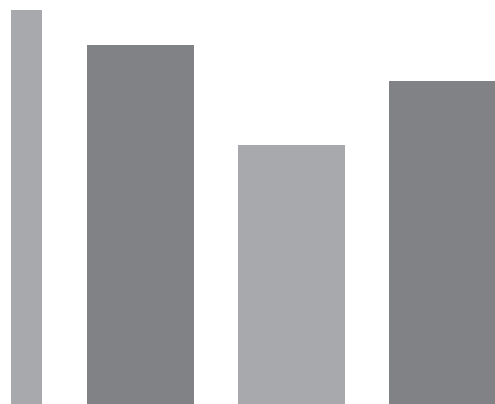




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**GRAMEEN
DEVELOPMENT
FINANCE PVT. LTD.**

ANNUAL REPORT 2016-17



www.gdfpl.com



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Message

FROM THE DESK OF MANAGING DIRECTOR

It is a pleasure for me to present the Annual Report of Grameen Development & Finance Pvt Ltd (GDFPL) for the FY 2016 - 2017 as the company completes another year on its trajectory of achievements and meaningful work, another year of milestones, with improved performance, better fund flow and strengthening the Brand Grameen Development. The company could not witness however a robust growth that could have resulted in more improvements in all operational & financial parameters. There was no new branch opened during the financial year.

The company was able to raise necessary capital during the year to expand in its existing areas of operation. The Micro Finance sector is passing through a phase that is both challenging and exciting. With the Reserve Bank of India giving licenses of Payment Banks and Small Finance Banks, the sector has witnessed the transformation of many top MFIs into Small Finance Banks. GDFPL did not have the possibility of applying for banking license given its limited resource and size and remained as an NBFC-MFI. The company has growth opportunities in the unfolding scenario. Because of size and profitability the company was able to do less in CSR front. However, the board has articulated on CSR intentions and has given advice to go ahead to work on various emerging issues. The systems and processes of the company are strong to grow and expand. It has the potentiality to become one of the top MFIs in the region. Without any doubt, the dedication and hard work of our staff will help us move ahead in that direction. Product diversification is a challenge and also the need of the hour and the company's strategy is well aligned to that. The Board of Directors is fully committed to the highest standards of corporate governance and GDFPL stands tall and well positioned to impact financial inclusion on a larger scale, albeit, with better efficiencies and quality of services.

"MAN IS THE MAKER OF HIS OWN HAPPYNESS"

We take pride ourselves on being a socially-focused and customer centric organization and trying to swiftly pass on the benefits accrued from operational efficiency and low cost of borrowing to our customers, with endeavour to reduce the interest rates. GDFPL witnessed like all other MFIs the challenge of overcoming the demonetization move by the union of India. But we could almost completely overcome the situation with slight deterioration in terms of disbursement and portfolio quality. This would not have been possible however without the support from our dedicated staff, Board of Directors, stakeholders, lenders, investors and above all, our esteemed and highly disciplined women borrowers.

We have required technology in place to run the operation without difficulty and with the same technology we will be able to grow to at least INR 100 crores of portfolio. Given the constraints with the capital base the company could not achieved its target during the year although the lending fund was available. High level of customer retention and staff retention is an indication of the service quality and working environment for the employees.

We are very grateful to NEDFi, AFC, IDBI Bank, AGVB, Reliance Capital, NSFDC, for their continuous support to the Company. Further we extend our gratitude to all our stakeholders, clients, and beneficiaries, for their support and trust reposed on the company. I thank all the shareholders especially NEDFi for its confidence on the company. I also take the opportunity to thank each and every member of the Board of Directors, friends, well wishers and my colleagues for their support, cooperation and contributions in building the institution.



An Overview

We Exist:

- To transform and uplift the lives of poor and low-income families with micro-financial services and other development support services.
- To be a sustainable, friendly and trusted provider of affordable and need-based services.

Mission:

To provide quality, customer responsive service and facilitate technical services to the poor and the under-served in order to support sustainable livelihood. While doing so Grameen Development & Finance Pvt. Ltd. Micro Finance services will strive to emerge as a self-sustaining and robust financial institution.

Vision:

To emerge as the most preferred MFI supporting hundred thousand livelihoods in the north eastern part of India by 2020.

Objectives:

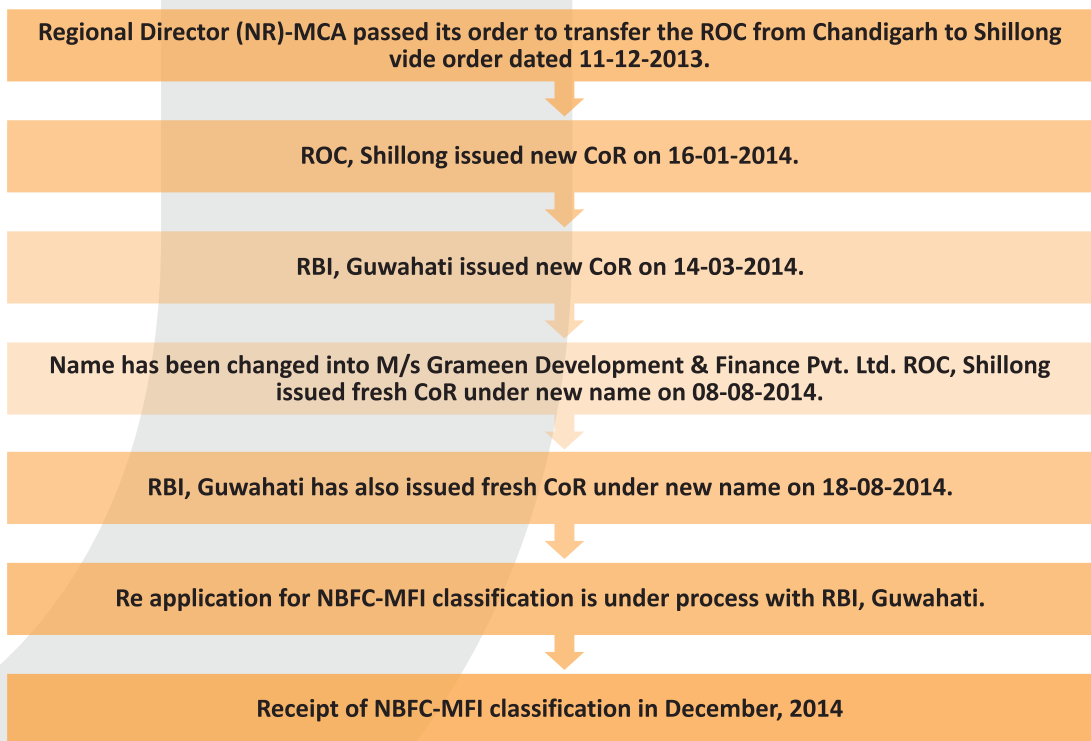
- To Improve the pace and quality of life of the rural and urban poor especially the village and decentralized sector
- To Focus attention on the women, children, scheduled castes, scheduled tribes, minorities and other backward communities for economic self-sustenance
- To Create, develop and support self employment avenues for the educated unemployed rural and urban youth
- To Build social capital that will be used by the community and for the community
- To Utilize optimally all the available natural, social, economic and other resources for the well being of the community

REGISTRATION DETAILS:

- 1) CIN : U65921AS1999PTC011755
- 2) Date of Registration : 8th August 2014, Registered with ROC Shillong
- 3) NAME : Grameen Development & Finance Pvt Ltd
- 4) Category : NBFC-MFI
- 5) Address : Dubjeni, Kulsi Road, Chhaygaon, Kamrup, Assam-781124
- 6) Whether listed : No

Background of the Company:

Grameen Development & Finance Private Limited (hereinafter mentioned as “The Company”, registered with Reserve Bank of India, Guwahati) is the outcome of the Grameen Sahara's financial inclusion effort through Micro Finance to under or un-served families. Grameen Sahara is incorporated as a not for profit organization under The Societies Registration Act, 1860 bearing Regd. No. RS/GOAL/B/50 of 2001-2002. It started its Micro Finance operations in the year 2004 with an aim to provide Micro Finance services to help the rural poor in bringing up their economic standard in a sustainable manner. However, being a non-profit entity, Grameen Sahara (i.e. NGO) found itself not as a suitable vehicle for continuing Micro Finance activity in long run. Thus, to transform into an NBFC, a Chandigarh (Punjab) based NBFC called Sharanarthi Leasing and Finance Pvt. Ltd. was acquired and completed the transformation process of GS Microfinance into a legitimate vehicle. The chronology of the process is as follows:



“Microfinance recognizes that poor people are remarkable reservoirs of energy and knowledge. And while the lack of financial services is a sign of poverty, today it is also understood as an untapped opportunity to create markets, bring people in from the margins and give them the tools with which to help themselves.” - Kofi Annan

After the transformation process the portfolio of Grameen Sahara was acquired by Grameen Development & Finance Pvt. Ltd.

Today the Company has been currently operating with 17 branches across 3 states of North East India viz. Assam, Meghalaya and Nagaland with its Head Office in Chhaygaon, Kamrup, Assam. During the reporting year the company has disbursed a sum of Rs.27.95 crores with a closing portfolio of Rs.24.47 crores as on 31-03-2017. It is worth mentioning that the Micro Finance programme of the Company has been supported by various Governmental and private financial institutions such as NEDFi, National Backward Classes Finance & Development Corporation (NBCFDC), National Scheduled Castes Finance and Development Corporation (NSFDC), Assam Financial Corporation (AFC), Allahabad Bank, IDBI Bank and Assam Gramin Vikash Bank, Reliance Capital.

Approach:

GDFPL has always focused on households engaged in economic activity with limited access to formal financial services. It provides customers with financial support for their financial needs and for their life cycle needs. Emphasis is given to identify all the needs of our customers and create suitable products to meet their significant requirements by designing right products and processes meeting customer expectations. The company ensures that customers are supported by following responsible pricing for the products, appropriate process to ensure convenient delivery to customers, not to over-burden the customer with higher repayments, customer affordability to take the product and their ability to repay without stress. Increasing customer sustainability and enabling customers to meet life cycle needs and emergencies is a high priority for GDFPL. We also ensure customers are safe by facilitating them with health/life insurance products. The company supports improvement in the quality of life by creating awareness on savings and pension, awareness and empowerment levels through access to health care services, education, sanitation and safe-drinking water.

GDFPL has maintained a very effective client-focused approach while framing its products, services and policies. The clientele base of the Company includes mostly economically and socially disadvantaged section of the society; however, they are economically active and are either not served or under-served by the mainstream



financial system. The Company effectively caters to the need of this segment of the customers to support sustainable livelihood. Its performance has been evaluated by rating agencies with higher code of conduct score.

The micro-entrepreneurs in the service sector, manufacturing sector, low income group of the organized sector; labourers in the farm and non-farm activities, and small farmers engaged in agricultural and allied; people engaged in petty trading in supari and stationery, garments and groceries, handlooms and handicrafts, weaving and stitching and animal husbandry etc. forms the customer segment of the Company.

Transparent & Responsible Pricing

The company has always been transparent and responsible in pricing

- Tried to be Competitive in pricing among emerging MFIs
- Transparency by communication of all Loan Details
- Effective reduction of Interest rates

Integrated Services

Although constrained with resource still the company has focused on -

- Social & Business Loans
- Social Development Programs in collaboration with Grameen Sahara
- Focuses on Customer Education

Loan Appraisal

Loan appraisal process is robust -

- Collective decision of Group Members for loan approval
- 100% Credit Bureau Checks
- Thorough Appraisal of Loan Application

Client Organization

Proper organizing of clients -

- Thorough Checking of Indebtedness
- Compulsory Group Training
- Compulsory Group Recognition Test
- Mandatory Livelihood Profile

Ethical Collection

Ethics in collection process -

Courteous Staff Behaviour
Empathetic response for clients during repayment crisis
Under no circumstance Physical Collateral is confiscated.

Code of Conduct

Strict adherence to code of conduct -

Mandatorily CoC is implemented
Adherence to RBI, MFIN, Sa-Dhan CoC
Frequent Staff Training on CoC
Regular checking of the compliances by internal control system

Customer Care

Customer care -

Time-bound Grievance Redressal
Client Feedback Mechanism in Place

Data Privacy

Data privacy -

Strict Policy on Data Privacy
Periodic Staff Training on Data Privacy
Adequate System of Safeguarding Data



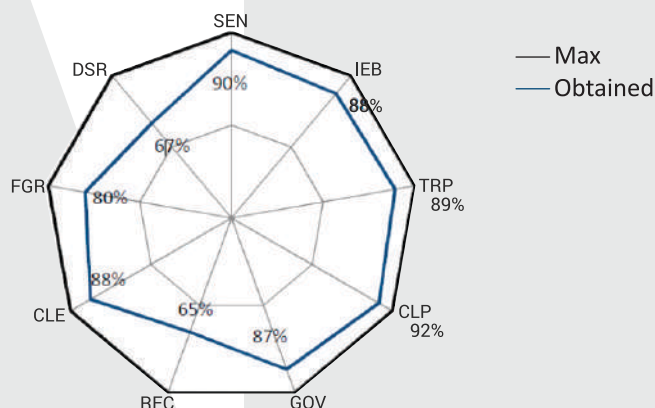
Award & Recognitions

SMERA Rates GDFPL High In COCA Rating

The rating agency SMERA has assigned the higher MFI Code of Conduct Assessment (COCA) Rating of 'COCA 3' defining "Higher Level of Adherence" to GDFPL on a six-point scale given to the MFI industry.

GDFPL's adherence to the code of conduct guidelines as laid down by MFIN, Sa-Dhan, and fair practices guidelines by multilateral agencies and Reserve Bank of India, was evaluated by SME Rating Agency (SMERA) on broad parameters including Client Origination & Targeting, Loan Pricing & Transparency, Loan Appraisal, Privacy of Client Information, Staff Behaviour & Client Grievance Handling, Integrating Social Values into Operations, Relationship Management & Feedback Mechanism and Compliance Status of MFI vis-à-vis the recent RBI Guidelines. The rating score entails recognition that GDFPL has a "Higher Level of Adherence" to all these parameters of code of conduct laid down by regulators and towards ethical practices. The following diagram shows the scores (83%) reflecting a higher rating.

COCA Dimension Scores



GDFPL Awarded by NEDFi for Outstanding Entrepreneurial Initiative Award 2015.

GDFPL was honoured by North-eastern Development Finance Corporation (NEDFi) with the outstanding Entrepreneurial Initiative Award 2015 in the event organized to celebrate the 20th foundation day of NEDFi. The award recognizes the contributions and efforts made by the company in the financial inclusion agenda of the government and NEDFi. The recognition has been on the basis of judgement on financial and social performance parameters with focus on good governance, transparency, innovations in process, product and technology, good human resource management and integration of social performance and financial performance etc.



CASES

Rupa Rabha



Age: 40 years
Village: Ghoramara
District: Kamrup Assam - 781124



Rupa Rabha, a 40 years old lady who is a very diligent to her works and always has a commitment who cannot earn the minimum wages required to run the family. Thinking about the future she started planning to do something extra which can give additional income to her family. In the meanwhile she came to know about GDFPL that provides micro loans to the poor and under privileged locals living in the area. Knowing about it she along with her neighbours had applied for a loan from GDFPL.

Rupa Rabha received her first loan as a member of Joint liability group. It was a small loan of INR 5000/- which she utilizes to buy piglets. Gradually with her capacity and skills she was able to receive 2nd cycle loan which she invested to buy a second hand sewing machine and a cow. Her flow of income thus increases and has recover the instalments without any default. She said that without the help of the loan it would have been difficult to fulfil her dream. Although she does not need any loan as she is quite sustainable, she continues her relationship with Grameen Development Finance Limited. She is the leader of a group of 20 members from her village. She always encourages the group members to utilise the loan amount in a proper way so that they can benefit from the Loan .

Bandana Das



Age: 35 years

Village: Barbahar

District: Kamrup (R) Assam-781124

Her Dream:

To be an entrepreneur who can contribute for well being of the society

Her Traits:

Visionary, Dedicated and Confident

Achievement:

Transformed Pan shop in to a grocery shop. Household income Rs. 5000/- per month.

Bandana Das is a 35 years old hard working woman. Her husband Sri Bharat Das is a farmer. The family earns its living by farming and by selling areca nut & betel leaves planted in their homestead. But these seasonal earnings were inadequate sources for family maintenance. She started her business with weaving. Bandana Das could not complete her matriculation due to financial constraints but she is quite an innovator when it comes to engage herself in entrepreneurial activities. She always looked for a better option for earning. Bandana Das's home is situated in a place where having a grocery shop is essential. But she has not enough money to open and run a grocery shop. So she decided to open a small pan shop. She availed a loan of Rs.10,000/- as a first cycle loan. She invested the money in that small Pan shop. She utilizes the money in proper way and as a result of that slowly but effectively changes come to her business. Her perseverance in raising income through income generating activities cheered Grameen Development & Finance Private Limited to continue its support of OBC loan. Bandana Das availed INR 15000/- with an interest rate of 4% reducing per annum.

It is just like the way to fulfill the dream of opening a grocery shop. Firstly, she increased the size of the shop & uploaded with grocery items. Her immense spirit led her to be independent. As on date her household income is around 5000/- per month.

Bandana Das's efforts are appreciated by her neighbors because of her determination & spirit to fulfill her dream. She is an inspiration for the villagers. Bandana Das thanks Grameen Development & Finance Private Limited for supporting and encouraging her to chase her dream of having a better future of her family as well as for the welfare of the society.

Strengths and Disciplines:

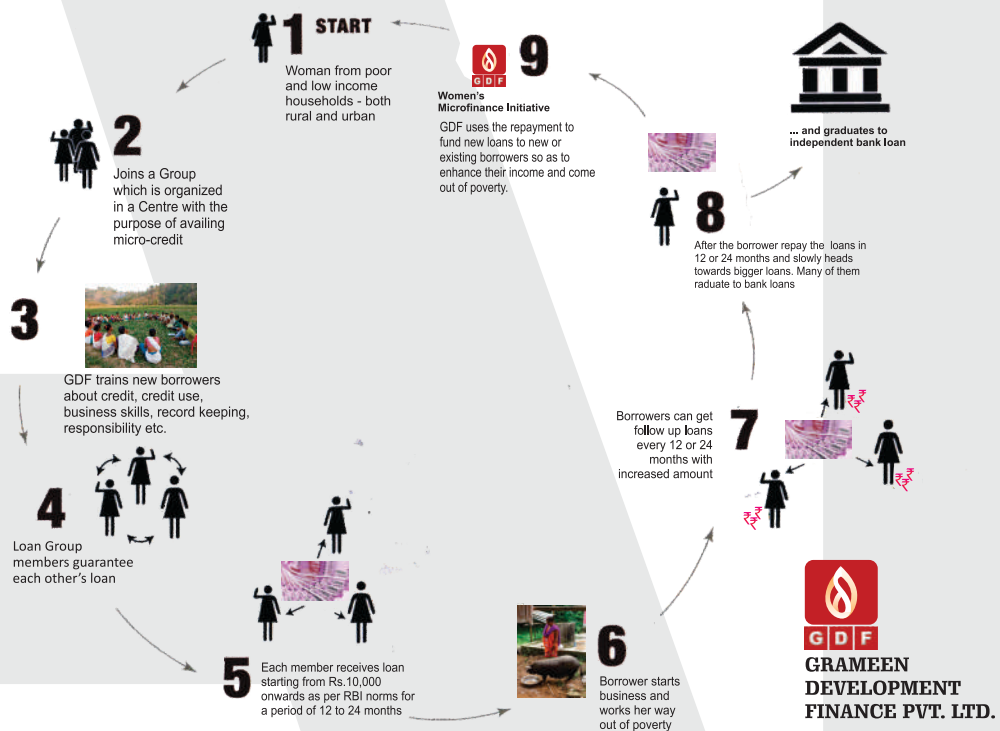
The Company is in operation since last four years and has the following strengths and disciplines-

The following are the strengths of the Company -

- Strong Board of Directors with Banking and Financial backgrounds.
- Strong team of professionals from different fields like management, engineering, agriculture, economics, commerce, science, social work, etc.
- Strict adherence to RBI guidelines;
- Has own Fair Practice Codes, based on RBI guidelines and Industrial ethics;
- Follows Codes of Conduct prescribed by Sa-Dhan, a Self-Regulatory Organization (SRO) for NBFCs in India. Sa-dhan's code emphasizes on ethical behavior and requires that all the terms and conditions pertaining to loan including any penalties thereof to be communicated to the clients.
- The Company is rated as M4C3 by reputed Rating Agency SMERA, which has been accepted by the funding agencies like SIDBI, NEDFi, AFC, Oiko Credit, and banks etc as qualified investment grades.
- The Company has very well disseminated the guidelines for client origination and targeting among the branches.
- The Company has a well defined grievance redressal policy and mechanism for capturing clients' grievances and complaints
- The Company has been very active in organizing enterprise promotion training camps and financial literacy camps for the clients.
- International Finance Corporation (IFC) has selected the company to sponsor its Risk Management Framework exercise. The exercise is being done by an internationally reputed consultancy firm Deloitte Consulting. With this, the company will have its own Risk Management Framework, which will help in a way that will ensure convenient and easy services to its target borrowers while

Microfinance Lending Methodology:

Grameen Development Financial Pvt. Ltd. (GDFPL) follows the Joint Liability Group (JLG) lending model. It enrolls women members and organizes them into groups of 5-20 members. Two or more such joint liability groups are organized to form a centre. A Compulsory Group Training (CGT) of three days is provided to the clients before lending to them. CGT is followed by Group Recognition Test (GRT) and the Credit Bureau (CB) check. The loans are provided on the basis of a joint liability accepted by the members for their respective groups. The disbursements are made at the branches, and the collections are undertaken in weekly/ fortnightly/monthly centre meetings.



"Microfinance stands as one of the most promising and cost-effective tools in the fight against global poverty."
– Jonathan Morduch, Chair, UN Expert Group on Poverty Statistics

Board of Directors



Mr. Mrinal Baishya
Independent Director
(Retd. Chairman
Assam Grameen Vikas Bank)



Mr. Tilak Das
Independent Director
(Retd. DGM- State Bank of India)



Mr. Srijib Kr. Baruah
Nominee Director, NEDFi
(Executive Director - NEDFi)



Mr. Dandiram Kalita
Director
(Retd. Banker)



Mr. Sarat Ch Das
Managing Director and CEO



Governance

Sarat Chandra Das

With a remarkable work experience of 20 years in esteemed organizations like RGVN, HDFC Bank, Sa-Dhan etc, Mr. Sarat Chandra Das brings in with him dynamicity, vision, and integrity. These apart, he has a strong track record in microfinance sector. He founded Grameen Sahara in 2002 and has been responsible for overall strategy formulation. With his charismatic leadership and optimistic decision making Grameen Sahara achieved confidence of the beneficiaries. Microfinance program of Grameen Sahara has been successfully transformed into a regulated GDFPL a regulated MFI under his leadership. He is basically a social entrepreneur with diverse experiences in – the development sector, banking, microfinance business management. . Has got versatility in social mobilization, system innovation, Facilitation, Process Mapping, systems development and Support. Has travelled different parts of the country and abroad. Primarily a grass root worker and leader Mr. Das is a graduate in Fisheries Science from Assam Agricultural University, having a Post Graduate Diploma in Rural Development, an Executive MBA, a Certified Expert in Micro-finance from Frankfurt School of Finance and Management . He also attended Middle Management Course in IIM, Ahmedabad, and a Program on Organized Farmers as Partners in Agri Business in CDI, Wageningen University.

Srijib Kumar Baruah

NEDFi has nominated Srijib Kumar Baruah, Executive Director of NEDFi as nominee director in the Board of Grameen Development & Finance Private Limited. Mr. Baruah has a wide variety of qualifications like M.B.A., LL.B., and Associate Member of Institute of Company Secretaries of India. His area of experience includes Civil Administration, Accounts, Company Secretarial Affairs, Human Resource Development, Legal & Recovery, and overall administration, Business Development, Consultancy & Advisory and Micro Finance. Mr. Baruah's participation has given the Board of the Company a new dimension.

Tilak Das

Mr. Tilak Das B.Sc, Agricultural Economics, is a retired Deputy General Manager, Head of Agri-Business, NE States, State Bank of India. He has an experience of more than 35 years in banking in the areas of rural development, financial inclusion, agricultural projects, training in behavioural science & management skill, retail banking, business process reengineering, SHG bank linkage, designing of organizational development interventions etc. He is currently associated with GDFPL as an Independent Director.

Mrinal Baishya

Mr. Mrinal Baishya MA, LLB served as Chief Public Information Officer and General Manager of Planning & Development of United Bank of India. He was the second Chairman of Pragjyotish Gaonlia Bank, presently known as the Assam Gramin Vikash Bank. He retired as the General Manager of United Bank of India, with 40 years of experience in coordinating, supervising, and implementing the bankable projects through the network of rural and semi urban branches more particularly in microfinance sector. He is currently associated with GDFPL as an Independent Director.

Dandiram Kalita

Mr. Dandiram Kalita, BA, is retired personnel of Allahabad Bank. During his association with Allahabad Bank he actively worked for employees' welfare associations and later, after his retirement he joined hands with Grameen Sahara and was initially associated as an adviser. Presently, he is one of the directors at Grameen Development & Finance Private Limited and an integral part of the Internal Audit system of the Company. He is also a member of PRAYAS, a reputed Trust for Socio-Economic Development and carries out Financial Literacy Camp for the Company.



"The key to ending extreme poverty is to enable the poorest of the poor to get their foot on the ladder of development. The ladder of development hovers overhead, and the poorest of the poor are stuck beneath it. They lack the minimum amount of capital necessary to get a foothold, and therefore need a boost up to the first rung. " -- Jeffrey Sachs

Directors Report

To

The Members of Grameen Development & Finance Pvt Ltd.

The Directors have pleasure in presenting before you the Annual Report of the Company together with the

1. AUDITED STATEMENTS OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017.

Financial Summary/Highlights, state of affairs: The Company's financial performance for the year under review along with previous year's figures is given hereunder:

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
Income from Business Operation	5,20,06,159.00	3,06,02,262.00
Other Income	57,22,031.00	20,08,968.00
Total Income	5,77,28,190.00	3,26,11,230.00
Profit before interest and depreciation	3,56,38,787.00	1,72,00,228.00
Less Interest	2,95,40,537.00	1,43,77,903.00
Profit before Depreciation	60,98,250.00	28,22,325.00
Less Depreciation	9,34,552.00	2,35,237.00
Profit after Depreciation	51,63,698.00	25,87,088.00
Less Current Income Tax	19,69,130.00	11,28,670.00
Less Previous Year adjustment of Income Tax	(7609.00)	(5,422.00)
Less Deferred Tax	(2,07,191.00)	(2,31,282.00)
Net Profit after Tax	34,09,369.00	16,95,122.00
Earning per share (Basic)	1.09	0.82
Earning per share (Diluted)	1.09	0.82

The Company witnessed over- all growth during the year although not very high growth. The Company was able to raise the necessary funding resources throughout the year to match the business and operational needs, leveraging on its existing relationship with banks and financial institutions, and also forming relationship with new lenders.

Your Company's organizational highlights for FY 2016-2017 are as follows:

Year Ended	2016	2017
Branches	17	17
States	3	3
Districts	7	7
Borrowers	14,982	17,892
Loan disbursed (Rs)	20,27,62,000	27,95,80,000
Portfolio Outstanding (Rs.)	17,49,25,000	24,47,11,000

The Company's overall performance during the year was not robust but resulted improvement in all operational and financial parameters.

2. CHANGE IN THE NATURE OF BUSINESS, IF ANY

There has not been any change in the nature of the business of the Company during the year.

3. DIVIDEND

No Dividend was declared for the current financial year due to conservation of Profits by the Company. But preference shareholders would be getting dividend as per the terms of issue of the preference shares.

4. TRANSFER TO RESERVE

The amount of Rs.6,81,874.00 has been transferred to Statutory Reserve during the current financial year.

5. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unpaid/unclaimed Dividend declared and paid last year, the provisions of Section 125 of the Companies Act, 2013 do not apply.

6. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

Your Directors wish to present the details of Business operations done during the year under review:

The Company is a Non-Banking Finance Company registered with the Reserve Bank of India. The Company is into the business of Micro Finance and has been duly grouped by the Reserve Bank of India under MFI category. At the end of the financial year, the Company had a balance

of loans and advances amounting to Rs. 24,55,89,190/= (as against a sum of Rs 17,55,23,566/= being the balance of loans and advances at the end of the previous financial year) and has earned a profit (after tax) of Rs. 34,09,369/- as against a profit of Rs. 16,95,122/- (earned during the previous financial year). There has been increase in the business of the Company and your Board of Directors are expecting the trend to continue during coming years.

7. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report

8. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weaknesses in the design or operation were observed.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions of Section 134(m) of the Companies Act, 2013 do not apply to our Company. There was no foreign exchange inflow or Outflow during the year under review.

10. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

The Board of Directors of your Company has laid down a Risk Management Policy for the Company. It identifies elements of risks inherent to the business pertaining to projects execution, operational and financial, environment, health and safety, reputation and image, compliance, etc. It also contains a control matrix in respect of sources and consequences of above risks and control measures to help manage them.

In the opinion of the Board, there are no risks that threaten the existence of the Company.

11. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The provisions of the Companies Act, 2013 relating to Corporate Social Responsibility are not applicable for the Company.

12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

13. RELATED PARTIES TRANSACTIONS

During the Financial Year 2016-17, Related Party Transactions as defined under Section 188 of the Companies Act, 2013 read with Companies (Meeting of Board and its Powers) Rules, 2014 entered into by the Company were at arm's length and in ordinary course of business. Omnibus approval for related party transactions (at arm's length and in ordinary course of business) which were foreseen and repetitive in nature was obtained from the Board of Directors from time to time. The disclosures pertaining to transactions with Related Parties have been provided in the accompanying ANNEXURE A in the prescribed Form AOC-2.

14. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

There were no qualifications, reservations or adverse remarks made by the Auditors in their report. The provisions relating to submission of Secretarial Audit Report is not applicable to the Company.

15. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company and hence the Company has not devised any policy relating to appointment of Directors, payment of Managerial remuneration, Directors qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013.

16. EXTRACT OF ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in Annexure B and is attached to this Report.

17. MEETINGS OF THE BOARD OF DIRECTORS

The Company had 6 (Six) Board meetings viz. 01-06-2016, 25-06-2016, 01-10-2016, 06-12-2016, 30-13-2017; during the financial year under review.

The number of meetings attended by the Directors during the FY 2015-16 is as follows:

Name of the Directors	Number of Meetings Attended
Sarat Chandra Das	05/06
Srijib Kumar Baruah	06/06
Dandi Ram Kalita	04/06
Tilak Das	05/06
Mrinal Baishya	04/06

18. DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submit its responsibility Statement:—

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The directors had prepared the annual accounts on a going concern basis; and
- The Company, being a Private Limited Company, the provisions relating to laying down internal financial controls is not applicable.
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

19. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company as on 31-03-2016.

20. DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review.

21. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Mr. Sarat Chandra Das continued as Managing Director of the Company. Mr. Dandi Ram Kalita and Mr. Srijib Kumar Baruah continued as Director and Nominee Director of the Company respectively. Mr. Tilak Das and Mr. Mrinal Baishya continued as Independent Directors of the Company.

The Company being a private company, provisions relating to retirement by rotation of Directors are not applicable.

In view of the applicable provisions of the Companies Act, 2013, the Company is not mandatorily required to appoint any whole time KMPs. But still, Mr. Sarat Chandra Das, who was appointed as the Managing Director of the Company has continued to hold the post during the financial year.

22. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company is committed to provide safe and conducive work environment to its employees. The Company has a Sexual Harassment Committee with Mr. Dandi Ram Kalita, Mr. Sarat Chandra Das, Mrs. Mira Das, Mrs. Rumi Thakuria and Mrs. Nirmali Nath as its members. During the year under review, no case of sexual harassment was reported.



23. DECLARATION OF INDEPENDENT DIRECTORS

The provisions of Section 149 pertaining to the appointment of Independent Directors do not apply to our Company. Mr. Tilak Das and Mr. Mrinal Baishya, who were appointed as the Independent Director of the Company during the financial year 2015-16, continued as Independent Directors of the Company during the financial year.

24. STATUTORY AUDITORS

M/s Rajendra Leela & Associates, Chartered Accountants, Guwahati were appointed as Statutory Auditors in the Annual General Meeting held on 30/09/2014 for a period of 3 (Three) years. Their term as the Auditors of the Company expires at the end of the forthcoming Annual General Meeting. Keeping in view a healthy Corporate Governance policy, the Board of Directors of the Company have decided to change the Auditors of the Company for the next 5 (Five) years. They have decided to appoint M/S D. Patawary & Co., Chartered Accountants, Guwahati, as the Auditors of the Company. The Company has received consent and certificate from M/S D. Patawary & Co., to the effect that if their appointment is made at the forthcoming Annual General Meeting, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

25. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is not applicable to the Company. The Company has still formed an Audit Committee and have specified its scope of activities.

26. COMMITTEES**A. MANAGEMENT COMMITTEE**

The Company has a Management Committee with Mr. Sarat Chandra Das, Mr. Saumya Siddhartha Mohan, Mr. Bhaskar Goswami, Mr. Sujit Banik, Mr. Rajesh Baishya, Mrs. Mira Das, Mrs. Nirmali Nath, Mr. Pradip Kalita, Mr. Manoj Kalita, Mr. Hirakjyoti Kalita and Mr. Sanjib Kalita. The company had 12 (Twelve) committee meetings viz. 16/04/2016, 20/05/2016, 17/06/2016, 15/07/2016, 19/08/2016, 16/09/2016, 18/10/2016, 16/11/2016, 19/12/2016, 20/01/2017, 20/02/17 and 16/03/2017 during the financial year under review.

The number of meetings attended by the members during the FY 2016-17 is as follows:

Name of the Members	Number of Meetings Attended
Sarat Chandra Das	10/12
Saumya Siddhartha Mohan	11/12
Sujit Banik	09/12
Mira Das	11/12
Nirmali Nath	11/12
Bhaskar Jyoty Goswami	12/12
Rajesh Baishya	02/12
Pradip Kalita	02/12
Hirakjyoti Kalita	11/12
Sanjib Kalita	07/12

B. AUDIT COMMITTEE

The Company has formed an Audit committee for better corporate governance. The Audit Committee was formed with Mr. Mrinal Baishya, Mr. Tilak Das and Mr. Dandi Ram Kalita as its members. The Company had 4 (Four) committee meetings viz. 25/06/2016, 01/10/2016, 06/12/2016 and 30/03/2017 during the financial year under review.

The number of meetings attended by the members during the FY 2016-17 is as follows:

Name of the Members	Number of Meetings Attended
Mrinal Baishya	2/4
Tilak Das	3/4
Dandiram Kalita	4/4

C. COMPLAINT COMMITTEE TO PREVENT SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

The Company has a Sexual Harassment Committee with Mr. Dandi Ram Kalita, Mr. Sarat Chandra Das, Mrs. Mira Das, Mrs. Rumi Thakuria and Mrs. Nirmali Nath as its members. The Company had 1 (One) committee meeting viz. 22/01/2017 during the financial year under review.

The number of meetings attended by the members during the FY 2016-17 is as follows:

Name of the Directors	Number of Meetings Attended
Dandi Ram Kalita	1/1
Sarat Chandra Das	1/1
Mira Das	1/1
Rumi Thakuria	1/1
Nirmali Nath	1/1

27. RISK MANAGEMENT POLICY



GDFPL 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, utilising all significant information sourced

By the other departments in order to improve the management of corporate risks following the guidelines approved by the Board. The Risk Management Plan forms the basis for implementation of risk management practices in detail. The company does not have a separate risk management committee. It has been a part of the Internal Audit and Control Committee. The Board comprises of professional directors with relevant experience and who are well placed to understand risks specific to GDFPL and microfinance sector in general. The Board oversees the implementation of the risk management plan principally through the IA&C Committee.

28. CORPORATE SOCIAL RESPONSIBILITY POLICY

Given its operational and revenue size and in pursuance of the provisions of Section 135 and schedule VII of the Companies Act, 2013, the company does not need to have a CSR committee of the board to recommend the policy on Corporate Social Responsibility. Or it does not require to park separate funds to spend on CSR activities. However, the company has taken up a few programs on General Health Camp, Eye Camp, Financial Literacy programs, Micro-enterprise awareness and development programs. In addition financial supports have been provided to the students from very poor families including scholarship support.

29. SHARES**A. BUY BACK OF SECURITIES**

The Company has not bought back any of its securities during the year under review.

B. SWEAT EQUITY

The Company has not issued any Sweat Equity Shares during the year under review.

C. BONUS SHARES

No Bonus Shares were issued during the year under review.

D. EMPLOYEES STOCK OPTION PLAN

The Company has not provided any Stock Option Scheme to the employees.

30. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

31. ACKNOWLEDGEMENTS

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Company's activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

Date: 25-07-2017

Place: Chhaygaon

Sarat Chandra Das
(Managing Director)
DIN: 02849186

Dandi Ram Kalita
(Director)
DIN: 06902163

Management Discussion & Analysis

INTRODUCTION

Mission of Grameen Development & Finance Private Limited is to provide quality, customer responsive financial services and facilitate technical services to the poor and under-served in order to support sustainable livelihood and while doing so it would strive to emerge as self-sustaining and robust financial institution.

The Company operates in 3 districts of Assam viz., Kamrup, Kamrup Metropolitan and Goalpara; in 3 districts of Meghalaya viz., East Khasi Hills, North Garo Hills and West Garo Hills and 1 district of Nagaland viz., Dimapur. The company provides loans between the range of INR 15,000-100,000/- channelized through Joint Liability Group (JLG) for income generation activities like of petty trade and small business, vending, agriculture and allied activities, animal husbandry/rearing etc. To cater the entrepreneurs with more capital requirement, there is provision of loans, in a limited manner, through individual model as well. Loans however we start with small size and with the increase of capacity to handle more credit we enhance the size. Apart from loans services like provision Micro Insurance, Financial Literacy Trainings etc. to the clients are also part of product mix of the Company.

OVERVIEW OF THE MICROFINANCE INDUSTRY IN INDIA

Some key highlights of this quarter are as under:

- As of 31st Mar 2017, NBFC-MFIs provided microcredit to around 2.75 Cr clients, an increase of 30% over Q4 FY 15-16.
- The aggregate gross loan portfolio (GLP) of MFIs stood at Rs 46,847 Cr (excluding non performing portfolio i.e. PAR > 180 days in Andhra Pradesh and Telangana). This represents a YoY growth of 25% over FY 15-16 and 5% over the last quarter.
- Loan amount disbursed in FY 16-17 increased by 13% compared to FY 15-16 reaching to Rs. 50,266 Cr.
- Total number of loans disbursed by NBFC-MFIs increased by 13% in FY 16-17 compared with FY 15-16 reaching to 2.83 Cr.
- Portfolio at Risk (PAR) 30 has increased considerably from 0.4% in FY 15-16 to 14.1% in FY 16-17. This is directly attributed to the impact of demonetization.
- Average loan amount disbursed per account is reduced to Rs 17,779 in FY 16-17 from Rs 17,812 in FY 15-16.
- MFIs now cover 32 states/union territories.

In terms of regional distribution of portfolio (GLP), south accounts for 31% of the total industry portfolio, north for 27%, west for 24%, and east for 18%. Top five top states, viz. Karnataka, Tamil Nadu, Uttar Pradesh, Maharashtra and Madhya Pradesh account for 56% of GLP.

Indicator	F 16-17 as of 31 st Mar 17	F 15-16 as of 31 st Mar 17	yoy change (%) (in FY 16-17 over FY 15-16)	Q3 FY 16-17 as of 31 st Dec 16
Branches	9,012	6,867	31%	8,811
Employees	86,440	58,038	49%	83,944
Clients~ (Cr)	2.75	2.12	30%	2.70
Loan Accounts (Cr)	3.07	2.48	24%	3.01
GL Portfolio (Rs Cr)	46,847	37,469	25%	44,733
Loans Disbursed (during the year, Cr)	2.83	2.49	13%	
Loans Amount (during the year, Rs Cr)	50,266	44,324	13%	

As of FY 16-17, NBFC-MFI represents 42% of the microfinance lending, followed by Banks at 38% and SFBs at 14%. NBFC-MFIs still hold the largest portfolio. This picture will change now with the conversion of the big NBFC-MFIs into SFB. It is worth noting that with another 3 NBFC-MFIs (Disha, JFS and RGVN) that will be converting into SFB within a month or two, account for 31% NBFC-MFI portfolio. As they transition into SFBs, share of NBFC-MFIs will get reduced to 28% while share of SFBs will increase to 27%. Post-this, Banks will have largest share in the microfinance lending especially due to the contribution made by the converted NBFC-MFIs to SFB.

Northeast has about 3% of the total of the country portfolio which calculates to be around Rs.3, 200 crores. Out of total 45 million microfinance borrowers again around 3% is from the NER which is about 13.50 lakhs. These loans are primarily across the private Joint Liability Group and the public SHG programs. Although there is no data available a rough estimate will be that up to 20% overlapping of the borrowers are likely to be there and must have been counted double. If that is netted then certainly the number will not be more than 11.00 lakhs. It clearly shows how many more families are yet to be reached in the region.

The sector employs over 1, 20,000 people across 10,000 branches in 28 states of India. This is a key force for financial inclusion in the country. However, this is still lower than 25% of the demand across India.

The country, where one in two people still do not have a bank account and only 15% have access to formal credit lines, should seriously think of the right of people to financial inclusion. Microfinance Institutions can complement in the efforts of the financial inclusion of banks/government.

Although the distinct characteristics of individual states of the NER cannot be undermined, the region is often considered to be one whole, owing to its geo-political peculiarities. The region is culturally rich and is inhabited by diverse ethnic groups comprising over 160 scheduled tribes and close to 400 sub-tribes speaking about 250 different languages and dialects. Northeast Region (NER) of India comprises the eight states of Assam, Arunachal



The data available from the census report 2011 reveals that there are 132.9 lakhs persons living below poverty line. If the average family size is 5 then the number of families living BPL is estimated to be 26.58 lakhs. The following table shows the statewise number of low income households in the NER. As per census report 2001 there are 34.47 lakhs low income families and in Assam the number stands at 25.46 lakhs. This number must have changed but considering the number of BPL families the number as shown in the table above must not have drastically changed to lower side. At current demand for credit – at higher side –, if considered as Rs.20, 000 per family the estimated annual amount of loan will be Rs.6, 900 crores. The demand in 2015 as projected stood at Rs.3, 800 crores considering the individual demand of Rs.8, 000 (Assam) to Rs.10, 000 (Rest) and as shown by the MFIN report 85% of that have been achieved in terms of volume but in terms of coverage of number of families is still 1/3rd or so. Meanwhile the demand for credit has increased to almost Rs7,000 crores as on date against a supply of Rs.3,200 crores. It leaves an unmet demand ranging of Rs.3,700 crores.

Similarly, out of total 45 million microfinance borrowers around 3% is from the NER which is about 13.50 lakhs. These loans are primarily across the private Joint Liability Group and the public SHG programmes. Although there is no data available a very rough estimate will be that up to 20% overlapping of the borrowers are likely to be there and must have been counted double. If that is netted then certainly the number will not be more than 11.00 lakhs.



Operational Performance OF GDFPL

It was a reasonable year for the company. The company could reach 17,892 numbers of small farmers and entrepreneurs against 14,983 previous years. The Company has made a disbursement of INR 22.02/- crores during the year with an equity base of INR 2.91 crores and a capital base of INR 3.30 crores. The loan outstanding at the close of business on March 31, 2017 stood at INR 24.55/- crores against INR 17.59/- crores as on March 31, 2016. The quality of portfolio continues to be excellent over the years and with the type of thrust the company puts on quality of processes and procedures, the company will continue to maintain high quality of portfolio and maintaining best processes in origination and servicing of loans in future as well.

OPERATIONAL PERFORMANCE

SI	INDICATOR	March 2017	March 2016	March 2015	March 2014
I					
	Number of States	3	3	2	1
	Number of Branches	17	17	14	2
	Number of Districts	7	7	6	2
	Number of Block/ Municipality Covered	70	63	33	4
	Number of Village/Ward Covered	230	180	442	56
	Number of Field Staff	50	54	32	4
II					
	Number of Centres	628	827	509	63
	Number of Groups	1775	1883	1372	180
	Number of Borrowers	17890	14983	9968	2087
III					
	Cumulative Loan Disbursed (in Rs. lakh) during the FY	2795.80	2100.91	886.60	253.83
	Loan Portfolio (in Rs. lakh)	2447.10	1749.25	1021.29	210.58

SI	INDICATOR	March 2017	March 2016	March 2015	March 2014
IV					
	On Time Repayment Rate	99.65%	99.00%	99.66%	99.85%
	Portfolio At risk> 30 days	0.63%	0.33%	0.19%	0.13%
	Portfolio At risk> 60 days	0.47%	0.22%	0.16%	0.13%
V					
	Borrower Per Credit Officer	358	277	312	522
	Outstanding per Credit Officer (` in Rs. lakh)	48.94	32.39	31.92	52.65
	Outstanding per Branch Office (` in Rs. lakh)	143.94	102.89	72.95	105.30
	Operational Self Sufficiency	110	109	104.90	138
	Financial Self Sufficiency	109	108	80	69
	Yield on Portfolio [taking interest on loan and admin. charge]	25.43	22.25	22.48	24.52
VI	Financial Ratios	March 2017	March 2016	March 2015	March 2014
	Net profit (in Rs. lakh)	34.09	24.37	4.75	9.35
	Capital Adequacy Ratio	15.95	17.51	25.20	99.15
	Net Owned Fund (in Rs. lakh)	394.68	306.86	261.83	209.92
	TOL/TNW	7.51	6.39	4.74	NA
	Debt Equity Ratio	7.22	6.29	4.68	0.04
	Operational Expenses Ratio [annualized]	11.26	9.57	11.21	17.08
	Financial cost to total cost	56.20	53.62	41.16	NA
	Operational cost to total cost	43.80	46.37	50.47	95.66
	Return on Asset	1.23	1.43	0.86	6.38
	Return on Equity	10.16	9.20	2.27	6.72

FINANCIAL PERFORMANCE

In terms of financial performance of the company, total income from operations for the period stood at INR 5.77/- crores with operating expenses at INR 2.45 crores (including tax & depreciation) and financial expenses at INR 2.95 crores the profit after tax for the financial year stood at INR 0.34 crores . The Company is thinly placed in terms of capital adequacy requirements. The Capital adequacy of the company stood at 15.95% as on 31st March, 2017.

RESOURCE MOBILIZATION

Because of its size in terms of capital and portfolio the company has not been able to attract significant institutional investment in capital which has been seen as usual in the sector. Only NEDFi and SIDBI have come forward to invest in the company and both of them have put INR half a million each in the capital of the company. As far as loan fund is concerned the company has mobilized funding support from NEDFi, SIDBI, AFC, IDBI Bank, AGV Bank, Reliance Capital etc during the year. As on 31-05-2017 GDF has a portfolio of INR 24.55 crores. The Company has always emphasized on portfolio quality.

PAR >30 days	0.62
PAR >90 days	0.42

The team of GDF is regularly monitors the portfolio quality and was able to maintain a healthy PAR>30 Days at 0.62% and PAR>90 days of 0.42 %. To continue to grow the company has projected a capital base of around INR 9.50 crores.

AUDIT AND INTERNAL CONTROL

GDFPL has its internal audit and control mechanism in place and well defined. There is a team of internal audit who are internal staff members. However we have a team of external audit team consisting of retired bank managers. There is an audit committee of the board which is headed by an independent director of the board who is a senior retired banker. The department monitor and assesses the internal control mechanism and ensures the same. Audits are carried out conscientiously at the branch offices and the head office by an efficient internal audit team according to a predetermined plan and frequency parameters. The plan includes comprehensive audit of documents, registers, and branch processes on a quarterly basis. These apart, emphasis is given to field processes like client sourcing, centre meetings, loan utilization checks, and extensive visit to the clients. The execution time for each audit is over a period of 16 to 20 days depending on the volume of business of the branches. Additionally, the internal audit team focuses on the following matters:

- After-audit meeting in branches.
- Comprehensive audit of all the departments at Head Office.
- Social audit in terms of behavior of the staff towards clients.
- Adherence of appropriate collection mechanism,
- Grievance from the field offices are also recorded by the audit team.
- Adherence to fair practice code and code of conduct adopted by the Company

To make the Audit process more effective and accordingly incentivize the branches the Company has introduced the Grading system of the branches. In last quarter audit of the branches among the 17 branches only 8 branches received “A” grade 7 branches received “B+” grade and 2 branches received “B” grade. There has been significant improvement in the scoring by the branches in comparison to the corresponding years' scores. Grading is current opinion on the ability of a branch to conduct its operations in scalable and sustainable manner. The grading is assigned on 6 point scale with “A+” being the highest, and “D” the lowest. Grading is a measure of overall performance of a branch on a broad range of parameters viz., Financial and Reporting Books, Member Information Compliance, Management Information System, General Audit, Processes, Human Resource, Micro Insurance, Social performance management, Field. There is scope of improvement. None of the branches has been able to score 'A+' grading in the said quarter. The process has been immensely helpful in finding out the branch performances and thereby it is providing the motivation and efforts that need to be put by the branches and also by the operation team.

RISK MANAGEMENT

With the support of Deloitte sponsored by IFC the company could develop and implement the Risk Management Framework in pace and also the same could be made use on a regular basis. Risk management has become so important in today's microfinance context that without having a risk management framework it is very difficult. There are lot of challenges in terms of risk mitigation in MFIs and therefore we as and MFI has been fortunate to have the risk management framework in place. All products, processes, procedures, existing or proposed, have been made to conform to the Risk Management framework. Risk management in the company has evolved out of benchmarking of the best competitive practices, our own risk appetite and historical portfolio performance and our philosophy on taking additional risk the company has robust RM frame work in place and the company can say with pride of having one of the best RM & RF frameworks and practices in the microfinance industry.

MANAGEMENT INFORMATION SYSTEM



Force Ten Technologies Pvt Ltd, based in Kolkata has developed BIJLI (Business Information Justified & Logically Integrated) software. There are two versions in the software. One is Branch version and second one is Head office version. Every branch is connected by internet, mostly vide data card, although we have broad band connection at the Head Office. The MIS software is now completely online. We do not have our own server and the

data base is on cloud. However, we get regular back up which is stored in our local computer. GDFPL has got real time data uploaded on the software and instant MIS reports are available for management decision. In addition there is a daily reporting system in place which helps us getting updated regularly on various aspects like number of defaults and the reason of default etc. These reports play very important for management on taking various decisions on real time data available. After the MIS software has been made online the company has really got a boost in terms of efficiency of the staff and also in terms of manual work load for the staff members. The software is tested by RGVN and continued with a portfolio of more than Rs.500 crores till the time it got transformed into a small finance bank.

HUMAN RESOURCE



GDFPL's HR team strongly abides by the organization's Vision of being Committed, Reliable, Empathetic, Accountable, Transparency and Efficient. This has always been a challenge in the sector in acquiring human resources with right skills and aptitude for the industry. The HR department of the company ensures that the company values are genuinely met for all internal resources. The department continues to work towards

different employee welfare benefits including Birthday, Wedding, Insurance, PF and Gratuity. The Human Resource (HR) department at the Company deals with management of people within the Company and plays a visible part in supporting the growing demands of the Company by enrolling new recruits, training them, and providing refresher, behavioural and functional training to the existing staff. The primary role of the HR department is to lay down policies and procedures for the conduct of the employees and determine what is expected of the employees and what employees can expect from Grameen Development & Finance Private Limited (GDF). These apart, the HR department lends special focus towards client protection principles and employee grievance redressal. Further, there exists strong policy against sexual harassment at the workplace, which is communicated to all the staffs, rendering the Company a safe place to work for women.

The recruitment at the Company is a step-by-step process, which involves the following steps:

- Specifying requirement and advertising
- Attracting applications from employees
- Evaluating employee referrals
- Processing applications on the basis of pre-specified requirements
- Screening out of applications
- Conducting interviews

- Giving feedback
- Offering position and seeking acceptance
- Hiring and conducting induction
- Keeping them in their positions
- Ensuring that they perform to expectation.

Other highlights :

- No delay in payments and filing of returns are always on time.
- All employees are provided with provident fund.
- Covered with accident insurance.
- Employees attrition rate is much lower than the industry average.
- Reviewed & revised the HR policies and procedures such as recruitment, training, grading, separation, confirmation, etc.
- No pending concerns under labour compliances, sexual harassment and disciplinary committee.

As on 31st March 2017 the number of employees of GDFPL has stood at 100. Apart from the regular functions of recruitment, training, and promotion, the HR department is involved in developing better HR tools like performance appraisal, three sixty degree feedback, soft skill training, etc. To ensure that the company has people with right skill and quality, there has been lot of emphasis on functional as well as skill development based trainings. The HR department has got training calendar and conduct trainings round the year by assessing the training needs at each level of organizational hierarchy.



Non Financial Services OF GDFPL

All Microfinance Institutions (MFIs), on the most central level, offer financial services to those people who are deprived from the banking services sector. These deprived people are either from very remote areas untouched by the Banks or are from poor families compelled to lag behind due to minimum level of education and economic condition. So with a view to enhance their growth level the Microfinance industry came into existence to provide micro credit and supporting non-financial services. GDFPL, also being a Micro-Finance Company, has started its Microfinance operation from the year 2007. Though it was operating as an NGO in the first phase by the name Grameen Sahara, its strong livelihood focus and activities helped to pursue the license of NBFC-MFI in the year 2014 from Reserve Bank of India. As GDFPL was only concentrating on the growth of the income level of the beneficiaries, the education level of the people were still left uncovered. Therefore, apart from providing credit services to those people, recently GDFPL with an assurance also has started its process in strengthening the area for providing financial awareness, health awareness, enterprise development services and market linkages to those underprivileged people.



So far GDFPL have conducted 9 such programs in various areas of Kamrup (R) and Goalpara during the reporting year. Expert trainers from Allahabad Bank, LICI and specialists Doctors from GNRC were invited suitably to effectively execute the programs. The list of programs, date of conduct, area and no. of participants attended in the program is as shown below:

Sl. No.	Date	Name of the Program	Area	No. of Participants
1	08/06/2016	Financial Literacy cum Health Awareness	Chhaygaon	45
2	03/07/2016	Health Camp	Chhaygaon	200
3	09/07/2016	Financial Literacy cum Health Awareness	Boko	39
4	22/07/2016	Financial Literacy Camp	Sualkuchi	35
5	27/08/2016	Financial Literacy Camp	Kulhati	31
6	24/12/2016	Financial Literacy Camp	Matia	83
7	12/02/2017	Free Health cum Eye Camp	Dudhnoi	139
8	19/03/2017	Free Health cum Eye Camp	Loharghat	197
9	13/05/2017	Financial Literacy Camp	Dhupdhara	42

Further GDFPL is planning to increase the level of activities and also deepen the penetration of the programs through multiple visits and discussion and conducting more camps for greater effectiveness of the people.

The company has continuously been organizing campaign on financial literacy, training on financial literacy, health camp including Eye camp. Also it has organized awareness and capacity building program in micro-enterprise promotion, financial linkages and capacity building of micro-entrepreneurs' in all six districts where the company has been operating.



PHOTOGRAPHS:



Health Camp, Chhaygaon



Health Camp, Chhaygaon



Financial Literacy cum Health Camp, Boko



Health Camp, Loharghat

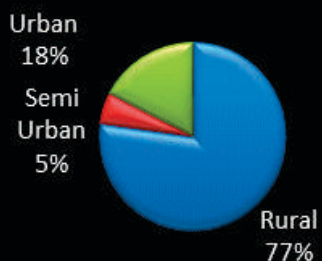
Spatial focus:

GDF has always focused on the rural populace. As Assam has more than 70% people living in the rural areas, we as a development finance institution has been focusing on the rural populace. The table below reflects the picture clearly. 77% of the clients are from villages, 5% are from semi-urban and 18% are from urban areas. Future planning is however to reach more than 80% in the rural areas. And the urban areas will come down to <10%.

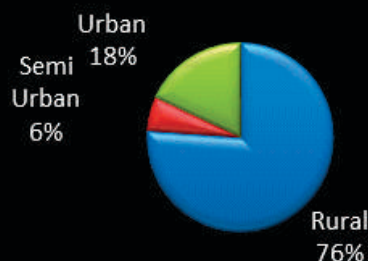
Rural Urban Break AS on 31st March'2017

Particulars	No of active Clients	Portfolio OS
Rural	13,817	186,278,808
Semi Urban	961	14376244
Urban	3114	44055546
Total	17892	244710598

Client outreach



Portfolio Outreach

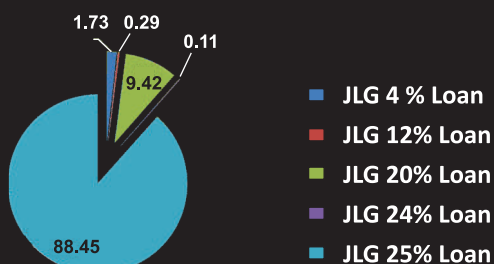


Differential interest rate:

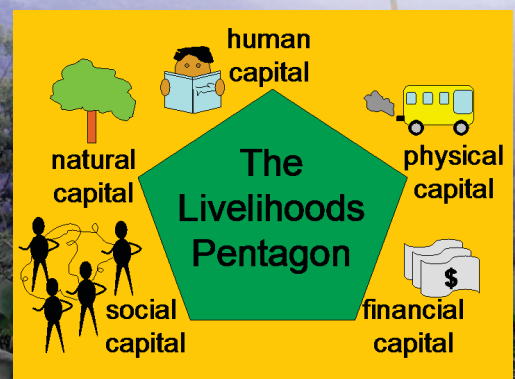
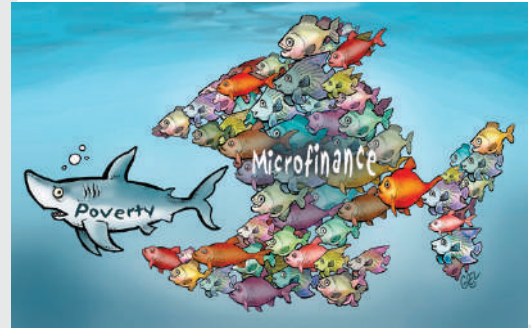
Although it is very challenging to offer loans to client from the same location with differential rate of interest we have accepted that challenges and we have been providing loans at lower rate of interest to the families belonging to OBC and SC communities. The interest rates range from 4% pa to 12% pa for that section in the society. As per NEDFi specification the company is also operating in underserved areas in other states although all those are difficult areas in the state of Meghalaya and Nagaland.

GRAMEEN DEVELOPMENT & FINANCE PRIVATE LIMITED	
Interest Rate	Loan outstanding as on 31st March'17 (In Lakhs)
JLG 4 % Loan	42.18
JLG 12% Loan	7.05
JLG 20% Loan	230.58
JLG 24% Loan	2.71
JLG 25% Loan	2164.59
Total	2447.11

INTEREST RATE WISE PORTFOLIO



“Saving our planet, lifting people out of poverty, advancing economy growth - these are one and the same fight. We must connect the dots between the climate change, water scarcity, energy shortage, global health, food security and women’s empowerment. The solution for one problem must be solutions for all”.- Ben Ki- Moon



Product Details

The Company offers following set of microfinance services:

- JLG loans for working capital needs and income generation
- Individual loans for working capital and asset creation for existing business
- Insurance (In collaboration with Bajaj Allianz and LIC)
- Credit Plus Services

GDFPL provides loans primarily to women for meeting their working capital needs and diversifying income sources by taking up livelihood activities and also for up scaling existing businesses through income generating asset creation. It works with poor as well as not so poor categories of people living in both rural and semi urban areas. The following table describes about the different features of the Loan products offered by the Company. Since Grameen Sahara the development organization works with the company hand in hand various needs of the clients of the company are met by that organization. Technical assistance, skills training, financial literacy, marketing support and leadership development supports are provided y Grameen Sahara.

JLG LOAN PRODUCT DETAILS

Purpose	Income Generating Activities
Loan Amount	INR 10000-60000/- in first cycle and maximum INR 5000 - INR 10000 increment in next cycle.
Rate of Interest	Maximum 25% reducing rate per annum
Loan Processing Fee	1% of gross loan amount
Security	NIL
Membership Fee	NIL
Repayment Period	1 to 2 years (When loan amount>Rs 30,000/- Repayment period is 2 years.)

INDIVIDUAL LOAN PRODUCT DETAILS

Purpose	Income Generation
Loan Amount	INR 15000-60000/- in first cycle and maximum INR 5000 – INR 10000 increment in next cycle.
Rate of Interest	Maximum 25% reducing rate per annum
Loan Processing Fee	1% of gross loan amount
Security	NIL
Membership Fee	NIL
Repayment Period	1 to 2 years (When loan amount>Rs 30,000/- Repayment period is 2 years.)

The Company's loan product is exclusively offered for income generating activities and thereby 100% of its loan portfolio is exclusive for income generating activities.

The Company offers following values with its services:

- Easy and simple process of accessing its services
- Door step delivery and collection of loans
- Less time consuming procedures
- Different repayment schedules for different segments in accordance to RBI norms.
- Facilitate need based technical services
- Facilitate insurance services

MICRO INSURANCE

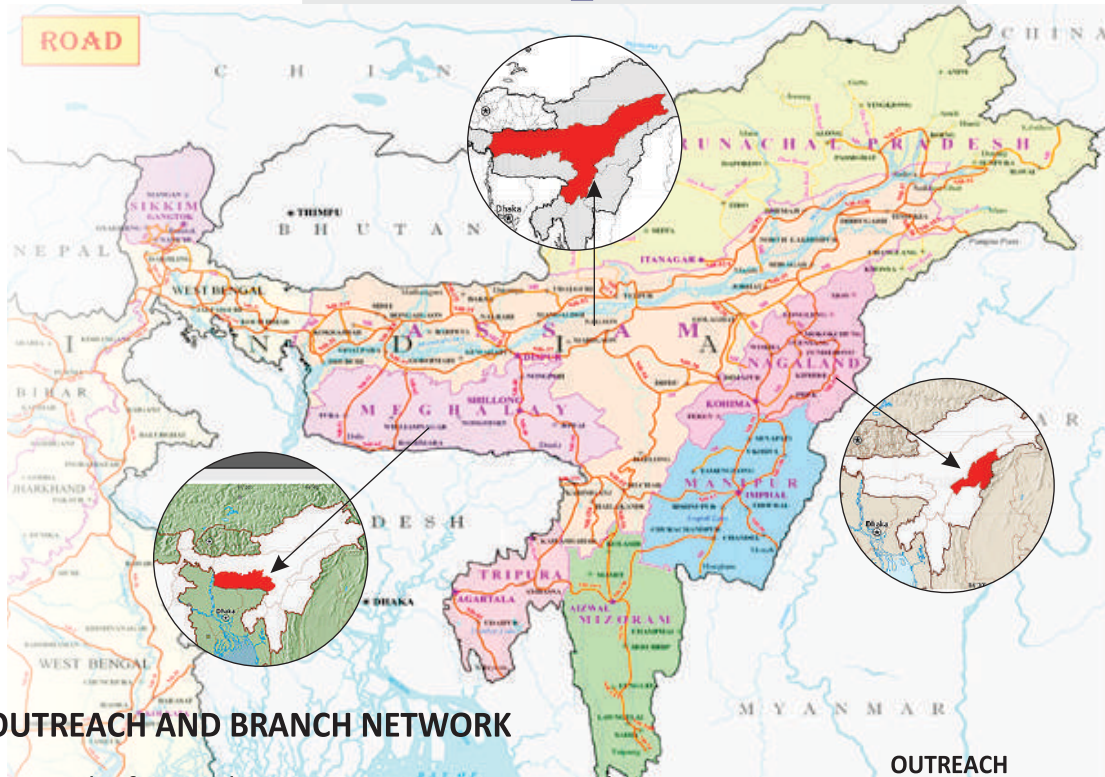
GDFPL has tie up with Bajaj Allianz Life Insurance Co Ltd and LIC providing insurance and social security supports. The insurance product is a term life insurance. It does not cover any loss of asset and accidents. In case of death of the beneficiary or her spouse the sum assured amount is received. This insurance product helps giving relief from loan burden in case of death of the beneficiary or the spouse. In occurrence of such event the remaining outstanding of the loan is adjusted against the settled sum assured and if there is any remaining amount, it is given to the nominee of the deceased.





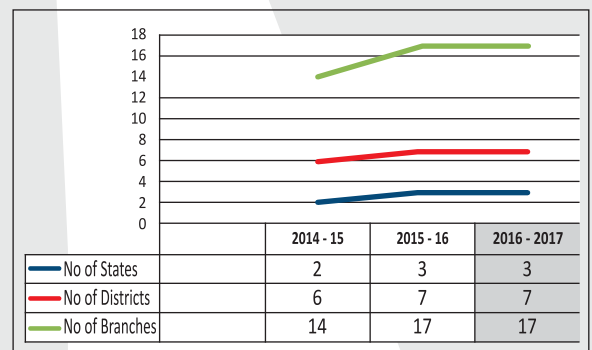
"It is the women who are the leaders in change
and without their participation poverty can
never be removed" - Ela Bhatt

Geographical Outreach Map



OUTREACH AND BRANCH NETWORK

During the financial year 2016-17, GDF registered 40% growth in loan portfolio and 25% growth in active borrowers, growth in number of branches was nil as no new branch was opened total employees' growth was also not there. Improving operations along with staff productivity has been an important area of focus for the year which has resulted in growth. We have also ensured that increase in number of staff does not have an adverse impact on our portfolio quality.

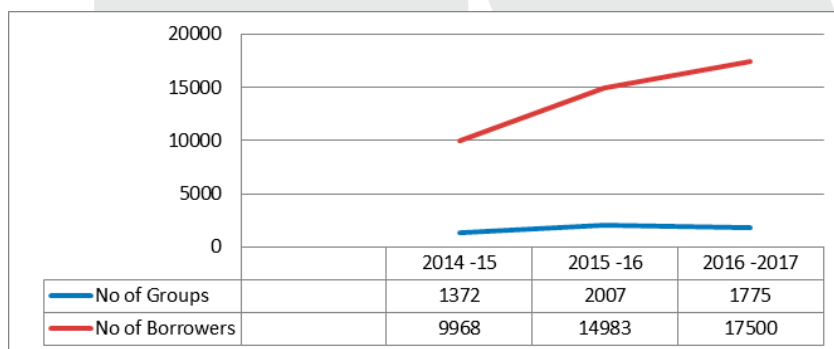
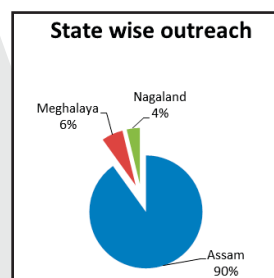


State wise outreach (Rs. in lakhs)FY-2016-17

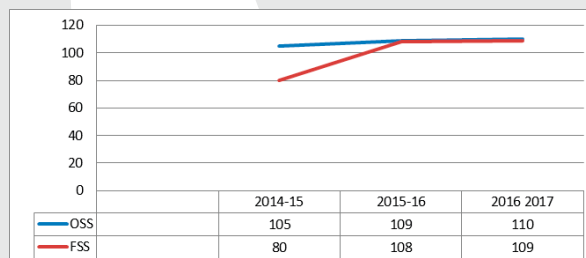
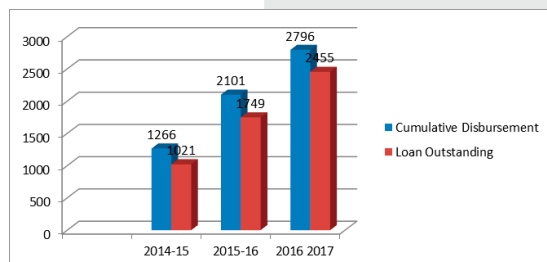
Geographical Areas	Gross Loan Portfolio	Number of offices / branches	Number of loans outstanding	Disbursement Amount	Disbursement Number
Assam	2204.74	13	15286	2424.29	10446
Meghalaya	150.23	3	1557	212.01	1243
Nagaland	92.00	1	1,049	159.50	1026

1. **State wise outreach (Rs. in lakhs)
FY-2016-17**

Geographical Areas	Gross Loan Portfolio
Assam	2204.74
Meghalaya	150.23
Nagaland	92.00

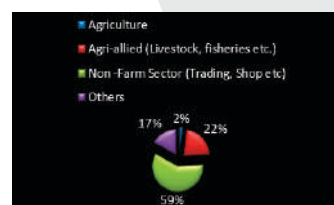


Note: There is a decrease in terms of number of groups although there is an increase in terms of growth of clients. This is primarily because of consolidation of smaller groups to larger groups.



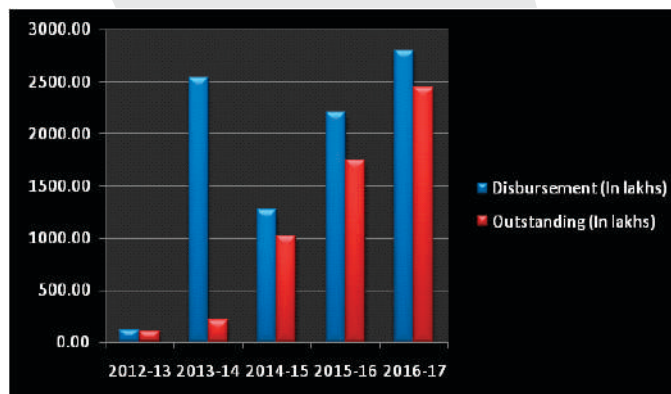
2. ACTIVITY WISE LOAN OUTSTANDING AS ON MARCH'17

Sector Wise	Loan OS Principal Amount (In Laks)
Agriculture	43.28
Agri-allied (Livestock, fisheries etc.)	548.02
Non -Farm Sector (Trading, Shop etc)	1442.91
Others	412.89



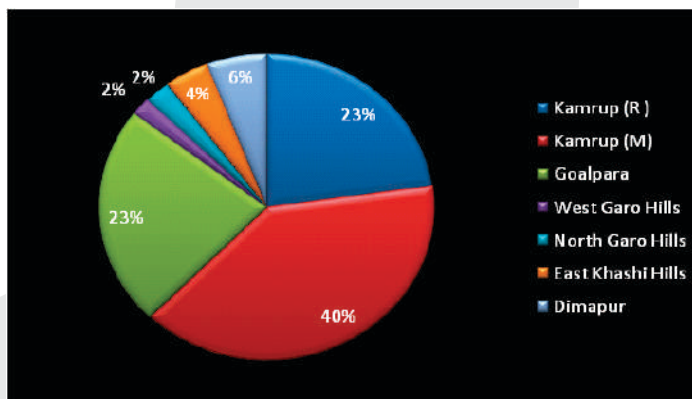
3. GROWTH ANALYSIS OF LOAN OUTSTANDING

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Disbursement (In lakhs)	116.62	2538.30	1266.08	2201.65	2795.80
Outstanding (In lakhs)	102.47	210.58	1021.29	1749.25	2447.11



4. District wise client distribution

District	Client
Kamrup (R)	4075
Kamrup (M)	7073
Goalpara	4138
West Garo Hills	351
North Garo Hills	431
East Khashi Hills	775
Dimapur	1049



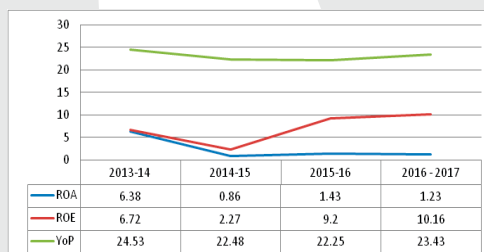
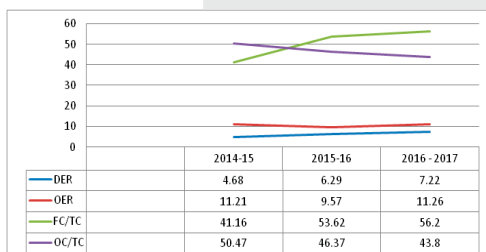
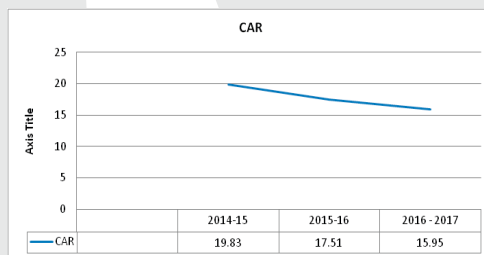
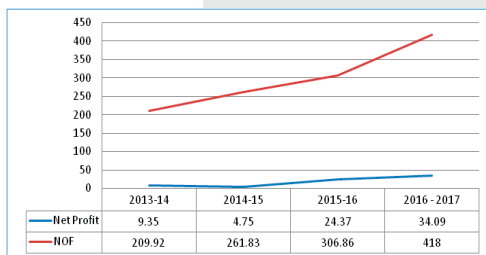
S.LN	Community	No of clients
1	General	5,598
2	Minority	1998
3	OBC	3,320
4	SC	3,333
5	ST	3,645



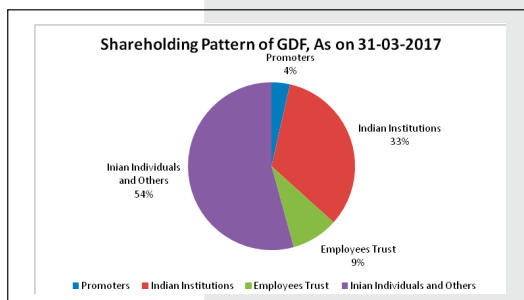
S.L.N	Community	Loan outstanding (In lakhs)
		790
1	General	240
2	Minority	523
3	OBC	455
4	SC	440
5	ST	



Financial Performance



Shareholding Pattern of GDF



Top Five External Shareholders	
Name	Percentage
North Eastern Development Finance Corporation	14.25
Small Industries Development Bank of India	14.25
Employees Trust	9.06
Pannalal Bansali	7.12
P & G Corporate Services Private Limited	4.62

Plan for next financial year of GDFPL

Particulars	FY 17 18 (Projected)
CAPITAL:	
1.Paid-up equity share capital	45100000
2.Preferential share capital	30000000
3.Capital reserves / Reserve and surplus	16645474
4.Other reserves (Loan loss reserves & long term)	7980000
5.Total Capital (1+2+3+4+5+6+7)	99725474
6. Accumulated losses (if any) as per Balance Sheet	
7. NET CAPITAL (8-9)	99725474
8.Borrowings	573998733
9.Other liabilities(current liabilities& provisions)	7356289
10.TOTAL LIABILITY (10+11+ 12)	681080496
1.Fixed Assets	5594120
2.Loans and advances	570000000
3.Long term investments (FDs pledged /lien)	96980000
4.Current assets(cash & cash equivalents; short term deposits)	7036702
5.Other assets (non-current & others)	1469674
6.TOTAL A SSETS (1+2+3+4+5+6)	681080496

B. Profit & Loss account:

Particulars	FY 17 18 (Projected)
1.Income from operation	102600000
2.Income from others (grants, donations & others)	4598800
3.GROSS INCOME (1+2)	107198800
4. Total Expenditure & Appropriations	96328096
5. SURPLUS/ (DEFECIT) (3-4)	10870704

3.5. PERFORMANCE ANALYSIS:

A. OUTREACH

Headings	As on 31.03.18 (projected)
No. of states covered	3
No. of Branch Offices	20
Total no. of staffs	110
No. of field Staff	75
No. of Borrowers	36,000

B. PORTFOLIO QUALITY

Headings	As on 31.03.18 (projected)
Repayment %	99.00%
Portfolio at Risk (>30 days) (%)	0.50%

C. PRODUCTIVITY

Headings	As on 31.03.18 (projected)
No. of borrowers Per field Staff	511
Avg. Portfolio Per field Staff (Rs. Lakh)	81.43
Avg. Portfolio Per Branch office (Rs. Lakh)	335.29

D. RATIO ANALYSIS

Headings	As on 31.03.18 (projected)
Capital Adequacy Ratio (CAR)*	17.33%
Leverage Ratio (Debt/Capital)**	6:1
Operating Self Sufficiency Ratio (%)	120%
Profitability (in Rs. Lakhs) (PAT)	108.71

Independent Auditor's Report

To the Members of
M/s. Grameen Development & Finance Private Limited
(Formerly known as Sharnarthi Leasing & Finance Private Limited)

Report on the Standalone Ind. AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Infosys Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

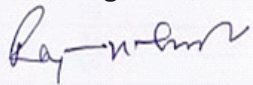
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
 - (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial statements;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

- iii. There were no amount required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 29 to the standalone Ind AS financial statements.

For Rajendra Leela & Associates
Chartered Accountants
Firm Registration No. 322234E



R K Gupta
Proprietor
M. No. 56123

Place: Guwahati (Assam)
Date: 25th July 2017



Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of Grameen Development & Finance Private Limited ('the Company') on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

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

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company is a service company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

Accordingly, paragraph 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable to the Company.

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

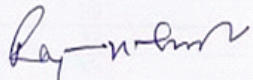
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 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 dues of income tax and sales tax or service tax or duty of custom or duty of excise or value added tax which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions or from the government and debentures.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and the term loans were applied for the purpose for which the loans were obtained.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is required to be registered as NBFC-MFI under section 45-IA of the Reserve Bank of India Act 1934 and the registration has been duly obtained.

For Rajendra Leela & Associates
Chartered Accountants
Firm Registration No. 322234E



R K Gupta
Proprietor
M. No. 56123

Place: Guwahati (Assam)
Date: 25th July 2017



Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of Grameen Development & Finance Private Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

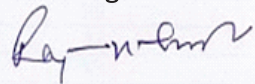
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 Rajendra Leela & Associates
Chartered Accountants
Firm Registration No. 322234E



R K Gupta
Proprietor
M. No. 56123



Place: Guwahati (Assam)
Date: 25th July 2017

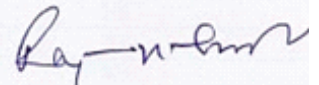
To the Board of Directors of GDFPL

We have audited the attached Balance Sheet of Grameen Development & Finance Private Limited, (the 'Company') as at 31 March 2017. As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 (the 'directions'), on the basis of such checks, as we considered appropriate and as per the information and explanation given to us we report that:

1. The Company is engaged in the business of non-banking financial institution and has obtained a Certificate of Registration (CoR) from the Reserve Bank of India ('RBI') under registration no. B-08-00185 dated 18 August 2014.
2. According to the information and explanation given to us, the Company is entitled to continue to hold CoR in terms of its asset/ income pattern as on 31 March 2017.
3. Based on the criteria set forth by the RBI in Company Circular No. DNBS.PD. CC No. 85 / 03.02.089 / 2006-07 dated December 6, 2006 for classification of Non-Banking Financial Companies ('NBFC') as Asset Finance Company ('AFC'), the Company is not an AFC as defined in Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 with reference to the business carried on by it during the year ended 31 March 2017.
4. The Board of Directors has passed a resolution on 29 April 2016 not to accept deposits from the public during the year.
5. The Company has not accepted any public deposits during the year ended 31 March 2017.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts, specified in the directions issued by the RBI in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ('Prudential Norms'), to the extent applicable.

For Rajendra Leela & Associates



Chartered Accountants

Firm Registration No. 322234E

R K Gupta

Proprietor

M. No. 56123

Balance Sheet

GRAMEEN DEVELOPMENT & FINANCE PRIVATE LIMITED (FORMERLY KNOWN AS SHARNARTHI LEASING & FINANCE PRIVATE LIMITED)

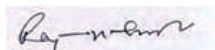
Balance Sheet as at March 31, 2017

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
		Rupees	Rupees
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	35,100,000	29,100,000
(b) Reserves and surplus	4	5,774,772	2,616,734
2 Non-current liabilities			
(a) Long term borrowings	5	132,626,231	98,996,498
(b) Long term provisions	6	1,002,028	837,926
3 Current liabilities			
(a) Short term borrowings	7	162,535,580	100,499,787
(a) Trade payable	8	72,218	291,180
(b) Other current liabilities	9	383,844	149,751
(c) Short-term provisions	10	4,644,967	2,483,814
TOTAL		342,139,639	234,975,690
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	4,413,912	3,699,266
(ii) Intangible assets	11	671,652	695,429
(b) Deferred tax assets	12	734,837	527,645
(c) Long-term loans and advances	13	71,866,682	67,112,060
2 Current assets			
(a) Cash and cash equivalents	14	77,853,673	51,386,289
(b) Short-term loans and advances	15	173,722,508	108,411,506
(c) Other current assets	16	12,876,374	3,143,494
TOTAL		342,139,639	234,975,690

Accompanying notes forming part of the financial statements I to 29

In terms of our report attached
For Rajendra Leela & Associates
Chartered Accountants
Firm Registration No: 322234E

For Grameen Development & Finance Private Limited



R K Gupta

Proprietor
M. No. 56123

Place : Guwahati

Date : 25th July 2017





Sarat Chandra Das





Managing Director
DIN-02849186



Dandi Ram Kalita

Director
DIN-06902163

Cash Flow Statement

GRAMEEN DEVELOPMENT & FINANCE PRIVATE LIMITED (FORMERLY KNOWN AS SHARNARTHI LEASING & FINANCE PRIVATE LIMITED) Cash Flow Statement for the year ended 31 March 2017 (All amounts are in Indian Rupees)		
Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax as per Statement of Profit and Loss	5,163,698	2,587,088
Adjustment for:		
Depreciation	934,552	235,237
ROC fee paid for increase in authorised share capital	250,000	-
Excess provision written off	(7,609)	-
Provisions against standard assets	1,241,072	1,171,783
Operating profit / (loss) before working capital changes	7,581,713	3,994,108
Movement in working capital		
Increase/ (decrease) in trade payables	(218,962)	200,368
Increase/ (decrease) in current liabilities	234,093	149,387
(Increase)/ decrease in loans and advances	(70,065,624)	(73,394,838)
(Increase)/ decrease in other current assets	(9,008,044)	(1,435,694)
(Increase)/ decrease in inventories	-	108,597
Cash generated/ (used in) operations	(71,476,825)	(70,378,072)
Tax paid	(1,845,897)	(911,779)
Net cash generated/ (used in) operating activities	(73,322,723)	(71,289,851)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,625,421)	(4,398,834)
Net cash generated/ (used in) investing activities	(1,625,421)	(4,398,834)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Receipt on issue of equity share capital	6,000,000	3,500,000
ROC fee paid for increase in authorised share capital	(250,000)	-
Increase in Term-loan	95,665,526	77,118,381
Net Cash generated from financing activities	101,415,526	80,618,381
D. Net changes in cash and cash equivalents (A)+(B)+(C)	26,467,382	4,929,696
Cash and cash equivalents as at the beginning of the year (refer to note 1 below)	51,386,290	46,456,594
Cash and cash equivalents as at the end of the year (refer to note 1 below)	77,853,673	51,386,290
Net increase/ (decrease) in cash and cash equivalent	26,467,383	4,929,696
Note:		
I. Reconciliation of Cash and cash equivalents with Balance sheet are as below :		
Cash and cash equivalents include:		
Cash in hand	103,113	172,968
Balance with scheduled banks:		
in current accounts	2,510,560	14,233,322
in deposit accounts having remaining maturity of more than three months	75,240,000	36,980,000
Cash and bank balances at the end of the year (refer note 15)	77,853,673	51,386,289
In terms of our report attached		
For Rajendra Leela & Associates		
Chartered Accountants		
Firm Registration No: 322234E		
For Grameen Development & Finance Private Limited		
 R K Gupta Proprietor M. No. 56123 Place: Guwahati Dated: 25th July 2017		
		
 Sarat Chandra Das Managing Director DIN-02849186 Place: Guwahati Dated: 25th July 2017		
 Dandi Ram Kalita Director DIN-06902163		

Notes forming part of the financial statements of GDFPL

Note no. 1 Corporate Information Sharnarathi Leasing & Finance Private Limited was incorporated on 20 July 1989 in National Capital Territory of Delhi vide registration no. 55-037029 to carry on the business of Non-banking Finance Company.

The registered office of the company was shifted from NCT of Delhi to the State of Punjab in the year 1999 and subsequently from State of Punjab to the State of Assam during the financial year 2013-14. Consequent to shifting of registered office to the State of Assam, a new Certificate of Incorporation bearing no. U65921AS1999PTC011755 dated 16 January 2014 was issued by Registrar of Companies, Shillong.

The company was granted a Certificate of Registration (CoR) bearing no. B-06.00271 dated 10 May 2000 by Reserve Bank of India, Chandigarh to carry on the business of non-banking finance company under section 45(IA) of Reserve Bank of India Act, 1934. Consequent to shifting of registered office of the company to the State of Assam, a new Certificate of Registration (CoR) bearing no. B-08.00135 dated 14 March 2014 by Reserve Bank of India, Guwahati.

The company has changed its name to Grameen Development & Finance Private Limited and a fresh certificate of incorporation bearing CIN-U65921AS1999PTC011755 was issued by the Registrar of Companies, Shillong during the financial year 2014-15.

The company has also converted into a NBFC-MFI and a fresh Certificate of Registration was issued by RBI, Guwahati pursuant to change of name of the company.

Note no. 2 Significant accounting policies

(a) Basis of preparation of Financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(b) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires

the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialise.

(c) Revenue recognition

Interest earned from lending activities is accounted on accrual basis.

(d) Other Income

Revenue in respect of interest on fixed deposit with banks is recognized on accrual basis at the rate at which such entitlement accrue.

(e) Employee benefits

The amount of employee benefits expected to be paid in exchange of services rendered by employees is recognized during the year when the employee renders the services. These benefits include salaries, bonus and compensated absences.

(f) Income tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

(g) Earnings per share

Basic earnings per share are computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

(h) Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past

events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

(h) Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

(l) Material events

Material events occurring after the Balance Sheet date are taken into cognizance.

(j) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. (k) Depreciation Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated prescribed under Companies Act, 2013. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over the irrespective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

The Management estimates the useful lives for the fixed assets as follows:

- i) Computer equipments - 3 years
- ii) Furniture & fixtures - 10 years
- iii) Software - 3 years
- iv) Four Wheeler- 6 years
- v) Fire Extinguisher-5 years
- vi) Signboard- 10 years
- vii) Cycle - 5 years

GRAMEEN DEVELOPMENT & FINANCE PRIVATE LIMITED
(FORMERLY KNOWN AS SHARNARTHI LEASING & FINANCE PRIVATE LIMITED)

Notes forming part of the financial statements

Note no. 3 Share capital

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	Rupees	Number of shares	Rupees
(a) Authorised				
Equity shares of Rs. 10 each	6,000,000	60,000,000	4,000,000	40,000,000
Prefrence shares of Rs. 10 each	1,000,000	10,000,000	-	-
	7,000,000	70,000,000	4,000,000	40,000,000
(b) Issued, Subscribed and fully paid up				
Equity shares of ` Rs 10 each	2,910,000	29,100,000	2,910,000	29,100,000
Prefrence shares of Rs. 10 each	600,000	6,000,000		
Total	3,510,000	35,100,000	2,910,000	29,100,000

Refer to Notes (i) to (iii) below

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	Rupees	Number of shares	Rupees
A) Equity shares				
Shares outstanding at the beginning of the year	2,910,000	29,100,000	2,560,000	25,600,000
Shares Issued during the year	-	-	350,000	3,500,000
Shares outstanding at the end of the year	2,910,000	29,100,000	2,910,000	29,100,000
B) Prefrence shares				
Shares outstanding at the beginning of the year	-	-	-	-
Shares Issued during the year	600,000	6,000,000	-	-
Shares outstanding at the end of the year	600,000	6,000	-	-
Total Share	3,510,000	35,100,000	2,910,000	29,100,000

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2017		As at March 31, 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Godfrey N Areng	-	-	250,000	8.59
Gautam Das Jointly with Prabin Chandra Das	318,000	10.93	318,000	10.93
Gyanesh Pandey	173,000	5.95	173,000	5.95
Panalal Bansali	250,000	8.59	-	-
P & G Corporate Services Pvt. Ltd.	162,000	5.57	162,000	5.57
North Eastern Development Finance Corporation Ltd.	500,000	17.18	500,000	17.18

(iii) Right, preference and restrictions attached to shares

The company has only one class of shares carrying same rights and restrictions.

GRAMEEN DEVELOPMENT & FINANCE PRIVATE LIMITED
(FORMERLY KNOWN AS SHARNARTHI LEASING & FINANCE PRIVATE LIMITED)

Notes forming part of the financial statements

Note no. 4 Reserves and surplus

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
<u>A) Statutory Reserve #</u>		
Opening balance	655,059	316,035
Add: Transfer during the year	681,874	339,024
	1,336,933	655,059
<u>B) General Reserve</u>		
Opening balance	450,482	450,482
Add: Transfer during the year	-	-
	450,482	450,482
<u>C) Surplus/ (Deficit) in Statement of Profit and Loss</u>		
Opening balance	1,511,193	155,095
Add: Profit for the year	3,409,369	1,695,122
Less: Proposed dividend on preference shares	212,500	-
Less: Dividend Distribution Tax on proposed dividend	38,831	-
Less: transfer to reserve under Section 45-IC of RBI Act, 1934	681,874	339,024
	3,987,357.11	1,511,193
Grand Total of Reserve & Surplus	5,774,772	2,616,734

Statutory reserve represents the reserve fund created under Section 45-IC of the Reserve Bank of India Act, 1934 (RBI Act). Under Section 45-IC, a company is required to transfer sum not less than twenty percent of its net profit every year. Accordingly, the Company has transferred twenty percent of net profits for the financial year to the statutory reserve. The statutory reserve can be utilised for the purposes as specified by the Reserve Bank of India from time to time.

Note no. 5 Long term borrowings

Particulars	As at March 31, 2017	As at March 31, 2016
	Rupees	Rupees
<u>a) Secured</u>		
i) Term Loan from Banks	7,275,492	21,432,096
ii) Term Loan from Others	125,053,739	76,574,402
iii) Term Loan from NSFDC	297,000	990,000
Total	132,626,231	98,996,498

All these loan are secured against hypothecation of microfinance portfolio created out of the respective loan

Note no. 6 Long term provisions

Particulars	As at March 31, 2017	As at March 31, 2016
	Rupees	Rupees
(a) Provisions againt standard assets	1,002,028	837,926
Total	1,002,028	837,926.30

Note no. 7 Short term borrowings

Particulars	As at March 31, 2017	As at March 31, 2016
	Rupees	Rupees
<u>a) Secured</u>		
i) Term Loan from Banks	12,327,964	17,363,923
ii) Term Loan from Others	146,175,263	83,135,864
iii) Term Loan from NEDFi under NBCFDC Scheme	3,636,353	-
iv) Term Loan from NSFDC	396,000	-
Total	162,535,580	100,499,787

All these loan are secured against hypothecation of microfinance portfolio created out of the respective loan

Note no. 8 Trade payable

Particulars	As at March 31, 2017	As at March 31, 2016
	Rupees	Rupees
(a) Audit fee payable	25,000	25,000
(b) Expenses Payable	9,000	9,091
(c) Insurance Payable	38,218	257,089
Total	72,218	291,180

Note no. 9 Other current liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
	Rupees	Rupees
(a) Miscellaneous Liabilities	-	-
(b) TDS Payable	39,449	20,028
(c) Service Tax Payable	12,266	2,691
(d) Interest Payable but not due	332,129	127,032
Total	383,844	149,751

Note no. 10 Short term provisions

Particulars	As at March 31, 2017	As at March 31, 2016
	Rupees	Rupees
<u>Provision- Others</u>		
(a) Income Tax Provisions	1,961,521	1,128,670
(b) Provisions against standard assets	2,432,115	1,355,144
(c) Proposed dividend	212,500	-
(d) Dividend distribution tax payable	38,831	-
Total	4,644,967	2,483,814

Note no. 12 Deferred tax assets

Particulars	As at March 31, 2017	As at March 31, 2016
	Rupees	Rupees
Deferred tax assets on account of		
Provision against standard assets	1,061,150	677,659
Deferred tax asset (A)	1,061,150	677,659
Deferred tax liability on account of		
Difference between written down value of fixed assets as per Companies Act, 1956 and Income-tax Act, 1961 (B)	326,313	150,014
Deferred tax liability (B)	326,313	150,014
Net deferred tax asset/ (liability) (A-B)	734,837	527,645

Note no. 13 Long Term Loan & Advances

Particulars	As at March 31, 2017	As at March 31, 2016
	Rupees	Rupees
(a) Micro-finance loan	70,668,909	66,713,498
(b) Micro-finance loan (NBCFDC)	844,714	
(c) Micro-finance loan (NSFDC)	1,622	
(d) Vehicle Loan	133,628	265,024
(e) Staff Loan	214,881	128,678
(f) Bicycle Loan	2,928	4,860
Total	71,866,682	67,112,060

Note no. 14 Cash and cash equivalents

Particulars	As at March 31, 2017	As at March 31, 2016
	Rupees	Rupees
(a) Cash in hand	103,113	172,968
(b) Balances with banks		
(i) In current accounts	2,510,560	14,233,322
(ii) In deposit accounts	75,240,000	36,980,000
Total	77,853,673	51,386,289

Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements

77,853,673	51,386,289
423,119	105,909
423,119	139,858,488

Note no. 20 Finance Cost

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	Rupees	Rupees
<u>(a) Interest Expense</u>		
(i) Borrowings	27,829,943	14,373,442
(ii) NSFDC Loan	36,649	976
(ii) NBCFDC Loan	151,057	-
(iii) Others - Interest on statutory dues	2,424	3,485
<u>(b) Other Borrowing cost</u>		
(i) Processing Fee	1,400,000	800,000
(ii) Service Charges	67,000	37,400
(iii) Upfront Fee	53,464	56,180
Total	29,540,537	15,271,483

GRAMEEN DEVELOPMENT & FINANCE PRIVATE LIMITED
(FORMERLY KNOWN AS SHARNARTHI LEASING & FINANCE PRIVATE LIMITED)
Notes forming part of the financial statements

Note no. 21 Other expenses		
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	Rupees	Rupees
(a) Travelling & Conveyance	1,519,248	805,476
(b) Professional & Consultancy Charges	313,371	199,779
(c) Payment to Auditors	59,500	103,040
(d) Telephone, Mobile & Internet	353,137	153,207
(e) Rent	1,650,830	
		1,107,400
(f) Provision against standard-assets	-	
	1,183,663	1,171,783
(g) Rates & Taxes	3,246	22,200
(h) Professional Tax	-	38,364
(i) Printing & stationary	786,196	516,779
(j) Bank Charges	121,861	69,744
(k) Misc. Expenses	226,338	86,066
(l) Electricity Expenses	119,079	45,162
(m) Repairs and Maintenance	70,772	111,234
(n) Postage & Stamp	12,216	1,205
(o) TDS late fine	19,681	8,220
(p) Meeting expenses	411,163	187,745
(q) Books & periodicals	9,875	12,627
(r) Insurance	28,989	49,875
(s) Trade License renewal fee	42,270	47,960
(t) Credit Information membership fee	60,796	72,095
(u) Grading & Rating fee	307,423	167,889
(v) Website development expenses	69,000	5,549
(w)	5,579	15,822
Consumables		
(x) Staff Training Expenses	181,565	7,220
(y) Membership Fee	40,250	100,251
(z) ROC Fees	243,000	-
(aa) ADMINIST CHARGE ON PF	38,386	-
(ab) DSC Renewal Fees	2,000	-
(ac) Eye & Health Camp	52,311	-
(ad) SA-DHAN Conference Fees	8,000	-
(ae) SCHOLARSHIP	2,500	-
(af) Registration & Insurance of Vehicle	3,085	-
(ag) Office Upkeep	2,180	-
(ah) FINANCIAL INCLUSION AND LITERACY EXPENSES	292,535	-
Total	5,872,719	5,106,692
Note:		
(i) Auditor remuneration comprises:		
a. Statutory audit fee	25,000	25,00
b. Certification fee	34,500	78,040
Total	59,500	103,040

GRAMEEN DEVELOPMENT & FINANCE PRIVATE LIMITED
(FORMERLY KNOWN AS SHARNARTHI LEASING & FINANCE PRIVATE LIMITED)
(Notes forming parts of financials)

Note 11: Fixed Assets

(Amount in Rupees)

Assets	Gross Block			Depreciation			WDV	
	As on 1 April 2016	Addition / (Deletion)	As on 31 March 2017	As on 1 April 2016	For the Year	As on 31 March 2017	As on 31 March 2016	As on 31 March 2017
A. Tangible								
Computer	636,541	97,693	734,234	115,926	216,379	332,306	520,615	401,928
			-			-		-
Land	-	394,100	394,100	-	-	-	-	394,100
			-			-		-
Four Wheeler	-	457,656	457,656	-	57,176	57,176	-	400,480
			-			-		-
Fire Extinguisher	-	12,500	12,500	-	2,232	2,232	-	10,268
						-		-
Furniture & Fixtures	3,324,984	353,282	3,678,266	154,330	340,798	495,128	3,170,654	3,183,138
Printer	19,000	21,350	40,350	15,516	4,419	19,935	3,484	20,415
Sign Board	1,168	-	1,168	353	102	455	815	713
Cycle	4,375	-	4,375	676	829	1,505	3,699	2,870
Total (A)	3,986,068	1,336,581	5,322,649	286,802	621,935	908,737	3,699,266	4,413,912
B. In-tangible								
Software	743,468	288,840	1,032,308	48,039	312,617	360,656	695,429	671,652
Total (A & B)	4,729,536	1,625,421	6,354,957	334,841	934,552	1,269,393	4,394,695	5,085,564
<i>Previous Year</i>	<i>330,702</i>	<i>4,398,834</i>	<i>4,729,536</i>	<i>99,604</i>	<i>235,237</i>	<i>334,841</i>	<i>231,098</i>	<i>4,394,695</i>

GRAMEEN DEVELOPMENT FINANCE PRIVATE LIMITED (FORMERLY KNOWN AS SHARNATHI LEASING FINANCE PRIVATE LIMITED) Notes forming part of the financial statements

Note no. 22- According to the records available with the Company, dues payable to entites that are classified as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 during the year is Rs. Nil (previous year Rs. Nil). Accordingly, disclosures relating to amounts unpaid as the year end together with the interest paid/ payable as required under the said Act are not applicable. Further no interest has been paid or was payable to such parties under the said Act in the previous year.

Dues to Micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

Note no. 23- Current-non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within 12 months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Note no. 24 Related Party Disclosures**A. Key Management Person**

1. Sarat Chandra Das (Managing Director)
2. Dandi Ram Kalita (Director)

B. Transactions with Key Management Person

(Amount in Rupees)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Payment of Salary to Mr. Sarat Chandra Das	572,090	385,000
Contribution to Provident fund	49,544	31,438
Payment of Salary to Mr. Dandi Ram Kalita	105,000	-
Total	726,634	416,438

GRAMEEN DEVELOPMENT FINANCE PRIVATE LIMITED (FORMERLY KNOWN AS SHARNARTHI LEASING FINANCE PRIVATE LIMITED) Notes forming part of the financial statements

Note no. 25 Profit Per Share

Particulars	(Amount in Rupees)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Earnings/(losses) per share		
Net profit / (loss) for the year	3,409,369	1,695,122
Less: Preference dividend and tax thereon	251,331	-
Profit available for equity shareholders	3,158,038	1,695,122
Weighted average number of equity shares	2,910,000	2,062,740
Effect of potential dilutive equity shares	Nil	Nil
Weighted average number of equity shares in computing dilutive earning per share	2,910,000	2,062,740
Par value per share	10	10
Basic and diluted earnings/(losses) per share (in Rs.)	1.09	0.82

Note no. 26 Previous year's figures

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

Note no. 27 Classification of Loan Portfolio:

The Company follows Prudential Norms of Reserve Bank of India (RBI) with regard to classification in respect of all loans extended to its customers. Classification of Loans and provision made are as given below:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Standard Advance (0 days)	244,562,686	175,133,787
Sub - Standard (90-180 days)	580,377	71,491
Doubtful (More than 180 days)	446,127	318,288
Total	245,589,190	175,523,566

Provision for standard and non-performing assets

The Company has created a provision against standard assets amounting to Rs. 34,34,143/- (previous year Rs. 21,93,070) in accordance with the provisions of Non-Banking Financial Company -Micro Finance Institutions (Reserve Bank) Directions, 2011.

Particular	Long-term	Short-term	Total
A). Microfinance Loan assets as on 31 Mar 17	71,515,245	173,195,353	244,710,598
B). Other Loan assets as on 31 Mar 17	351,437	527,155	878,592
Loan Portfolio assets as on 31 Mar 17 (A+B)	71,866,682	173,722,508	245,589,190
Prov required as on 31 Mar 17 @ 1%	718,667	1,737,225	2,455,892
Additional prov to be created @ 0.40%	283,361	694,890	978,251
Total Prov required as on 31st March 2017	1,002,028	2,432,115	3,434,143
Prov already created as on Mar 16	837,927	1,355,144	2,193,071
Total Provision to be created during CY	164,100	1,076,971	1,241,072

Note no-28 Loans extended against funding by

- A) Outstanding balance of NSFDC Scheme as on 31.03.2017 is Rs 6,93,000/-
- * Cost of fund received from NSFDC: 4 % per annum
- * Rate of interest on loans under NSFDC scheme: 12%
- * The number of beneficiaries under NSFDC scheme: 73 members
- * The Loan outstanding as on 31.03.2017 to the borrower is Rs. 705329/-

GRAMEEN DEVELOPMENT FINANCE PRIVATE LIMITED (FORMERLY KNOWN AS SHARNARTHI LEASING FINANCE PRIVATE LIMITED) Notes forming part of the financial statements

- B) Outstanding balance of NBCFDC Scheme as on 31.03.2017 is Rs 36,36,353/-
- Cost of fund received from NBCFDC: 2 % per annum
 - Rate of interest on loans extended under NBCFDC Scheme: 4%
 - The number of beneficiaries under NBCFDC scheme: 320 members
 - The Loan outstanding as on 31.03.2017 to the borrower is Rs. 4218197/-

Note no-29 Disclosure on specified bank notes

During the year, the company had Specified Bank Notes (SBNs) or other denomination notes as defined in the Ministry of Corporate Affair (MCA) notification, G.S.R. 308(E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 and December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows;

Particular	SBNs#	Other denomination notes	Total
Closing cash in hands as on November 8, 2016	731000	23232	754232
Add: Permitted Receipts		24463678	24463678
Less: Permitted Payments			0
Less: Amount deposited in Banks	731000	24431816	25162816
Closing cash in hands as on December 30, 2016	0	55094	55094

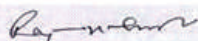
#For the purpose of this clause, the term, 'Specified Bank Notes (SBNs)' shall have the same meaning provided in the notification of

In terms of our report attached

For Rajendra Leela & Associates

Chartered Accountants

Firm Registration No: 322234E



R K Gupta
Proprietor
M. No. 56123



Place: Guwahati
Dated: 25th July 2017

For Grameen Development & Finance Private Limited



Sarat Chandra Das
Managing Director
DIN-02849186



Dandi Ram Kalita
Director
DIN-06902163

Place: Guwahati
Dated: 25th July 2017

Schedule to the Balance Sheet of Grameen Development & Finance Private Limited (Earlier known as Sharnarthi Leasing & Finance Private Limited)

As required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(Rs. In Lakhs)

Particulars					
Liabilities side:		31 March 2017		31 March 2016	
(1)	Loans and advances availed by the NBFC's inclusive of interest accrued thereon but not paid:	Amount outstanding as at 31 March 2016	Amount overdue	Amount outstanding as at 31 March 2015	Amount overdue
	(a) Debentures : Secured	-	-	-	-
	: Unsecured	-	-	-	-
	(Other than falling within the meaning of public deposits)				
	(b) Deferred credits	-	-	-	-
	(c) Term loans	2,951.62	-	1,994.96	-
	(d) Inter-corporate loans and borrowing	-	-	-	-
	(e) Commercial paper	-	-	-	-
	(f) Other loans (specify nature)	-	-	-	-

Particulars			
Assets side:		Amount outstanding as at 31 March 2017	Amount outstanding as at 31 March 2016
(2)	Break-up of Loans and Advances including		
	(a) Secured	-	-
	(b) Unsecured	723.94	671.12
(3)	Break up of Leased Assets and stock on		
	(i) Lease assets including lease rentals under		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
	(iii) Other loans counting towards AFC		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
(4)	Break-up of Investments:		
	<i>Current Investments :</i>		
	I. Quoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Please specify)	-	-

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

(5)	Borrower group-wise Category	Amount net of provisions			Amount net of provisions		
		31 March 2017			31 March 2016		
		Secured	Unsecured	Total	Secured	Unsecured	Total
	1. Related Parties						
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the same group	-	-	-	-	-	-
	(c) Other related parties (including associates)	-	-	-	-	-	-
	2. Other than related parties	-	723.94	723.94	-	671.12	671.12
	Total	-	723.94	723.94	-	671.12	671.12

(6)	Investor group-wise classification	31 March 2017		31 March 2016	
		Market Value / Break up or fair value or NAV *	Book value (net of [provisions])	Market Value / Break up or fair value or NAV *	Book value (net of [provisions])
	1. Related Parties (a)		-		-
	Subsidiaries (b)	-	-	-	-
	Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
	2. Other than related parties	-	-	-	-
	Total	-	-	-	-

(7)	Other Information	31 March 2017	31 March 2016
(i)	Gross Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	10.27	3.90
(ii)	Net Non-Performing Assets		
	(a) Related parties		-
	(b) Other than related parties	2.90	3.85
(iii)	Assets acquired in satisfaction of debt	-	-

(FORMERLY KNOWN AS SHARNARTHI LEASING & FINANCE PRIVATE LIMITED)

SCHEDULE OF DEPRECIATION ON FIXED ASSETS AS PER INCOME TAX ACT FOR THE FINANCIAL YEAR: 2016-17

Particulars	Rate of Dep.(%)	W.D.V. AS ON 1-Apr-16	Additions		Total	Dep. For the year	W.D.V. AS ON 31-Mar-17
			<180days	>180days			
Computer	60%	835,283	72,893	24,800	932,976	537,918	395,058
Furniture & Fixtures	10%	3,068,065	333,782	19,500	3,421,347	325,446	3,095,902
Printer	60%	1,293	11,450	9,900	22,643	10,151	12,492
Sign Board	10%	855	-	-	855	85	769
Cycle	15%	3,719	-	-	3,719	558	3,161
Software	60%	17,456	-	288,840	306,296	183,778	122,518
Car	15%	-	-	457,656	457,656	68,648	389,008
Fire Extinguisher	15%	-	-	12,500	12,500	1,875	10,625
Total		3,926,671	418,125	813,196	5,157,992	1,128,458	4,029,533

Deferred Tax Liability/ Assets for the Financial Year Ending on 31 March 2017					DTL	DTA
Detail	As Per Income Tax Act	As per Companies Act	Difference	Difference Creating	Tax Rate	(DTL)/DTA
(A) Timing Differences						
Written Down Value of Depreciable Assets	4,029,533	5,085,564	(1,056,031)	DTL	30.90%	(326,313)
Disallowance under section 40(a)(ia)	1,009,408	-	1,009,408	DTA	30.90%	311,907
(B) Permanent Differences						
ROC fee on increase on share capital	-	-	-		30.90%	
Interest on statutory dues	-					
	-					(14,406)

DTA as on 31 March 2016

527,645

DTA for the current year

(542,052)

Social Performance Management Report

SOCIAL PERFORMANCE MANAGEMENT REPORT

CLIENT PROTECTION PRINCIPLES:

The Company has adopted the Code of Conduct by Sa-Dhan, MFIN and Fair Practice Code issued by Reserve Bank of India.

Preventing over-indebtedness: This is one of the most important client protection principles for the MFIs as there are several issues related to this particular aspect. To prevent over indebtedness, the Company conducts (three days) Compulsory Group Training (CGT) before giving any loan and during the training a proper due diligence to assess the need and capacity of the client is done. The Company shares and refers data from Credit Information Bureau (High Mark, CIBIL, Equifax and Experian) to avoid multiple lending and over indebtedness.

Transparency: Effective communication by all the field executives and senior field officers on the information relating to the pricing of loans, duration, effective cost of loans etc part of our lending process. Loan application contains terms and conditions and pricing of the loan in vernacular language. The interest rate is displayed in loan documents, office premises and website.

Grievance and feedback system: The Company has a sound grievance redressal mechanism for the of clients' in place with four-window system for receiving any grievance/ complaint/ suggestion/ feedback:

- Complaint /Suggestion box in every office premises for instant delivery of any grievance and feedback. The Head office also does have the same placed outside the office building.
- Dedicated telephone number is written on the back side of the loan pass book.
- There is a Nodal Officer appointed for the purpose and the phone no of the Nodal Officer is displayed in each branch office.
- Distribution of pre-postage paid envelopes to clients for sending any grievance/feedback directly to the HO.

Apart from the abovementioned ways the clients can approach with email and by post. The email id and postal address is made available to the clients pass book. Strict privacy is maintained while dealing with various complaints. A dedicated committee addresses the complaints received through various sources. These apart, annually a client survey is done to get direct feedback from clients.

SOCIAL PERFORMANCE HIGHLIGHTS

Higher Borrower Retention

Borrower retention has always been our priority. Staff behaviour, dealings with client, transparency, good relationship building etc have been always been practiced. Since in terms of size and many other parameters, at this point, we are far behind other large MFIs, we have always tried to retain the clients through value base support and services. We have been able to have less than 10% of client drop outs.

RESPONSIBILITY TO STAFF

Staff Attrition

Staff attrition is very relatively low as compared with industry average. Adequate pre-hire and post-hire training activities ensure alignment with mission and vision and career growth opportunity is provided to the staff with minimum lateral hiring at supervisory level. The attrition rate is as low as 8%.

FACILITIES TO STAFF

Various benefits and facilities are provided to staff of GDF. Here are some highlights:

Preference given to candidates with rural background
Furnished accommodation for all branch staff
Company among a few in the industry to have a 5-day Field work week
Lunch and dining facility provided
Frequent trainings towards capacity building to enable staff to have professional growth. Topics related to are Financial Literacy, Leadership, Branch Operations Management, Health issues, Sanitation, Personal and Home Hygiene, Disease Prevention, Women's safety etc. Social Activities Nos. Outreach

GDFPL: COMPETITIVE STRENGTHS AND STRATEGIES

Market Position

GDFPL is classified as a small MFI. Among the 7 NBFC-MFIs in the region, GDFPL stands at 3rd position when classified by gross loan portfolio. We are placed in a good location not far from Guwahati and also the operation to Meghalaya and other states are convenient.

HIGHER RURAL PENETRATION

GDFPL has a high rural focus. We want to remain focus on rural areas Our vision is to enable the poor and low income households, mainly those who are in rural areas. Accordingly, 75% of the branches are located in rural areas and more than 77% of the GDFPL customers are from rural areas. As part of its growth, the company has opened branches which are mainly in rural areas.

CUSTOMER INTERACTION

Regular customer interaction through weekly meetings has created a very effective rapport with the customer. Customer interaction and awareness programs like regular camps, has extensively helped the company to understand the needs of customers on time to time basis. Feedback at all levels is taken from customers and adopted at all levels of the service delivery.

PRODUCT DESIGN - CUSTOMER CENTRIC & SUSTAINABLE

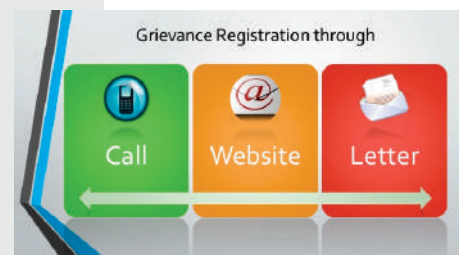
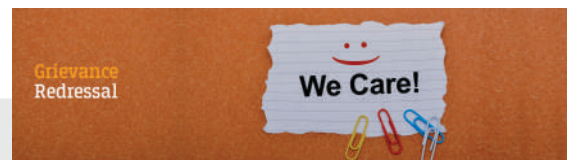
GDFPL has designed its products and services to cater all the needs of customers at various stages of life cycle. Although we have not been able to provide to meet all the needs from birth to death the company has always kept in its mind to meet in future all such needs. Also customers have been provided with the liberty to avail loans at any time of the year, if they are meeting the prescribed regulatory requirements. GDFPL envisions is to be a scalable and financially viable organisation because through high customer satisfaction, lower operating cost, lower credit risk and being a preferred MFI for customers with lower customer attrition.

EMPLOYEE-FRIENDLY ORGANISATION

We are one the first organisations to implement 5-day field work week. The staff attrition is below 10%, which is less than the industry average. Although the company is small in size the remuneration level is at per market given the educational qualifications and experience and employee welfare schemes have been implemented which have resulted in low attrition.

EFFICIENT & STABLE MANAGEMENT TEAM

The management team of GDFPL has experienced and well qualified people. The team is very interactive, quick and innovative in decision making process. Since 2010-11, there is no change in the management team, which has helped the organization's stability in terms of growth and quick decision making and effective implementation of the decisions.



"Customer service is not a department, it is an ATTITUDE"

Management Team



Saumya Mohan

Head – Operation & Strategy



Sujit Banik

Head – Accounts & Finance



Mira Das

Head – Management
Information Systems



Sanjib Kalita

Head – IT & System
administration



Pradip Kalita

Head – Internal Audit and
Control



Nirmali Nath

Head – HR and Administration



Rajesh Baishya

Head – Compliances & Grievance
redressal



Bhaskar Goswami

Head – Field operation

Partnership & association with

Banks & Financial Institutions



Credit Bureau



Insurance Partner



Technology Partner



2016-17



GRAMEEN DEVELOPMENT FINANCE PVT. LTD.

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Web : www.gdfpl.com