

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.

Bells bring life to Kamla....



Kamla at her 'cattle-bells' making unit



KAMLA VISHWAKARMA (35)



Multai, Madhya Pradesh
Sangam Member since 2013



Cattle-Bell Making Unit.
₹ 3,500 - ₹7,800 per Month

Kamla Vishwakarma hails from Madhya Pradesh. Ever since she joined ESAF in 2013, she has been profitably running a cattle-bell making unit. Being prompt in paying back loans she was able to expand her business. She now earns a profit of ₹3,500 - ₹7,800 per month.

Our investors



Our Bankers



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**

Board of Directors



Mrs. Mereena Paul
Co-Founder, Chairperson
& Managing Director



Mr. George Thomas
Until May 29, 2017



Mr. Vikraman Ampalakkat



Mr. Saneesh Singh



Mr. Christopher Jebakumar
Until May 07, 2017



Mr. RV Dilip Kumar



Mr. Eby Thomas



Mrs. Mumtaj Begum
Until September 04, 2018



Mrs. Poonam Mehta
Since September 04, 2018

Chief Financial Officer

: **Mrs. Rema P.** (Until March 5, 2018)

: **Mr. Rajesh Sreedharan Pillai** (Since March 5, 2018)

Company Secretary

: **Ms. Jiju George**

Statutory Auditors

: **M/s S. R. Batliboi & Associates, LLP**

Secretarial Auditors

: **M/s Krishnaprasad RS & Co.**

Legal Advisors

: **LexPru Advisors**

: **Phoenix Legal**

Trustees for Listed NCDs

: **IDBI Trusteeship Services Limited**

: **Catalyst Trusteeship Limited**

Consultants

: **A. John Moris & Co.** (Tax Consultants)

: **Mr. Sony V. Mathew** (Branding & Communications)

The journey of ESAF 1992-2018

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 S B+ (Social Rating) by M-CRIL.	ESAF Swasraya 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 MFH 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.

2015



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 MFI 1 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) MFI 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

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PFRDA PICKS ESAF FOR ATAL PENSION YOJANA



Shri. P. J. Kurien, Hon'ble Deputy Chairman, Rajyasabha launching the Scheme. Also seen is Shri. K. Paul Thomas, MD & CEO, ESAF Small Finance Bank

ESAF SFB LAUNCHES AGENT BANKING PROGRAMME



Shri. P. J. Kurien, Hon'ble Deputy Chairman, Rajyasabha launching Agent Banking Programme. Also seen is Shri. K. Paul Thomas, MD & CEO, ESAF Small Finance Bank



**JOYFULLY
MOVING ON...**



Mrs. Mereena Paul
Chairperson & MD

It gives me great pleasure to address you on this occasion, in which ESAF Small Finance Bank has completed the first year of its operations as a bank. Being the holding company of the bank, we take great pride in the achievements of the bank. The journey so far has been marked with hurdles and inspiring successes. Invariably, our concerted efforts have helped us to come out in flying colours, despite the challenges.

Journeying back along the road, I feel that the solid foundation laid by the founder K. Paul Thomas is the supreme reason behind the success of the Organization. He started with a single-minded determination to serve the poor and the rest is history. The results of the endless discussions on social change that he used to engross in with like-minded individuals are now visible to all. At this hour, I would like to thank all the ESAFians who have supported us from the beginning and who have joined us later to help us build what we aspire for.

Being the holding company of ESAF Small Finance Bank, your company is in the process of converting itself as a Core Investment Company.

Let's now have a look at the key financial results of Your Company.

Since your Company has transferred its entire Microfinance Business to ESAF Small Finance Bank, Profit after taxes on a standalone basis stood at ₹1.95 Crore as against the last year's Profit after taxes of ₹41.91 Crore which shows a reduction of 95.35%. On a Consolidated basis, together with that of ESAF Small Finance Bank, Profit after Taxes stood at ₹26.25 Crore as against last year's Profit after taxes of ₹42.44 Crore which is a reduction of 38.15%.

In its pursuit of excellence, the Organization launched the Annual Lecture Series on social business, as announced during the silver jubilee celebrations in March 2017. The first lecture of the series was made by Prof. Muhammad Yunus, Nobel laureate and the inventor of social business model. During the event ESAF also presented the first Annual Social Business Award to Uralungal Labour Co-operative Society.

In the volatile and changing business scenario, customer focus and responsiveness will be the key factors to success. Despite challenges from PSUs and MNC banks, we so far have, managed to carve a niche for ourselves. Our edge always lies in understanding the needs of the people living in the hinterlands. On this occasion, I solicit your continued loyalty and support, so that together we can propel the company to even better heights.

Apart from the ESAFians, I would like to take this opportunity to express my gratitude to all stake holders including our Board of Directors, Bankers, Investors and Sangam Members for their unstinted co-operation and trust. Above all, I would like to thank God the almighty with whose blessings the Organization has grown to the magnitude that we witness now.

Thanking you. We look forward to your continued patronage

Mereena Paul

Chairperson & Managing Director





**CREATING
OPPORTUNITIES
FOR THE POOR**

From one among the top ten MFIs in India, Your Company has become the holding company of ESAF Small Finance Bank from March 10, 2017. Over the last 26 years, the Company has assisted over seven million families. Currently, it has a membership base of two million. ESAF Small Finance Bank, which is a subsidiary of the Company, has grown on to have a distribution network of 121 Retail Branches and 297 Ultra Small branches, majority of them are located in the rural areas. Based in Mannuthy, Thrissur, the Registered Office of the Company is located in Chennai.

In hindsight, one thing that stands out in favour of the Company is its relentless pursuit for creating opportunities in a holistic manner through social oriented activities and financial services. Also it has been done in a viable, sustainable and effective manner. Yes, creating opportunities for the poor and the downtrodden proves to be effective for ESAF. The organization mainly looks at the empowerment of the customer and his complete



In 1997, Shri. K. Paul Thomas met the Nobel Laureate for Peace Prof. Muhammed Yunus, who is the pioneer of microcredit concept.

eco-system. Thanks to K. Paul Thomas, the founder and Mereena Paul, the co-founder, who started this larger mission of fighting the partiality of prosperity in a small rented house in Mannuthy named 'Little'.



Shri. K. Paul Thomas interacting with street vendors in Chauakkad.

The Founder's Social Vision

As mentioned earlier, the vision of the Organization was steered by the principle of sustainable holistic transformation of the poor and the marginalized. Inspired by the success of Grameen Bank in Bangladesh, K. Paul



Shri. K. Paul Thomas and Smt. Mereena Paul with ESAF sangam members. A still from 1996.

Thomas launched Micro Enterprise Development (MED) services in 1995. It was a novel initiative that turned out to



In 2001, Oakseed international founded by late Rev. Ed Bradley started supporting ESAF.

be a master stroke. Yes, it was his social vision combined with the financial component has proved to be the winner for ESAF.





INDESTRUCTIBLE VALUES

Servant leadership is the fundamental core value upon which ESAF as an Organisation is built, apart from customer centric attitude, transparency and commitment. The values are fostered not only to build a financial enterprise but also to build a society free of inequality and a society that cares and thinks for future generations. Yes, triple bottom line approach is what ESAF practices from the word go, which covers financial, social and environmental bottom lines. Each branch is given targets for reaching the poor and the marginalised in backward areas/ most vulnerable communities affected by natural disasters and helping them access water & sanitation and ensuring them social security. The exceptional growth of the



A Beneficiary of Micro Enterprises Loan

Organization. Community ownership, more percentage of female field staff, integrated approach etc. are some of the unique features, which distinguish the Organization as a socially focused entity.

The Company through its subsidiary has rolled out multiple products to cater to the diversified demands of its clients, over and above the non-financial services that are offered. Majority of the clientele is comprised of people at the bottom of the pyramid who have no access to formal banking system or are deprived of the benefits of formal banking system. Our business model combines



A Beneficiary of Vidya Jyothi Loan

Organization speaks volumes about us on financial terms. When it comes to environment, the Organization promotes organic agriculture produces and energy efficient home accessories. We observe world car free day and environment day every year and conduct awareness programs across cities in association with the civil authorities



A scene from a Balajyoti lecture

the unique methodology of selecting and servicing customers at the front end with technology, processes & disciplines of modern financial institutions at the back end. We have had an excellent growth and consolidation phase in the past few years.



Senior citizens along with the branch staff posing for a photograph in Thrissur

With a majority of the client base and workforce as women, ESAF has been making conscious strategies to develop women friendly policies and projects. ESAF is one of the few institutions in India, where the client representatives are part of the Management and are effectively influencing important decisions taken by the





CREDIT-PLUS SERVICES

ESAF Microfinance always gives emphasis on providing credit plus services and has developed a range of microfinance plus services keeping in mind the needs of the beneficiaries. ESAF Society and ESAF Co-operative are responsible for organizing and implementing non-financial services.

Environmental Awareness Programs

ESAF is advocating its clients for sustainable environment through awareness programmes, clean energy products, financial support, after sales services etc. During 2016-17, the focus areas of Environment department were -

- Environment protection and Justice-Awareness Drives/Trainings
- Response to Climate change-Clean Energy product promotion and financing
- Carbon program

1. Environment protection and Justice-Awareness Drives / Trainings

a. World Environment Day - World environment day was observed on June 5, 2018. Awareness programs were conducted at different locations on the theme Beat Plastic Pollution. Posters and educational materials were prepared and shared with all ESAF USB branches

b. World Water Day - World water day was observed on March, 22 2018 across all ESAF locations with 'Nature for water' as the theme. Awareness programs were conducted in and all the attendees including the staff took the pledge for water conservation. Posters and banners with water conservation messages were shared with all branches of ESAF Small Finance Bank.



A still from the mass cooking demonstration of Greenway stoves organized by ESAF. 101 women who owned Greenway stoves lit them together at the event.

2. Response to Climate change -Clean Energy product promotion and financing

a. CLEAN ENERGY PRODUCT PROMOTION - In response to climate change, through ESAF Small Finance Bank, clean energy loan products are promoted.

b. Biogas plants -ESAF is an accredited agency under the Kerala Agricultural department for design and



Children at a village in Jharkhand upholding solar lamps given by ESAF.

construction of biogas plants.biogas plants were commissioned in 2017-18 in which 9 plants were executed with the support of agriculture department. Through 14 plants ESAF has effectively producing 37.2 cum of biogas daily, which can replace one cylinder of LPG.



Shri. K. Paul Thomas inaugurating 'Arogyamitra' project in partnership with Microcredit Summit Campaign, a US based NGO.

3. Carbon Credit Programme



ESAF has partnered with Micro Energy Corporation (MEC) for obtaining Carbon Revenue. ESAF Microfinance was the first MFI to receive the carbon fund.





NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 22nd ANNUAL GENERAL MEETING of the members of ESAF MICROFINANCE AND INVESTMENTS PVT. LTD will be held on on Friday, September 28, 2018 at Quality Inn Airport, No.5, Old Station Road, GST Main Road, Next to BMW Showroom, Meenambakkam, Chennai, Tamil Nadu 600027 at 10:00 A.M. to transact the following businesses.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2018, 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 Director's 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 23rd 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 23rd Annual General Meeting.
RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to fix the remuneration and out of pocket expenses incurred to the Statutory Auditors in consultation with them based on the recommendations of Adult Committee."

SPECIAL BUSINESS

3. To consider and if thought fit to pass the following resolution with or without modification(s) as a Special Resolution:-
"RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modifications or re-enactment thereof for the time being in force), Mr. Vikraman Ampalakkat (DIN:- 01978341), who has submitted a declaration that he meets the criteria of independence as provided in Section 149 (6) of the

Companies Act 2013 be and is hereby appointed as an Independent Director of the Company to hold office for a period of 3 consecutive years with effect from 28th September 2018 and whose office shall not be liable to retire by rotation."

By the order of the Board,

Jiju George
Company Secretary

Place: Thrissur
Date: 04/09/2018
Mem No: A37731

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 (ie not later than 10 a.m on Wednesday, the 26th September 2018.
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. Explanatory statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Businesses to be transacted at the meeting is annexed hereto.
9. Statement as per Secretarial Standards - 2 about the proposed director is annexed along with the explanatory statement.
10. Route Map of the venue of the Annual General Meeting mandated in the Secretarial Standards-2 is annexed with the notice.



INAUGURATION OF 100TH RETAIL BANKING OUTLET



Shri. A. K. Balan, Hon'ble Minister Govt. of Kerala inaugurating the 100th Retail Banking Outlet at Vadakkancherry. Shri. K. Paul Thomas, MD & CEO, ESAF Small Finance Bank, Smt. Mereena Paul, Chairman, ESAF Co-operative, Shri. K. E. Ismail Ex. MP are also seen.

K. PAUL THOMAS WINS TMA MANAGEMENT EXCELLENCE AWARD



Shri. Firdose Vandervala, former President, All India Management Association handing over the award to Shri. K. Paul Thomas.

Explanatory Statement Pursuant To Section 102 of the Companies Act, 2013

As required by section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the items mentioned under the Special Business of the accompanying Notice.

The Members of the Company, at the 18th Annual General Meeting held on September 29, 2014 had approved the appointment of Mr. Vikraman Ampalakkat as an Independent Director of the Company, for 3 years. As per Section 149(10) of the Companies Act, 2013 (CA 2013), an Independent Director shall hold office for a term of upto five consecutive years on the Board of Directors of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years. The proposed director had attended 4 out of the total 5 Board Meetings convened by the Company during the FY 2017-18. He had actively participated in the Board Meetings and in the Committee meetings in which he acts as a member /chairman. In line with the aforesaid provisions of the CA 2013 and in view of long, rich experience, continued valuable guidance to the management and strong Board performance of Mr. Vikraman Ampalakkat, it is proposed to re-appoint him for the second term as an Independent Director on the Board of the Company for a period of 3 consecutive years with effect from 28th September 2018. In the opinion of the Board, Mr. Vikraman Ampalakkat fulfills the conditions specified in the Act and he is independent of the management. Copy of the draft letter for his appointment setting out the terms and conditions would be available for inspection without any fee by the members at the Corporate Office of the Company during normal business hours on any working day, excluding Saturdays. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Vikraman Ampalakkat as an Independent Director. Accordingly, the Board recommends passing of the Resolution at Item No. 3 of the Notice as a Special Resolution. Except Mr. Vikraman Ampalakkat, being an appointee, none of the Directors or Key Managerial Personnel (KMP) or their relatives are in any way concerned or interested in the resolution set out as item no.3

Disclosure as per Secretarial Standards

Name of the proposed Director	Mr. Vikraman Ampalakkat
Age	71 years
Qualification	Bachelor of Science in Physics

Experience	He has four decades of professional experience in the fields of priority sector lending, microfinance , developmental projects, SME lending and project financing. He is a director on the Boards of prominent companies like Muthoot Finance Ltd, Samastha Microfinance Ltd etc
Terms and conditions of appointment/re-appointment	Appointed as Independent Director for a period of 3 years and not liable to retire by rotation
Details of remuneration sought to be paid	No remuneration will be paid except sitting fees
Remuneration last drawn	No remuneration paid except sitting fees
Date of appointment on the Board	30/09/2008
Shareholding in the company	NIL
Relationship with other directors, manager and other Key Managerial Personnel	NIL
Number of meetings of the Board attended during the year	4

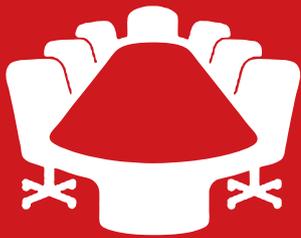
Directorships, Memberships / Chairmanship of Committees of other Board

Sl.No	Name of the Company	Board Committees in which he is a member	Board Committees in which he is Chairman
1.	Muthoot Fincorp Limited	Human Resource and Nomination committee	NIL
2.	Saggraha Management Services Private Limited	Nomination and Remuneration committee	Audit Committee
3.	Samasta Microfinance Limited	NIL	Audit Committee

Jiju George
Company Secretary
Mem No: A37731

Place: Thrissur
Date: 04/09/2018





DIRECTORS' REPORT

To

The Members,

Your directors have pleasure in presenting the Twenty Second Annual Report together with the audited accounts of the Company on a Consolidated and Standalone basis for the Financial Year ended 31st March 2018

1. Financial Highlights

The summary of the Company's financial performance, both on a Consolidated and Standalone basis for FY 2017-18 compared to the previous year, FY 2016-17 is given below.

(Amount in lakhs)

Particulars	Consolidated		Standalone	
	2017-18 (₹)	2016-17 (₹)	2017-18 (₹)	2016-17 (₹)
Total revenue	70024.49	43062.69	2884.93	930.63
Total Expenses	65267.19	34676.87	2511.82	2717.95
Profit (Loss) before Extra Ordinary items and taxation	4757.30	8385.81	373.11	(1787.31)
Tax Expenses	1862.58	4136.18	177.88	(594.30)
Profit (Loss) from continuing operations (A)	2894.72	4249.63	195.23	(1193.00)
Profit from discontinued operations	-	-	-	9953.55
Gain on transfer of business due to discontinued operations	-	-	-	17.68
Profit before tax from discontinued operations	-	-	-	9971.23
Tax Expense from discontinued operations	-	-	-	4587.22
Profit from discontinued operations (B)	-	-	-	5384.02
Profit for the year (A+B)	2894.72	4249.63	195.23	4191.02

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 ₹3,904,623/- to its statutory reserves.

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 Authorised Share Capital of the Company. The Authorised Share Capital of the Company as on 31st March 2018 stands at ₹2500 million divided into 190 million Equity Shares of ₹10/- each and 6 million Compulsorily Convertible Preference Shares of ₹100/- each.

b) Paid Up Share Capital

During the Financial Year 2017-18, there was no change in the paid up share capital of the Company. The Paid Up Share Capital of the Company stood at ₹1758.20 million as on 31st March 2018.

6. State of Company's affairs

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

7. Details of Subsidiary, Joint Venture or Associates

The Company conducts its business through the following Subsidiary whose details are given below :

Name of the subsidiary	Activities
ESAF Small Finance Bank Limited	Banking business

The statement of subsidiary bank form AOC-1 is annexed as Annexure 1. The Company does not have any Associate or Joint Venture Companies within the meaning of Section 2(6) of the Companies Act, 2013. There are no Companies which have become or ceased to be Subsidiaries, Associate or Joint Ventures Company during FY 2017-18.

8. Consolidated Financial Statements

The Consolidated Financial Statements which have been prepared in accordance with the Act and the relevant



Accounting Standards form part of this Annual Report.

9. Board Meetings

During the FY 2017-18, the Board of Directors of the Company met five times on 29th May 2017, 31st July 2017, 28th September 2017, 7th November 2017 and 5th March 2018.

10. Directors and Key Managerial Personnels (KMPs)

As on date of this report, the Board of Directors of the Company comprises of 6 directors. As on 31st March 2018, the company has the following directors and KMPs.

Name of Director/ Key Managerial Personnel	Designation
Mrs. Mereena Paul	Chairperson and Managing Director
Mr. Vikraman Ampalakkat	Non Executive Director
Mr. Eby Thomas	Non Executive Independent Director
Mr. Ranganathan Varadarajan Dilip Kumar	Nominee Director
Mr. Saneesh Singh	Nominee Director
Mrs. Mumtaj Begum	Nominee Director
Mr. Rajesh Sreedharan Pillai	Chief Financial Officer
Ms. Jiju George	Company Secretary

Change in Directors and Key Managerial Personnel

During the last year, the following changes took place in the Board of Directors of the Company.

Name of the Director/KMP	Designation	Appointment/Resignation	Effective Date
Mr. Christophor Jebakumar	Nominee Director	Resignation	07/05/2017
Mr. George Thomas	Non Executive Director	Resignation	29/05/2017
Mrs. Rema Pozath	Chief Financial Officer	Resignation	05/03/2018
Mr. Rajesh Sreedharan Pillai	Chief Financial Officer	Appointment	05/03/2018

Mrs. Mumtaj Begum (DIN:-07653177) was replaced by Mrs. Poonam Mehta (DIN:-08209385) by the Board of Directors with effect from September 04, 2018. Mr. Vikraman

Ampalakkat (DIN:- 01978341) has confirmed that he satisfies the criteria of independence as stipulated under Section 149(6) of the companies Act, 2013. The Board recommends his appointment for a further term of 3 consecutive years. Appropriate resolution for his appointment is being placed for approval of shareholders at the ensuing AGM.

11. Declaration by Independent Director

The company has received declarations from 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.

12. 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, 2018, 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, 2018 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.

13. Appointment of Statutory Auditor and Audit report

At the Annual General Meeting held on 28.09.2017, the Company had 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 subject to ratification of auditors at every annual general meeting. Hence the Board of Directors recommend its shareholders to ratify the appointment of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants as Statutory Auditors from the conclusion of the ensuing Annual General Meeting till the conclusion of Twenty Third Annual General meeting.

The Auditors report for the financial year 2017-18 rendered by M/s S R Batliboi & Associates, does not contain any qualification or remark.

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

a) Conservation of Energy

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

b) Technology Absorption

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

c) Foreign Exchange Earnings/ Outgo:

Foreign exchange earnings

The Company has received ₹5,95,403 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.

15. 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.

16. Extract of Annual Return

The extract of Annual Return, in format MGT -9, for the Financial Year 2017-18 has been enclosed with this report as Annexure II.

17. 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 III.

18. 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 2017-18 in the prescribed format, AOC-2 has been enclosed with the report as Annexure IV.

19. CSR expenditure

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

20. 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 2017-18. The Secretarial Report rendered by the Secretarial Auditor for the financial year ended 31st March 2018 is annexed as Annexure VI.

The Secretarial Audit Report for the FY 2017-18 does not contain any reservation or qualification.

21. 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 VII.

22. 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 ₹78.37 Crores. Further, the Board in its meeting held on September 04, 2018 had decided to convert its Listed, Rated, Secured, Redeemable Non Convertible Debentures aggregating to ₹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 between the end of financial year (31.03.2018) and date of report (04/09/2018).

23. 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.



24. 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.

25. Risk Management Policy

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

26. 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.

27. 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.

Place: Thrissur
Date: 04/09/2018

Sd/-
Mereena Paul
Chairperson and Managing Director
DIN: 02228087

28. 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 2017-18, the Company has not received any complaints on sexual harassment.

29. Green Initiatives

Electronic copies of the Annual Report for the FY 2017-18 and the Notice of the AGM is being sent to all the members whose email addresses are registered with the. For members who have not registered their email address, physical copies are sent in the permitted mode.

30. Acknowledgment

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

Sd/-
Vikraman Ampalakkat
Director
DIN: 01978341



ANNEXURE I

Form AOC-1

(Pursuant to first proviso to sub-section(3) of section129 read with rule 5 of Companies (Accounts) Rules,2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in lakhs)

Particulars	ESAF Small Finance Bank Limited
Name of the subsidiary	ESAF Small Finance Bank Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
Share capital	31,194.52
Reserves and surplus	3,140.26
Total assets	4,72,413.47

Particulars	ESAF Small Finance Bank Limited
Total Liabilities	4,72,413.47
Investments	73,186.34*
Turnover	59,683.96
Profit before taxation	4,384.10
Provision for taxation	1,684.61
Profit after taxation	2,699.49
Proposed Dividend	NIL
Extent of shareholding (in percentage)	90.002%

* Investments in G-secs, Certificate of Deposits (CDs), Pass Through Certificate (PTCs), Security Receipts etc.

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations : NIL
- Names of subsidiaries which have been liquidated or sold during the year: NIL

Part B Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures :-
NA



ANNEXURE II

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2018

[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 Microfinance And Investments 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, Gangadeeswara Koil St, Purasawalkam, Chennai - 600 084, Tamil Nadu. PH: 04443560790 Email: ro@esafmicrofin.com
Whether listed company	Yes (Equity shares are not listed. However, Debt Securities are listed)
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:

Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
Activities of holding Company	64200	93.28%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Name And Address Of The Company	CIN/GLN	Holding / Subsidiary / Associate	% Of Shar-es Held	Applicable Section
ESAF Small Finance Bank Limited Hepzibah Complex, IInd Floor, No.X/109/ M4, Mannuthy P.O., Thrissur, Kerala-680651	U65990KL2016PLC045669	Subsidiary	90.002%	2 (87) (ii)



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	% of Total Shares	
A. Promoters									
(1) Indian									
a. Individual/ HUF	-	4,322,471	4,322,471	3.08 %	-	541,260	541,260	0.39%	(2.69%)
b. Central Govt	-	-	-	-	-	-	-	-	-
c. State Govt (s)	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	-	-	-	-	-	-	-	-	-
e. Banks / FI	-	-	-	-	-	-	-	-	-
f. Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	4,322,471	4,322,471	3.08 %	-	541,260	541,260	0.39%	(2.69%)
(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)	-	4,322,471	4,322,471	3.08 %	-	541,260	541,260	0.39%	(2.69%)
B.Public Shareholding									
1.Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	17,176,230	17,176,230	12.24 %	-	17,176,230	17,176,230	12.24 %	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-



Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	17,176,230	17,176,230	12.24 %	-	17,176,230	17,176,230	12.24 %	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	34,025,633	34,025,633	24.25%	-	34,025,633	34,025,633	24.25%	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹. 1 lakh	-	105,000	105,000	0.07%	-	105,000	105,000	0.07%	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	1,418,066	1,418,066	1.01%	-	1,318,066	1,318,066	0.94%	(0.07%)
i) Individual shareholders holding nominal share capital upto ₹1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	83,292,563	83,292,563	59.35 %	-	87,173,774	87,173,774	62.12 %	2.77 %
Sub-total (B)(2):-	-	118,841,262	118,841,262	84.69 %	-	122,622,473	122,622,473	87.38 %	2.69 %
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	13,60,17,492	13,60,17,492	96.93%	-	13,97,98,703	13,97,98,703	99.61%	2.68%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	140,339,963	140,339,963	100 %	-	140,339,963	140,339,963	100 %	-



ii) Shareholding of Promoters

Shareholder's Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change 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	
Kadambelil Paul Thomas	43,22,471	3.08%	-	5,41,260	0.39%	-	(2.69%)
Total	43,22,471	3.08%	-	5,41,260	0.39%	-	(2.69%)

iii) Change in Promoters' Shareholding

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Kadambelil Paul Thomas				
At the beginning of the year	4,322,471	3.08%	4,322,471	3.08%
Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
1. Transfer of shares on 21.02.2018	(3,781,211)	(2.69 %)		
At the end of the year	541,260	0.39%	541,260	0.39%

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

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
ESAF Swasraya Multi State Agro Co-operative Society Ltd.*	7,76,51,963	55.33%	81,533,174	58.10 %
Dia Vikas Capital Pvt. Ltd.	2,80,25,633	19.97 %	2,80,25,633	19.97 %
SIDBI Trustee Company Ltd -A/c Samridhi Fund	1,71,76,230	12.24 %	1,71,76,230	12.24 %
Manaveeya Development and Finance Pvt. Ltd.	60,00,000	4.28 %	60,00,000	4.28 %
ESAF Staff Welfare Trust	56,40,600	4.02 %	56,40,600	4.02 %
Thomas Joseph	2,00,000	0.14 %	2,00,000	0.14 %
Raphael Parambi	2,00,000	0.14 %	2,00,000	0.14 %
George Thomas	1,74,400	0.12 %	1,74,400	0.12 %
Alok Thomas Paul	87,500	0.06%	87,500	0.06%
Emy Acha Paul	87,500	0.06%	87,500	0.06%



v) Shareholding of Directors and Key Managerial Personnel

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
Mereena Paul	1,90,000	0.14 %	15,000	0.01%
George Thomas*	1,74,400	0.12 %	1,74,400	0.12%
Rajesh Sreedharan Pillai**	40,000	0.03 %	40,000	0.03%

*Mr. George Thomas resigned from the Board of Directors with effect from 29th May 2017

**Mr. Rajesh Sreedharan Pillai was appointed as Chief Financial Officer with effect from March 05, 2018

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	1775.91	2.80	-	1778.71
ii) Interest due but not paid	0.00	0.00	-	0.00
iii) Interest accrued but not due	115.24	0.00	-	115.24
Total (i+ii+iii)	1891.15	2.80		1893.95
Change in Indebtedness during the financial year				
Addition	1.48	-	-	1.48
Reduction	499.22	-	-	499.22
Net Change	(497.74)	-	-	(497.74)
Indebtedness at the end of the financial year				
i) Principal Amount	1299.08	2.80	-	1301.88
ii) Interest due but not paid	0.00	-	-	0.00
iii) Interest accrued but not due	94.33	-	-	94.33
Total (i+ii+iii)	1393.41	2.80	-	1396.21

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

The Company has a Managing Director.

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (₹)
		Mereena Paul (Chairperson and Managing Director)	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	68,98,513	68,98,513



Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (₹)
		Mereena Paul (Chairperson and Managing Director)	
2.	Stock Option		
3.	Sweat Equity		
4.	Commission - as % of profit - others, specify...		
5.	Others, please specify (Sitting Fee)		
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
Independent Directors	Eby Thomas				
Fee for attending board committee meetings	1,00,000				
Commission					
Others, please specify					
Total (1)	1,00,000				1,00,000
Particulars of Remuneration	Name				Total Amount
Other Non Executive Directors	A Vikraman	R V Dilip Kumar	Mumtaj Begum	Saneesh Singh	
Fee for attending board committee meetings	80,000	80,000	1,00,000	1,00,000	
Commission					
Others, please specify					
Total (2)	80,000	80,000	1,00,000	1,00,000	3,60,000
Total (1+2)					4, 60,000



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

Particulars of Remuneration	Key Managerial Personnel			Total Amount
	Chief Financial Officer		Company Secretary	
Name	Rajesh Sreedharan Pillai <i>(with effect from 05/03/2018)</i>	Rema Pozath <i>(from 01/04/2017 to 05/03/2018)</i>	Jiju George	
Gross salary				
a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (Excluding arrear for previous years)	1,33,691	3,34,249	3,30,000	7,97,940
b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
c) Profits in lieu of salary under section 17(3) Income tax Act, 1961				
Stock Option				
Sweat Equity				
Commission - as % of profit - Others, specify				
Others Specify				
Total	1,33,691	3,60,408	3,30,000	7,97,940

Note: The disclosure regarding remuneration of Key Managerial Personnels made for their tenure in office.

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Detailsof 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



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

Place: Thrissur
Date: 04/09/2018

Sd/-
Mereena Paul
Chairperson and Managing Director
DIN: 02228087

Sd/-
Vikraman Ampalakkat
Director
DIN: 01978341

ANNEXTURE III

Particulars of Loan, Guarantees and Investments under Section 186 as on 31st March 2018

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	₹500,000	Equity Share Capital
2	28.03.2008	ESAF Healthcare Services Pvt Ltd	₹500,000	Equity Share Capital
3	05.05.2016		₹950,000	
4	20.05.2016		₹1,088,050,000	
5	09.03.2017	ESAF Small Finance Bank Limited	₹600,000,000	Equity Share Capital
6	10.03.2017		₹600,000,000	
7	29.03.2017		₹500,000,000	
8	30.03.2017		₹50,000,000	



ANNEXTURE IV

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 ESAF Retail Pvt Ltd

Sl. No.	Particulars	Details
1.	Name(s) of the related party and nature of relationship:	ESAF Retail Pvt Ltd. (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 ₹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) ₹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 ESAF Swasraya Producers Company Ltd

1.	Name(s) of the related party and nature of relationship:	ESAF Swasraya Producers Company Ltd. (Relatives of Chairperson and Managing Director are directors as well as members 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 1, 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, located at Kuttanellur, Thrissur, 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) Contracts with ESAF Swasraya Multi State Agro Co-operative Society Ltd

1.	Name(s) of the related party and nature of relationship:	ESAF Swasraya Multi State Agro Co-operative Society Ltd (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 ₹20000 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:	₹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

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 ₹10000 per month and an interest free refundable advance equivalent to 3 months' rent



Sl. No.	Particulars	Details
5.	Date(s) of approval by the Board	07.11.2017
6.	Amount paid as advances, if any:	₹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) Contracts with ESAF Small Finance Bank Limited

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 ₹30 per Sq.ft per month.
5.	Date(s) of approval by the Board	05.03.2018
6.	Amount paid as advances, if any:	₹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

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

NIL



ANNEXURE V

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 2017-18 were within the broad framework of Schedule VII of 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

Name of the Member	Position	Category of Directors
Mereena Paul	Chairperson	Chairperson and Managing Director
Eby Thomas	Member	Non Executive Independent Director
Saneesh Singh	Member	Non Executive Director

3. Average net profits of the Company for last three financial years: ₹32,80,57,467/-

4. Prescribed CSR Expenditure: ₹65,61,149/-

5. Details of CSR spent during the year.

(a) Total amount to be spent for the financial year: ₹98,41,724/-

(b) Amount unspent: NIL

(c) Manner in which the amount is spent during the financial year is detailed below:

Sl. No.	CSR Project or Activity Identified	Sector in which the project is covered <i>(Reference of the activities provided in Schedule VII)</i>	Projects or programs <i>(1) Local area or other (2) Specify the State and district where Projects or programs where undertaken</i>	Amount outlay (budget) Project or Program wise (₹)	Amount spent on the projects or programs <i>(1) Sub-heads: Direct Expenditure on projects or programs (2) Overheads (₹)</i>	Cumulative expenditure up to the reporting period (₹)	Amount spent: Direct or through implementing agency
1.	Community Transformation hub	Social development	Mumbai & Raipur	25,00,000	25,00,000	25,00,000	Through the implementing agency - Evangelical Social Action Forum



Sl. No.	CSR Project or Activity Identified	Sector in which the project is covered <i>(Reference of the activities provided in Schedule VII)</i>	Projects or programs <i>(1) Local area or other (2)Specify the State and district where Projects or programs where undertaken</i>	Amount outlay (budget) Project or Program wise (₹)	Amount spent on the projects or programs <i>(1) Sub-heads: Direct Expenditure on projects or programs (2) Overheads (₹)</i>	Cumulative expenditure up to the reporting period (₹)	Amount spent: Direct or through implementing agency
2.	Integrated Village Development Project	Social development	Dumka & Kerala	33,41,724	33,41,724	33,41,724	Through the implementing agency - Evangelical Social Action Forum
3.	Prowell Community Health Project	Promoting preventive health care and sanitation	Kerala & Maharashtra	15,00,000	15,00,000	15,00,000	Through the implementing agency - Evangelical Social Action Forum
5.	Swashraya Livelihood and Skill Development Project	Livelihood enhancement projects	Maharashtra & Chattisgarh	15,00,000	15,00,000	15,00,000	Through the implementing agency - Evangelical Social Action Forum
6.	Centre for Integrated Development Research (CIDER)	Promoting education and research	Kerala	10,00,000	10,00,000	10,00,000	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 VI

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018

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

To,

The Members,

ESAF Microfinance and Investments Private Limited
No 8/9, Mansuk Buildings, Flat No.3A, 3rd Floor, Gan-
gadeeswara Koil St, Purasawalkam, Chennai- 600084

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s ESAF Microfinance and Investments Private Limited (hereinafter called 'the company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information and representation provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI), Overseas

Direct Investment (ODI) and External Commercial Borrowings (ECB);

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011(not applicable to the company during the audit period);
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (not applicable to the company during the audit period);
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009(not applicable to the company during the audit period);
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014 (not applicable to the company during the audit period);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009 (not applicable to the company during the audit period);
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations 1998 (not applicable to the company during the audit period); and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

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

- i. Secretarial Standards 1 issued by the Institute of Company Secretaries of India
- ii. Secretarial Standards 2 issued by the Institute of Company Secretaries of India
- iii. The Listing Agreements entered into by the Company with Bombay Stock Exchange.



iv. Tripartite Agreement between the Company, Registrar & Transfer Agent and Depositories.

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

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company subject to such observations as mentioned in Annexure B:

(i) Chapter III B of The Reserve Bank of India Act, 1934 and Non Banking Financial Company Directions issued by the Reserve Bank of India.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Place: Trivandrum

Date: 04.09.2018

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has entered into the following major transactions:

Date of Event	Particulars	Approved by
29.05.2017	Redemption of Non-Convertible Debentures The Company has redeemed 4,750 13.9% Secured, Listed, Redeemable Non Convertible Debentures (NCDs) of face value ₹1,00,000 each aggregating to ₹47,50,00,000 bearing ISIN IN-E879Q07012 on 18th June 2017 by exercising the company's call option.	Board of Directors

ANNEXURE VII

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

Median remuneration of all the employees of the Company for the financial year 2017 -18 (in ₹)	₹3,60,408
The number of permanent employees on the rolls of the Company as on 31st March 2018	6 (excluding Chairperson and Managing Director)



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 (CMD) receive remuneration other than sitting fees Ratio of remuneration of CMD to median remuneration of all employees is 19.14
Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company or Manager, if any, in the financial year	NIL
The percentage increase in the median remuneration of employees in the financial year 2017-18	NIL
Average percentile increase already made in the salaries of employees other than the managerial personnel 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 except sitting fees 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 2018, the Company has only six employees excluding Chairperson and Managing Director.

Sl.-No.	Name of the employee	Designation	Remuneration (in ₹)	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	11	54	0.01	04.11.2007
2	Rajesh Sreedharan Pillai	Chief Financial Officer *	1,33,691	Permanent	B. Com, CA Inter	11.5	39	0.03	10.03.2008**
3	Jiju George	Company Secretary	3,30,000	Contractual	B.com ACS,	2.8	29	NIL	17.05.2016
4	Geetha Kuriakose	Senior Manager	5,25,864	Permanent	MBA in HR	7	51	NIL	01.10.2011
5	Rema P	Deputy Manager	3,60,408	Permanent	B. Com, CA Inter	13	40	NIL	14.02.2005
6	Sherly Davis	Deputy Manager	3,56,808	Permanent	B.Com	16	56	NIL	12.06.2002
7	Babu Paul	Officer	3,37,320	Permanent	Matriculation	17	52	NIL	01.06.2001

* Remuneration disclosed is the remuneration paid for his tenure as Chief Financial Officer with effect from 05/03/2018.

** Date of commencement of employment disclosed is the date of joining in ESAF Group.

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, read with Rule 5(2)(i)(ii) & (iii) of Companies (Appointment and Qualification of Managerial Personnel) Rules 2014.





REPORT ON CORPORATE GOVERNANCE

ESAF Microfinance 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.

A. Philosophy on Corporate Governance

At ESAF Microfinance 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.

B. Internal Guiding Principles on Corporate Governance

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

C. 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 2018, the Board consists of a total of 6 directors including a Managing Director, two Non Executive Directors and 3 Nominee Directors. During the year under review, Mr. George Thomas and Mr. Christopher Jebakumar has resigned from their Directorships.

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

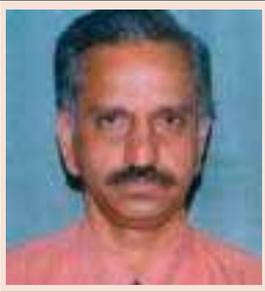
Composition of Board as on 31st March 2018

Sl.	Name of the Director	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	NED	30/09/2008
3.	Mrs. Mumtaj Begum	25/05/1969	07653177	ND	10/11/2016
4.	Mr. Saneesh Singh	19/09/1968	02254868	ND	29/05/2015
5.	Mr. RV Dilip Kumar	20/10/1968	01060651	ND	09/11/2015
6.	Mr. Eby Thomas	01/06/1973	01865748	NEID	14/01/2016

CMD - Chairman Managing Director | **NEID** -Non-Executive Independent Director | **NED** -Non-Executive Director | **ND** - Nominee Director



D. Board Profile

	<p>Mrs. Mereena Paul Chairperson & Managing Director</p> <p>Mrs. Mereena is the co-founder of ESAF and was actively involved in the formation of ESAF and the operations in the initial years.</p>
	<p>Mr. Vikraman Ampalakkat Non Executive Director</p> <p>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 Finance Ltd, Samastha Microfinance Ltd., etc.</p>
	<p>Mr. Saneesh Singh Nominee Director</p> <p>Mr. Saneesh Singh is the Nominee of Dia Vikas Capital Pvt Ltd has over 23 years of experience in promotion development and financing of Micro, Small and Medium Enterprises (MSME) and microfinance. He is the Executive Director-Investments in DiaVikas Capital Pvt Ltd. He has worked in various senior managerial capacities in the Small Industries Development Bank of India (SIDBI), a pan India apex Development finance institution for MSME's.</p>
	<p>Mrs. Mumtaj Begum Nominee Director</p> <p>Mrs. Mumtaj Begum is a nominee of ESAF Swasraya Agro Co-operative Society Ltd has field level experience in organizing and leading sangams.</p>
	<p>Mr. RV Dilip Kumar Nominee Director</p> <p>Mr. R.V. 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 10 years with experience in credit appraisal, accounts and audit functions.</p>
	<p>Mr. Eby Thomas Non Executive Independent Director</p> <p>Mr. Eby Thomas 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 sa-hara 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.</p>

E. Board Meetings

Five Board Meetings were held during the financial year ended on March 31st 2018. These meetings were held on 29th May 2017, 31st July 2017, 28th September 2017, 7th November 2017 & 5th March 2018.

Directors' Attendance record

Sl. no	Name	Board meetings during Financial year 2017-18		Whether present at the previous AGM
		Entitled to attend	Attended	
1	Mrs. Mereena Paul	5	5	Yes
2	Mr. George Thomas*	1	1	Yes
3	Mr. Christopher Jebakumar @	0	0	No
4	Mrs. Mumtaj Begum	5	5	No
5	Mr. Vikraman Ampalakkat	5	4	Yes
6	Mr. RV Dilip Kumar	5	4	Yes
7	Mr. Eby Thomas	5	5	Yes

* Resigned with effect from 29th May 2017

@ Resigned with effect from 7th May 2017

F. Board Committees

As on 31st March 2018, the Company has six regular Board Committees Viz. Audit Committee, Nomination 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 Chairman 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	Vikraman Ampalakkat	Chairman
2	R V Dilip Kumar	Member
3	Eby Thomas	Member

*Mr. George Thomas was substituted by Mr. R V. Dilip Kumar on 29th May 2017.

b. Meeting and Attendance

During the financial year under review five meetings of the Audit Committee were held on 29th May 2017, 31st July 2017, 28th September 2017, 7th November 2017 & 5th March 2018. The attendance details of Audit Committee members are as under.

Sl. no	Name	Meetings during Financial year 2017-18	
		Entitled to attend	Attended
1	Vikraman Ampalakkat	5	4
2	RV Dilip Kumar	5	4
3.	Eby Thomas	5	5

2. Remuneration & Nomination Committee

a. Constitution

The Nomination Committee was constituted on 13.02.09 (originally named as Human Resources and Nomination Committee was renamed as Remuneration & Nomination Committee at the Board Meeting held on 29.09.2014). The Committee currently has the following Members

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

b. Attendance during the year

During the financial year two meetings were conducted on May 29, 2017 and March 05, 2018.

Sl. no	Name	Meetings during Financial year 2017-18	
		Entitled to attend	Attended
1	Vikraman Ampalakkat	2	2
2	Saneesh Singh	2	2
3.	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.

Sl. no	Name	Designation
1.	Eby Thomas	Chairman
2.	Mereena Paul	Member
3.	R V Dilip Kumar#	Member

Mr. George Thomas was replaced by Mr. R V Dilip Kumar on 29th May 2017

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 May 29, 2017 and March 05, 2018.

Sl. no	Name	Meetings during Financial year 2017-18	
		Entitled to attend	Attended
1	Eby Thomas	2	2
2	Mereena Paul	2	2
3.	R V Dilip Kumar	2	1

4. Corporate Social Responsibility Committee

a. Constitution

Constitution of Corporate Social Responsibility Committee: This Committee was formed on 30.06.2014 with the following members.

Sl. no	Name	Designation
1.	Mereena Paul	Chairperson
2.	Saneesh Singh	Member
3.	Eby Thomas	Member

Mr. K Paul Thomas was replaced by Mrs. Mereena Paul on 29th May 2017

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 July

31, 2017 and March 05, 2018.

Sl. no	Name	Meetings during Financial year 2017-18	
		Entitled to attend	Attended
1	Mereena Paul	2	2
2	Saneesh Singh	2	2
3.	Eby Thomas	2	2

5. Risk Management Committee

a. Constitution

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.	Mereena Paul	Chairperson
2.	Eby Thomas	Member
3.	RV Dilip Kumar	Member

b. Meetings during the year

The Committee generally meet as and when required. The Committee has met two times during the year 2017-18 on September 28, 2017 and November 07, 2017.

Sl. no	Name	Meetings during Financial year 2017-18	
		Entitled to attend	Attended
1	Mereena Paul	2	2
2	Eby Thomas	2	2
3.	RV Dilip Kumar	2	2

6. 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.	Vikraman Ampalakkat	Chairman
2.	Mereena Paul	Member
3.	Eby Thomas	Member

During the year under review, no meetings were held .

Dissolution of Committees

During the financial year 2017-18, the following Board Committees were dissolved:-

a. SFB Steering Committee

SFB Steering Committee was set up to monitor the implementation of ESAF Small Finance Bank Limited (ESFB). As ESFB commenced its operations on March 10, 2017, the Board of Directors in its meeting held on May 29, 2017 has dissolved the Committee

b. Executive Committee

Executive Committee was originally constituted on 13th February 2009. As the Company has discontinued its financial and lending business , the Board of Directors in their meeting held on May 29, 2017 has dissolved the Committee.

G. General Share holder information

a. Date time and venue of 22nd AGM

The 22nd AGM of the Company will be held on Friday, September 28, 2018 at Quality Inn Airport, No.5, Old Station Road, GST Main Road, Next to BMW Showroom, Meenambakkam, Chennai, Tamil Nadu 600027 at 10:00 A.M.

b. Financial Calendar

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





MANAGEMENT DISCUSSION AND ANALYSIS

At ESAF, we firmly believe in achieving excellence in everything that we do. Our corporate DNA is characterised by three basic traits – People, Profit and Planet, which is otherwise termed as triple bottom line approach. ESAF is now building its capabilities on the IT front, which will give us the edge moving forward.

The expansion in global trade and revival of investment activities led to the strengthening of global economy. US economy grew at 2.3 percent bettering 1.5 percent recorded for the previous year. In Euro region also economic activity was on the high. In Asia, Chinese and Japanese economies also performed well.

Since the rolling out of GST in July 2017, 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. Reserve Bank of India in its third bi-monthly Monetary Policy Statement released in August last year, had reduced the policy repo rate under liquidity adjustment facility (LAF) by 25 basis points from 6.25 per cent to 6.0 per cent. Thereafter, RBI kept the policy repo rate unchanged at 6 per cent till end of the FY 2017-18. Forecast of a GDP growth of 8% and emphasis on doubling of rural income in the next 5 – 6 years reinforces the bright future that

beckons banking as a whole. While the rupee had gained against the US dollar on the back of sustained portfolio inflows with the buoyance in equity markets, sentiment had reversed from February 2018 when portfolio outflows had picked-up.

Financial services sector is likely to register growth rate of over 7.0 percent along with sectors like, hotels, transport, communication real estate and other professional services. Although export growth slowed down to less than 3 per cent in 2017-18 compared to the previous quarter, there was a bounce-back in November 2017 and December 2017 with the easing of implementation hurdles related to GST. India's net services exports picked up in the third quarter mainly on account of improvement in exports of software and travel services. The pain of structural changes may continue for a brief period. Being a young nation, we should be prepared to reap the benefits of demographic dividend.

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.



K. PAUL THOMAS WINS EASO MAR THEMOTHIUS AWARD



H. E. Rt. Rev. Geevarghese Mar Athanasius Suffragan Metropolitan, Head, Ranni – Nilackal Diocese handing over the award. Shri. Mathew T. Thomas, Hon'ble Minister for Water Resources, Govt. of Kerala, also seen.

K. PAUL THOMAS WINS CHAMBER OF COMMERCE AWARD



Adv. Alphons Kannanthanam, Minister of State for Electronics and Information Technology, Govt. of India handing over the C.M. George Memorial Award to Shri. K. Paul Thomas. Also seen is Shri. A. C. Moideen, Minister for Industries and Sports, Govt. of Kerala.

ESAF MEMBERS EXPERIENCE STUDY REPORT 2018

As part of understanding the member's needs and preference and their levels of satisfaction nearly 500

members were met across 15 branches in the state of Kerala, Tamil Nadu, Madhya Pradesh, Maharashtra and Chhattisgarh.

180 members were met through one to one survey while 324 were covered through Focus Group Discussions.

Branches covered

State	Location
Kerala	Amballur
	Kodangallur
	Kundukkad
Tamil Nadu	Bodynaikannur
	Pollachi
	Thoothur
	Nagercoil
Maharashtra	Wadi
	Koradi
	Sakoli
	Pardi
	Kanhan
Madhya Pradesh	Amla
	Pandurna
Chhattisgarh	Rajnandgoan

Major insights drawn from member interaction:

- 65% of the members had an income of their own as they were either self-employed or worked as daily wage worker or as a salaried individual. Others were home-makers. More number of women are ei-

ther starting their small business or going for jobs at shops. Increased work participation rate of women has enabled them to pay off their repayments without getting stressed. Also when the primary breadwinner (ex: husband) is unable to go for work, income of these women help the family from getting into debt. Overall there is financial stability especially for those associated for over 5 years and above.

- 70% of the respondents had completed at least 5 years with ESAF. Overall the members are satisfied with the products and services offered by ESAF SFB. They are preferring to stay with ESAF even though there are quite a good number of microfinance institutions which has newly entered the market and are offering huge amounts of money as loans. In some places members have admitted the fact they have present indebtedness of more than 1,00,000 INR together from 2 institutions. Strictness in terms of credit bureau checking and adhering to the same will help reduce the rampant borrowing.

- 45% of the members have used their loan to invest in either their own business or husband's business. This included start-ups as well as to expand and diversify the business. Some who have started micro business wanted ESAF's help in teaching them how to keep accounts.

- 60% of the respondents had taken at 50,000 INR as their last loan from ESAF.

- 43% use their ESAF SFB ATM card on their own while 52% take the help from others to withdraw money from the ATM. 5% didn't have ATM card. Most members in Tamil Nadu and Kerala are happy with the introduction of technology for faster loan processing.

- 100% of the respondents had an active loan with ESAF SFB, 53% had savings and 15% had pension policy with ESAF SFB.





**JOYFUL
STORIES OF
TRANSFORMATION**

Rajnandgaon, Chatthisgarh

SHINING STEEL BRINGS SUNSHINE FOR POONAM

Poonam Kasar is a successful business owner who is a part of ESAF DIKSHA JLG in Rajnandgaon, Chatthisgarh. She is now a 40-year-old mother-of-two leads a happy life at Rajnandgaon, Chatthisgarh with her husband who works in a private company.

Poonam Kasar had her own utensil Shop, even before joining ESAF, but was unable to fill the shelves. She



Poonam smiles at her utensils and crockery store which she could restart after a gap of 6 years.

struggled to make profit and her family was forced to survive on the meager salary earned by her husband. For a household of four, this did not go far. Managing her family responsibilities and new business was something she found hard and she had to deal with unpredictable fluctuations in prices of stock.

Due to some financial and other family reason her utensil shop was closed for 5 to 6 years. "All my hopes were shattered and found no monetary help and support to reopen my shop, she said. The first step to recovery was from ESAF through IGL loan of ₹15,000 that helped her to restart her business along with support of ₹5000 extended by her relative. Now after 3 years since the reopening, her shop's shelves are fully stocked with Kitchenware, Household appliances and Cookware as every gradual loan that she took helped her to buy the required stock. "Joining an ESAF JLG group has been the path way to my success". The women support one another in times of hardship. The success of Poonam Kasar's business earned her monthly income that steadily increased to ₹15,000. This has allowed her to make much needed improvements to her home and other family responsibilities including education of two daughters.

For young women in like Poonam Kasar in a remote village, the commitment that she exemplified in work was something worth emulating, while the timely financial services fro ESAF SFB made it bloom.



Sadar, Maharashtra

E RICKSHAW MAKING LIFE EASIER

Pushpa Chaitram Dekate has been a Sangam member of Sadar Branch of ESAF, Maharashtra since last 10 years. For Pushpa it has been a life of full severe hardships. Through ESAF, Pushpa has moved from subsistence to security and is able to plan for tomorrow.

She has been working as a daily laborer in a thread production company in Nagpur. Although three of their family members worked very hard, her husband as laundry man and son as sales man, they could not find any savings and hardly managed to keep fire at the kitchen.

"It was only after joining ESAF JLG Groups that I started to think about a change in life, when I saw other women

using their loans to start small business", says Pushpa. As a Sangam member, I have savings and learns about doing business and managing money, Pushpa said. She took a



Pushpa Dekate with her son and husband with their E Auto



Business Loan of ₹2,08,000 for purchasing E-Rickshaw. She says, "Although my son, Harshal tried different jobs since he was 18, to support family, he did not find any grip. He sold cloths in the market, became a sales man for a salary of ₹6000 per month, but all the efforts went in drain. It was during that time I heard of E- Rickshaw loans promoted by ESAF. When I shared this thought with my son, he was excited and sought the help", says Pushpa. He earns ₹800- 1000 per day now as he is able to save and doesn't incur any cost on fuel. Repayment was convenient through the weekly instalment pattern.

Pushpa helps her husband in the laundry work and earns for the family as well. Their family income has increased almost 2 times than the last years.

"We are now more financially secure than we have been in our whole life. I have taken loan from different sources but my relations with all the institutions have been just transactional. I could never develop the trust that I have with ESAF. I have a plan to do more: building a new home, provide education to my younger daughter etc. I realize my dreams can be easily fulfilled with the support of ESAF", she said proudly.



Ramanattukara, Kozhikode

PICKING UP PIECES TO BUILD A DECENT LIFE

50 years of Sakunthala's life is an example of how perseverance pays off in one's life. Her life exemplifies that "a dream doesn't become reality through magic; it



Sakunthala at her bakery

takes sweat, determination and hard work". Sakunthala from Ramanattukara, Kozhikode has been a member of ESAF JLG for more than four years that she joined, when she realized that relying on the inconsistent income of her husband would not help in leading a quality life. She said "I remember it was really tough time for us as the income earned was not at all enough to meet the expenses of

the family that consisted of four members. On hearing about the services provided by ESAF, I thought of being part of such growing institution and took the initiative of understanding the rules and policies of forming a Sangam (Pooja), she said.

Having learnt about ESAF's activities, she started associating with ESAF in 2014 and soon succeeded in availing an IGL of ₹15000. To supplement her husband's income, she opened a bakery and tea shop in her locality with the first loan provided by ESAF. She used the loan amount to complete patch work of their rented room and to buy bakery products like biscuits, sweet products, chips and cool drinks etc. She was confident about her new venture and was fully committed to the job. No wonder her business began to flourish. Last year she took a business loan of ₹75000 which was invested in expanding her business. Now she earns around ₹2000 per day from bakery business.

With the business loan she is planning to introduce live healthy snacks and meals at her shop. She believes that these steps would help her to generate more income and develop competitive edge. One of her ambitious dreams is to complete renovation work of her house. She believes success of the business boosted up the confidence level of her whole family. She is thankful to ESAF for giving loan at the nick of time. "I was the first women who started business in our locality and it was all possible because of the support of ESAF", she said thankfully.



Rajnandgaon, Chatthisgarh

ADDING 'BEAUTY' TO HER DREAMS

Sangeeta Manoj Tiwari (33) from Rajnandgaon, Chatthisgarh has been with ESAF JLG for more than one year. Her family consists of four members. She always dreamt of becoming an entrepreneur and took a leap of faith at her joining the ESAF JLG.



Sangeeta at her Beauty Parlour

With the vision of starting a Beauty parlour on her own,

she joined for a Diploma course of Beauty parlor and skin treatment. After becoming a diploma holder she rented a small room for business.

She invested ₹25000 for renovation of the room. She took ₹20,000 of IGL and ₹10,000 of GL form ESAF. With IGL loan, she purchased a machine for manicure and pedicure and with GL Loan she purchased a hair dryer. Through her hard work and dedication she moved her business forward. She is thankful to ESAF SFB for financing ₹30,000 within one year of association. After receiving the loans of ESAF SFB her income has grown by leaps and bounds. She earns ₹6000- 7000 per day from the business. As an ambitious women entrepreneur she wants to expand her business to other areas. Recently she took the franchisee of 'Jeunesse' an international Brand.

Sangeeta is still developing as a successful entrepreneur with the positive impact that ESAF made on her and her family's life. She has been instrumental in bringing changes in other women's life by employing four of them at her beauty parlor. She thanked ESAF SFB for giving colors to her dreams.



Mailipadom, Thrissur

BUSINESS LOANS TO BUILD YOUNG ENTREPRENEURS

Mr. Shyju lives with his parents in a small home in the village of Mailippadam, Thrissur. Shyju's father started a shop - "Rohini Stores" in the mid-1980s in the home town



Shyju along with his mother in the front of the shop.

that sold Grocery products, bakery items, vegetables and stationary items. He has been running the business for 5

years on his own when his father on his late age entrusted the business to him. As Shyju's shop attracted more and more customers, he had to expand the inventory, so he decided to take out a loan from external sources.

Once he decided to rise funding, he turned to Public Sector Banks and also some New Generation Banks and soon he found himself caught up in innumerable calls and documentation and it was an extremely time consuming process. Shyju then turned to ESAF Small Finance Bank. "There was no hassle in terms of lengthy paper work or verifications, their customer service team is extremely efficient and customer centric". The entire loan procedures was completed within two weeks and loan was provided with in one month, he said.

ESAF SFB extended a ₹800,000 Business Loan to him in 2018. Using first loan of ₹800,000, he expanded the inventory and purchased materials and other supplies for the business at wholesale rate in order to save money. Besides, he also used the loan for floor and terrace work of his shop and built rooms on top of the shop to give it for rent. Today he earns an average amount of ₹3000 per day from business and an additional ₹25000 as rent. Shyju thanks ESAF SFB for building him up as an entrepreneur.





INDEPENDENT AUDITORS REPORT

REPORT ON THE STANDALONE
FINANCIAL STATEMENTS

To the members of ESAF Microfinance and Investments Private Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of ESAF Microfinance & Investments Private Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2018, the Profit and Loss Account and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and notes to the standalone financial statements.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and

perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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

Other Matter

6. The financial statements of the Company for the year ended March 31, 2017, included in these standalone financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on July 31, 2017.

Report on Other Legal and Regulatory Requirements

7. 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 Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary or the purpose of our audit:



(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements

and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report:

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

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 24.1 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

Sd-
per Sarvesh Warty
Partner
(Membership No. 121411)

Thrissur
30 May 2018

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ESAF MICROFINANCE & 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 Microfinance & Investments Private Limited (the "Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of

internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. R. BATLIBOI & ASSOCIATES LLP
ICAI Chartered Accountants
Firm's Registration No.: 101049W / E300004

Sd-
per Sarvesh Warty
Partner
(Membership No. 121411)

Thrissur
30 May 2018



Annexure 1 to the auditors' report

The Annexure referred to in our report to the members of ESAF Microfinance & Investments Private Limited ('the Company') for the year ended March 31, 2018

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/ fixed assets 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) The Company has granted loan 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.

(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 serious delays in a few cases.

(b) According to the information and explanations given to us there are no undisputed dues in respect of provi-

dent fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added 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

(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 to which the Amount Relates	Amount involved
Income Tax Act, 1961	Income Tax	The Commissioner of Income Tax (Appeals)	Assessment Years 2011-12 and 2013-14	2,05,91,033/-
Finance Act, 1994	Service Tax (excluding additional penalty and interest, if any)	Customs, Excise and Service Tax Appellate Tribunal (CES-TAT)	Assessment Years 2008-09 to 2011-12	2,61,22,746

(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
ICAI Chartered Accountants
Firm's Registration No.: 101049W / E300004

Sd-
per Sarvesh Warty
Partner
(Membership No. 121411)

Thrissur
30 May 2018



Standalone Balance Sheet as at 31 March 2018

	Particulars	Note No.	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	1,78,52,01,630	1,78,52,01,630
	(b) Reserves and surplus	4	1,49,20,39,440	1,50,95,07,219
			3,27,72,41,070	3,29,47,08,849
2	Non-current liabilities			
	(a) Long-term borrowings	5	68,68,560	1,29,25,55,742
	(b) Other long-term liabilities	6	2,25,000	-
	(c) Long-term provisions	7	-	1,69,000
			70,93,560	1,29,27,24,742
3	Current liabilities			
	(a) 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		92,12,798	10,44,14,482
	(b) Other current liabilities	9	1,42,28,58,742	2,74,90,95,123
	(c) Short-term provisions	10	5,10,93,581	14,71,40,264
			1,48,31,65,121	3,00,06,49,869
	Total		4,76,74,99,751	7,58,80,83,460
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets	11		
	(i) Property, Plant and Equipment		16,36,91,745	16,66,07,768
	(ii) Intangible assets		-	-
			16,36,91,745	16,66,07,768
	(b) Non-current investments	12	2,83,90,00,000	2,83,95,00,000
	(c) Deferred tax assets (net)	25.6	49,43,478	47,16,450
	(d) Long-term loans and advances	13	31,84,405	37,62,844
	(e) Other non-current assets	14	1,28,45,73,782	1,28,36,95,000
			4,13,17,01,665	4,13,16,74,294
2	Current assets			
	(a) Short-term Loans under financing activity	15	-	-
	(b) Cash and cash equivalents	16	44,74,90,240	3,23,27,73,959
	(c) Short-term loans and advances	17	2,08,41,062	2,52,25,088
	(d) Other current assets	18	37,75,039	3,18,02,351
			47,21,06,341	3,28,98,01,398
	Total		4,76,74,99,751	7,58,80,83,460

See accompanying notes forming part of the standalone 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,
 Sd-
Mereena Paul
 Chairperson & Managing Director
 DIN:02228087

Sd-
Vikraman Ampalakkat
 Director
 DIN:01978341

Sd-
per Sarvesh Warty
 Partner
 Membership No: 121411

Sd-
Rajesh Sreedharan Pillai
 Chief Financial Officer

Sd-
Jiju George
 Company Secretary

Place : Thrissur
 Date : 30 May, 2018

Place : Thrissur
 Date : 30 May, 2018



Statement of Standalone Profit and Loss for the Year Ended 31 March, 2018

Particulars		Note No.	For the year ended 31 March, 2018 (₹)	For the year ended 31 March, 2017(₹)
A	CONTINUING OPERATIONS			
1	Income			
	Other Income	19	28,84,92,781	9,30,63,107
			28,84,92,781	9,30,63,107
2	Expenditure			
	(a) Employee benefits expense	20	2,13,85,265	75,17,574
	(b) Finance Cost	21	19,86,17,970	25,11,41,477
	(c) Administrative and other expenses	22	2,82,62,565	11,01,659
	(d) Depreciation and amortisation expenses		29,16,023	17,40,013
	(e) Provision for current assets		-	1,02,93,816
	Total Expenses		25,11,81,823	27,17,94,539
3	Profit/ (Loss) before tax (1-2)		3,73,10,958	(17,87,31,432)
4	Tax expense/(Benefit):			
	(a) Current tax expense/ (benefit)		1,80,14,869	(5,56,70,636)
	(b) Deferred tax		(2,27,028)	(37,60,007)
	Net tax expense/(benefit)		1,77,87,841	(5,94,30,643)
5	Profit/(Loss) from continuing operations (3-4)		1,95,23,117	(11,93,00,789)
B	DISCONTINUED OPERATIONS			
6.i	Profit from discontinued operations (before tax)	23.1	-	99,53,55,416
6.ii	Gain on transfer of business attributable to the discontinued operations	23.1	-	17,67,584
7	Profit Before Tax from discontinued operations (6.i+6.ii)	23.1	-	99,71,23,000
8	Tax expense of discontinued operations			
	(a) Current tax expenses on discontinuing operations		-	40,00,00,000
	(b) Current tax expenses on transfer of business		-	-
	(c) Provision for tax of earlier years		-	63,07,688
	(d) Deferred tax		-	5,24,13,578
	Net tax expense		-	45,87,21,266
9	Profit from discontinued operations (7-8)		-	53,84,01,734
C	TOTAL OPERATIONS			
10	Profit for the year (5+9)		1,95,23,117	41,91,00,945
11	Earnings per equity share: Face value ₹10 each			
	(a) Basic	25.5		
	(i) Continuing operations		(0.12)	(1.58)
	(ii) Total operations		(0.12)	2.77
	(b) Diluted			
	(i) Continuing operations		(0.12)	(1.10)
	(ii) Total operations		(0.12)	2.57

See accompanying notes forming part of the financial statements

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

For and on behalf of the Board of Directors,

Sd-
Mereena Paul
 Chairperson & Managing Director
 DIN:02228087

Sd-
Vikraman Ampalakkat
 Director
 DIN:01978341

Sd-
per Sarvesh Warty
 Partner
 Membership No: 121411

Sd-
Rajesh Sreedharan Pillai
 Chief Financial Officer

Sd-
Jiju George
 Company Secretary

Place : Thrissur
 Date : 30 May, 2018

Place : Thrissur
 Date : 30 May, 2018



Standalone Cash Flow Statement for the year ended 31 March, 2018

Particulars		For the year ended 31 March, 2018 (₹)	For the year ended 31 March, 2017(₹)
A	Cash Flow from Operating Activities:		
	Profit Before Tax	3,73,10,958	81,83,91,567
	Less: Gain on Transfer	-	17,67,584
	<i>Adjustments for:-</i>		
	Depreciation and amortisation expenses	29,16,023	2,58,27,166
	(Profit)/ Loss on Sale of Fixed Assets	-	(3,90,000)
	Finance Costs	19,82,95,315	1,64,85,14,657
	Interest Income	(26,90,95,297)	(6,99,77,626)
	Dividend Income	-	(28,93,199)
	Net gain on sale of investments	-	(1,98,02,282)
	Issue of Sweat Equity Shares	-	-
	Provision for employee advances	-	3,73,285
	Advances/Deposits Written off	27,23,121	28,185
	Loans Written Off	-	-
	Provision for receivable under financing activity	-	15,89,81,447
	Provision Others	-	27,95,000
	Provision for Current assets	-	1,02,93,816
	Provision for diminution in value of investments	5,00,000	-
		(2,73,49,880)	2,57,03,74,433
	Operating Profit before Working Capital Changes:		
Changes in Working Capital:-			
Adjustments for (increase) / decrease in operating assets:			
Loans Under Financing Activity	3,24,11,338	(1,70,95,24,349)	
Loans and advances	(21,44,682)	(22,16,85,103)	
Other Assets	(8,78,782)	(8,18,37,805)	
Other non-current assets			
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables	(9,52,01,683)	(91,49,134)	
Other Liabilities	(1,32,60,11,382)	13,89,60,988	
Provisions	(8,34,51,357)	(53,49,000)	
Other Long term Liabilities			
	(1,50,26,26,428)	68,17,90,030	
Cash Generated from Operations			
Finance costs (Paid)	(19,82,95,315)	(1,64,85,14,657)	
Net Income Tax Paid	(2,94,47,280)	(26,20,89,646)	
Finance Costs paid			
	(1,73,03,69,023)	(1,22,88,14,273)	
Net Cash from Operating activities (A)			
B	Cash Flow from Investing Activities:		
	Capital expenditure on fixed assets, including capital advances	-	(4,80,02,000)
	Proceeds from sale of fixed assets	-	4,60,000
	Purchase of Mutual funds/GOI securities	-	(13,02,28,93,199)
	Sale of Mutual funds/GOI securities	-	13,04,26,95,481
	Investments in Government Securities	-	(4,51,59,66,043)



	Particulars	For the year ended 31 March, 2018 (₹)	For the year ended 31 March, 2017 (₹)
	Investments made in Equity shares of Subsidiary Company	-	(2,78,90,00,000)
	Bank balances not considered as Cash and cash equivalents (Net)	78,24,63,730	(67,88,09,221)
	Interest Income on Deposits with Banks	26,90,95,297	9,42,04,650
	Dividend received	-	28,93,199
	Net Cash from Investing activities (B)	1,05,15,59,027	(7,91,44,17,133)
C	Cash Flow from Financing Activities:		
	Proceeds from issue of Equity Shares (including Securities Premium)	-	7,29,12,510
	Proceeds from Borrowings from banks/others (Net of Repayment)	(1,28,56,87,181)	9,85,85,13,497
	Net increase / (decrease) in working capital borrowings	-	-
	Dividend and Dividend Tax Paid	(3,83,22,811)	(17,01,93,470)
	Net Cash from Financing activities (C)	(1,32,40,09,992)	9,76,12,32,537
	Net Increase (Decrease) in Cash and Cash Equivalents	(2,00,28,19,988)	61,80,01,131
	Cash Received as consideration for Slum Sale	-	2,00,00,000
	Cash and Cash Equivalents at the beginning of year	2,04,48,32,184	1,40,68,31,053
	Cash and Cash Equivalents at the end of year (Refer Note 16)	4,20,12,196	2,04,48,32,184
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

Sd-
per Sarvesh Warty
Partner
Membership No: 121411

Place : Thrissur
Date : 30 May, 2018

For and on behalf of the Board of Directors,

Sd-
Mereena Paul
Chairperson & Managing Director
DIN:02228087

Sd-
Rajesh Sreedharan Pillai
Chief Financial Officer

Place : Thrissur
Date : 30 May, 2018

Sd-
Vikraman Ampalakkat
Director
DIN:01978341

Sd-
Jiju George
Company Secretary



Notes forming part of the Financial Statements

1. Corporate information

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 7th 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. During the previous year, 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 10th March 2017, on which date the company ceased to operate as a microfinance company. Pursuant to this change, the company has sought to surrender NBFC- MFI license and is in the process of submitting application for changing the registration as a NBFC -Core investment company ("CIC") with Reserve Bank of India ("RBI").

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) including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis 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

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on Property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except vehicles, which are depreciated over 4 Years as per technical evaluation.

Intangible Assets are amortized over their estimated useful life on a straight line method 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 loans is recognized on accrual basis except in the case of Non- Performing Assets (“NPAs”), where interest is recognized upon realization, in accordance with the directives of the Systemically Important Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.
- ii. Processing fees collected on loans disbursed are recognized at the inception of the loan.
- iii. Interest on Fixed Deposits is recognised on a time proportion basis taking into account the amount outstanding and rate applicable.
- iv. In accordance with the RBI Guidelines, the Company accounts for any loss arising from assignment/ securitisation of standard assets immediately at the time of sale and the profit/ premium arising from securitisation is amortised over the life of the underlying portfolio loans/ securities. Income from interest strip (excess interest spread) is recognized in the Statement of Profit and Loss net of any losses when redeemed in Cash.
- v. Dividend income is accounted for when the right to receive it is established
- vi. Grants received by the Company are utilised according to the terms of the Grant. In the case of Revenue Grants the same is set off against expenses incurred.
- vii. 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
- viii. 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
- ix. 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 comprise its 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 the retirement or disposal 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 a 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 a 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.



2.11 Earnings per share

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 Asset Classification and Provisioning Norms

Loans to Customers are Classified as Standard and Non-Performing Assets, based on the criteria laid down below:

Particulars	Criteria
Standard Asset	The Asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business
Non-Performing Assets	An asset for which interest/principal payment has remained overdue for a period of 90 days or more.

Provision for loan Portfolio:

The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for Systemically Important Non-deposit taking Non-Banking Finance Companies – MFI (NBFC-ND-SI-MFI).

The aggregate loan provision to be maintained by the Company at any point of time shall not be less than the higher of

- 1% of the outstanding loan portfolio OR

-50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and

100% of the aggregate loan instalments which are overdue for 180 days or more.

Provision for credit enhancements on assets derecognized (Standard Assets) is made based on Management estimates @ 1% of the outstanding amount of credit enhancements on assets de-recognized from the books of the company.

2.16 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.

2.17 Corporate Social Responsibility

Spends towards corporate social responsibility, in accordance with Companies Act, 2013 are recognised in the Profit and Loss Account.

2.18 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.



Note 3 - Share Capital

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	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	1,40,33,99,630	14,03,39,963	1,40,33,99,630
Compulsorily Convertible Preference shares 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

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

A. Equity shares with voting rights				
Opening Balance	14,03,39,963	1,40,33,99,630	13,32,79,129	1,33,27,91,290
Fresh Issue during the year				
Private Placement	-	-	-	-
Sweat Equity Shares	-	-	-	-
Rights issue (Refer Note 3.7.1 below)	-	-	48,60,834	4,86,08,340
CCP's Conversion (Refer Note 3.7.2 below)	-	-	22,00,000	2,20,00,000
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	41,48,020	41,48,02,000
Fresh Issue	-	-	-	-
Less : Conversion into Equity shares (Refer Note 3.7.2 below)	-	-	3,30,000	3,30,00,000
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 2018 the amount of per share dividend recognised in distribution to equity share holders is ₹Nil. (Previous year ₹Nil per equity share)

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, 2018		As at 31 March, 2017	
	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	7,76,51,963	77,65,19,630

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, 2018		As at 31 March, 2017	
	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%	7,76,51,963	55.33%
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				
(a) 10% CCPS				
ESAF Retail Private Limited	95,00,0	2.49%	95,00,0	2.49%
(b) 8% CCPS				
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, 2018 the following shares are reserved for issuance:

(a) 25,453,467 (As at 31 March, 2017: 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, 2018	As at 31 March, 2017
Equity Shares	-	45,00,000

3.7.1 During the year 2016-17, 4,860,834 equity shares of ₹10/- each, which were offered to shareholders under the rights issue made in the year 2015-16 and not subscribed by them, were allotted to Mr. K Paul Thomas erstwhile Chairman and Managing Director on 1 September, 2016 at a premium of ₹5/- per share as additional offer on the same terms and conditions of the original issue, pursuant to the decision of the Board of Directors meeting held on 31 March, 2016.

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

Note 4 Reserves and surplus

Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
(a) Securities premium		
Opening balance	56,92,83,215	53,39,79,045
Add: Premium on Equity Shares issued during the year (Refer note 4.1)	-	3,53,04,170
Closing balance	56,92,83,215	56,92,83,215
(b) Other Reserves (Statutory reserve)		
Opening balance	24,24,98,195	15,86,78,006
Add: Transferred from surplus in Statement of Profit and Loss	39,04,623	8,38,20,189
Closing balance	24,64,02,818	24,24,98,195
(c) Surplus in Statement of Profit and Loss		
Opening balance	69,77,25,809	40,07,67,864
Add: Profit for the year	1,95,23,117	41,91,00,945
Less: Transferred to Other reserves (Statutory Reserve) [Refer Note 4.2]	39,04,623	8,38,20,189
Dividend proposed to be distributed to preference share holders	3,07,34,160	3,18,40,790
Proposed dividend ₹Nil (Previous Year: ₹Nil) per Equity Share	-	-
Tax on dividend	62,56,736	64,82,021
Closing balance	67,63,53,407	69,77,25,809
Total	1,49,20,39,440	1,50,95,07,219



Note 4.1

Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
Securities Premium on issue of shares on :		
Private placement	-	-
Sweat Equity Shares	₹ -	-
Rights Basis (Refer Note 3.7.1)	-	2,43,04,170
Conversion of CCPS into Equity Shares (Refer Note 3.7.2)	-	1,10,00,000
	-	3,53,04,170

Note 4.2 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 ₹39,04,623/- (Previous year ₹83,820,189/-), out of profit after tax for the year to the statutory reserve.

Note 5 Long-term borrowings

(a) Non Convertible Debentures		
Secured (Refer Note 5.1)	-	1,28,36,95,000
Unsecured (Refer Note 5.2) #		
Related Party	-	-
Others	28,00,000	28,00,000
	28,00,000	1,28,64,95,000
(b) Term loans		
From banks (Secured) (Refer Note 5.3)		
From financial Institution (Secured) (Refer Note 5.4)	-	-
From Non banking finance companies (Secured) (Refer Note 5.5)	-	-
From financial Institution (unsecured) (Refer Note 5.6)	-	-
(c) Vehicle Loan		
Secured (Refer Note 5.7)	40,68,560	60,60,742
	40,68,560	60,60,742
Total	68,68,560	1,29,25,55,742

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

Pursuant to Agreement to Sell Business Undertaking (ASBU) dated 22 February, 2017, the company has transferred all long term borrowings other than secured NCD's/vehicle loans with respect to vehicles retained in the company, to ESAF Small Finance Bank Limited. (Refer Note 23)



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 ₹10,00,000/- each

b) 300 nos, 13.80% Non Convertible Debentures of ₹10,00,000/- each

c) 1000 nos, 13.50% Non Convertible Debentures of ₹5,83,695/- each

B) Repayment terms

Particulars	Terms and Conditions	As at 31st march 2018		As at 31st march 2017	
		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)			47,50,00,000	
230 nos, 13.90% Non Convertible Debentures of ₹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		-	23,00,00,000
170 Nos, 13.80% Non convertible Debentures ₹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		-	17,00,00,000



Particulars	Terms and Conditions	As at 31st march 2018		As at 31st march 2017	
		Current (₹)	Non Current (₹)	Current (₹)	Non Current (₹)
300 nos, 13.80% Non Convertible Debentures of ₹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	-	-	30,00,00,000
1000 nos, 13.50% Non Convertible Debentures of ₹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	-	-	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	-	65,000	-
8842 Nos, 13.50% Non convertible Debentures (Refer Note 5.1.3)	Redeemable at par in the year 2018	75,44,000	-	88,42,000	-
165 Nos, 13.50% Non convertible Debentures (Refer Note 5.1.3)	Redeemable at par in the year 2017	-	-	1,65,000	-
Total		1,29,13,04,000	-	48,40,72,000	1,28,36,95,000

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:

a) Related Party - NIL	Terms and Conditions	As at 31st march 2018		As at 31st march 2017	
		Current (₹)	Non Current (₹)	Current (₹)	Non Current (₹)
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



Note 5.3 Details of Term Loans from Banks - Secured

As at 31 March, 2018 & 31 March 2017: NIL

5.4 Details of Term Loans from Financial Institutions - Secured

As at 31 March, 2018 & 31 March 2017 : NIL

5.5 Details of Term loans from Non banking finance companies - Secured

As at 31 March, 2018 & 31 March 2017: NIL

5.6 Details of Term Loans from Financial Institutions - Unsecured

As at 31 March, 2018 & 31 March 2017 - NIL

5.7 Details of Vehicle Loans- Secured

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

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

As at 31 March, 2018 :

Particulars	Terms of repayment	Remaining Installments due	Loan Amount Outstanding as on 31March, 2018 ₹	Current ₹	Non Current ₹
HDFC Bank Limited	Rate of interest - 10% Repayable in 60 Monthly Installments.	24 Monthly Installments	4,56,522	2,15,094	2,41,428
Punjab National Bank	Rate of interest - 10.65% Repayable in 85 Monthly Installments.	45 Monthly Installments	5,45,531	1,29,824	4,15,707
Kotak Mahindra	Rate of interest - 9.35% Repayable in 60 Monthly Installments.	32 - 39 Monthly In- stallments	50,97,838	16,86,412	34,11,426
Total			60,99,891	20,31,330	40,68,561
As at 31 March, 2017 :					
Particulars	Terms of repayment	Remaining Installments due	Loan Amount Outstanding as on 31March, 2017 ₹	Current ₹	Non Current ₹
HDFC Bank Limited	Rate of interest - 10% Repayable in 60 Monthly Installments.	36 Monthly Installments	6,47,505	1,94,321	4,53,184
Punjab National Bank	Rate of interest - 10.65% Repayable in 85 Monthly Installments.	45 -60Monthly Installments	6,73,541	1,16,764	5,56,777
Kotak Mahindra	Rate of interest - 9.35% Repayable in 60 Monthly Installments.	44 - 48 Monthly In- stallments	66,20,566	15,69,785	50,50,781
Total			79,41,612	18,80,870	60,60,742



Note 6 Other long-term liabilities

Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
Rent Deposit received	2,25,000	-
	2,25,000	-

Note 7 Long-term provisions

(a) Provision for employee benefits:	-	1,69,000
Provision for compensated absences		
(b) Provision - Others:	-	-
(i) Contingent provision against standard assets	-	-
(ii) Provision for non performing assets	-	-
(iii) Provision for credit enhancements on assets de-recognised		
Total	-	1,69,000

Pursuant to Agreement to Sell Business Undertaking (ASBU) dated 22 February, 2017 the company has transferred the Long term Provision on loans under financing activity to ESAF Small Finance Bank Limited (Refer Note 23)

Note 8 Trade Payables

(A) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises #	92,12,798	10,44,14,482

Includes emoluments payable to employees

Note 9 Other current liabilities

(a) Current maturities of Non Convertible Debentures	1,29,13,04,000	48,40,72,000
(b) Current maturities of term loan from Banks)	-	-
(c) Current maturities of term loan from financial institution	-	-
(d) Current maturities of term loan from non banking finance companies (Refer Note 5.5)	-	-
(e) Current maturities of vehicle loan (Refer Note 5.7)	20,31,330	18,80,870
(f) Interest accrued but not due on borrowings	9,43,30,470	11,52,43,250
(g) Interest accrued and due on borrowings	-	-
(h) Matured Non Convertible Debentures and Interest accrued thereon	16,74,909	2,03,562
(i) Payable towards Business Correspondent/Securitisation/Direct Assignment transaction"	-	-



Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
(ii) Statutory remittances	34,12,796	1,01,19,463
(iii) Payable on Purchase of Fixed Assets	-	-
(iv) Unrealised Gain on Loan Transfer transactions	-	-
(vi) PFRDA collections	92,31,372	1,61,43,600
(vii) Payable to ESAF Employees Gratuity Trust	35,30,000	69,99,000
(viii) Others (Refer Note 9.1)	1,73,43,865	2,11,44,33,378
Total	1,42,28,58,742	2,74,90,95,123

Note 9.1 includes amount due to Related Party amounting to ₹1,58,38,956/- (Previous Year ₹2,108,410,564/-)

Pursuant to the Agreement to Sell Business Undertaking (ASBU) dated February 22, 2017 the company has transferred Borrowings to ESAF Small Finance Bank Limited (Refer Note 23)

Note 10 Short-term provisions

(a) Provision for employee benefits		
Provision for compensated absences	4,87,001	58,000
	4,87,001	58,000
(b) Provision - Others		
(i) Provision for tax {net of advance tax ₹59,43,13,807/- (As at 31 March, 2017 ₹77,004,101/-)}	64,70,684	10,16,14,453
(ii) Contingent Provision against standard assets	-	-
(iii) Provision for non performing assets	-	-
(iv) Provision for proposed preference dividend	3,07,34,160	3,18,40,790
(v) Provision for tax on proposed dividend	62,56,736	64,82,021
(vi) Provision - Others	71,45,000	71,45,000
	5,06,06,580	14,70,82,264
Total	5,10,93,581	14,71,40,264

Pursuant to Agreement to Sell Business Undertaking (ASBU) dated February 22, 2017 the company has transferred the Long term Provision on loans under financing activity to ESAF Small Finance Bank Limited (Refer Note 23)




Note 11A: Fixed Assets - Property Plant & Equipment

Particulars	Gross Block				Accumulated Depreciation and Impairment				Net Block	
	Balance as at 1 April, 2017 (₹)	Additions (₹)	Disposals (₹)	Balance as at 31 March, 2018 (₹)	Balance as at 1 April, 2017 (₹)	Depreciation / amortization expense for the year (₹)	Eliminated on Disposal of assets (₹)	Balance as at 31 March, 2018 (₹)	Balance as at 31 March, 2017 (₹)	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)
Buildings	1,36,43,574	-	-	1,36,43,574	14,41,975	2,09,503	-	16,51,478	1,19,92,096	1,22,01,599
	(1,30,89,489)	(5,54,085)	-	(1,36,43,574)	(12,36,147)	(2,05,828)	-	(14,41,975)	(1,22,01,599)	(1,18,53,342)
Furniture and Fittings	30,905	-	-	30,905	40	2,934	-	2,974	27,931	30,865
	-	(30,905)	-	(30,905)	-	(40)	-	(40)	(30,865)	-
Vehicles	1,11,35,953	-	-	1,11,35,953	35,00,417	26,08,404	-	61,08,821	50,27,132	76,35,536
	(66,38,272)	(58,97,681)	(14,00,000)	(1,11,35,953)	(32,97,564)	(15,32,853)	(13,30,000)	(35,00,417)	(76,35,536)	(33,40,708)
Computer and Accessories	2,99,480	-	-	2,99,480	1,292	95,182	-	96,474	2,03,006	2,98,188
	-	(2,99,480)	-	(2,99,480)	-	(1,292)	-	(1,292)	(2,98,188)	-
Total	17,15,51,492	-	-	17,15,51,492	49,43,724	29,16,023	-	78,59,747	16,36,91,745	16,66,07,768
	(16,61,69,341)	(67,82,151)	(14,00,000)	(17,15,51,492)	(45,33,711)	(17,40,013)	(13,30,000)	(49,43,724)	(16,66,07,768)	(16,16,35,630)

Note:

- 1) Figures in brackets relate to previous year.
- 2) All tangible and intangible assets are owned by the company and are not on lease.

Note 11 B : Property Plant & Equipment- Continuing Operations

Particulars	Gross Block			Accumulated Depreciation and Impairment				Net Block		
	Balance as at 1 April, 2016 (₹)	Additions (₹)	Deletion (₹)	Balance as at 31 March, 2017 (₹)	Balance as at 1 April, 2016 (₹)	Depreciation / amortization expense for the year (₹)	Deletion / Disposal of assets (₹)	Balance as at 31 March, 2017 (₹)	Balance as at 31 March, 2017 (₹)	Balance as at 31 March, 2016 (₹)
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	1,30,89,489 (1,30,89,489)	5,54,085	-	1,36,43,574 (1,30,89,489)	12,36,147 (10,34,640)	2,05,828 (2,01,507)	-	14,41,975 (12,36,147)	1,22,01,599 (1,18,53,342)	1,18,53,342 (1,20,54,849)
Furniture and Fittings	-	30,905	-	30,905	-	40	-	40	30,865	-
Vehicles	66,38,272 (67,26,553)	58,97,681 (15,64,445)	14,00,000 (16,52,726)	1,11,35,953 (66,38,272)	32,97,564 (23,58,153)	15,32,853 (18,07,030)	13,30,000 (8,67,619)	35,00,417 (32,97,564)	76,35,536 (33,40,708)	33,40,708 (43,68,400)
Computer and Accessories	-	2,99,480	-	2,99,480	-	1,292	-	1,292	2,98,188	-
Total	16,61,69,341 (16,62,57,622)	67,82,151 (15,64,445)	14,00,000 (16,52,726)	17,15,51,492 (16,61,69,341)	45,33,711 (33,92,794)	17,40,013 (20,08,537)	13,30,000 (8,67,619)	49,43,724 (45,33,711)	16,66,07,768 (16,16,35,650)	16,16,35,630 (16,28,64,829)

1) Figures in brackets relate to previous year.

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



Note 11C: Property Plant & Equipment- Discontinued Operations

Particulars	Gross Block					Accumulated Depreciation and Impairment					Net Block	
	Balance as at 1 April, 2016 (₹)	Additions (₹)	Transfer of assets (Refer Note. 25) (₹)	Other Adjustments (₹)	Balance as at 31 March, 2017 (₹)	Balance as at 1 April, 2016 (₹)	Depreciation / amortization expense for the year (₹)	Other Adjustments (₹)	Transfer of assets (Refer Note. 25) (₹)	Balance as at 31 March, 2017 (₹)	Balance as at 31 March, 2017 (₹)	Balance as at 31 March, 2016 (₹)
A. Tangible Assets												
Furniture and Fittings	7,52,98,403 (5,41,06,168)	1,98,10,846 (2,11,92,235)	9,51,09,249	-	- (7,52,98,403)	79,96,809 (65,97,495)	-	-	2,67,93,641	- (1,87,96,832)	-	5,65,01,571 (4,19,06,831)
Office equipment	2,75,96,938 (2,14,56,129)	67,78,236 (61,40,809)	3,43,75,174	-	- (2,75,96,938)	64,20,698 (28,08,161)	-	-	2,10,47,867	- (1,46,27,169)	-	1,29,69,769 (96,37,121)
Vehicles (Refer note 4 below)	2,23,96,170 (60,48,394)	- (1,63,47,776)	2,23,96,170	-	- (2,23,96,170)	15,84,214 (28,93,977)	-	-	81,13,594	- (65,29,380)	-	1,58,66,790 (24,12,991)
Computer and Accessories	4,69,96,989 (3,98,71,609)	63,01,880 (71,25,380)	5,32,98,869	-	- (4,69,96,989)	38,65,031 (45,29,536)	-	-	3,92,73,871	- (3,54,08,840)	-	1,15,88,149 (89,92,305)
Computer Server	70,51,021	-	70,51,021	-	(70,51,021)	10,48,071 (5,90,322)	-	-	16,38,393	(5,90,322)	-	64,60,699
Subtotal (A)	17,93,39,521 (12,14,82,300)	3,28,90,962 (5,78,57,221)	21,22,30,483	-	- (17,93,39,521)	2,09,14,823 (1,74,19,491)	-	-	9,68,67,366	(7,59,52,542)	-	10,33,86,978 (6,29,49,248)
B. Intangible Assets												
Software	1,64,78,807 (1,57,23,196)	83,28,887 (7,55,611)	2,48,07,694	-	- (1,64,78,807)	31,72,330 (31,56,150)	-	-	1,18,72,027	- (86,99,697)	-	77,79,110 (1,01,79,649)
Subtotal (B)	1,64,78,807 (1,57,23,196)	83,28,887 (7,55,611)	2,48,07,694	-	- (1,64,78,807)	31,72,330 (31,56,150)	-	-	1,18,72,027	(86,99,697)	-	77,79,110 (1,01,79,649)
Total (A+B)	19,58,18,328 (13,72,05,496)	4,12,19,849 (5,86,12,832)	23,70,38,177	-	- (19,58,18,328)	2,40,87,153 (2,05,75,641)	-	-	10,87,39,393	(8,46,52,240)	-	11,11,66,088 (7,31,28,897)

1) Figures in brackets relate to previous year.

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

3) Pursuant to the Agreement to Sell Business Undertaking (ASBU) dated February 22, 2017 the company has transferred above Fixed Assets to ESAF Small Finance Bank Limited. (Refer Note 23)

4) Depreciation for the year amounting to ₹2,512,411/- is net of ₹2,672,183/- by way of reversal of excess depreciation charged during prior years.



Note 12 Non Current Investments (At Cost)

Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
Trade (Unquoted)		
Investments in subsidiary :-		-
280,758,396# (31 March, 2017: 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, 2017: 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, 2017: 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	5,00,000
Total	2,83,90,00,000	2,83,95,00,000
Aggregate amount of unquoted Investments (net of provision)	2,83,90,00,000	2,83,95,00,000

Equity shares were issued at a premium of ₹3,14,16,040/-

Note 13 Long-term loans and advances

Unsecured, considered good		
(a) Capital advances	-	-
(b) Deposits	26,17,770	31,16,205
(c) Loans and advances to employees		
Related parties (Refer Note 13.1 below)	5,66,635	6,46,639
Others		
(d) Receivable from special purpose vehicle for asset de-recognised	-	-
Total	31,84,405	37,62,844

Note 13.1 Amount due from Mrs. Mereena Paul, Chairman & Managing Director is ₹5,66,635/- (Previous Year ₹ 646,639)

Note 14 Other Non Current Assets

(a) Interest accrued on deposits	-	-
(b) Interest strip retained on Securitised Portfolio	-	-
(c) Bank balances held security against borrowings, guarantees and other commitments (Refer Note 14.1)	1,28,45,73,782	1,28,36,95,000
Total	1,28,45,73,782	1,28,36,95,000

Note 14.1 Fixed Deposit with ESAF Small Finance Bank Limited ₹1,28,45,73,782/-

Note : Pursuant to the Agreement to Sell Business Undertaking (ASBU) dated February 22, 2017 the company has transferred Other non current assets to ESAF Small Finance Bank Ltd. (Ref Note 23)



Note 15 Short-term Loans under Financing activity

As at 31 March, 2018 & 31 March 2017: NIL

Note : Pursuant to the Agreement to Sell Business Undertaking (ASBU) February 22, 2017 the company has transferred portfolio to ESAF Small Finance Bank Limited. (Refer Note 23)

Note 16 Cash and cash equivalents

Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
A. Cash and cash equivalents (as per AS 3 Cash Flow Statements)		
(a) Cash on hand	5,780	3,48,115
(b) Balances with banks		
(b) Balances with banks In current accounts	4,20,06,416	2,04,44,84,069
(ii) In deposit accounts - original maturity of 3 months or less		
Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements) (A)	4,20,12,196	2,04,48,32,184
B. Other bank balances		
(i) In other deposit accounts original maturity more than 3 months (Refer Note 16.1)	40,54,78,044	71,03,65,343
(ii) In earmarked accounts		
a) Balances held as margin money or security against borrowings, guarantees and other commitments	-	47,50,00,000
b) PFRDA collection accounts	-	25,76,432
Total - Other bank balances (B)	40,54,78,044	1,18,79,41,775
Total Cash and cash equivalents (A+B)	44,74,90,240	3,23,27,73,959

Note 16.1 Includes Fixed deposit with ESAF Small Finance Bank Limited. ₹40,26,06,179/-

Note 17 Short-term loans and advances

Unsecured, considered good		
(a) Loans and advances to related parties (Refer Note No. 17.1 and 25.3.b)		
Unsecured, considered good	80,004	1,00,004
(b) Loans and advances to employees		
Unsecured, considered good	-	6,37,976
Doubtful	36,76,130	42,96,491
Less Provision for Doubtful Advances	(36,76,130)	(42,96,491)
(c) Prepaid expenses	-	-
(d) Balances with Government authorities - Cenvat Credit		
Unsecured, considered good	44,25,916	46,31,887
Doubtful	5,37,648	-
Less Provision for Doubtful Advances	(5,37,648)	-
(e) Receivable from special purpose vehicle for asset De-recognised	-	-
(f) Compensated Leave Salary Assets	1,63,35,142	1,82,95,000
(g) Other Advances	-	15,60,221
Total	2,08,41,062	2,52,25,088
Note 17.1 Includes amount due from Related Parties	80,004	1,00,004



Note 18 Other current assets

Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
(a) Accruals		
(i) Interest accrued on deposits	-	2,24,30,805
(b) Others		
(i) Insurance claims receivable	4,08,612	4,08,612
(ii) Other Receivables	1,21,68,203	1,92,56,750
Less Provision for Doubtful Receivables	(88,01,776)	(1,02,93,816)
Total	37,75,039	3,18,02,351

Note 19 Other income

Particulars	For the year ended 31 March 2018(₹)	For the year ended 31 March 2017(₹)
Interest Income on Advance to Director	1,44,000	-
Interest income on Fixed Deposits	26,90,95,297	6,99,77,626
Income from PFRDA	56,75,100	-
Income from Carbon Credit	5,95,403	-
Dividend income from current investments:		
Mutual funds	-	28,93,199
Net gain on sale of current Investments	-	1,98,02,282
Profit on Sale of Fixed Assets	-	3,90,000
Provisions/Liabilities no longer required written back	1,26,41,310	-
Miscellaneous Income	3,41,671	-
Total	28,84,92,781	9,30,63,107

Note 20 Employee Benefits Expense

Salaries, Wages and Bonus	2,08,81,450	71,25,691
Contributions to provident and other funds	4,85,053	3,87,253
Staff welfare expenses	18,762	4,630
Total	2,13,85,265	75,17,574

Note 21 Finance Costs

(a) Interest expense on:		
(i) Borrowings from Banks	67,17,948	1,47,614
(ii) Borrowings from Non Banking Finance Companies & Others	-	2,17,466
(iii) Debentures	19,15,77,367	25,07,76,397
(iv) Delayed/ deferred payment of Income Tax	3,22,655	-
Total	19,86,17,970	25,11,41,477



Note 22 Other expenses

Particulars	For the year ended 31 March 2018 (₹)	For the year ended 31 March 2017 (₹)
Electricity and Water Charges	18,880	49,897
Rent	8,07,620	6,76,000
Repairs and Maintenance - Others	1,10,742	-
Vehicle Maintenance	5,33,784	3,41,348
Office Maintenance & Meeting expenses	12,37,599	-
Bank Charges	3,91,010	-
Rates and Taxes	2,95,124	-
Telephone and Internet expenses	3,09,605	34,414
Travelling and conveyance	5,01,897	-
Printing and stationery	5,83,262	-
Advertisement and Business promotion expenses	4,04,525	-
Legal and professional	29,88,029	-
Payments to auditors	10,70,000	-
Expenditure on Corporate Social Responsibility (Refer Note 24.4)	98,41,724	-
Clean energy Programs	35,00,000	-
Advances/Deposits Written off	27,23,121	-
Directors Sitting Fee	4,60,000	-
Provision for Diminution in value of Investments	5,00,000	-
Other Expenses	19,85,643	-
	2,82,62,565	11,01,659

23. Additional information to the financial statements

23.1 Discontinued operations

During the previous year, pursuant to approval of the Shareholders and Reserve Bank of India, the Company has transferred the business to ESAF Small Finance Bank Limited on slump sale basis with effect from 10 March 2017 for a consideration of ₹7 Crore.

i) Carrying amount of assets and liabilities transferred to ESAF Small Finance Bank Limited.

Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
Fixed Assets (Net)	-	12,82,98,784
Investments	-	4,51,59,66,043
Current Assets:	-	-
Cash on hand and Bank	-	2,35,77,63,959
Receivable under Financing Activity	-	15,13,29,64,108
Other Assets	-	75,77,61,098
Total Assets (a)	-	22,89,27,53,992



Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
Borrowings	-	20,84,42,25,533
General Loan provision	-	28,93,05,585
Other Current Liabilities	-	1,69,09,90,460
Trade Payable	-	-
Total Liabilities (b)	-	22,82,45,21,578
Net Assets (a-b)	-	6,82,32,414

ii) Cash flow attributable to the Discontinued Operations:

Particulars	For the year ended 31 March 2018 (₹)	For the year ended 31 March 2017 (₹)
Operating Activities	-	(2,80,00,49,565)
Investing Activities	-	(4,55,71,85,893)
Financing Activities	-	9,85,80,00,969

iii) Profit/(Loss) after Tax of Discontinued Operations

Particulars	Note No.	For the year ended 31 March 2018 (₹)	For the year ended 31 March 2017 (₹)
A. Income			
(a) Income from Operations	(iv.a)	-	3,52,35,22,134
(b) Other Income	(iv.b)	-	29,45,19,269
Total Income (A)		-	3,81,80,41,403
B. Expenditure			
(a) Employee Benefits expenses	(iv.c)	-	75,55,71,227
(b) Administrative and Other expenses	(iv.d)	-	48,34,76,510
(c) Finance Cost	(iv.e)	-	1,39,73,73,180
(d) Depreciation and Amortization expenses		-	2,40,87,153
(e) Provision/ write off for Receivables under Financing Activity	(iv.f)	-	16,21,77,917
Total Expenditure (B)		-	2,82,26,85,987
Profit before Gain on transfer of Business attributable to the discontinued operations before Tax (A-B)		-	99,53,55,416
Gain on Transfer of Business attributable to the discontinued operations		-	17,67,584
Profit before Tax from discontinued operations		-	99,71,23,000



iv) Details of Income and Expenditure of Discontinued Operations

(a) Income from operations

Particulars	For the year ended 31 March 2018 (₹)	For the year ended 31 March 2017 (₹)
Interest on Loans	-	2,77,93,23,367
Loan Processing fees	-	23,57,63,468
Interest Spread on Securitisation of Loans/Income from Assignment	-	50,84,35,299
Total	-	3,52,35,22,134

(b) Other Income

Interest Income on Staff Advances	-	3,45,813
Recovery from Written off Loans	-	7,36,401
Commission from marketing of products/services	-	29,19,74,018
Interest income on Government securities (Net of amortisation)	-	11,36,014
Miscellaneous income	-	3,27,023
Total	-	29,45,19,269

(c) Employee benefits expense

Salaries and wages	-	64,97,89,092
Contributions to provident and other funds	-	4,92,69,019
Staff welfare expenses	-	5,65,13,116
Total	-	75,55,71,227

(d) Administrative and other expense

Electricity and Water Charges	-	97,47,554
Rent	-	7,32,54,212
Repairs and Maintenance - Buildings	-	29,23,345
Repairs and Maintenance - Others	-	35,25,108
Vehicle Maintenance	-	50,37,948
Office Maintenance	-	46,47,700
Insurance	-	1,30,86,334
Rates and Taxes	-	2,18,30,517
Telephone and Internet expenses	-	1,56,31,941
Travelling and conveyance	-	10,16,41,010
Printing and stationery	-	2,32,03,935
Advertisement and Business promotion expenses	-	58,46,954
Legal and professional	-	10,95,07,897



Particulars	For the year ended 31 March 2018 (₹)	For the year ended 31 March 2017 (₹)
Payments to auditors (Refer Note (i))	-	40,38,450
Expenditure on Corporate Social Responsibility	-	1,11,29,100
Directors Sitting Fee	-	9,20,000
Processing charges for loans under Financing activity	-	2,36,34,372
Other Expenses	-	5,38,70,133
Total	-	48,34,76,510

Note (i)

For audit	-	25,00,000
For tax audit	-	5,00,000
For other services	-	8,50,000
Reimbursement of expenses	-	1,88,450
Total	-	40,38,450

(e) Finance cost

(a) Interest expense		
(i) Borrowings	-	1,31,96,07,023
(ii) Others	-	1,63,64,965
(b) Loan processing fees, Bank charges and other related costs	-	6,14,01,192
Total	-	1,39,73,73,180

(f) Provision/write off for receivables under financing activities

Contingent Provision Against Standard Assets	-	6,99,69,560
Provision for Non Performing Assets	-	4,86,29,724
Provision for Credit Enhancement on Assets Derecognised	-	10,76,578
Provision for Doubtful Staff Advances	-	3,73,285
Provision for Fraud cases	-	27,95,000
Provision - Others	-	3,93,05,585
Loans Written Off [Net of adjustment against provision ₹3,950,042]	-	28,185
Total	-	16,21,77,917

Note 24 Additional information to the financial statements

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



Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
i		
Contingent liabilities		
(a) Corporate Guarantee given by the company	-	2,32,91,775
(b) 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
(c) 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 Appellate Tribunal (CESTAT)	2,71,40,516	2,71,40,516
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.		

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

(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.
Income in foreign currency

Expenditure in Foreign Currency:



24.3	Nature of Payment	For the year ended 31 March 2018 (₹)	For the year ended 31 March 2017 (₹)
	Travelling Expenses	-	3,79,030

Income In Foreign Currency

	Nature of Receipt	For the year ended 31 March 2018 (₹)	For the year ended 31 March 2017 (₹)
	Income from sale of Carbon Credit	5,95,403	1,02,45,226

Note On Corporate Social Responsibility Expenditure

- 24.4 a) Gross amount required to be spent by the company during the year ended March 31,2018 ₹98,41,724/-
b) Amount Spent during the period 2017-18 on:

Particulars	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

Amount Spent during the year 2016-17 on:

Particulars	In Cash (₹)	Yet to be paid in Cash (₹)	Total (₹)
Construction/acquisition of any asset	-	-	-
On purposes other than above	1,11,29,100	-	1,11,29,100

Note 25 Disclosures under Accounting Standards

27.1 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 ₹4,85,053 /- (Year ended 31 March, 2017 ₹4,06,78,100 /-) for Provident Fund contributions and ₹1710/- (Year ended 31 March, 2017 ₹1,51,73,992/-) 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	For the year ended 31 March 2018 (₹)	For the year ended 31 March 2017 (₹)
Current Service Cost	34	12,012
Interest cost	259	2,827
Expected return on plan assets	(2,206)	(2,507)
Actuarial Loss/(Gain)	605	(5,337)
Particularsast Service Cost	598	-
Employer expense	(710)	6,995



Actual contribution and benefit payments for the year

Particulars	For the year ended 31 March 2018 (₹)	For the year ended 31 March 2017 (₹)
Actual benefit payments	(2,206)	(2,040)
Actual contributions	8,559	7,313

Net (asset) / liability recognised in the Balance Sheet (₹ in Thousands)

Present value of defined benefit obligation	3,530	3,696
Fair Value of plan assets	24,860	42,315
Payable to Fund on account of transfer of employees	-	-
Funded status [Surplus / (Deficit)]	21,330	38,619
Net liability/(asset) recognised in the Balance Sheet	(21,330)	(38,619)

Change in defined benefit obligations (DBO) during the year

Present Value of DBO at beginning of the year	3,696	41,002
Current Service Cost	34	12,016
Interest Cost	259	2,827
Benefits Paid	(2,206)	(2,040)
Actuarial Loss/(Gain)	1,149	(4,487)
Transfer in/(out)	-	(45,618)
Past Service Cost	598	-
Present Value of DBO at end of the year	3,530	3,696

Change in fair value of assets during the year

Fair value of plan assets a beginning of the year	42,315	33,685
Contributions by employer	8,559	7,313
Benefits paid	(2,206)	(2,040)
Expected return on plan assets	2,206	2,507
Actuarial Gain/(Loss)	544	850
Transfer in/(out)	(26,558)	-
Add Contribution Receivable from ESAF Microfinance & Investment Private Limited	-	-
Fair Value of plan assets at end of the year	24,860	42,315
Actual return on plan assets	2,750	3,357
Expected employer contribution for the coming period	-	-
Expected employer contribution for the coming period	-	-

Composition of plan assets is as follows:

Government bonds	0%	0%
PSU bonds	0%	0%
Insurer managed funds* (Non Unit -Linked)	100%	77%
Insurer managed funds* (Unit -Linked)	0%	23%



* 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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Discount Rate	6.9%	7%
Salary escalation	7.5%	5%
Attrition rate	10.0%	10%
Expected return on plan assets	7.0%	7.60%
Mortality rate	IALM 2006-08 (Ult.)	IALM 2006-08 (Ult.)
Expected average remaining working lives of employees	8 years	8 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 (₹in Thousands)

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Present value of DBO	3,530	3,696	41,002	33,400	19,799	17,309
Fair value of plan assets	24,860	42,315	33,685	19,594	6,404	7,191
Funded status [Surplus/(Deficit)]	21,330	38,619	(7,317)	(13,806)	(13,395)	(10,118)
Experience adjustment on plan liabilities: (Gain)/Loss	1,106	(125)	(2,452)	2,333	1,449	5,206
Experience adjustment on plan assets: Gain/(Loss)	356	784	47	433	(184)	99

NA- Not Available

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Actuarial assumptions for long-term compensated absences		
Discount rate	6.9%	7%
Expected return on plan assets	7.00%	7.60%
Salary escalation	7.50%	5%
Mortality	IALM2006-08 (Ult.)	IALM2006-08 (Ult.)
Attrition	10%	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 is primarily engaged in the business of Micro Financing only in India. 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".

Note 25.3 Related party transactions

25.3.a Details of related parties

Description of relationship		Names of related parties
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 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
Relatives of KMP		
	Name of the Entity	
Entities having significant influence	ESAF Retail Private Limited	Mrs. Mereena Paul Mr. Alok Thomas Paul Mrs. Emy Acha Paul
	ESAF Swasraya Producers Company Limited	Mr. Alok Thomas Paul Mrs. Emy Acha Paul
	Rhema Dairy Products India Private Limited	Mr. Alok Thomas Paul
	ESAF Homes and Infrastructure Private Limited	Mr. Alok Thomas Paul
	Sanma Garments Private Limited	Mr. Alok Thomas Paul
	Cedar Agri Solutions Private Limited	Mr. Alok Thomas Paul
	Prachodhan Development Services	Mrs. Mereena Paul
	Evangelical Social Action Forum	Mrs. Mereena Paul
	Lahanti Last Mile Services Private Limited	Mr. Alok Thomas Paul Mrs. Emy Acha Paul
	Lahanti Business Service Private Limited	Mr. Alok Thomas Paul Mrs. Emy Acha Paul
ESAF Healthcare Services Private Limited	Mr. Alok Thomas Paul	
Subsidiary Company	Rhema Milk Producer Company Limited	Mrs. Mereena Paul upto 20 February 2017 Mr. Alok Thomas Paul Mrs. Emy Acha Paul
	ESAF Small Finance Bank Limited	



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

25.3.b Details of related party transactions during the year ended 31 March, 2018 and balances outstanding as at 31 March, 2018:

	Transaction	Related party	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
1.	Purchase of Office Stationary	ESAF Retail Private Limited	11,463	6,90,572
2.	Payment of Collections from Customers as per Agency agreement	ESAF Retail Private Ltd	62,76,585.00	66,68,15,749
3.	Support service	ESAF Swasraya Multi State Agro Cooperative Society Limited	-	2,00,00,000
4.	Facilitation charges	ESAF Retail Private Ltd	-	2,00,72,940
		ESAF Swasraya Multi State Agro Co-operative Society Limited	6,44,845	2,30,208
5.	Purchase of articles	ESAF Swasraya Producers Company Ltd	-	3,94,968
6.	Loans taken against Fixed deposit	ESAF Small Finance Bank Limited	8,50,00,000	-
7.	Repayment of loan/ Subordinate debt	ESAF Swasraya Multistate Agro Co-operative Society Limited	-	18,30,00,000
		ESAF Small Finance Bank Limited	8,50,00,000	2,99,67,865
8.	Interest Paid	ESAF Swasraya Multistate Agro Co-operative Society Limited	-	-
		ESAF Small Finance Bank Limited	60,77,615.00	-
		Mr. K. Paul Thomas	-	1,31,82,325
		Mr. George Thomas	-	72,87,102
9	Remuneration to KMP and relatives of KMP	Mrs. Mereena Paul	68,98,513	21,82,413
		Mrs. Mercy Mathew	-	2,62,670
		Mrs. Beena George	-	8,09,870
10	One time compensation	Mr. K. Paul Thomas	-	39,15,667
		Mr. George Thomas	-	16,57,594
		Mr. K. Paul Thomas	-	17,07,079
11	Repayment of Staff Loan/ Advances by KMP and relatives of KMP	Mrs. Mercy Mathew	-	5,000
		Mrs. Mereena Paul	80,004	1,18,483
12	Interest received on loans to KMP and relatives of KMP	Mr. K. Paul Thomas	-	1,59,335
		Mrs. Mereena Paul	1,44,020	1,45,461
13	Rent received	ESAF Small Finance Bank Limited	62,946	-



	Transaction	Related party	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
14	Interest Income on FD	ESAF Small Finance Bank Limited	26,69,01,892	2,26,34,011
15	Rent paid	Mrs. Mereena Paul	1,84,800	1,93,460
16	Sweat equity shares allotted	Mr. K. Paul Thomas	-	-
		ESAF Retail Private Limited	-	9,50,000
17	Dividend paid on Compulsorily convertible preference shares	Dia Vikas Capital Private Limited	-	2,39,67,092
		ESAF Small Finance Bank Limited	-	1,65,30,062
18	CCPs conversion to Equity Share	ESAF Swasraya Multistate Agro Co-operative Society Limited	-	3,30,00,000
		Dia Vikas Capital Private Limited	-	-
19	Right issue	Mr. K. Paul Thomas	-	4,86,08,340
20	Expenditure on Corporate Social Responsibility	Evangelical Social Action Forum	98,41,724	1,11,29,100
21	Expenditure towards Clean Energy Program	Evangelical Social Action Forum	35,00,000	30,00,000
22	Consideration for Slump Sale - Issue of Equity Shares	ESAF Small Finance Bank Ltd	-	4,90,00,000
23	Consideration for Slump Sale - Securities Premium	ESAF Small Finance Bank Ltd	-	10,00,000
24	Consideration for Slump Sale - Cash/ Bank	ESAF Small Finance Bank Ltd	-	2,00,00,000
25	Purchase of Assets	ESAF Enterprises Development Finance Limited	-	86,74,191
		Dia Vikas Capital Private Limited	-	2,10,19,225
		ESAF Swasraya Multistate Agro Co-operative Society Limited	-	5,13,36,450
		SIDBI Trustee Company Ltd. - A/C Samridhi Fund	-	1,28,82,173
		Mr. K Paul Thomas	-	48,48,750
26	Dividend paid on Equity shares	Mr. George Thomas	-	1,30,800
		Mrs. Mereena Paul	-	1,42,500
		Mrs. Beena George	-	30,000
		Mrs. Sheena George	-	15,000
		Mr. Sunny Thomas	-	30,000
		Mrs. Mercy Mathew	-	15,000



	Transaction	Related party	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
27	Fixed Deposits Made	ESAF Small Finance Bank limited	-	2,80,00,00,000
28	Fixed Deposits Matured	ESAF Small Finance Bank limited	61,63,05,000	50,00,00,000
29	Demand Deposits	ESAF Small Finance Bank limited	2,66,77,100	21,20,344
30	Interest accrued on Fixed Deposits	ESAF Small Finance Bank limited	26,69,01,892	2,26,34,011
31	Investments in Equity shares	ESAF Small Finance Bank limited	-	2,83,90,00,000

Sl No:	Balance at the Year end:	Related party	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
1	Trade Payable	ESAF Small Finance Bank Ltd	-	2,08,35,98,591
		ESAF Retail Private Limited	-	62,54,950
2	Other Current Liabilities	Mrs. Mereena Paul	11,42,000	-
		Evangelical Social Action Forum	15,00,000	-
		ESAF Swasraya Multistate Agro Cooperative Society Limited	1,57,40,956	1,84,15,184
3	Rent Deposit	Mrs. Mareena 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	Staff Loans and Advances	Mrs. Mareena Paul	6,46,639	7,26,643
6	Investments in Equity shares	ESAF Small Finance Bank Ltd	2,83,90,00,000	2,83,90,00,000
7	Balance with Bank Accounts	ESAF Small Finance Bank Ltd	1,71,60,12,334	2,30,21,20,344
8	Other Current Assets	ESAF Retail Private Limited	21,635	56,500
		ESAF Small Finance Bank Ltd	37,75,039	-
9	Corporate Guarantee given	ESAF Retail Private Limited	-	2,32,91,775

Note 25 Disclosures under Accounting Standards

25.4 Details of Leasing arrangements

The Company has taken on rent branch premises for periods ranging from 11 months to 120 Months. The rental arrangements are cancellable after giving one month notice and the agreements provides for an annual increase of 5% to 25% on an yearly basis. For the reporting year the rental expenses amounts to ₹8,07,620/-/- (Previous year ₹62,823,146/-). Pursuant to agreement entered to sell Business Undertaking dated 22nd February 2017 by the company with ESAF Small Finance bank, all the security deposits paid has been transferred to ESAF Small Finance Bank except for those retained as on 31.03.2017 (Refer Note 13), pending transfer of legal title as on 31.03.2017



25.5 Earnings per share

Particulars	For the year ended 31 March, 2018 (₹)	For the year ended 31 March, 2017 (₹)
Basic		
Profit for the year	1,95,23,117	41,91,00,945
Less Preference Dividend and tax thereon	3,69,90,896	3,83,22,811
Profit available to Equity Shareholders	(1,74,67,779)	38,07,78,135
Weighted average number of equity shares	14,03,39,963	13,73,60,871
Par value per share	10	10
Earnings per share - Basic	(0.12)	2.77
Diluted		
Profit for the year	1,95,23,117	41,91,00,945
Less Preference Dividend and tax thereon	3,69,90,896	3,83,22,811
Profit available to Equity Shareholders	(1,74,67,779)	38,07,78,134
Add : Preference dividend and tax thereon on Compulsorily Convertible Preference Shares	3,69,90,896	3,83,22,811
Profit attributable to equity shareholders (on dilution)	1,95,23,117	41,91,00,945
Weighted average number of equity shares for Basic EPS	14,03,39,963	13,73,60,871
Add: Effect of CCP Shares which are dilutive	2,54,53,467	2,54,53,467
Add: Effect Option to exercise the Shares on Rights Basis	-	-
Weighted average number of equity shares - for Diluted EPS	16,57,93,430	16,28,14,338
Par value per share	10	10
Earnings per share - Diluted	(0.12)	2.57



25.6 Deferred tax (liabilities) / assets

Particulars	As at 31 March, 2018	As at 31 March, 2017
Tax effect of items constituting deferred tax Liabilities		
On difference between book balance and tax balance of fixed assets	(5,52,982)	(7,42,287)
Tax effect of items constituting deferred tax assets		
On difference between book balance and tax balance of fixed assets	-	-
Contingent provision against standard assets	-	-
Provision for non performing assets	37,723	-
Provision for credit enhancements on assets de-recognised	-	-
Provision for compensated absences	32,50,932	32,50,932
Others	22,07,805	22,07,805
Deferred tax assets	49,43,478	47,16,450

Note 26 Disclosures in accordance with RBI Guidelines

26.1 Capital to Risk Assets Ratio (CRAR)

(i) CRAR (%)	64.10%	33.16%
(ii) CRAR - Tier I capital (%)	64.10%	32.84%
(iii) CRAR - Tier II Capital (%)	0.00%	0.32%
(iv) Amount of subordinated debt raised as Tier II capital (₹in Crore)	-	0.17
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

26.2 Investments (₹in Crore)

1. Value of investments		
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	0.05
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	283.90	283.95
(b) Outside India	-	-



Particulars	As at 31 March, 2018	As at 31 March, 2017
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	0.05	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	0.05

26.3 Derivatives

The Company has no transactions/exposure in derivatives for the year ended 31 March, 2018 and 31 March, 2017.

The Company has no unhedged foreign currency exposure as on 31 March, 2018 and 31 March, 2017.

26.4 a) Disclosure relating to securitisations (₹ in Crore)

Sl. No.	Particulars	For the year ended 31 March, 2018 (₹)	For the year ended 31 March, 2017 (₹)
1	Total number of loan securitized (Nos)	-	4,67,133
2	Total book value of loans securitized	-	718.88
3	Total book value of loans securitized including loan placed as collateral	-	757.60
4	Sale consideration received for loans securitized	-	718.88
5	Interest spread on Securitisation of Loans/ Income from assignment	-	50.84

1	No of Special purpose vehicles (SPVs) sponsored by the NBFC for securitisation transactions (Nos.)	-	-
2	Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC	-	-
3	Total amount of exposures retained by the NBFC to comply with Minimum Retention Ratio (MRR) as on the date of Balance Sheet	-	-
	a) Off balance sheet exposures		
	First loss	-	-
	Others	-	-
	b) On balance sheet exposures		
	First loss (Cash Collateral)	-	-
	Others (credit enhancement)	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off balance sheet exposures		
	i) Exposure to own securitisations		
	First loss (Subordination of Interest Strip)	-	-
	Others	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-

Sl. No.	Particulars	For the year ended 31 March, 2018 (₹)	For the year ended 31 March, 2017 (₹)
	Others		
	b) On balance sheet exposures		
	i) Exposure to own securitisations	-	-
	First loss	-	-
	Others		
	ii) Exposure to third party securitisations	-	-
	First loss	-	-
	Others	-	-

26.5 Details of financial assets sold to securitisation/reconstruction company for asset reconstruction

The company has not sold financial assets to securitisation/reconstruction companies for asset reconstruction in the current and previous year

26.6 Details of Assignment transactions undertaken are given below

1	No. of Accounts	-	2,11,763
2	Aggregate Value (net of provisions) of accounts sold	-	430
3	Aggregate Consideration	-	430
4	Additional consideration realised in respect of accounts transferred in earlier years	-	-
5	Aggregate gain/loss over net book value	-	-

26.7 Details of non-performing financial assets purchased/ sold

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

26.8 Asset liability management

A. Maturity pattern of certain items of assets and liabilities as on 31st March 2018 (₹in Crore)

Particulars	Deposits	Advances	Invest-ments*	Borrow-ings	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

B. Maturity pattern of certain items of assets and liabilities as on 31st March 2017 (₹in Crore)

Particulars	Deposits	Advances	Invest-ments*	Borrow-ings	Foreign currency Assets	Foreign currency liabilities
Upto 30 days	-	-	-	0.02	-	-
Over 1 month upto 2 months	-	-	-	0.02	-	-

Particulars	Deposits	Advances	Investments*	Borrowings	Foreign currency Assets	Foreign currency liabilities
Over 2 months upto 3 months	-	-	-	47.52	-	-
Over 3 months & upto 6 months	-	-	-	0.05	-	-
Over 6 months & upto 1 year	-	-	-	0.22	-	-
Over 1 year & upto 3 years	-	-	-	121.34	-	-
Over 3 years & upto 5 years	-	-	-	8.68	-	-
Over 5 years	-	-	283.95	-	-	-
Total	-	-	283.95	177.85	-	-

* net of provision for diminution in value of Investments

Notes: (a) The above borrowings excludes interest accrued and due and interest accrued but not due. (b) The above information has been considered as per the Asset Liability Management (ALM) Report compiled by the management and reviewed by the ALM committee.

26.9 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 31st March 2018 and 31st March 2017.

(ii) Exposure to Capital Market

The Company does not have any exposure to Capital Market as on 31st March 2018 and 2017.

26.10 Details of financing of parent company products

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

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

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

26.12 During the year ended 31 March, 2018 and 31 March, 2017, there are no unsecured advances for which intangible securities like rights, licences, authority etc. has been taken as collateral by the Company.

26.13 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)

26.14 Disclosure of Penalties issued by RBI and other regulators

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

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

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

26.16 Draw down from Reserves

There has been no draw down from Reserves during the year ended 31 March, 2018 and 31 March, 2017

26.17 Provisions and Contingencies (₹in Crore)



Particulars	31 March 2018	31 March 2017
Contingent provision against standard assets	-	7.00
Provision for non performing assets	-	4.86
Provision for credit enhancements on assets de-recognised	-	0.11
Provision - Others	4.41	4.96
Provision for Fraud cases	-	0.28
Provision for Employee Benefits	0.05	0.04
Provision for Income Tax	0.65	35.06
Deferred tax	0.49	4.87

26.18 Concentration of Deposits, Advances, Exposures and NPAs

There are no exposures of Deposits, Advances, Exposures and NPAs as at 31st March 2018 & 31st March 2017

26.19 Sectorwise NPAs

There are no Sectorwise NPAs as at 31st March 2018 & 31st March 2017

26.20 Asset Classification and Provisioning

The Company complies with the prudential norms of the Reserve Bank of India (RBI) with regard to income recognition, asset classification and provisioning. Accordingly the Company in line with the guidelines laid down under DNBR (PD) CC.No.047/03.10.119/2015-16 dated July 1, 2015, has complied with provision of RBI norms.

Classification of Loans and provisions made for standard and Non Performing assets are given below.

Particulars	31 March, 2018		31 March, 2017	
	Loans under Financing Activity	Provision	Loans under Financing Activity	Provision
Standard Assets	-	-	-	-
Non performing Assets	-	-	-	-
Summary Portfolio balance and related provisions	-	-	-	-

Movement of NPAs (₹ in Crore)

Particulars	31 March, 2018	31 March, 2017
(i) Net NPAs to Net Advances %	-	-
(ii) Movement of NPAs Gross		
a) Opening Balance	-	3.33
b) Additions during the year	-	5.18
c) Reductions during the year (incl write offs)	-	0.71
d) Transferred to ESAF Small Finance bank	-	7.80
d) Closing Balance	-	-
(iii) Movement of Net NPAs		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions during the year (incl write offs)	-	-
d) Closing Balance	-	-
(iv) Movement of Provisions for NPAs		
a) Opening Balance	-	3.33
b) Provisions made during the year	-	4.86
c) Write - Off/ Write back of excess provisions	-	0.40
d) Transferred to ESAF Small Finance bank	-	7.80
e) Closing Balance	-	-

Pursuant to the Agreement to Sell Business Undertaking (ASBU) dated February 22, 2017 the company has transferred the portfolio to ESAF Small Finance Bank Limited.



26.21 Disclosure of frauds reported during the year ended 31 March, 2018 vide DNBS PD.CC.NO. 256/03.10.042/2011-12 dated 02 March, 2012

No frauds reported during the Financial year ended 31 March 2018.

Fraud Cases reported during the financial year 2016-17 (₹ in Crore)

Particulars	Less than ₹1 Lakh		₹1 lakh to ₹5 lakhs		₹5 - 25 lakhs		Total	
	No.	Value in ₹	No.	Value in ₹	No.	Value in ₹	No.	Value in ₹
(A) Person involved								
Staff	1	0.48	2	5.60	1	11.48	4	17.56
Client	-	-	-	-	1	11.00	1	11.00
Total	1	0.48	2	5.60	2	22.48	5	28.56
(B) Type of fraud								
Misappropriation and criminal breach of trust	1	0.48	2	5.60	1	11.48	4	17.56
Unauthorised credit facility extended	-	-	-	-	-	-	1	-
Cheating and forgery	-	-	-	-	1	11.00	-	11.00
Total	1	0.48	2	5.60	2	22.48	5	28.56

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



26.22 Information on Net Interest Margin

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Average Interest (a)	-	19.46%
Average effective cost of borrowing (b)	-	10.36%
Net Interest Margin (a-b)	-	9.10%

26.23 Disclosure of Customer Complaints

Particulars	31 March, 2018	31 March, 2017
No of complaints pending at the beginning of the year	178	2
No of complaints received during the year	-	1,826
No of complaints redressed during the year	178	1,650
No. of complaints pending at the end of the year	-	178

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

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

26.25 Sponsored SPVs - Nil (Previous Year-Nil)

27 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

Sd-
per Sarvesh Warty
 Partner
 Membership No: 121411

Place : Thrissur
 Date : 30 May, 2018

For and on behalf of the Board of Directors,

Sd-
Mereena Paul
 Chairperson & Managing Director
 DIN:02228087

Sd-
Rajesh Sreedharan Pillai
 Chief Financial Officer

Place : Thrissur
 Date : 30 May, 2018

Sd-
Vikraman Ampalakkat
 Director
 DIN:01978341

Sd-
Jiju George
 Company Secretary





INDEPENDENT AUDITORS REPORT

REPORT ON THE CONSOLIDATED
FINANCIAL STATEMENTS

To the members of ESAF Microfinance and Investments Private Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ESAF Microfinance & Investments Private Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these con-

solidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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

Other Matters

(a) The consolidated financial statements of the Company for the year ended March 31, 2017, included in these con-



solidated financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on 31 July, 2017.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

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

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary company incorporated in India, none of the directors of the Group are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company and its subsidiary company, refer to our separate report in "Annexure 1" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in

our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 26.1 to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer (a) Note 2.16 and Note 25 to the consolidated financial statements in respect of such items as it relates to the Group;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary during the year ended March 31, 2018.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Sarvesh Warty**

Partner

Membership Number: 121411

Place of Signature: Mumbai

Date: 4 September 2018



ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ESAF MICROFINANCE & 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")

In conjunction with our audit of the consolidated financial statements of ESAF Microfinance & Investments Private Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of ESAF Microfinance & Investments Private Limited (hereinafter referred to as the "Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 respective 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company and its subsidiary company's internal financial controls over financial reporting with reference to these consolidated 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain

reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated 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 consolidated 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 consolidated 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

A company's internal financial control over financial reporting with reference to these consolidated 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 consolidated 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 fi-



financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated 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 Holding Company and its subsidiary company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Holding 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

ICAI Firm Registration Number: 101049W/E300004

per **Sarvesh Warty**

Partner

Membership Number: 121411

Place of Signature: Mumbai

Date: 4 September 2018



Consolidated Balance Sheet as at 31 March, 2018

	Particulars	Note No.	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	1,78,52,01,630	1,78,52,01,630
	(b) Reserves and surplus	4	1,74,03,66,908	1,51,48,42,839
			3,52,55,68,538	3,30,00,44,469
2	Minority Interest		34,43,83,144	21,15,26,353
3	Non-current liabilities			
	(a) Long-term borrowings	5	17,25,24,08,974	11,47,92,69,836
	(b) Other long-term liabilities	6	1,88,66,715	24,70,29,171
	(c) Long-term provisions	7	4,78,29,301	3,51,33,820
			17,31,91,04,990	11,76,14,32,827
4	Current liabilities			
	(a) Short-term borrowings	8	15,51,48,46,667	4,25,42,41,310
	(b) Trade Payables	9	-	-
	(A) Total outstanding dues of Micro Enterprises and Small Enterprises		-	-
	(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		18,17,96,492	16,43,39,387
	(c) Other current liabilities	10	10,41,69,74,933	9,74,46,95,735
	(d) Short-term provisions	11	49,99,83,742	33,23,02,790
			26,61,36,01,834	14,49,55,79,222
	Total		47,80,26,58,506	29,76,85,82,871
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets	12		
	(i) Property, plant & equipment		68,03,94,376	36,94,64,245
	(ii) Intangible assets		8,45,05,159	10,39,83,222
	(iii) Capital Work-in Progress		8,40,49,805	2,04,30,797
			84,89,49,340	49,38,78,264
	(b) Non-current investments	13	5,82,19,73,571	4,40,02,78,688
	(c) Deferred tax assets (net)	27,6	10,37,21,346	1,03,59,161
	(d) Long-term loans and advances	14	8,80,26,93,059	4,53,80,07,066
	(e) Other non-current assets	15	-	56,17,32,595
			14,72,83,87,976	9,51,03,77,510
2	Current assets			
	(a) Current Investments	16	1,49,66,60,584	1,39,21,73,206
	(b) Cash and cash equivalents	17	6,99,39,16,504	7,38,25,44,601
	(c) Short-term loans and advances	18	23,41,55,40,089	10,64,56,67,401
	(d) Other current assets	19	31,92,04,013	34,39,41,889
			32,22,53,21,190	19,76,43,27,097
	Total		47,80,26,58,506	29,76,85,82,871
	See accompanying notes forming part of the consolidated 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,

Sd-
Mereena Paul
Chairperson & Managing Director
DIN:02228087

Sd-
Vikraman Ampalakkat
Director
DIN:01978341

Sd-
per Sarvesh Warty
Partner
Membership No. 121411
Place : Mumbai
Date : 04 September, 2018

Sd-
Rajesh Sreedharan Pillai
Chief Financial Officer
Place : Thrissur
Date : 04 September, 2018

Sd-
Jiju George
Company Secretary



Consolidated Statement of Profit and Loss for the Year Ended 31 March, 2018

Particulars	Note No.	For the year ended 31 March, 2018 (₹)	For the year ended 31 March, 2017 (₹)
1. Revenue From Operations	20	6,22,74,43,111	3,76,24,34,806
2. Other Income	21	77,50,05,869	54,38,33,854
3. Total Income (1+2)		7,00,24,48,980	4,30,62,68,660
4. Expenses			
(a) Employee benefits expense	22	40,25,51,359	78,23,15,435
(b) Finance Costs	23	3,07,62,99,727	1,78,71,05,150
(c) Administrative and other expenses	24	2,59,45,90,866	69,49,10,208
(d) Depreciation and amortisation expenses	12	9,71,79,997	3,02,45,441
(e) Provisions and write offs	25	35,60,96,803	17,31,11,134
Total Expenses		6,52,67,18,752	3,46,76,87,368
5. Profit before tax (3-4)		47,57,30,229	83,85,81,292
6. Tax expense :			
(a) Current tax expense		27,96,20,648	36,42,99,826
(b) Provision for tax relating to prior years		-	63,07,688
(c) Deferred tax		(9,33,62,185)	4,30,10,860
Net tax expense		18,62,58,463	41,36,18,374
7. Profit after tax before share of Profit Attributable to Minority Interest (5-6)		28,94,71,765	42,49,62,918
8. Share of Profit attributable to Minority Interest		2,69,56,801	5,26,353
9. Profit for the year attributable to the Shareholders of the Company (7-8)		26,25,14,965	42,44,36,565
Earnings per equity share: Face value ₹10/- each			
(a) Basic	275	1.61	2.81
(b) Diluted	275	1.58	2.61
See accompanying notes forming part of the consolidated 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,

Sd-
Mereena Paul
Chairperson & Managing Director
DIN:02228087

Sd-
Vikraman Ampalakkat
Director
DIN:01978341

Sd-
per Sarvesh Warty
Partner
Membership No. 121411

Sd-
Rajesh Sreedharan Pillai
Chief Financial Officer

Sd-
Jiju George
Company Secretary

Place : Mumbai
Date : 04 September, 2018

Place : Thrissur
Date : 04 September, 2018



Consolidated Cash Flow Statement for the Year Ended 31 March, 2018

Particulars		For the year ended 31 March, 2018 (₹)	For the year ended 31 March, 2017 (₹)
A	Cash Flow from Operating Activities:		
	Profit Before Tax and share of profit attributable to Minority Interest	47,57,30,229	83,85,81,292
	<i>Adjustments for:-</i>		
	Depreciation and amortisation expenses	9,71,79,997	3,02,45,441
	Profit on Sale of Fixed Assets	-	(3,90,000)
	Finance Costs	3,07,62,99,727	1,78,71,05,150
	Interest Income	(4,53,65,342)	(10,39,14,178)
	Dividend Income	-	(28,93,199)
	Net gain on sale of investments	(4,82,55,587)	(2,34,59,253)
	Liability/Provisions no longer required written back	(1,26,41,310)	(8,43,88,388)
	Provision for doubtful staff advances	-	3,73,285
	Loans Written Off	-	28,185
	Provision for receivables under financing activity	33,75,05,291	15,96,20,848
	Provision for Current Assets	-	1,02,93,816
	Provision for dimunition in value of investments	5,00,000	-
	Provision Others	-	27,95,000
	Operating Profit before Working Capital Changes:	3,88,09,53,004	2,61,39,97,999
	<i>Changes in Working Capital:-</i>	=	
	<i>Adjustments for (increase) / decrease in operating assets:</i>	=	
	Short-term loans and advances	(12,75,14,20,099)	(41,25,80,020)
	Long-term loans and advances	(4,26,46,85,993)	(1,21,00,75,762)
	Other assets	19,10,81,582	(15,44,52,977)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>			
Trade payables	3,00,98,411	5,04,38,449	
Other current liabilities	54,32,68,482	(4,79,99,417)	
Short-term provisions	(15,57,96,943)	(1,43,31,816)	
Other Long term Liabilities	(22,81,62,456)	22,99,73,382	
Cash Generated from Operations	(12,75,46,64,012)	1,05,49,69,838	
Finance costs (Paid)	(2,94,72,89,011)	(1,78,71,05,150)	
Net Income Tax Paid	(29,80,73,233)	(26,88,00,361)	
Net Cash from Operating activities (A)	(16,00,00,26,255)	(1,00,09,35,673)	
B	Cash Flow from Investing Activities:		
	Capital expenditure on tangible assets,including capital advances	(45,22,51,073)	(25,13,91,987)
	Proceeds from sale of tangible assets	-	4,60,000
	Investment in Government securities	(2,99,68,04,676)	(5,79,19,51,894)
	Purchase of other investments	(6,47,91,97,992)	(15,02,28,93,199)
Sale of Mutual funds/Government securities	7,99,75,75,994	15,04,63,52,452	



	Particulars	For the year ended 31 March, 2018 (₹)	For the year ended 31 March, 2017 (₹)
	Bank balances not considered as Cash and cash equivalents (Net)	2,84,31,80,633	(1,59,86,48,971)
	Interest Income on Deposits with Banks	4,71,73,729	14,61,48,125
	Dividend received	-	28,93,199
	Net Cash from Investing activities (B)	95,96,76,615	(7,46,90,32,275)
C	Cash Flow from Financing Activities:		
	Proceeds from issue of Equity Shares (Including Securities Premium)	-	7,29,12,510
	Proceeds from issue of shares to minority shareholders (Including Securities Premium)	10,58,99,990	21,10,00,000
	Proceeds/Repayments of Borrowings from Banks/Others	(4,68,99,10,679)	6,61,97,62,663
	Deposits from Customers	21,72,36,55,174	4,85,49,18,078
	Net increase / (decrease) in working capital borrowings		(14,06,14,307)
	Dividend and Dividend Tax Paid	(3,83,22,811)	(17,01,93,470)
	Net Cash from Financing activities (C)	17,10,13,21,674	11,44,77,85,474
	Net Increase (Decrease) in Cash and Cash Equivalents	2,06,09,72,034	2,97,78,17,526
	Cash and Cash Equivalents at the beginning of year	4,38,46,48,579	1,40,68,31,053
	Cash and Cash Equivalents at the end of year (Refer Note 17)	6,44,56,20,613	4,38,46,48,579
See accompanying notes forming part of the consolidated financial statements			

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

Sd-
per Sarvesh Warty
Partner
Membership No. 121411

Place : Mumbai
Date : 04 September, 2018

For and on behalf of the Board of Directors,

Sd-
Mereena Paul
Chairperson & Managing Director
DIN:02228087

Sd-
Rajesh Sreedharan Pillai
Chief Financial Officer

Place : Thrissur
Date : 04 September, 2018

Sd-
Vikraman Ampalakkat
Director
DIN:01978341

Sd-
Jiju George
Company Secretary



Notes forming part of the Financial Statements

1. Group information

Group domiciled in India and incorporated under the provisions of the Companies Act 1956. ESAF Microfinance and Investments Private Limited, ("the holding company" or "EMFIL") was engaged in the business of microfinance activities. It had taken over the Microfinance business of Evangelical Social Action Forum (ESAF) as on 31 March, 2008. The main beneficiaries of the financial assistance given by the company are weaker sections of the society, mainly women who are organized into joint liability groups.

The company was originally registered on 27 September 1996 at Chennai by name Pinnai Finance & Investments Private Limited and the present name was adopted in 2007 after take over by the Promoters of ESAF Society. The company is registered with Reserve Bank of India (RBI) as a Non-Banking Financial Company – non-deposit taking (NBFC – ND) – vide certificate No:B.-07-00652 dated 22 August, 2007. RBI had approved its conversion into a Non-banking Financial Company – Micro Finance Institution (NBFC – MFI) with effect from 7 January 2014.

The Company received approval from Reserve Bank of India ("RBI") to set up a Small Finance Bank. Pursuant to agreement executed between the Company and ESAF Small finance Bank Limited ("ESAF SFB") dated 22 February, 2017, business undertaking of the company has been transferred to ESAF SFB with effect from 9 March, 2017. The Company is in the process of submitting the application for changing the registration as a NBFC – Core investment company ("CIC") with Reserve Bank of India ("RBI").

2. Basis of Consolidation and Significant Accounting Policies

2.1 Basis of consolidation and preparation of Consolidated Financial Statement

The consolidation financial statements of the company and its subsidiary (together 'the Group') have been prepared in accordance with Accounting Standard 21 (AS-21), "Consolidated Financial Statements" specified under Section 133 and the relevant provision of the Companies Act, 2013 ("the Act"). The financial statements have been prepared on an accrual basis under the historical cost convention and considering the directions issued by the Reserve Bank of India (RBI) to the extent applicable to the group.

2.2 The consolidated financial statements relate to ESAF Microfinance and Investments Limited and its subsidiary. The details of Subsidiary company is given below:

Name of the Entity	Relationship	Country of Incorporation	Ownership Held by	% of Holding
ESAF Small Finance Bank Limited	Subsidiary Company	India	ESAF Microfinance and Investments Private Limited	90%
			Minority Interest	10%

2.2 a) The financial statements of the holding company and its subsidiary have been prepared based on a line by line consolidation by adding together like items of assets and liabilities, revenue and expenses after eliminating Intra group balances, intra group transactions and resulting unrealized profits or losses; unless cost cannot be recognized. The financial statements of the subsidiary company used in consolidation are drawn up to the same reporting date as that of the Company i.e, March 31, 2018.

2.2 b) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for similar material transactions and other events in similar circumstances otherwise as stated elsewhere.



Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.

2.3 Use of estimates

The preparation of consolidated 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 (for purposes of Cash Flow Statement)

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 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Depreciation and amortization

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except vehicles, which are depreciated over 4 Years as per technical evaluation.

Intangible Assets are amortised over their estimated useful life on a straight line method as follows:

Software : Lower of License period or 5 Years

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

2.6 Revenue recognition

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

- i. Interest on loans is recognised on accrual basis except in the case of Non- Performing Assets ("NPAs"), where interest is recognised upon realization, in accordance with the RBI Guidelines.
- ii. Processing fees collected on loans disbursed are recognised at the inception of the loan.
- iii. Interest on Fixed Deposits is recognised on a time proportion basis taking into account the amount outstanding and rate applicable.
- iv. In accordance with the RBI Guidelines, loss arising from assignment/ securitisation of standard assets immediately at the time of sale is accounted and the profit/ premium arising from securitisation is amortised over the life of the underlying portfolio loans/ securities. Income from interest strip (excess interest spread) is recognised in the Statement of Profit and Loss net of any losses when redeemed in Cash.v. Dividend income is accounted for when the right to receive it is established



v. Dividend income is accounted for when the right to receive it is established. vii. 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

vi. Grants received are utilised according to the terms of the Grant. In the case of Revenue Grants the same is set off against expenses incurred.

vii. 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

viii. Commission income on other services is recognised on accrual basis when the service is rendered at the rates applicable in accordance with the terms of the agreement

ix. Income on non- coupon bearing discounted instruments is recognized over the tenure of the instrument on a straight line basis. In case of coupon bearing discounted instruments, discount income is recognized over the tenure of the instrument on yield basis.

x. Profit or Loss on sale of investments is recognised in the Statement of Profit and Loss. However, the profit on sale of investments in the 'Held to Maturity' category is appropriated (net of applicable taxes and amount required to be transferred to statutory reserve) to 'Capital Reserve Account.

xi. All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization / collection.

2.7 Fixed Assets (Property Plant and Equipment and Intangible Assets)

Property Plant and Equipment and Intangible Assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost comprises its purchase price 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 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 retirement or disposal of property, plant and equipment and intangible are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized as income in the statement of profit and loss.

Capital work-in-progress:

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

2.8 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.

2.9 Investments

ESAF Microfinance

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.



ESAF Small Finance Bank

Classification:

Investments are classified in to three categories, viz Held to Maturity ("HTM"), Available for Sale ("AFS") and Held for Trading ("HFT") at the time of Purchase as per the guidelines issued by RBI.

However for disclosure in the Balance Sheet, for investments in India are classified under Six Groups - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investment in Subsidiaries, Joint Ventures and other.

Basis of Classification:

Investments that the bank intends to hold till maturity are classified as HTM category.

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT Category.

Investments which are not classified in either of the above two categories are classified under AFS category.

Cost of Acquisition:

Brokerage/Commission received on subscriptions is reduced from cost.

Brokerage, Commission, securities transaction tax etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost.

Broken period interest paid/received on debt instruments is treated as Interest expense/income and is excluded from cost/sale consideration.

Cost is determined on the weighted average cost method for investment under AFS and HFT category and on FIFO basis (First In First Out) for investments under HTM Category.

Disposal Of Investments:

Investments classified as HFT or AFS - Profit on sale or redemption is recognized in the Profit and Loss Account. Investments classified as HTM - Profit on sale or redemption is recognized in the Profit and Loss Account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale or redemption is recognized in the Profit and Loss Account.

Valuation:

HTM securities shall be carried out at their acquisition cost or at amortised cost if acquired at a premium over the face value. A provision shall be made for other than temporary diminution.

AFS and HFT securities shall be valued periodically as per RBI Guidelines.

The market/fair value for the purpose of periodical valuation of quoted investments included in the AFS and HFT categories shall be the market price of the scrip as available from the trades/quotes on the stock exchanges, SGL account transactions, price list of RBI or prices declared on Fixed Income Money Market and Derivatives Association ("FIMMDA") website by Financials Benchmark India Private Limited ("FBIL") as at year end.

The market/fair value of other than quoted SLR securities for the purpose of periodical valuation of investments included in the AFS and HFT categories shall be as per the rates put out by FIMMDA/FBIL.

The valuation of non-SLR securities, other than those quoted on the stock exchanges, wherever linked to the YTM rates, shall be with a mark-up (reflecting associated credit risk) over the YTM rates for government securities put out by FIMMDA/FBIL. Securities shall be valued scrip wise and depreciation/appreciation aggregated for each category. Net appreciation in each basket if any, being unrealized, shall be ignored, while net depreciation shall be provided for.

Transfer of Securities between categories of Investments is accounted as per RBI guidelines.



2.10 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 recognised 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 Group 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 Group 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 Group 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 Group 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.

2.11 The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities

2.12 Leases

a) Where the Group 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 Group 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 as per the lease terms.



2.13 Earnings per share

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.

2.14 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 Group 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 Group 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.

2.15 Impairment of assets

The Group 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.

2.16 Provisions and contingencies

A provision is recognised when the Group 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.



2.17 Asset Classification and Provisioning Norms

ESAF Microfinance & Investments (P) Ltd.

Loans to Customers are Classified as Standard and Non-Performing Assets, based on the criteria laid down below:

Particulars	Criteria
Standard Asset	The Asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business
Non-Performing Assets	An asset for which interest/principal payment has remained overdue for a period of 90 days or more.

Provision for loan Portfolio:

The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for Systemically Important Non-deposit taking Non-Banking Finance Companies – MFI (NBFC-ND-SI-MFI).

The aggregate loan provision to be maintained by the Company at any point of time shall not be less than the higher of

- 1% of the outstanding loan portfolio OR

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

Provision for credit enhancements on assets derecognized (Standard Assets) is made based on Management estimates @ 1% of the outstanding amount of credit enhancements on assets de-recognized from the books of the company.

Additional provision for loan portfolio over and above minimum required provision as per RBI Guidelines is made in the financial. as determined by the management and approved by the Board of Directors.

ESAF Small Finance Bank Ltd.

Loans and advances are disclosed net of specific loan loss provisions, interest in suspense, inter-bank participation certificates issued and bills rediscounted.

Loans and advances are classified as performing and non performing, based on the relevant guidelines issued by RBI.

Specific loan loss provisions are made for NPAs based on management's judgement of the degree of impairment of the loan subject to the minimum requirements as per the extant guidelines prescribed by the RBI. The provisions towards Standard Assets is made as per the extant RBI Notifications and shall not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets.

Apart from the general provision made on the standard assets as above, the bank may also maintain additional general provisions to cover potential credit losses which are inherent in any loan portfolio but not identified.



2.18 Securitisation Transactions and direct assignments

ESAF Small Finance Bank Ltd.

ESAF SFB transfers its loans receivables through Direct Assignment and IBPC route as well as transfer to Special Purpose Vehicle (SPV).

The Securitisation transactions are without recourse to the ESAF SFB. The transferred loans and such securitized receivables are de-recognised as and when these are sold (true sale criteria being fully met) and the consideration has been received by ESAF SFB. Gains/losses are recognized only if ESAF SFB surrenders the rights to the benefits specified in the loan contracts.

Profit/premium arising at the time of securitization/assignment of loan portfolio is amortised over the life of the underlying loan portfolio/ securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognized in the statement for profit and loss net of any losses when redeemed in cash. Interest retained under assignment of loan receivables is recognized on realization-basis over the life of the underlying loan portfolio.

2.19 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.

2.20 Corporate Social Responsibility

Spends towards corporate social responsibility, in accordance with Companies Act, 2013 are recognised in the Profit and Loss Account.

2.21 Operating Cycle

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



Note 3 - Share Capital

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	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	1,40,33,99,630	14,03,39,963	1,40,33,99,630
Compulsorily Convertible Preference shares 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

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

A. Equity shares with voting rights				
Opening Balance	14,03,39,963	1,40,33,99,630	13,32,79,129	1,33,27,91,290
Fresh Issue during the year				
Rights issue (Refer Note 3.7.1 below)	-	-	48,60,834	4,86,08,340
CCP's Conversion (Refer Note 3.7.2 below)	-	-	22,00,000	2,20,00,000
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	41,48,020	41,48,02,000
Fresh Issue	-	-	-	-
Less : Conversion into Equity shares (Refer Note 3.7.2 below)	-	-	3,30,000	3,30,00,000
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.

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, 2018		As at 31 March, 2017	
	Number of Shares	₹	Number of Shares	₹
ESAF Swasraya Multi State Agro Co-operative Society Limited (Formerly ESAF Swasraya Multi State Co-operative Credit Society Limited)	8,15,33,174	81,53,31,740	7,76,51,963	77,65,19,630

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, 2018		As at 31 March, 2017	
	Number of Shares	% of Holding	Number of Shares	% of Holding
ESAF Swasraya Multistate Agro Co-operative Society Limited (Formerly ESAF Swasraya Multistate Co-operative Credit Society Limited)	8,15,33,174	58.10%	7,76,51,963	55.33%
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

(a) 10% CCPS				
ESAF Retail Private Limited	95,000	2.49%	95,000	2.49%
(b) 8% CCPS				
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, 2018 the following shares are reserved for issuance:

(a) 25,453,467 (As at 31 March, 2017: 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, 2018	As at 31 March, 2017
Equity Shares with votings rights	-	45,00,000

3.7.1 During the year 2016-17, 4860,834 equity shares of ₹10/- each, which were offered to sharholders under the rights issue made in the year 2015-16 and not subscribed by them, were allotted to Mr. K Paul Thomas erstwhile Chairman and Managing Director on 1 September, 2016 at a premium of ₹5/- per share as additional offer on the same terms and conditions of the original issue, pursuant to the decision of the Board of Directors meeting held on 31 March 2016.

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

Note 4 Reserves and surplus

Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
(a) Securities premium		
Opening balance	56,92,83,215	53,39,79,045
Add: Premium on Equity Shares issued during the year (Refer note 4.1)	20,76,470	3,82,59,840
Less : Share of Minority Interest	20,76,470	29,55,670
Closing balance	56,92,83,215	56,92,83,215
(b) Other Reserves (Statutory reserve)		
Opening balance	24,44,05,584	15,86,78,006
Add: Transferred from surplus in Statement of Profit and Loss (Refer Note 4.2)	7,13,91,784	8,57,27,578
Closing balance	31,57,97,368	24,44,05,584
(c) Surplus in Statement of Profit and Loss		
Opening balance	70,11,54,040	40,07,67,864
Add: Profit for the year	28,94,71,765	42,49,62,918
Less : Minority Share of Profit	2,69,56,800	5,26,353
Less: Transferred to Other reserves (Statutory Reserve) [Refer Note 4.2]	7,13,91,784	8,57,27,578
Dividend proposed to be distributed to preference share holders	3,07,34,160	3,18,40,790
Tax on dividend	62,56,736	64,82,021
Closing balance	85,52,86,325	70,11,54,040
Total	1,74,03,66,908	1,51,48,42,839

Note 4.1

Securities Premium on issue of shares on :		
Rights Basis (Refer Note 3.7.1)	-	2,43,04,170
Conversion of CCPS into Equity Shares (Refer Note 3.7.2)	-	1,10,00,000
	-	3,53,04,170



Note 4.2 Statutory Reserve

Transfer of Profit after Tax to the Statutory Reserves is in accordance with the provisions of Reserve Bank of India Act, 1934.

Note 5 Long-term borrowings

Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
(a) Non Convertible Debentures		
Secured (Refer Note 5.1)	-	1,28,36,95,000
Unsecured (Refer Note 5.2)	-	
Others	1,83,28,00,000	50,28,00,000
	1,83,28,00,000	1,78,64,95,000
(b) Term loans		
(i) Secured		
From banks (Refer Note 5.3)	66,61,81,818	3,53,44,99,904
From financial Institution (Refer Note 5.4)	6,20,63,18,180	4,03,96,15,150
From Non banking finance companies (Refer Note 5.5)	53,46,417	39,61,43,136
(ii) Unsecured		
From banks (Refer Note 5.6)	38,12,50,020	92,32,01,106
From financial Institution (Refer Note 5.7)	15,00,00,000	15,00,00,000
From Non Banking Finance Companies (Refer Note 5.8)	-	3,33,33,332
	7,40,90,96,435	9,07,67,92,628
(c) Vehicle Loan		
Secured (Refer Note 5.9)	1,04,12,086	1,53,05,440
	1,04,12,086	1,53,05,440
(d) Deposits		
Term Deposits (Refer Note 5.10)	8,00,01,00,453	60,06,76,768
	8,00,01,00,453	60,06,76,768
Total	17,25,24,08,974	11,47,92,69,836

Note 5.1 Details of secured debentures issued:

A) Listed Non convertible Debentures(NCDs) are secured by the hypothecation of specified loans under financing activity up to March 09, 2017. Pursuant to agreement to sell business undertaking (ASBU) dated 22 February, 2018, 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 this NCDs were modified as follows as per the hypothecation deed entered into 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, the 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.755/1,1acre & 57cents,in Sy. No.751/1,2 acres & 85 cents owned by ESAF Microfinance and Investments Private Limited in Village No.24,Cumbum,Theni District.

a) 230 nos, 13.90% Non Convertible Debentures of ₹10,00,000/- each

b) 300 nos, 13.80% Non Convertible Debentures of ₹10,00,000/- each

c) 1000 nos, 13.50% Non Convertible Debentures of ₹5,83,695/- each



B) Repayment terms

Particulars	Terms and Conditions	As at 31st march 2018		As at 31st march 2017	
		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 18 June, 2020 or on exercise of put option at the exercise date (18 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 (18 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)	-	-	47,50,00,000	-
230 nos, 13.90% Non Convertible Debentures of ₹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	-	-	23,00,00,000
170 Nos, 13.80% Non convertible Debentures ₹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 28 May, 2019. Interest @ 13.80% per annum payable on annual basis. (Refer Note 5.1.5)	17,00,00,000	-	-	17,00,00,000
300 nos, 13.80% Non Convertible Debentures of ₹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 semi annual basis. (i.e. during June and December of every year)	30,00,00,000	-	-	30,00,00,000
1000 nos, 13.50% Non Convertible Debentures of ₹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 semi annual basis. (i.e. during May and November of every year)	58,36,95,000	-	-	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	-	65,000	-



Particulars	Terms and Conditions	As at 31st march 2018		As at 31st march 2017	
		Current (₹)	Non Current (₹)	Current (₹)	Non Current (₹)
8842 Nos, 13.50% Non convertible Debentures (Refer Note 5.1.3)	Redeemable at par in the year 2018.	75,44,000	-	88,42,000	-
165 Nos, 13.50% Non convertible Debentures (Refer Note 5.1.3)	Redeemable at par in the year 2017	-	-	1,65,000	-
Total		1,29,13,04,000	-	48,40,72,000	1,28,36,95,000

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 the company has replaced the underlying securities in the form of loans under financing activities and fixed assets provided for securing these NCDs with Land situated at Kozhukully village in Sy no 296/1 part admeasuring 20 are 23 sq. m with building owned by the Company, with effect from 10 March, 2017.

Note 5.1.4 The company exercised the call option of these debentures on exercise date i.e. 18 June, 2017 and redeemed the amount on 19 June, 2017.

Note 5.1.5 Pursuant to RBI letter dated 24 March, 2016 these debentures are no longer qualified as subordinate debentures as per RBI directions and unsecured in nature. Hence the company vide a deed of amendment dated 9 March, 2017 with debenture trustees, amended clauses relating to interest rate, Security, Maturity etc. w.e.f 11 March, 2017. Accordingly the said debentures are classified as Secured for the year ended 31 March, 2017. Change in terms of repayment, interest rate and maturity details are given below.

Particulars	Existing Terms	Amended Terms
Rate of Interest	16.5% p.a payable annually	13.80% p.a payable annually from 11 March, 2017
Security	Unsecured	The principal and coupon amounts payable under the debentures together with all interest and other charges accrued there on, are being secured by way of, a first ranking, exclusive and continuing charge by way of hypothecation over the fixed deposit (payment account) and designated account opened by the company with ESAF Small Finance Bank Limited Kalathode branch and moneys lying to the credit thereof and interest being earned thereon.
Maturity Date	Redeemable in four equal installment together with accrued coupon, if any, which are due during 05 October, 2018, 07 October 2019, 07 October, 2020 and 06 April, 2021. Interest @ 16.50% per annum payable on annual basis.	28 May, 2019 being 49 months and 28 days from deemed date of allotment, or such other date on which the final payments of the debentures becomes due and payable as herein provided, whether at such stated maturity date, by declaration of acceleration or otherwise.



Note 5.2 Details of Unsecured debentures issued by the company:

Particulars	Terms and Conditions	As at 31st march 2018		As at 31st march 2017	
		Current (₹)	Non Current (₹)	Current (₹)	Non Current (₹)
a) 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
250 Nos, 17.23% Non convertible Debentures ₹1,00,000/- each (Refer Note 5.2.1)	Redeemable at Par in the year 2021. Interest @ 17.23% per annum payable on annual basis.		25,00,00,000		25,00,00,000
250 Nos, 16.83% Non convertible Debentures ₹1,00,000/- each (Refer Note 5.2.1)	Redeemable at Par in the year 2021. Interest @ 16.83% per annum payable on annual basis.		25,00,00,000		25,00,00,000
250 Nos, 11% Non convertible Debentures ₹1,00,000/- each	Redeemable at Par in the year 2024. Interest @ 11% per annum payable on semi annual basis.		25,00,00,000		
200 Nos, 11% Non convertible Debentures ₹1,00,000/- each	Redeemable at Par in the year 2024. Interest @ 11% per annum payable on quarterly basis.		20,00,00,000		
200 Nos, 10.50% Non convertible Debentures ₹1,00,000/- each (Refer Note 5.2.1)	Redeemable at Par in the year 2024. Interest @ 10.50% per annum payable on semi annual basis.	-	20,00,00,000	-	
200 Nos, 11.50% Non convertible Debentures ₹1,00,000/- each (Refer Note 5.2.1)	Redeemable at Par in the year 2025. Interest @ 11.50% per annum payable on semi annual basis.	-	20,00,00,000	-	
480 Nos, 13% Non convertible Perpetual Debt ₹1,00,000/- each (Refer Note 5.2.2)	Call option available after 2022 subject to RBI approval. Interest @ 13% per annum payable on annually	-	48,00,00,000	-	
Total		-	1,83,28,00,000	-	50,28,00,000



Note 5.2.1: 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 5.3 Details of Term Loans from Banks - Secured

Note 5.3.1 Term loans from banks are secured by hypothecation of specified loans under financing activity.

Particulars	Terms of Repayment and Interest			As at 31 March 2018		As at 31 March 2017	
	Rate of Interest	Maturity	Instalments	Current (₹)	Non Current (₹)	Current (₹)	Non Current (₹)
Axis Bank Limited	MCLR + 1.35%	<1 Year	3 -4 Quarterly	60,00,00,004	-	82,57,14,281	57,42,85,719
	MCLR + 1.90%	<1 Year	2-4 Quarterly	-	-	50,00,00,000	-
BNP Paribas	Base Rate + 1.70%	<1 Year	1 Quarterly	3,12,50,000	-	12,50,00,000	3,12,50,000
The Federal Bank Limited	Fixed 10.95%	<1 Year	2 Quarterly	3,33,33,340	-	14,16,66,665	3,33,33,340
	MCLR + 0.55%	>2 Years	11 Quarterly	5,00,00,000	8,75,00,000	1,25,00,000	13,75,00,000
HDFC Bank Limited	Fixed 9%	<1 Year	11 Monthly	44,52,38,100	-	44,52,38,090	40,47,61,910
	Fixed 11%	<1 Year	1-2 Monthly	-	-	5,00,00,018	-
IDFC Bank Limited	Base Rate + 3.65%	<1 Year	4 Monthly	-	-	8,33,33,320	-
	MCLR + 1.25%	<1 Year	7-8 Monthly	30,20,83,378	-	49,99,99,968	30,20,83,378
Indusind Bank Limited	MCLR + 1.05%	<1 Year	10 Monthly	45,45,45,455	-	54,54,54,540	45,45,45,460
	Base Rate + 2.40%	<1 Year	5 Monthly	-	-	10,86,95,652	-
State Bank of India	Base Rate + 2.75%	< 1 Year	3 Quarterly	15,32,00,000	-	26,68,00,000	15,32,00,000
	MCLR + 1.65%	> 1 Year	7 Quarterly	25,00,00,000	18,75,00,000	31,25,00,000	43,75,00,000
Shinhan Bank	MCLR + 1.70%	< 1 Year	4 Monthly	5,55,55,554	-	16,66,66,668	5,55,55,554
South Indian Bank	MCLR + 1.20%	< 1 Year	1-6 Monthly	2,22,30,000	-	11,80,33,000	2,22,30,000
	MCLR + 0.95%	> 1 Year	22 Monthly	50,16,00,000	37,30,00,000	16,72,00,000	83,28,00,000
United Bank of India	Base Rate + 2.50%	> 1 Year	1-13 Monthly	-	-	15,68,18,185	45,45,453
	Base Rate + 2.60%	> 1 Year	5 Quarterly	7,27,27,272	1,81,81,818	7,27,27,272	9,09,09,090
Total				2,97,17,63,103	66,61,81,818	4,59,83,47,659	3,53,44,99,904

Note 5.4 Details of Term Loans from Financial Institutions - Secured

Note 5.4.1 Term loans from Financial Institutions except from MUDRA are secured by hypothecation of specified loans under financing activity.

Note 5.4.2 Term loans from MUDRA are secured by lien on fixed deposits with banks amounting to ₹77,500,000/-



Particulars	Terms of Repayment and Interest			As at 31 March 2018		As at 31 March 2017	
	Rate of Interest	Maturity	Instalments	Current (₹)	Non Current (₹)	Current (₹)	Non Current (₹)
NABARD	10.50%	< 1 Year	1 Half Yearly	8,33,33,330	-	16,66,66,666	8,33,33,332
	10.75%	> 4 Years	11 Half Yearly	21,00,00,000	28,00,00,000	21,00,00,000	49,00,00,000
	11.50%	< 4 Years	2-8 Half Yearly	34,66,66,666	21,75,00,000	34,66,66,666	56,41,66,668
	MCLR+ 1.05%	< 4 Years	8 Half Yearly	30,00,00,000	40,00,00,000	30,00,00,000	70,00,00,000
MUDRA	8.25%	> 4 Years	9 Half yearly	1,00,00,00,000	3,50,00,00,000	-	-
	10.35%	< 1 Year	6 Monthly	9,94,00,000	-	20,04,00,000	9,94,00,000
	9.45%	< 2 Years	24 Monthly	41,81,81,820	38,38,18,180	34,84,84,850	80,15,15,150
SIDBI	10.75%	< 2 Years	23 Monthly	60,00,00,000	55,00,00,000	40,00,00,000	1,10,00,00,000
	13.00%	< 1 Year	9 Monthly	-	-	4,09,09,050	-
	11.75%	< 1 Year	12 Monthly	20,12,00,000	-	19,92,00,000	20,12,00,000
	9.50%	< 4 Years	8 Half Yearly	12,50,00,000	87,50,00,000	-	-
Total				3,38,37,81,816	6,20,63,18,180	2,21,23,27,232	4,03,96,15,150

Note 5.5 Details of Term loans from Non banking finance companies - Secured

Note 5.5.1 Term loans from Non Banking Finance Companies are secured by hypothecation of specified loans under financing activity.

Hero Fincorp Limited	11.50%	< 1 Year	3 Monthly	1,58,05,710	-	5,88,61,581	1,58,05,693
	11.00%	> 2 Years	25 Monthly	6,06,71,263	53,46,417	5,43,44,605	6,60,51,723
Mahindra & Mahindra	MCLR + 1.35%	< 1 Year	4 Quarterly	36,58,58,483	-	28,57,14,280	31,42,85,720
Total				44,23,35,456	53,46,417	39,89,20,466	39,61,43,136

Note 5.6 Details of Term Loans from Banks - Unsecured

Axis bank Limited	MCLR + 0.95%	< 1 Year	4 Quarterly	28,57,14,287	-	21,42,85,713	28,57,14,287
Catholic Syrian Bank	MCLR	>1 Years	8 Quarterly	25,00,00,000	25,00,00,000	12,50,00,000	37,50,00,000
DCB Bank Limited	Base Rate + 1.65%	<1 Year	9 Monthly	-	-	5,62,48,093	-
	Base Rate + 0.55%	<1 Year	11 Monthly	-	-	8,02,08,342	-
Karnataka Bank	MCLR + 1.80%	> 2 Years	29 Monthly	5,00,00,556	7,50,00,020	4,99,99,992	12,50,00,012
Vijaya Bank Limited	Fixed 11.00%	> 2 Years	1-9 Quarterly	8,12,50,000	5,62,50,000	10,00,00,000	13,74,86,807
Total				66,69,64,843	38,12,50,020	62,57,42,140	92,32,01,106

Note 5.7 Details of Term Loans from Financial Institutions - Unsecured

SIDBI	14%	> 2 Years	Bullet repayment	-	15,00,00,000	-	15,00,00,000
Total				-	15,00,00,000	-	15,00,00,000



Note 5.8 Details of Term Loans from Non Banking Finance Companies - Unsecured

Particulars	Terms of Repayment and Interest			As at 31 March 2018		As at 31 March 2017	
	Rate of Interest	Maturity	Instalments	Current (₹)	Non Current (₹)	Current (₹)	Non Current (₹)
Nabkisan	13.00%	< 1 Year	3 Quarterly	-	-	75,00,000	-
	12.00%	< 1 Year	2 Half Yearly	3,33,33,332	-	3,33,33,334	3,33,33,332
Total				3,33,33,332	-	4,08,33,334	3,33,33,332

Note 5.9 Details of Vehicle Loans- Secured

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

HDFC Bank Limited	10.00%	5 Yrs	60 Monthly	2,15,094	2,41,428	1,94,321	4,53,184
Punjab National Bank	10.65%	> 6 Yrs	53- 72 Monthly	1,29,824	4,15,707	1,16,764	5,56,777
Kotak Mahindra Prime Limited	9.35%	5 Yrs	59-60 Monthly	16,86,412	34,11,426	15,69,785	50,50,781
Kotak Mahindra Prime Limited	9.01%	< 3 Years	35 Monthly	28,84,122	63,43,526	26,52,234	92,44,698
Total				49,15,452	1,04,12,087	45,33,104	1,53,05,440

Note 5.10 Details of Deposits Unsecured

Maturity	Interest Rate	As at 31 March 2018		As at 31 March 2017	
		Current (₹)	Non Current (₹)	Current (₹)	Non Current (₹)
<= 1 year	5.60% - 15.75%	13,01,92,52,204	-	74,17,37,618	-
>1 to <= 2 years	6.80%-12.00%	-	5,54,16,94,554	-	51,77,55,516
> 2 years	7.00%-12.50%	-	2,45,84,05,899	-	8,29,21,252
Total		13,01,92,52,204	8,00,01,00,453	74,17,37,618	60,06,76,768

Deposits in the nature of savings, current are repayable on demand and term deposits are collected with minimum maturity of 7 days. No interest is payable on current deposits that are payable on demand. Savings banks deposits are payable on demand have interest in the range of 4% to 7% p.a.

Note 6 Other long-term liabilities

Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
(a) Unrealised Gain on Loan Transfer transactions	-	24,70,29,171
(b) Lease equalisation reserve	1,88,66,715	
	1,88,66,715	24,70,29,171

Note 7 Long-term provisions

(a) Provision for employee benefits:		
Provision for compensated absences	-	12,46,000
(b) Provision - Others:		
(i) Contingent provision against standard assets	3,46,33,556	3,05,20,019
(ii) Provision for non performing assets	1,31,95,745	33,67,801
Total	4,78,29,301	3,51,33,820



Note 8 Short-term borrowings

Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
Commercial Paper - Unsecured (Refer Note 8.1)	-	3,06,36,26,132
Deposits		
Term Deposits (Refer Note 5.10)	13,01,92,52,204	44,88,77,560
Demand Deposits (Refer Note 5.10)	2,49,55,94,463	74,17,37,618
Total	15,51,48,46,667	4,25,42,41,310

Note 8.1

Particulars	Terms of repayment and Interest		As at 31 March, 2017 (₹)
	Rate of Interest	Instalments	
Caspian	Yield 9.25%	Bullet	19,29,71,345
Mahindra & Mahindra	Yield 9.50%	Bullet	69,25,29,038
Kallappana Awde Bank	Yield 9.50%	Bullet	4,81,33,777
HDFC Bank Limited	Yield 9.5%	Bullet	46,16,85,578
Federal Bank	Yield 9.5%	Bullet	27,70,11,615
Yes Bank	Yield 9.5%	Bullet	1,39,12,94,779
Total			3,06,36,26,132

Note 9 Trade Payables

(A) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises #	18,17,96,492	16,43,39,387

Includes emoluments payable to employees

Note 10 Other current liabilities

(a) Current maturities of Non Convertible Debentures (Refer Note 5.1)	1,29,13,04,000	48,40,72,000
(b) Current maturities of term loan from Banks (Refer Note 5.3 and Note 5.6)	3,63,87,27,946	5,22,40,89,799
(c) Current maturities of term loan from financial institution (Refer Note 5.4 and 5.7)	3,38,37,81,816	2,21,23,27,232
(d) Current maturities of term loan from non banking finance companies (Refer Note 5.5 and 5.8)	47,56,68,788	43,97,53,800
(e) Current maturities of vehicle loan (Refer Note 5.9)	49,15,452	45,33,104
(f) Interest accrued but not due on borrowings	36,63,19,340	23,73,08,623
(g) Matured Non Convertible Debentures and Interest accrued thereon	16,74,909	2,03,562
(h) Payable towards Business Correspondent/Securitisation/Direct Assignment transaction	82,90,61,236	96,96,30,482
(i) Other payables	-	-
(i) Statutory remittances	5,72,67,341	2,30,75,059



Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
(ii) PFRDA collections	92,31,372	1,61,43,600
(iii) Payable to Gratuity Trust	1,16,62,000	99,25,000
(iv) Others	30,94,41,989	12,36,33,474
(v) Unrealised Gain on Loan Transfer transactions	3,79,18,744	-
Total	10,41,69,74,933	9,74,46,95,735

Note 11 Short-term provisions

Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
(a) Provision for employee benefits		
Provision for compensated absences	1,19,84,001	2,92,000
	1,19,84,001	2,92,000
(b) Provision - Others		
(i) Provision for tax (net of advance tax ₹59,43,13,807 (As at 31 March, 2017 ₹7,70,04,101))	64,70,684	11,48,74,201
(ii) Contingent Provision against standard assets	8,81,77,624	7,46,53,293
(iii) Provision for non performing assets	34,92,15,537	3,91,76,058
(iv) Provision for preference dividend	3,07,34,160	3,18,40,790
(v) Provision for tax on preference dividend	62,56,736	64,82,021
(vi) Provision - Others	71,45,000	6,49,84,427
	48,79,99,741	33,20,10,790
Total	49,99,83,742	33,23,02,790



Note 12 Fixed Assets

Particulars	Gross Block				Accumulated Depreciation and Impairment				Net Block	
	Balance as at 1 April, 2017 (₹)	Additions (₹)	Disposals (₹)	Balance as at 31 March, 2018 (₹)	Balance as at 1 April, 2017 (₹)	Depreciation / amortization expense for the year (₹)	Eliminated on Disposal of assets (₹)	Balance as at 31 March, 2018 (₹)	Balance as at 31 March, 2017 (₹)	Balance as at 31 March, 2018 (₹)
I. Property, Plant & Equipment										
Land	14,64,41,580	-	-	14,64,41,580	-	-	-	-	-	14,64,41,580
Buildings	(14,64,41,580)	-	-	(14,64,41,580)	-	-	-	-	-	(14,64,41,580)
	1,36,43,574	-	-	1,36,43,574	14,41,975	2,09,503	-	16,51,478	1,19,92,096	1,22,01,599
	(1,30,89,489)	(5,54,085)	-	(1,36,43,574)	(12,36,147)	(2,05,828)	-	(14,41,975)	(1,22,01,599)	-
Furniture and Fittings	11,79,17,639	9,17,96,149	-	20,97,13,788	2,73,20,501	1,35,43,734	-	4,08,64,235	16,88,49,553	9,05,97,138
	(7,52,98,403)	(4,26,19,236)	-	(11,79,17,639)	(1,87,96,832)	(85,23,669)	-	(2,73,20,501)	(9,05,97,138)	-
Vehicles	3,35,32,123	34,86,746	-	3,70,18,869	1,19,20,077	83,46,210	-	2,02,66,287	1,67,52,582	2,16,12,046
	(2,90,34,442)	(58,97,681)	(14,00,000)	(3,35,32,123)	(98,26,944)	(34,23,133)	(13,30,000)	(1,19,20,077)	(2,16,12,046)	-
Office Equipments	4,19,86,809	7,74,97,815	-	11,94,84,624	2,13,03,159	1,01,34,413	-	3,14,37,572	8,80,47,052	2,06,83,650
	(2,75,96,938)	(1,43,89,871)	-	(4,19,86,809)	(1,46,27,169)	(66,75,990)	-	(2,13,03,159)	(2,06,83,650)	-
Computers - Servers and networks	71,63,521	40,24,152	-	1,11,87,673	17,00,394	11,46,116	-	28,46,510	83,41,163	54,63,127
	(70,51,021)	(1,12,500)	-	(71,63,521)	(5,90,322)	(11,10,072)	-	(17,00,394)	(54,63,127)	-
Computers -End user devices	11,28,90,045	5,21,59,749	-	16,50,49,794	4,04,24,939	3,09,51,337	-	7,13,76,276	9,36,73,518	7,24,65,106
	(4,69,96,989)	(6,58,93,056)	-	(11,28,90,045)	(3,54,08,840)	(50,16,099)	-	(4,04,24,939)	(7,24,65,106)	-
Leasehold improvements	-	15,21,95,658	-	15,21,95,658	-	58,98,826	-	58,98,826	14,62,96,832	-
II. Intangible Assets										
Computer Software	11,79,73,569	74,71,795	-	12,54,45,364	1,39,90,347	2,69,49,858	-	4,09,40,205	8,45,05,159	10,39,83,222
III. Capital WIP	2,04,30,796	6,36,19,009	-	8,40,49,805	(2,04,30,796)	-	-	-	8,40,49,805	2,04,30,796
	-	(2,04,30,796)	-	(2,04,30,796)	-	-	-	-	(2,04,30,796)	-
Total	61,19,79,656	45,22,51,073	-	1,06,42,30,729	11,81,01,392	9,71,79,997	-	21,52,81,389	84,89,49,340	49,38,78,264
	(36,19,87,669)	(25,13,91,987)	(14,00,000)	(61,19,79,656)	(8,91,85,951)	(3,02,45,441)	(13,30,000)	(11,81,01,392)	(49,38,78,264)	-

Notes: 1) Figures in brackets relate to previous year. 2) All tangible and intangible assets are owned by the company and are not on lease.



Note 13 Non Current Investments (At Cost)

Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
Trade Investments, Unquoted		
Investments in Equity :-		-
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 Equity Shares of ₹100/- each fully paid-up in M/s ESAF Healthcare Services Private Limited	5,00,000	5,00,000
Less Provision for Diminution in value of Investments	(10,00,000)	(5,00,000)
Trade Investments, Quoted	5,74,19,55,579	4,39,97,78,688
Others	8,00,17,992	
Total	5,82,29,73,571	4,40,07,78,688
Total	5,82,19,73,571	4,40,02,78,688
Aggregate Market value of Quoted Investments	5,65,17,73,301	4,45,94,89,520

Particulars	Face Value (₹)	As at 31 March, 2018 (₹)
Trade Investments, Quoted		
Investment in Central Government Securities		
(i) 9.20% GOI 2030	50,00,00,000	56,37,73,694
(ii) 8.24% GOI 2033	70,00,00,000	74,75,35,063
(iii) 7.72% GOI 2025	1,80,00,00,000	1,84,41,90,841
(iv) 7.50% GOI 2034	15,00,00,000	15,30,97,025
(v) 7.95% GOI 2032	25,00,00,000	26,45,38,158
(vi) 8.28% GOI 2032	35,00,00,000	37,89,48,930
(vii) 8.33% GOI 2036	35,00,00,000	38,42,05,260
(viii) 8.32% GOI 2032	5,00,00,000	5,43,70,515
(ix) 8.17% GOI 2044	80,00,00,000	84,36,32,736
(x) 7.73% GOI 2034	50,00,00,000	50,76,63,357
Investment in Pass Through Certificate	10,00,225	8,00,17,992
Total		5,82,19,73,571

Particulars	Face Value (₹)	As at 31 March, 2017 (₹)
Trade Investments, Quoted		
Investment in Central Government Securities		
(i) 7.88% GOI 2030	70,00,00,000	72,06,85,154
(ii) 8.97% GOI 2030	70,00,00,000	78,19,98,437
(iii) 9.20% GOI 2030	50,00,00,000	56,89,00,060
(iv) 8.24% GOI 2033	45,00,00,000	47,77,94,631
(v) 7.72% GOI 2025	1,80,00,00,000	1,85,04,00,405
Total		4,39,97,78,687



Note 14 Long-term loans and advances

Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
(a) Receivable under financing activity		
Secured, considered good	8,47,87,104	32,45,494
Unsecured, considered good	8,57,36,01,941	4,28,78,46,255
Considered doubtful (Non Performing Assets under financing activities as per Group's provisioning norms)	3,61,00,181	7,88,48,312
	8,69,44,89,226	4,36,99,40,061
Refer note 7 for provision for sub-standard and doubtful receivables under financing activities		
(b) Deposits	10,76,37,198	7,56,54,465
(c) Loans and advances to employees (Refer note 15.1)	5,66,635	6,46,639
(d) Receivable from special purpose vehicle for asset de-recognised	-	9,17,65,901
	10,82,03,833	16,80,67,005
Total	8,80,26,93,059	4,53,80,07,066
Note 15.1 Represents amount due from Mrs. Mereena Paul, Chairperson & Managing Director	5,66,635	6,46,639

Note 15 Other Non Current Assets

(a) Interest strip retained on Securitised Portfolio	-	16,81,52,092
(b) Bank balances held as margin money or security against borrowings, guarantees and other commitments	-	39,35,80,503
Total	-	56,17,32,595

Note 16 Current Investments

Trade investments, Quoted		
Investment in Government securities	99,74,80,584	1,39,21,73,206
Trade investments, Unquoted		
Other Investments	49,91,80,000	-
Total	1,49,66,60,584	1,39,21,73,206
Aggregate Market value of Quoted Investments	99,74,80,584	1,39,21,73,206

Investment in Treasury Bills	99,74,80,584	1,39,21,73,206
Certificate of Deposits	49,91,80,000	-
Total	1,49,66,60,584	1,39,21,73,206

Note 17 Cash and cash equivalents

A. Cash and cash equivalents (as per AS 3 Cash Flow Statements)		
(a) Cash on hand	11,30,47,573	1,26,60,900
(b) Balances with Reserve Bank of India	-	
In Current Accounts	4,27,15,37,770	1,05,62,89,567
(c) Balances with Banks		



Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
in current accounts	1,06,10,35,269	3,31,56,98,112
In other deposit accounts - original maturity less than 3 months	1,00,00,00,000	
Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements) (A)	6,44,56,20,612	4,38,46,48,579
B. Other bank balances		
(i) In other deposit accounts - original maturity more than 3 months	28,71,865	16,90,60,343
(ii) In earmarked accounts	-	
a) Balances held as margin money or security against borrowings, guarantees and other commitments	54,54,24,027	2,82,62,59,247
b) PFRDA collection accounts	-	25,76,432
Total - Other bank balances (B)	54,82,95,892	2,99,78,96,022
Total Cash and cash equivalents (A+B)	6,99,39,16,504	7,38,25,44,601

Note 18 Short-term loans and advances

(a) Receivable under financing activity		
Secured, considered good	9,68,84,490	-
Unsecured, considered good	21,94,75,21,348	9,48,81,05,878
Considered doubtful (Non Performing Assets under financing activities as per Group's provisioning norms)	1,17,43,74,713	91,82,59,560
Total	23,21,87,80,551	10,40,63,65,438
Refer note 11 for provision for sub-standard and doubtful receivables under financing activities		
(b) Loans and advances to related parties		
Unsecured, considered good (Refer Note No. 20.1 and 27.3.b)	80,004	1,00,004
(c) Loans and advances to employees		
Unsecured, considered good	9,33,090	12,83,791
Considered doubtful	36,76,130	42,96,491
Less Provision for Doubtful Advances	(36,76,130)	(42,96,491)
(d) Prepaid expenses	83,61,759	33,77,107
(e) Balances with Government authorities		
Unsecured, considered good	14,27,59,256	2,89,73,347
Considered doubtful	5,37,648	-
Less Provision for Doubtful Advances	(5,37,648)	-
(f) Receivable from special purpose vehicle for asset De-recognised	-	13,48,97,319
(g) Compensated Leave Salary Assets	1,63,35,142	1,82,95,000
(h) Other Advances	2,82,90,287	5,23,75,395
Total	19,67,59,538	23,93,01,963
Total	23,41,55,40,089	10,64,56,67,401



Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
Note 20.1 Represents amount due from Mrs. Mareena Paul, Chairperson & Managing Director	80,004	1,00,004

Note 19 Other current assets

(a) Interest accrued		
(i) Interest accrued on Loans under Financing activity	14,50,87,564	11,91,30,310
(ii) Interest accrued on deposits	26,15,497	44,23,884
(iii) Interest accrued on Investments	12,13,04,631	8,64,29,972
(b) Facilitation charges accrued on PFRDA Collections & other Business Auxiliary service	-	3,97,46,910
(c) Others	-	
(i) Insurance claims receivable	4,08,612	29,94,276
(ii) Other Receivables	2,06,70,741	2,26,33,274
Less Provision for Doubtful Advances	(88,01,776)	(1,02,93,816)
(iii) Interest Strip retained on Securitised Portfolio	3,79,18,744	7,88,77,079
Total	31,92,04,013	34,39,41,889

Note 20 Income From Operations

Interest on Loans under financing activity	5,42,57,72,244	2,99,56,23,031
Processing Fees on Loans under financing activity	23,71,75,724	23,57,66,068
Other financial services	56,44,95,143	53,10,45,707
Total	6,22,74,43,111	3,76,24,34,806

Note 21 Other income

Interest Income on Staff Advances	1,44,000	3,45,813
Interest income from GOI Securities	49,33,74,502	2,25,38,098
Dividend income from current investments:	-	-
Mutual funds	-	28,93,199
Interest income on Fixed Deposits	4,53,65,342	10,39,14,178
Recovery from Written off Loans	4,39,597	7,42,893
Commission from marketing of products/services	13,04,96,738	30,47,81,764
Net gain on sale of current Investments	4,82,55,587	2,34,59,253
Profit on Sale of Fixed Assets	-	3,90,000
Liabilities/provisions no longer required written back	1,26,41,310	8,43,88,388
Miscellaneous Income	4,42,88,793	3,80,268
Total	77,50,05,869	54,38,33,854



Note 22 Employee Benefits Expense

Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
Salaries, Wages and Bonus	36,05,42,624	67,02,12,705
Contributions to provident and other funds	1,06,32,211	5,29,62,503
Staff welfare expenses	3,13,76,524	5,91,40,227
Total	40,25,51,359	78,23,15,435

Note 23 Finance Costs

(a) Interest expense on:		
(i) Borrowings from Banks	89,21,08,063	1,12,64,48,586
(ii) Borrowings from Financial Institution & NBFC	1,00,96,46,693	17,88,72,217
(iii) Borrowings from Others	80,06,11,857	71,11,844
(iv) Debentures	36,59,70,653	37,86,37,021
(v) Delayed/ deferred payment of Income Tax	17,31,535	1,60,12,384
(vi) Delayed/ deferred payment of Service Tax	3,53,553	1,83,883
(vii) Delayed/ deferred payment of Dividend Distribution Tax	-	2,87,870
(b) Other borrowing costs		
(i) Processing Fee on Borrowings	51,80,000	6,14,01,193
(ii) Discount on issue of Debentures	-	1,81,50,152
(iii) Others	6,97,373	-
Total	3,07,62,99,727	1,78,71,05,150

Note 24 Other expenses

Electricity and Water Charges	1,61,47,728	99,00,003
Rent	15,48,27,701	8,21,51,907
Repairs and Maintenance - Buildings	-	29,23,345
Repairs and Maintenance - Others	4,22,83,239	35,25,108
Vehicle Maintenance	44,41,875	60,12,241
Office Maintenance	1,94,17,677	50,32,675
Insurance	42,43,588	1,31,02,148
Rates and Taxes	3,72,91,256	3,02,40,042
Telephone and Internet expenses	3,20,19,355	1,74,98,497
Travelling and conveyance	3,08,56,832	10,28,74,903
Printing and stationery	5,16,28,403	2,39,18,484
Advertisement and Business promotion expenses	12,95,67,442	3,49,60,145
Legal and professional	5,46,45,490	11,71,26,774
Payments to auditors (Refer Note 24.1)	63,57,462	52,70,000
Expenditure on Corporate Social Responsibility	98,41,724	1,11,29,100



Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
Directors Sitting Fee	67,79,534	38,00,000
Processing charges for loans under Financing activity	69,78,370	2,36,34,372
Other Expenses	1,98,72,63,190	20,18,10,464
Total	2,59,45,90,866	69,49,10,208

Note 24.1 Payments to the auditors comprises (net of service tax input credit):

For audit	55,00,000	36,00,000
For tax audit	-	5,00,000
For other services	4,37,215	8,45,000
Reimbursement of expenses	4,20,247	3,25,000
Total	63,57,462	52,70,000

Note 25 Provisions and write offs

Contingent Provision against Standard Assets	1,76,37,868	6,99,69,560
Provision for Non Performing Assets	31,98,67,423	4,86,29,724
Provision for Credit Enhancement on Assets Derecognised	-	10,76,578
Provision Others	1,85,91,512	3,99,44,986
Provision for Death Claim Receivable	-	1,02,93,816
Provision for Doubtful Staff Advances	-	3,73,285
Provision for Fraud cases	-	27,95,000
Loans Written Off	-	28,185
Total	35,60,96,803	17,31,11,134

Note 26 Additional information to the financial statements

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

Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
i Contingent liabilities		
(a) Corporate Guarantee given by the Group	-	2,32,91,775
(b) Credit enhancement provided by the Group towards securitisation (including cash collateral, Principal and interest subordination)	67,76,71,755	67,60,57,892
(c) Disputed Income Tax demands from assessment year 2009-10 to 2013-14 under appeal pending before appellate/assessing authorities. The management is of opinion these demands are not sustainable.	1,31,77,352	1,31,77,352



Particulars	As at 31 March, 2018 (₹)	As at 31 March, 2017 (₹)
<p>(d) The Group had received a combined order relating to assessment years 2008-09 to 2011-12 from the Service Tax Authorities during the year 2015-16. 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 Group had filed appeal and stay petition against the demand order with The Customs, Excise and Service Tax Appellate Tribunal (CESTAT).</p> <p>Show cause notices received from Service tax department pending formal demand notices, have not been considered as contingent liabilities</p> <p>Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.</p>	2,71,40,516	2,71,40,516
<p>ii Commitments</p> <p>Estimated amount of contracts remaining to be executed on capital account and not provided for</p>	-	-

26.2 Employee Stock Option Scheme

The share holders of the company vide their meeting dated 28 September 2017 approved the cancellation of Employee Stock Option Scheme 2015.

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

(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.



26.4 Note on Corporate Social Responsibility Expenditure

a) Gross amount required to be spent by the Group during the year ended 31 March, 2018 ₹98,41,724/-

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

Particulars	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

Amount Spent during the year 2016-17 on:

Construction/acquisition of any asset	-	-	-
On purposes other than above	1,11,29,100	-	1,11,29,100

Note 27 Disclosures under Accounting Standards

27.1 Employee Benefit Plans

a) Defined contribution Plans:-

During the year, the Group has recognised the following amounts in the statement of Profit & Loss

Particulars	For the year ended 31 March 2018 (₹)	For the year ended 31 March 2017 (₹)
Employer's contribution to Provident & Pension Fund	1,06,32,211	4,10,33,855
Employer's contribution to ESI	1,710	1,51,73,992
Employer's contribution to KEWF	620	3,56,250

b) Defined Benefit Plans:-

The Group 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)

Current Service Cost	4,196	12,203
Interest cost	1,127	2,887
Expected return on plan assets	(2,310)	(914)
Past Service Cost	3,163	-
Actuarial Loss/(Gain)	1,246	(4,251)
Employer expense	7,422	9,925

Actual contribution and benefit payments for the year (₹in Thousands)

Actual benefit payments	(2,206)	(2,040)
Actual contributions	20,965	7,313

Net (asset) / liability recognised in the Balance Sheet (₹in Thousands)

Present value of defined benefit obligation	24,184	16,102
Fair Value of plan assets	37,382	42,315
Net liability/(asset) recognised in the Balance Sheet	(13,198)	(26,213)



Change in defined benefit obligations (DBO) during the year (₹in Thousands)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Present Value of DBO at beginning of the year	16,102	41,002
Transfer in/(out)	-	(36,138)
Current Service Cost	4,196	12,203
Interest Cost	1,127	2,887
Benefits Paid	(2,206)	(2,040)
Past service cost	3,163	1,593
Actuarial Loss/(Gain)	1,802	(3,401)
Present Value of DBO at end of the year	24,184	16,102

Change in fair value of assets during the year (₹in Thousands)

Fair Value of plan assets at beginning of the year	42,315	33,685
Contributions by employer	20,965	7,313
Benefits paid	(2,206)	(2,040)
Expected return on plan assets	2,310	2,507
Actuarial Gain/(Loss)	556	850
Transfer in/(out)	(26,558)	(45,618)
Add Contribution Receivable from ESAF Microfinance and Investment Private Limited	-	3,303
Fair Value of plan assets at end of the year	37,382	-
Actual return on plan assets	2,866	3,357

Composition of plan assets is as follows:

Government bonds	0%	0%
PSU bonds	0%	0%
Insurer managed funds* (Non Unit -Linked)	100%	61%
Insurer managed funds* (Unit -Linked)	0%	39%

* 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

Discount Rate	5.7%	7%
Salary escalation	7.50%	5%
Attrition rate	10%	10%
Expected return on plan assets	7%	7.6%/0%
Mortality rate	IALM 2006-08 (Ult.)	IALM 2006-08 (Ult.)
Expected average remaining working lives of employees	6 years	8 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 (₹in Thousands)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Present value of DBO	24,184	16,102
Fair value of plan assets	37,382	-
Funded status [Surplus/(Deficit)]	13,198	(19,405)
Experience adjustment on plan liabilities: (Gain)/Loss	(997)	(125)
Experience adjustment on plan assets: Gain/(Loss)	356	784

27.2 Segment Reporting:-

In accordance with AS 17 business segments have been identified as the primary segments. The business segments identified by the management are Treasury and Micro & Retail financing.

The Group's has its ibusiness only in India; hence, there are no geographical segments.

Sl No.	Business Segments	Treasury	Micro and Retail financing	Total
		31 March, 2018	31 March, 2018	31 March, 2018
1	Gross Interest Income	55,82,40,269	5,40,40,78,415	5,96,23,18,685
2	Other Income	4,82,55,587	70,33,81,927	75,16,37,514
3	Un allocated Revenue			28,84,92,781
4	(less) Inter segment revenue			-
5	Total Income (1+2-3)	60,64,95,856	6,10,74,60,343	7,00,24,48,980
6	Less Interest Expense	23,63,73,868	2,63,88,48,082	2,87,52,21,950
7	Less Operating Expense	83,54,760	3,39,19,60,219	3,40,03,14,979
8	Result			43,84,19,270
9	Unallocated expenses			25,11,81,823
10	Unallocated Result			28,84,92,781
11	Operating profit			47,57,30,228
12	Tax expenses (including de-ferred tax)			18,62,58,463
13	Extraordinary profit/ loss			-
14	Net profit (8+9-10-12)			28,94,71,765
	Other information:			
15	Segment assets	13,63,80,33,151	33,85,71,03,958	47,49,51,37,109
16	Unallocated assets			30,75,21,397
17	Total assets			47,80,26,58,506
18	Segment liabilities		42,44,62,26,959	42,44,62,26,959
19	Unallocated Liabilities			1,48,64,79,865
20	Capital & Reserves			3,52,55,68,538
21	Minority Interest			34,43,83,144
22	Total liabilities			47,80,26,58,506
23	Capital Expenditure		78,57,07,428	78,57,07,428
24	Less Depreciation		9,71,79,997	9,71,79,997



Sl No.	Business Segments	Treasury	Micro and Retail financing	Total
		31 March, 2017	31 March, 2017	31 March, 2017
1	Gross Interest Income	2,39,13,248	3,79,35,38,149	3,81,74,51,398
2	Other Income	36,56,971	47,78,94,880	48,15,51,851
3	Un allocated Revenue			21,93,405
4	(less) Inter segment revenue			-
5	Total Income (1+2-3)	2,75,70,219	4,27,14,33,030	4,30,11,96,654
6	Less Interest Expense	1,93,88,254	1,75,12,32,759	1,77,06,21,013
7	Less Operating Expense	6,86,480	1,71,40,69,170	1,71,47,55,650
8	Result			81,36,26,586
9	Unallocated Result			21,93,405
10	Unallocated expenses			9,75,02,652
11	Operating profit			71,83,17,339
12	Tax expenses (including de-ferred tax)			41,36,18,374
13	Extraordinary profit/ loss			-
14	Net profit (8+9-10-12)			30,46,98,965
	Other information:			
15	Segment assets	9,39,82,41,462	17,55,17,96,354	26,95,00,37,816
16	Unallocated assets	-		2,77,60,01,196
17	Total assets			29,72,60,39,012
18	Segment liabilities	3,06,36,26,132	20,96,13,44,113	24,02,49,70,245
19	Unallocated Liabilities			2,18,94,97,945
20	Capital & Reserves			3,30,00,44,469
21	Minority Interest			21,15,26,353
22	Total liabilities			29,72,60,39,012
23	Capital Expenditure			50,50,07,847
24	Less Depreciation			3,02,45,441

Tax paid in advance / tax deducted at source (net of provisions), others which cannot be allocated to any segments, have been classified as unallocated assets; Depreciation on Fixed Assets has been classified as unallocated expenses. Inter-company balances are eliminated from Segment balances.

27.3 Related party transactions

27.3.a Details of related parties:

Description of relationship	Names of related parties
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



Description of relationship	Names of related parties
Relatives of KMP	Mr. K. Paul Thomas, spouse of Key managerial person Emy Acha Paul, daughter of Key managerial person Alok Paul Thomas, son of Key managerial person
Entities in which KMP can exercise significant influence	ESAF Retail Private Limited ESAF Swasraya Producers Company Limited Evangelical Social Action Forum ESAF Swasraya Multistate Agro Co-operative Society Limited Rhema Dairy Products India Private Limited ESAF Homes and Infrastructure Private Limited Sanma Garments Private Limited Cedar Agri Solutions Private Limited Prachodhan Development Services ESAF Healthcare Services Private Limited Rhema Milk Producer Company Limited Lahanti Business Services Private Limited Lahanti Last Mile Services Private Limited
Subsidiary Company	ESAF Small Finance Bank Limited

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

27.3.b Details of related party transactions during the year ended 31 March, 2018 and balances outstanding as at 31 March, 2018:

Sl. No.	Transaction	Related Party	For the year ended 31 March, 2018	For the year ended 31 March, 2017
1	Purchase of Office Stationary	ESAF Swasraya Multi State Agro Co-operative Society Limited	15,40,810	6,90,572
2	Payment of Collections from Customers as per Agency agreement	ESAF Retail Private Limited	2,32,91,775	67,13,59,419
3	Support service	ESAF Swasraya Multi State Agro Co-operative Society Limited ESAF Retail Private Limited	- -	2,00,00,000 2,00,72,940
4	Facilitation charges	ESAF Swasraya Multi State Agro Co-operative Society Limited Tattva Fincorp Ltd (formerly known as ESAF Enterprise Development Finance Limited)	2,97,99,220 -	7,03,38,498 34,75,530
5	Purchase of articles	ESAF Swasraya Producers Company Limited.	2,86,562	3,94,968
6	Repayment of loan/ Subordinate debt	ESAF Swasraya Multi State Agro Co-operative Society Limited	-	18,30,00,000



Sl. No.	Transaction	Related Party	For the year ended 31 March, 2018	For the year ended 31 March, 2017
7	Interest Paid	ESAF Swasraya Multi State Agro Co-operative Society Limited	6,85,72,055	2,99,67,865
		Mr. K. Paul Thomas	1,40,00,000	2,01,82,325
		Mr. George Thomas	-	72,87,102
8	Remuneration to KMP and relatives of KMP	Mrs. Mereena Paul	68,98,513	21,82,413
		Mrs. Mercy Mathew	-	2,62,670
		Mrs. Beena George	-	8,09,870
9	One time compensation	Mr. K. Paul Thomas	-	39,15,667
		Mr. George Thomas	-	16,57,594
	Repayment of Staff Loan/ Advances by KMP and relatives of KMP	Mr. K. Paul Thomas	-	17,07,079
10		Mrs. Mercy Mathew	-	5,000
		Mrs. Mereena Paul	80,004	1,18,483
	Interest received on loans to KMP and relatives of KMP	Mr. K. Paul Thomas	-	1,59,335
11		Mrs. Mereena Paul	1,44,020	1,45,461
		Mrs. Mereena Paul	1,84,800	1,93,460
12	Rent paid	Mr. K. Paul Thomas	12,60,000	-
		ESAF Homes & Infrastructure Private Limited	1,82,40,000	15,20,000
	Dividend paid on Compulsorily convertible preference shares	ESAF Retail Private Limited	9,50,000	9,50,000
13		Dia Vikas Capital Private Limited	2,97,84,160	2,39,67,092
		ESAF Swasraya Multi State Agro Co-operative Society Limited	-	1,65,30,062
14	CCPs conversion to Equity Shares (Refer Note : 3.7.2)	ESAF Swasraya Multi State Agro Co-operative Society Limited	-	3,30,00,000
15	Right issue (Refer Note : 3.7.1)	Mr. K. Paul Thomas	-	4,86,08,340
16	Expenditure on Corporate Social Responsibility	Evangelical Social Action Forum	98,41,724	1,11,29,100
17	Expenditure towards Clean Energy Program	Evangelical Social Action Forum	35,00,000	30,00,000
18	Purchase of Assets	ESAF Enterprises Development Finance Limited	-	86,74,191
		Dia Vikas Capital Private Limited	-	2,10,19,225
		ESAF Swasraya Multi State Agro Co-operative Society Limited	-	5,13,36,450
		SIDBI Trustee Company Ltd. - A/C Samridhi Fund	-	1,28,82,173
		Mr. K Paul Thomas	-	48,48,750
19	Dividend paid on Equity shares	Mr. George Thomas	-	1,30,800
		Mrs. Mereena Paul	-	1,42,500
		Mrs. Beena George	-	30,000
		Mrs. Sheena George	-	15,000
		Mr. Sunny Thomas	-	30,000
		Mrs. Mercy Mathew	-	15,000



Sl. No.	Transaction	Related Party	For the year ended 31 March, 2018	For the year ended 31 March, 2017
20	Fixed Deposits Made	ESAF Swasraya Multi State Agro Co-operative Society Limited	-	50,00,00,000
21	Demand Deposits	ESAF Swasraya Multi State Agro Co-operative Society Limited	37,74,33,771	30,66,426
		ESAF Retail Private Limited	1,94,24,367	-
22	Interest paid on Deposits	ESAF Swasraya Multi State Agro Co-operative Society Limited	8,30,41,007	34,07,140
		Mr. K Paul Thomas	1,02,369	-
23	Deposit Transfer	ESAF Swasraya Multi State Agro Co-operative Society Limited	-	87,76,20,291
		Mr. K Paul Thomas	24,20,529	11,041
24	Savings Deposit	ESAF Swasraya Multi State Agro Co-operative Society Limited	10,12,75,357	-
25	Issue of Equity shares	Mr. K Paul Thomas	10,38,23,520	20,80,44,330
26	Securities Premium - issue of equity shares	Mr. K Paul Thomas	20,76,470	29,55,670
27	Assignment of Loan	ESAF Swasraya Multi State Agro Co-operative Society Limited	-	30,99,87,239
28	Payables	ESAF Swasraya Multi State Agro Co-operative Society Limited	8,04,76,546	40,37,719
		ESAF Homes & Infrastructure Private Limited	-	1,52,00,000
29	Rent Deposit	Mr. K Paul Thomas	7,00,000	-
		Mrs. Mereena Paul	50,000	50,000
30	BC servicer fee	ESAF Swasraya Multi State Agro Co-operative Society Limited	1,58,54,11,211	6,37,34,809
31	Commission for client aquisition	ESAF Swasraya Multi State Agro Co-operative Society Limited	-	5,26,31,580
32	Subordinate Debt	ESAF Swasraya Multi State Agro Co-operative Society Limited	45,00,00,000	-
33	Perpetual Debt	ESAF Swasraya Multi State Agro Co-operative Society Limited	48,00,00,000	-
34	Interest Accrued & Payable on Debt	ESAF Swasraya Multi State Agro Co-operative Society Limited	6,85,72,055	-

Sl. No.	Balance at the Year end	Related Party	For the year ended 31 March, 2018	For the year ended 31 March, 2017
1	Other Current Liabilities	ESAF Retail Private Limited	31,81,835	1,07,98,620
		Mrs. Mareena Paul	11,42,000	-
		Evangelical Social Action Forum	15,00,000	-
		ESAF Swasraya Multi State Agro Co-operative Society Limited	16,47,89,556	8,85,23,474



Sl. No.	Balance at the Year end	Related Party	For the year ended 31 March, 2018	For the year ended 31 March, 2017
2	Borrowings	ESAF Swasraya Multi State Agro Co-operative Society Limited	93,00,00,000	-
3	Other Assets	ESAF Swasraya Multi State Agro Co-operative Society Limited	-	40,37,719
		ESAF Retail Private Limited	21,635	56,500
		Mrs. Mareena Paul	-	50,000
4	Rent Deposit	Mr. K Paul Thomas	7,00,000	
		ESAF Homes and Infrastructure Private Limited.	1,52,00,000	1,52,00,000
5	Term Deposits	ESAF Swasraya Multi State Agro Co-operative Society Limited	98,17,94,618	50,64,73,566
		Mr. K Paul Thomas	24,20,529	-
		ESAF Retail Private Limited	1,94,24,367	-
6	Security Deposit	SIDBI Trustee Company Ltd. - A/C Samridhi Fund	12,50,000	12,50,000
7	Staff Loans and Advances	Mrs. Mareena Paul	6,46,639	7,26,643
		Mrs. Beena George	-	20,000
8	Corporate Guarantee given	ESAF Retail Private Limited	-	2,32,91,775

27.4 Details of Leasing arrangements

The Group has taken on rent branch premises for periods ranging from 11 months to 360 Months. The rental arrangements are cancellable after giving one month notice and the agreements provides for an annual increase of 5% to 25% on an yearly basis. For the reporting year the rental expenses amounts to ₹15,48,90,647/- (Previous year ₹8,21,51,907/-)

27.5 Earnings per share

Particulars	For the year ended 31 March, 2018 (₹)	For the year ended 31 March, 2017 (₹)
Basic		
Profit for the year	26,25,14,965	42,44,36,565
Less Preference Dividend and tax thereon	3,69,90,897	3,83,22,811
Profit available to Equity Shareholders	22,55,24,067	38,61,13,753
Weighted average number of equity shares	14,03,39,963	13,73,60,871
Par value per share	10	10
Earnings per share - Basic	1.61	2.81
Diluted		
Profit for the year	26,25,14,965	42,44,36,565
Less Preference Dividend and tax thereon	3,69,90,897	3,83,22,811
Profit available to Equity Shareholders	22,55,24,067	38,61,13,753

Particulars	For the year ended 31 March, 2018 (₹)	For the year ended 31 March, 2017 (₹)
Add : Preference dividend and tax thereon on Compulsorily Convertible Preference Shares	3,69,90,897	3,83,22,811
Profit attributable to equity shareholders (on dilution)	26,25,14,965	42,44,36,564
Weighted average number of equity shares for Basic EPS	14,03,39,963	13,73,60,871
Add: Effect of CCP Shares which are dilutive	2,54,53,467	2,54,53,467
Add: Effect Option to exercise the Shares on Rights Basis		-
Weighted average number of equity shares - for Diluted EPS	16,57,93,430	16,28,14,338
Par value per share	10	10
Earnings per share - Diluted	1.58	2.61

27.6 Deferred tax (liabilities) / assets

Particulars	Deferred Tax Asset as on 31 March, 2018 (₹)	Deferred Tax Asset as on 31 March, 2017 (₹)
Tax effect of items constituting deferred tax Liabilities		
On difference between book balance and tax balance of fixed assets	(1,04,71,865)	(2,06,85,513)
Tax effect of items constituting deferred tax assets		
	-	1,60,59,932
Provision for standard and non performing assets	9,17,69,063	-
Provision for Deferment Assets Income	-	61,92,908
Provision for compensated absences	1,35,63,209	42,73,598
Others	88,60,939	45,18,235
Deferred tax assets	10,37,21,346	1,03,59,161

28 The Company received approval from Reserve Bank of India ("RBI") to setup a Small Finance Bank. Pursuant to the same, the company executed an agreement to transfer its business undertaking to its 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 Micro Finance Company. Pursuant to this change, the Company has sought to surrender its NBFC-MFI license and is in the process of applying for registration as a NBFC- Core Investment Company ("CIC") with RBI.

29 Additional Information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.



Name of the Entity	As at / For the year ended 31 March 2018			
	Net Assets (i.e., Total Assets minus Total Liabilities)		Share of profit of loss	
	As % of Consolidated net assets	Amount ₹in lakh	As % of Consolidated net assets	Amount ₹in lakh
ESAF Microfinance and Investments Private Limited - Parent Company	92.96%	32,772.41	6.74%	195.23
Indian Subsidiary				
ESAF Small Finance Bank Limited	97.39%	34,334.78	83.94%	2699.49
Minority Interest	(9.77%)	(3,443.83)	9.31%	(269.57)
Intercompany Adjustments	(80.58%)	(28,407.68)	-	-

Name of the Entity	As at / For the year ended 31 March 2017			
	Net Assets (i.e., Total Assets minus Total Liabilities)		Share of profit of loss	
	As % of Consolidated net assets	Amount ₹in lakh	As % of Consolidated net assets	Amount ₹in lakh
ESAF Microfinance and Investments Private Limited -Parent Company	99.84%	32,947.09	98.74%	4191.01
Indian Subsidiary				
ESAF Small Finance Bank Limited	92.65%	30,576.30	1.80%	76.30
Minority Interest	(6.41%)	(2,115.26)	(0.12%)	(5.26)
Intercompany Adjustments	(86.08%)	(28,407.68)	(0.42%)	(17.68)

30 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,

Sd-
Mereena Paul
Chairperson & Managing Director
DIN:02228087

Sd-
Vikraman Ampalakkat
Director
DIN:01978341

Sd-
per Sarvesh Warty
Partner
Membership No. 121411

Sd-
Rajesh Sreedharan Pillai
Chief Financial Officer

Sd-
Jiju George
Company Secretary

Place : Mumbai
Date : 04 September, 2018

Place : Thrissur
Date : 04 September, 2018



ESAF SMALL FINANCE BANK LAUNCHES NRI OPERATIONS



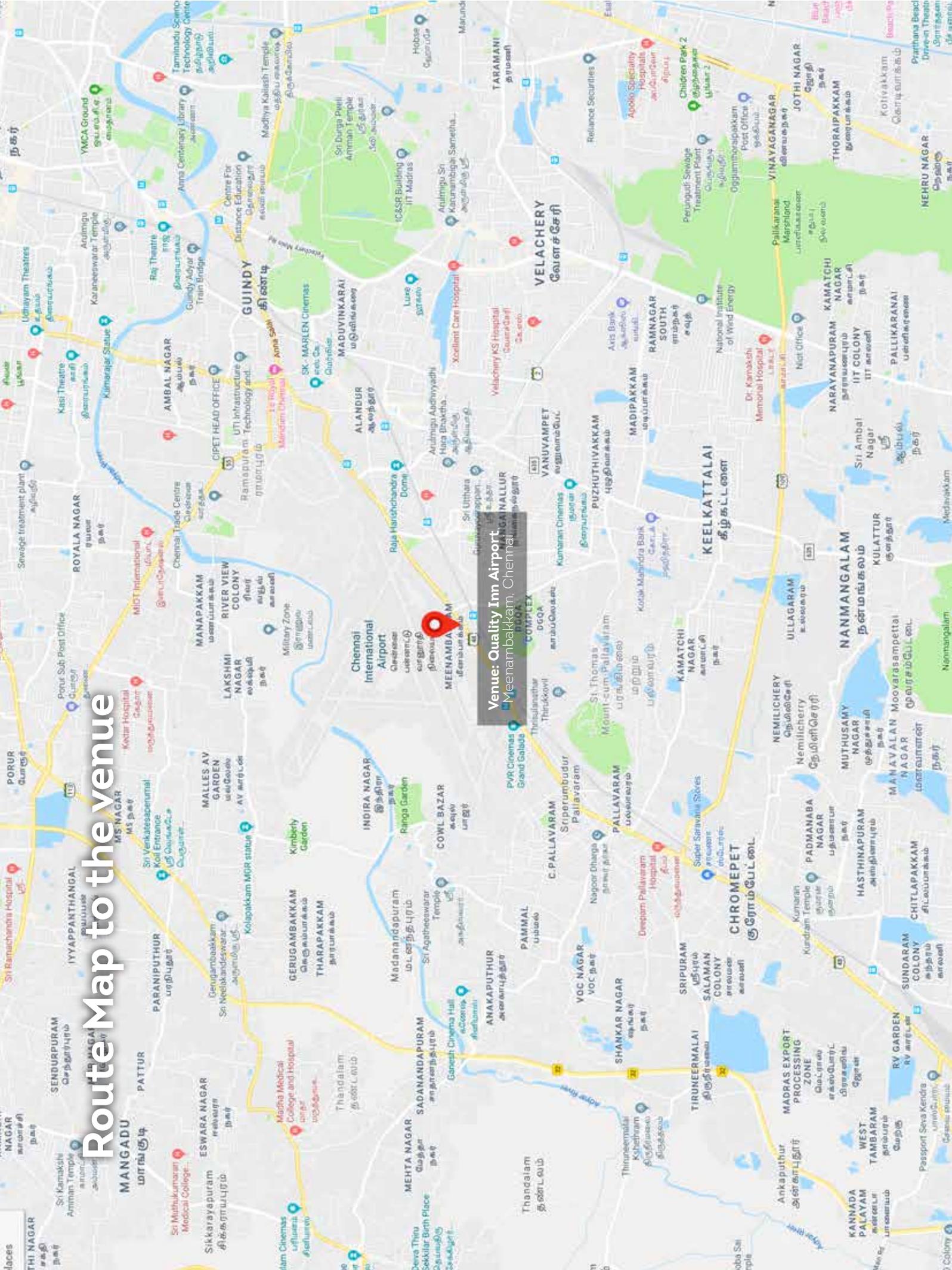
Shri. Kamal Patnaick General Manger (Officer in Charge) Reserve Bank of India inaugurating ESAF Small Finance Bank NRI operations at Kochi. Also seen are Shri. R. Prabha, Chairman and Shri. K. Paul Thomas, MD & CEO, ESAF Small Finance Bank.City

K. PAUL THOMAS ON SA-DHAN BOARD



Shri. K. Paul Thomas, was selected to the board of Sa-Dhan, a Self Regulatory Organisation for the Microfinance Sector recognized by The Reserve Bank of India.

Route Map to the venue



Venue: Quality Inn Airport,
Meenambakkam, Chennai

ATTENDANCE SLIP

CIN : U65910TN1996PTC036650
Name of the Company : ESAF Microfinance and Investments Private Limited
Registered Office Address : No 8/9, Mansuk Buildings, Flat No.3A, 3rd Floor,
Gangadeeswara Koil St, Purasawalkam, Chennai – 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 22nd ANNUAL GENERAL MEETING of the Company on Friday, September 28, 2018 at Quality Inn Airport, No.5, Old Station Road, GST Main Road, Next to BMW Showroom, Meenambakkam, Chennai, Tamil Nadu 600027 at 10:00 A.M. and at any adjournment(s) thereof.

Signature of Shareholder/proxy

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 Microfinance and Investments Private Limited
Registered Office Address : No 8/9, Mansuk Buildings, Flat No.3A, 3rd Floor,
Gangadeeswara Koil St, Purasawalkam, Chennai – 600 084

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

1. Name : Address :

E-mail ID :Signature:or failing him,

2. Name : Address :

E-mail ID :Signature:or failing him,

3. Name : Address :

E-mail ID :Signature:



as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company, to be held on Friday, September 28, 2018 at Quality Inn Airport, No.5, Old Station Road, GST Main Road, Next to BMW Showroom, Meenambakkam, Chennai, Tamil Nadu 600027 at 10:00 A.M. and at any adjournment thereof in respect of such resolutions as are indicated below.

- | | |
|----|----|
| 1. | 5. |
| 2. | 6. |
| 3. | 7. |
| 4. | 8. |

Signed this..... day of.....2018

Signature of shareholder

Affix Revenue Stamp

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.

