November 23, 2018

The General Manager
Department of Corporate Services – Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400001

The Vice President, Listing Department
National Stock Exchange of India Limited
The Exchange Plaza
Bandra Kurla Complex
Bandra (East)
Mumbai 400051

Dear Sirs,

Sub: Annual Report of CreditAccess Grameen Limited for the FY 2017-18

Pursuant to Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, we are submitting herewith-Annual report for the FY 2017-18 that was approved and adopted at the 27th Annual General Meeting held on November 21, 2018 at 10:00 am.

We request you to kindly take the same on record.

Yours sincerely

CREDITACCESS GRAMEEN LIMITED

Syam Kumar R
Company Secretary

CreditAccess Grameen Limited
(Formerly known as Grameen Koota
Financial Services Pvt. Ltd.)

GrameenKoota
financial services



ANNUAL REPORT
2017-18

www.grameenkoota.org

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I - MESSAGES

A CREDO OF SERVICE TO THE UNDERSERVED

We were born out of the need for timely and affordable credit to India's poor and low-income households. A brainchild of Mrs. Vinatha M. Reddy, who in turn was inspired by the book **Give Us Credit**' by Alex Counts, President and CEO, Grameen Foundation USA.

True to our operational legacy, we adopted the microfinance lending methodology to the Indian setting and launched our operations.

The rest, as they say, is history. On our noble tenets of service through inclusion, our institution has today developed into a financially viable mega-corporation, with a concrete vision for tomorrow.

The milestones have been many. And the rewards - both in monetary and emotive terms - most gratifying. Today, we pause in our tracks to welcome into the family our shareholders post our public issue. But the pause is brief, for we see a spot on the horizon.

The next milestone.



Mr. M. N. Gopinath

Message from the Chairman & Independent Director

The impressive speed with which the Micro Finance Industry rebound from the impact of demonetization and machinations of vested interests is testimony to its resilience which is the direct outcome of the value that its customers attach to the services provided to them. Notwithstanding the unhealthy practices followed by the fringe players, the regulated players in the industry have been successful in earning the trust of the customers through customer centric products and services and high professional standards. This has enabled the industry to come back to normalcy within a short time of one year. That CreditAccess Grameen Limited (CA Grameen) has done better than all the other players in this regard speaks volumes for its customer orientation, social commitment and professional practices and standards. This assertion is also supported by the various external ratings/awards that the Company has earned from reputed organizations.

The slippage in collections and the consequent ballooning of delinquency immediately after demonetization was alarming, to say the least. The CA Grameen team deserves accolades for managing the situation with equanimity and resoluteness and achieving consolidation without sacrificing growth. The Company has done well on all budget parameters and even surpassed the budget in PAT despite substantially higher provision having to be made on account of the demonetization effect. More heartening is the fact that the quality of the incremental portfolio built up after the first few months of the crisis is in no way less than the quality of the portfolio at the best of times.

The past year was exceptional in another way too. There was a change in the promoter of the Company. The name of the Company was also changed to reflect the new ownership pattern. The new promoter, CreditAccess Asia N.V., has proved its commitment to the Company by bringing in substantial capital to support the growth of the Company resulting in the capital adequacy ratio of the Company reaching 28.94% as on 31.3.2018. Supporting the Company with substantial additional capital is also an indication of the growth expectations of the promoter which augurs well for the Company.

The financial position of the Company has been further strengthened by the successful completion of the Public Issue, subsequent to the closure of the Financial Year 2017-18. The Institutional Investors, who have the wherewithal to assess the inherent strength and the future prospects of the Company supporting the IPO with oversubscription of 5.52 times the amount earmarked for them is indeed very encouraging.

The Retail Finance business launched during the previous fiscal, to meet the needs of customers who have grown beyond the scope of micro finance, has seen healthy growth during the year. The quality of the portfolio is also high in all respects. The Company needs to be commended for implementing this strategic initiative in a well calibrated manner.

On the technology front also, the Company has crossed several milestones and the digitization as well as redesign of processes are bound to have a positive impact on the quality of customer service as well as productivity and profitability.

With the new Small Finance Banks finding here feet and many of the mainstream banks entering the Microfinance space through acquisitions, competition is bound to intensify in the industry. Even so, the MFIs who are totally focused on micro finance will have a bright future because “focus brings results” and there is no dearth of funding for well managed institutions such as CA Grameen.

I am very confident that the CA Grameen team is capable of taking the Company to greater heights without sacrificing quality and the Company will continue to enjoy the trust and confidence of its customers who deserve to be thanked for supporting the Company through difficult times.



Mr. Udaya Kumar Hebbar

Message from the Managing Director & CEO

It gives me great pleasure to share with you the highlights of successful journey in 2017-18.

CreditAccess Grameen's journey this past year has been a roller-coaster ride. We began the first quarter of this financial year with a 90+ days delinquent portfolio of Rs 2,469 mn out of about Rs 30,754 mn portfolio at that point in time. Yet, we grew our portfolio by 62% last year and added 0.74 mn new customers in the fiscal crossing the total customer base to over 2.1 mn. This is not just a testimony to the quality of our people and our operations, it is also a remarkable endorsement by our customers who stood by us through the challenging year, showed extraordinary loyalty and trustworthiness and worked with us to restore our financial health. Their exemplary sense of ethics helped us continue to expand and operate as per plan even amid tumultuous times for the industry. We opened many new branches in the fiscal extending our network to over 500 branches. This year we also expanded our operations in three new states i.e. Odisha, Goa and Kerala and one union territory of Puducherry. We expanded our pilot project, the Retail Finance and added 25 branches during the year. The Organization grew, added many new people to our team taking our employee strength to beyond 6000.

The year 2017-18 was special to us because it established like never before the enduring character of CreditAccess Grameen: our resilience. Like everyone else in the MFI sector, we too started the year on a shaky note, grappling with the events uncovered aftermath of demonetization. However, I have been personally greatly encouraged and humbled by the transformational turnaround that our team achieved during the year. Every department and every individual worked with a single-minded focus to strengthen the hands of the institution, and more importantly, to build and sustain customer confidence.

Month after month, I heard extraordinary stories of achievements from our Branches and Customer Centers as they worked relentlessly on the field to ensure that our Company made a solid and complete recovery from the impact of demonetization. It is during times of crisis that an organization's caliber and character are truly tested. I am proud that Team CreditAccess Grameen exhibited all the right values and skills, resourcefulness and insight to work through the challenges of this period.

Our watertight Risk Management Systems, proactive processes and policies and most of all our core values and excellent customer relationships saw us through. Our greatest lesson from the experience has been that we are capable of far more than we imagined possible. Our team has outstanding members who have time and again risen to the occasion and shown maturity beyond their years and experience. Our tenured team members have played a crucial role in mentoring and guiding the younger members of our team.

The current fiscal witnessed the public issue of CreditAccess Grameen and successful listing of the shares in BSE and NSE.

My team and I can only see greater possibilities for CreditAccess Grameen in the years ahead. We look forward to new growth opportunities and new challenges as we grow. We are continuously investing in innovation, new technologies and in capacity building to equip our people to work effectively in the fast-changing landscape of microfinance.

On behalf of my team and our honorable Board Members, I thank all our stakeholders, especially our customers who inspire us every day to join hands with them to build stronger and more prosperous communities that can actively participate in India's vibrant growth story.



Mr. Paolo Brichetti

Message from the Group Chief Executive Officer, CreditAccess Asia N.V.

CreditAccess Grameen Limited is approaching the 20th year in business (from the set-up of the initial Grameen Koota project), somehow marking the accomplishment of the first "life-cycle" of the initiative: not only in term of size (from 0 to 6,306 employees and over 2.1 million customers) but furthermore in terms of maturity and public recognition. Today, the Company is a solid, while still substantially growing, financial company, well respected within the global microfinance and MSE lending industry, gaining visibility and appreciation in capital markets too.

CreditAccess Grameen has demonstrated a consistent growth and profitability trajectory in the past years, while sailing through extraordinary external shocks like the post demonetization side-effects, emerging as a top performer within the industry in India, on account of sound operations and processes and of the unparalleled clients retention. The proven resilience of the core business combined with the unique ability to leverage a still untapped "financial inclusion" market opportunity, has paved the way to gaining positive recognition in the public capital markets.

During the financial year 2017-18, the Company started the IPO and public listing project. The objective of such a strategic move, beyond the opportunity to raise fresh capital to support the growth of our business, has been motivated by the strategic intent to strengthen our institutional profile in the capital markets and gain an even larger and stronger access to financial resources from across the world.

On behalf of CreditAccess Asia N.V., I take the opportunity to thank all stakeholders of the Company: the board members, the management, all the staff and the customers, not forgetting the positive social impact that the Company generate in the local communities where we operate.

CreditAccess Asia N.V. will go on guiding, supporting and fueling the financial needs of CreditAccess Grameen, being excited and proud to go on playing the role of promoter and major shareholder of such great Company.

Stories on the **JOURNEY**

We spoke to several customers of CreditAccess Grameen to understand how their association with the organization has impacted their lives. Our customers were happy to share what CreditAccess Grameen means to them. From microcredit products to non-financial services, from customer care to processing systems, our customers spoke about what aspects of brand CreditAccess Grameen appeal to them and why.

Nasreen Taj on expanding her tailoring business

The thought of expanding my business never occurred to me because I didn't have access to finance. I took a loan from CreditAccess Grameen and bought a second machine. My business grew and my husband joined me. Our earnings increased. We bought two more machines. Our daughter also joined us as our business continued to grow. I was able to educate my son from my earnings.

Shaheena Begum on Jagruti

Jagruti sends us letters about women and family-related topics. She talks about diverse issues ranging from health to money management to our rights. We wait for her letters every week

Latha Jagadish on financial accessibility

We've been in this business for 30 years but before I became a member of CreditAccess Grameen, it was always a struggle to get money when we needed it. Now, we not only get access to finance, CreditAccess Grameen comes to our doorstep. It's a great relief."

Kavitha on procedural ease and personalized service

The biggest advantage with CreditAccess Grameen is its hassle-free processes. When you need money suddenly, you can't turn to anyone; banks insist on lengthy documentation procedures. I also like the personalized service that CreditAccess Grameen offers. The loan officers are courteous, friendly and easy to interact with.

Gangamma on impact of Social Awareness Campaign (SAC)

CreditAccess Grameen is not only giving loans to its members, it also takes care of health issues by conducting these types of awareness programs, hence we are proud to say that CreditAccess Grameen is the best MFI!"

Nagamma on Social Awareness Campaign (SAC) module on open defecation

This program opened my eyes about the problem of open defecation.

Mallika on ease of transactions

Everything is simple with CreditAccess Grameen. I get loans quickly. There are not too many procedures. The meeting place and time is convenient. The meetings are brief but informative. I am very happy here.

Latha Anand Rao Patil on product bouquet

I've used most of the other products that CreditAccess Grameen offers: the income generation loan, supplementary loan, education loan and now, we've applied for a sanitation loan. What I like best about CreditAccess Grameen is the range of products it offers to meet every need. I took the education loan for my granddaughter."

Selvi on interest rates

CA Grameen is good for ladies. Instead of borrowing money at high interest rates, this is a good alternative; the interest is much lower here, so I feel it's beneficial for ladies.

Nethravathi on financial literacy

I learnt how to manage loans. I also learnt about the importance of water and sanitation.

Anita Powar on the festival loan

Earlier, we had to think lot whenever a festival was coming...how to arrange the money, how to celebrate...now, we happily enjoy each and every festival because of CreditAccess Grameen's festival loan.

Ramkali Sanodiya on SAC module on sanitation

We liked the awareness movie and will construct toilets and start using them. We will also convince others who have not attended this program.

Aruna on SAC module on health and economics

I am very happy to participate in this Social Awareness Campaign. I understood how economic status is affected due to health problems.

II - An **OVERVIEW**

Our Vision & Mission

Awards & Recognition

Client Focus

Products & Services



Our **VISION**

CreditAccess Grameen wishes to enable economic and social change in poor and low-income households through financial products and development services in all the geographical areas of its operation.



Our **MISSION**

WE EXIST:

To transform and uplift the lives of poor and low-income families with microfinance and other development services.

To be a sustainable, friendly and trusted provider of affordable and need-based services.





CreditAccess Grameen's **GUIDING PRINCIPLES**

CreditAccess Grameen's core philosophy is to strive towards enabling widespread economic and social change with our diverse financial products and development services. The overarching principles that we abide by are encapsulated in **CREATE.**

CREATE stands for:

COMMITTED
We shall honour all our commitments. We are committed to our mission.

RELIABLE
We shall not deviate from any of the policies and procedures.

ACCOUNTABLE
We shall be accountable for all our deeds, actions and words.

TRANSPARENT
We shall provide full disclosures, to all our clients, in terms of the services and fees. We shall make our financial statements, reports and accounts as clear and as comprehensive as possible.

EMPATHETIC
We shall be sensitive to the situations and circumstances of the people with whom we are dealing and provide them support to the best of our abilities.

EFFICIENT
We shall be punctual, disciplined in all transactions with our stakeholders, strive towards reducing operational costs and thereby provide services to our customers in a cost-effective manner.



Board of **DIRECTORS***

M. N. Gopinath
Chairman and Independent Director

Udaya Kumar Hebbar
Managing Director and CEO

Paolo Brichetti
Nominee Director of our Promoter, CreditAccess Asia N.V.

Sumit Kumar
Nominee Director of our Promoter, CreditAccess Asia N.V.

Massimo Vita
Nominee Director of our Promoter, CreditAccess Asia N.V.

George Joseph
Independent Director

Prabha Raveendranathan
Independent Director

Anal Kumar Jain
Independent Director

Sucharita Mukherjee
Independent Director

*as of March 31, 2018



Management **TEAM**



Udaya Kumar Hebbar
Managing Director and CEO



B R Diwakar
Chief Financial Officer



Gururaj K S Rao
Head – Internal
Audit & Risk Management



Arun Kumar B
Head – Information Technology



Anshul Sharan
Head – Strategy & Planning



Srivatsa H N
Business Head
Karnataka ,Tamil Nadu, Kerala
& Puducherry



Gopal Reddy
Business Head – Maharashtra,
Madhya Pradesh, Chhattisgarh,
Odisha & Goa.



Thrishuli B
Head - Human Resources



K N Nagananda Kumar
Head - Centralised Operations



Vishwanath K Bhat
Head - Retail Finance



Syam Kumar R
Company Secretary and
Compliance Officer



Client **FOCUS**



- Customer base of **2.19 million**
- Education loan amount disbursed around **Rs 11,500 million**
- Water and Sanitation loans - Number of loans disbursed over **0.8 million**
- Income generation loan amount disbursed over **Rs 150,000 million**
- Jagruti customer awareness program outreach of **2.17 million** women

Awards & **RECOGNITION**

CREDITACCESS GRAMEEN WINS THE SKOCH RESILIENT INDIA AWARD 2017

CreditAccess Grameen won the SKOCH Resilient India Award 2017 for Sanitation in May 2017. CreditAccess Grameen also received the Order of Merit in two categories: Microcredit service and Sanitation. The SKOCH Order of Merit recognized and appreciated CreditAccess Grameen`s efforts in delivering financial products and services to the last mile. The Award was presented on 20 June 2017 at the Bombay Stock Exchange (BSE) Hall by Sameer Kochhar, Chairman of SKOCH Group and Porush Singh, Division President – South Asia, Mastercard.

SKOCH Awards are the highest independently instituted civilian honours in India in the field of governance, finance, technology, economics and social sector.









What's **NEW**

➢ FIRST GRAMEEN SUVIDHA LOAN DISBURSED

The Retail Finance Division of CreditAccess Grameen disbursed the first Grameen Suvidha loan in April 2017. The recipient, Mrs. Mumtaz, a CreditAccess Grameen client for the past 5 years, applied for the loan to expand her tailoring business.

The Retail Finance Division had earlier launched its flagship loan product, Grameen Udyog, for customers who had graduated from the group lending model. Grameen Suvidha is designed to meet the intermittent cash flow gap of borrowers, to run their small businesses smoothly.

Incidentally, Mrs. Mumtaz was also the first recipient of the Grameen Udyog loan.

➢ INTERNATIONAL FINANCE CORPORATION (IFC) INVESTS Rs 1,350 million IN CREDITACCESS GRAMEEN

The investment division of the World Bank, the International Finance Corporation (IFC) invested Rs 1,350 million in the form of Non-Convertible Debentures in CreditAccess Grameen in May 2017. This is a long term instrument for 5 years. "IFC partnering with us is a very important development. This is positive for the entire sector," said Udaya Kumar Hebbar, Managing Director & CEO of CreditAccess Grameen.

➢ CREDITACCESS GRAMEEN TURNS 18

It was a time of joy, nostalgia and pride as CreditAccess Grameen celebrated its 18 Founder's Day on 31 May 2017. It was also an emotional day as CreditAccess Grameen's Chairperson, Mrs. Vinatha M Reddy and Director, Mr. Suresh K Krishna formally stepped down from the Board to dedicate their time and efforts to incubating and building new social businesses. The two founding members who built the organization brick by brick had lots of memories to share as they brought their phenomenal journey to a close.

Tributes poured in for Mrs. Vinatha and Mr. Suresh from the Board as well as from employees, family, friends and well-wishers who saluted their accomplishments and promised to uphold and continue to build the legacy they leave behind.

Employees who completed 10 years of service with the organization were honoured with a memento and a certificate on the 18th Founder's Day.

➢ CREDITACCESS GRAMEEN LIMITED APPOINTS M.N. GOPINATH AS NEW CHAIRMAN

Mr. M N Gopinath was elected as the Chairman of CreditAccess Grameen Limited at the meeting of the Board of Directors on July 25, 2017.

Mr. Gopinath is a career banker and has served Bank of India and ICICI Bank for over 35 years. He has served on the Boards of Bank of India and Punjab National Bank. He has been the Chairman of ICICI Prudential Trust Ltd (Mutual Fund) since 2009 and a Director of ICICI Prudential Pension Fund Management Co Ltd since 2011. He has been a member of the SEBI Advisory Council since 2012.

The Board also appointed Mr. Massimo Vita as Director. Mr. Vita is the Head of the Operations Support Team & Chief Risk Officer at CreditAccess Asia (CAA). He is Chairman of the Board for CAA's two subsidiary companies in Indonesia and the Philippines and a Board Member of the subsidiary in Vietnam. He has over a decade's experience in the MFI sector.



➢ RETAIL FINANCE DISBURSES FIRST GRAMEEN SAVAARI LOAN

The Retail Finance Division of the Mysuru Branch disbursed the first Grameen Savaari loan in July 2017. The loan was given to Mr. Shiv Kumar, husband of Mrs. Lakshmi, a flower vendor.

The loan is offered to customers of CreditAccess Grameen to purchase a two-wheeler to support their income generation activity.

➢ CREDITACCESS GRAMEEN ASSISTS RAIN-AFFECTED FAMILIES IN DAVANAGERE

Heavy rains lashed Nilavva Thota and Hale Chikkanahalli in Davangere district on 24th September 2017 causing extensive damage.

The Davangere branch of CreditAccess Grameen supported its customers by distributing emergency relief material including food items. The team also distributed rice and crop bags to non-CreditAccess Grameen customers affected by the rains.



RATINGS

➢ ICRA RETAINS CREDITACCESS GRAMEEN RATING OF 'A'

ICRA retained its 'A' rating for CreditAccess Grameen Limited in September 2017. In its rating rationale, ICRA stated, "The reaffirmation of the ratings takes into account (the organization's) established track record in the microfinance industry, its experienced senior management team and the company's efficient risk management and monitoring systems."

➢ CRISIL RETAINS 'MFR1' GRADING FOR CREDITACCESS GRAMEEN LIMITED

CRISIL retained its 'MFR1' grading for CreditAccess Grameen Limited in October 2017. In its grading report, CRISIL states, "CRISIL's microfinance institution (MFI) grading of CreditAccess Grameen Limited reflects the following strengths:

- Sizeable asset base; is one of the apex MFIs
- Strong regional presence
- Experienced Board and qualified Senior Management
- Continued capital support from institutional promoters
- Good systems and processes
- Well-diversified resource profiles



Capacity Building **PROGRAMS**

➢ AREA MANAGERS AND TEAM LEADS OF REGIONAL PROCESSING CENTRES PARTICIPATE IN 'TOWARDS A RESILIENT GRAMEEN KOOTA'

Area Managers and RPCs participate in 'Towards a Resilient CreditAccess Grameen' Three sessions of 'Towards a Resilient CreditAccess Grameen', a two-day workshop to explore strategies to future proof the organization, were held from July 2018 to September 2018 in Pune and Bengaluru. Area Managers from Maharashtra and Karnataka, Team Leads of CreditAccess Grameen Regional Processing Centres (RPCs) and members of the core management team participated.

In the July and August sessions for Area Managers (AMs), the AMs shared their challenges, their experiences and the techniques their teams employed to overcome the adverse impact of demonetization on customers. They also explored strategies that can upgrade their level of preparedness in facing similar situations in the future.

The September session for Regional Processing Centres (RPCs) was the first of its kind that brought together the distributed RPC teams in a participatory process to envision how RPCs can further strengthen Operations. As part of the workshop, participants created prototypes of the future of RPCs using three-dimensional systems. The activity enhanced their understanding of how RPCs can evolve and add greater value to the organization.

The interactive workshop was co-facilitated by Jaikumar Chandrashekar from InnerVoice and Udaya Kumar Hebbar, Managing Director & CEO- CreditAccess Grameen.

➢ 192 EMPLOYEES ATTEND PEOPLE MANAGEMENT PROGRAM

In FY 2017-18, the People Management Program (PMP) was delivered to 192 employees. Managers and Supervisors from Operations, Accounts, Retail Finance, Regional Processing Centers, IT, HR and Admin attended the PMP sessions held in Pune, Hosur and Bengaluru. The sessions were conducted by the HR Department's Training Team.

The 2-day interactive workshop included outbound activities, group discussions, team building activities and feedback sessions. It covered a range of topics from interpersonal skills, constructive feedback and effective communication to leadership, team management and conflict resolution.

Chandrashekar who participated in the PMP said, "I found this program very helpful. I got a 360-degree perspective of how the organization works. I understood how Management/Senior Management/HODs think and plan and why it is important for us to support their expectations."

➢ OVER 800 EMPLOYEES ATTEND OPERATIONAL PROCESS WORKSHOPS

Over 30 Operational Process Workshops were conducted by the Training Team for Loan Officers (Kendra Managers), Branch Managers and Area Managers in FY 2017-18. Over 800 employees attended the workshops which detailed the processes associated with each of these roles and why process compliance is mandatory for risk mitigation.

The Workshops enhanced participants' understanding of how the processes associated with their roles impact the overall functioning of the organization.



➢ ONLINE LEARNING MODULES LAUNCHED ON MOODLE

Online learning modules were launched on Moodle, an e-learning platform, to offer employees the convenience of learning at their desk. As the modules are scored on completion, they offer instant feedback to the user. In FY 2017-18, several departments used the online platform to deliver e-learning modules to employees.

The Accounts and Finance Department introduced online training on Role and Responsibilities of an Authorised Signatory through the platform. The IT Department introduced its Information Security module for e-learning. Online modules on Code of Conduct and Client Protection Principles were also made available by the Training Team. The Customer Awareness Education team released its module on customer education, Jagruti, for employees while Retail Finance released the Internal Job Promotion module.

The decentralized delivery system encouraged a large number of employees to complete the e-learning programs. In all, over 4000 employees completed the online modules.



VISITORS

➢ YUNUS SOCIAL BUSINESS (YSB) INDIA VISITS CREDITACCESS GRAMEEN CUSTOMERS

A team from Yunus Social Business (YSB) India visited CreditAccess Grameen areas of operations in Channapatna and Kanakapura and interacted with CreditAccess Grameen customers on 19th May 2017. The visit was organized for members of the India Corporate Action Tank (ICAT) launched by YSB, Bengaluru.

The objective was to understand the diverse challenges that low-income groups face in aspiring for better living standards and how they overcome them. The customers shared with the visitors how CreditAccess Grameen's financial and non-financial services have impacted their lives. The visitors, all of whom were from non-microfinance backgrounds, also got a good understanding of the concept of microloans from the perspective of the organization as well as the customer.

➢ STUDENTS FROM UNIVERSITY OF MELBOURNE VISIT CREDITACCESS GRAMEEN

A group of 14 students who visited Indian Institute of Management – Bengaluru (IIM-B) traveled to CreditAccess Grameen area of operations in Kanakapura and Ramanagara to interact with CreditAccess Grameen customers. The students were attending a program at IIM-B titled 'Development and Inequality'.

The students also interacted with Managing Director & CEO, Udaya Kumar Hebbar during a brief presentation on the topic "CreditAccess Grameen's contribution to Financial Inclusion". The discussion focused on various aspects of microfinance including financial inclusion of people at the bottom of the pyramid, digital transactions and the impact of microfinance on alleviating poverty.

➢ CREDITACCESS ASIA TEAM VISITS HALGUR BRANCH

The Chief Finance Officer of CreditAccess Asia N.V., Alvise Gozzie and Martin Barragan, Director, visited the Halgur branch of CreditAccess Grameen on 23rd January 2018. During the day-long field visit, they observed a center meeting at Halgur and visited the branch office to get a better understanding of operations and processes at the field level.

The visitors interacted with CreditAccess Grameen's customers to understand how access to microcredit has impacted their lives. They also interacted with the branch staff to understand customer selection process, credit scoring, disbursement and repayment processes.



Products & **SERVICES**

CreditAccess Grameen's wide range of financial products are designed keeping in mind the various life-cycle needs of our customers. Our financial products are broadly classified into Microcredit, Retail Finance and Distributor Products which include Insurance and Pension.

➢ MICROCREDIT PRODUCTS

Income Generation Loans: Income Generation Loans are offered to customers for two kinds of activities: establishing a new enterprise and expanding an existing business. For instance, loans may be disbursed to set up a grocery store, buy cattle, install new machinery or purchase raw material. The loans also meet the additional working capital requirements of a customer's business.

Family Welfare Loans: Family Welfare Loans support all those activities of our customers that can help them in improving their quality of life. These loans fulfill genuine consumption needs, such as purchasing cook stoves, LPG connections, bicycles, water purifiers and solar lights; they meet the education needs of their children, cover medical expenses and cater to specific occasions such as festivals.

Home Improvement Loans: Home Improvement Loans enable our customers to avail water connections, construct toilets, extend and improve their existing house. The loans may be use to repair or replace a roof, wall, floor or door, for monsoon proofing or to add rooms.

Emergency Loans: Emergency Loans are short-term loans provided to our customers to help them address emergencies and short-term cash flow constraints. Timely financial assistance prevents the customers from resorting to other informal and expensive sources of borrowing money.

➢ RETAIL FINANCE

In 2016, CreditAccess Grameen introduced individual retail finance loans on a pilot basis. It was launched for those customers who have been with us for at least three years and fulfil certain eligibility criteria linked primarily to their credit history with CreditAccess Grameen, income and business position. Retail Finance targets customers who are more entrepreneurial, have graduated from the Joint Liability Group (JLG) model and need larger loans in their individual capacity for working capital, asset purchase and business expansion.

In 2017-18, Retail Finance extended its footprint to 30 branches spread across Karnataka, Maharashtra and Tamil Nadu.

There are three categories of individual retail finance loans:

- **Grameen Udyog:** This is the flagship product under our Individual Retail Finance Loan Products and is given to customers who require more credit in their individual capacity to expand an existing business.
- **Udyog Vikas Loan:** Grameen Vikas loan is a high ticket asset backed business loan, offered to our customers who have high credit requirement for business expansion, inventory purchase etc.
- **Grameen Savaari:** This loan is given to customers to purchase a two-wheeler which will provide support for income generation activity.
- **Grameen Suvidha:** This is a top-up loan given to customers to meet additional credit needs and is usually given for the upkeep of assets or inventory related to business.



➢ DISTRIBUTOR PRODUCTS

Life Insurance

CreditAccess Grameen has tied up with three insurance service providers, i.e., Shriram Life Insurance Company Limited, DHFL Pramerica Life Insurance Company Limited and Kotak Life Insurance Company Limited to cover its members and their spouses under group term life Insurance.

Pension - National Pension Scheme

CreditAccess Grameen is an aggregator of the National Pension Scheme (NPS) of the Government of India to provide pension to its clients and collect contribution from their doorstep. The client has to contribute a minimum of Rs 1,000 and a maximum of Rs 12,000 in a year to become eligible for the Swavalamban benefit of Rs 1,000 from the Government of India.

The scheme from PFRDA (Pension Fund Regulatory and Development Authority) provides pension coverage to the weaker and economically disadvantaged sections of the society and promotes small savings during their productive life, to prevent economic deprivation in later stages of their lives.

CreditAccess Grameen encourages customer enrolment by creating awareness and collecting contribution from the doorstep, saving considerable time and money for them and thereby incentivizing enrolment.

III - **IPO** Highlights



A GRAND SUCCESS FOR THE FIRST RURAL FOCUSED NBFC'S INITIAL PUBLIC OFFER

Your Company's Rs 10,000 million plus sized offer of Equity Shares came out even as the industry and the nation was facing the aftermath of the AP crisis and demonetization.

Several factors contributed to our public issue being comfortably oversubscribed. Firstly, CreditAccess Grameen had an overseas promoter who was about to list their first microfinance investee company in India. Secondly, our IPO communication stressed on the feasibility of rural-or-urban focused NBFC-MFIs making much more business sense in today's context rather than a small finance bank also offering microfinance business. We made it a point to highlight that we would continue to remain a pure-play microfinance company even after listing. In addition, the promoter's vision and perspective on funding Indian rural microfinance business was also clearly spelt out.

This media blitzkrieg across road shows; media analysts; business newspapers; brokerage house reports; TV interviews; one-to-one interviews and more, combined to create a positive impact for the Public Issue.

The result: Our Managing Director was featured in several publications and online/ digital media. News of marquee anchor investors spread far and wide. And our QIB portion and anchor investor portion of the IPO was oversubscribed comfortably.










BSE
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GrameenKoota
financial services
CREDITACCESS GRAMEEN LIMITED
GrameenKoota
financial services
CREDITACCESS GRAMEEN LIMITED

क्रेडिट एक्सेस ग्रामीण लि. का आरंभिक सार्वजनिक निर्गम 8 अगस्त को

క్రెడిట్‌ఎక్సెస్ గ్రామీణ లిమిటెడ్: ప్రారంభ సమభాగ విక్రీలు ఆగస్ట్ ౮, ౨౦౧౮ రోజు సురువాత ఆ ఆగస్ట్ ౧౦, ౨౦౧౮ రోజు విక్రీ బంద్ హోణార

కిమతపట్టాః ప్రతి ఇక్విటీ శేఅర ౪౧౮ రూపయే తే ౪౨౨ రూపయే



CreditAccess Grameen lists on exchanges



The management of CreditAccess Grameen Ltd along with other dignitaries at the gong on the occasion of the listing ceremony of CreditAccess Grameen Limited held at BSE yesterday.

MicroFinance firm CreditAccess Grameen yesterday made a tepid debut on stock exchanges, with stock falling over eight% from the issue price of Rs 422. The stock opened 8.76 lower on BSE at Rs 385 a piece, compared to the issue price of Rs 422. It finally settled at Rs 420.80, which is 0.28% down over the issue price.

A VALUE PICK Lower valuation, higher quality of loan assets, and good return ratios leave a lot on the table for subscribers

CreditAccess Issue a Suitable Bet for Long-term Investors

IPO WATCH

A Reasonable Offer

పెట్టుబడి మార్కెట్‌లోకి క్రెడిట్ ఆక్సెస్ గ్రామీణ్ బ్యాంక్



CreditAccess Grameen IPO subscribed 2.17 times

Day 1 figures



CreditAccess Grameen set for ₹1,100-cr IPO

The price band for the issue is set at Rs 410 to 422 per equity share of Rs 10 face value

आज खुलेगा 1131 करोड़ रुपए का क्रेडिट एक्सेस ग्रामीण का आईपीओ



క్రెడిట్‌ఎక్సెస్ గ్రమీన్ కా ఆరంభిక సార్వజనిక్ నిర్గమ్ 8 అగస్త కో ఖులేగా



ક્રેડિટ એક્સેસ ગ્રામીણ લી.નો આઈપીઓ ૮મીના ખુલશે: ૧૦મીએ બંધ થશે



క్రెడిట్‌ఎక్సెస్ గ్రామీణ లిమిటెడ్ నే నివేశకుల్ కో 339.36 కరోడ్ రూపయే ఆబంటిత కియే

IV - **SPM** Report



Social Performance **MANAGEMENT REPORT**

I. Introduction CreditAccess Grameen Limited (The Company) serves over 21 lakh women customers in 516 branches spread across eight states and one union territory with over 6,000 employees. Client Protection Principles, Responsible Financing, Social Values continue to reflect inthe Company's positioning in the industry with relevant products and processes.

II. Social Performance Milestone

The SKOCH Resilient India Award 2017 - The Company won the SKOCH Resilient India Award 2017 for Sanitation. The award was presented in June 2017 at the Bombay Stock Exchange (BSE) by Mr. Sameer Kochhar, Chairman - SKOCH Group and Mr. Porush Singh, Division President - South Asia, Mastercard

SKOCH Award validates our core principle of social responsibility to the Company's stakeholders. We were also awarded Order of Merit in two categories

- Microcredit service
- Sanitation

The SKOCH Order of Merit has been given mainly to recognize and appreciate the Company's efforts in delivering financial products and services to the last mile in the rural operational areas.

III. Social Performance Highlights

A. Meeting Client Needs and Quality of Service

a. Life Cycle Needs: Products and process are designed by the Company to cover all the life cycle needs of our customers. Various loans are provided at different intervals to customers to enable them to have a sustained growth in both life and business activities.

Income Generation Loans (IGL) are provided for primarily trading and animal husbandry. Other IGL purposes include service sector, production, transportation services and agriculture.

Non IGL loans are given only to customers who have an active IGL loan. It is provided as an additional loan over and above IGL loans. In case IGL loan is completed, these loans may still be an outstanding loan.

Non-IGL products include Emergency Loans, Festival Loans, Medical Loans, LPG Loans, Water Loans, Sanitation Loans, Grameen Niwas Loans and Griha Sudhaar Loans.

Customers are provided with financial support to start business. High ticket loans are provided by Retail Finance division. Grameen Udyog loan, Grameen Suvidha Loan, Grameen Savaari Loan, Grameen Udyog Vikas Loan are a few loans which are provided to the Company's graduated customers.



b. Health Card Services: Customers of the Company and their family members are provided with an option to avail healthcare facilities at an affordable amount with network hospitals near to customer places. The focus of this service is concentrated in Karnataka State. The Company has partnered with SAS Poorna Arogya Healthcare Pvt. Ltd. to provide this facility across various districts of Karnataka.

158,581 beneficiaries have been covered as of March 31,2018 with this program.

c. Jagruti: Jagruti is customer education program conducted to spread awareness among our customers by narrating the experiences through engaging stories read by loan officers during weekly meetings. This program is the unique program designed by the

Company. Topics related to Financial Literacy, Health issues, Sanitation, Personal and Home Hygiene, Disease Prevention, Women's safety are covered on weekly basis.

As of March 31, 2018, Jagruti has reached 2.17 million customers covering around 309 topics.

B. Client Feedback: As part of continuous development process, the Company has adopted various methods to obtain feedback from customers.

a) Level of Awareness:

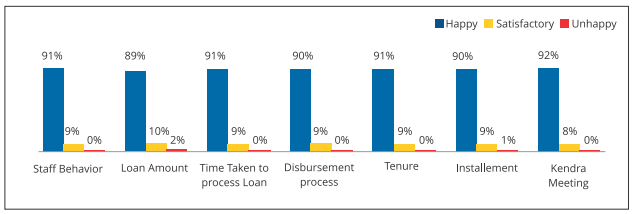
Customers are contacted by Grievance department with the help of tele-calling team to understand the level of awareness on various areas. This survey is done on regular basis to reach the people to understand their awareness. Around 1% of customers were contacted by this team and awareness is obtained. Below is the status of awareness calls made,

Total awareness calls made - 27,086

Categories	Awareness %
Insurance Details	98
Loan products	96
Branch address and Contact Number	96
Loan passbook	95
Bank account	93
Credit Bureau	92
Interest and Fee	90
Complaint box	87
Toll free Redressal	86

b) Client Feedback on various products and services: Customers are contacted by Grievance department tele calling team to obtain feedback from customers. Feedback from customers are taken to understand satisfaction levels on our products and services and on staff behavior. Around 1% of customers are contacted by this team and awareness is obtained. Below is the status of awareness calls made.

Total feedback calls - 23,635

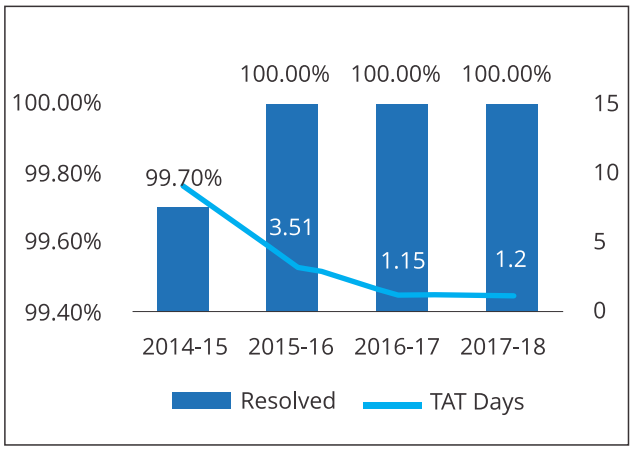


over 90% of the members contacted have expressed that they are either Happy or Very Happy and rest of the members are also satisfied with our products, processes and conduct of the staff.

Timely Grievance Resolution:

Primary activity of Grievance Redressal Cell is to effectively report and resolve the customer's grievances by working in coordination with various other departments. The grievances have been classified as queries and requests from the customers, besides complaints.

The Cell also attends to grievances from Staff members. A total of 4,245 customer grievances were received during the financial year (including grievances received through branches and Anonymous calls) and 4,244 customer grievances were resolved during the year. Out of 4,245 grievances received, 2003 (47%) were queries, 576 (14%) were requests and 1,666 (39%) complaints.



Among the 1,666 complaints received, 423 were related to insurance and 1,243 were general grievances. 97% of general grievances have been resolved with TAT of less than 7 days.



Type / Year	Number of Grievances			
	Mar'15	Mar'16	Mar'17	Mar'18
Grievances Received	302	690	1,271	1,243
Grievances Received – As % of overall borrowers	0.04%	0.06%	0.09%	0.07%
Insurance related Grievances	122	263	241	423
Insurance related Grievances – As % of overall claims	2.2%	3.2%	1.2%	2.3%

C. Responsibility to Staff

Being in the business of financial inclusion, we also believe it is our responsibility to groom and nurture youngsters and groom them to take up suitable employment with us.

As an organization our first preference is to recruit fresh talent from the kith and kin of our customers. Once we shortlist, by the method of pre-training we groom and train them to take up opportunities with us. There are elaborate post-hiring training programs too, to help develop skills and understand the depth of business. These talents will get priority in internal promotions there by providing them career-growth opportunities. We believe this will create a synergy with the customer and the employees and helps smoother business transactions too. This is reflected in the fact that our attrition is comparably lower than industry standards.

Considering that our business has got vast geographic reach and the employees will have to move from branch to branch as part of their career and growth. We are one of the few organizations in this industry who provide staff with accommodation and food for our branch staff which intern helps them to have a better net earnings and focus on contribution to business and customers.

As an organization we are an equal opportunity employer. But we also look at the tendencies, interests and requirement of an employee to provide with a suitable opportunity. Though not many female employees prefer to take employment opportunities in the field, we do encourage them to take up opportunities in other supporting roles apart from encouraging them to take up assignments in field roles too.

Apart from the above, benefits like 5-day work week, extended break from work for women with infants, life cover and insurance benefits make us an organization which is responsible to its employees.

D. Change in Client Lives

With various products and services the Company has impacted lives of customers and their kinfolks. Below table provides the details of the extent of outreach of socially relevant products and services of the Company

Non-financial Services	Year of Introduction of program	Beneficiaries as on March 31, 2018 Since Inception
Customer awareness through Jagruti	2011	2,174,736
Number of children supported with education loans	2012	1,250,253
Customers supported to build toilets with sanitation loans	2010	613,099
Affordable health care facility by health cards	2010	199,836
Subscribers who availed health consultation services	2011	88,513
Customers enrolled for National Pension Scheme	2013	44,408
Customers supported to renovate homes with home improvement loans	2013	33,954

IV. CSR Activities

Introduction:

The Company as part of its CSR program conducts various activities on awareness. The activities have been spread across Karnataka, Maharashtra, Tamil Nadu and Madhya Pradesh through its implementation partner Navya Disha. The outreach of these activities has crossed over 2 million people since inception. The CSR activities are conducted across 220 branches of the Company. The social activities have been classified into three major programs and various sub-activities are executed under each of the program. Various programs that are executed are as below,

- WASH (Water, Sanitation and Hygiene) Program
- Sushikshana Program
- Sugrama Program
- New Initiatives planned in the FY 17-18

Each of the programs are executed by conducting various events at the Village, Gram Panchayat, Taluk and District level reaching customers and public. Details of various programs executed in the FY 2017-18 are given below in detail.



5% of our Annual net profit is spent for awareness on Safe Water, Sanitation, Financial Literacy and Social awareness activities.

1) WASH (Water, Sanitation and Hygiene) Program

Primary objective of the program is to create awareness on water and sanitation to a large number of people (both customers and general public). The aim of the program is to create awareness through various innovative approaches with an approach to reach the people from the village level to the district level. These programs mainly educate the community about the risks of open defecation and its impact on environment such as soil pollution, pollution of water source etc. The program penetrates the last mile through a structured implementation process. Various programs conducted during the FY 17-18 in the area of WASH are given below,



a. **Branch Staff Training on WASH -** The staff of the Company are oriented with the importance of WASH. Various aspects of WASH are embraced to customers and empowered them to answer our customers in case if they have any queries. Focus will be on impact of poor sanitation practices on the health and further its impact on community.

   In the FY 2017-18, 324 sessions have been conducted creating awareness to 3,371 branch staff personnel

b. **Customer Orientation on WASH -** WASH awareness session for customers of the Company is provided during the Kendra meeting. This orientation covers importance of clean drinking water, safe sanitation practices, personal hygiene and information about WASH loan products. In the FY 2017-18, 77,083 customers have been reached by conducting 5,221 Kendra member-training programs

c. **Gram Panchayat Level Awareness Program (GPLAP) -** This program is conducted at the Gram Panchayat headquarters. The 2-hour program is attended by the customers, village leaders, social activists, Gram Panchayat elected body representatives, youth and representatives from other local associations. The program helps to create mass awareness about the importance of WASH involving the community in finding solutions to the water & sanitation challenge in their daily life.

   In the FY 2017-18, 881 programs were conducted reaching 103,804 people

d. **Street Plays -** Street plays on the importance of safe drinking water, hygienic sanitation practices and importance of having good health is played on the streets of various villages. Rural tradition of mass appeal is used to reach a wider audience through wit, songs and dramatization to create a high impact. The audience for the street plays include the public as well as customers. In the FY 2017-18, 3,521 street plays have been enacted in the villages and has effectively reached more than 319,298 people.

e. **Wall Painting -** To provide the relevant information on construction of toilets, water storage and safe drinking water, a prominent location in the village is selected and the content is painted on the wall. These paintings contain attractive pictorials with impactful messages about water, sanitation, health and hygiene. Walls of public spaces, such as Panchayat schools or offices are used for the purpose. With help of local people and officials a total of 962 walls has been painted in the FY 2017-18.

f. **Social Awareness Campaign -** Social Awareness Campaigns (SAC) are an informal platform for the customer and local community to interact with representatives from the local administration. It also offers district officials across block, panchayat and taluk levels a communication platform for the effective dissemination of messages about WASH, government schemes, financial inclusion, safety and several other social issues. The intent of the program is to explore development solutions collaboratively with the community and their elected representatives.

   The sessions include live demonstrations of hygiene techniques, guest talks, Question &

Answer, film clips, group discussions, audience activities and customer feedback. 216 meetings were organized to reach 68,127 people in the FY 2017-18

g. **Flyer Distribution -** During the various awareness campaigns, flyers containing material on safe water and sanitation is distributed to the customers and local community. This not only helps to educate them but also acts as an information source to their family members. 171,931 flyers were distributed in the FY 2017-18.

h. **Toilet Construction under Branch Level Community Development Activities (BLCDA) -** BLCDA focused to reach government schools in a few select operational areas to provide them with toilets. Schools were contacted and based upon the request from the concerned authorities, two toilets were constructed in these schools. 50 such schools were selected in Karnataka and Maharashtra states and toilets were installed in these Govt. schools for girls and boys. Below table gives the list of schools across two states.



List of Schools in which Toilets were constructed

School Name	Branch	State
Zilla Parishad Upper Prathmik School, Shelsura	Wardha	Maharashtra
Zilla Parishad Primary School, Deurwada	Arvi	Maharashtra
Zilla Parishad Upper Primary School Nandgaon (Borgaon),	Hinghanghat	Maharashtra
Zilla Parishad Primary School, Naya Akola	Amarawati	Maharashtra
Zilla Parishad Uppar High School, Vishnora	Morshi	Maharashtra
Zilla Parishad Upper Primary, Pandhari	Paratwada	Maharashtra
Zilla Parishad Primary School, Palso Badhe	Martizapur	Maharashtra
Govt. Higher Primary Kannada School, Holihosur	Bailhongal	Karnataka
Govt. Higher Primary School, Gottur	Sankeshwar	Karnataka
Govt. Higher Primary Kannada School, Bailoor	Khanapur	Karnataka
Govt. Higher Primary Kannada School, Chilammur	Ramadurg	Karnataka
Govt. Higher Primary School, Kanasageri	Gokak	Karnataka
Govt. Higher Primary School, Karagaon	Chikkodi	Karnataka
Govt. Higher Primary Kannada School, Nandikurali	Raibag	Karnataka
Govt. Higher Primary Kannada School, Hanumapur	Athani	Karnataka
Govt. Higher Primary Kannada School, Hosa Vantamuri	Belagavi	Karnataka
Govt. Higher Primary School, Ningapur	Mudhol	Karnataka
Govt. Higher Primary Kannada School	Jamakhandi	Karnataka
Govt. Kannada Girls Higher Primary School, Huvina Hipparagi	Basavana Bagewadi	Karnataka



School Name	Branch	State
Govt. Composite Pre-University College, Girls High School, Kannur	Vijayapur	Karnataka
Girls Govt. Higher Primary Kannada School, Hebballi	Badami	Karnataka
Kannada Girls Govt. Higher Primary School, Kagalagomba	Bagalkot	Karnataka
Shree Mailaralingeshwar Govt. High School, Jewargi	Jevargi	Karnataka
Higher Primary School, Swandenhalli	Tumkur-1	Karnataka
Govt. PU College	Nittur	Karnataka
Govt. PU College	Madhugiri	Karnataka
Govt. Higher Primary School	Tiptur	Karnataka
Govt. Higher Primary School	Jagalur	Karnataka
Govt. Higher Primary School	Challakere	Karnataka
Govt. High School	Halaguru	Karnataka
Govt. Higher Primary School	Sathegala	Karnataka
Govt. Higher Primary School	Honganur	Karnataka
Govt. Higher Primary School	Heggotara	Karnataka
Govt. High School	H. D. Kote	Karnataka
Govt. Higher Primary School	Sarguru	Karnataka
Govt. Higher Primary School	Mandya	Karnataka
Govt. Higher Primary School	Pandavapura	Karnataka
Govt. High School	Arakalgudu	Karnataka
Govt. Higher Primary School	Holenarasipura	Karnataka
Govt. Higher Primary School	Belur	Karnataka
Govt. Higher Primary School	Channarayapatna	Karnataka
Govt. Higher Primary School, Nerelekere	Tarikere	Karnataka
Govt. Higher Primary School, Kathikere	Chikkamagalore	Karnataka
Govt. Higher Primary School, Hunesenahalli	Gowribidanur	Karnataka
Govt. Higher Primary School, Tummanahalli	Sidlagatta	Karnataka
Govt. Higher Primary School, Araleri	Malur	Karnataka
Govt. High School, Narasapura	Kolar	Karnataka
Govt. Higher Primary School, Budikote	Bangarpet	Karnataka
Govt. Higher Primary School, Chelur	Nittur	Karnataka
Govt. High School, KG Temple (Nagasandra)	Gubbi	Karnataka



2) Sushikshana

Sushikshana program uses an interactive approach. Various sessions on noncurricular activities are conducted mainly targeting the high school students. WASH to 8th standard children, Financial Literacy to 9th standard students and Career Guidance to 10th standard students are the sessions covered in this program. The sessions are conducted for students of government and aided schools. Sessions are organized by the Development Officers by using audio-visual contents, games and providing booklets,

a. **WASH Training Session (8th Std.):** WASH training session is to support and develop the culture of using toilets by giving awareness to students about importance of personal hygiene. The ulterior objective is to leverage this opportunity to influence their parents by insisting them to construct toilet.

In the FY 2017-18, 1,436 sessions were conducted and 72,333 students were provided with awareness.

b. **Financial Literacy Sessions (9th Std.):** Financial literacy session aims to bring awareness among the children on how to manage money in their day-to-day activities and also the importance of healthy finance management. The message is communicated by making children to play the game "Play Paisa". The game along with fun gives them holistic knowledge on how to manage the finances in day to day basis. In FY 2017-18 1,426 sessions were conducted and 83,197 students were educated.

c. **Carrier Guidance Sessions (10th Std.):** Students from 10th standard are provided with information on the various options available with them after for higher education upon the completion of schooling. The focus is to help students to make a correct decision about their future by helping them to build a goal to fulfil their vision. Students are counselled on the importance of identifying their interest and pursuing them. In the FY 2017-18, 1,428 Carrier Guidance sessions were organized guiding 78,851 students.

3) **Sugrama**

Two Gram Panchayats, Hosa Vantamuri in Belgaum and Urdigere in Tumkur district were selected for Sugrama program. All 26 select villages from two Gram Panchayats were adopted as part of the Sugrama program in 2014. The three main objectives of the program are

- To make the villages ODF (Open Defecation Free)
- Provide access to Safe Drinking Water
- Waste Management

- **Hosa Vantamuri Gram Panchayat, Belgaum District:** Hosa Vantamuri Gram Panchayat situated 14kms away from Belgaum, which is both district & sub-district headquarter of Bhutaramanahatti village. The total geographical area is 818.49 hectares and has a total population around 1,940 peoples. Hosa Vantamuri is a rehabilitated Gram Panchayat with Scheduled tribe community. Based on our three objectives Hosa Vantamuri Gram Panchayat along with ten villages, Hosa Vantmuri, Bomanatti, Bhuthramnahatti, Halabavi, Malaholi, Maranhol, Parshanatti, Ramdurga, Sutagatti, Ukkad having 2,188 households were adopted for this program,
- **Urdigere Gram Panchayat, Tumkur District:** Urdigere Gram Panchayat is located in Tumkur tehsil of Tumkur district in Karnataka, India. It is situated 17kms away from Tumkur, which is both district & sub-district headquarter of Urdigere village. The total geographical area of village is 687.83 hectares. There are about 862 houses in Urdigere village. sixteen villages Bellibattalahalli, Bevinahalli Palya, Devarayana durga, Kodegehalli, Kuruvelu, Nagayyana playa, Nagoji Playa, Narasayyana Playa, Ramavenkatayyana playa, Ramayyanapalya, Shathagatta, Shettarapalya, Siddalingayyana Playa, Urdigere, Urdigere Tent, Yakoji having 1,556 households were adopted in 2014 under this program

Challenges at the beginning of the Intervention:

Hosa Vantamuri Gram Panchayat	Urdigere Gram Panchayat
Only 46 families (2%) had toilet facilities out of 2,188 households households	Around 42% of households had toilet facilities out of 1,556
Lack of awareness on sanitation	Poor awareness on sanitation
Poor awareness on Government facilities	Lack of awareness on Government facilities
Inter communal conflict	
Lack of safe drinking water	
Poor access to roads	



Programmes planned and executed at these GPs

1. Common Program at Hosa Vantamuri and Urdigere Gram Panchayat:

a. Mason training, Health Camps, Life skill training, Triggering awareness on WASH, Street Play, Wall Painting

b. Student placement for community service:

I. Navya Disha Trust and Rani Chennamma University Belgaum jointly organised an NSS Camp in Bhutaramanahatti village

ii. A Shramadhan camp to clean the drainages in Urdigere in collaboration with the help of MSW students through NSS Camps

c. Engaged with 8th, 9th and 10th standard school children by organizing WASH, Financial Literacy and Carrier Guidance sessions under Sushikshana program for the last three years

2. Special Programs in Hosa Vantamuri

a. "Arivina Sinchana": an awareness campaign about Government schemes for Senior Citizens and Physically Challenged people conducted with help of the Senior Citizens and Physically Challenged Welfare Department and Hosa Vantamuri Gram Panchayat

b. Youth Groups formed with help of 20 people

c. Organized Leadership skill training program for children and youths

d. Approached Gram Panchayat to sanction fund to construct toilet by opening 400 toilet pits with help of local community

e. A Computer Training Centre opened at Hosa Vantamuri where around 30 High School students underwent basic computer training

f. Organized Community Led Total Sanitation (CLTS) Approach program

g. "Tippy Tap" Program: A new concept of a simple device for hand wash with running water, at Hosa Vantamuri Primary School

h. "Patra Abhiyan" program- a request letter campaign to children parents for an approach to build the toilet at home. More than 200 Children participated in these activities

i. 'Neighbourhood and Youth Parliament' was organized in coordination with Nehru Yuva Kendra and Sugrama Samiti.

j. Celebrated 'International Women's Day' at Mallahole village in coordination with Janajagaran Sangatan, Grameen Kooli Karmikar Sangatana and Sugrama Samiti.

3. Special Program in Urdigere:

a. Siddhalingaiahnapalya, BB Halli and Shettarapalya primary schools are provided with water filter

b. Two pairs of toilet pit rings given to 120 families to construct individual toilets

c. All the primary school of Kodigehalli was supported with two individual toilets for boys and girls

d. Toilet Usage Trainings was conducted for more than 110 people in seven sessions

e. 'Children Jatha' organized on 'International Toilet Day' at all the schools Urdigere

Outcome of the Above Intervention:

Hosa Vantamuri Gram Panchayat

- 80% of the families having toilet facilities
- Maranhol village declared as a 100% with every family having toilet cum Biogas and safe drinking water facilities
- 80 active members in youth group
- Three members from Sugrama villages selected as Grama Panchayat members
- Planted 1,500 plants with help of forest department and community people
- Rani Chennamma University Belgaum collaborated with Gram Panchayat Hosa Vantamuri to support Sugrama villages and every year 10 days NSS camps will be conducted one of the village of Sugrama

Urdigere Gram Panchayat

- 97% of families having toilets facilities.
- Water storage facility connected by the way of rainwater harvesting for day to day water requirements reducing water scarcity
- Good awareness on WASH among village population
- Various colleges have conducted NSS Camps in Urdigere Gram Panchayat after the intervention was started



Sanitation Status:

Gram Panchayat	No. of Villages	No. of House-holds	Sanita-tion Status as on 1st Jan, 2014	Sanita-tion status as on 31st Mar, 2018	% Improv-ement
Hosa Vantamuri Gram Panchayat, Belgaum District	10	2,188	47	1,753	80%
Urdigere Gram Panchayat, Tumkur District	16	1,555	717	1,505	97%

4) New Initiatives taken in the year 2017-18

Over the year the Company also adopted the new culture through support by helping the request of people from various communities. An initiative executed in the FY 2017-18 is provided below:

a. Plants Distrusted to the Customers: The Company along with CSR partner Navya Disha organized Social Awareness Campaign (SAC) at Aurangabad, Maharashtra which was held on July 1, 2017. A total of 220 customers participated in the SAC program.

State Government of Maharashtra had declared the same day as "Plantation Day" and had asked all the Government officials to participate in planting 70 million trees. As part of the initiative, Government officials requested the Company to create awareness about this thing by sharing the message to the customers during the SAC program. Around 400 fruit and ornamental plants was distributed to the customers and guests.

Sri. Dipak Mugalikar, Commissioner, Municipal Corporation, Mr. P Laxman Sormare, Additional Collector and seven other Government officials attended the program. The initiative was appreciated by customers and officials. The officials acknowledged the responsibility taken by the Company to keep the community pollution free and how it is very important to keep environment green and pollution free.

Mr. Srinivas Reddy Divisional Manager, Mr. Mahadev Patil, Area Manager and Aurangabad Branch Manager represented the Company.

5) Outreach Data:

Outreach in FY 2017-18

Activities	No. of activities	People/ Women Reached
Street plays conducted at villages	3,521	319,298
Flyer Distribution	171,931	171,931
Gram Panchayat Level Workshop	881	103,804
Financial Literacy session for 9th Std. students	1,426	83,197
Career Guidance for 10th Std. students	1,428	78,851
Customer Orientation on WASH	5,221	77,083
WASH training session for 8th Std. students	1,436	72,333
Social Awareness Campaigns	216	68,127
Branch Staff Training	324	3,371
Wall painting on water and sanitation importance	962	962

Outreach as of March 31st, 2018 (Since Inception)

Activities	No. of activities	People/ Women Reached
Street plays conducted at villages	11,167	1,064,560
Customer Orientation on WASH	45,268	842,099
Flyer Distribution	314,965	314,965
Gram Panchayat Level Workshop	2,290	217,087
Social Awareness Campaigns	576	198,911
Financial Literacy session for 9th Std. students	3,278	197,448
WASH training session for 8th Std. students	3,457	188,960
Career Guidance for 10th Std. students	3,286	184,611
Gram Panchayat Elected Members Workshop	1,605	17,832
Branch Staff Training	1,145	10,644
Mason training on construction of toilet	206	10,001
Wall painting on water and sanitation importance		3,295

V - **DIRECTORS'** Report





DIRECTORS' Report

To

The Members

CreditAccess Grameen Limited
(formerly known as Grameen Koota Financial Services Private Limited)

The Directors have pleasure in presenting before you the 27th Board's Report of CreditAccess Grameen Limited (the "Company") together with the Audited Statements of Accounts for the year ended March 31, 2018.

1. PERFORMANCE HIGHLIGHTS

Financial Results

(Rs in million)

Particulars	2017-18	2016-17
Total Income	8,752.05	7,092.61
Total Expenses	6,823.46	5,926.75
Profit Before Tax	1,928.59	1,165.87
Tax Expense	682.17	413.32
Profit After Tax	1,246.41	752.55
Basic Earnings Per Share (EPS) (in rupees)	12.26	9.38

a) Business Growth

The Company witnessed all-round growth during the year, opened more branches, acquired significant number of customers and served them through 516 branches across 132 districts in eight states (Karnataka, Maharashtra, Tamil Nadu, Chhattisgarh, Madhya Pradesh, Odisha, Kerala, Goa) and one union territory (Puducherry). The Company could raise necessary resources all through the year to match the business and operational needs, leveraging on its existing relationship with banks and financial institutions, and also forming new lender relationships.

The Company's overall performance during the year was quite robust resulting in improvement in all operational and financial parameters.

Your Company's organizational highlights for Financial Year ("FY") 2017-2018 are as follows:

Year Ended	2018	2017
Branches	516	393
States/Union Territories	9	5
Districts	132	96
Kendras	130,608	91,312
Customers	2,187,174	1,653,611
Loans Disbursed (Rs in million)	60,817.2	34,026.3
Portfolio Outstanding (Rs in million)	49,746.6	30,754.4

b) Profitability

The total income of the Company increased by Rs 1,659.44 million. The total expenditure for the FY 2017-2018 increased only by Rs 896.71 million. The Company achieved an all-time high profit of Rs 1,246.41 million while the same was Rs 752.55 million in FY 2016-2017.



c) Other material events during the year:

(i) The Company had filed a scheme of amalgamation under Sections 230-232 of the Companies Act, 2013 before the National Company Law Tribunal ("**NCLT**") for the transfer and vesting of the entire business and undertaking of MV Microfin Private Limited with the Company ("**Scheme of Amalgamation**"). The Scheme of Amalgamation was approved by the NCLT through an order dated November 22, 2017 ("Order"). Pursuant to this, with effect from April 1, 2017, the entire undertaking of MV Microfin Private Limited and all debts, liabilities and obligations of whatever kind, excluding certain Compulsorily Convertible Debentures ("**CCDs**") held by CreditAccess Asia NV,were transferred and vested in our Company. In consideration of the amalgamation, our Company was required to issue and allot (i) 13 fully paid-up Equity Shares to the shareholders of MV Microfin Private Limited, for every 10 equity shares of Rs100 each of MV Microfin Private Limited held by them; and (ii) 852,188 fully paid-up Equity Shares to the debenture holders of MV Microfin Private Limited, for each CCD of Rs 100,000,000 each held by them.

The Scheme of Amalgamation, as approved by NCLT was filed with Registrar of Companies, Karnataka, on December 4, 2017.

ii) Conversion of the Company into Public limited and Change in Name

The Company converted itself into a public limited company and changed its name to Grameen Koota Financial Services Limited vide fresh Certificate of Incorporation dt. Dec 18, 2017 issued by Registrar of Companies, Karnataka, upon conversion from private company to public company. Thereafter, it changed its name to **CreditAccess Grameen Limited** vide Certificate of Incorporation dt. Jan 12, 2018, issued upon change of name.

2. DIVIDEND:

The Board of Directors aim to grow the business lines of the Company and enhance the rate of return on investments of the shareholders. With a view to finance the long term growth plans of the Company which requires substantial resources, the Board of Directors do not recommend any dividend for the year under review.

3. AMOUNT PROPOSED TO BE CARRIED TO RESERVES:

The Company has transferred Rs 249.28 million to reserves out of the net profit of financial year 2017-18, and an amount of Rs 2908.43 million is the accumulated balance in P & L Account.

4. DIRECTORS

As on March 31, 2018, the Board of your Company consists of nine Directors as follows:

Category	Name of Directors
Executive Director	Mr. Udaya Kumar Hebbar, Managing Director & CEO
Non-Executive - Non-Independent Directors	Mr. Paolo Brichetti
	Mr. Massimo Vita
	Mr. Sumit Kumar
Non - Executive – Independent Directors	Mr. M.N Gopinath
	Mr. George Joseph
	Mr. Anal Kumar Jain
	Mr. Prabha Raveendranathan
	Ms. Sucharita Mukherjee



The composition of the Board is in line with the requirements of the Companies Act, 2013 and the Securities Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations, 2015"). All the Directors are having vast knowledge and experience in their relevant fields and the Company had benefited immensely by their presence in the Board.

a. Changes in Directors and Key Managerial Personnel (KMP) during the FY 2017-2018

During the period under review, following were the changes in the composition of the Board of the Company.

Name	Date of Appointment/ Resignation/ Re-designation	Reason
Mr. Suresh K Krishna	May 19, 2017	Resigned as Director
Mrs. Vinatha M Reddy	June 1, 2017	Resigned as Director and Chairperson
Mr. Massimo Vita	July 25, 2017	Appointed as Additional Director
Ms. Sucharita Mukherjee	September 11, 2017	Appointed as Additional Director

During the period under review, the designation of following directors were changed consequent to conversion of the Company from Private Limited to Public Limited.

Name	Date of Appointment/ Resignation/ Re-designation	Designation
Mr. M.N. Gopinath	January 13, 2018	Redesignated as Independent Director and Chairman
Mr. George Joseph	January 13, 2018	Redesignated as Independent Director
Mr. Prabha Raveendranathan	January 13, 2018	Redesignated as Independent Director
Mr. Anal Kumar Jain	January 13, 2018	Redesignated as Independent Director
Ms. Sucharita Mukherjee	January 13, 2018	Redesignated as Independent Director
Mr. Paolo Brichetti	January 13, 2018	Redesignated as Nominee Director
Mr. Massimo Vita	January 13, 2018	Redesignated as Nominee Director
Mr. Sumit Kumar	January 13, 2018	Redesignated as Nominee Director

Mr. Syam Kumar R was appointed as the Company Secretary and Compliance Officer in place of Ms. Darshana Kothari with effect from March 29, 2018.

Mr. Udaya Kumar Hebbar, Managing Director & CEO, Mr. B. R. Diwakar, Chief Financial Officer and Mr. Syam Kumar R, Company Secretary are the KMPs of the Company, as recorded by the Board as on March 31, 2018.

b. Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013, and Regulation 17(1)(a) of the SEBI (LODR) Regulations 2015, the Company shall have at least one Woman Director on the Board. The Company has Ms. Sucharita Mukherjee, as Woman Director on the Board of the Company.

c. Director retiring by Rotation

Mr Paolo Brichetti, Nominee Director (DIN: 01908040) is liable to retire by rotation in terms of provisions of the Companies Act, 2013 at the ensuing Annual General Meeting of the Company and being eligible offers himself for reappointment. The Board recommends his reappointment.



As stipulated under Reg 36 (3) of the SEBI (LODR) Regulations 2015, a brief resume of Mr. Paolo Brichetti proposed to be reappointed is given in the notice of the 27th AGM of the Company.

d. Declaration by Independent Director(s) and re-appointment, if any

The Company has five Independent Directors on the Board. The Company has received declaration from each Independent Director of the Company under section 149(7) of the Companies Act, 2013 that, they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013, and subsequently the same was placed at the Board Meeting held on August 30, 2018.

A declaration by Managing Director & CEO confirming the receipt of this declaration from Independent Directors is annexed to this report as **Annexure I**.

The Company has not reappointed any independent director during the year under review.

e. Policy on Board Diversity

The Policy on Board Diversity approved and adopted by the Company are as follows:

a) Diversity is ensured through consideration of a number of factors, including but not limited to skills, industry experience, background and other qualities.

b) The Company shall also take into account factors based on its own business model and specific needs from time to time.

c) The Nomination & Remuneration Committee shall lead the process of identifying and nominating candidates for appointment as Directors in the Board.

d) The benefits of diversity continue to influence succession planning and continue to be the key criteria for the search and nomination of Directors to the Board.

e) Board appointments are based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender.

f. Policy on Nomination & Remuneration

The Policy on Nomination and Remuneration sets out the criteria for determining qualifications, positive attributes and independence of Director. It also lays down criteria for determining qualifications, positive attributes of KMPs and senior management and other matters provided under Section 178 (3) of the Companies Act, 2013.

The Policy on Nomination and Remuneration of the Company as approved and adopted by the Board is available on the website of the Company at www.grameenkoota.org

g. Formal Annual Evaluation of Board and its Committees

The Board has carried out an annual evaluation of its own performance, its Committees and Independent Directors.

A note on the annual Board evaluation process undertaken in compliance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 is given in the Report on Corporate Governance, which forms part of this Report.

h. Meetings of the Board

The Board met twelve times during the financial year. Details of the meetings of the Board during FY 2017-2018 is provided in the Report on Corporate Governance, forming part of this Report.



i. Committees of the Board

The details of the Committees of the Board namely the Audit Committee, CSR Committee, Risk Management Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, ALM Committee and IT Strategy Committee, their composition, terms of reference and the activities during the year under review are elaborated in the Report on Corporate Governance forming part of this Report.

Further, there are no instances where the Board has not accepted recommendations of Audit Committee.

5. AUDIT & AUDITORS

a. Statutory Auditors

M/s S. R. Batliboi & Co LLP (FRN: 301003E/E300005) 14th Floor, The Ruby, 29, Senapati Bapat Marg Dadar (West), Mumbai – 400 028 were appointed as the Statutory Auditors of the Company during the AGM held on June 29, 2016, for a period of four years.

The Board has duly examined the Statutory Auditors' Report to the Annual Accounts 2017-2018, which is self-explanatory. Clarifications, wherever necessary, have been included in the Notes to the Accounts. Further, the Directors confirm that there are no qualifications, reservations, adverse remarks or disclaimers in the Independent Auditor's Report provided by Statutory Auditors for the FY 2017-2018.

b. Secretarial Auditors

The Board had appointed CS C Dwarakanath, Practicing Company Secretary, as Secretarial Auditor to conduct the Secretarial Audit for the year ended March 31, 2018 in compliance with the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Secretarial Auditors Report in form MR-3, submitted by the Secretarial Auditors for the FY 2017 - 2018 is enclosed to this report as **Annexure II**. The Directors of your Company confirms that there are no qualifications, reservations, adverse remarks or disclaimers in the Secretarial Audit Report for the period under review.

6. SUBSIDIARIES/JOINT VENTURE/ASSOCIATE COMPANY

The Company has no subsidiary/joint venture/associate company and hence consolidation and the provisions relating to the same under the Companies Act, 2013 and Rules made thereunder are not applicable to the Company.

7. CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the year under review, there was no change in the nature of business of the Company.

8. CREDIT RATING

The Credit Rating of different instruments of the Company as on March 31, 2018, is as given below:

Credit Rating Agency	Instrument	Rating as on March 31, 2018	Migration during the FY 2017-18
ICRA	Bank Facilities	[ICRA] A (Stable)	Reaffirmed
ICRA	Non-Convertible Debentures	[ICRA] A (Stable)	Reaffirmed
ICRA	Subordinated Debt	[ICRA] A (Stable)	Reaffirmed
ICRA	Commercial Papers	[ICRA] A 1	Reaffirmed

For changes in Credit Ratings subsequent to 31.3.2018 refer to para 17 of this report.

Highest rating issued by ICRA for long term credit facilities is [ICRA] AAA and short term facilities is [ICRA]A1+



Institutional grading by CRISIL as on March 31, 2018 is 'mfR1' which was the highest grading assigned by CRISIL.

9. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS:

The Directors confirm that there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

10. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company maintains appropriate systems of internal financial controls, including monitoring procedures. Company policies, guidelines and procedures are well documented and provide for adequate checks and balances and are meant to ensure that all transactions are authorized, recorded and reported correctly. An independent internal audit system is in place to conduct audits of all branches, regional offices as well as the head office. The internal audit department reviews the effectiveness and efficiency of these systems and procedures to ensure that that the financial and operational information is accurate and complete in all respects. The Audit Committee reviews and approves audit plans for the year. Audits are conducted on an ongoing basis and significant deviations are brought to the notice of the Audit Committee. The Audit Committee of the Board is updated on significant internal audit observations, compliance with statutes and effectiveness of working of the control systems every quarter.

11. RISK MANAGEMENT POLICY

The Company has integrated risk management practices into governance and operations and has developed strong risk culture within the organization. Appropriate systems and tools are in place for identification, measurement, reporting and managing risks. The Board comprises of professional directors with relevant experience and who are well placed to understand risks specific to the Company and the microfinance sector in general. The Board oversees the implementation of the risk management plan principally through the Risk Management Committee. All the strategies with respect to managing major risks are monitored by the Management Level Risk Committee and reported to the Risk Management Committee of the Board of Directors. The Annual Risk Management Plan covers the major risks that have been identified by management as needing particular focus and close monitoring. The Risk Management Plan forms the basis for implementation of risk management practices in detail. The Risk Management Department carries out risk assessments regularly at all levels of the organization, record the findings and ensure appropriate management actions in a timely fashion. Risk reviews specifically address credit, operational, financial, political, regulatory and reputational risks.

12. CORPORATE SOCIAL RESPONSIBILTY POLICY

In pursuance of the provisions of Section 135 and schedule VII of the Companies Act, 2013, a CSR Committee of the Board of Directors has been formed to recommend (a) the policy on Corporate Social Responsibility (CSR) and (b) implementation of the CSR Projects or Programs to be undertaken by the Company as per CSR Policy for consideration and approval by the Board of Directors. Accordingly, the Company has contributed Rs 21.54 million during the year 2017-18, as part of its CSR contribution.

The Annual Report on CSR activities is enclosed herewith as **Annexure–III**.

Apart from this statutory contribution, the Company has additionally contributed Rs 40.78 million by way of donation for CSR activities and the total forms 5% of PAT for the year 2017-18.

13. WHISTLE BLOWER POLICY OR VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

The Company has established a whistle blower mechanism for the Directors and employees to report any genuine concerns through *vigil@grameenkoota.org*. Employees are also encouraged to report any



unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy or illegal activity occurring in the organization. In exceptional cases the directors or employees can raise their concerns directly to the Chairman of the Audit Committee by sending a mail to vigil@grameenkoota.org. The cases reported will be investigated and resolved within strict timelines. The identity of the Whistle blower will be kept confidential and protection from vindictive actions is also provided in the policy. Quarterly reports in this regard are reviewed by the Audit Committee.

14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not made any investments in other companies beyond two layers of Investment companies as stipulated under section 186(1) of the Companies Act, 2013.The Company being an NBFC-MFI, registered with RBI and predominantly into lending by way of micro finance loans and hence the other provisions of Section 186 of the Companies Act, 2013 are not applicable to the Company.

15. RELATED PARTY TRANSACTIONS

There were no related party transactions during the period under review.

The Company has in place a Board approved Related Party Transaction Policy which is also available on the website of the Company at www.grameenkoota.org

16. PARTICULARS OF EMPLOYEES

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, have been annexed herewith as **Annexure –IV** to the Directors' Report.

The statement containing particulars of employees as required under Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of the Directors' Report. In terms of Section 136 of the Companies Act 2013, the Directors' Report and the Accounts are being sent to the Members excluding the aforesaid annexure and the same is open for inspection at the Registered Office of the Company. A copy of the statement may be obtained by the Members, by writing to the Company Secretary of the Company.

Further, none of the directors including Managing Director & CEO is in receipt of any commission either from the Company or its Holding Company during the year under review.

17. MATERIAL CHANGES AND COMMITMENTS, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

a. During August 2018, the Company has completed the "Initial Public Offer" (IPO) comprising a fresh issue of 14,928,909 equity shares having a face value of Rs 10/- each at an offer price of Rs 422/- each aggregating to Rs 6,300 million by the Company and an offer for sale of 11,876,485 equity shares by the promoters CreditAccess Asia NV aggregating to Rs 5,011.88 million. The gross proceeds of the IPO was Rs 11,311.88 million. Pursuant to the IPO, the equity shares of the Company got listed in Stock Exchanges - BSE Limited and National Stock Exchange of India Limited on August 23, 2018.

b. ICRA has upgraded the long-term rating of the Company to **[ICRA]A+ (pronounced ICRA A plus)** from [ICRA]A (pronounced ICRA A). ICRA has also upgraded the short-term rating of the Company to **[ICRA]A1+ (pronounced ICRA A one plus)**.



c. LISTING WITH STOCK EXCHANGES

The Non-Convertible Debentures of the Company are listed on the BSE Limited. The Company has paid the required listing fees to the stock exchanges for FY 2018-2019.

18. CORPORATE GOVERNANCE REPORT

The Company has taken adequate steps to adhere to all the stipulations laid down in Regulation 27 read with Part E of Schedule II and Schedule V of the SEBI (LODR) Regulations, 2015 on Corporate Governance. The detailed Report on Corporate Governance along with certificate on Corporate Governance from CS C Dwarakanath, Practicing Company Secretary forms part of this Report.

19. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review is included as a separate section forms part of this Report.

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

The Company has been employing **432** women employees in various cadres as on March 31, 2018. The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and an Internal Complaint Committee in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder for reporting and conducting inquiry into the complaints made by the victim on the harassments at the work place. The functioning of the Committees were carried out as per letter and spirit of the provisions of the Act.

During the FY 2017 - 2018, the Company has not received any complaint of sexual harassment and hence, there were no complaints pending for redressal as on March 31, 2018.

21. FAIR PRACTICE CODE (FPC)

The Company has in place a Fair Practice Code approved by the Board in compliance with the guidelines issued by the RBI, to ensure better service and provide necessary information to customers to take informed decisions. The FPC is available on the website of the Company at *www.grameenkoota.org.*

The FPC is also reviewed by the Board every year to ensure its level of adequacy and appropriateness.

22. CUSTOMER GRIEVANCE

The Company has a dedicated Customer Grievance Cell for receiving and handling customer complaints/grievances and ensuring that the customers are treated fairly and without bias at all times. All issues raised by the customers are dealt with courtesy and redressed expeditiously.

23. EXTRACT OF ANNUAL RETURN

The extract of the annual return in form MGT-9 is annexed to this report as **ANNEXURE V**.



24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

a. Information Relating to Conservation of Energy, Technology Absorption

Sl No	Particulars	Remarks
A	**Conservation of energy**	The provisions of Section 134(3) (m) of the Companies Act, 2013 relating to conservation of energy and technology absorption do not apply to the Company. The Company has, however, used information technology extensively in its operations and it continuously invests in energy efficient office equipment at all its office locations.
	(i) the steps taken or impact on conservation of energy;	
	(ii) the steps taken by the company for utilising alternate sources of energy;	
	(iii) the capital investment on energy conservation equipments;	
B	**Technology absorption**	
	(i) the efforts made towards technology absorption;	
	(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;	
	(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- a. the details of technology imported; b. the year of import; c. hether the technology been fully absorbed; d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	
	(iv) the expenditure incurred on Research and Development.	

b Foreign Exchange Earnings and Outgo

During the year, the foreign exchange inflow was Rs 1.27 million and outflow was Rs 56.67 million.

25. DEPOSITS

The Company is non – deposit taking Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI) and has not accepted any deposit as defined by the Companies Act, 2013.

26. EMPLOYEE STOCK OPTION PLAN (ESOP)

Presently, stock options have been granted under the GKFSPL Employee Stock Option Plan 2011. The scheme was amended by the Board of the Directors on October 4, 2017and approved by the shareholders on October 30, 2017. The amendment was to align the scheme with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The aggregate number of Equity Shares, which may be issued under ESOP Plan, shall not exceed 3,754,208 Equity Shares.



During the year under review, following stock options were granted:

Particulars	Tranche V	Tranche IV
Date of grant	January 1, 2017	January 1, 2018
Date of Board approval	May 17, 2017	January 24, 2018
Number of Options granted	521,000	971,000
Method of settlement	Equity	Equity
Graded vesting period:		
Day following the expiry of 12 months from grant	25%	25%
Day following the expiry of 24 months from grant	25%	25%
Day following the expiry of 36 months from grant	25%	25%
Day following the expiry of 48 months from grant	25%	25%
Exercise period	48 months from date of vesting	
Vesting conditions	Continuous service	
Weighted average remaining contractual life (years)		
-I	3.75	4.75
-II	4.75	5.75
-III	5.75	6.75
-IV	6.75	7.75
Weighted average exercise price per option (Rs)	84.47	120.87
Weighted average fair value of options (Rs)	61.35	84.46

Following are the senior management personnel who were granted more than 5% of the options granted during the year:

Tranche V

S.No.	Name of the Employees	Number of Options
1.	Udaya Kumar Hebbar	150,000
2.	Diwakar B.R.	80,000
3.	Gururaj Kumar KS Rao	40,000
4.	Anshul Sharan	30,000
5.	Arun Kumar B	30,000
6.	Srivatsa HN	30,000
7.	Gopal Reddy A R	30,000

Tranche VI

S.No.	Name of the Employees	Number of Options
1.	Udaya Kumar Hebbar	90,000
2.	Diwakar B.R.	50,000

Total outstanding options as on March 31, 2018 is 2,087,250

Total number of shares arising as a result of exercise of Options during the period under review is 1,013,750



27. OTHER DISCLOSURES

a. During the period under review, the Company has not allotted any equity shares with differential voting rights.

b. No frauds were reported by the auditors under subsection 12 of section 143 of the Act

c. The Company has complied with applicable Secretarial Standards for Board and General Meetings held during the period under review.

d. The Company has not revised Financial Statements as mentioned under section 131 of the Companies Act, 2013.

e. Pursuant to Sec 148 of Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 is not applicable to the Company.

f. The Company has not issued Sweat Equity shares during the period under review.

28. DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of Section 134(5) of the Companies Act, 2013, the Directors hereby confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;

b. the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the directors have prepared the annual accounts on a going concern basis;

e. the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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

29. ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation and sincerely acknowledge the contribution and support from shareholders, customers, debenture holders, Central and State Governments, Bankers, Reserve Bank of India, Registrar of Companies, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Registrar & Share Transfer Agents, Credit Rating Agencies and other Statutory and Regulatory Authorities for the kind co-operation and assistance provided to the company. Your Directors also extend their special appreciation to the employees for their continuing support and unstinting efforts in ensuring an excellent all-round operational performance and also for their continued commitment, dedication and co-operation.

For and on behalf of the Board of Directors

M.N Gopinath
Chairman
DIN: 00396196

Place: Bengaluru
Date: October 16, 2018



Annexure I

DECLARATION REGARDING RECEIPT OF CERTIFICATE OF INDEPENDENCE FROM ALL INDEPENDENT DIRECTORS

I hereby confirm that the Company has received from all the Independent Directors namely Mr. M.N. Gopinath, Mr. Anal Kumar Jain, Mr. Prabha Raveendranathan, Mr. George Joseph and Ms. Sucharita Mukherjee, a certificate stating their independence as required under Section 149 (6) of the Companies Act, 2013.

Udaya Kumar Hebbar
Managing Director & CEO
DIN: 07235226



Annexure II

Form 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
CREDITACCESS GRAMEEN LIMITED
(CIN U51216KA1991PLC053425)
New No.49 (Old No.725), 46th Cross, 8th Block,
Jayanagar (Next to Rajalakshmi Kalyana Mantap)
Bengaluru - 560071

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CREDITACCESS GRAMEEN LIMITED** ("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 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 ("**Audit Period**"), 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 Audit Period, according to the provisions of:

(i) The Companies Act, 2013 and the rules made thereunder ("**Act**");

(ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder - ***Not Applicable***;

(iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder ("**FEMA**") to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings [The Company has not raised any External Commercial Borrowings during the Audit Period];

(v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") to the extent applicable to the Company:

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - ***Not Applicable***;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 - ***Not Applicable***;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)



Regulations, 2009 - ***Not Applicable;***

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - ***Not Applicable***;

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 regarding the Companies Act and dealing with client - ***Not Applicable***;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - ***Not Applicable***;

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - ***Not Applicable***; and

(vi) Other laws informed by the management of the Company as applicable to the Company and enclosed as **Annexure-1** hereto.

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. The Listing Agreements entered by the Company with Bombay Stock Exchange Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to listing of Non-Convertible debt securities.

During the Audit Period, the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards, etc. mentioned above.

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 Audit Period 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 atleast seven days in advance (and by complying with prescribed procedure where the meetings are called with less than seven days' notice), 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.

- All decisions at the Board Meetings and Committee Meetings are carried out unanimously, as recorded in 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 obtained the approval of its shareholders for making an Initial Public Offering of its shares, subject to approval of the Registrar of Companies, Securities and Exchange Board of India and other authorities; and necessary steps have been initiated towards this, including alignment of the Company's processes, procedures and formation of necessary committees and complying with the other requirements of the Act and the regulations and guidelines prescribed under the SEBI Act. Apart from this, there has been no other event which the management of the



Company claims to have occurred during the Audit Period which has a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc. referred to above.

- The Company had made an application with Regional Director, South-East Region, Hyderabad for the contravention of Section 94 read with Section 13(4) of the Companies Act, 1956 during the audit period and the said authority has compounded the default and the Company had taken necessary action based on the order.
- The Company has made Compounding application under Section 621A of the Companies Act, 1956 for the contravention of Sections 205(1A), (1B) and 205(3) and said offences are compounded during the audit period, by Compounding Authority and the Company had taken necessary action based on the order.
- During the audit period the Company had made an application on 18th January 2018 with the jurisdictional office of the Reserve Bank of India ('RBI'), for compounding the offences committed under FEMA relating to delay in reporting of foreign inward remittances and allotment of shares to non-residents. The application is pending for disposal.

Sd/-

C. Dwarakanath
Company Secretary in Practice
FCS No: 7723; CP No: 4847

Place: Bengaluru
Date: October 16, 2018

Note: This report is to be read with my letter of even date which is annexed as **Annexure-2** hereto and forms an integral part of this report.

Annexure-1



LIST OF OTHER LAWS APPLICABLE

A. Corporate laws

1. The Depositories Act, 1996 and regulation and bye-laws thereunder

B. Labour laws

1. Shops & Commercial Establishments Act of applicable states;
2. Child Labour (Prohibition and Regulation) Act, 1986;
3. Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
4. The Contract Labour (Regulation and Abolition) Act, 1970;
5. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952;
6. The Employees' State Insurance Act, 1948;
7. The Employees Compensation Act, 1923;
8. The Equal Remuneration Act, 1976;
9. The Industrial Disputes Act, 1947;
10. The Industrial Employment (Standing Orders) Act, 1946;
11. The Maternity Benefit Act, 1961;
12. The Minimum Wages Act, 1948;
13. The Payment of Bonus Act, 1965;
14. The Payment of Gratuity Act, 1972;
15. The Payment of Wages Act, 1936; and
16. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959.

C. Taxation laws

1. The Income Tax Act, 1961;
2. The Customs Act, 1961;
3. The Central Excise Act, 1944;
4. Karnataka Value Added Tax, 2005;
5. Service Tax under Chapter V of the Finance Act, 1994;
6. The Central Sales Tax Act, 1956; and
7. The Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976
8. Goods & Service Tax Act, 2017

D. Intellectual property laws



1. The Patents Act, 1970; and
2. The Trade Marks Act, 1999

E. Environmental laws

1. The Water (Prevention and Control of Pollution) Act, 1974;
2. The Air (Prevention and Control of Pollution) Act, 1981;
3. The Environment Protection Act, 1986; and
4. The Water (Prevention & Control of Pollution) Cess Act, 1977 and Water (Prevention & Control of Pollution) Cess Rules, 1978

F. Laws & policies applicable to Non-Banking Finance Company

1. Reserve Bank of India Act, 1934
2. Foreign Trade Policy 2015-2020;
3. Service Export from India Scheme;

G. Miscellaneous laws

1. The Prevention of Money Laundering Act, 2002;
2. The Competition Act, 2002

Sd/-

C. Dwarakanath
Company Secretary in Practice
FCS No: 7723; CP No: 4847

Place: Bengaluru
Date: October 16, 2018

Annexure-2



To
The Members
CREDITACCESS GRAMEEN LIMITED
(CIN U51216KA1991PLC053425)
New No.49 (Old No.725), 46th Cross, 8th Block,
Jayanagar (Next to Rajalakshmi Kalyana Mantap)
Bengaluru - 560071

My Secretarial Audit Report of even date is to be read along with this letter.

1.Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on the audit.

2.I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on random test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3.I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4.The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards etc is the responsibility of the management of the Company. My examination was limited to the verification of procedures on random test basis.

5.Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

6.The list of laws applicable to the Company enclosed as Annexure-1 to the Secretarial Audit Report is as confirmed by the management of the Company. The Secretarial Audit Report is neither an assurance nor a confirmation that the list is exhaustive.

7.The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
C. Dwarakanath
Company Secretary in Practice
FCS No: 7723; CP No: 4847

Place: Bengaluru
Date: October 16, 2018

Annexure III



ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief Outline of the Company's CSR Policy:

The Company has chosen Navya Disha Trust to implement its CSR activities. Navya Disha Trust is registered as a non-profit organization having tax exemption status under 80G & 12A of Income Tax department. Navya Disha, since 2007 has been successfully been working with the Company in implementing various non-financial activities in the areas of health care, special education to children, water, sanitation, Indoor air pollution, training women on financial literacy, entrepreneurship, vocational training for rural youth etc., across the operational areas of the Company. Navya Disha has raised grants from various national and international donor agencies apart from receiving financial contributions from the Company.

The CSR Policy of the Company as approved and adopted by the Board is available on the website of the Company at www.grameenkoota.org

2. The Composition of the CSR Committee

Name	Designation	Position in the Committee
Mr. M.N. Gopinath	Chairman and Independent Director	Chairman
Mr. Prabha Raveendranathan	Independent Director	Member
Mr. Anal Kumar Jain	Independent Director	Member
Mr. Massimo Vita	Nominee Director	Member
Mr. Udaya Kumar Hebbar	Managing Director & CEO	Member

(Rs in Million)

3. Average net profit of the Company for the last three financial years	1,076.76
4. Prescribed CSR Expenditure (2% of the above)	
Approved Budget for the FY 2017 – 2018	21.54
Amount bought forward from FY 2016 - 2017 including cash with Implementing Agency	0
Total amount available for the CSR Activity for the FY 2017-18	21.54
5. Details of CSR spend for the financial year	
a. Total amount spent for the financial year	21.54
b. Amount unspent	0

Over and above this, the Company has donated Rs 40.78 million to Navya Disha as donation to carry out CSR activities in the segment of Water, Sanitation and Hygiene(WASH), Sushikashana (career guidance and financial literacy training for school students) and Sugrama (making villages open defecation free) in FY 2017-2018



c. Manner in which the amount spent:

(Rs in million)

Sl. No (1)	CSR project or activity identified (2)	Sector in which the Project is Covered (3)	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken (4)	Amount outlay (budget) projector programs wise (5)	Amount spent on the projects or Programs Sub-heads: (1) Direct expenditure on Projects or Programs (2) Overheads (6)	Cumulative expenditure upto the reporting period (7)	Amount spent: Direct or through implementing agency* (8)
1	WASH Program (Water, Sanitation and hygiene)	Safe Water, Sanitation, Hygiene, Financial Literacy, Toilet construction	In the operational areas of the Company in the states of Karnataka, Maharashtra, Tamil Nadu and Madhya Pradesh	15.86	NA		Through an imple-menting agency
2	Sushikshana	Safe Water, Sanitation, Hygiene, Financial Literacy, Career Guidance	In the operational areas of the Company in the states of Karnataka, Maharashtra, Tamil Nadu and Madhya Pradesh	1.00	NA		Through an imple-menting agency
3	Branch Level Community Development Activity - Toilet Construction at Schools	Sanitation	In the operational areas of the Company in the states of Karnataka, Maharashtra	2.95	NA		Through an imple-menting agency
4	Staff Expenses			0.52	NA		Through an imple-menting agency
5	Administra-tive Expenses			0.60	NA		
6	Auditing, Staff Capacity Building and Learning Workshops on WASH issues & contingency			0.60	NA		
			Total	**21.54**	**NA**		



6. Reasons for not spending the prescribed 2% amount: Not applicable

DECLARATION

The implementation and monitoring of the CSR Policy is in compliance with CSR objectives and Policy of the Company.

Udaya Kumar Hebbar
Managing Director & CEO
DIN: 07235226

M.N. Gopinath
Chairman, CSR Committee
DIN: 00396196



Annexure IV

Statement of Disclosure of Remuneration under Section 197 (12) of Companies Act, 2013 read with Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(I) The ratio of remuneration of Managing Director to the median remuneration of the employees of the Company for the FY 2017-2018: **41.75**

(ii) The percentage of increase in remuneration of Managing Director, Chief Financial Official and Company Secretary during the FY 2017-2018:

(Rs in million)

Sl No	Name of Director/KMP	Designation	Gross Salary including performance bonus during the FY 2017-2018	Perquisites on account ESOP exercise	% increase in Remuneration during the FY 2017-2018
1	Udaya Kumar Hebbar	Managing Director & CEO	11.82	24.35	12%
2	B. R Diwakar	Chief Financial Officer	7.27	13.91	15%
3	Darshana Kothari	Company Secretary*	1.17		12.5%
3	Syam Kumar R	Company Secretary*	0.88 (joined in Jan 2018)		

** Mr. Syam Kumar R was appointed as Company Secretary of the Company in place of Ms. Darshana Kothari effective March 29, 2018*

(iii) The percentage increase in the median remuneration of the employees in the FY 2017 - 2018: There has been an increase of 9.12% in the median remuneration of the employees of the Company in FY 2017 - 2018 as compared to FY 2016 - 2017.

(iv) The number of permanent employees on the rolls of the Company as on March 31, 2018: There were **6306** permanent employees on the rolls of the Company.

(v) Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: -

The average increase in the remuneration of employees other than KMPs during FY 2017 - 2018 was **6.79%** and the average increase in the remuneration of KMPs was **8.18%**.

Justification for Increase: The increase is in line with the industry standards and the Company's performance

(vi) **Affirmation:** It is hereby affirmed that the remuneration paid to KMPs and other employees are as per the Policy on Nomination and Remuneration of the Company



ANNEXURE V

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 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:

1	CIN	U51216KA1991PLC053425
2	Registration Date	June 12, 1991
3	Name of the Company	CreditAccess Grameen Limited (formerly known as Grameen Koota Financial Services Private Limited)
4	Category / Sub-Category of the Company	NON-BANKING FINANCE COMPANY – MICROFINANCE INSTITUTION (NBFC-MFI)
5	Address of the Registered Office and Contact details	Registered Office: New No. 49 (Old No725), 46th Cross, 8th Block, Jayanagar, (Next to Rajalakshmi Kalayana Mantap) Bengalore KA-560071 IN Email: csinvestors@grameenkoota.org Website: www.grameenkoota.org Phone: +91.80.22637300 Fax: +91.08.26643433
6	Whether listed Company	No
7	Name, Address and Contact details of Registrar and Transfer Agent	Karvy Computershare Pvt Ltd; Unit: CreditAccess Grameen Limited Karvy Selenium Tower B, Plot no. 31-32, Gachi Bowli, Financial District, Nanakramguda, Hyderabad - 500032. Email:einward.ris@karvy.com Phone: +91.40.6716 2222 Fax: +91.40.23431551

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Income from Microfinance Services	64990 of NIC Codes 2008	98.79%

III.PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

Sl. No.	Name and address of the Company	Cin/gln	Holding/ subsidiary / Associate	% of shares held	Applicable Section
1	CreditAccess Asia NV	NA	Holding Company	98.88	2(46)



IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Share Holding pattern

Category of the Share holders	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	-	-	-	-	-	-	-	-	-
b. Central Govt	-	-	-	-	-	-	-	-	-
c. State Govt(s)	-	-	-	-	-	-	-	-	-
d. Bodies Corp	-	-	-	-	-	-	-	-	-
e. Banks / Fis	-	-	-	-	-	-	-	-	-
f. Any other	-	-	-	-	-	-	-	-	-
Sub Total (A)(1)									
(2)Foreign									
a. NRIs – Individuals	-	-	-	-	-	-	-	-	-
b. Other – Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corp	-	-	-	-	-	-	-	-	-
d. Banks / Fis	-	-	-	-	-	-	-	-	-
e. Any other	85,203,532	0	85,203,532	99.44	126935763	49750	126,985,513	98.88	-0.56
Sub Total (A)(2)	**85,203,532**	**0**	**85,203,532**	**99.44**	**126935763**	**49750**	**126,985,513**	**98.88**	**-0.56**
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	**85,203,532**	**0**	**85,203,532**	**99.44**	**126935763**	**49750**	**126,985,513**	**98.88**	**-0.56**
B. Public Shareholding									
(1) Institutions									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Banks/Fis	-	-	-	-	-	-	-	-	-
c. Central Govt	-	-	-	-	-	-	-	-	-
d. State Govt(s)	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	-	-	-	-	-
g. FIIs	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i. Others (Pls specify) – Employees	-	-	-	-					
Sub Total (B)(1)									
(2) Non-Institutions									
a. Bodies Corp	-	-	-	-	-	-	-	-	-
i) Individual	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b. Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to Rs 2 Lakh	0	41171	41171	0.05	41171	0	41171	0.03	-0.02
ii) Individual shareholders holding nominal share capital in excess of Rs 2 Lakh	300000	136640	436640	0.51	436640	0	436640	0.34	-0.17
c. Others (Employees and foreign national)	-	-	-	-	866000	98013	964013	0.75	0.75
Sub Total (B)(2)	**300000**	**177811**	**477811**	**0.56**	**1343811**	**98013**	**1441824**	**1.12**	**0.56**
Total Shareholding of non-Promoter (B) = (B)(1) + (B)(2)	**300000**	**177811**	**477811**	**0.56**	**1343811**	**98013**	**1441824**	**1.12**	**0.56**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**85503532**	**177811**	**85681343**	**100**	**128279574**	**147763**	**128427337**	**100**	**0.00**



(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total shares of the Company	% of shares pledged / encum-bered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encum-bered to total shares	% change of share-holding during the year
1	CreditAccess Asia NV	85203532	99.44	Nil	126985513	98.88	Nil	-0.56

(iii) Change in Promoters Shareholding

Sl No	Shareholder's name	Shareholding at the beginning of the year as on (April 1, 2017)		Date	Increase (+) /Decrease (-) in Share-holding	Reason	Cumulative shareholding during the year (01.04.217 - 31.3.2018	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	CreditAccess Asia NV	85203532	99.44	01.11.2017	Increase	Preferential allotment	9,34,74,209	99.49
				28.12.2018	Increase	Preferential allotment	10,90,58,624	99.00
				28.12.2018	Increase	Allotment of shares on account of merger	11,39,48,751	99.00
				28.12.2018	Increase	Conversion of CCDs	12,69,35,763	99.00
				19.03.2018	Increase	Secondary acquisition	12,69,85,513	98.88



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

Sl No	Shareholder's name	Shareholding at the beginning of the year as on (April 1, 2017)		Date	Increase (+) /Decrease (-) in Share-holding	Reason	Cumulative shareholding during the year (01.04.217 - 31.3.2018	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Gopal Reddy	105,000	0.12	29.11.2017 01.03.2018	39,750 7,500	Exercise of stock options	152250	0.12
2	B.R Diwakar	Nil	Nil	29.11.2017 01.03.2018	1,10,000 35,000	Exercise of stock options	145000	0.11
3	Vinatha M Reddy	100000	0.12	-	-		100000	0.08
4	Vijitha Subbaiah	100000	0.12	-	-		100000	0.08
5	Jayaram Reddy	100000	0.12	-	-		100000	0.08
6	Gururaj Kumar K S Rao	Nil	Nil	29.11.2017 01.03.2018	67,000 21,500	Exercise of stock options	88500	0.07
7	Srivatsa H N	31640	0.04	29.11.2017 01.03.2018	49,500	Exercise of stock options	81140	0.06
8	Praveen Kumar H I	Nil	Nil	29.11.2017 01.03.2018	50,250 5,000	Exercise of stock options	55250	0.04
9	Arun Kumar B	Nil	Nil	29.11.2017 01.03.2018	37,250 7,500	Exercise of stock options	44750	0.03
10	Avula Haridarshini	Nil	Nil	29.11.2017	43,000	Exercise of stock options	43000	0.03



(v) Shareholding of Directors and Key Managerial Personnel

Sl No	Director's/ KMP's name	Category of Director/ KMP	Shareholding at the beginning of the year as on (01.04. 2017)		Date	Increase (+) /Decrease (-) in Share-holding	Reason	Cumulative shareholding during the year (01.04.2017 - 31.03.2018	
			No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Udaya Kumar Hebbar	Director	Nil	Nil	29.11.2017 01.03.2018	118750 93,750	Exercise of stock options	212500	0.17
2	Paolo Brichetti	Director	Nil	Nil	28.12.2018	13	Allotment as per scheme of Amalga-mation	13	0.00
3	B. R. Diwakar	CFO (KMP)	Nil	Nil	29.11.2017 01.03.2018	1,10,000 35,000	Exercise of stock options	145000	0.11

v. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs in million)

Sl No	Particulars of Remuneration	Name of MD/WTD/ Manager (Mr. Udaya Kumar Hebbar, Managing Director & CEO)
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11.82
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 –perquisites on account of ESOP exercise.	24.35
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0
2	Stock Option	90000
3	Sweat Equity	
4	Commission	
	-as % of profit	
	-others, specify...	
5	Others, please specify (Bonus & Ex-gratia)	2.21
	Total (A)	36.17
	Ceiling as per the Act	97.04



B. Remuneration to other directors (Sitting Fees)

(Rs in million)

Name of the Director	Sitting fees 2017-18
Mr. M.N Gopinath	0.37
Mr. Anal Kumar Jain	0.36
Mr. Prabha Raveendranathan	0.50
Mr. George Joseph	0.44
Ms. Sucharita Mukharjee	0.28
Mr. Paolo Brichetti	0.15
Mr. Massimo Vita	0.15
Mr. Sumit Kumar	
Ms. Vinatha M Reddy*	0.07
Mr. Suresh K Krishna**	0.06
Total	2.37

* *Resigned from our Board with effect from June 1, 2017*

** *Resigned from our Board with effect from May 19, 2017*

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

(Rs in million)

Sl No	Particulars of Remuneration	Key Managerial Personnel		
		B R Diwakar, CFO	Darshana Kothari, CS (Upto March 28, 2018)	Syam Kumar R, CS (w.e.f March 29, 2018)
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7.27	1.17	0.88
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 - on account of ESOP exercise	13.90		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	50000	3000	
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- others, specify...			
5	Others, please specify (Bonus)	1.36	0.16	0
	Total (A)	21.17	1.17	0.88



(vi) INDEBTEDNESS

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

(Rs in million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				0
i) Principal Amount	23,650.85	3,031.50	-	26,682.35
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,954.98	210.75	-	3,165.73
Total (i+ii+iii)	26,605.83	3,242.25	0.00	29,848.07
Change in Indebtedness during the financial year(FY 17-18)				
• Addition	26,900.00		-	26,900.00
• Reduction	15,401.23	2,152.50		17,553.73
Net Change	42,301.23	2,152.50	0.00	9,346.27
Indebtedness at the end of the financial year(FY 17-18)				
i) Principal Amount	35,149.62	879.00	0.00	36,028.62
ii) Interest due but not paid	0.00	0.00	0	0.00

(vii) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Except as disclosed below, there are no rectification/ compounding applications which have been filed by the Company during the period under review.

a) The Company had suo motu filed a compounding application before the Regional Director (South Eastern Region), Ministry of Corporate Affairs on October 8, 2011 for offence committed under Sections 205 (1A), 205 (1B) and 205 (3) of the Companies Act, 1956, punishable under section 629 A of the Companies Act, 1956. The compounding fee of Rs 5000/ - was paid by the Company pursuant to the compounding order dated October 26, 2017.

b) A compounding application was *suo motu* filed by the Company on January 18, 2018 before the Chief General Manager, Foreign Exchange Department, RBI, for compounding offenses under Paragraph 9(1)(A) of Schedule 1 of FEMA 20/ 2000 and Paragraph 9(1)(B) of Schedule 1 of FEMA 20/ 2000 for reporting of foreign inward remittance beyond the prescribed period and reporting of allotment of shares to non-resident investors beyond the prescribed period. A compounding fee of Rs 0.91 million was paid by the Company pursuant to the compounding order dated June 01, 2018.

c) A compounding application was suo motu filed by the Company on January 20, 2018 before the Regional Director (South Eastern Region), Ministry of Corporate Affairs for compounding of offence under Section 94 read with Section 13(4) of the Companies Act, 1956. A compounding fee of Rs 10,000/ - was paid by the Company pursuant to the compounding order dated April 10, 2018.

VI - **MANAGEMENT** Discussion & Analysis





MANAGEMENT DISCUSSION & ANALYSIS

I. Microfinance Industry: A Broader Perspective

Industry Overview

Indian microfinance industry consists of Non-Banking Financial Company - Micro Finance Institutions (NBFC-MFIs) (members of 'Microfinance Institutions Network' - MFIN) and other key lenders under the category of Banks, Small Finance Banks (SFBs), NBFCs, non-profit MFIs and Self-Help Groups (SHGs). As at March 31, 2018, total gross loan portfolio (i.e. loan amount outstanding) of the industry was Rs 1,366,330 million. As at March 31, 2018, NBFC-MFI segment represented 28% of the microfinance lending, with Banks at 38% and SFBs at 27%

NBFC- MFI

As at March 31, 2018, NBFC-MFI segment served over 25.6 million customers. The customer base increased by 27%. Gross Loan Portfolio (GLP) of NBFC-MFI segment was Rs 499,120 million as against Rs 320,390 million in the previous year representing an increase of 56%. NBFC-MFI segment had 10,229 branches across the country which provided employment to 83,500 people. Rs 611,820 million was disbursed through 27.3 million loans representing a growth of 53% from previous year.

NBFC-MFI segment is governed by two self-regulatory organisations (MFIN and Sa-Dhan). As per MFIN, NBFC MFI segment has 47 companies operating in the space. These companies have been classified as Large, Medium and Small based on the GLP of each company. Companies having GLP more than Rs 5000 million are classified as Large players. Companies having GLP between Rs 1000 million to Rs 5000 million are classified as Medium players and Companies having GLP less than Rs 1000 million are classified as Small players. As per the classification, there are 19 Large players, 15 Medium players and 13 Small players. Large players account for 90% of the NBFC-MFI segment GLP. A small snapshot is provided below,

- Top Ten Large MFIs contribute to 77% of NBFC-MFI segment GLP. As at March 31, 2018, rural portfolio contribution stood at 66%.
- 46% of the customers were supported for trade/services and manufacturing. 50% of the customers took loans to support agriculture and allied activities and 4% for household finance
- Region wise distribution of portfolio is as provided below
  - o South : 20%
  - o West : 11%
  - o North : 14%
  - o Central : 11%
  - o East and North East : 44%
- Karnataka, Odisha, Uttar Pradesh, Bihar and Tamil Nadu account for 51% of loan portfolio.

The SFB segment which totally has 9 companies has a total loan outstanding of Rs 300,190 million with 17.3 million loan accounts. Compared to previous year, the growth in loan outstanding of SFBs has increased by 3%

II. Competitive Strengths and Strategies

Market Position

As at March 31, 2018, CreditAccess Grameen Limited (The Company) stood at 3rd position among the 19 large MFIs (4th Position during the previous financial year). The Company held 10% share of total GLP of the NBFC-MFI segment (7% as at March 31, 2017) and occupied 2nd position in overall disbursement with 10% share (7% share during previous year).

**Source for Industry Data*

Micrometer report – March 2018

Data of Satin updated from investor presentation - as of March 2018

CreditAccess Grameen updated as per actuals



Higher rural penetration

82% of the branches of the Company are categorised as rural branches as they cater to customers in rural areas. Each branch is planned to cover maximum number of villages which are located in a radius upto 25 Kms from the branch office. The Company has consistently increased its share in rural areas in last five years. As at March 31, 2018, customers serviced in rural areas was around 81% as compared to 62% as at March 31, 2013.

Customer Interaction

Employees interact with customers in Kendra meetings which are conducted on weekly and bi-weekly basis. Customers are provided with information on various topics through programs like Jagruti, Social Awareness campaigns and other programs at regular intervals. Effective mechanism has been designed to constantly obtain feedback from customers which is used to make improvements in the existing system and also to design new products and services.

Product Design – Customer centric and Sustainable

The Company has adopted a Life Cycle approach for design of products and services. Products are designed to cater to all the needs of customers during their life cycle. The Company continues to be scalable and financially sustainable with high level of customer satisfaction, lower operating cost, lower credit risk, preferred MFI for customers and lower customer attrition.

Employee Friendly Organisation

The Company is one among the few MFIs which have a 5-day work week. It is first employer for more than 90% of the employees. Staff attrition is around 21% which is on lower side compared to the Industry. Several employee welfare schemes have been implemented to make it an employee friendly organization.

Efficient and Stable Management Team

The Company has very experienced and well qualified people in the Management team. The team has always been approachable to employees and very innovative in decision making process. Since 2012-13, there is no significant attrition in the management team, which has helped organization's growth by process of quick decision making and effective implementation of the strategies and decisions.

III. New Initiatives

A. Mobility solution

The Company launched a mobility solution offered by Software Group in June 2017, which has been scaled up across all branches by November 2017. The solution provides branch users with an alternative data entry channel, enabling faster and easier completion of data entry on daily basis using tablets. The mobility solution covers all transactions such as customer loan repayments, attendance marking, loan prepayments, loan application entries and disbursements. The solution works in offline mode allowing users to work seamlessly even when there are local network connectivity challenges.

B. Cashless Disbursements

The Company has prepared itself to adapt to the changing scenarios of the macro environment of the microfinance industry by switching to go with cashless disbursements. As per the positive feedback received from the customers regarding the cashless disbursements of loans, the staff across all branches have been trained to do the cashless disbursements. The pilot was done at a few branches and the process has been adopted across all branches. Cashless disbursements are carried out only for those customers who have given their consent for the same.

C. New products (Individual Retail Finance)

During the FY 2016-17, the Company introduced individual retail finance loans on a pilot basis for customers who had been with the Company for at least three years and fulfilled certain other eligibility criteria linked primarily to their credit history (with the Company), income and business position. This loan category targets customers who are more entrepreneurial, have graduated from the JLG model and are capable of taking larger loans in their individual capacity. Loans are offered to customers for working capital requirements, to



expand an existing business in their individual capacity or for purchase of inventories, machinery and two-wheelers. Four categories of individual retail finance loans are,

- **Grameen Udyog Loan:** For customers who require more credit in their individual capacity to expand an existing business;
- **Grameen Savaari Loan:** For customers to purchase a two-wheeler which will provide support for income generation activity;
- **Grameen Udyog Vikas Loan:** A high-ticket asset backed business loan, given to customers who have high credit requirement for business expansion, inventory purchase etc.
- **Grameen Suvidha Loan:** A working capital loan given to customers to meet their additional credit needs and is usually given for the upkeep of assets or inventory related to business.

IV. The Company's Operations Perspective

A. Customer Profile

Customers of the Company come from diverse backgrounds and different age groups yet they have been functioning together as its members for years now. The tables below show, the distribution of the customers based on their age and vintage with the Company.

Customers' Age	FY 14	FY 15	FY16	FY 17	FY18
18-25 years	8%	9%	9%	7%	7%
26-30 years	15%	16%	16%	16%	16%
31-35 years	19%	19%	19%	19%	19%
36-40 years	18%	17%	17%	17%	18%
41-50 years	30%	29%	29%	30%	30%
>50 years	9%	9%	10%	11%	11%

Customer Vintage with the company	FY 14	FY 15	FY16	FY 17	FY18
Less than 1 year	39%	46%	38%	26%	33%
1-3 years	25%	30%	42%	49%	37%
3-6 years	26%	16%	10%	16%	23%
6 years and above	9%	9%	10%	9%	8%

B. Profitability

For the year ended March 31, 2018, the Company's profit after tax stood at Rs 1,246 million as against Rs 753 million in the previous year, representing an increase of 66%.

Total revenue for the year ended March 31, 2018, was Rs 8,752 million as against Rs 7,093 million in the previous year, representing a growth of 23%. Total expenses stood at Rs 6,823 million as compared to Rs 5,927 million in previous year representing an increase of 15%.

C. Outreach and branch network

As at March 31, 2018, loan portfolio amounted to Rs 49,747 million as against Rs 30,754 million in the previous year representing a growth of 62%. As at March 31, 2018, the total borrowers were 1,851,324 as against 1,450,298 in the previous year, representing a growth of 28%. The Company opened 123 branches in the financial year and the employee base increased to 6,306 as compared to 4,952 in the previous year representing a growth of 27%.

The 'Individual Retail Finance' business segment has opened 25 branches in the FY 2017-18. As at March 31, 2018, Individual Retail Finance has total loan portfolio of Rs 513 million reaching to 6,317 customers in 30 branches across Karnataka, Maharashtra and Tamil Nadu.

D. Operational Trends

During the last five financial years, starting from April 1, 2013, and ending on March 31, 2018, the Company expanded its reach to 132 districts from 41 districts. The total branches have increased to 516 from 161. The Company expanded its operations in Madhya Pradesh, Chhattisgarh, Kerala, Odisha, Goa States and in Union Territory of Puducherry. The loans disbursed during the year 2017-18 was Rs 60,817 million as against Rs 10,281 million during the year 2013-14 representing a CAGR of 56%. Employee strength of the organization increased from 1,563 as at March 31, 2014 to 6,306 as at March 31, 2018 resulting in a CAGR of 42%



Operational Trends

Particulars	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	CAGR (%)
Branches	176	238	298	393	516	31%
Districts	42	64	74	96	132	33%
Active Borrowers	504,688	844,585	1,196,389	1,450,298	1,851,324	38%
Loans disbursed (INR Millions)	10,281	18,939	33,488	34,026	60,817	56%
Portfolio on Book (INR Millions) [A]	6,686	13,396	24,653	30,754	49,747	N/A
Managed Portfolio (Securitized) (INR Millions) [B]	1,410	1,075	734	-	-	N/A
Portfolio Outstanding (INR Millions) [A+B]	8,095	14,471	25,388	30,754	49,747	57%
Field Officers	1,061	1,968	2,736	3,668	4,544	44%
Total Staff	1,563	2,658	3,835	4,952	6,306	42%
Repayment Rate	99.99%	99.96%	99.94%	96.54%	96.62%	N/A
PAR (INR Millions)	1	9	26	4,520	631	N/A
Funds availed during the year (INR Millions)	8,837	11,807	19,270	16,812	26,900	32%

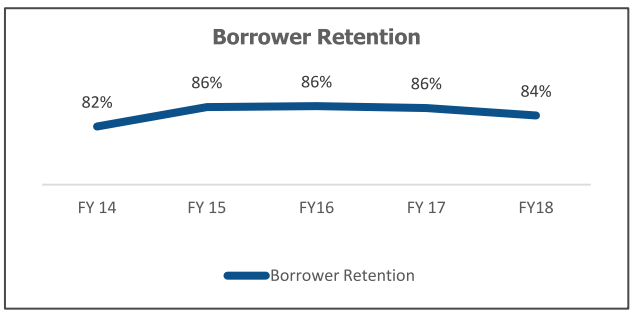
E. Credit Bureau

The Company is working with Credit Bureaus like Highmark, Equifax, Experion and CIBIL. Credit Bureaus help to identify overlapping microfinance borrowers, their overall loan exposure and incidents of default. Every single loan given by the Company undergoes a credit check with the Credit Bureaus. The Credit Bureau verification process has been completely integrated into the loan delivery processes and is instrumental in minimizing instances of borrower over-indebtedness.

F. Borrower Retention

The Company has consistently maintained borrower retention rate of above 80% for the past 5 years. The retention rate has never reduced to less than 80% since March 31, 2014. Adaptation of life cycle approach while designing customer centric products, effective delivery of services and constant social focus approach towards customers has reduced attrition to a very large extent.

Slight decrease in borrower retention percentage has been seen as on March 31, 2018, primarily due to higher Credit Bureau rejections and special situation arising out of demonetization. Borrower retention for past 5 years is provided below,



G. Financial Performance

As at March 31, 2018, portfolio yield was 20% as against 22% in the previous financial year. Cost to income ratio as at March 31, 2018 was 38% as against 41% in the previous financial year representing a significant improvement.

ICRA has reaffirmed (ICRA) A (Stable)[ICRA] AI ratings to the bank facilities and debt programs of the Company CRISIL has are affirmed the the Institutional Grading at "mfR1".

The Social Rating "Σ α" awarded by Mcril and the Code of Conduct Assessment -"C1" ascertained by SMERA has been reaffirmed.

Funding Trends

The changes in the outstanding borrowings from different sources during FY 2017-18 in comparison to last year can be seen in the below table



All figures in Rs Millions	O/s as on Mar-14	O/s as on Mar-15	O/s as on Mar-16	O/s as on Mar-17	O/s as on Mar-18
Public Sector Banks	2,761	3,116	3,948	2,482	3,355
Private Banks	2,873	5,713	9,634	8,450	18,813
Securitization/Buyouts	1,410	1,075	735	-	-
NCDs/Foreign sources	1,696	2,959	4,649	5,499	7,887
NBFCs and Other FIs	723	1,117	4,103	8,251	5,975
CCD	-	-	-	2,000	-
Total	**9,462**	**13,980**	**23,068**	**26,682**	**36,029**

H. Portfolio and Customer Distribution:

The Company has operational presence in Karnataka, Maharashtra, Tamil Nadu, Chhattisgarh, Madhya Pradesh, Kerala, Odisha, Goa and Puducherry. The Company has adopted a contiguous district expansion strategy to expand the operations in new geographies. Below table gives us the details of district wise portfolio and customer penetration for past 5 years.

District Level Portfolio Distribution

% of Overall Portfolio Distribution	No. of Districts				
	FY14	FY15	FY16	FY17	FY18
<=0.5%	9	23	28	43	78
0.5% to<1%	6	9	11	18	22
1% to <3%	12	19	28	29	26
3% to <5%	11	8	4	4	5
More than 5%	4	5	3	2	1

% of Overall Portfolio Distribution	FY 13-14					FY 14-15					FY 15-16				
	<0.5 %	0.5-1%	1-3%	3-5%	>5%	<0.5 %	0.5-1%	1-3%	3-5%	>5%	<0.5 %	0.5-1%	1-3%	3-5%	>5%
Karnataka	4	4	6	9	3	4	4	11	6	4	3	6	15	3	3
Maharashtra	3	2	5	2	1	9	3	7	2	1	6	4	12	1	
Tamil Nadu	2		1			2	2	1			6	1	1		
Madhya Pradesh						6					10				
Chhattisgarh						2					3				
Odisha															
Kerala															
Goa															
Puducherry															
Grand Total	9	6	12	11	4	23	9	19	8	5	28	11	28	4	3

% of Overall Portfolio Distribution	FY 16-17					FY 17-18				
	<0.5%	0.5-1%	1-3%	3-5%	>5%	<0.5%	0.5-1%	1-3%	3-5%	>5%
Karnataka	4	5	16	3	2	2	7	16	4	1
Maharashtra	8	5	12	1		14	6	9	1	
Tamil Nadu	5	5	1			19	5	1		
Madhya Pradesh	16	3				20	4			
Chhattisgarh	10					12				
Odisha						5				
Kerala						3				
Goa						2				
Puducherry						1				
Grand Total	43	18	29	4	2	78	22	26	5	1



% of Overall Customer Distribution	No. of Districts				
	FY14	FY15	FY16	FY17	FY18
<=0.5%	7	20	21	37	66
0.5% to<1%	6	8	18	20	30
1% to <3%	15	26	28	33	32
3% to <5%	9	5	6	6	4
More than 5%	5	5	1	0	0

% of Overall Customer Distribution	FY 13-14					FY 14-15					FY 15-16				
	<0.5 %	0.5-1%	1-3%	3-5%	>5%	<0.5 %	0.5-1%	1-3%	3-5%	>5%	<0.5 %	0.5-1%	1-3%	3-5%	>5%
Karnataka	4	4	7	7	4	4	2	16	3	4	3	6	15	5	1
Maharashtra	2	1	7	2	1	6	4	9	2	1	4	6	12	1	
Tamil Nadu	1	1	1			2	2	1			6	1	1		
Madhya Pradesh						6					5	5			
Chhattisgarh						2					3				
Odisha															
Kerala															
Goa															
Puducherry															
Grand Total	7	6	15	9	5	20	8	26	5	5	21	18	28	6	1

% of Overall Customer Distribution	FY 16-17					FY 17-18				
	<0.5%	0.5-1%	1-3%	3-5%	>5%	<0.5%	0.5-1%	1-3%	3-5%	>5%
Karnataka	3	5	17	5		2	8	16	4	
Maharashtra	7	5	13	1		11	5	14		
Tamil Nadu	5	4	2			18	5	2		
Madhya Pradesh	12	6	1			13	11			
Chhattisgarh	10					11	1			
Odisha						5				
Kerala						3				
Goa						2				
Puducherry						1				
Grand Total	37	20	33	6	0	66	30	32	4	0

Product Wise Portfolio Distribution

Products	FY 14		FY 15		FY 16		FY 17		FY 18	
	Portfolio (Rs Millions)	% age	Portfolio (Rs Millions)	% age	Portfolio (Rs Millions)	% age	Portfolio (Rs Millions)	% age	Portfolio (Rs Millions)	% age
Income Generation Loans	7,164	88.5%	12,565	86.8%	22,430	88.3%	26,971	87.7%	42,841	86.1%
Family Welfare Loans	166	2.1%	316	2.2%	664	2.6%	1,190	3.9%	1,172	2.4%
Home Improvement Loans	632	7.8%	1,376	9.5%	2,119	8.3%	2,471	8.0%	5,198	10.4%
Emergency Loans	133	1.6%	215	1.5%	176	0.7%	116	0.4%	22	0.05%
Retail Finance	-	-	-	-	-	-	6	0.02%	513	1.0%
Total	8,095	100.0%	14,471	100.0%	25,388	100.0%	30,754	100.0%	49,747	100.0%



Product-wise Loans Disbursed

Products	FY 14		FY 15		FY 16		FY 17		FY 18	
	Loans Disbursed	%	Loans Disbursed	%	Loans Disbursed	%	Loans Disbursed	%	Loans Disbursed	%
Income Generation Loans	519,308	30.7%	960,233	33.8%	1,499,679	36.7%	1,304,519	41.7%	1,833,417	59.3%
Family Welfare Loans	219,931	13.0%	407,306	14.3%	610,594	15.0%	641,970	20.5%	586,307	19.0%
Home Improvement Loans	81,136	4.8%	166,909	5.9%	154,095	3.8%	176,624	5.7%	420,101	13.6%
Emergency Loans	868,901	51.4%	1,309,382	46.0%	1,819,119	44.5%	1,002,159	32.1%	245,250	7.9%
Retail Finance	-	-	-	-	-	-	89	0.003%	6,704	0.2%
Total	1,689,276	100.0%	2,843,830	100.0%	4,083,487	100.0%	3,125,361	100.0%	3,091,779	100.0%

I. Social Performance

The Company is committed to achieve stated social objectives. We have ensured that we adopt right strategies to achieve our social objectives. A glimpse of social performance management for the financial year 2017-18 has been provided in Social Performance Management (SPM) report.

J. Internal Audit and Internal Controls

The Company believes in maintaining a strong internal control framework and views such a framework as an essential prerequisite for the growth of business. Precisely for this reason, the Company has well documented policies, procedures and authorization guidelines that commensurate with the size of the organization. Additionally, an efficient independent internal audit system is in place to conduct audit of all branches, regional offices and as well as the head office.

Internal Audit in the Company is an independent consulting activity guided by a philosophy to add value to improve and enhance operations of your organization. It assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of Company's internal control, risk management and governance processes.

The internal audit activity is conducted with strict accountability for confidentiality and safeguarding records and information. It has full authorized, free and unrestricted access to any and all of the Company's records, physical properties and personnel pertinent to carrying out any engagement. The internal audit activity also has free and unrestricted access to the Board. The Audit Committee of the Board is updated on significant internal audit observations, compliance with statutes, and progress of risk management and effectiveness of working of the control systems every quarter. Internal Audit also interacts with the external auditors. Every branch is audited an average of 6 times in a year. Based on extent of compliance and adherence to systems, policies and procedures, the audited branches are assigned compliance scores.

K. Risk Management

The Company is continuously making efforts to ensure integration of risk management practices into consolidated governance and implementation structure. Conscious effort is put in developing and improving strong risk culture within the organisation and having appropriate systems and tools to identify, measure and report risks for managing them. The Risk Management Department works with and across all departments within the Company. Whereas each department focuses on its specific area of activity, the Risk Management Department operates in cooperation with all other departments, utilizing all significant information sourced by the other departments in order to improve the management of corporate risks following the guidelines approved by the Board.

Annual Risk Management Plan comprises of the major risks that have been identified by management as needing particular focus and close monitoring. The Annual Risk Management Plan forms the basis for implementation of risk management practices in detail. The Board of Directors stands at the apex of the governance, supporting the risk management framework.



The Board comprises of professional directors with relevant experience and who are well placed to understand risks specific to the Company and Microfinance sector in general. The Board oversees the implementation of the Risk Management Plan principally through the Risk Management Committee (RMC). The major risks to be focussed and monitored closely by management and reported to the risk committee are identified based on the risk profile of the Company. All the strategies with respect to managing these major risks is monitored by the Head-Risk, Management Level Risk Committee and reported to the RMC of the Board of Directors on quarterly basis. The RMC oversees working of risk management practices/strategies by approving Key Results Expected and reviewing the same on quarterly basis. The Committee would also review action taken report in respect of suggestions/ recommendations made in the previous meeting.

L. Human Resources (HR)

HR team of the Company strongly abides by the organization's Vision of being Committed, Reliable, Empathetic, Accountable, Transparency and Efficiency (CREATE). HR department ensures that the above-mentioned values are genuinely met for all internal resources. With the present scenario, there exists a challenge in acquiring resources with the right skills and aptitude in the Industry. But the HR team has adopted various innovative methods and approaches to meet the expectations. Along with the statutory benefits provided to employees such as ESI, Insurance, SAF and Gratuity, the HR department has always worked towards providing different employee welfare benefits which includes motivating employees by providing birthday, wedding, sibling wedding and child gifts.

HR Highlights

- Employee attrition rate as at March 31, 2018 was 21%
- 57% of trainees were retained (as at March 31, 2018)
- No pending concerns under labour compliances, sexual harassment and disciplinary issues.
- Covered all eligible employees in ESIC as per the wage amendment.

Training

The Company has a very effective in-house training facility. It manages, develops and releases the knowledge and full potential of the employees at an individual, team□based and organization wide levels by carrying out the following processes diligently. Different types of trainings provided to the employees are

- 28 Days Basic Training program conducted for trainees for field operations
- Refresher Training as per operational requirement
- Induction training for lateral hires
- Departmental Process trainings and orientation program for all new recruits and promoted staffs
- Leadership Training programs for all Manager level employees
- Process workshops for the employees as per the requirement

The above trainings are designed based on objectives, target section of employees, skills and capabilities required for field operations. Below are details of number of employees trained in the financial year with various types of training sessions:

Staff Training Programs	Duration trained	No. of staff
a. Field Officers Basic Training	1 Month	3,618
b. Field Officers Basic Training – Individual Retail Lending	1 Week	287
c. Refresher (Both Group and Individual Retail Lending)	4 hours	8,419
d. Process Workshops	1 to 2 days	888
e. Orientation to Leadership (newly recruited and promoted staff)	3 days	159
f. Parivarthan (Motivational Training for new joiners in the field)	1 day	710
g. New Technical Trainings	4 hours	956
h. People Management Program	1 to 2 days	192
i. Online training on Code of Conduct		4,220
j. Online training on Client Protection Principles		1,857



E-Learning Portal

The Company has continued to use the open source online E-learning portal for employee training, which provides a strong platform for delivering effective learning modules to all employees. The portal is a powerful tool to reduce training costs and deliver effective training programs to larger audience.

M. Information Technology

The information technology team in the Company has continually focused on implementing a centralized and consolidated Information System to enable smooth and swift flow of information and data across the system. This has enabled the Company to control the cost of operations and provide improved services to customers. The Company has focused its expertise towards embracing state of the art technology solutions to support the company's growth and enable more efficient operations.

Core Banking System (CBS)

After the major technology migration exercise to T24 Microfinance and Community Banking (MCB) in 2015, all branches of the Company are working efficiently to complete the daily business operations. T24 MCB is the CBS offered by Temenos, which is a leading provider of core banking solutions worldwide. T24 MCB has been specifically customized for the Company's business operations. The higher levels of automation, controls and flexibility provided by the system shall enable the Company to achieve its vision to reach a larger customer base.

Reporting

The Company generates various internal and external reports using Jasper Reporting Server, which enables the reports to be auto extracted and emailed to various stake holders with a high degree of accuracy on timely basis.

Infrastructure Outsourcing

The Company has been working in partnership with IBM on outsourced infrastructure management services, so that the entire Data Centre and disaster recovery server infrastructure management is managed by them. The Company has been periodically upgrading the IT infrastructure to ensure uninterrupted support for the business growth plans. The Company has partnered with Bharti Airtel, Sify and Tata Teleservices for network connectivity across all critical locations.

Technology initiatives

The Company is actively working on upgrading its technology architecture and applications to keep pace with the changing environment in the industry. With initiatives such as field force automation, robust internal communication and knowledge management systems, there are direct benefits in terms of greater cooperation between teams as well as more effective management of operations. The Company is committed to enhancing the technology capabilities with increased push towards cashless disbursements, aadhar based customer enrolments, instant credit eligibility checks, etc.

N. Treasury and Cash management system

The Company has an integrated Treasury and Cash Management system that operates the complete cash/bank operations, entails pooling of excess funds from branches and funding to the branches requiring disbursement, repayment of loan instalments and payments to vendors, employees for goods, services, reimbursement, salary and investment of surplus funds, if any

VII - **CORPORATE** Governance





Corporate **GOVERNANCE REPORT**

I. CORPORATE GOVERNANCE PHILOSOPHY

CreditAccess Grameen Limited ("the Company") seeks to follow the highest standards of governance principles and practices. This approach has helped the Company to weather the turbulent times that the Micro Finance Institutions sector has faced from time to time. This approach has also reduced the vulnerability of the company to financial and other crises through acceptance of the Company's approach by other stakeholders in the ecosystem in which the Company operates, as has been demonstrated by the sustained access to capital and debt markets on a continuing basis. The Company is committed to strengthen this approach through adoption of 'best in class' philosophy, systems and processes in the realm of governance.

In India, corporate governance standards for listed companies are mandated under the Companies Act, 2013 ("CA 2013") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"). In addition to the above, corporate governance standards for Non-Banking Finance Companies are also prescribed by the Reserve Bank of India.

The Company has always believed in implementing corporate governance guidelines and practices that go beyond meeting the letter of the law and has comprehensively adopted practices mandated in the CA 2013 and SEBI LODR Regulations to fulfil its responsibility towards the stakeholders. These guidelines ensure that the Board of Directors ("the Board") will have the necessary authority to review and evaluate the operations periodically and also as and when required. Further, these guidelines allow the Board to make decisions that are independent of the Management.

As on March 31, 2018 the Company was an unlisted public limited Company and therefore, the SEBI LODR Regulations were not applicable to the Company as on the said date. Effective August 23, 2018 pursuant to the Company getting listed on BSE Limited and National Stock Exchange of India Limited, the Company has complied inter alia with the requirements of Corporate Governance Guidelines as per the SEBI LODR Regulations, including the provisions stipulated in Reg 17 to 27 read with Schedule V and clause (b) to (i) of subregulation (2) of Reg 46 of the SEBI LODR Regulations. Accordingly, the Company has disclosed information as on March 31, 2018 and as on the date of the Directors Report ie. October 16, 2018.

II. BOARD OF DIRECTORS

a. Composition

The composition of the Board is in conformity with Regulations 17 of SEBI LODR Regulations, which stipulates that the Board should have an optimum combination of executive and non-executive directors with at least one (1) woman director and at least fifty per cent (50%) of the Board should consist of non-executive directors. It further stipulates that if the chairperson of the Board is a non-executive and non-promoter director then at least one-third of the board should comprise of independent directors.

As on March 31, 2018, the Company's Board comprised of nine (9) Directors, including five (5) Non executive Independent Directors as mentioned in the table below. The Chairman of the Board is a Non-Executive and Independent Director.



Category	Name of Directors
Executive Director	Mr. Udaya Kumar Hebbar, Managing Director & CEO
Non-Executive- Non-Independent Directors	Mr. Paolo Brichetti
	Mr. Massimo Vita
	Mr. Sumit Kumar
Non - Executive –Independent Directors	Mr. M.N Gopinath, Chairman
	Mr. George Joseph
	Mr. Anal Kumar Jain
	Mr. Prabha Raveendranathan
	Ms. Sucharita Mukherjee

The Company has in place a policy on Board Diversity. Diversity is ensured through consideration of a number of factors, including but not limited to skills, industry experience, background and other relevant aspects.

During the period under review, none of the Directors on the Board hold directorships in more than ten public companies and none of them is a member of more than ten committees or Chairman of more than five committees across all the public companies in which he/she is a Director. All the Directors have disclosed their interest in other companies, directorship and membership of Committees and other positions held by them. The offices held by the directors are in compliance with the CA 2013 and the SEBI LODR Regulations.

Detailed profile of the Directors are available on the website of the Company at *www.grameenkoota.org*

Number of other directorships and committees memberships of the Company's Directors as chairman, director or member as on March 31, 2018

Name of the Director	Designation	Number of Directorship in (listed entities)1	Number of memberships in Audit/ Stakeholder Relationship Committee(s)1	Number of post of Chairperson in Audit/ Stakeholder Relationship Committee held in listed entities1
Mr. Paolo Brichetti	Nominee Director	0	-	-
Mr. Massimo Vita	Nominee Director	0	-	-
Mr. Sumit Kumar	Nominee Director	0	-	-
Mr. Prabha Raveendranathan	Independent Director	0	-	-
Mr. Anal Kumar Jain	Independent Director	0	-	-
Mr. M.N. Gopinath	Chairman and Independent Director	0	-	-
Mr. George Joseph	Independent Director	2	2	1
Ms. Sucharita Mukherjee	Independent Director	0	-	-
Mr. Udaya Kumar Hebbar	Managing Director & CEO	0	-	-

1 Does not include Directorship/ membership/ Chairmanship in committees in CreditAccess Grameen Limited as the Company was not listed as on March 31, 2018

Notes:

- There are no inter-se relationships between the Board members
- None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which he/she is a Director.
- None of the Independent Directors on the Board is an Independent director in more than seven listed companies.
- All the directors have disclosed their interest in other companies, directorship and membership of Committees and other positions held by them. The offices held by the directors are in compliance with the CA 2013 and the SEBI LODR Regulations.

b. Board Meetings

The Board met twelve times during the financial year 2017-2018 on May 17, 2017, July 25, 2017, September 11, 2017, October 4, 2017, October 23, 2017, November 14, 2017, December 1, 2017, December 27, 2017, January 12, 2018, January 23, 2018, January 24, 2018 and March 29, 2018. The time gap between any two of the said meetings had not exceeded one hundred and twenty days.

c. Change in Board/KMPs

Mrs. Vinatha M Reddy and Mr. Suresh K Krishna resigned from the directorship of the Company during the year. Mr. Massimo Vita joined the Board effective July 25, 2017 and Ms. Sucharita Mukherjee has been appointed on the Board of the Company on September 11, 2017. Mr. Syam Kumar R joined as Company Secretary of the Company during the year.

d. Attendance of each Director at Board Meetings and at the previous Annual General Meeting (AGM)

Name of the Director	Designation	Eligible	Meetings Meetings	Whether attended Attended last AGM
Mrs. Vinatha M Reddy*	Founder and Chairperson	1	1	NA
Mr. Suresh K Krishna**	Director	1	1	NA
Mr. Paolo Brichetti	Nominee Director	12	12	No
Mr. Massimo Vita	Nominee Director	10	9	No
Mr. Sumit Kumar	Nominee Director	12	12	No
Mr. Prabha Raveendranathan	Independent Director	12	10	No
Mr. Anal Kumar Jain	Independent Director	12	9	No
Mr. M.N. Gopinath	Chairman and Independent Director	12	8	No
Mr. George Joseph	Independent Director	12	10	No
Ms. Sucharita Mukherjee	Independent Director	9	7	No
Mr. Udaya Kumar Hebbar	Managing Director & CEO	12	12	Yes

** Mrs. Vinatha M Reddy was on the Board of the Company till June 01, 2017*

***Mr.Suresh K Krishna was on the Board of the Company till May 19, 2017*



Notes:

1. None of the employees of the Company is related to any of the Directors.
2. None of the Directors has any business relationship with the Company.
3. None of the Directors has received any loans or advances from the Company during the year.

e. Appointment, criteria and tenure of Independent Directors

Pursuant to Sec 149, 150 and 152 of the CA 2013, the Company has five Independent directors on the Board. The independent directors were appointed at the EGM held on January 13, 2018 for a fixed tenure of five years from the date of original appointment / reappointment. The terms and conditions of appointment of Indepenent directors are available in the website of the Company at *www.grameenkoota.org.*

f. Information provided to the Board of Directors

The Company provides adequate information to the Board/Committees by circulating the detailed agenda with proper explanatory notes at least seven days before the date of the Board/Committee meetings, except for the meetings called at a shorter notice, if any, with appropriate approvals.

The Board reviews periodical compliances of all applicable laws, rules and regulations and the statements submitted by the Management. The members of the Board have full freedom to express their opinion in the Board and the decisions are taken after detailed deliberations.

g. Code of Conduct for Directors and Senior Management Personnel

In compliance with Reg 17(5) of SEBI LODR Regulations, the Company has put in place a Code of Conduct for Directors and Senior Management. This code is intended to ensure that the Company operates with the highest degree of legal and ethical standards of conduct.

Pursuant to Reg 26(3) of SEBI LODR Regulations, all the members of the Board and Senior Management personnel shall affirm Compliance of the Code on an annual basis. A declaration by the Managing Director & CEO in this regard, pursuant to Reg 34 read with clause D of Schedule V of SEBI LODR Regulations, confirming to the adherence to this Code, is enclosed herewith as ANNEXURE 1

h. Code for prevention of Insider Trading

The Company has put in place a code of conduct for Prevention of Insider Trading for its designated persons in compliance with SEBI (Prohibition of Insider Trading) Regulations 2015. This Code is to regulate, monitor and report trading in the Company's shares by the designated persons of the Company.

The code of conduct for Prevention of Insider Trading is available on the website of the Company at : *www.grameenkoota.org*

i. No. of Shares and convertible instruments held by Non-Executive Director

Details of shares or convertible instruments of the Company held by Non-Executive Director as on March 31, 2018 is given below:

Sl No	Director's name	No. of equity shares
1	Mr. Paolo Brichetti	13*

**Paolo Brichetti holds 13 shares as nominee of CreditAccess Asia NV.*

j. Remuneration Policy

Remuneration for the Managing Director & CEO and other senior executives consists of fixed and variable components and other benefits as per the policies of the Company. The Nomination and Remuneration Committee conducts an annual appraisal of the performance of the Managing Director and CEO and other senior executives based on a performance-related matrix. The annual compensation of the senior executives is approved by the Nomination and Remuneration Committee. It also recommends the annual compensation of the Managing Director and CEO, which is approved by the Board subject to shareholders' approval.

k. Remuneration paid to Mr. Udaya Kumar Hebbar, Managing Director & CEO

Particulars	FY18	FY17
Gross Salary	11.82	10.08
Perquisites on account of ESOP exercise	24.35	Nil
Contribution to Provident and Other Fund (not included in Gross Salary)	0.36	0.34
Performance Linked Incentive (included in Gross Salary)	2.21	1.74
Total	**36.53**	**10.42**

Other terms of employment of Mr. Udaya Kumar Hebbar, Managing Director and CEO:

a. Term of agreement: Period effective July 15, 2015 to June 25, 2020;

b. Notice period: 60 days written notice for good reason otherwise 120 days written notice.

c. Severance package:

The Company shall within thirty days following termination of employment agreement pay the aggregate of the amount mentioned below:

1. An amount equal to 9 (nine) months salary calculated on last drawn salary;

2. Any other lawful amounts due to the Executive.

d. Stock Option details:

Options granted	Options excercised and shares allotted	Options outstanding
755000	**212500**	**542500**

l. Remuneration to Non-Executive Directors including Independent Directors

The non-executive directors are not paid any remuneration apart from sitting fees. Sitting fees paid to the directors during the period is as below:



(Rs in million)

Name of the Director	Sitting fees 2017-18
Mr. M.N Gopinath	0.37
Mr. Anal Kumar Jain	0.36
Mr. Prabha Raveendranathan	0.50
Mr. George Joseph	0.44
Ms. Sucharita Mukharjee	0.28
Mr. Paolo Brichetti*	0.15
Mr. Massimo Vita*	0.15
Mr. Sumit Kumar	Nil
Ms. Vinatha M Reddy**	0.07
Mr. Suresh Krishna***	0.06
Total	**2.37**

** Paid to CreditAccess Asia N.V.*
*** Mrs. Vinatha M Reddy was on the Board of the Company till June 01, 2017*
****Mr.Suresh K Krishna was on the Board of the Company till May 19,2017*

During FY 2017-2018, the Company has not advanced any loan to any of its Directors.

III. COMMITTEES OF THE BOARD – COMPOSITION AS ON MARCH 31, 2018

The Board has interalia constituted the below named committees as required under the CA 2013, SEBI LODR Regulations and RBI Guidelines to delegate particular matters that require greater and more focused attention in the affairs of the Company.

a) Audit Committee

b) Asset Liability Management Committee

c) Corporate Social Responsibility Committee

d) Nomination and Remuneration Committee

e) Risk Management Committee

f) Stakeholders' Relationship Committee

g) IT Strategy Committee

All decisions pertaining to the constitution of committees, appointment of members and fixing of terms of reference for committee members are taken by the Board. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below

1. AUDIT COMMITTEE

The Audit Committee comprises of six (6) members including four (4) Independent Directors.

During the year, Mr. Massimo Vita and Ms. Sucharita Mukherjee were appointed as Members of the Committee effective July 25, 2017 and January 12, 2018 respectively. Mr. Suresh K Krishna ceased to be a Member of the Committee effective May 19, 2017. The composition of the Committee is given in Table A below.



The Audit Committee oversees the financial reporting process and reviews with the Management the financial statements, to ensure that the same are correct and credible. The Audit Committee has the ultimate authority and responsibility to select and evaluate the Independent Auditors in accordance with the law. The Audit Committee also reviews the performance of the Statutory Auditors and the Internal Auditors, the adequacy of the internal control system and the Whistle-blower mechanism.

During the year under review, the Audit Committee met six (6) times on May 16, 2017, July 25, 2017, November 14, 2017, December 1, 2017, January 24, 2018 and March 29, 2018. The time gap between any two meetings was less than one hundred and twenty days. During the year of review, there were no instances where the Board of Directors of the Company did not accept the recommendation of the Audit Committee. The details of the attendance of the Directors at the Audit Committee meetings are given below.

Table A

Composition and attendance record of the Audit Committee

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended (including through electronic mode)
Mr. Prabha Raveendranathan	Independent Director	Chairman	6	6
Mr. Paolo Brichetti	Nominee Director	Member	6	5
Mr. George Joseph	Independent Director	Member	6	6
Mr. M.N. Gopinath	Independent Director	Member	6	3
Mr. Suresh Krishna (Upto May 19, 2017)	Director	Member	1	1
Mr. Massimo Vita (w.e.f. July 25, 2017)	Nominee Director	Member	4	4
Ms. Sucharita Mukherjee (w.e.f. January 12, 2018)	Independent Director	Member	2	1

The Chief Financial Officer, who is responsible for the finance function, the Head of Internal Audit and the representative of the Statutory Auditors, are regularly invited to attend meetings of the Audit Committee. Mr. Syam Kumar R, Company Secretary & Compliance Officer, acts as the Secretary to the Audit Committee.

All members of the Audit Committee have accounting and financial management expertise.

2. ASSET AND LIABILITY MANAGEMENT COMMITTEE

The Asset Liability Management Committee ("ALM Committee") comprises of four (4) Members including one (1) Independent Director.

During the year, Mr. Suresh K Krishna ceased to be Chairman of the Committee effective May 19, 2017. The composition of the Committee is given in Table B below.

The functions of the ALM Committee include addressing concerns regarding asset liability mismatches, interest rate risk exposure and achieving optimal return on capital employed while maintaining acceptable levels of risk including and relating to liquidity, market and operational aspects and adhering to the relevant policies and regulations.

During the year under review, the ALM Committee met four (4) times on May 16, 2017, July 25, 2017, November 13, 2017 and January 24, 2018. The details of the attendance of the Directors at the ALM Committee meetings are given below:



Table B

Composition and attendance record of the ALM Committee

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended (including through electronic mode)
Mr. George Joseph	Independent Director	Chairman	4	4
Mr. Paolo Brichetti	Nominee Director	Member	4	3
Mr. Sumit Kumar	Nominee Director	Member	4	4
Mr. Udaya Kumar Hebbar	Managing Director & CEO	Member	4	4
Mr. Suresh K Krishna (Upto May 19, 2017)	Director	Chairman	1	1

3. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee ("CSR Committee") comprises of five (5) Members including three (3) Independent Directors.

During the year, Mr. Massimo Vita was appointed as Member of the Committee effective July 25, 2017. The composition of the Committee is given in Table C below.

The functions of the CSR Committee include formulation and monitoring of CSR Policy, recommending CSR Projects and budgets thereof, review of CSR initiatives undertaken/ to be undertaken by the Company and to do such other things as directed by the Board and in compliance with the applicable laws.

During the year under review, the CSR Committee met two (2) times on May 16, 2017 and November 13, 2017. The details of the attendance of the Directors at the CSR Committee meetings are given below:

Table C

Composition and attendance record of the CSR Committee

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended (including through electronic mode)
Mr. M.N Gopinath	Independent Director	Chairman	2	1
Mr. Prabha Raveendranathan	Independent Director	Member	2	2
Mr. Anal Kumar Jain	Independent Director	Member	2	1
Mr. Udaya Kumar Hebbar	Managing Director & CEO	Member	2	2
Mr. Massimo Vita (w.e.f July 25, 2017)	Nominee Director	Member	1	1

4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee ("NRC") currently comprises of five (5) members including four (4) Independent Directors.

During the year, Ms. Sucharita Mukherjee was appointed as Member of the Committee effective September 11, 2017 and Mr. Udaya Kumar Hebbar ceased to be a member since January 12, 2018. The composition of the Committee is given in Table D below.

During the year under review, the NRC met four (4) times on May 16, 2017, September 05, 2017, Novmeber 13, 2017 and January 24, 2018. The details of the attendance of the Directors at the NRC meetings are given below.

Table D

Composition and attendance record of the NRC

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended (including through electronic mode)
Mr. Anal Jain	Independent Director	Chairman	4	3
Mr. R Prabha	Independent Director	Member	4	4
Mr. M.N Gopinath	Independent Director	Member	4	2
Mr. Sucharita Mukherjee	Independent Director	Member	2	1
Mr. Paolo Brichetti	Nominee Director	Member	4	4
Ms. Vinatha M Reddy (Upto June 1, 2017)	Chairperson	Member	1	1
Mr. Udaya Kumar Hebber (Upto January 12, 2018)	Managing Director & CEO	Member	2	2

Performance evaluation of Board Members

CA 2013 and SEBI LODR Regulations stipulates the performance evaluation of the Directors including Chairperson, Board and its Committees. The Company has devised a process and criteria for the performance evaluation which has been recommended by the NRC and approved by the Board.

The evaluations for the Directors and the Board are done through separate structured questionnaires, one each for Independent and Non-Executive Directors, Managing Director & CEO and Board as whole.

A separate exercise was carried out to evaluate the performance of all Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution; knowledge, skill and understanding of the areas which are relevant to them in their capacity as members of the Board; independence of judgement; adherence to the code of conduct, etc. The performance of the Managing Director & CEO was evaluated on additional parameters such as strategy formulation and execution; financial performance; leadership; knowledge of the product, etc. The performance evaluation of each Independent Director was carried out by the entire Board, excluding the Independent Director concerned. The performance evaluation of the Non-Executive Directors was carried out by the Independent Directors.



5. RISK MANAGEMENT COMMITTEE

The Company follows well-established and detailed risk assessment and minimization procedures. The Company especially focuses on improving its sensitivity to the assessment of risks and improving methods of computation of risk weights. The risk assessment and mitigation procedures are reviewed by the Board periodically. The Company's risk management framework is discussed in detail in the chapter on Management Discussion and Analysis.

The Risk Management Committee ("RMC") comprises of five (5) members including one (1) Independent Director.

During the year, Mr. Massimo Vita was appointed as Member of the Committee effective July 25, 2017 and Mr. Suresh K Krishna ceased to be a member since May 19, 2018. The composition of the Committee is given in Table E below.

The functions of the RMC include monitoring and reviewing the Risk management plan, operational risk, Credit risk, integrity risk, etc., and taking strategic actions in mitigating risk associated with the business.

During the year under review, the RMC met two (2) times on May 16, 2017 and November 13, 2017. The details of the attendance of the Directors at the RMC meetings are given below

Table E

Composition and attendance record of the RMC

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended (including through electronic mode)
Mr. Gerorge Joseph	Independent Director	Chairman	2	2
Mr. Suresh K Krishna (Upto May 19, 2017)	Director	Member	1	1
Mr. Massimo Vita (w.e.f July 25, 2017)	Nominee Director	Member	1	1
Mr. Paolo Brichetti	Nominee Director	Member	2	2
Mr. Sumit Kumar	Nominee Director	Member	2	2
Mr. Udaya Kumar Hebbar	Managing Director & CEO	Member	2	2

6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The grievances of stakeholders and clients were reviewed by the Shareholders and Grievance Committee. During the period under review, the name of the said committee was changed to Stakeholders' Relationship Committee.

The Stakeholders' Relationship Committee ("SRC") comprises of four (4) members, including three (3) Independent Directors.

During the year, Ms. Sucharita Mukherjee was appointed as Member and Mr. Suresh K Krishna and Ms. Vinatha M Reddy ceased as Members of the Committee effective May 19, 2017 and June 1, 2017 respectively. The composition of the Committee is given in Table F below.

The functions and powers of the SRC include review and resolution of grievances of shareholders, debenture holders and other security holders and clients of the Company; dealing with all

aspects relating to the issue and allotment of shares, debentures and other securities; approve sub-division, consolidation, transfer and issue of duplicate share/ debenture certificate.

During the year under review, the SRC met four (4) times on May 16, 2017, November 13, 2017, January 24, 2018 and March 1, 2018 Details of the attendance are given below:

Table F

Composition and attendance record of the SRC

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended (including through electronic mode)
Mr. Prabha Raveendranathan	Independent Director	Chairman	4	4
Mrs.Vinatha M Reddy (Upto June 1, 2017)	Chairperson and Director	Member	1	1
Mr. Suresh K Krishna (Upto May 19, 2017)	Director	Member	1	1
Mr.George Joseph	Independent Director	Member	4	4
Mr. Udaya Kumar Hebbar	Managing Director & CEO	Member	4	4
Ms. Sucharita Mukherjee (w.e.f. September 11, 2018)	Independent Director	Member	3	3

Notes:

1. Mr. Syam Kumar R is the Company Secretary and Compliance Officer of the Company. The Shareholders may reach out to him for any queries or greivances.
2. The Company has not received any grievance from the Shareholders in the FY 2017-2018.

7. IT STRATEGY COMMITTEE

During the current year, the Board, in accordance with the provisions of Reserve Bank of India's Master Direction on the Information Technology Framework for the NBFC Sector, constituted IT Strategy Committee ("IT Committee") at its meeting held on July 25, 2017.

The IT Committee comprises of five (5) members, two (2) of whom are Independent Directors. The composition of the IT Committee is given in the Table G below.

The functions of the IT Committee include approval of Information Technology (IT) strategies and policy documents, to ascertain whether the company's management has implemented processes / practices which ensure that IT delivers value to business, ensure that the budgets allocated vis-à-vis IT investments are commensurate, monitor the method adopted to ascertain the IT resources needed to achieve strategic goals of the Company and to provide high-level directions for sourcing and use of IT resources.

During the year under review, the IT Committee met on October 4, 2017 and January 24, 2018. Details of the attendance are given below:



Table G

Composition and attendance record of the IT Committee

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended (including through electronic mode)
Mr. Anal Kumar Jain	Independent Director	Chairman	2	2
Mr. Sumit Kumar	Nominee Director	Member	2	2
Mr. Massimo Vita	Nominee Director	Member	2	2
Mr.M.N Gopinath	Independent Director	Member	2	2
Mr. Udaya Kumar Hebbar	Managing Director & CEO	Member	2	2

IV Independent Directors' Meeting

In compliance with Schedule IV to the CA 2013, the independent directors held their separate meeting on November 13, 2017 without the attendance of non-independent directors and members of Management, inter alia, to discuss the following:

a. review the performance of non-independent directors and the Board as a whole;

b. review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;

c. assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

V GENERAL MEETINGS

Details of location and time, where last three Annual General Meetings held are given below:

Financial Year	Category	Location of the Meeting	Date	Time	Number of Special Resolutoins passed
2016-2017	AGM	Registered Office of the Company	28.06.207	11.00 am	4
2015-2016	AGM	Registered Office of the Company	29.06.206	2.00 pm	8
2014-2015	AGM	Registered Office of the Company	27.06.2015	11.30 am	3

Details of location and time, where Extra-Ordinary General Meetings for last three years were held are given below:

Financial Year	Category	Location of the Meeting	Date	Time	Number of Special Resolutoins passed
22016-2017	EGM	Registered Office of the Company	27.11.2017 30.10.2017 28.12.2017 02.01.2018 13.01.2018 05.03.2018	04.00 pm 04.00 pm 11.00 am 11.00 am 11.00 am 11.00 am	2 3 3 1 9 1
2015-2016	EGM	Registered Office of the Company	16.06.2016 23.06.2016 25.03.2017	02.00 pm 03.00 pm 05.30 pm	1 1 2
2014-2015	EGM	Registered Office of the Company	23.03.2016	02.00 pm	2

Postal Ballot

Postal ballot provisions were not applicable to the Company in the year 2017-18 as the shares of the Company were not listed in any stock exchange during the period under review.

VI Whistle-blower mechanism

The Company has adopted the Whistle-blower Policy pursuant to which employees of the Company can raise their concerns relating to malpractices, inappropriate use of funds or any other activity or event which is against the interest of the Company. Further, the mechanism adopted by the Company encourages the employees to report genuine concerns or grievances, and provides for adequate safeguards against victimization of employees who avail such a mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. Furthermore, no employee has been denied access to the Chairman of the Audit Committee.

VII Redressal of investor grievances through SEBI Complaints Redressal System (SCORES)

SCORES is a centralized web based grievance redressal system launched by SEBI (https://scores.gov.in). It provides a platform for aggrieved investors, whose grievances, pertaining to securities market, remain unresolved by the concerned listed company or registered intermediary after a direct approach. All the activities starting from lodging of a complaint till its closure by SEBI would be handled in an automated environment and the complainant can view the status of his complaint online.

An investor who is not familiar with SCORES or does not have access to SCORES, can lodge complaints in physical form at any offices of SEBI. Such complaints would be scanned and also uploaded in SCORES for processing.

VIII General Shareholder Information:

i. Annual General Meeting:

Date: November 21, 2018
Time: 10.00 am
Venue: The Capitol, "Senate", #3, Rajbhavan Road, Bengaluru- 560001

ii. Financial Calendar

Financial year: April 1 to March 31

iii. Registrar & Share Transfer Agent

The Company has appointed Karvy Computershare Private Limited (Karvy) as its Registrar and Transfer Agent. All share transfers and related operations are conducted by Karvy, which is registered with SEBI.

Karvy Computershare Private Limited
(Unit: CreditAccess Grameen Limited)
Karvy Selenium Tower B, Plot 31-32,
Gachibowli Financial District, Nanakramguda,
Hyderabad 500 032
Email: einward.ris@karvy.com
Phone No: 040-67162222
Fax No: 040-23431551

iv. Share transfer system

The shareholders are free to hold the Company Shares either in physical form or in dematerialised form. Transfer of shares in physical form is processed within 15 days from the



date of receipt, provided that all documents are complete in all respects. All such transfers are processed by the Registrars and Share transfer agents of the Company and thereafter submitted to the Company.

However, SEBI vide Notification dated June 8, 2018 had restricted effecting transfer of shares in physical form with effect from December 5, 2018.

IV. Plant Locations:

Being a financial services company, CreditAccess Grameen Limited has no plant locations.

V Address for correspondence:

Shareholders/ Investors may write to the Company Secretary at the following address:

The Company Secretary
CreditAccess Grameen Limited
New No. 49 (Old No725), 46th Cross, 8th Block, Jayanagar, Next to Rajalakshmi Kalayana Mantap
Bengaluru -560071, Karnataka, India
Email: csinvestors@grameenkoota.org
Phone no: +91.80.22637300
Fax: +91.80.26643433

vi. Stock Market Data:

Since the Company shares got listed in stock exchanges subsequent to the closure of the financial year under review, the stock market related data is not provided in this report.

vii. Registration details:

The Company is registered in the State of Karnataka. CIN of the Company is U51216KA1991PLC053425. The Company being a Non-banking financial Company-Micro Finance Institution (NBFC–MFI), is registered with Reserve Bank of India (Certificate of Registration Number : B- 02.00252).

viii. Listing information:

The Company's shares are listed on BSE Limited and National Stock Exchange of India Limited with effect from August 23, 2018. It is hereby confirmed that the Company has paid the listing fee as stipulated by the respective stock exchanges.

Name of the Stock Exchanges	Scrip Code
BSE Limited Floor 25, P J Towers, Dalal Street, Mumbai 400 001	541770
National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051	CREDITACC



The ISIN Number of the Company's Equity share is INE741K01010.

VIII OTHER DISCLOSURES

a. Related Party Transactions

The Company has not entered into any related party transactions during the Financial Year 2017-18. The Company has a policy on materiality and on dealing with related party transactions which has been uploaded on our website at *www.grameenkoota.org*. The related party transactions will have to be approved by the Audit Committee and the Board.

b. Policy for determining material subsidiaries

As the Company has no subsidiary as on date, the requirement of formulating a specific policy on dealing with material subsidiaries does not arise.

c. Materially significant related party transaction

No materially significant related party transactions that may have potential conflict with the interests of the Company at large were reported during FY 2017-18

d. Details of non-compliance by the Company

There have been no instances of non-compliance by the Company on any matters related to Labour Law, RBI, MCA, Income Tax and GST and other applicable Acts.

e. Adoption of non-mandatory requirement

Although it is not mandatory, the Board has appointed separate persons for the post of Chairman of the Board Non-Executive (Independent) Director and Managing Director & CEO; and the Internal Auditor reports directly to the Audit Committee.

ANNEXURE I

CEO Certification on Code Of Conduct

I, Udaya Kumar Hebbar , Managing Director and CEO of CreditAccess Grameen Limited, hereby certify that all the Board Members and Senior Managerial Personnel (Core Management Team) have affirmed compliance with the Code of Conduct of the Company laid down by the Board of Directors, for the year ended March 31, 2018.

Udaya Kumar Hebbar
Managing Director & CEO
DIN: 07235226



CERTIFICATE ON COMPLIANCE WITH THE REGULATIONS OF CORPORATE GOVERNANCE

TO THE SHAREHOLDERS OF CREDITACCESS GRAMEEN LIMITED

1. I, Chennur Dwarakanath, Company Secretary in Practice, the Secretarial Auditor of CREDITACCESS GRAMEEN LIMITED ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

MANAGEMENT'S RESPONSIBILITY

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

AUDITORS' RESPONSIBILITY

3. My responsibility is limited to examining the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. I have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

OPINION

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, considering that the Initial Public Offer of the Company was concluded on August 10, 2018 and the Company's Equity Shares were listed on National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE') on August 23, 2018 and we certify that the conditions of corporate governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations, Regulation 47 on publication of quarterly results in Newspapers, were not applicable to the Company during the year ended March 31, 2018. However, the Company has complied with the conditions of the Corporate Governance provisions relating to Composition of Board of Directors and constitution of the Board Committees, including the constitutions of the Audit Committee, Stakeholder Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee as stipulated in regulations 17 to 21 of the listing regulations as at March 31, 2018.

6. I state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

C.Dwarakanath

Company Secretary in Practice

C.P: 4847 FCS: 7723

Place: Bengaluru

Dated: October 16, 2018



CEO / CFO CERTIFICATION

To,
The Board of Directors
CreditAccess Grameen Limited

Subject: Compliance Certificate as required under Regulation 17(8) of SEBI LODR Regulations, 2015.

We hereby certify that:

A. We have reviewed financial statements and the cash flow statement for the financial year 2017-18 and that to the best of our knowledge and belief:

   1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee:

   1) significant changes in internal control over financial reporting during the year;

   2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

	Sd/-	Sd/-
Date: October 16, 2018	Udaya Kumar Hebbar	B.R. Diwakar
Place: Bengaluru	Managing Director & CEO	Chief Financial Officer
	DIN: **07235226**	

VIII - **FINANCIAL** Statements





Independent **AUDITOR'S REPORT**

To the Members of CreditAccess Grameen Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of CreditAccess Grameen Limited (formerly, Grameen Koota Financial Services Private Limited)(the "Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act")with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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

Our responsibility is to express an opinion on these 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.

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 financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the 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.



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 directors 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 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 34 to the 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 &CO. LLP
ICAI Firm registration number: 301003E/E300005
Chartered Accountants

per Jayesh Gandhi
Partner
Membership No. 037924

Mumbai
April 30, 2018



Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: CreditAccess Grameen Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(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, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under clause 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

(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 Act, 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 customs, duty of excise, value added tax, cess and other statutory dues have been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales-tax, , service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

(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 borrowings to a financial institution or bank or dues to debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer.

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.



(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 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 managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(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 the Act 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 complied with provisions of section 42 of the Act in respect of the preferential allotment or private placement of equity shares during the year. According to the information and explanations given by the management, we report that the amount raised have been used for the purposes for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

(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 the Act.

(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 &CO. LLP
ICAI Firm registration number: 301003E/E300005
Chartered Accountants

per Jayesh Gandhi
Partner
Membership No. 037924

Mumbai
April 30, 2018



Annexure 2 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date

Report on 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 CreditAccess Grameen Limited(the "Company") as of March 31, 2018 in conjunction with our audit of the 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, 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 was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in



accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 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 &CO. LLP
ICAI Firm registration number: 301003E/E300005
Chartered Accountants

per Jayesh Gandhi
Partner
Membership No. 037924

Mumbai
April 30, 2018



Balance Sheet as at March 31, 2018

(Amount in Rupees unless otherwise stated)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,284,273,370	856,813,430
Reserves and surplus	4	12,994,623,574	6,051,154,034
		14,278,896,944	6,907,967,464
Non-current Liabilities			
Long-term borrowings	5	14,800,024,489	11,758,818,397
Long-term provisions	6	1,006,184,637	307,232,507
		15,806,209,126	12,066,050,904
Current liabilities			
Other current liabilities	7	22,044,354,910	15,494,160,864
Short-term provisions	6	54,018,908	1,172,540,313
		22,098,373,818	16,666,701,177
TOTAL		**52,183,479,888**	**35,640,719,545**
Assets			
Non-current assets			
Property, plant and equipment	8	94,803,408	59,802,187
Intangible assets	9	66,795,241	62,819,651
Capital work-in-progress		-	7,036,220
Intangible assets under development		10,625,488	23,273,932
Non-current investments	10	2,000,000	2,000,000
Deferred tax asset	11	355,830,718	484,944,595
Loans and advances	12	15,900,275,682	6,376,146,360
Other non-current assets	13	55,511,470	119,575,979
		16,485,842,007	7,135,598,924
Current assets			
Cash and bank balances	14	1,381,525,579	3,636,880,860
Loans and advances	12	34,096,941,954	24,514,534,368
Other current assets	13	219,170,348	353,705,393
		35,697,637,881	28,505,120,621
TOTAL		**52,183,479,888**	**35,640,719,545**
Summary of significant accounting policies	**2.1**		
Accompanying notes are an integral part of the financial statements.			

As per our report of even date

For S.R. BATLIBOI & CO. LLP
ICAI Firm's Registration Number: 301003E/E300005
Chartered Accountants

per **Jayesh Gandhi**
Partner
Membership No.037924

Place: Mumbai
Date: April 30, 2018

For and on behalf of Board of Directors of
CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)

Udaya Kumar Hebbar
Managing Director & CEO

M N Gopinath
Chairman

Diwakar B R
Chief Financial Officer
Place: Bengaluru
Date: April 30, 2018

Syam Kumar R
Company Secretary



Statement of profit and loss for the year ended March 31, 2018

(Amount in Rupees unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Income			
Revenue from operations	15	8,655,531,524	7,017,450,202
Other income	16	96,519,778	75,161,701
Total revenue (I)		**8,752,051,302**	**7,092,611,903**
Expenses			
Employee benefit expenses	17	1,272,099,345	1,046,846,826
Finance costs	18	3,545,678,632	3,242,532,733
Other expenses	19	672,845,983	507,021,387
Depreciation and amortisation expenses	20	51,687,481	44,326,457
Provision and write-offs	21	1,281,152,253	1,086,019,141
Total expenses (II)		**6,823,463,694**	**5,926,746,544**
Profit before tax (III)=(I)-(II)		**1,928,587,608**	**1,165,865,359**
Tax expense			
Current tax		552,675,017	813,334,620
Deferred tax charge/ (credit)		129,113,876	(401,325,779)
Short provision of tax relating to earlier years		384,936	1,306,248
Total tax expense (IV)		**682,173,829**	**413,315,089**
Profit for the year (III)-(IV)		**1,246,413,779**	**752,550,270**
Earnings per equity share [Nominal value of share Rs10]	**28**		
Basic (EPS) (Computed on the basis of profit for the year)		12.26	9.38
Diluted (DPS) (Computed on the basis of profit for the year)		12.11	9.26
Summary of significant accounting policies	**2.1**		
Accompanying notes are an integral part of the financial statements.			

As per our report of even date

For S.R. BATLIBOI & CO. LLP
ICAI Firm's Registration Number: 301003E/E300005
Chartered Accountants

per **Jayesh Gandhi**
Partner
Membership No.037924

Place: Mumbai
Date: April 30, 2018

For and on behalf of Board of Directors of
CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)

Udaya Kumar Hebbar
Managing Director & CEO

M N Gopinath
Chairman

Diwakar B R
Chief Financial Officer
Place: Bengaluru
Date: April 30, 2018

Syam Kumar R
Company Secretary



Cash flow statement for the year ended March 31, 2018

(Amount in Rupees unless otherwise stated)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A.	**Cash flow from operating activities**		
	Profit before tax	**1,928,587,608**	**1,165,865,359**
	Adjustments for:		
	Depreciation and amortization	51,687,481	44,326,457
	Provision for gratuity	17,673,400	14,384,403
	Provision for leave encashment and availment	24,235,713	21,404,737
	Bad debts written off	1,616,229,800	22,181,493
	Loss on sale of property, plant and equipments	3,951	666,338
	Provision for standard assets	(1,290,183,669)	1,057,817,251
	Provision for non-performing assets	955,106,122	6,020,397
	Stock option expenditure	21,108,928	6,220,156
	Payment of processing fee towards borrowings (considered in financing activities)	46,468,400	136,360,534
	Amortisation of share issue expenses	(4,197,087)	2,516,725
	Profit on sale of current investments	(40,785,801)	(35,641,674)
	Dividend income on current investments	(1,701,329)	-
	Other provisions and write offs	9,536	(3,883,130)
	Loss on foreign exchange	337,505	-
	Operating profit before working capital changes	**3,324,580,557**	**2,438,239,046**
	Movements in working capital:		
	Increase in other liabilities	191,006,629	(280,156,882)
	Increase in loans and advances	(20,684,539,762)	(6,155,391,571)
	Decrease in trade receivables	5,839,937	-
	Decrease in margin money deposits	283,350,425	676,286,994
	Decrease in other assets	162,899,980	(195,740,404)
	Cash used in operations	**(16,716,862,234)**	**(3,516,762,817)**
	Direct taxes paid (net of refunds)	(674,750,326)	(731,243,002)
	Net cash used in operating activities (A)	**(17,391,612,560)**	**(4,248,005,819)**
B.	**Cash flow from investing activities :**		
	Purchase of property, plant and equipment	(59,234,992)	(41,943,386)
	Purchase of intangible assets	(11,941,152)	(43,016,939)
	Proceeds from sale of property, plant and equipment	192,564	398,081
	Cash and cash equivalents acquired pursuant to the Scheme of Arrangement (refer Note 37)	531,865,671	-
	Purchase of current investments	(33,504,500,000)	(23,249,000,000)
	Sale of current investments	33,579,068,120	23,284,641,674
	Net cash used in investing activities (B)	**535,450,211**	**(48,920,570)**
C.	**Cash flow from financing activities :**		
	Long-term borrowings (net)	11,346,270,254	4,549,198,490
	Short-term borrowings (net)	-	(200,000,000)



	Proceeds from issuance of equity share capital including securities premium	3,535,584,801	1,500,000,000
	Payment of processing fee towards borrowings	(46,468,400)	(58,026,915)
	Net cash from financing activities (C)	**14,835,386,655**	**5,791,171,575**
	Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**(2,020,775,694)**	**1,494,245,186**
	Cash and cash equivalents as at the beginning of the period	3,321,079,733	1,826,834,547
	Cash and cash equivalents as at end of the year (refer Note 14 for components)	**1,300,304,039**	**3,321,079,733**
	Components of cash and cash equivalents at the end of the year		
	Cash on hand	108,920,755	83,572,677
	Balance with banks - on current account	1,171,383,284	737,507,056
	Deposits with original maturity of less than 3 months	20,000,000	2,500,000,000
		1,300,304,039	**3,321,079,733**
		(0)	(0)
	Summary of significant accounting policies (Refer note 2.1) Accompanying notes are an integral part of the financial statements.		

As per our report of even date

For S.R. BATLIBOI & CO. LLP
ICAI Firm's Registration Number: 301003E/E300005
Chartered Accountants

per **Jayesh Gandhi**
Partner
Membership No.037924

Place: Mumbai
Date: April 30, 2018

For and on behalf of Board of Directors of
CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)

Udaya Kumar Hebbar
Managing Director & CEO

Diwakar B R
Chief Financial Officer

Place: Bengaluru
Date: April 30, 2018

M N Gopinath
Chairman

Syam Kumar R
Company Secretary



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

1. Corporate information

CreditAccess Grameen Limited (Formerly known as Grameen Koota Financial Services Private Limited)

('the Company') is a company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and has got classified as a Non-Banking Financial Company –Micro Finance Institution ('NBFC-MFI') with effect from September 5, 2013.

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

In addition to the core business of providing micro-credit, the Company uses its distribution channel to provide certain other financial products and services to the members.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) notified under section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI. The financial statements have been prepared on an accrual basis and under the historical cost convention except as detailed in note 2.1 (b).

The accounting policies adopted in the preparation of financial statements are consistent with those applied in the preparation of the financial statements for the year ended March 31, 2017.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. The Company has ascertained its operating cycle as 12 months for the above purpose.

2.1 Summary of significant accounting policies

a. 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.

Change in estimates for provisioning towards loan portfolio

During the year, the Company has revised its estimates relating to loan provisioning whereby only the overdue instalments of a non-performing asset ('NPA') shall be subjected to provisioning as against the entire loan outstanding, which is in line with the methodology prescribed by RBI for NBFC-MFIs. Further, the Company has also revised its estimates of provisioning towards standard assets. As a result of these changes in the loan provisioning estimates, the overall provisioning for loan portfolio for the year ended March 31, 2018 is lower by Rs 47.40 crores. Refer note 2.1(s) for the norms applicable in the current year.



Additional write off of loan portfolio

During the year, the Company has also performed a qualitative assessment of its delinquent loan portfolio whereby loans aggregating Rs 129.74 crores have been written off in addition to the write-offs as per the norms stated in note 2.1(s). Consequently, the provision of Rs 96.66 crores held against such loans has been written-back thereby resulting in a net additional charge of Rs 33.08 crores to the profit before tax.

b. Revenue recognition

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

i. Interest income on loans given is recognised under the internal rate of return method with reference to the contractual rate of interest and outstanding principal. Income or any other charges on non-performing asset is recognised only when realized. Any such income recognised before the asset became non-performing and remaining unrealized is reversed.

ii. Interest income on deposits with banks and financial institutions is recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.

iii. Loan processing fees collected from members are recognised on an up front basis at the time of disbursement of the loan.

iv. Profit / premium arising at the time of securitization of loan portfolio is amortized over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from excess interest spread is recognized in the statement of profit and loss account net of any losses at the time of actual receipt.

v. Dividend income is recognised when the right to receive payment is established by the balance sheet date.

vi. All other incomes are recognised on an accrual basis.

c. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

d. Intangible assets

Computer software are stated at the cost of acquisition and are amortized over a period of five years, based on expected future economic benefits accruing to the Company from the year of acquisition.

e. Depreciation

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

Category of Asset	Useful life (Years)
Furniture and fittings	10
Office equipment	05
Vehicles	08
Buildings	30
Electrical equipment	10
Computers (including Servers)	03



Leasehold improvement is amortized on a straight line basis over the primary period of lease.

The management has estimated, supported by independent assessment by professionals, the useful life of servers and two-wheeler vehicles as 3 years and 8 years respectively, which are lower than those prescribed under Schedule II to the Companies Act, 2013.

f. Impairment

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

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g. Leases (where the Company is the lessee)

Leases where the lessor effectively retains, substantially all the risks and benefits of ownership of the leased item, 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.

h. 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. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis except for investments in the units of mutual funds in the nature of current investments that have been valued at the net asset value declared by the mutual fund in respect of each particular scheme, in accordance with the NBFC directions. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. On disposal of an investment the difference between carrying amount and net disposal proceeds are charged or credited to the statement of profit and loss.

i. Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Ancillary borrowing costs incurred in connection with arrangement of borrowing are recognised in the period in which they are incurred.

j. Foreign currency transactions

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

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

iii. Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise.



k. Retirement and other employee benefits

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

ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each year. Actuarial gains and losses for defined benefit plans are recognised in full in the year in which they occur in the statement of profit and loss.

iii. The Company treats accumulated leave expected to be carried forward beyond twelve months as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year. 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.

iv. 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.

l. Income taxes

i. 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

ii. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

iii. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

iv. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

v. Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax



Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

m. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as fraction of an equity share to the extent that they were entitled to participate in dividends related to a fully paid equity share during the reporting year.

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

n. Provisions

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

o. Contingent liabilities

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

p. Cash and cash equivalents

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

q. Share based payments

In case of stock option plan, measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India as applicable for equity-settled share based payments.

The cost of equity-settled transactions is measured using the intrinsic value method and recognised, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the statement of profit and loss for the year represents the movement in cumulative expense recognised as at the beginning and end of that year and is recognised in employee benefits expense.



r. Asset classification of loan portfolio

A) Joint liability group ('JLG') loans

Asset classification	Arrear period
Standard assets	Overdue for less than 90 days
Non-performing assets	Overdue for 90 days or more

B) Individual loans

Asset classification	Arrear period
Standard assets	Overdue for less than 90 days
Non-performing assets	Overdue for 90 days or more
Substandard assets	Assets classified as non-performing for a period not exceeding 360 days
Doubtful assets	Assets classified as sub-standard for a period exceeding 360 days

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

s. Provisioning norms for loan portfolio

I. Applicable for the year ended March 31, 2017

Loans are provided for and written off as per management estimates, subject to the minimum provisioning required as per the Master Directions

Asset classification	Rate of provisioning
Standard assets	1%
Substandard assets	100%
Loss assets	Written off

II. Applicable for the year ended March 31, 2018

The overall provision for loan portfolio is determined based on management estimates and as per the below mentioned provisioning rates subject to the minimum provision prescribed in the NBFC Master Directions:

(A) Provisioning norms for Joint Liability Group (JLG) loans shall be **higher of following:**

1. 2% of outstanding loan portfolio; or
2. a. 50% of the aggregate overdue loan installments in respect of loan accounts which are overdue for 90 days or more and less than 180 days, and
   b. 100% of the aggregate overdue loan installments in respect of loan accounts which are overdue for 180 days or more.

Any provision, determined as above, which in excess of the carrying value of the non-performing loan portfolio shall be recognised as "Contingent provision against standard assets"

(B) Provisioning norms for Individual Loans shall be higher of following:

1. 2% of the outstanding loan portfolio;or
2. Aggregate of provisioning as per below table:



Asset classification		Provision(%) on outstanding
Standard	Overdue for less than 90 days	0.40%
Sub-standard	Asset classified as NPA for a period not exceeding 360 days	10%
Doubtful	A) Secured loan asset classified as doubtful	
	i) For a period not exceeding 360 days	20%
	ii) For more than 360 days but less than 540 days	70%
	iii) For more than 540 days	100%
	B) Unsecured loan asset	100%

(C) Norms for write-off of JLG and Individual loans:

Overdue loans shall be fully written off from the books of accounts during the quarter subsequent to the one in which 100% provision is made against the loan account in case of both JLG loans and individual loans.

t. Share issue expenses

Expenses incurred in connection with issue of equity shares are amortized over a period of five years.

u. Amalgamation accounting

The Company treats an amalgamation in the nature of merger if it satisfies all of the following criteria:

i. All the assets and liabilities of the transferor company become, after amalgamation, the assets and liabilities of the transferee company.

ii. Shareholders holding not less than 90% of the face value of the equity shares of the transferor company (other than the equity shares already held therein, immediately before the amalgamation, by the transferee company or its subsidiaries or their nominees) become equity shareholders of the transferee company.

iii. The consideration for amalgamation receivable by those equity shareholders of the transferor company who agree to become shareholders of the transferee company is discharged by the transferee company wholly by the issue of equity shares, except that cash may be paid in respect of any fractional shares.

iv. The business of the transferor company is intended to be carried on, after the amalgamation, by the transferee company.

v. The transferee company does not intend to make any adjustment to the book values of the assets and liabilities of the transferor company, except to ensure uniformity of accounting policies.

Any amalgamation in the nature of merger is accounted for using the pooling of interest method. The application of this method requires the Company to recognize any non-cash element of the consideration at fair value. The Company recognizes assets, liabilities and reserves, whether capital or revenue, of the transferor company at their existing carrying amounts and in the same form as at the date of the amalgamation. The balance in the statement of profit and loss of the transferor company is transferred to the statement of profit and loss of the Company. The difference between the amount recorded as share capital issued, plus any additional consideration in the form of cash or other assets, and the amount of share capital of the transferor company is adjusted in reserves.



3. Share capital

(Amount in Rupees unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17
Authorised share capital		
160,000,000 (March 31, 2017: 91,000,000) equity shares Rs10 each	1,600,000,000	910,000,000
Issued, subscribed and fully paid up shares:		
128,427,337 (March 31, 2017: 85,681,343) equity shares of Rs10 each fully paid	1,284,273,370	856,813,430
Total issued, subscribed and fully paid-up share capital	**1,284,273,370**	**856,813,430**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

Equity shares	31-Mar-18		31-Mar-17	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	85,681,343	856,813,430	72,953,433	729,534,330
Issued during the year	42,745,994	427,459,940	12,727,910	127,279,100
Outstanding at the end of the year	**128,427,337**	**1,284,273,370**	**85,681,343**	**856,813,430**

(b) Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. Any dividends proposed by the Board of directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

In the event of liquidation of 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 the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

Equity shares of Rs10 each fully paid-up	31-Mar-18		31-Mar-17	
	No. of Shares	% holdings in the Class	No. of Shares	% holdings in the Class
CreditAccess Asia NV (Holding Company)	126,985,513	98.88%	85,203,532	99.44%

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(d) For details of shares reserved for issue under the Employee Stock Option (ESOP) plan of the Company refer Note 33.

(e) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Particulars	31-Mar-18 (No. of equity shares)	31-Mar-17 (No. of equity shares)
Equity shares alloted to Equity Share holders and Compulsorily Convertible Debentureholders of MV Microfin Private Limited as a purchase consideration for amalgamation of business with the Company	4,890,140	-
Equity shares alloted to CreditAccess Asia N.V in lieu of conversion of compulsorily convertible debentures	12,987,012	
Total	**17,877,152**	**-**



In addition, the Company has issued 1,013,750 equity shares (31-Mar-17:Nil) during the period of five years immediately preceeding the reporting date on exercise of options granted under the employees stock option plan wherein part consideration was received in form of employee services.

4. Reserves and surplus

(Amount in Rupees unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17
Securities premium account		
Balance as per last financial statements	3,659,796,257	2,287,075,357
Add: Premium on shares issued during the year	3,252,934,658	1,372,720,900
Add: Premium on conversion of Compulsorily Convertible Debentures into Equity	1,870,129,728	-
Add: Transfer from stock option outstanding account on exercise of options non cash portion	8,514,375	-
Add: Premium on exercise of stock options	33,961,875	-
Closing balance	**8,825,336,893**	**3,659,796,257**
Capital Reserve		
Balance as per last financial statements	-	-
Add: Adjustment pursuant to the Scheme (refer Note 37)	499,498,600	-
Closing balance	**499,498,600**	**-**
Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)		
Balance as per last financial statements	481,680,535	331,170,481
Add: Amount transferred from the surplus balance of profit and loss	249,282,756	150,510,054
Add: Adjustment pursuant to the Scheme (refer Note 37)	4,697,737	-
Closing balance	**735,661,028**	**481,680,535**
Stock options outstanding		
Balance as per last financial statements	13,103,526	6,883,370
Add: Employee stock option compensation for the year (refer Note 17)	21,108,928	6,220,156
Less: Transferred to Securities premium account on exercise of options	(8,514,375)	-
Closing balance	**25,698,079**	**13,103,526**
Surplus in the statement of profit and loss		
Balance as per last financial statements	1,896,573,716	1,294,533,501
Add: Profit for the year	1,246,413,779	752,550,270
Add: Adjustment pursuant to the Scheme (refer Note 37)	14,724,235	-
Less: Transfer to statutory reserve as required by Sec 45-IC of Reserve Bank of India Act, 1934	(249,282,756)	(150,510,054)
Net surplus in the statement of profit or loss	**2,908,428,974**	**1,896,573,716**
Total reserves and surplus	**12,994,623,574**	**6,051,154,034**



5. Long-term borrowings

(Amount in Rupees unless otherwise stated)

Particulars	Non-current portion		Current maturities	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Non-convertible Debentures				
Secured				
250 (March 31, 2017: 250, 12.24%) 12.24% Secured Redeemable Non-convertible Debentures of face value of Rs 1,000,000 each redeemable at par at the end of six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. November 25, 2013. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	250,000,000	250,000,000	-	-
250 (March 31, 2017: 250, 12.33%) 12.33% Secured Redeemable Non-convertible Debentures of face value of Rs1,000,000 each redeemable at par at the end of six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. November 25, 2013. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	250,000,000	250,000,000	-	-
300 (March 31, 2017: 300, 12.10%) 12.10% Secured Redeemable Non-convertible Debentures of face value of Rs1,000,000 each redeemable at par at the end of six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. February 26, 2014. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	300,000,000	300,000,000	-	-
580 (March 31, 2017: 580, 14.16%) 14.16% Secured Redeemable Non-convertible Debentures of face value of Rs 1,000,000 each redeemable on May 13, 2018 (25%) and November 13, 2018 (75%)	-	580,000,000	580,000,000	-
300 (March 31, 2017: 300, 14.7%) 11.80% Secured Redeemable Non-convertible Debentures of face value of Rs 1,000,000 each redeemable at par at the end of six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. July 25, 2014. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	300,000,000	-	-	300,000,000



Particulars	Non-current portion		Current maturities	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
450 (March 31, 2017: 450, 15%) 15% Secured Redeemable Non-convertible Debentures of face value of Rs1,000,000 each, Rs 150,000,000 is redeemable after 2 years and balance at the end of three years from the date of allotment i.e. October 22, 2014.	-	-	-	300,000,000
300 (March 31, 2017: 300, 14.50%) 14.50% Secured Redeemable Non-convertible Debentures of face value of Rs1,000,000 each redeemable at par at the end of six years (subject to exercise of put option by the lender at the end of forty six months) from the date of allotment i.e. March 31, 2015. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	-	300,000,000	300,000,000	-
630 (March 31, 2017: 630, 14.50%) 14.50% Secured Redeemable Non-convertible Debentures of face value of Rs1,000,000 each redeemable after six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. June 30, 2015. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	-	630,000,000	630,000,000	-
370 (March 31, 2017: 370, 14.09%) 14.09% Secured Redeemable Non-convertible Debentures of face value of Rs1,000,000 each redeemable after four years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. August 19, 2015. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	-	370,000,000	370,000,000	-
1,000 (March 31, 2017: 1,000, 13.15%) 13.15% Secured Redeemable Non-convertible Debentures of face value of Rs1,000,000 each redeemable after six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. October 29, 2015. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	-	1,000,000,000	1,000,000,000	-
1,000 (March 31, 2017: 1,000, 12.30%) 12.30% Secured Redeemable Non-convertible Debentures of face value of Rs1,000,000 each redeemable after six years (subject to exercise of put option by the lender at the end of three	1,000,000,000	1,000,000,000	-	-



Particulars	Non-current portion		Current maturities	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
years) from the date of allotment i.e. September 15, 2016. Redeemable on maturity if option not excercised or communication for roll-over received from lender.				
1,000 (March 31, 2017: Nil) 11.60% Secured Redeemable Non-convertible Debentures of face value of Rs1,000,000 each redeemable after six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. July 31, 2017. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	1,000,000,000	-	-	-
1,350 (March 31, 2017: Nil) 10.34% Secured Redeemable Non-convertible Debentures of face value of Rs1,000,000 each redeemable after five years from the date of allotment i.e. May 31, 2017.	1,350,000,000	-	-	-
195 (March 31, 2017: Nil) 11.53% Secured Redeemable Non-convertible Debentures of face value of Rs1,000,000 each redeemable at par at the end of six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. September 28, 2017. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	195,000,000	-	-	-
195 (March 31, 2017: Nil) 11.47% Secured Redeemable Non-convertible Debentures of face value of Rs1,000,000 each redeemable at par at the end of six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. September 28, 2017. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	195,000,000	-	-	-
Nature of security The above debentures are secured by way of first and exclusive charge over eligible book debts of the Company.				
Non-convertible Debentures **Unsecured**				
21 (March 31, 2017: 21, 16.78%) 16.78% Unsecured Redeemable Non-convertible Debentures of face value of Rs5,000,000 each redeemable at par in four equal installments on May 5, 2017,	-	52,500,000	52,500,000	52,500,000



Particulars	Non-current portion		Current maturities	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
November 5, 2017, May 5, 2018 and November 5, 2018 respectively.				
1,140 (March 31, 2017: 1,140, 14.95%) 14.95% (net of withholding tax as applicable) Unsecured Redeemable Non-convertible Debentures of face value of Rs100,000 each redeemable at par on May 5, 2019.	114,000,000	114,000,000	-	-
Compulsorily convertible debentures				
Unsecured				
Nil (March 31, 2017: 2,000, 13.50%) 13.50% (net of withholding tax as applicable) Unsecured Compulsorily Convertible Debentures of face value of Rs10,000,000 each convertible into equity shares with an option to exercise at Rs140, Rs158, Rs180 and Rs204 per equity share at the end of financial years 2017-18, 2018-19, 2019-20 and 2020-21 respectively issued to a related party (Refer Note 23).	-	-	-	2,000,000,000
Term loans				
Secured				
Indian rupee loan from banks	6,963,191,163	2,237,347,640	15,204,056,047	8,694,793,973
Indian rupee loan from financial institutions	2,232,833,326	3,662,290,331	2,729,357,005	2,644,768,936
Indian rupee loan from non banking financial companies	-	300,180,426	300,180,424	831,466,405
Unsecured				
Indian rupee loan from financial institutions	400,000,000	400,000,000	-	-
Indian rupee loan from non banking financial companies	250,000,000	312,500,000	62,500,000	100,000,000
	14,800,024,489	**11,758,818,397**	**21,228,593,476**	**14,923,529,314**
The above amount includes				
Secured borrowings*	14,036,024,489	10,879,818,397	21,113,593,476	12,771,029,314
Unsecured borrowings**	764,000,000	879,000,000	115,000,000	2,152,500,000
Amount disclosed under the head "other current liabilities" (refer Note 7)	-	-	(21,228,593,476)	(14,923,529,314)
Net amount	**14,800,024,489**	**11,758,818,397**	**-**	**-**

* The Indian rupee loans are secured by hypothecation of book debts and margin money deposits.

** Unsecured borrowings are in the nature of subordinated debts, term loans and compulsorily convertible debentures.

5. Long-term borrowings

Terms of repayment of long term borrowings as on March 31, 2018

(Amount in Rupees unless otherwise stated)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due between 3 to 4 Years		Due between 4 to 5 Years		Due between 5 to 6 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Monthly														
1-3 years	7.5%-8.0%	12	100,000,000	12	100,000,000	-	-	-	-	-	-	-	-	200,000,000
	8%-8.5%	12	85,000,001	11	77,916,667	-	-	-	-	-	-	-	-	162,916,668
	8.5%-9%	71	1,591,666,677	55	1,091,666,655	-	-	-	-	-	-	-	-	2,683,333,333
	9%-9.5%	138	3,056,793,070	125	2,418,654,549	3	49,100,000	-	-	-	-	-	-	5,524,547,619
	9.5%-10%	171	2,244,415,150	103	1,112,467,528	3	14,583,356	-	-	-	-	-	-	3,371,466,034
	10%-10.5%	157	1,806,744,450	33	578,885,702	5	142,000,000	-	-	-	-	-	-	2,527,630,152
	10.5%-11%	68	1,165,841,279	21	438,295,444	-	-	-	-	-	-	-	-	1,604,136,723
	11%-11.5%	22	151,135,782	-	-	-	-	-	-	-	-	-	-	151,135,782
	11.5%-12%	18	232,739,925	-	-	-	-	-	-	-	-	-	-	232,739,925
	12%-12.5%	17	113,233,724	-	-	-	-	-	-	-	-	-	-	113,233,724
	13%-13.5%	8	67,776,769	-	-	-	-	-	-	-	-	-	-	67,776,769
	13.5%-14%	3	9,091,000	-	-	-	-	-	-	-	-	-	-	9,091,000
	14%-14.5%	5	45,833,330	-	-	-	-	-	-	-	-	-	-	45,833,330
Above 3 years	9%-9.5%	12	72,727,272	12	72,727,272	9	54,545,456	-	-	-	-	-	-	200,000,000
	10%-10.5%	34	218,297,094	24	142,539,514	12	51,630,442	-	-	-	-	-	-	412,467,050
	12%-12.5%	12	40,243,739	-	-	-	-	-	-	-	-	-	-	40,243,739
	13.5%-14%	1	780,400	-	-	-	-	-	-	-	-	-	-	780,400
	14%-14.5%	2	16,666,670	-	-	-	-	-	-	-	-	-	-	16,666,670
Quarterly														
1-3 years	8%-8.5%	4	390,000,000	-	-	-	-	-	-	-	-	-	-	390,000,000
	8.5%-9%	12	425,000,000	9	331,250,000	-	-	-	-	-	-	-	-	756,250,000
	9%-9.5%	9	244,285,714	12	325,714,286	-	-	-	-	-	-	-	-	570,000,000
	9.5%-10%	8	386,571,426	2	85,714,290	-	-	-	-	-	-	-	-	472,285,716
	10%-10.5%	1	75,000,000	-	-	-	-	-	-	-	-	-	-	75,000,000
	11%-11.5%	3	75,000,000	-	-	-	-	-	-	-	-	-	-	75,000,000
	12%-12.5%	1	31,250,000	-	-	-	-	-	-	-	-	-	-	31,250,000
Half Yearly														
1-3 years	11%-11.5%	1	166,666,665	-	-	-	-	-	-	-	-	-	-	166,666,665
	11.5%-12%	2	166,666,670	-	-	-	-	-	-	-	-	-	-	166,666,670
Above 3 years	10.5%-11%	8	1,125,000,004	8	1,125,000,004	8	280,000,000	8	150,000,000	5	94,999,990	-	-	2,774,999,998
	11.5%-12%	2	666,666,666	1	333,333,333	-	-	-	-	-	-	-	-	999,999,999
	14%-14.5%	2	580,000,000	-	-	-	-	-	-	-	-	-	-	580,000,000
	16.5%-17%	2	52,500,000	-	-	-	-	-	-	-	-	-	-	52,500,000
Annually														
1-3 years	8.5%-9%	1	125,000,000	1	125,000,000	-	-	-	-	-	-	-	-	250,000,000
Bullet														
1-3 years	8%-8.5%	8	1,925,000,000	-	-	-	-	-	-	-	-	-	-	1,925,000,000
	8.5%-9%	3	550,000,000	-	-	-	-	-	-	-	-	-	-	550,000,000
	9%-9.5%	1	250,000,000	-	-	-	-	-	-	-	-	-	-	250,000,000
	9.5%-10%	2	325,000,000	-	-	-	-	-	-	-	-	-	-	325,000,000
	10%-10.5%	1	180,000,000	-	-	-	-	-	-	-	-	-	-	180,000,000
	11.5%-12%	-	-	-	-	3	1,390,000,000	-	-	-	-	-	-	1,390,000,000
	12%-12.5%	-	-	1	1,000,000,000	-	-	-	-	-	-	-	-	1,000,000,000
	13%-13.5%	1	1,000,000,000	-	-	-	-	-	-	-	-	-	-	1,000,000,000
	14.5%-15%	1	630,000,000	-	-	-	-	-	-	-	-	-	-	630,000,000
Above 3 years	10%-10.5%	1	170,000,000	-	-	1	445,500,000	1	445,500,000	1	459,000,000	-	-	1,520,000,000
	11.5%-12%	-	-	-	-	1	300,000,000	-	-	-	-	-	-	300,000,000
	12%-12.5%	-	-	3	800,000,000	-	-	-	-	-	-	-	-	800,000,000
	14%-14.5%	1	370,000,000	-	-	-	-	-	-	-	-	-	-	370,000,000
	14.5%-15%	1	300,000,000	-	-	-	-	1	250,000,000	-	-	-	-	550,000,000
	15.5%-16%	-	-	-	-	-	-	1	400,000,000	-	-	-	-	400,000,000
	16.5%-17%	-	-	1	114,000,000	-	-	-	-	-	-	-	-	114,000,000
Grand Total		**839**	**21,228,593,476**	**434**	**10,273,165,246**	**45**	**2,727,359,254**	**11**	**1,245,500,000**	**6**	**553,999,990**	**-**	**-**	**36,028,617,966**





5. Long-term borrowings

Terms of repayment of long term borrowings as on March 31, 2017

(Amount in Rupees unless otherwise stated)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due between 3 to 4 Years		Due between 4 to 5 Years		Due between 5 to 6 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Monthly														
1-3 years	10%-10.5%	3	534,090,906	-	-	-	-	-	-	-	-	-	-	534,090,906
	11%-11.5%	3	680,000,006	-	-	-	-	-	-	-	-	-	-	680,000,006
	11.5%-12%	8	932,954,526	-	-	-	-	-	-	-	-	-	-	932,954,526
	12%-12.5%	8	697,936,532	-	-	-	-	-	-	-	-	-	-	697,936,532
	12.5%-13%	6	193,533,813	-	-	-	-	-	-	-	-	-	-	193,533,813
	13%-13.5%	6	199,932,339	-	-	-	-	-	-	-	-	-	-	199,932,339
	14%-14.5%	1	41,666,661	-	-	-	-	-	-	-	-	-	-	41,666,661
	9.0%-10%	1	142,857,140	-	-	-	-	-	-	-	-	-	-	142,857,140
Above 3 years	10%-10.5%	14	1,071,489,912	14	511,161,606	14	39,015,141	14	12,500,000	-	-	-	-	1,634,166,659
	10.5%-11%	5	507,100,005	5	208,333,328	-	-	-	-	-	-	-	-	715,433,333
	11%-11.5%	7	645,949,946	7	273,148,925	-	-	-	-	-	-	-	-	919,098,871
	11.5%-12%	3	260,909,099	3	49,393,925	-	-	-	-	-	-	-	-	310,303,024
	12%-12.5%	11	1,369,166,936	11	637,474,830	-	-	-	-	-	-	-	-	2,006,641,766
	12.5%-13%	1	65,628,000	1	54,682,000	-	-	-	-	-	-	-	-	120,310,000
	13%-13.5%	5	297,621,640	5	77,648,169	-	-	-	-	-	-	-	-	375,269,809
	14%-14.5%	3	100,000,000	3	62,500,000	-	-	-	-	-	-	-	-	162,500,000
	9.0%-10%	3	465,199,051	3	170,567,623	3	9,166,659	-	-	-	-	-	-	644,933,333
Quarterly														
1-3 years	10%-10.5%	3	235,707,089	-	-	-	-	-	-	-	-	-	-	235,707,089
	11.5%-12%	1	37,500,000	-	-	-	-	-	-	-	-	-	-	37,500,000
	12.5%-13%	2	16,666,665	-	-	-	-	-	-	-	-	-	-	16,666,665
Above 3 years	10%-10.5%	1	300,000,000	1	75,000,000	-	-	-	-	-	-	-	-	375,000,000
	10.5%-11%	1	154,285,712	1	47,142,860	-	-	-	-	-	-	-	-	201,428,572
	11.5%-12%	1	100,000,000	1	75,000,000	-	-	-	-	-	-	-	-	175,000,000
	12%-12.5%	1	125,000,000	1	31,250,000	-	-	-	-	-	-	-	-	156,250,000
Half Yearly														0
Above 3 years	10.5%-11%	3	825,000,002	3	825,000,002	3	825,000,002	3	110,000,000	3	110,000,000	3	54,999,994	2,750,000,000
	11%-11.5%	1	333,333,334	1	166,666,665	-	-	-	-	-	-	-	-	499,999,999
	11.5%-12%	4	1,000,000,000	4	833,333,336	4	333,333,332	-	-	-	-	-	-	2,166,666,668
	16.5%-17%	1	52,500,000	1	52,500,000	-	-	-	-	-	-	-	-	105,000,000
Annually														0
1-3 years	15%-15.5%	1	300,000,000	-	-	-	-	-	-	-	-	-	-	300,000,000
Bullet														
1-3 years	10%-10.5%	2	312,500,000	2	-	-	-	-	-	-	-	-	-	312,500,000
	10.5%-11%	2	232,500,000		-	-	-	-	-	-	-	-	-	232,500,000
	11%-11.5%	2	212,500,000		-	-	-	-	-	-	-	-	-	212,500,000
	11.5%-12%	1	180,000,000		-	-	-	-	-	-	-	-	-	180,000,000
	14%-14.5%	-	-		-	1	580,000,000	-	-	-	-	-	-	580,000,000
	14.5%-15%	1	300,000,000		-	-	-	-	-	-	-	-	-	300,000,000
Above 3 years	10%-10.5%	-	-	1	170,000,000	-	-	-	-	-	-	-	-	170,000,000
	12%-12.5%	-	-	-	-	2	1,300,000,000	-	-	-	-	-	-	1,300,000,000
	13%-13.5%	-	-	1	1,000,000,000	-	-	-	-	-	-	-	-	1,000,000,000
	14%-14.5%	-	-	2	370,000,000	2	500,000,000	-	-	-	-	-	-	870,000,000
	14.5%-15%	-	-	3	930,000,000	-	-	-	-	3	250,000,000	-	-	1,180,000,000
	15%-15.5%	1	2,000,000,000	-	-	-	-			-	-	-	-	2,000,000,000
	15.5%-16%	-	-	-	-	-	-	-	-	1	400,000,000	-	-	400,000,000
	16.5%-17%	-	-	-	-	1	114,000,000	-	-	-	-	-	-	114,000,000
	9.0%-10%	-	-	2	500,000,000	-	-	-	-	-	-	-	-	500,000,000
Grand Total		**117**	**14,923,529,314**	**76**	**7,120,803,269**	**30**	**3,700,515,134**	**17**	**122,500,000**	**7**	**760,000,000**	**3**	**54,999,994**	**26,682,347,711**



6. Provisions

(Amount in Rupees unless otherwise stated)

Particulars	Long term		Short term	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Provision for employee benefits				
Provision for gratuity	17,673,400	14,384,403	-	-
Provision for leave encashment and availment	-	-	47,609,292	34,010,455
	17,673,400	**14,384,403**	**47,609,292**	**34,010,455**
Other provisions				
Contingent provision against standard assets (refer Note 29)	7,585,642	267,028,631	6,409,616	1,037,150,296
Provision for non-performing assets (refer Note 29)	980,925,595	25,819,473	-	-
Provision for taxation	-	-	-	101,379,562
	988,511,237	**292,848,104**	**6,409,616**	**1,138,529,858**
Total	**1,006,184,637**	**307,232,507**	**54,018,908**	**1,172,540,313**

7. Other current liabilities

(Amount in Rupees unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17
Expenses and other payables	257,876,600	113,127,435
Employee benefit payables	144,473,975	105,580,936
Other liabilities		
Current maturities of long-term borrowings (refer Note 5)	21,228,593,476	14,923,529,314
Interest accrued but not due:		
On term loans	130,856,889	146,601,833
On debentures	224,395,104	169,970,790
Statutory dues payable	57,808,879	33,876,204
Unamortized income		
Unamortised interest income	349,987	1,474,352
Total	**22,044,354,910**	**15,494,160,864**



8. Property, plant and equipment

(Amount in Rupees unless otherwise stated)

Particulars	Computerr Equipment	Electrical Fixtures	Furniture & Improvement	Leasehold	Office equipment	Vehicles	Total
As at April 1, 2016	**35,701,109**	**2,005,154**	**22,099,432**	**20,956,615**	**19,005,573**	**5,858,155**	**105,626,038**
Additions	11,939,859	923,160	11,561,810	3,537,870	5,924,312	1,020,155	34,907,166
Disposals	1,412,735	235,395	1,045,072	-	2,299,430	665,463	5,658,095
As at March 31, 2017	**46,228,233**	**2,692,919**	**32,616,170**	**24,494,485**	**22,630,455**	**6,212,847**	**134,875,109**
Additions	15,809,025	1,032,168	10,972,277	18,495,052	19,962,690	-	66,271,212
Disposals	19,917	-	60,476	-	954,578	-	1,034,971
As at March 31, 2018	**62,017,341**	**3,725,087**	**43,527,971**	**42,989,537**	**41,638,567**	**6,212,847**	**200,111,350**
Depreciation							
As at April 1, 2016	22,157,244	1,710,972	13,291,501	3,514,995	10,236,276	1,536,284	52,447,272
Depreciation charge for the year	9,510,800	900,177	8,942,127	3,976,662	3,125,531	764,029	27,219,326
Disposals	1,257,707	186,931	745,207	-	1,738,368	665,463	4,593,676
As at March 31, 2017	**30,410,337**	**2,424,218**	**21,488,421**	**7,491,657**	**11,623,439**	**1,634,850**	**75,072,922**
Depreciation charge for the year	11,044,820	977,998	7,531,139	5,678,435	5,059,935	781,148	31,073,475
Disposals	19,917	-	56,450	-	762,088	-	838,455
As at March 31, 2018	**41,435,240**	**3,402,216**	**28,963,110**	**13,170,092**	**15,921,286**	**2,415,998**	**105,307,942**
Net Block							
As at March 31, 2017	**15,817,896**	**268,701**	**11,127,749**	**17,002,828**	**11,007,016**	**4,577,997**	**59,802,187**
As at March 31, 2018	**20,582,101**	**322,871**	**14,564,861**	**29,819,445**	**25,717,281**	**3,796,849**	**94,803,408**



9. Intangible Assets

(Amount in Rupees unless otherwise stated)

Particulars	Computer Software
As at April 1, 2016	**79,073,469**
Purchase	19,743,007
As at March 31, 2017	**98,816,476**
Purchase	24,589,596
As at March 31, 2018	**123,406,072**
Amortization	
As at April 1, 2016	**18,889,694**
Depreciation charge for the year	17,107,131
As at March 31, 2017	**35,996,825**
Depreciation charge for the year	20,614,006
Disposal	-
As at March 31, 2018	**56,610,831**
Net Block	
As at March 31, 2017	**62,819,651**
As at March 31, 2018	**66,795,241**

10. Non-current investments

(Amount in Rupees unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17
Non trade investments (valued at cost unless stated otherwise)		
Investment in equity shares (Unquoted)		
200,000 (March 31, 2017: 200,000) equity shares of Rs 10 each of Alpha Microfinance Consultants Private Limited	2,000,000	2,000,000
Total	**2,000,000**	**2,000,000**

11. Deferred tax asset

(Amount in Rupees unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17
Deferred tax assets		
Impact of difference between tax depreciation and depreciation/amortisation charged to profit and loss	9,301,764	4,840,513
Impact of expenditure charged to profit and loss in the current year but allowed for tax purpose on payment basis	17,386,506	11,771,018
Impact of provision against other assets	13,468,309	10,104,277
Impact of provision against standard assets and non-performing assets	315,674,139	458,228,787
Deferred tax assets	**355,830,718**	**484,944,595**
Deferred tax assets recognised	**355,830,718**	**484,944,595**



12. Loans and advances

(Amount in Rupees unless otherwise stated)

Particulars	Non-current		Current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
A. Portfolio Loans				
Secured considered good				
Individual loans	6,624,527	3,401,653	5,962,231	2,755,068
Unsecured considered good*				
Joint liability group loans	14,530,071,441	6,288,233,664	33,722,450,990	24,434,217,906
Individual loans	257,071,705	-	243,505,273	-
Unsecured considered doubtful**				
Joint liability group loans	980,694,430	25,819,473	-	-
Individual loans	231,166	-	-	-
(A)	**15,774,693,269**	**6,317,454,790**	**33,971,918,494**	**24,436,972,974**
* Represent standard assets in accordance with Company's asset classification policy (refer Note 2.1.(r) and 29). ** Represent non-performing assets in accordance with Company's asset classification policy (refer Note 2.1.(r) and 29).				
B. Security Deposits				
Unsecured, considered good	56,475,838	42,556,007	-	-
(B)	**56,475,838**	**42,556,007**	**-**	**-**
C. Advances recoverable in cash or kind				
Unsecured, considered good	-	-	79,776,616	48,999,769
Unsecured, considered doubtful	11,657,477	17,513,696	-	-
	11,657,477	17,513,696	79,776,616	48,999,769
Less: Provision for doubtful advances	(11,657,477)	(17,513,696)	-	-
(C)	**-**	**-**	**79,776,616**	**48,999,769**
D.Other loans and advances (Unsecured, considered good)				
Advance income tax (net of provision for taxation) *	48,422,703	10,585,407	-	-
Prepaid expenses	513,311	389,598	19,565,488	21,136,765
Loans and advances to employees	20,170,561	5,160,558	25,681,356	7,424,860
(D)	**69,106,575**	**16,135,563**	**45,246,844**	**28,561,625**
Total (A+B+C+D)	**15,900,275,682**	**6,376,146,360**	**34,096,941,954**	**24,514,534,368**

* Pursuant to the Scheme, referred in Note 37, advance tax and TDS receivable (net of provision) held by MV Microfin Private Limited has been transferred to the Company. Statutory compliances with respect to such transfer will be carried out by the Company in due course.



13. Other assets

(Amount in Rupees unless otherwise stated)

Particulars	Non-current		Current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Non-current bank balances (refer note 14)	38,708,338	87,479,176	-	-
Unamortized expenditure				
Share issue expenses	5,329,587	1,376,659	2,721,983	2,477,824
Interest accrued but not due on deposits placed with banks	1,361,131	6,502,267	7,820,387	38,409,472
Interest accrued but not due on deposits placed with financial institutions	1,112,414	1,467,877	1,241,366	-
Interest accrued but not due on portfolio loans	-	-	188,357,515	110,940,076
Interest accrued and due on portfolio loans	-	-	5,088,228	200,419,152
Other assets	9,000,000	22,750,000	13,940,869	1,458,869
Total	**55,511,470**	**119,575,979**	**219,170,348**	**353,705,393**

14. Cash and bank balances

(Amount in Rupees unless otherwise stated)

Particulars	Non-current		Current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Cash and cash equivalents				
Balance with banks				
On current accounts #	-	-	1,171,383,284	737,507,056
Deposits with original maturity of less than and equal to 3 months	-	-	20,000,000	2,500,000,000
Cash in hand	-	-	108,920,755	83,572,677
	-	-	1,300,304,039	3,321,079,733
Other bank balances				
Margin money deposits*	38,708,338	87,479,176	81,221,540	315,801,127
Other than margin money deposits	-	-	-	-
	38,708,338	87,479,176	81,221,540	315,801,127
Amounts disclosed under non-current assets (refer Note 13)	(38,708,338)	(87,479,176)	-	-
Total	**-**	**-**	**1,381,525,579**	**3,636,880,860**

* Represent margin money deposits placed to avail term loans from banks, financial institutions and non banking financial companies.

Include Rs74,339 towards current account balance held in the name of MV Microfin Private Limited. Pursuant to the Scheme of Arrangement, such current account balance shall be transferred in the name of the Company (refer Note 37).



15. Revenue from operations

(Amount in Rupees unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17
Interest on portfolio loans	7,954,456,518	6,566,880,109
Income from securitization and asset assignment (refer Note 35 (d))	-	43,144,390
Other operating revenue		
Loan processing fees	613,528,051	340,238,038
Interest on margin money deposits*	21,473,231	62,895,154
Recovery against loans writen offs	66,073,724	4,292,511
Total	**8,655,531,524**	**7,017,450,202**

* Represents interest on margin money deposits placed to avail term loans from banks, financial institutions and non banking financial companies.

16. Other income

(Amount in Rupees unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17
Interest on fixed deposits	43,891,481	28,728,794
Income recognised towards amount received for technical assistance	-	3,402,664
Profit from sale of current investments	40,785,801	35,641,674
Dividend income on current investments	1,701,329	-
Miscellaneous Income	10,141,167	7,388,569
Total	**96,519,778**	**75,161,701**

17. Employee benefit expenses

(Amount in Rupees unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17
Salaries and bonus	1,085,637,135	905,675,453
Contribution to provident fund and other funds	96,602,581	78,645,269
Leave encashment and availment	24,235,713	21,404,737
Leave travel allowance	24,193,270	18,694,195
Gratuity (refer Note 26)	17,673,400	14,384,403
Staff welfare expenses	2,648,318	1,822,613
Stock option expenditure (refer Note 33)	21,108,928	6,220,156
Total	**1,272,099,345**	**1,046,846,826**



18. Finance costs

(Amount in Rupees unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17
Interest expense		
On debenture	1,254,082,238	818,361,978
On term loans from banks	1,440,042,695	1,532,029,201
On term loans from financial institution	650,585,532	519,672,511
On term loans from non banking finance companies	99,536,401	183,783,401
On loans payable on demand from banks	2,838,224	3,533,179
Other borrowing costs	91,201,377	178,820,376
Bank charges	7,392,165	6,332,087
Total	**3,545,678,632**	**3,242,532,733**

19. Other expenses

(Amount in Rupees unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17
Rent	88,463,347	70,645,226
Rates and taxes	20,381,837	11,782,343
Insurance	2,489,633	1,212,774
Repairs and maintenance	28,908,831	25,223,679
Electricity	14,278,835	10,437,863
Travelling and conveyance	237,341,569	170,291,871
Postage and telecommunication	54,727,296	44,975,733
Printing and stationery	35,016,612	28,060,447
Professional and consultancy charges	37,585,546	24,916,744
Credit bureau expenses	15,852,588	15,279,756
Directors sitting fees	2,370,000	1,925,000
Auditors remuneration (refer Note below)		
Audit fees	5,872,675	4,764,952
Out of pocket fees	270,354	272,024
Training expenses	30,387,907	24,936,161
Donations	40,785,555	22,021,333
Corporate Social Resposibility expenses	21,535,134	15,606,180
Other administrative expenses	36,568,728	38,552,431
Provision for other assets	9,536	(3,883,130)
Total	**672,845,983**	**507,021,387**

Particulars	31-Mar-18	31-Mar-17
As auditor:		
Audit fee	2,872,675	2,700,000
Limited review	1,500,000	850,000
Others	1,100,000	1,000,000
In other capacity		
Certification services	400,000	214,952
Reimbursement of expenses	270,354	272,024
Total	**6,143,029**	**5,036,976**



20. Depreciation and amortisation expense

(Amount in Rupees unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17
Depreciation of property,plant and equipments (refer Note 8)	31,073,475	27,219,326
Amortisation of intangible assets (refer Note 9)	20,614,006	17,107,131
Total	**51,687,481**	**44,326,457**

21. Provision and write-offs

(Amount in Rupees unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17
Contingent provision against standard assets (refer Note 2.1 (s) and 29)	(1,290,183,669)	1,057,817,251
Provision for non-performing assets (refer Note 2.1 (s) and 29)	955,106,122	6,020,397
Portfolio loans and other balances written off	1,616,229,800	22,181,493
Total	**1,281,152,253**	**1,086,019,141**

22. Segment information

The Company operates in a single business segment i.e. lending to borrowers which have similar risks and returns for the purpose of AS 17 on 'Segment Reporting' specified under section 133 of the Companies act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

23. Related party transaction

Names of the related parties(as per Accounting Standard – 18)

Key management personnel	Mr. Udaya Kumar Hebbar, Managing Director & CEO
Holding Company	CreditAccess Asia NV

Particulars	Key management personnel	
	March 31, 2018	March 31, 2017
Transactions during the year		
Mr. Udaya Kumar Hebbar		
Salary and perquisites	12,214,269	10,130,419
ESOPs exercised	5,737,500	-

Provisions for gratuity and leave benefits are made for the Company as a whole and the amounts pertaining to the key management personnel are not specifically identified and hence are not included above.



Particulars	Holding Company	
	March 31, 2018	March 31, 2017
Transactions during the year		
CreditAccess Asia NV		
Issue of equity shares on conversion of compulsorily convertible debentures for consideration other than cash	2,000,000,000	-
Issue of share capital on amalgamation of MV Microfin Private Limited for consideration other than cash	48,901,270	-
Issue of compulsorily convertible debentures	-	2,000,000,000
Issue of share capital	3,499,999,951	1,500,000,000
Interest expense on compulsorily convertible debentures	223,561,643	4,109,589

Particulars	Holding Company	
Balances at the end of the year	March 31, 2018	March 31, 2017
CreditAccess Asia NV		
Compulsorily convertible debentures	-	2,000,000,000
Interest payable on compulsorily convertible debentures	-	4,109,589

24. Capital commitments

Estimated amounts of contracts remaining to be executed on capital account (net of capital advances) and not provided:

Particulars	March 31, 2018	March 31, 2017
For purchase/development of computer software	3,074,670	2,182,275

25. Contingent liabilities

Particulars	March 31, 2018	March 31, 2017
Performance security provided by the Company pursuant to service provider agreement	2,270,925	2,493,050

26. Retirement benefits

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of serviceservice subject to limit of Rs2.00 million as per the Payment of Gratuity Act,1972.

The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the statement



of profit and loss and the funded status and amounts recognised in the Balance Sheet for the gratuity plan.

Statement of profit and loss

Net employees benefit expense:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current service cost	15,618,505	9,437,722
Past service cost	15,081,588	-
Interest cost on benefit obligation	2,998,730	9,889,400
Expected return on plan assets	(2,505,345)	(1,630,764)
Net actuarial (gain) / loss recognised	(13,520,078)	(3,311,955)
Net employee benefit expense (refer Note 17)	17,673,400	14,384,403
Actual return on plan assets	(2,505,345)	1,961,801

Balance sheet

Details of plan liabilities/(assets):

Particulars	March 31, 2018	March 31, 2017
Defined benefit obligation	63,670,736	44,483,697
Plan assets	(45,997,336)	(30,099,294)
Plan liability (refer Note 6)	**17,673,400**	**14,384,403**

Changes in the present value of defined benefit obligation are as follows:

Particulars	Gratuity	
	March 31, 2018	March 31, 2017
Opening defined benefit obligation	44,483,697	30,688,974
Interest cost	2,998,730	9,889,400
Current service cost	15,618,505	9,437,722
Past service cost	15,081,588	-
Benefits paid	(1,540,862)	(2,551,481)
Actuarial (gains) / losses on obligation	(12,970,922)	(2,980,918)
Closing defined benefit obligation	63,670,736	44,483,697

Changes in the fair value of plan assets are as follows:

Particulars	Gratuity	
	March 31, 2018	March 31, 2017
Opening fair value of plan assets	30,099,294	19,400,660
Expected return	2,505,345	1,630,764
Contributions by employer	14,384,403	11,288,314
Benefits paid	(1,540,862)	(2,551,481)
Actuarial gains / (losses)	549,156	331,037
Closing fair value of plan assets	45,997,336	30,099,294



The Company expects to contribute Rs26,721,298 (March 31, 2017:Rs19,424,030) towards gratuity in the next financial year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity	
	March 31, 2018	March 31, 2017
Investment with insurer	100%	100%

The overall expected rate of return on assets is determined based on the average long term rate of return expected on investment of the fund during the estimated term of the obligations.

The principal assumptions used in determining gratuity:

Particulars	Gratuity	
	March 31, 2018	March 31, 2017
Discount rate	7.19%	6.86%
Expected rate of return on assets	6.86%	6.86%
Salary escalation rate per annum	10%	8%
Rates of leaving service	21.11%	17.43%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

Amounts for the current and previous four years are as follows:

Particulars	Gratuity				
	31-Mar-2018	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Defined benefit obligation	63,670,736	44,483,697	30,688,974	20,310,655	18,041,524
Plan assets	45,997,336	30,099,294	19,400,660	16,717,752	4,324,392
Surplus / (deficit)	(17,673,400)	14,384,403	11,288,314	(3,592,902)	(13,717,132)
Experience adjustments on plan liabilities	709,989	2,294,390	(10,907,11)	(1,393,407)	(5,016,023)
Experience adjustments on plan assets	(549,156)	(331,037)	(149,266)	745,733	335,598

27. Earnings and expenditure in foreign currency

a. Earnings in foreign currency:

Particulars	March 31, 2018	March 31, 2017
Amount received towards technical assistance	-	3,402,664

b. Expenditure in foreign currency:

Particulars	March 31, 2018	March 31,2017
Annual software maintenance cost	16,631,702	9,935,661
Software implementation charges	2,432,831	3,443,137
Purchase of software	-	13,733,996
Recruitment expenses	401,037	150,808
Professional charges	9,866,082	-
Processing fee on borrowings	-	1,367,600
Travelling expenses	-	88,075
Total	**29,631,652**	**28,719,277**



28. Earnings per share (EPS)

The following reflects the profit/(loss) after tax and equity shares data used in the basic and diluted EPS computations:

Particulars	March 31, 2018	March 31, 2017
Net profit/ (loss) after tax as per Statement of Profit and Loss	1,246,413,779	752,550,270
Net profit/(loss) as above for calculation of basic EPS and diluted EPS	1,246,413,779	752,550,270
Add: interest on debentures convertible into equity shares (net of tax)	146,186,958	2,687,342
Net profit/ (loss) for calculation of diluted EPS	1,392,600,737	755,237,612
Weighted average number of equity shares in calculating basic EPS	101,638,978	80,239,164
Effect of dilution		
Stock options granted under ESOP	1,265,720	1,030,127
Compulsorily Convertible Debentures	10,645,793	195,695
Weighted average number of equity shares in calculating diluted EPS	102,904,698	81,461,445
Basic earnings per share	12.26	9.38
Diluted earnings per share#	12.11	9.26
Nominal value per share	10.00	10.00

since the impact of conversion of potential equity shares is anti-dilutive in nature, the same has not been considered in the calculation of diluted EPS.

29. Loan portfolio and provision for standard and non-performing assets as at March 31, 2018:

(Rupees in Crores)

Asset Classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets			Portfolio loans outstanding (Net)	
	March 31, 2018	March 31, 2017	March 31, 2017	Additions/ (reversals) in 2017-18	March 31, 2018	March 31, 2018	March 31, 2017
Standard	4,876.57	3,072.86	130.41	(129.02)	1.39	4,875.18	2,942.45
Non-performing	98.09	2.58	2.58	95.51	98.09	-	-
Total	**4,974.66**	**3,075.44**	**132.99**	**(33.51)**	**99.48**	**4,875.18**	**2,942.45**

Loan portfolio and provision for standard and non-performing assets as at March 31, 2017:

(Rupees in Crores)

Asset Classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets			Portfolio loans outstanding (Net)	
	March 31, 2017	March 31, 2016	March 31, 2016	Additions (net) in 2016-17	March 31, 2017	March 31, 2017	March 31, 2016
Standard	3,072.86	2,463.28	24.63	105.78	130.41	2,942.45	2,438.65
Non-performing *	2.58	1.98	1.98	0.60	2.58	-	-
Total	**3,075.44**	**2,465.26**	**26.61**	**106.38**	**132.99**	**2,942.45**	**2,438.65**



* NPAs at March 31, 2017 are after considering RBI dispensation vide circular No. DBR. No. BP.BC.37/21.04.048/2016-17 dated November 21, 2016 and DBR. No. BP.BC.49/21.04.048/2016-17 dated December 28, 2016.

30. Leases

Operating Lease

Head office and branch office premises are acquired on operating lease. The branch office premises are generally rented on cancellable term for period of eleven to sixty months with no escalation clause and renewable at the option of the Company.

There are no restrictions imposed by lease arrangements. There are no subleases. Lease payments during the year are charged to statement of profit and loss. Future minimum rentals payable under non-cancellable operating leases are as follows:

Particulars	March 31, 2018	March 31, 2017
Minimum lease obligations		
Not later than one year	20,714,773	15,151,585
Later than 1 year but not later than 5 years	30,593,956	37,211,986
Later than 5 years	-	-

31. Dues to micro, small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

For the year ended March 31, 2018 and year ended March 31, 2017, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

32. Amounts received as technical assistance

Following amounts have been received and recognised in statement of profit and loss under "Other Income":

Particulars	March 31, 2018	March 31, 2017
Amounts received as technical assistance	-	3,402,664

33. Stock options

The Company has provided share based payments to its employees under the 'Grameen Koota Financial Services Private Limited – Employees Stock Option Plan 2011'. The various Tranches I, II, III, IV, V and VI represent different grants made under the plan. During year ended March 31, 2018, the following stock option grant were in operation:



Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Tranche VI
Date of grant	Apr 1, 2012	Oct 1, 2013	Jun 1, 2014	Jul 1, 2016	Jan 1, 2017	Jan 1, 2018
Date of Board / Compensation Committee approval	Oct 15, 2011	Aug 22, 2012	Jul 30, 2014	Jun 29, 2016	May 17, 2017	Jan 24, 2018
Number of Options granted	716,676	631,339	443,000	431,000	521,000	971,000
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity
Graded vesting period:						
Day following the expiry of 12 months from grant	25%	25%	25%	25%	25%	25%
Day following the expiry of 24 months from grant	25%	25%	25%	25%	25%	25%
Day following the expiry of 36 months from grant	25%	25%	25%	25%	25%	25%
Day following the expiry of 48 months from grant	25%	25%	25%	25%	25%	25%
Exercise period	48 months from date of vesting					
Vesting conditions	Employee to be in service at the time of vesting					
Weighted average remaining contractual life (years)						
-I	-	0.50	1.20	3.25	3.75	4.75
-II	-	1.50	2.20	4.25	4.75	5.75
-III	1.00	2.50	3.20	5.25	5.75	6.75
-IV	2.00	3.50	4.20	6.25	6.75	7.75
Weighted average exercise price per option (Rs)	27.00	27.00	39.86	63.90	84.47	120.87
Weighted average fair value of options (Rs)	15.15	18.33	36.88	75.01	61.35	84.46

Reconciliation of options:

Particulars	March31, 2018	March 31, 2017
Tranche I		
Options outstanding at the beginning of the year	348,000	627,176
Granted during the year	-	
Forfeited during the year	14,000	279,176
Exercised during the year	328,750	-
Expired during the year	1,000	-
Outstanding at the end of the year	4,250	348,000
Exercisable at the end of the year	4,250	348,000



Tranche II		
Options outstanding at the beginning of the year	442,500	592,339
Granted during the year	-	-
Forfeited during the year	8,500	149,839
Exercised during the year	383,000	-
Expired during the year	2,000	-
Outstanding at the end of the year	49,000	442,500
Exercisable at the end of the year	49,000	334,000
Tranche III		
Options outstanding at the beginning of the year	425,000	435,500
Granted during the year	-	-
Forfeited during the year	10,000	10,500
Exercised during the year	177.500	-
Expired during the year	2,000	-
Outstanding at the end of the year	235,500	425,000
Exercisable at the end of the year	134,750	217,500
Tranche IV		
Options outstanding at the beginning of the year	431,000	-
Granted during the year	-	431,000
Forfeited during the year	-	-
Exercised during the year	59,500	-
Expired during the year	-	-
Outstanding at the end of the year	371,500	431,000
Exercisable at the end of the year	48,250	-
Tranche V		
Options outstanding at the beginning of the year	-	-
Granted during the year	521,000	-
Forfeited during the year	-	-
Exercised during the year	65,000	-
Expired during the year	-	-
Outstanding at the end of the year	456,000	-
Exercisable at the end of the year	65,250	-
Tranche VI		
Options outstanding at the beginning of the year	-	-
Granted during the year	971,000	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	971,000	-
Exercisable at the end of the year	-	-



Details of stock options granted during the year:

Tranche V: The weighted average fair value of stock options granted during theyear was Rs61.35.The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Vesting in FY 2017-18	Vesting in FY 2018-19	Vesting in FY 2019-20	Vesting in FY 2020-21
Share price on the date of grant (Rs)	110.23	110.23	110.23	110.23
Exercise price (Rs)	84.47	84.47	84.47	84.47
Expected volatility (%)	31.294%	31.294%	31.294%	31.294%
Life of the options granted (years)	5	6	7	8
Risk-free interest rate (%)	6.30%	6.30%	6.30%	6.30%
Expected dividend rate (%)	-	-	-	-
Fair value of the option (Rs)	54.92	58.91	62.53	65.84

Tranche VI: The weighted average fair value of stock options granted during the year was Rs84.46. The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Vesting in FY 2017-18	Vesting in FY 2018-19	Vesting in FY 2019-20	Vesting in FY 2020-21
Share price on the date of grant (Rs)	153.56	153.56	153.56	153.56
Exercise price (Rs)	120.87	120.87	120.87	120.87
Expected volatility (%)	26.38%	26.38%	26.38%	26.38%
Life of the options granted (years)	5	6	7	8
Risk-free interest rate (%)	7.64%	7.64%	7.64%	7.64%
Expected dividend rate (%)	-	-	-	-
Fair value of the option (Rs)	75.92	81.96	87.46	92.49

The Company measures the cost of ESOP using the intrinsic value method. Had the Company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Profit after tax as reported	1,246,413,779	752,550,269
Add: ESOP cost using intrinsic value method (refer Note 17)	21,108,928	6,220,156
Less: ESOP cost using fair value method	(39,408,596)	8,222,301
Profit after tax (adjusted)	1,228,114,111	75,05,48,124
Earnings Per Share		
Basic		
- As reported	12.26	9.38
- Adjusted for ESOP cost using fair value method	12.08	9.35
Diluted		
- As reported	12.11	9.26
- Adjusted for ESOP cost using fair value method	11.93	9.25



34. Provision for fraud and misappropriation

An amount of Rs4,591,994 has been provided in the financial statements towards legal proceedings and claims initiated by the Company in respect of cases of frauds and thefts reported up to March 31, 2018.

35. Disclosures required by the RBI

a. Capital to risk assets ratio ('CRAR'):

Particulars	March 31, 2018	March 31, 2017
CRAR (%)	28.94%	29.71%
CRAR-Tier I Capital (%)	28.07%	20.21%
CRAR-Tier II Capital (%)	0.87%	9.50%
Amount of subordinated debt raised as Tier II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

b. Investments

(Rupees in crore)

Particulars			March 31, 2018	March 31, 2017
1	Value of Investments			
	(i)	Gross Value of Investments		
		(a) in India	0.20	0.20
		(a) outside India	-	-
	(ii)	Provisions for Depreciation	-	
		(a) in India	-	-
		(a) outside India	-	-
	(ii)	Net Value of Investments		
		(a) in India	0.20	0.20
		(a) outside India	-	-
2	Movement of provision held towards depreciation			
	(i)	Opening balance	-	-
	(ii)	Add : Provisions made during the year	-	-
	(iii)	Less: Write-off / write-back of excess provision	-	-
	(iv)	Closing balance	-	-

c. Derivatives

The Company has no transactions / exposure in derivatives in the current and previous year.

The Company has no unhedged foreign currency exposure as on March 31, 2018 (March 31, 2017: Nil).

d. Disclosure related to securitization

Disclosure as per RBI circular DBOD.NO. BP.BC.60/21.04.048/2005-06 dated February 1, 2006:

During the year the Company has not sold any loans through securitization. The information on securitization activity of the Company as an originator is as shown below:

(Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
Number of loans securitized	-	-
Book value of loans securitized	-	-
Sale consideration received	-	-
Income recognised in statement of profit and loss	-	43,144,390
Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Principal outstanding of loans securitized	-	-
Credit enhancements provided and outstanding:		
Cash collateral	-	-

Disclosure as per RBI circular DNBS.PD.No. 301/3.10.01/2012-13 dated August 21, 2012:

(Information in respect of transactions in operation as at reporting date)

(Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
No of SPVs sponsored by the NBFC for securitization transactions	-	-
Amount of securitized assets as per books of SPV sponsored by NBFC	-	-
Amount of exposures retained by NBFC to comply with MRR as on the date of balance sheet		
a. Off-Balance sheet exposure		
• First Loss	-	-
• Others	-	-
b. On-Balance sheet exposure		
• First Loss – Cash collateral	-	-
• Others	-	-
Amount of exposures other than MRR		
a. Off-Balance sheet exposure		
i. Exposure to own securitizations		
• First Loss	-	-
• Loss	-	-
ii. Exposure to third party transactions		
• First Loss	-	-
• Others	-	-
b. On-Balance sheet exposure		
i. Exposure to own securitizations		
• Others	-	-
ii. Exposure to third party transactions		
• First Loss	-	-
• Others	-	-



e. Details of financial assets sold to securitization / reconstruction company for asset reconstruction:

The Company has not sold any financial asset to securitization / reconstruction company for asset reconstruction in the current and previous year.

f. Details of assignment transactions:

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

g. Details of non-performing financial asset purchased / sold:

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

h. Asset liability management:

Maturity pattern of assets and liabilities as on March 31, 2018:

(Rupees in crore)

Particulars	Upto 30/ 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	96.32	138.70	235.98	542.87	1,108.98	1300.05	179.95	-	3,602.85
Advances*	327.95	362.59	319.90	895.42	1,503.83	1,486.34	0.75	4.84	4,901.62
Investments	-	-	-	-	-	-	-	0.20	0.20
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

Maturity pattern of assets and liabilities as on March 31, 2017:

(Rupees in crore)

Particulars	Upto 30/ 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	78.63	83.24	117.61	436.04	776.84	1,082.13	88.25	5.50	2,668.24
Advances*	341.16	261.04	232.05	630.56	986.64	633.97	-	1.06	3086.48
Investments	-	-	-	-	-	-	-	0.20	0.20
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

* Net of provision for non-performing assets

i. Exposures:

The Company has no exposure to the real estate sector and capital market directly or indirectly in the current and previous year.

j. Unsecured Advances: Refer Note 12.

k. Registration obtained from other financial regulators:

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



l. Disclosure of penalties imposed by RBI and other regulators:

No Penalties were imposed by RBI and other regulators during current and previous year.

m. Ratings assigned by credit rating agencies and migration of ratings:

(Rupees in crore)

Particulars	Name of rating agency	Date of rating	Rating / (Previous year rating)	Borrowing limit / conditions imposed by rating agency	Valid up to
Long term debt	ICRA	14-Sep-17	A / A	2013.27	31-May-18
Non-convertible debentures	ICRA	14-Sep-17	A / A	887	31-Mar-18
Subordinated debt	ICRA	14-Sep-17	A / A	22	31-Mar-18
Commercial paper	ICRA	14-Sep-17	A1 / A1	200	31-Mar-18
Organization grading	CRISIL	04-Oct-17	mfR1 / mfR1	NA	03-Oct-18

n. Provisions and contingencies (shown under the head expenditure in Statement of Profit and Loss):

(Rupees in crore)

Particulars	March 31, 2018	March 31, 2017
Provision for standard assets	(129.01)	105.78
Provision for non-performing assets	95.51	0.60
Provision for income tax	55.31	81.46
Provision for gratuity	1.76	1.44
Provision for leave encashment and availment	2.42	2.14
Provision fraud and misappropriation (net of recoveries)	0.001	(0.04)
Provision for other assets (net)	(0.00)	(0.50)
Total	**25.99**	**190.88**

o. Drawdown from reserves:

There has been no draw down from reserves during the year ended March 31, 2018 (previous year: Nil).

p. Concentration of advances, exposures and NPAs

(Rupees in crore)

Particulars	March 31, 2018	March 31, 2017
Concentration of advances		
Total advances to twenty largest borrowers	0.33	0.18
(%) of advances to twenty largest borrowers to total advances	0.007%	0.006%
Concentration of exposures		
Total exposure to twenty largest borrowers / customers	0.33	0.18
(%) of exposures to twenty largest borrowers / customers to total exposure	0.007%	0.006%
Concentration of NPAs		
Total Exposure to top four NPA accounts	0.03	0.02



q. Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector as at March 31, 2018	Percentage of NPAs to Total Advances in that sector as at March 31, 2017
1	Agriculture and allied activities	2.46%	0.05%
2	MSME	-	-
3	Corporate borrowers	-	-
4	Services	1.77%	0.16%
5	Unsecured personal loans	0.43%	0.13%
6	Auto loans	-	-
7	Other personal loans	-	-

r. Movement of NPAs

(Rupees in crore)

Particulars			March 31, 2018	March 31, 2017
(i)	**Net NPAs to Net Advances (%)**		**-**	**-**
(ii)	**Movement of NPAs (Gross):**			
	(a)	Opening balance	2.58	1.98
	(b)	Additions during the year	257.13	2.82
	(c)	Reductions during the year (loans written off)	161.62	2.22
	(b)	Closing balance	**98.09**	**2.58**
(iii)	**Movement of Net NPAs**			
	(a)	Opening balance	-	-
	(b)	Additions during the year	-	-
	(c)	Reductions during the year	-	-
	(b)	Closing balance	-	-
(iv)	**Movement of provisions for NPAs**			
	(a)	Opening balance	2.58	1.98
	(b)	Provisions made during the year	224.05	2.82
	(c)	Write-off / write-back of excess provisions	128.54	2.22
	(b)	Closing balance	98.09	2.58

s. Disclosure of customer complaints

Sr. No	Particulars	No. of complaints
a.	No. of complaints pending at the beginning of the year	36
b.	No. of complaints received during the year	1,666
c.	No. of complaints redressed during the year	1,701
d.	No. of complaints pending at the end of the year	1

t. Information on instances of fraud

Instances of fraud reported during the year ended March 31, 2018:



Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount provided
Cash Embezzlement	2	327,619	201,405	126,214

Instances of fraud reported during the year ended March 31, 2017:

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount provided
Cash Embezzlement	2	54,905	-	54,905

u. The net interest margin (NIM)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Average interest (a)	20.35%	22.32%
Average effective cost of borrowing (b)*	11.38%	12.63%
Net interest margin (a-b)	8.97%	9.69%

*The numerator considered for computing the cost of funds is net of the impact of cash collateral placed

v. The Company has not disbursed any loans against the security of gold.

36. Corporate social responsibility

a. Gross amount required to be spent during the year is Rs 21,535,134

b. Details of amounts spent during the year:

(Rupees)

Particulars	Amount spent in cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purpose other than (i) above	21,535,134	-	21,535,134

37. Amalgamation of business with MV Microfin Private Limited

The National Company Law Tribunal (NCLT), Bengaluru Bench approved a Scheme of Arrangement on November 22, 2017 (hereinafter referred as 'the Scheme') for amalgamating the business from MV Microfin Private Limited with the Company ('the Amalgamation'). By virtue of the Scheme, the business operations of MV Microfin Private Limited shall stand transferred, merged and vested with the Company with effect from April 01, 2017 ('the Appointed Date'). MV Microfin Private Limited was registered as an NBFC with RBI. However, there were no business activities being carried out as on the date of merger. Also, the said amalgamation being in the nature of merger, the accounting thereof has been carried out as per the pooling of interest method specified in Accounting Standard – 14.

The Scheme inter alia provides for issue of 13 equity shares of the Company with a face value of Rs10 each for every 10 equity shares held in the MV Microfin Private Limited at par and issue of 852,188 equity shares of the Company with a face value of Rs10 each for every 1 Compulsorily Convertible Debenture (CCD) held in MV Microfin Private Limited at par as a purchase consideration for the Amalgamation.



As per the Scheme, the Company shall adjust the book value of assets and liabilities on the appointed date in its books of account as follows:

Particulars	Amount
Assets	
Current investments	32,080,990
Trade receivables	5,984,673
Cash and bank balances	531,865,671
Short-term loans and advances	17,925,670
Other current assets	8,874,178
Total assets (A)	**596,731,182**
Other current liabilities (B)	**28,909,210**
Reserves and surplus	
Statutory reserve (under section 45-IC of Reserve Bank of India Act, 1934)	4,697,737
Surplus balance in the statement of profit and loss	14,724,235
Total Reserves and Surplus (C)	**19,421,972**
Net assets (A)-(B)-(C)	548,400,000
Purchase consideration (4,890,140 equity shares of Rs10 each at par)	**48,901,400**
Capital Reserve	**499,498,600**

38. Previous year's figures have been regrouped where necessary to conform to this year's classification. The financial statements for the year ended March 31, 2018 have been adjusted for the impact of the Scheme referred to in Note 37 and are therefore not comparable with the figures as at March 31, 2017.

For S.R. BATLIBOI & CO. LLP
ICAI Firm's Registration Number: 301003E/E300005
Chartered Accountants

per **Jayesh Gandhi**
Partner
Membership No.037924

Place: Mumbai
Date: April 30, 2018

For and on behalf of Board of Directors of
CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)

Udaya Kumar Hebbar
Managing Director & CEO

M N Gopinath
Chairman

Diwakar B R
Chief Financial Officer

Syam Kumar R
Company Secretary

Place: Bengaluru
Date: April 30, 2018



ABBREVIATIONS:

- AKMI : Association of Karnataka Microfinance Institutions
- CoC : Code of Conduct
- FI : Financial Institutions
- GFSPL : Grameen Financial Services Pvt Ltd
- GK : Grameen Koota
- HUL : Hindustan Unilever Limited
- ICRA : Investment Information and Credit Rating Agency
- IFC: International Finance Corporation
- IMaCs : ICRA Management Consulting Services Limited
- M-CRIL : Micro-Credit Ratings International Limited
- MFI : Micro Finance Institution
- MFIN : Micro Finance Institutions Network
- MIX : Microfinance Information Exchange
- MV : MicroVentures
- NBFC-MFI : Non-Banking Financial Company Micro Finance Institutions
- NCD : Non-Convertible Debentures
- ND-NBFC : Non Deposit - Non-Banking Financial Company
- NGO : Non-Governmental Organization
- NPS : National Pension Scheme
- PAR : Portfolio At Risk
- PPI : Progress Out of Poverty Index
- PPP : Purchasing Power Parity
- RBI : Reserve Bank of India

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GrameenKoota
financial services

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