumption by using energy efficient computers.

Technology Absorption

During the year under review, there is no expenditure on Technology Absorption and on Research and Development.

Foreign Exchange Earnings/ Outgo:

Foreign exchange earnings:

The Company has received Rs. 1,73,66,450 as foreign exchange earnings during the year under review.

Foreign exchange outgo:

The Company has not incurred any foreign exchange outgo during the year under review.

14. Fraud Reporting

No frauds as prescribed under Section 143(12) of the Companies Act 2013 has been reported by the auditors during the year under review.

15. Extract of Annual Return

The extract of Annual Return, in format MGT-9, for the Financial Year 2018-19 has been enclosed with this report as Annexure I.

16. Particulars of Loan, Guarantees and Investments under Section 186

Particulars of loans, guarantees and Investments made by the Company under Section 186 of the Companies Act 2013 is enclosed with this report as Annexure II.

17. Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 for the Financial Year 2018-19 in the prescribed format, AOC-2 has been enclosed with the report as Annexure III.

18. CSR expenditure

The annual report on Corporate Social Responsibility Committee has been appended to the board report as Annexure IV.

19. Secretarial Audit Report

Section 204 of the Companies Act, 2013 inter-alia requires every listed company to annex with its Board's report, a Secretarial Audit Report given by a Company Secretary in practice, in the prescribed form. The Board has appointed Krishnaprasad R.S & Co as Secretarial Auditors for the Financial Year 2018-19. The Secretarial Report rendered by the Secretarial Auditor for the financial year ended 31st March, 2019 is enclosed separately with this report.

20. Managerial remuneration

Information pursuant to Rule 5(1) and 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached to this report as Annexure V.

21. Material Changes and Commitments affecting the financial position of the Company

The Board of Directors in their meetings held on May 30, 2018 & July 07, 2018 had decided to foreclose its Listed, Rated, Secured, Redeemable Non-Convertible Debentures aggregating to Rs.78.37 Crores. Further the Board in its meeting held on & September 04, 2018 had decided to convert Listed, Rated, Secured, Redeemable Non-Convertible Debentures aggregating to Rs.30.00 Crores into Unsecured Instruments. Apart from this, no other material Changes and Commitments affecting the financial position of the Company have been occurred as at the end of the financial year.

22. Performance Evaluation

The Annual Evaluation of the effectiveness of functioning of Board and that of the Committees and of individual directors has been in accordance with the parameters prescribed by the Nomination and Remuneration Committee of the Board.

23. Internal Financial Controls

The Board of Directors of the Company has adopted Policies and Procedures for ensuring orderly and efficient conduct of business including adherence of company's policies, safe guarding of asset, prevention and detection of frauds, accuracy and completeness of accounting records and timely preparation of reliable financial statements. The Board of Directors is of the opinion that the internal financial control systems existing in the Company is commensurate with the nature, size and operations of the Company and no material weakness exists.

24. Risk Management Policy

The Company has an in-built risk management mechanism to identify, assess and monitor risks.

25. Details of significant & material orders passed by the regulators or courts or tribunal

No significant orders passed by the authorities which impacts the going concern status and company's operations in future.

26. Disclosure regarding Section 178(3) relating to Company's policy on Director appointment and remuneration envisaged as Section 178(3)

The Nomination & Remuneration committee of the company has formulated a policy for determining the remuneration of directors, Key Managerial Personnel and other employees.

27. Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under.

During the Financial Year 2018-19, the Company has not received any complaints on sexual harassment.

28. Green Initiatives

Electronic copies of the Annual Report for the FY 2018-19 and the Notice of the AGM is being sent to all the members whose email addresses are registered with the Company. For members who have not registered their email address, physical copies are sent in the permitted mode.

29. Acknowledgment

The Directors express their sincere appreciation to the valued shareholders, bankers and clients for their support.

For and on behalf of the Board of Directors

Sd/-

Mereena Paul

Chairperson and Managing Director

DIN: 02228087

Sd/-

Vikraman Ampalakatt

Director

DIN: 01978341

Place: Thrissur

Date: 22 August 2019

Form No. MGT-9

Extract of Annual Return

as on the financial year ended on 31st March, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U65910TN1996PTC036650
Registration Date	27/09/1996
Name of the Company	ESAF Financial Holdings Private Limited
Category / Sub-Category of the Company	Private Limited Company
Address of the Registered office and contact details	No 8/9, Mansuk Buildings, Flat No.3A, 3rd Floor, Gangeeswara Koil St, Purasawalkam, Chennai – 600084, Tamil Nadu Ph: 044 43560790 Email: ro@esafmicrofin.com
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link In Time India Private Limited C-13 Pannalal Silk Mills Compound LBS Marg, Bhandup West Mumbai 400 078 Tel: 022 – 25946970 Fax: 022 – 25946969

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Activities of holding Company	64200	86.54%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
NIL					

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

i) Category-wise Share Holding

a) Equity shareholding

Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	Total	
A. Promoters									
(1) Indian									
a. Individual/ HUF	-	5,41,260	5,41,260	0.38%	-	34,900	34,900	0.02 %	(0.36)
b. Central Govt	-	-	-	-	-	-	-	-	-
c. State Govt (s)	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	-	-	-	-	-	-	-	-	-
e. Banks / FI	-	-	-	-	-	-	-	-	-
f. Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	5,41,260	5,41,260	0.38%	-	34,900	34,900	0.02%	(0.36)
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1) +(A)(2)	-	5,41,260	5,41,260	0.38%	-	34,900	34,900	0.02%	(0.36)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	1,71,76,230	1,71,76,230	12.24 %	-	1,71,76,230	1,71,76,230	12.24 %	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital-Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	1,71,76,230	1,71,76,230	12.24 %	-	1,71,76,230	1,71,76,230	12.24 %	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	3,40,25,633	3,40,25,633	24.25%	-	3,40,25,633	3,40,25,633	24.25%	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-

i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	1,05,000	1,05,000	0.07 %	-	1,05,000	1,05,000	0.07 %	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	13,18,066	13,18,066	0.94%	-	18,24,426	18,24,426	1.30%	0.36
c) Others	-	8,71,73,774	8,71,73,774	62.12 %	-	8,71,73,774	8,71,73,774	62.12 %	-
Sub-total (B)(2):	-	12,26,22,473	12,26,22,473	87.38 %	-	12,31,28,833	12,31,28,833	87.74 %	0.36
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	13,97,98,703	13,97,98,703	99.62%	-	14,03,05,063	14,03,05,063	99.98%	0.36
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	14,03,39,963	14,03,39,963	100 %	-	14,03,39,963	14,03,39,963	100 %	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Mr. Kadambelil Paul Thomas	541,260	0.38 %	-	34,900	0.02%	-	(0.36%)
	Total	541,260	0.38 %	-	34,900	0.02%	-	(0.36%)

(iii) Change in Promoters' Shareholding

Sl.No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Mr. Kadambelil Paul Thomas	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	541,260	0.38%	541,260	0.38%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): Transfer of shares on 28.09.2018	(5,06,360)	(0.36%)	-	-
	At the End of the year	34,900	0.02%	34,900	0.02%

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

Sl.No	Name of the shareholder	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1.	ESAF Swasraya Multi State Agro Co-operative Society Ltd.	81,533,174	58.10 %	81,533,174	58.10 %
2.	Dia Vikas Capital Pvt. Ltd.	2,80,25,633	19.97 %	2,80,25,633	19.97 %
3.	SIDBI Trustee Company Ltd -A/c Samridhi Fund	1,71,76,230	12.24 %	1,71,76,230	12.24 %
4.	Manaveeya Development and Finance Pvt. Ltd.	60,00,000	4.28 %	60,00,000	4.28 %
5.	ESAF Staff Welfare Trust	56,40,600	4.02 %	56,40,600	4.02 %
6.	Mr. Kadambelil Pailee Thomas	-	-	2,53,180	0.18%
7.	Mrs. Achamma Thomas	-	-	2,53,180	0.18%
8.	Mr. Thomas Joseph	2,00,000	0.14 %	2,00,000	0.14 %
9.	Mr. Raphael Parambi	2,00,000	0.14 %	2,00,000	0.14 %
10.	Mr. George Thomas	1,74,400	0.12 %	1,74,400	0.12 %

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Names of Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mereena Paul	15,000	0.01%	15,000	0.01%
2.	Rajesh Sreedharan Pillai	40,000	0.03 %	40,000	0.03 %

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (in million)

	Secured Loans excluding deposits	Unsecured-Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1299.08	2.80	-	1301.88
ii) Interest due but not paid	0.00	0.00	-	0.00
iii) Interest accrued but not due	94.33	0.00	-	94.33
Total (i+ii+iii)	1393.41	2.80		1396.21
Change in Indebtedness during the financial year				
· Addition	35.00	-	-	35.00
· Reduction	(1390.22)	-	-	(1390.22)
Net Change	(1355.22)	-	-	(1355.22)
Indebtedness at the end of the financial year				
i) Principal Amount	37.36	2.80	-	40.16
ii) Interest due but not paid	0.00	-	-	0.00
iii) Interest accrued but not due	0.83	-	-	0.83
Total (i+ii+iii)	38.19	2.80	-	40.99

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl.No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (in Rs.)
		Mereena Paul (Chairperson and Managing Director)	
1.	Gross salary Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 Value of perquisites u/s 17(2) Income-tax Act, 1961 (a) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	68,98,513	68,98,513
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify...	-	-
5.	Others, please specify (One time compensation)	-	-
	Total (A)	68,98,513	68,98,513
	Ceiling as per the Act	Not Applicable for a Private Company	

B. Remuneration to other directors:

Particulars of remuneration	Name		Total amount
	A Vikraman	Eby Thomas	
Independent Directors			
Fee for attending Board committee meetings	1,40,000	1,40,000	2,80,000
Commission	-	-	-
Others, please specify	-	-	-
Total (1)	1,40,000	1,40,000	2,80,000
Other Non-Executive Directors	Poonam Mehta	R V Dilip Kumar	Saneesh Singh
Fee for attending Board committee meetings	20,000	1,00,000	1,20,000
Commission	-	-	-
Others, please specify	-	-	-
Total (2)	20,000	1,00,000	1,20,000
Total { (1) + (2) }	-	-	5,20,000

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:

Particulars of Remuneration	Key Managerial Personnel		Total amount
	Chief Financial Officer	Company Secretary	
	Mr. Rajesh Sreedharan Pillai	Ms. Jiju George (From 01 st April, 2018 to 28 th February, 2019)	
Gross Salary			
Salary as per provisions contained in section 17(1) of the Income tax Act 1961 (Excluding arrear for previous year)	18,59,964	3,48,192	22,08,156
Value of perquisites u/s 17(2) Income Tax Act 1961	-	-	-
Profits in lieu of salary u/s 17(3) of Income Tax Act 1961	-	-	-
Stock Option	-	-	-
Sweat Equity	-	-	-
Commission	-	-	-
- As % of profit			
- Others, specify			
Others specify	-	-	-
Total	18,59,964	3,48,192	22,08,156

Note: -

The disclosure regarding remuneration of Key Managerial Personnel made for their tenure in office.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors

Sd/-

Sd/-

Mereena Paul

Vikraman Ampalakkat

Date :- 22 August 2019

Chairperson and Managing Director

Director

Place : Thrissur

DIN: 02228087

DIN: 01978341

Particulars of Loan, Guarantees and Investments under Section 186 as on 31st March 2019

A) **Details of Investments: -**

SL No	Date of investment	Details of Investee	Amount	Purpose for which the proceeds from investment is proposed to be utilized by the recipient
1.	05.10.2009	Alpha Microfinance Consultants Pvt Ltd	Rs. 500,000	Equity Share Capital
2.	28.03.2008	ESAF Healthcare Services Pvt Ltd	Rs. 500,000	Equity Share Capital
3.	05.05.2016	ESAF Small Finance Bank Limited	Rs. 950,000	Equity Share Capital
4.	20.05.2016		Rs.1,088,050,000	
5.	09.03.2017		Rs.600,000,000	
6.	10.03.2017		Rs.600,000,000	
7.	29.03.2017		Rs.500,000,000	
8.	30.03.2017		Rs.50,000,000	

Form No. AOC-2

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

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

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

a) Contracts with M/s. ESAF Retail Private Limited

Sl.No	Particulars	Details
1.	Name(s) of the related party and nature of relationship:	ESAF Retail Private Limited (Chairperson and Managing Director is a common shareholder and her relatives are directors as well as members in the related entity)
2.	Nature of contracts/arrangements/ transactions:	a) Purchase of Grocery items, Stationery, Gifts, Goods for Office Consumption. b) Lease Agreement for taking on lease landed property with building owned by related party.
3.	Duration of the contracts / arrangements/transactions:	a) Continuing Transaction b) 3 years
4.	Salient terms of the contracts or arrangements or transactions including the value, if any:	a) Purchases are made in accordance with the purchase policy of the Company. b) The Company has taken on lease land owned by the related party situated at Kattappana, Idukki, admeasuring 12 cents along with a building of 2000 sq feet at a lease rent of Rs.15000 per month and an interest free refundable advance equivalent to 3 months' rent.
5.	Date(s) of approval by the Board	a) 29.09.2014 b) 07.11.2017
6.	Amount paid as advances, if any:	a) NIL b) Rs. 45,000
7.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Not Required

b) Contracts with M/s. ESAF Swasraya Producers Company Limited

Sl No	Particulars	Details
1.	Name(s) of the related party and nature of relationship:	ESAF Swasraya Producers Company Limited (Relatives of Chairperson and Managing director are members as well as directors in the related entity)

2.	Nature of contracts/ arrangements/ transactions:	Purchase of Stationery, Gifts, Goods for Office Consumption
3.	Duration of the contracts / arrangements/ transactions:	Continuing Transaction
4.	Salient terms of the contracts or arrangements or transactions including the value, if any:	Purchases are made in accordance with the purchase policy of the Company.
5.	Date(s) of approval by the Board	29.09.2014
6.	Amount paid as advances, if any:	NIL
7.	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188.	Not Required

c) Contracts with Mrs. Mereena Paul

Sl.No	Particulars	Details
1.	Name(s) of the related party and nature of relationship:	Mereena Paul (Chairperson and Managing Director)
2.	Nature of contracts/ arrangements/ transactions:	Leave and License Agreement for taking on lease building owned by related party.
3.	Duration of the contracts / arrangements/ transactions:	5 Years with effect from February 01, 2017.
4.	Salient terms of the contracts or arrangements or transactions including the value, if any:	The company has taken on rent, a flat owned by Mrs. Mereena Paul, for guest house purposes of the Company
5.	Date(s) of approval by the Board	10.11.2016
6.	Amount paid as advances, if any:	NIL
7.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Not Required

d) Contract with M/s. ESAF Swasraya Multi State Agro Co-operative Society Limited

Sl No	Particulars	Details
1.	Name(s) of the related party and nature of relationship:	ESAF Swasraya Multi State Agro Co-operative Society Limited (Chairperson and Managing Director of the Company act as Chairperson of the related party)
2.	Nature of contracts/ arrangements/ transactions:	a) Availing of Corporate Facility Management Services. b) Lease Agreement for taking on lease building owned by related party.
3.	Duration of the contracts / arrangements/ transactions:	a) The contract shall be continuing one which can be terminated after giving a one month's prior notice. b) 3 years
4.	Salient terms of the contracts or arrangements or transactions including the value, if any:	a) Provision of facility management services. b) The Company has taken on lease land owned by the related party admeasuring 62 cents situated at Kalathode, Thrissur, at a lease rent of Rs.20,000 per month and an interest free refundable advance equivalent to 3 months' rent.
5.	Date(s) of approval by the Board	07.11.2017

6.	Amount paid as advances, if any:	Rs. 60,000
7.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Not Required

e) Contract with M/s. Cedar Agri Solutions Private Limited

SI No	Particulars	Details
1.	Name(s) of the related party and nature of relationship:	Cedar Agri Solutions Private Limited (Relatives of Chairperson and Managing Director are members as well as directors in the related entity)
2.	Nature of contracts/ arrangements/ transactions:	Lease Agreement for taking on lease building owned by related party.
3.	Duration of the contracts/ arrangements/ transactions:	3 Years
4.	Salient terms of the contracts or arrangements or transactions including the value, if any:	The Company has taken on lease land owned by the related party admeasuring 13 cents situated at Vadakkencherry, Palakkad, at a lease rent of Rs.10,000 per month and an interest free refundable advance equivalent to 3 months' rent.
5.	Date(s) of approval by the Board	07.11.2017
6.	Amount paid as advances, if any:	Rs. 30,000
7.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Not Required

f) Contract with M/s. ESAF Small Finance Bank Limited

SI.No	Particulars	Details
1.	Name(s) of the related party and nature of relationship:	ESAF Small Finance Bank Limited (The related party is the subsidiary Company)
2.	Nature of contracts/ arrangements/ transactions:	Rent agreement for Renting out building owned by the Company to the related party.
3.	Duration of the contracts / arrangements/ transactions:	5 years
4.	Salient terms of the contracts or arrangements or transactions including the value, if any:	The related party has taken on rent building owned by the company situated at Pattikkad, Thrissur admeasuring 1250 sq.ft at a rate of Rs.30 per Sq.ft per month.
5.	Date(s) of approval by the Board	05.03.2018
6.	Amount paid as advances, if any:	Rs. 2,25,000
7.	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	Not Required

SI.No	Particulars	Details
1.	Name(s) of the related party and nature of relationship:	ESAF Small Finance Bank Limited (The related party is the subsidiary Company)
2.	Nature of contracts/ arrangements/ transactions:	Sale of vehicles.

3.	Duration of the contracts / arrangements/ transactions:	One-time transaction
4.	Salient terms of the contracts or arrangements or transactions including the value, if any:	Sale of vehicles of the Company on negotiated price or the fair value, whichever is lower.
5.	Date(s) of approval by the Board	30.05.2018
6.	Amount paid as advances, if any:	NIL
7.	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	Not required

g) Contract with Mr. Kadambelil Paul Thomas

Sl.No	Particulars	Details
1.	Name(s) of the related party and nature of relationship:	ESAF Small Finance Bank Limited (The related party is the spouse of Mrs. Mereena Paul, Chairperson and Managing Director of the Company)
2.	Nature of contracts/ arrangements/ transactions:	Consultancy Services from Mr. Kadambelil Paul Thomas
3.	Duration of the contracts / arrangements/ transactions:	3 months with effect from 20 th June, 2018.
4.	Salient terms of the contracts or arrangements or transactions including the value, if any:	<p>A consolidated amount of Rs.18 Lakhs plus taxes shall be the consideration for the assignment and he is entitled to receive out of pocket expenses not exceeding 10% of total consideration. The consideration shall be payable as below:</p> <ol style="list-style-type: none"> 1. 30% at the time of entering into the agreement. 2. 20% on obtaining consent from trustees and Debenture holders. 3. 30% after successful redemption of NCDs. 4. 10% after submission of applications with the Reserve Bank of India for CIC Registration. 5. 10% after obtaining Certificate of Registration as Core Investment Company. <p>A penalty provision of full refund of the amount paid to the consultant will be set in the agreement in case of willful default from the part of the consultant resulting in the non-achievement of milestones in the timelines set.</p>
5.	Date(s) of approval by the Board	19.06.2018
6.	Amount paid as advances, if any:	NIL
7.	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	Not Required

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

NIL

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

The Board of Directors in their meeting held on 05th November, 2014, adopted CSR Policy and the policy enables the Company to carry out all the activities which are mentioned in the Schedule VII to the Act. The CSR initiatives carried out by the Company during the year under review are mainly in relation to promotion of education, health care, Sanitation, skill development etc. Further, all the projects undertaken during the Financial Year 2018-19 were within the broad framework of Schedule VII to the Companies Act, 2013.

The Key focus areas for CSR activities of ESAF Microfinance are chosen in such a way that the broad vision of the Company is fulfilled. The Company envisions a just and fair society through holistic transformation of the poor and the marginalized. This implies addressing critical issues of the poor and the marginalized like education, health, sanitation, environment and skill development

Details of the CSR policy and projects or programmes undertaken by the Company are available on the website of the Company at www.esafmicrofin.com

2. Composition of the CSR Committee

SI No	Name of the Member	Position	Category of Directors
1	Mrs. Mereena Paul	Chairperson	Chairperson and Managing Director
2	Mr. Eby Thomas	Member	Non-Executive Director
3	Mr. Saneesh Singh	Member	Non-Executive Director

3. Average net profits of the Company for last three financial years: Rs. 25,95,66,127
4. Prescribed CSR Expenditure: Rs. 51,91,323
5. Details of CSR spent during the year:-
 - (a) Total amount to be spent for the financial year:- Rs. 51,91,323
 - (b) Amount unspent: NIL
 - (c) Manner in which the amount is spent during the financial year is detailed below:

Amount (in Rs.)

SI No	CSR Project or Activity Identified	Sector in which the project is covered (Reference of the activities provided in Schedule VII)	Projects or programs (1)Local area or other (2)Specify the State and district where Projects or programs where undertaken	Amount outlay (budget) Project or Program wise	Amount spend on the projects or programmes Sub-heads: (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Integrated school Development Project, Assam	Education and social inclusion	Assam	5191323.00	5191323.00	5191323.00	through the implementing agency – Evangelical Social Action Forum

6. Reasons for not spending the entire amount as mentioned in para 5(a) above.

Company has spent the entire amount allocated to CSR through the implementing agency – Evangelical Social Action Forum

We hereby confirm that, the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of CSR Projects and activities in compliance with our CSR objectives

Annexure V

Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a) Ratio of the remuneration of each Director to the median remuneration of all the employees of the Company for the Financial Year

1.	Median remuneration of all the employees of the Company for the financial year 2018-19 (in Rs.)	Rs. 3,75,230
2..	The number of permanent employees on the rolls of the Company as on 31 st March 2019	6 (excluding MD)
3.	Ratio of the remuneration of each Director to the median remuneration of all the employees of the Company	No other directors except Chairperson and Managing Director receive remuneration other than sitting fees. Ratio remuneration of CMD to median remuneration of all employees is 18.38.
4.	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company or Manager , if any, in the financial year	NIL
5.	The percentage increase in the median remuneration of employees in the financial year 2016-17	NIL
6.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	NIL

Apart from the above, no other directors had received remuneration during the year under review. The remuneration is as per the remuneration policy of the Company.

Information as per rule 5(2) of chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The names of the top ten employees in terms of remuneration drawn:

As on 31st March 2019, the Company has only six employees excluding Chairperson and Managing Director.

Sl.No	Name of the employee	Designation	Remuneration received (in Rs.)	Nature of employment	Qualification	Experience (in years)	Age in years	% of equity shares held	Date of commencement of employment
1.	Mereena Paul	Chairperson and Managing Director	68,98,513	Permanent	Post Graduation	12	55	0.01	04.11.2007
2.	Rajesh Sreedharan Pillai	Chief Financial Officer	19,41,964	Permanent	B. Com, CA Inter	12.5	40	0.03	10.03.2008
3.	Jiju George*	Company Secretary	3,20,770	Contractual	B.com ACS	3.4	30	NIL	17.05.2016
4.	Geetha Kuriakose	Senior Manager	5,62,894	Permanent	MBA in HR	8	52	NIL	01.10.2011
5.	Rema P	Deputy Manager	4,02,264	Permanent	B. Com, CA Inter	14	41	NIL	14.02.2005
6.	Sherly Davis	Deputy Manager	3,33,335	Permanent	B.Com	17	57	NIL	12.06.2002
7.	Babu Paul	Officer	3,48,195	Permanent	Matriculation	18	53	NIL	03.04.2007

* Remuneration disclosed is the remuneration received till her date of resignation as Company Secretary, ie till 28/02/2019.

None of the employees are related to director or manager of the Company. Other than those disclosed above, none of the employees of the Company was in receipt of remuneration as per Section 197 of the Companies Act 2013, read with Rule 5 of Companies (Appointment and Qualification of Managerial Personnel) Rules 2014.

JOYFUL STORIES OF TRANSFORMATION



INTO THE DEEP SEA, BRAVING THE TIDES

In 2017, Rekha Karthikeyan (47) became the first licensed fisherwoman in the country, authorized to venture into the deep sea. Before winning the deep sea license from the Central Marine Fisheries Research Institute (CMFRI), she had to navigate troubled waters to make a decent living. At last, her perseverance and poise paid off and she became a role model for many to look up to. With her husband and four daughters, she now lives in a small house next to the sea at Engandiyoor village in Thrissur, Kerala.

From a young age, Rekha was familiar with the tussles and struggles of life. At the age of 18, she chose to live her life with a man hailing from the seashores of Chettuva. "Sealife was dreadful to me, as the village I hailed from didn't have any connection with the sea. It was only after moving here that I actually experienced sea water for the first time in my life", she said. "When I first went out to the deep sea I was not even able to stand or hold steady. For two to three weeks, every journey out into the sea was all about vomiting and sickness. Intolerable back pain and soreness were troubling me each and every day, as my body wasn't used to the turbulence of the sea", she continued.

"I am doing it for my girls" she replied on what kept her going. She is very much concerned about the education and future

of her four daughters. Her humbleness was truly remarkable and she added that she was willing to work even harder for the sake of her children. Quite unlike many, Rekha believes in hard work and is well aware that there is no easy way to success.

She is very much indebted to ESAF and is thankful to the Organization. She still remembers the first loan of Rs 8000 she has taken 12 years back to buy her own fishing nets. Later, she had invested money in buying a new boat and also in replacing fishing nets, which were vulnerable to attacks from big fishes. So far she has received a cumulative loan amount of Rs 4 lakhs through different loan cycles.

Now Rekha earns between INR 1000 - 2000 / day, after meeting expenses on conveyance. "I thank Kadalamma (mother of the sea), for this honour and I thank ESAF for all the financial support extended over the years." she concluded.



COLOURING LIFE WITH RANGOLI

Rashida Sheikh and her husband Renjan Sheikh, from Wadi, Nagpur, were finding it hard to survive the period of inflation. Her husband's meager earning was not enough for a family of seven (including five children) to meet their daily needs. In order to give financial support to her husband, Rashida started a small shop of Rangoli (coloured powder) on the streets of Wadi.

As Renjan Sheikh was elected as Mullah' (Muslim clergy), things went from bad to worse for Rashida's family. She had to take care of all her children by herself. Many came forward to sympathize with her but no one offered her genuine support. She was left with no other option but to focus on her business.

In need of funds, she came to ESAF, Wadi branch and the staff advised her to be part of a sangam. Eventually, in 2009 she got her first loan of Rs 8000. Using the loan she built on her stock and her profit started increasing from Rs 200 to Rs 500 per day.

Being a smart business woman, she studied the market well and started selling other seasonal products as well. This approach helped her to create additional sources of income.

During hot summers, she stores water in big containers / drums and earns good margins by selling them for at least four months in a row. During Diwali season she sells diyas and fire crackers and other festival accessories.

After associating with ESAF for ten years, she has now become a wholesale dealer of Rangoli in Wadi. "Rangoli is an integral custom of any Maharashtrian family, so is my business," says a smiling Rashida who herself has drawn a beautiful Rangoli of her life through sheer hard work and determination. She now earns up to INR 30,000 per month after meeting her business expenses.

Although her children support her in business, she is very much strict about their education. In 2018, she realized her dream of living in a new big house that can accommodate all and is happily attributing her success to ESAF team and their guidance.



WRITING HER SUCCESS STORY ON PAPER PLATES

Meenakshi Longjevar from Nagpur has been associated with ESAF for the last four years. She was not able to complete her formal education and hence was not confident enough to take up a full-time job. She used to support her husband who was running a small pan shop far away from the home town.

Her lack of education never stopped her from thinking big. She started looking for business opportunities that could generate more income for her. From a newspaper article she came to know about the scope of paper plate business. After conducting a small market study, she was convinced of its possibilities. Soon she underwent training for making paper plates.

Her personal savings coupled with the first loan of Rs. 20,000 from ESAF helped her to buy machines and raw materials. Marketing the product was the biggest challenge for her. But her emphasis on timely delivery and quality helped her to maintain existing clients and find new leads. Her husband and son also supported her in expanding her business.

Her business gained momentum considerably as production capacity at her unit increased. From a single machine her

business capacity has now grown considerably to nine machines. She employs six workers and generates a profit of Rs 40 k to 45 k per month. Meenakshi proudly asserts that whatever she has achieved today is only because of ESAF and is very much eager to provide livelihoods to more needy people around her.



MAKING OF A BAKING STORY

The story of Smt. Sajitha Dilddar is an inspiring one for all women who wish to start their own business. She was an unassuming housewife five years ago at Edakkara, in Malappuram District Kerala. Her husband was a daily wage worker. He worked hard to earn a paltry income that was barely sufficient for a decent living.

Like many women in her neighborhood, Sajitha had to spend a good portion of her life within the confines of the kitchen walls. She wished to do something that could bring in additional income to her family and thus she learnt to make cookies and buns with the support of her friends who had oven at home.

She was looking for avenues of finance that would support her ambition to launch a small baking unit of her own. As soon as she came to know about collateral free loans from ESAF, she was quick to join a JLG in her village in 2007. She started the venture with her husband under the name 'Ooty Varkey'. Her cookies became a big hit as bakeries started preferring her cookies over others. Subsequent loans from ESAF helped her to expand her unit. Presently she employs 10 women and five of them are ESAF JLG members.

She intelligently used the loan amounts to purchase assets including a delivery van. Using the van she now delivers two full loads of cookies, bun and other savories, generating revenue of Rs 25000 per day. Ooty Varkey is now the most sought after cookies in her village and demand for the cookies comes even from distant places in the Middle East. No wonder, today she owns a bakery by the name 'Neelagiri'.

In 12 years of association with ESAF, she has earned a name as a successful businesswoman. The community around her testifies the same about Sajitha Ettha (elder sister). She is definitely an example for other aspirants to follow...

REPORT ON CORPORATE GOVERNANCE

ESAF Financial Holdings Private Limited has given adequate thrust to Corporate Governance practices built on the principles of ethics, fair practices and transparency in all its dealings with various stakeholders such as Customers, Employees, Investors, Government and the Society at large. Also the Corporate Governance system is in tune with the RBI guidelines, which envisages adherence to transparency, accountability, responsibility and fairness. Sound corporate governance at your Company is the result of external marketplace commitment and legislation plus a healthy Board culture, which directs the policies and philosophies of the Organization. The Company manages its business and conducts its affairs with the objective of enhancing shareholder value, which also ensures the financial viability of the business.

Philosophy on Corporate Governance

At ESAF Financial Holdings, Corporate Governance is not viewed as a set of binding obligations, but considered as a framework to be followed in true letter and spirit. The Board ensures good Corporate Governance in terms of sound business policies and practices, adherence to compliances, and protection of interests of all the stakeholders. The Board often revisits the existing procedures and policies on Corporate Governance and makes adequate changes to further strengthen the governance practices. The Board ensures the success and continuity of the Company's business through on-going monitoring of activities. In other words, Your Company sees corporate governance beyond financial numbers.

Internal Guiding Principles on Corporate Governance

Your Company's Corporate Governance initiatives are based on the following key principles and also in compliance with the Companies Act, Guidelines issued by RBI and other applicable statutes.

- o Management must have the executive freedom to drive the enterprise forward without undue restraints.
- o The freedom of the Management should be exercised with in a frame work of effective accountability.
- o The framework should cover areas including Organizational Structure, Planning Methodology, Management Standards and Policies, Monitoring, Reporting Processes and Statutory Compliances.

Board of Directors

The Board of the Company has been constituted in such a manner that it comprises of optimum mix of Executive and Non Executive Directors.

As on 31st March 2019, the Board consists of a total of six directors including a Managing Director, Two Non-Executive Independent Directors and Three Nominee Directors. During the year under review, M/s. ESAF Swasraya Multi State Agro Co-operative Society Limited nominated Mrs. Poonam Mehta as their Nominee Director in the Company in place of Mrs. Mumtaj Begum.

All important strategic policy matters are deliberated at the Board Meetings.

Composition of Board as on 31st March, 2019

Sl. No	Name	Date of Birth	DIN	Category	Date of Appointment
1	Mrs. Mereena Paul	24.03.1964	02228087	CMD	10/03/2017
2	Mr. Vikraman Ampalakkat	08.08.1947	01978341	NEID	30.09.2008
3	Mr. Saneesh Singh	19.09.1968	02254868	ND	29.05.2015
4	Mr. RV Dilip Kumar	20.10.1968	01060651	ND	09.11.2015
5	Mr. Eby Thomas	01.06.1973	01865748	NEID	14.01.2016
6	Mrs. Mumtaj Begum (ceased to be a Director with effect from 04 th September, 2018)	25.05.1969	07653177	ND	10.11.2016
7	Mrs. Poonam Mehta (appointed as Director with effect from 04 th September, 2018)	12.10.1973	08209385	ND	04/09/2018

CMD - Chairperson and Managing Director

NEID - Non-Executive Independent Director

ND - Nominee Director

BOARD OF DIRECTORS

The Board of Directors as on 31st March, 2019 are as follows:



Smt. Mereena Paul
(Chairperson & Managing Director)

Mrs. Mereena Paul is the co-founder of ESAF and was actively involved in the formation of ESAF and the operations in the initial years.



Shri. Vikraman Ampalakkat
(Non Executive Independent Director)

Mr. Vikraman was the Chief General Manager (CGM) of Small Industries Development Bank of India and was heading the SIDBI Foundation for Microcredit (SFMC). He has got immense experience in the fields of priority sector lending, microfinance, developmental projects, SME lending and Project Finance. He is in the board of Muthoot Fincorp Ltd, Samastha Microfinance Ltd., etc.



Shri. Saneesh Singh
(Nominee Director)

He has over 26 years of experience in the fields of development, banking & finance, financial inclusion, Micro and Small Enterprise (MSME) lending and social & impact investments. He is currently the Managing Director & CEO of Dia Vikas Capital Pvt. Ltd. (Dia), a subsidiary of Opportunity International Australia (OIA) and leads OIA's initiatives in India. Mr Singh has been engaged in institution building, mentoring and governance of major microfinance institutions and has wide exposure to innovative community finance arrangements & social investments in India and abroad. He is a member of Inclusive Finance India Group of Advisors and has been associated as committee member with various national level MSME technical institutes, industry associations, business incubators and management training institutions etc. He had earlier worked in senior managerial capacities at Small Industries Development Bank of India (SIDBI) and was part of the core team that initiated its highly successful microfinance program.

Saneesh holds Master's Degree in Social Work as well as in Systems Analysis and Design and is an Associate of the Indian Institute of Bankers. He is an Alumni of London School of Economics, Indian School of Business, and Harvard Business School.

Saneesh is an Aspire and Chevening Fellow and currently serves on the boards of several leading Financial Inclusion companies, including Cashpor Micro Credit, Satya Micro Capital and ESAF Small Finance Bank.



Smt Poonam Mehta
(Nominee Director)

Smt Poonam Mehta is a nominee of ESAF Swasraya Multi State Agro Co-operative Society Ltd and has field level experience in organizing and leading sangams.



Shri. RV Dilip Kumar
(Nominee Director)

Shri, Dilip Kumar is the nominee Director of SIDBI Venture Capital Ltd (SVCL). He has been with SVCL since its inception in 1999 and was part of the core team which had set up SIDBI Ventures, SIDBI Trustee Company and NFSIT. He represents SVCL on the Boards of some portfolio companies, where he has played an active role in building up systems and processes. Prior to joining SVCL in 1999, Dilip was with SIDBI for nearly 8 years with experience in credit appraisal, accounts and audit functions. He is a Post Graduate in Commerce and Economics, AICWA, CS (Inter), PGDBA and CAIIB.



Shri. Eby Thomas
(Non Executive Independent Director)

Mr. Eby Thomas has a Post Graduate Diploma in Journalism and Masters Degree in English Literature. He has rich experience in Water and environment sanitation projects of various organizations. He is familiar in news media and has experience with various media like sahara news, zee news etc. He is the Managing Director of Dharana Infrastructure Projects Private Limited, New Delhi which is a company engaged in water purification projects for communities.

Board Meetings

Seven Board Meetings were held during the Financial Year ended on March 31st 2019. These meetings were held on 30th May, 2018, 19th June, 2018, 07th July 2018, 04th September, 2018, 28th September 2018, 05th November 2018 and 08th February, 2019.

Directors' Attendance record

Sl. No.	Name	Board meeting during Financial year 2018-19		Whether present at the previous AGM
		Entitled to attend	Attended	
1	Mrs. Mereena Paul	7	7	Yes
2	Mr. Vikraman Ampalakkat	7	7	Yes
3	Mr. RV Dilip Kumar	7	6	No
4	Mr. Eby Thomas	7	6	Yes
5	Mr. Saneesh Singh	7	6	Yes
6	Mrs. Mumtaj Begum*	4	0	No
7	Mrs. Poonam Mehta**	3	1	No

* Resigned with effect from 04th September, 2018

** Appointed with effect from 04th September, 2018

Board Committees

As on 31st March 2019, the Company has six regular Board Committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and IT Strategy Committee.

Minutes of the meetings of the Committees are approved by the Chairperson of the respective Committees and are noted and confirmed by the Board in its subsequent meeting.

1. Audit Committee

a. Constitution of Audit Committee

The Audit Committee was constituted on 07.10.2008. The Committee comprises of the following Directors as Members:

Sl No.	Name	Designation
1	Mr. Vikraman Ampalakkat	Chairman
2	Mr. R V Dilip Kumar	Member
3	Mr. Eby Thomas	Member

b. Meeting and Attendance

During the Financial Year under review, five meetings of the Audit Committee were held on 30th May 2018, 31st July 2017, 19th June, 2018, 04th September 2018, 05th November 2018 and 08th February 2019.

The attendance details of Audit Committee members are as under.

Sl No	Name	Number of meetings during the Financial year 2018-19	
		Entitled to attend	Attended
1.	Mr. Vikraman Ampalakkat	5	5
2.	Mr. R V Dilip Kumar	5	4
3.	Mr. Eby Thomas	5	4

2. Nomination & Remuneration Committee

a. Constitution of Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted on 13.02.2009 (originally named as Human Resources and Nomination Committee was renamed as Nomination and Remuneration Committee at the Board Meeting held on 29.09.2014). The Committee currently has the following Members:

Sl. No	Name	Designation
1	Mr. Vikraman Ampalakkat	Chairman
2	Mr. Saneesh Singh	Member
3	Mr. Eby Thomas	Member

Attendance during the year

During the financial year two meetings of the Committee were conducted on 30th May, 2018 and 04th September, 2018.

Sl. No	Name	Number of meetings during the Financial year 2018-19	
		Entitled to attend	Attended
1.	Mr. Vikraman Ampalakkat	2	2
2.	Mr. Saneesh Singh	2	2
3.	Mr. Eby Thomas	2	2

3. Stakeholders Relationship Committee

a. Constitution of Stakeholders Relationship Committee

The Stakeholders Relationship Committee was constituted on 29.09.2014 and currently has the following directors as the members of the Committee.

Sl.No	Name	Designation
1	Mr. Eby Thomas	Chairman
2	Mrs. Mereena Paul	Member
3	Mr. R V Dilip Kumar	Member

b. Attendance during the year

The Committee shall meet at least twice annually or more frequently as circumstances dictate. Any member of the Committee may call meetings, if finds necessary.

During the Financial Year, three meetings were conducted on 30th May, 2018, 04th September, 2018 and 05th November, 2018.

Sl. No	Name	Number of meetings during the Financial year 2018-19	
		Entitled to attend	Attended
1.	Mr. Eby Thomas	3	3
2.	Mrs. Mereena Paul	3	3
3.	Mr. RV Dilip Kumar	3	2

4. Corporate Social Responsibility Committee

a. Constitution of Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was formed on 30.06.2014 and has the following directors as members of the Committee.

Sl. No	Name	Designation
1	Mrs. Mereena Paul	Chairperson
2	Mr. Saneesh Singh	Member
3	Mr. Eby Thomas	Member

b. Meetings during the year

The Committee shall meet at least twice annually or more frequently as circumstances dictate. Any member of the Committee may call meetings, if finds necessary. During the financial year, two meetings were conducted on 30th May, 2018 and 08th February, 2019.

Sl. No	Name	Number of meetings during the Financial year 2018-19	
		Entitled to attend	Attended
1.	Mrs. Mereena Paul	2	2
2.	Mr. Saneesh Singh	2	2
3.	Mr. Eby Thomas	2	1

5. Risk Management Committee

a. Constitution of Risk Management Committee

The Board of Directors has constituted a Risk Management Committee on 31.03.2016 and the Committee currently has the following members:-

Sl. No	Name	Designation
1	Mrs. Mereena Paul	Chairperson
2	Mr. Eby Thomas	Member
3	Mr. RV Dilip Kumar	Member

Meetings during the year

The Committee generally meet as and when required. During the year under review, no meetings were held.

6. IT Strategy Committee

a. Constitution of IT Strategy Committee

The Board of Directors has constituted a IT Strategy Committee on 05.03.2018 and the Committee currently has the following members: -

Sl. No	Name	Designation
1	Mr. Vikraman Ampalakkat	Chairman
2	Mrs. Mereena Paul	Member
3	Mr. Eby Thomas	Member

During the year under review, no meetings were held.

Ms. Jiju George, Company Secretary, acts as the Secretary of the Committees.

A. General Share holder information

a.

a. Date time and venue of 23rd Annual General Meeting

The 23rd Annual General Meeting of the Company will be held on Saturday, 21st September, 2019 at Hotel Trident, 1, 24, Great Southern Trunk Road, Kannan Colony, Meenambakkam, Chennai, Tamil Nadu, PIN- 600 027 at 02.00 PM.

b. Financial Calendar

The financial Calendar of the Company is from 1st April to 31st March.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

At ESAF, we firmly believe in achieving excellence in everything that we do. Our corporate DNA is characterized by three basic traits – People, Profit and Planet, which is otherwise termed as triple bottom line approach.

The expansion in global trade and revival of investment activities led to the strengthening of global economy. India has emerged as the fastest growing economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years. India's GDP is estimated to have increased 7.2 percent in 2017-18 and 7 per cent in 2018-19. India has retained its position as the third largest start up base in the world with over 7,700 technology start-ups. India's labour force is expected to touch 160-170 million by 2020, based on growth rate of population, increased labour force participation and higher education enrolment among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute. India's foreign exchange reserves were US\$ 405.64 billion in the week up to March 15, 2019, according to data from the RBI.

Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. The Government of India has launched the Make in India initiative with an aim to boost the manufacturing sector and to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence spur development, in addition to benefiting investors. The Government of India, through the Make in India initiative, is aiming at boosting the manufacturing sector's contribution to the economy from the current 17% level to 25%. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creating digital infrastructure, delivering digital services and enhancing digital literacy.

Since the rolling out of GST, the economy seems to be moving towards a change. The outwitting emphasis on digital will surely bring in transparency in the Governance and will increase

tax compliance. Also, this will contribute in Government's capability to spend on infrastructure developments and social welfare schemes.

The Government is taking various initiatives for the development of financial services sector. Universal Banks, Small Finance Banks, Payment Banks, NBFCs, especially those catering to the urban and rural poor namely NBFC-MFIs and Asset Finance Companies have a complimentary role in the financial inclusion agenda of the country.



Prof. C. Raveendranath, Minister for Education, Govt. of Kerala inaugurating the 2nd Anniversary celebrations of ESAF Small Finance Bank. Adv. K. Rajan MLA, Sri. Anil Akkara MLA, Sri. K. Paul Thomas, MD & CEO, ESAF Small Finance Bank and Smt. Mereena Paul, Chairperson & Managing Director, ESAF Financial Holdings are also seen.



ESAF was the first Small Finance Bank to launch a humanoid robot named EIDA to deliver Joy of Banking to the customers.

INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS

To the Members of ESAF Financials Holdings Private Limited (formerly known as ESAF Microfinance and Investments Private Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of ESAF Financials Holdings Private Limited (formerly known as ESAF Microfinance and Investments Private Limited) ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 as amended ("the Act") in the manner so required to give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit and its cash flows for the year ended on that date.

Basis for Opinion

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

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

The Company's Board of Directors is responsible for the other information. The other information received by us comprises of the Annual report but does not include the standalone financial statements and our auditor's reports thereon. The Annual Report is expected to be made available to us after the date of the audit report.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Those Charged with Governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, cash flows of the Company in accordance with the accounting principles generally accepted in India, Companies (Accounting Standards) Rules 2006 (as amended) specified under section 133 of the Act read with the Companies (Accounts) Rules, 2014 in so far as they apply to the Company.

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

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

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 2" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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;

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;

The Balance Sheet, the Profit and Loss Account, the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

In our opinion, the aforesaid standalone financial statements comply with the Companies (Accounting Standards) Rules 2006 (as amended) specified under section 133 of the Act read with the Companies (Accounts) Rules, 2014;

On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;

The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2019; and

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

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 22.2 to the standalone financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S. R. Batliboi & Associates LLP

Chartered Accountants

Firm's Registration No.: 101049W/E300004

per Sarvesh Warty

Partner

Membership No.: 121411

Place: Mumbai

Date: June 11, 2019

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ESAF FINANCIAL HOLDINGS PRIVATE LIMITED (formerly known as ESAF Microfinance and Investments Private Limited)

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 ESAF Financials Holdings Private Limited (formerly known as ESAF Microfinance and Investments Private Limited) (the "Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements 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, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31,2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. R. Batliboi & Associates LLP

Chartered Accountants

Firm's Registration No.: 101049W/E300004

per Sarvesh Warty

Partner

Membership No.: 121411

Place: Mumbai

Date: June 11, 2019

Annexure 2 to the auditors' report

The Annexure referred to in our report to the members of ESAF Financial Holdings Private Limited [Formerly known as ESAF Microfinance & Investments Private Limited] ('the Company') for the year ended March 31, 2019

We report that:

- (i) (a) The Company has maintained records showing particulars of fixed assets, although quantitative details and description of some of the assets are yet to be updated.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) (a) The Company has granted loan to one party covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
- (b) The Company has granted loans to one party covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/ receipts are regular.
- (c) There are no amounts of loans granted to the party listed in the register maintained under section 189 of the companies Act 2013, which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows

Name of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Due date	Date of payment
Shops and Commercial Establishments Workers Welfare Fund Act, 2006	Employees contribution	3520	From September 1, 2017 to August 31, 2018	Various	Unpaid

- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess which have not been deposited on account of any dispute are as follows:

Nature of statute	Nature of duties	Forum where dispute is pending	Period which the amount relates	Amount involved (Rs.)
Income Tax Act 1961	Income Tax	Commissioner of Income Tax (Appeals)	Assessment Year 2011-12 and 2013-14	20,591,033
Finance Act, 1994	Service tax (excluding additional interest and penalty)	Customs, Excise and Service tax Appellate Tribunal	Assessment Year 2008-09 to 2011-12	26,122,746

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud / material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S. R. Batliboi & Associates LLP
Chartered Accountants
Firm's Registration No.: 101049W/E300004

per Sarvesh Warty
Partner
Membership No.: 121411

Place: Mumbai
Date: June 11, 2019

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED

(Formerly known as ESAF MICROFINANCE AND INVESTMENTS PRIVATE LIMITED)

STANDALONE BALANCE SHEET AS AT 31 MARCH, 2019

Particulars	Note No.	As at	As at
		31 March, 2019	31 March, 2018
		₹	₹
A EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share capital	3	1,78,52,01,630	1,78,52,01,630
(b) Reserves and surplus	4	1,48,43,48,778	1,49,20,39,440
		3,26,95,50,408	3,27,72,41,070
Non-current liabilities			
(a) Long-term borrowings	5	38,38,027	68,68,560
(b) Other long-term liabilities	6	-	2,25,000
		38,38,027	70,93,560
Current liabilities			
(a) Short term borrowings	7	3,50,00,000	-
(b) Trade Payables	8		
(A) Total outstanding dues of Micro Enterprises and Small Enterprises		-	-
(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		69,30,026	92,12,798
(c) Other current liabilities	9	1,23,33,241	1,42,28,58,742
(d) Short-term provisions	10	5,16,95,190	5,10,93,581
		10,59,58,457	1,48,31,65,121
TOTAL		3,37,93,46,892	4,76,74,99,751
B ASSETS			
Non-current assets			
(a) Fixed assets	11		
Property, Plant and Equipment		16,01,07,686	16,36,91,745
		16,01,07,686	16,36,91,745
(b) Non-current investments	12	2,83,90,00,000	2,83,90,00,000
(c) Deferred tax assets (net)	23.6	45,58,028	49,43,478
(d) Long-term loans and advances	13	31,04,401	31,84,405
(e) Other non-current assets	14	-	1,28,45,73,782
		2,84,66,62,429	4,13,17,01,665
Current assets			
(a) Cash and bank balances	15	36,29,71,532	44,74,90,240
(b) Short-term loans and advances	16	96,05,245	2,08,41,062
(c) Other current assets	17	-	37,75,039
		37,25,76,777	47,21,06,341
TOTAL		3,37,93,46,892	4,76,74,99,751

See accompanying notes forming part of the financial statements

As per our report of even date attached
For S.R Batliboi & Associates LLP
Chartered Accountants
Firm Registration No:101049W/E300004

For and on behalf of the Board of Directors

per Sarvesh Warty

Partner

Membership No. 121411

Mereena Paul

Chairperson & Managing Director

DIN:02228087

Vikraman Ampalakkat

Director

DIN:01978341

Rajesh Sreedharan Pillai

Chief Financial Officer

Vaishakh R

Company Secretary

Place : Mumbai

Date : 11-06-2019

Place : Mumbai

Date : 11-06-2019

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF MICROFINANCE AND INVESTMENTS PRIVATE LIMITED)

Particulars	Note No.	For the year ended 31 March, 2019 ₹	For the year ended 31 March, 2018 ₹
Income			
Other Income	18	17,35,70,777	28,84,92,781
		<u>17,35,70,777</u>	<u>28,84,92,781</u>
EXPENDITURE			
(a) Employee benefits expense	19	80,57,855	2,13,85,265
(b) Finance Cost	20	9,86,78,139	19,86,17,970
(c) Administrative and other expenses	21	1,80,19,863	2,82,62,565
(d) Depreciation and amortisation expenses	12	21,53,821	29,16,023
Total Expenses		<u>12,69,09,678</u>	<u>25,11,81,823</u>
Profit before tax (1-2)		4,66,61,099	3,73,10,958
Tax expense / (Benefit)			
(a) Current tax expense/ (benefit)		1,68,53,893	1,80,14,869
(b) Deferred tax		3,85,450	(2,27,028)
Net tax expense/(benefit)		<u>1,72,39,343</u>	<u>1,77,87,841</u>
Profit after tax (3-4)		2,94,21,756	1,95,23,117
Earnings per equity share: Face value Rs.10 each			
(a) Basic & Diluted	23.5	(0.05)	(0.12)

See accompanying notes forming part of the financial statements

As per our report of even date attached

For and on behalf of the Board of Directors

For S.R Batliboi & Associates LLP

Chartered Accountants

Firm Registration No:101049W/E300004

per Sarvesh Warty

Partner

Membership No. 121411

Mereena Paul

Chairperson & Managing Director

DIN:02228087

Vikraman Ampalakkat

Director

DIN:01978341

Rajesh Sreedharan Pillai

Chief Financial Officer

Vaishakh R

Company Secretary

Place : Mumbai

Date : 11-06-2019

Place : Mumbai

Date : 11-06-2019

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED

(Formerly known as ESAF MICROFINANCE AND INVESTMENTS PRIVATE LIMITED)

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2019

(Amount in ₹)

PARTICULARS	For the year ended 31 March 2019	For the year ended 31 March 2018
A Cash Flow from Operating Activities:		
Profit Before Tax	4,66,61,099	3,73,10,958
Adjustments for:-		
Depreciation and amortisation expenses	21,53,821	29,16,023
Profit on Sale of Fixed Assets	(18,89,228)	-
Finance Costs	9,86,78,139	19,82,95,315
Interest Income	(15,02,14,711)	(26,90,95,297)
Advances/Deposits Written off	12,53,912	27,23,121
Provision for diminution in value of investments		5,00,000
Operating Profit before Working Capital Changes:	(33,56,968)	(2,73,49,880)
Changes in Working Capital:-		
Adjustments for (increase) / decrease in operating assets:		
Loans Under Financing Activity	-	3,24,11,338
Loans and advances	1,00,61,909	(21,44,682)
Other Assets	37,75,039	(8,78,782)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(22,82,772)	(9,52,01,683)
Other Liabilities	(11,94,46,501)	(2,61,73,15,382)
Provisions	(1,07,554)	(8,34,51,357)
Cash Generated from Operations	(11,13,56,847)	(2,79,39,30,428)
Finance costs (Paid)	(9,85,02,376)	(19,82,95,315)
Net Income Tax Paid	(1,63,81,254)	(2,94,47,280)
Net Cash from Operating activities (A)	(22,62,40,477)	(3,02,16,73,023)
B Cash Flow from Investing Activities:		
Capital expenditure on fixed assets, including capital advances	(89,450)	-
Proceeds from sale of fixed assets	34,08,916	-

Bank balances not considered as Cash and cash equivalents (Net)	1,33,74,45,647	78,24,63,730
Interest Income on Deposits with Banks	15,02,14,711	26,90,95,297
Dividend received	-	-
Net Cash from Investing activities (B)	1,49,09,79,824	1,05,15,59,027

C Cash Flow from Financing Activities:

Proceeds from Borrowings from banks/others (Net of Repayment)	(1,29,43,34,533)	56,16,819
Net increase / (decrease) in working capital borrowings	3,50,00,000	-
Dividend and Dividend Tax Paid	(3,70,51,657)	(3,83,22,811)
Net Cash from Financing activities (C)	(1,29,63,86,190)	(3,27,05,992)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,16,46,843)	(2,00,28,19,988)
Cash and Cash Equivalents at the beginning of year	4,20,12,196	2,04,48,32,184
Cash and Cash Equivalents at the end of year (Refer Note 15)	1,03,65,353	4,20,12,196

See accompanying notes forming part of the financial statements

As per our report of even date attached

For and on behalf of the Board of Directors

For S.R Batliboi & Associates LLP

Chartered Accountants

Firm Registration No:101049W/E300004

per Sarvesh Warty

Partner

Membership No. 121411

Mereena Paul

Chairperson & Managing Director

DIN:02228087

Vikraman Ampalakkat

DIN:01978341

Rajesh Sreedharan Pillai

Chief Financial Officer

Vaishakh R

Company Secretary

Place : Mumbai

Date : 11-06-2019

Place : Mumbai

Date : 11-06-2019

1 Corporate information

ESAF Financial Holdings Private Limited (Formerly known as ESAF Microfinance and Investments Private Limited) [“the Company”] is a private limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. The company was registered as a non-deposit accepting Non-Banking Financial Company (‘NBFC-ND’) with the Reserve Bank of India (‘RBI’) vide certificate of registration no. B.-07-00652 dated 22 August 2007 and has got classified as a Non-Banking Financial Company – Micro Finance Institution (‘NBFC-MFI’) with effect from 7 January 2014.

The Company was primarily engaged in providing microfinance services to the weaker sections of society, and mainly women who are organized in joint liability groups. On 18 November 2016, the Company received approval from Reserve Bank of India (‘RBI’) to set up a Small Finance Bank, Pursuant to the same, the company executed an agreement to transfer its Business undertaking to its wholly owned subsidiary ESAF Small Finance Bank Limited (‘the Bank’). The Bank commenced operations w.e.f 10 March 2017, on which date the company ceased to operate as a microfinance company. Based on the licensing guidelines of RBI applicable to the Bank and pursuant to above changes, the company submitted application for registration as Core Investment Company (‘CIC’) on 18 March 2019. The Company surrendered its NBFC- MFI license and approval is awaited on the CIC application. The Company changed its name to ESAF Financial Holdings Private Limited on 1 March 2019.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Amendment Rules, 2006 (as amended from time to time). The financial statements have been prepared on an accrual basis and under the historical cost convention and considering the directions issued by the Reserve Bank of India (RBI) to the extent applicable to the company.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

2.3 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

2.4 Depreciation and amortization

Depreciation on Property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The company has used the following rates to provide depreciation on its property, plant and equipment.

Particulars	Useful life estimated by management (years)
Buildings	60
Computer and accessories	3
Furniture and fixtures	10

The management has estimated, supported by independent assessment by professionals, the useful lives of the following class of assets.

Vehicles are depreciated over the estimated useful life of 4 years which is lower than the than the life indicated in Schedule II of the Companies Act, 2013.

Intangible Assets are amortized on a straight line basis over the estimated economic useful life as follows:

Software : Lower of License period or 5 Years

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

2.5 Revenue recognition

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

- i. Interest on Fixed Deposits is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
- ii. Dividend income is accounted for when the right to receive it is established
- iii. Commission Income on marketing of products is recognised on accrual basis, when the service is rendered, taking into account the number of units sold, at the rates applicable and according to the terms of agreement
- iv. Commission income on other services is recognized on accrual basis when the service is rendered at the rates applicable in accordance with the terms of the agreement
- v. All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization / collection.

2.6 Property, plant and equipment and Intangible asset

Property, plant and equipment and Intangible assets are carried at cost less accumulated depreciation / amortization and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on Property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

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

Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.7 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost. The difference is accounted for profit / loss during the year.

2.8 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

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 individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

2.9 Retirement and other employee benefits

Employee benefits include Provident Fund (PF), Employees State Insurance Scheme (ESI), gratuity and compensated absences.

Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plan

For defined benefit plan in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur.

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

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

2.10 Leases

a) Where the company is Lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in property, plant and equipment. Lease income on an operating lease is recognized in the Statement of Profit and Loss as per the lease term. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss.

b) Where the company is Lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

Earnings per share

2.11 Basic earnings per share are computed by dividing the profit / (loss) after tax attributable to equity shareholders 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 as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) 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. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

2.12 Taxes on income

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves is recognised in reserves and not in the Statement of Profit and Loss.

2.13 Impairment of assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

2.14 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and 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 (excluding retirement benefits) are not discounted to their present value and are determined based on the 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. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.15 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.16 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED

(Formerly known as ESAF MICROFINANCE AND INVESTMENTS PRIVATE LIMITED)

Notes forming part of standalone financial statements

Note 3 Share capital

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of ₹ 10/- each with voting rights	19,00,00,000	1,90,00,00,000	19,00,00,000	1,90,00,00,000
Preference shares of ₹100/- each	60,00,000	60,00,00,000	60,00,000	60,00,00,000
Total	19,60,00,000	2,50,00,00,000	19,60,00,000	2,50,00,00,000
(b) Issued				
Equity shares of ₹10/- each with voting rights	14,03,39,963	1,40,33,99,630	14,03,39,963	1,40,33,99,630
Compulsorily Convertible Preference shares (CCPS) of ₹100/- each	38,18,020	38,18,02,000	38,18,020	38,18,02,000
Total	14,41,57,983	1,78,52,01,630	14,41,57,983	1,78,52,01,630
(c) Subscribed and fully paid up				
Equity shares of ₹10/- each with voting rights	14,03,39,963	1403399630	14,03,39,963	1,40,33,99,630
Compulsorily Convertible Preference shares of ₹100/- each	38,18,020	381802000	38,18,020	38,18,02,000
Total	14,41,57,983	1,78,52,01,630	14,41,57,983	1,78,52,01,630

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	₹	Number of shares	₹
A. Equity shares with voting rights				
Opening Balance	14,03,39,963	1,40,33,99,630	14,03,39,963	1,40,33,99,630
Add : shares issued during the year	-	-	-	-
Closing Balance	14,03,39,963	1,40,33,99,630	14,03,39,963	1,40,33,99,630
B. CCPS				
Opening Balance	38,18,020	38,18,02,000	38,18,020	38,18,02,000
Add : shares issued during the year	-	-	-	-
Closing Balance	38,18,020	38,18,02,000	38,18,020	38,18,02,000

3.2 Terms/Rights attached to Shares:

A. Equity Shares with voting rights

The Company has only one class of Equity Shares having a par value of ₹10/- per share. Each holder of the Equity Shares is entitled to one vote per share.

During the year ended 31 March 2019 the amount of per share dividend recognised in distribution to equity share holders is ₹ Nil (Previous year ₹Nil)

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

B. CCPS

(i) 3,723,020 (Previous Year: 3,723,020) CCPS of ₹100/- each attracts dividend @ 8%. This is compulsorily convertible into Equity Shares @ ₹15/- per share on or before seven years from the closing date i.e. 31 March, 2014.

(ii) 95,000 (Previous Year: 95,000) CCPS of ₹100/- each attracts dividend @10%. This is compulsorily convertible into Equity Shares @ ₹ 15/- per share on or before seven years from the closing date i.e. 31 March, 2014.

3.3 Details of shares held by holding entity

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	₹	Number of shares	₹
ESAF Swasraya Multistate Agro Co-operative Society Limited (Formerly ESAF Swasraya Multistate Co-operative Credit Society Limited)	8,15,33,174	81,53,31,740	8,15,33,174	81,53,31,740

3.4 Details of shares held by each shareholder holding more than 5% shares:

(i) Equity Shares with voting rights

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	Number of shares	% holding	Number of shares	% holding
ESAF Swasraya Multistate Agro Co-operative Society Limited (Formerly ESAF Swasraya Multistate Co-operative Credit Society Limited)	8,15,33,174	58.10%	8,15,33,174	58.10%
Dia Vikas Capital Private Limited	2,80,25,633	19.97%	2,80,25,633	19.97%
SIDBI Trustee Company Ltd	1,71,76,230	12.24%	1,71,76,230	12.24%

(ii) CCPS

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	Number of shares	% holding	Number of shares	% holding
ESAF Swasraya Multistate Agro Co-operative Society Limited (Formerly ESAF Swasraya Multistate Co-operative Credit Society Limited)	15,12,515	39.62%	15,12,515	39.62%
Dia Vikas Capital Private Limited	22,10,505	57.90%	22,10,505	57.90%

3.5 As at 31 March, 2019 the following shares are reserved for issuance:

(a) 25,453,467 (As at 31 March, 2018: 25,453,467) Equity Shares of ₹10/- each towards conversion of CCPS. (Refer 3.2 B above)

3.6 Aggregate number of Equity Shares with voting rights allotted as fully paid-up pursuant to contract(s) without payment being received in cash for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	Aggregate number of shares			
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Equity Shares	-	-	45,00,000	-

3.7 During the year the Company has converted Nil CCPS into Equity Shares.(Previous Year-Nil)

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Notes forming part of standalone financial statements
Note 4 Reserves and surplus

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹	₹
(a) Securities premium		
Opening balance	56,92,83,215	56,92,83,215
Add: Premium on Equity Shares issued during the year	-	-
Closing balance	56,92,83,215	56,92,83,215
(b) Other Reserves (Statutory reserve)		
Opening balance	24,64,02,818	24,24,98,195
Add: Transferred from surplus in Statement of Profit and Loss	58,84,351	39,04,623
Closing balance	25,22,87,169	24,64,02,818
(c) Surplus in Statement of Profit and Loss		
Opening balance	67,63,53,407	69,77,25,809
Add: Profit for the year	2,94,21,756	1,95,23,117
Less: Transferred to Statutory Reserve [Refer Note 4.1]	58,84,351	39,04,623
Dividend proposed to be distributed to preference share holders	3,07,34,160	3,07,34,160
Tax on dividend	63,78,258	62,56,736
Closing balance	66,27,78,394	67,63,53,407
Total	1,48,43,48,778	1,49,20,39,440

Note: 4.1 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 Profit after Tax. Accordingly, the Company has transferred an amount of ₹ 58,84,351/- (Previous year ₹ 39,04,623/-), out of profit after tax for the year to the statutory reserve.

Note 5 Long-term borrowings

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹	₹
(a) Non Convertible Debentures		
Secured (Refer Note 5.1)	-	-
Unsecured (Refer Note 5.2) #		
From Related Parties		-

Others	28,00,000	28,00,000
	28,00,000	28,00,000
(b) Vehicle Loan		
Secured (Refer Note 5.4)	10,38,027	40,68,560
Unsecured		
	10,38,027	40,68,560
Total	38,38,027	68,68,560

Includes Subordinated Debt of ₹ 2,800,000 (Previous Year ₹ 2,800,000) included in Tier - II capital

Notes forming part of standalone financial statements

Note 5.1 Details of secured debentures issued by the Company :

A) Listed Non convertible Debentures(NCDs) were secured by hypothecation of specified loans under financing activity up to March 09,2017. Pursuant to Agreement to Sell Business Undertaking (ASBU) dated 22 February,2017, the company has transferred loans under financing activity to ESAF Small Finance Bank Limited on 10 March , 2017. On account of such transaction, securities given as charge for securing these NCDs were modified as follows as per the hypothecation deed entered in to with respective debenture trustees and as per the resolution of Board of Directors on 27 January 2017

- i) Hypothecation of fixed deposits made with ESAF Small Finance Bank Limited for an amount equivalent to 100% of outstanding of the NCDs.
- ii) In addition to the above, following NCD's are also secured by land measuring an extent of 2325 sq.ft located in Cumbum Sub Dist. in Sy.No.756,755/1 & 751/1 which is forming part of large extent of land measuring 82 cents in Sy.No.756, in Sy.No.755/1, 1 acre & 57 cents, in Sy. No. 751/1, 2 acres & 85cents owned by ESAF Microfinance & Investments Pvt Ltd in Village No.24,Cumbum,Theni District.

- a) 230 nos, 13.90% Non Convertible Debentures of Rs. 10,00,000/- each
b) 300 nos, 13.80% Non Convertible Debentures of Rs. 10,00,000/- each
c) 1000 nos, 13.50% Non Convertible Debentures of Rs. 5,83,695/- each

B) Repayment terms

Particulars	Terms and conditions	As at 31st March 2019		As at 31st March 2018	
		Current	Non Current	Current	Non Current
		₹	₹	₹	₹
4750 Nos,13.90% Non convertible Debentures of ` 1,00,000/- each at a discount of ` 1,000/- per debenture (Refer Note 5.1.1)	Redeemable at par on 18th June 2020 or on exercise of put option at the exercise date (18th June 2017) by debenture trustee on behalf of debenture holders or on exercise of call option at the exercise date by the company. Debenture trustee on behalf of debenture holders can exercise option of coupon reset on coupon reset date (18th June 2017), after obtaining approval of the majority debenture holder. Interest @ 13.90% per annum is payable on semi annual basis (i.e. during January and July of every year) (Refer Note 5.1.4)	-	-	-	-

230 nos, 13.90% Non Convertible Debentures of Rs. 10,00,000/- each (Refer Note 5.1.1).	Redeemable at par at the end of 36 months and 48 months from the date of allotment in two equal annual installments. Interest @13.90% per annum is payable on annual basis.	-	-	23,00,00,000	-
170 Nos, 13.80% Non convertible Debentures Rs.1,000,000/- each (Refer Note 5.1.1)	Redeemable at par at the end of 49 months and 28 days from the date of allotment i.e May 28, 2019. Interest @ 13.80% per annum payable on annual basis. (Refer Note 5.2.1)	-	-	17,00,00,000	-
300 nos, 13.80% Non Convertible Debentures of Rs. 10,00,000/- each (Refer Note 5.1.2).	Redeemable at par after 36 months from date of allotment as Bullet repayment. Interest @13.80% per annum is payable on semiannual basis. (i.e. during June and December of every year)	-	-	30,00,00,000	-
1000 nos, 13.50% Non Convertible Debentures of Rs. 5,83,695/- each (Refer Note 5.1.2).	Redeemable at par after 36 months from date of allotment as Bullet repayment. Interest @13.50% per annum is payable on semiannual basis. (i.e. during May and November of every year)	-	-	58,36,95,000	-
65 Nos, 13.50% Non convertible Debentures (Refer Note 5.1.3)	Redeemable at par in the year 2019.	-	-	65,000	-
8842 Nos, 13.50% Non convertible Debentures (Refer Note 5.1.3)	Redeemable at par in the year 2018	-	-	75,44,000	-
165 Nos, 13.50% Non convertible Debentures (Refer Note 5.1.3)	Redeemable at par in the year 2017	-	-	-	-
Total		-	-	1,29,13,04,000	-

Note 5.1.1: These debentures are transferable and listed in BSE Limited. Further the company has entered into an agreement with IDBI Trusteeship Services Limited to act as debenture trustees for the debentures.

Note 5.1.2: These debentures are transferable and listed in BSE Limited. Further the company has entered into an agreement with Catalyst Trusteeship Limited (formerly GDA Trusteeship Limited) to act as debenture trustees for the debentures.

Note 5.1.3: These debentures are issued at a Face Value of ` 1000/- each. The company may, at its sole discretion, cancel these debentures by premature repayment (after one year from date of issue) on a specific request made by a debenture holder. Interest on these debentures are payable on Monthly, Yearly or at Maturity, as per the option of payment of interest selected by debenture holder. During the year, based on Agreement to Sell Business Undertaking dated 22nd February 2017 entered into by the Company with ESAF Small Finance Bank Ltd, the company has replaced the underlying securities in the form of loans under financing activities and fixed assets provided for securing these NCDs, with effect from 10 March 2017.

Note 5.2 Details of Unsecured debentures issued by the company :

Particulars	Terms and conditions	As at 31st March 2019		As at 31st March 2018	
		Current	Non Current	Current	Non Current
		₹	₹	₹	₹
a) Related Party - Nil		-	-	-	-
b) Others					
28 Nos, 16% Non convertible Debentures of ₹ 1,00,000/- each	Redeemable at Par in the year 2020. Interest @ 16% per annum payable on monthly basis.	-	28,00,000	-	28,00,000
Sub Total (b)		-	28,00,000	-	28,00,000

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Notes forming part of standalone financial statements

Note 5.3 Details of Term Loans from Banks - Secured

5.3.1 : Term Loan from banks are secured against term deposits against held with the banks.

5.3.2 : The details of interest rate, tenor, repayment terms of Vehicle Loans are as follows:

Particulars	Terms of repayment	Tenor	Loan Amount Outstanding as on 31 March 2019	Current	Non Current	Loan Amount Outstanding as on 31 March 2018	Current	Non Current
			₹	₹	₹	₹	₹	₹
ESAF Small Finance Bank	Rate of interest - 16% Repayable as single bullet payment	1 year	3,50,00,000	3,50,00,000	-	-	-	-
			3,50,00,000	3,50,00,000	-	-	-	-

5.4 Details of Vehicle Loans- Secured

5.4.1 Vehicle Loans are secured by the assets acquired under the scheme

5.4.2 The details of interest rate, tenor, repayment terms of Vehicle Loans are as follows:

As at 31 March, 2019 :

Particulars	Terms of repayment	Re-remaining Installments due	Loan Amount Outstanding as on 31 March 2019	Current	Non Current	Loan Amount Outstanding as on 31 March 2018	Current	Non Current
			₹	₹	₹	₹	₹	₹
HDFC Bank Limited	Rate of interest - 10% Repayable in 60 Monthly Installments.	Loan pre closed during the period	-	-	-	4,56,522	2,15,094	2,41,428
Punjab National Bank	Rate of interest - 10.65% Repayable in 85 Monthly Installments.	Loan pre closed during the period	-	-	-	5,45,531	1,29,824	4,15,707

Kotak Mahindra	Rate of interest - 8.5% - 9% Repayable in 48 Monthly Installments.	20 - 21 Monthly Installments	23,64,033	13,26,006	10,38,027	50,97,838	16,86,412	34,11,426
Total			23,64,033	13,26,006	10,38,027	60,99,891	20,31,330	40,68,561

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Notes forming part of standalone financial statements

Note 6 Other long-term liabilities

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹	₹
Rent Deposit received		2,25,000
Total	-	2,25,000

Note: 7 Short term borrowings

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹	₹
(A) Term Loan		
Secured (Refer Note 5.3)		
From Banks		3,50,00,000
Total		3,50,00,000

Note: 8 Trade Payables

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹	₹
(A) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises #	69,30,026	92,12,798
Total	69,30,026	92,12,798

Includes emoluments payable to employees

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Notes forming part of standalone financial statements

Note 9 Other current liabilities

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹	₹
(a) Current maturities of Non Convertible Debentures (Refer Note 5.1)	-	1,29,13,04,000
(b) Current maturities of vehicle loan (Refer Note 5.4)	13,26,006	20,31,330
(c) Interest accrued but not due on borrowings	8,28,493	9,43,30,470
(d) Interest accrued and due on borrowings	-	-
(e) Matured Non Convertible Debentures and Interest accrued thereon	21,96,562	16,74,909
(f) Other payables		
(i) Statutory remittances	2,68,436	34,12,796
(ii) PFRDA collections	46,24,400	92,31,372
(iii) Payable to ESAF Employees Gratuity Trust	30,52,000	35,30,000
(iv) Others (Refer Note 9.1)	37,344	1,73,43,865
Total	1,23,33,241	1,42,28,58,742

Note 9.1 includes amount due to Related Party amounting to ₹ Nil/- (Previous Year ₹ 1,58,38,956/-)

Note 10 Short-term provisions

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹	₹
(a) Provision for employee benefits		
Provision for compensated absences	6,09,000	4,87,000
	6,09,000	4,87,001
(b) Provision - Others		
(i) Provision for tax {net of advance tax ₹ 61,09,24,614/-	68,89,533	64,70,684
(As at 31 March, 2018 ₹ 59,43,13,807/-)		
(ii) Provision for proposed preference dividend	3,07,34,160	3,07,34,160
(iii) Provision for tax on proposed dividend	63,17,497	62,56,736
(iv) Provision - Others	71,45,000	71,45,000
	5,10,86,190	5,06,06,580
Total	5,16,95,190	5,10,93,581

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Notes forming part of standalone financial statements
Note - II fixed asset

Particulars	Gross Block			Accumulated Depreciation				Net Block	
	Balance as at 1 April, 2018	Additions	Disposals	Balance as at 31 March, 2019	Balance as at 1 April, 2018	Depreciation for the year	Deletions	Balance as at 31 March, 2019	Balance as at 31 March, 2018
A. Tangible Assets									
Land	14,64,41,580			14,64,41,580	-	-		(14,64,41,580)	14,64,41,580
	(14,64,41,580)		-	(14,64,41,580)	-	-		14,64,41,580	(14,64,41,580)
Buildings	1,36,43,574		-	1,36,43,574	16,51,478	2,09,503		18,60,981	1,19,92,066
	(1,36,43,574)	-	-	(1,36,43,574)	(14,41,975)	(2,09,503)		(16,51,478)	(1,22,01,599)
Furniture and Fittings	30,905	31,850	-	62,755	2,974	5,776		8,750	27,931
	(30,905)	-		(30,905)	(40)	(2,934)		(2,974)	(30,865)
Vehicles	1,11,35,953		55,40,805	55,95,148	61,08,821	17,90,757	40,21,117	38,78,461	50,27,132
	(1,11,35,953)	-	-	(1,11,35,953)	(35,00,417)	(26,08,404)		61,08,821	(76,35,536)
Computer and Accessories	2,99,480	57,600	-	3,57,080	96,474	1,47,785		244,259	2,03,006
	(2,99,480)	-	-	(2,99,480)	(1,292)	(95,182)		(96,474)	(2,98,188)
Total	17,15,51,492	89,450	55,40,805	16,61,00,137	78,59,747	21,53,821	40,21,117	59,92,451	16,36,91,745
	(17,15,51,492)	-	-	(17,15,51,492)	(49,43,723)	(29,16,023)		(7,85,9746)	(16,66,07,768)
Note:									

1) Figures in brackets relate to previous year.

2) All tangible are owned by the company and are not on lease.

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Notes forming part of standalone financial statements

Note 12 Non Current Investments (At Cost)

Particulars	As at 31 March, 2019 ₹	As at 31 March, 2018 ₹
Trade (Unquoted)		
Investments in subsidiary :-		
280,758,396# (31 March, 2018: 280,758,396) Equity Shares of ₹ 10/- each fully paid-up in M/s ESAF Small finance Bank Limited.	2,83,90,00,000	2,83,90,00,000
Non Trade (Unquoted)		
Investments in others :-		
50,000 (31 March, 2018: 50,000) Equity Shares of ₹ 10/- each fully paid-up in M/s Alpha Microfinance Consultants Private Limited	5,00,000	5,00,000
5,000 (31 March, 2018: 5,000) Equity Shares of ₹ 100/- each fully paid-up in M/s ESAF Healthcare Services Private Limited	5,00,000	5,00,000
Total	2,84,00,00,000	2,84,00,00,000
Less Provision for Diminution in value of Investments	(10,00,000)	(10,00,000)
Total	2,83,90,00,000	2,83,90,00,000
Aggregate amount of unquoted Investments (net of provision)	2,83,90,00,000	2,83,90,00,000
# Equity shares were issued at a premium of Rs. 3,14,16,040/-		
(i) In other deposit accounts - original maturity more than 3 months (Refer Note 15.1)	35,26,06,179	40,54,78,044
(ii) In earmarked accounts		
a) Balances held as margin money or security against borrowings, guarantees and other commitments		-
b) PFRDA collection accounts		-
Total - Other bank balances (B)	35,26,06,179	40,54,78,044
Total Cash and bank balances (A+B)	36,29,71,532	44,74,90,240

Note 15.1 Represents Fixed deposit with ESAF Small Finance Bank Limited. Rs.352,606,179/-
(Previous year Rs. 405,478,044)

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Notes forming part of standalone financial statements

Note 13 Long-term loans and advances

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹	₹
Unsecured, considered good		
(a) Capital advances		-
(b) Deposits	26,17,770	26,17,770
(c) Loans and advances to employees		
Related parties (Refer Note 13.1 below)	4,86,631	5,66,635
Others		
Total	31,04,401	31,84,405

Note 13.1 Represents amount due from Chairperson & Managing Director ₹ 4,86,631 (Previous year - ₹ 5,66,635)

Note 14 Other Non Current Assets

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹	₹
(a) Bank balances held security against borrowings, guarantees and other commitments (Refer Note 14.1)	-	1,28,45,73,782
Total	-	1,28,45,73,782

Note 14.1 Fixed Deposit with ESAF Small Finance Bank Limited Rs.Nil (Previous year - Rs. 1,28,45,73,782/-) were kept as security against Secured Non Convertible Debentures.

Note 15 Cash and bank balances

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹	₹
A. Cash and cash equivalents (as per AS 3 Cash Flow Statements)		
(a) Cash on hand	20,262	5,780
(b) Balances with banks In current accounts	1,03,45,091	4,20,06,416
Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements) (A)	1,03,65,353	4,20,12,196

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B. Other bank balances

Notes forming part of standalone financial statements
Note: 16 Short term loans and advances.

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹	₹
Unsecured, considered good		
(a) Loans and advances to related parties (Refer Note No. 16.1 and 25.3.b)		
Unsecured, considered good	80,004	80,004
(b) Loans and advances to employees		
Unsecured, considered good		-
Doubtful	31,91,486	36,76,130
Less Provision for Doubtful Advances	(31,91,486)	(36,76,130)
(c) Prepaid expenses	79,817	-
(d) Balances with Government authorities		
Unsecured, considered good	54,38,441	44,25,915
Doubtful	5,35,812	537,648
Less Provision for Doubtful Advances	(5,35,812)	(5,37,648)
(e) Receivable from special purpose vehicle for asset De-recognised		-
(f) Compensated Leave Salary Assets	39,76,983	1,63,35,142
(g) Other Advances	30,000	-
Total	96,05,245	2,08,41,062

Note 16.1 Represents amount due from Chairperson & Managing Director ₹ 80,004 (Previous year - ₹ 80,004)

Note 17 Other current assets

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹	₹
Insurance claims receivable	4,08,612	4,08,612
Other Receivables	80,92,596	1,21,68,203
Less Provision for Doubtful Receivables	(85,01,208)	(88,01,776)
Total	-	37,75,039

Note 18 Other income

Particulars	For the year ended 31	For the year ended
	March 2019	31 March 2018
	₹	₹
Interest Income on Advance to Director	1,44,000	1,44,000
Interest income on Fixed Deposits	15,02,14,711	26,90,95,297
Income from PFRDA	48,269	56,75,100
Income from Carbon Credit	1,73,66,450	5,95,403
Profit on Sale of Fixed Assets	18,89,228	-
Provisions/Liabilities no longer required written back	29,46,619	1,26,41,310
Miscellaneous Income	9,61,500	3,41,671
Total	17,35,70,777	28,84,92,781

Note 19 Employee Benefits Expense

Particulars	For the year ended 31	For the year ended
	March 2019	31 March 2018
	₹	₹
Salaries, Wages and Bonus	74,42,552	2,08,81,450
Contributions to provident and other funds	4,64,384	4,85,053
Staff welfare expenses	1,50,919	18,762
Total	80,57,855	2,13,85,265

Note 20 Finance Costs

Particulars	For the year ended	For the year ended
	31 March 2019	31 March 2018
	₹	₹
(a) Interest expense on:		
(i) Borrowings from Banks	12,25,453	67,17,948
(ii) Debentures	9,72,04,338	19,15,77,367
(iii) Delayed/ deferred payment of Income Tax	2,48,348	3,22,655
Total	9,86,78,139	19,86,17,970

Note 21 Other expenses

Particulars	For the year ended	For the year ended
	31 March 2019	31 March 2018
	₹	₹
Electricity and Water Charges	80,188	18,880
Rent	7,41,600	8,07,620
Vehicle Maintenance	2,77,016	5,33,784
Office Maintenance & Meeting expenses	9,09,562	12,37,599
Bank Charges	1,47,108	3,91,010
Rates and Taxes	2,49,925	2,95,124
Telephone and Internet expenses	89,492	3,09,605
Travelling and conveyance	17,27,195	5,01,897
Printing and stationery	1,35,690	5,83,262
Advertisement and Business promotion expenses	1,05,785	4,04,525
Legal and professional	23,05,192	29,88,029
Payments to auditors (Refer Note 22.1)	18,18,920	10,70,000
Expenditure on Corporate Social Responsibility (Refer Note 22.5)	51,91,323	98,41,724
Clean energy Programs	14,31,200	35,00,000
Bad debts/ advances written off	12,53,912	27,23,121
Directors Sitting Fee	5,20,000	4,60,000
Provision for Diminution in value of Investments	-	5,00,000
Other Expenses	10,35,755	20,96,385
	1,80,19,863	2,82,62,565

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
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Notes forming part of standalone financial statements

Note 22 Additional information to the financial statements

22.1 Payment to Auditors comprise of

(Amount in
₹)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Statutory audit fee	15,00,000	10,00,000
Other certification fee	2,50,000	-
Out of pocket expenses	68,920	70,000
	18,18,920	10,70,000

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

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹	₹

i Contingent liabilities

(a) Disputed Income Tax demands from assessment year 2009-10 to 2013-14 under appeal pending before appellate/assessing authorities. The management is of opinion that the above demands are not sustainable.

	1,31,77,352	1,31,77,352
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(b) The company had received a combined order relating to assessment years 2008-09 to 2011-12 from the Service Tax Authorities during the year. The order pertains to applicability of service tax on various items like income from services towards collection of loan assigned, group mentoring and monitoring charges and microfinance administration revenue (excluding additional penalty and interest, if any). The company had filed appeal and stay petition against the demand order with The Customs, Excise and Service Tax Appalete Tribunal (CESTAT)

	2,71,40,516	2,71,40,516
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© The Company received an order from ESI Authorities on ESI dues not paid on certain employee emoluments relating to financial years 2013-14. The management is of the opinion that the above demands are not sustainable.

	16,48,644	-
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Show cause notices received from Service tax department pending formal demand notices, have not been considered as contingent liabilities

Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities

ii Applicability of Kerala Money Lenders' Act.

The company is a member of Kerala Non- Banking Financial Companies Welfare Association which is a party to the proceedings pending in Supreme Court of India seeking exemption from the application of Kerala Money Lenders Act on NBFCs in Kerala. The Supreme Court has decided that status quo in the matter shall be maintained until resolution of the case, pending which no adjustments have been made in the financial statements for the required licence fee and security deposits, if any.

22.3 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31	As at 31
	March, 2019	March, 2018
	₹	₹
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) 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 MSMED Act	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, 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 section 23	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

22.4 Expenditure in foreign currency (accrual basis) (Amount in ₹)

Particulars	For the year ended 31	For the year ended 31
	March 2019	March 2018
Travelling and conveyance	1,82,778	-
Others	39,885	-
	2,22,663	-
Income in foreign currency :-		(Amount in ₹)
Nature of Receipt	For the year ended 31	For the year ended 31
	March, 2019	March, 2018
Income from sale of Carbon Credit	1,73,66,450	5,95,403

22.5 Note on Corporate Social Responsibility Expenditure

a) Gross amount required to be spent by the company during the year ended March 31,2019 Rs. 93,17,784/-
(Previous year - 98,41,724)

b) Amount Spent during the period 2018-19 on: (Amount in ₹)

Particular	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	51,91,323	-	51,91,323

b) Amount Spent during the period 2017-18 on:

Particular	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	98,41,724	-	98,41,724

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Notes forming part of standalone financial statements
Note 23 Disclosures under Accounting Standards

Employee Benefit Plans

a) Defined contribution Plans:-

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.4,64,384 /- (Year ended 31 March, 2018 Rs.4,85,053 /-) for Provident Fund contributions and Rs.Nil/- (Year ended 31 March, 2018 Rs.1,710/-) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined Benefit Plans:-

The Company offers Gratuity benefit to its employees:

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

Components of employer's expense

(₹ in Thousands)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018	
Current Service Cost	65	34	
Interest cost	244	259	
Expected return on plan assets	(1,169)	(2,206)	
Actuarial Loss/(Gain)	(603)	605	
Past Service Cost	1,923	598	
Employer expense /(Income)	460	(710)	

Actual contribution and benefit payments for the year

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018	
Actual benefit payments	(270)	(2,206)	
Actual contributions	-	8,559	

Net (asset) / liability recognised in the Balance Sheet ww

Particulars	Year ended 31 March 2019	Year ended 31 March 2018	
Present value of defined benefit obligation	3,052	3,530	
Fair Value of plan assets	6,784	24,860	

Funded status [Surplus / (Deficit)]	3,732	21,330	
Net liability/(asset) recognised in the Balance Sheet	(3,732)	(21,330)	

Change in defined benefit obligations (DBO) during the year

Particulars	Year ended 31 March 2019	Year ended 31 March 2018	
Present Value of DBO at beginning of the year	3,530	3,696	
Current Service Cost	65	34	
Interest Cost	244	259	
Benefits Paid	(270)	(2,206)	
Actuarial Loss/(Gain)	(517)	1,149	
Past Service Cost	-	598	
Present Value of DBO at end of the year	3,052	3,530	

Change in fair value of assets during the year

(₹ in Thousands)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018	
Fair Value of plan assets at beginning of the year	24,860	42,315	
Contributions by employer	-	8,559	
Benefits paid	(270)	(2,206)	
Expected return on plan assets	1,169	2,206	
Actuarial Gain/(Loss)	86	544	
Transfer in/(out) *	(19,061)	(26,558)	
Fair Value of plan assets at end of the year	6,784	24,860	
Actual return on plan assets	1,255	2,750	
Expected employer contribution for the coming period	-	-	

* Includes ₹ 1,73,84,550 and ₹ 16,76,000 transferred to gratuity trusts of ESAF Swasraya Multi State Agro Cooperative Society Limited and Lahanti Business Service Private Limited respectively for the employee transfers that took place in March 2017. (Previous year - ₹ 1,70,95,477 and ₹ 94,62,265 transferred to gratuity trusts of ESAF Swasraya Multi State Agro Cooperative Society Limited and ESAF Small Finance Bank Limited)

Composition of plan assets is as follows:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018	
Government bonds	0%	0%	
PSU bonds	0%	0%	
Insurer managed funds* (Non Unit -Linked)	100%	100%	
Insurer managed funds* (Unit -Linked)	0%	0%	

* In the absence of detailed information regarding plan assets which is funded with insurance companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

Actuarial Assumptions - Gratuity

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Discount Rate	6.9%	6.9%
Salary escalation	10%	7.5%
Attrition rate	5%	10.0%
Expected return on plan assets	6.90%	7.0%
Mortality rate	IALM 2012-14 (Ult.)	IALM 2006-08 (Ult.)
Expected average remaining working lives of employees	4 years	3 years

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Experience Adjustments

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15
Present value of DBO	3,052	3,530	3,696	41,002	33,400
Fair value of plan assets	6,784	24,860	42,315	33,685	19,594
Funded status [Surplus/(Deficit)]	3,732	21,330	38,619	(7,317)	(13,806)
Experience adjustment on plan liabilities: (Gain)/Loss	-640	1,106	(125)	(2,452)	2,333
Experience adjustment on plan assets: Gain/(Loss)	68	356	784	47	433

Actuarial Assumptions - Long Term Compensated absences

Particulars	For the Year ended 31 March 2019	For the Year ended 31 March 2018
Discount rate	6.9%	6.9%
Expected return on plan assets	6.9%	7.00%
Salary escalation rate	10%	7.50%
Mortality rate	IALM2012-14 (Ult.)	IALM2006-08 (Ult.)
Attrition rate	5%	10%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

The above information is as certified by the actuary and relied upon by the auditors.

Segment Reporting:-

The Company does not have any business segments as at 31 March 2019 and 31 March 31 2018.

Further, the Company does not have any separate geographic segments other than India.

As such there are no separate reportable segments as per AS-17 "Segmental Reporting".

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED

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Notes forming part of standalone financial statements

Note 23 Disclosures under Accounting Standards

23.3 Related party transactions

Details of related parties:		
Description of relationship	Names of related parties	
23.3.a	Entities having significant influence	Dia Vikas Capital Private Limited
		ESAF Swasraya Multistate Agro Co-operative Society Limited
		SIDBI Trustee Company Ltd. - A/C Samridhi Fund
	Key Management Personnel (KMP)	Mrs. Mereena Paul
	Relatives of KMP	Mr. K. Paul Thomas , spouse of Mrs Mereena Paul
		Mr. Alok Thomas Paul, son of Mrs. Mereena Paul
		Mrs. Emy Acha Paul, daughter of Mrs. Mereena Paul
	Entries which KMP can exercise Significant influence	ESAF Retail Private Limited Evangelical Social Action Forum
		Lahanti Business Service Private Limited
	Subsidiary Company	ESAF Small Finance Bank Limited

Note: Related parties have been identified by the Management and relied upon by the auditors

23.3.b Details of related party transactions during the year

Sl No.	Particulars	Related Party	For the year ended 31 March, 2019 ₹	For the year ended 31 March, 2018 ₹
1	Purchase of Office Stationary	ESAF Retail Private Limited	-	11,463
2	Payment of Collections from Customers as per Agency agreement	ESAF Retail Private Limited	-	62,76,585
3	Facilitation charges	ESAF Swasraya Multi State Agro Cooperative Society Limited	-	6,44,845
4	Loans availed against Fixed deposit	Esaf Small Finance Bank Limited	3,50,00,000	8,50,00,000
5	Repayment of loan against Fixed Deposit	Esaf Small Finance Bank Limited	-	8,50,00,000

6	Interest Paid	Esaf Small Finance Bank Limited	8,28,493	60,77,615
7	Remuneration to KMP	Mrs. Mereena Paul	68,98,513	68,98,513
8	One time compensation	Mr. K. Paul Thomas	5,40,000	-
9	Repayment of Loan by KMP	Mrs. Mereena Paul	80,004	80,004
10	Interest received on loans to KMP	Mrs. Mereena Paul	1,44,000	1,44,020
11	Rent received	Esaf Small Finance Bank Limited	3,76,182	62,946
12	Interest Income on FD	Esaf Small Finance Bank Limited	15,02,08,550	26,69,01,892
13	Rent paid	Mrs. Mereena Paul	2,01,600	1,84,800
14	Expenditure on Corporate Social Responsibility	Evangelical Social Action Forum	51,91,323	98,41,724
15	Expenditure towards Clean Energy Program	Evangelical Social Action Forum	14,31,200	35,00,000
16	Fixed Deposits Matured	ESAF Small Finance Bank limited	1,33,36,95,000	61,63,05,000
17	Transactions in Current Account (net)	ESAF Small Finance Bank limited	(2,46,46,437)	2,66,77,100

Details of related party balances outstanding as at year end

Sl.No.	Particulars	Related Party	As at 31 March 2019 ₹	As at 31 March 2018 ₹
1	Loan against FD	ESAF Small Finance Bank Ltd	3,50,00,000	-
2	Other Current Liabilities	Mrs. Mereena Paul	13,72,000	11,42,000
		Evangelical Social Action Forum	14,31,200	15,00,000
		ESAF Swasraya Multistate Agro Cooperative Society Limited	-	1,57,40,956
3	Rent Deposit	Mrs. Mereena Paul	50,000	50,000
		ESAF Small Finance Bank Ltd	-	2,25,000
4	Security Deposit	SIDBI Trustee Company Ltd. - A/C Samridhi Fund	12,50,000	12,50,000
5	Interest Payable	ESAF Small Finance Bank Ltd	8,28,493	-
6	Rent Receivable	ESAF Small Finance Bank Ltd	30,000	-
7	Staff Loans and Advances	Mrs. Mereena Paul	5,66,635	6,46,639
8	Investments in Equity shares	ESAF Small Finance Bank Ltd	2,83,90,00,000	2,83,90,00,000
9	Balance with Bank Accounts	ESAF Small Finance Bank Ltd	35,67,57,187	1,71,60,12,334
10	Other Current Assets	ESAF Retail Private Limited	-	21,635
		ESAF Small Finance Bank Ltd	-	37,75,039

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Notes forming part of standalone financial statements

23.4 Details of Leasing arrangements

The Company has taken premises on rent for periods ranging from 36 months to 60 Months. The rental arrangements are cancellable after giving one month notice and the agreements provides for an annual increase of 5% to 15% on an yearly basis. For the reporting year the rental expenses amounts to ₹ 7,41,600/- (Previous year ₹ 8,07,620/-).

23.5 Earnings per share

Particulars	For the year ended 31 March, 2019 ₹	For the year ended 31 March, 2018 ₹
Profit for the year	2,94,21,756	1,95,23,117
Less Preference Dividend and tax thereon	3,71,12,418	3,69,90,896
Profit available to Equity Shareholders	(76,90,662)	(1,74,67,779)
Weighted average number of equity shares	14,03,39,963	14,03,39,963
Par value per share	10	10
Earnings per share - Basic and Diluted (Refer Note below)	(0.05)	(0.12)

Note: As conversion of convertible preference shares is anti dilutive in nature, the same has been ignored for computation of Diluted Earnings Per Share.

23.6 Deferred tax (liabilities) / assets

Particulars	As at 31 March, 2019 ₹	As at 31 March, 2018 ₹
<u>Tax effect of items constituting deferred tax Liabilities</u>	-	-
On difference between book balance and tax balance of fixed assets	(11,22,192)	(5,52,982)
<u>Tax effect of items constituting deferred tax assets</u>	-	-
Provision for non performing assets	-	37,723
Provision for compensated absences	2,12,809	1,68,541
Provision for Fraud Cased and other Advances	54,67,411	52,90,196
Deferred tax assets	45,58,028	49,43,478

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Notes forming part of standalone financial statements

Note 24 Disclosures in accordance with RBI Guidelines

24.1 Capital to Risk Assets Ratio (CRAR)

Particulars	As at 31 March 2019	As at 31 March 2018
(i) CRAR (%)	73.95%	64.10%
(ii) CRAR - Tier I capital (%)	73.95%	64.10%
(iii) CRAR - Tier II Capital (%)	0.00%	0.00%
(iv) Amount of subordinated debt raised as Tier II capital (` in Crore)		-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

24.2 Investments

(₹ in Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
1 Value of investments		
(i) Gross value of investments		
(a) In India	284.00	284.00
(b) Outside India		-
(ii) Provision for depreciation		
(a) In India	0.10	0.10
(b) Outside India		-
(iii) Net value of investments		
(a) In India	283.90	283.90
(b) Outside India		-
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	0.10	0.05
(ii) Add : Provision made during the year	-	0.05
(iii) Less: Write off/ write back of excess provisions during the year	-	-
(iv) Closing balance	0.10	0.10

24.3 Derivatives

The Company has no transactions/exposure in derivatives for the year ended 31 March 2019 and 31 March 2018. The Company has no unhedged foreign currency exposure as on 31 March 2019 and 31 March 2018

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Notes forming part of standalone financial statements

Note 24 Disclosures in accordance with RBI Guidelines

24.4 Disclosure relating to securitisations

The Company has not entered into securitisation transactions in the current and previous year, hence disclosure relating to securitisation transactions is not applicable.

The company has not undertaken any assignment transactions in the current and previous year.

24.7 Details of non-performing financial assets purchased/ sold

The company has not purchased/sold non performing financial assets in the current and previous year.

24.8 Asset liability management

A. Maturity pattern of certain items of assets and liabilities as on 31st March 2019

(₹ in Crore)

Particulars	Deposits	Advances	Investments *	Borrowings	Foreign currency Assets	Foreign currency liabilities
Upto 30 days	-	-	-	0.01	-	-
Over 1 month upto 2 months	-	-	-	0.01	-	-
Over 2 months upto 3 months	-	-	-	0.01	-	-
Over 3 months & upto 6 months	-	-	-	0.03	-	-
Over 6 months & upto 1 year	-	-	-	3.57	-	-
Over 1 year & upto 3 years	-	-	-	0.39	-	-
Over 3 years & upto 5 years	-	-	-	-	-	-
Over 5 years	-	-	283.90	-	-	-
Total	-	-	283.90	4.02	-	-

* net of provision for diminution in value of Investments

B. Maturity pattern of certain items of assets and liabilities as on 31st March 2018

(₹ in Crore)

Particulars	Deposits	Advances	Investments *	Borrowings	Foreign currency Assets	Foreign currency liabilities
Upto 30 days	-	-	-	0.07	-	-

Over 1 month upto 2 months	-	-	-	20.24	-	-
Over 2 months upto 3 months	-	-	-	0.44	-	-
Over 3 months & upto 6 months	-	-	-	0.44	-	-
Over 6 months & upto 1 year	-	-	-	108.59	-	-
Over 1 year & upto 3 years	-	-	-	0.24	-	-
Over 3 years & upto 5 years	-	-	-	-	-	-
Over 5 years	-	-	283.90	-	-	-
Total	-	-	283.90	130.02	-	-

* net of provision for diminution in value of Investments

Notes

Borrowings referred to above excludes interest accrued and due and interest accrued but not due

24.9 Exposure

- (i) Exposure to Real Estate sector (Direct & Indirect)

The Company does not have any direct or indirect exposure to real estate sector as on 31 March 2019 and 31 March 2018.

- (ii) Exposure to Capital Market

The Company does not have any exposure to Capital Market as on 31 March 2019 and 31 March 2018.

24.10 Details of financing of parent company products

The company does not distribute/ finance any products of holding/parent company

24.11 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

Being an NBFC- MFI the provisions relating to Single Borrower limit/ Group Borrower limit are not applicable.

24.12 During the year ended 31 March, 2019 and 31 March, 2018, there are no unsecured advances for which intangible securities like rights, licences, authority etc. has been taken as collateral by the Company

24.13 Registration obtained from other financial sector regulators

The Company is registered with following other financial sector regulators (Financial Regulators as described by Ministry of Finance)

- i. Ministry of Corporate Affairs
- ii. Ministry of Finance (Financial intelligence Unit)

iii. Pension Fund Regulatory Development Authority of India (PFRDA) (As aggregator for NPS Swavalamban Scheme)

24.14 Disclosure of Penalties issued by RBI and other regulators

No penalties were imposed by RBI and other Regulators during current and previous year

24.15 Ratings assigned by credit rating agencies and migration of Ratings during the year

As on 31 March 2019: Nil

As on 31 March 2018

(₹ in Crore)

Particulars	Name of the Rating Agency	Date of Rating	Rating Assigned	Valid up to	Borrowing limit or conditions imposed by rating agency
Long term NCD	Brick work Ratings	27-Mar-18	BWR A-	27-Mar-19	128.37

24.16 Draw down from Reserves

There has been no draw down from Reserves during the year ended 31 March 2019 and 31 March 2018

24.17 Provisions and Contingencies

(₹ in Crore)

Particulars	31-Mar-19	31-Mar-18
Provision for Investments	-	0.05
Provision for gratuity	(0.05)	0.35
Provision for compensated absences	0.01	0.04
Provision for Income Tax	1.69	1.80
Provision for Deferred tax	0.04	(0.02)

24.18 Concentration of Deposits, Advances, Exposures and NPAs

There are no exposures of Deposits, Advances, Exposures and NPAs as at 31st March 2019 & 31st March 2018.

24.19 Sectorwise NPAs

The Company does not have any outstanding Non Performing Advances during current year and previous year. Hence disclosure relating to sectorwise NPA is not applicable.

24.20 Asset Classification and Provisioning:-

The Company does not have any outstanding Non Performing Advances during current year and previous year. Hence the disclosure relating to Non performing advances is not applicable.

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Notes forming part of standalone financial statements

Note 24 Disclosures in accordance with RBI Guidelines

24.21 Disclosure of frauds reported during the year ended 31 March, 2019 vide DNBS PD.CC.NO. 256/03.10.042/2011 - 12 dated 02 March,2012

No frauds have been reported during the current and previous year.

24.22 Information on Net Interest Margin

The Company does not have income from Financing activity in the current and previous year. Hence disclosure relating to Net Interest Margin is not applicable

24.23 Disclosure of Customer Complaints

Particulars	31-Mar-19	31-Mar-18
No of complaints pending at the beginning of the year	-	178
No of complaints received during the year	-	-
No of complaints redressed during the year	-	178
No. of complaints pending at the end of the year	-	-

The above information is as certified by the Management and relied upon by the auditors.

24.24 Details of Overseas Assets - Nil (Previous Year-Nil)

24.25 Sponsored SPVs - Nil (Previous Year-Nil)

24.26 Disclosure of details as required under Clause No. 19 of Master Direction- Core Investments Companies (Reserve Bank) Direction, 2016.

(a) Provisions as per CIC Guidelines- As the Company is not engaged in the business of financing, it has not provided any loans/ advances and therefore related disclosures of classification as standard asset,sub standard assets, doubtful and loss assets are not applicable to the Company.

(b) Exposure to real estate sector, both direct and indirect- Nil

(c) Maturity pattern of assets and liabilities.

As at March 31, 2019

(₹ in Crore)

Particulars	Liabilities	Assets	
	Borrowings from Banks and others	Advances	Investments
Upto 30 days	0.01	-	-
Over 1 month upto 2 months	0.01	-	-
Over 2 months upto 3 months	0.01	-	-
Over 3 months & upto 6 months	0.03	-	-

(Other than falling within the meaning of public deposits*)	-	-
(b) Deferred Credits	-	-
(c) Term Loans	0.61	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Other Loans (specify nature)	-	-

* Please see Note 1 below

(₹ in Crore)

2	Assets side:	As at March 31, 2019	As at March 31, 2018
	Break-up of Loans and Advances including bills receivables (other than those included in (4) below:		
	(a) Secured	-	-
	(b) Unsecured	-	-

As at March 31, 2019

(₹ in Crore)

3	Break Up of Leased Assets and stock on hire and other assets counting towards AFC activities	As at March 31, 2019	As at March 31, 2018
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(a) Repossessed Assets	-	-
	(iii) Other loans counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-

(₹ in Crore)

4	Break-up of Investments	As at March 31, 2019	As at March 31, 2018
	Current Investments		
	1. Quoted :		
	(i) Shares (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-

(v) Others (Please specify)	-	-
2. Unquoted:		
(i) Shares (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (Please specify)	-	-
Long Term Investments:		
1. Quoted :	-	-
(i) Shares (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (Please specify)	-	-
2. Unquoted:		
(i) Shares (a) Equity	283.90	283.90
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (Please specify)	-	-

5 **Borrower group-wise classification of assets financed as in (2) and (3) above:**

As at March 31, 2019

(₹ in Crore)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) other related parties	-	-	-
Total	-	-	-

As at March 31, 2018

(₹ in Crore)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) other related parties	-	-	-
Total	-	-	-

6

Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

As at March 31, 2019

(₹ in Crore)

Category	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties [Refer Note 2 below]		
(a) Subsidiaries	582.10	283.90
(b) Companies in the same group	-	0
(c) other related parties	-	0
2. Other than related parties	-	0
Total	582.10	283.90

As at March 31, 2018

(₹ in Crore)

Category	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties [Refer Note 2 below]		
(a) Subsidiaries	301.42	283.90
(b) Companies in the same group	-	0
(c) other related parties	-	0
2. Other than related parties	-	0
Total	301.42	283.90

*Breakup value has been computed at the equity capital and reserves as reduced by intangible assets and revaluation reserves, divided by the number of equity shares of the investee company as defined in the Master Direction- Core Investment Companies (Reserve Bank) Directions, 2016.

Note: All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other Assets as also assets acquired in satisfaction of debt. However, breakup value in respect of unquoted investments has been disclosed irrespective of whether investments are classified as Long Term or current.

7

Other Information

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Gross Non-Performing Assets	-	-
(a) Related Parties	-	-
(b) Other than related parties	-	-
(ii) Net Non-Performing Assets	-	-
(a) Related Parties	-	-
(b) Other than related parties	-	-
(iii) Assets acquired in satisfaction of debt	-	-

Notes:

1. As defined in Core Investments Companies (Reserve Bank) Directions, 2016

2. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, break up in respect of unquoted investments has been disclosed irrespective of whether investments are classified as Long Term or current in (4) above.

25 Previous year's figures

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

As per our report of even date attached
For S.R Batliboi & Associates LLP
Chartered Accountants
Firm Registration No: 101049W/E300004

For and on behalf of the Board of Directors

per Sarvesh Warty

Partner

Membership No. 121411

Mereena Paul

Chairperson & Managing
Director

DIN:02228087

Vikraman Ampalakkat

Director

DIN:01978341

Rajesh Sreedharan Pillai

Chief Financial Officer

Vaishakh R

Company Secretary

Place : Mumbai

Date : 11-06-2019

Place : Mumbai

Date : 11-06-2019

ATTENDANCE SLIP

CIN : U65910TN1996PTC036650

Name of the Company: ESAF Financial Holdings Private Limited

Registered Office Address : No.8/9, Mansuk Buildings, Flat No.3A, 03rd Floor, Gangadeeswara Koil St, Purasawalkam, Chennai, Tamil Nadu, PIN – 600 084

Regd. Folio No.	No. of Shares Held	Name & Address of the Registered Shareholders.

I being the registered Shareholder/ Proxy for the registered shareholder of the Company hereby record my presence at the 23rd Annual General Meeting of the Company on Saturday, 21st September, 2019 at Hotel Trident, 1, 24, Great Southern Trunk Road, Kannan Colony, Meenambakkam, Chennai, Tamil Nadu, PIN- 600 027 at 02.00 P.M and at any adjournment(s) thereof.

Signature of Shareholder/Proxy

[Handwritten Signature]

Form MGT – 11

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration Rules, 2014)

CIN

: U65910TN1996PTC036650

Name of the Company

: ESAF Financial Holdings Private Limited

Registered Office Address

: No 8/9, Mansuk Buildings, Flat No.3A, 3rd Floor, Gangadeeswara Koil St, Purasawalkam, Chennai – 600084

Name of the member (s) :

Registered address :

E-mail Id:

Folio No:

I/We, being the member (s) of shares of the above named company, hereby appoint:

Name:

Address:

E-mail Id:

Signature:, or failing him

Name:

Address:

E-mail Id:

Signature:, or failing him

Name:

Address:

E-mail Id:

Signature:, or failing him



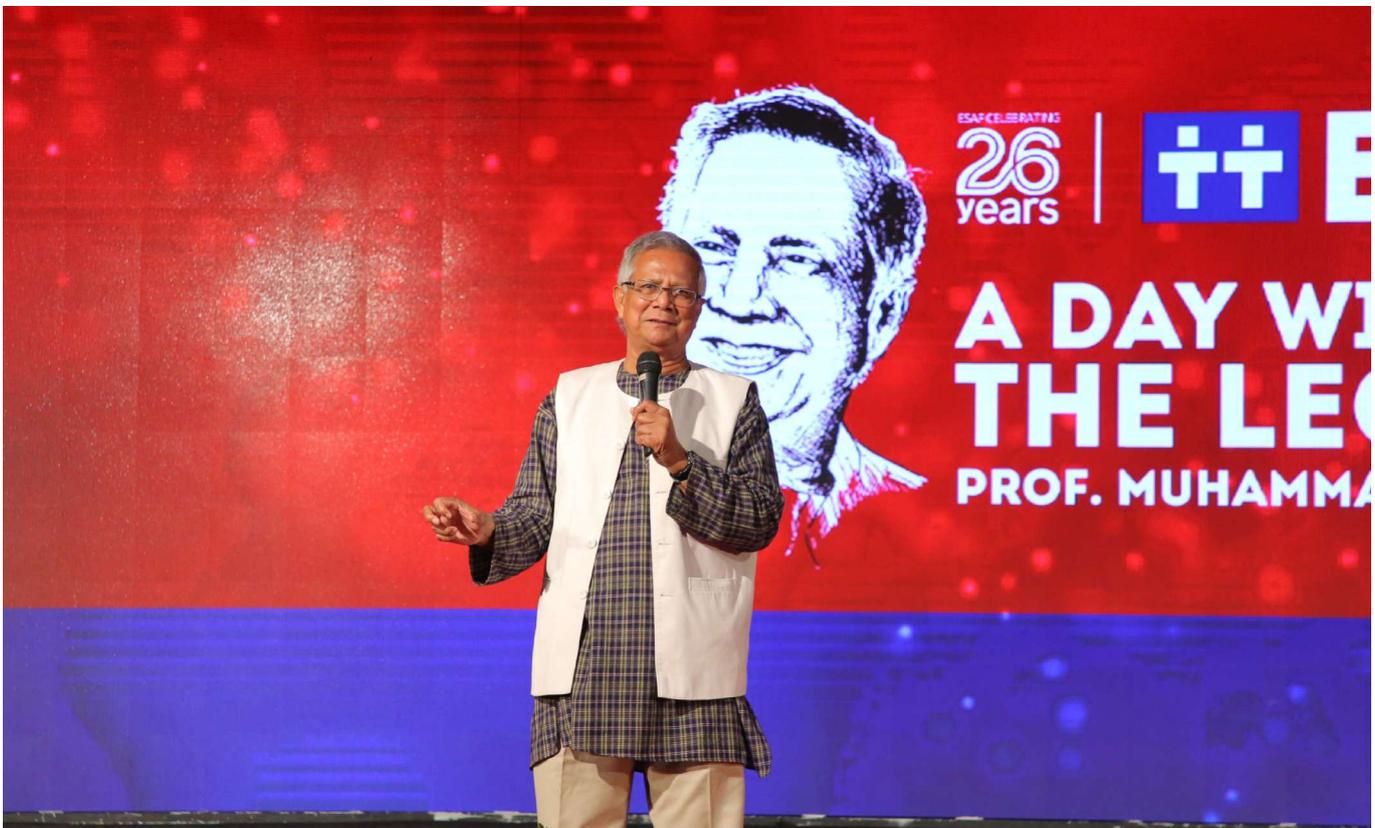
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company, to be held on Saturday, 21st September, 2019 at Hotel Trident, 1, 24, Great Southern Trunk Road, Kannan Colony, Meenambakkam, Chennai, Tamil Nadu, PIN- 600 027 at 02.00 P.M. and at any adjournment thereof in respect of such resolutions as are indicated below:

Signed this..... day of..... 2019

Signature of Shareholder:

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



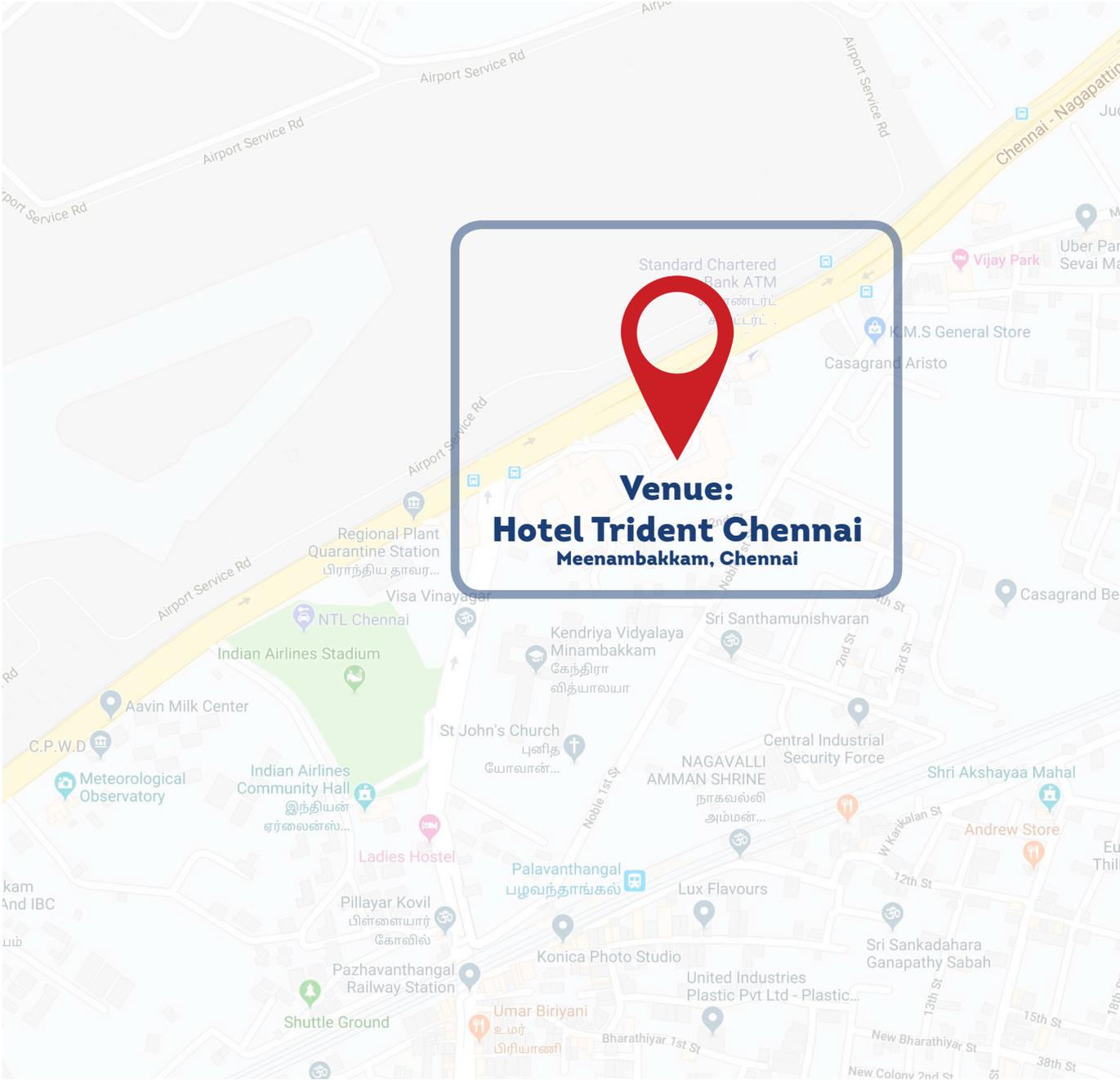
A Day with the Legend - Prof. Muhammad Yunus interacting with the audience at ESAF Annual Lecture Series, 2018

Route Map to the venue



TRIDENT

Chennai



Registered Office

: No. 8/9, Mansuk Buildings, Flat No. 3A,
3rd Floor, Gangadeeswara Koil St.,
Purasawalkam, Chennai, Tamil Nadu. 600 084

Corporate Office

: Hepzibah Complex, Mannuthy P.O.,
Thrissur, Kerala - 680 651