

DIRECTOR'S REPORT

To,

The Members,

Your Directors have pleasure in presenting their Report on the business and operations of the Company and the financial statement for the Financial Year ended March 31, 2018.

A. FINANCIAL HIGHLIGHTS

The Financial performance for the year ended March 31, 2018 has been summarised in the following tables:

Year Ended March 31	2018	2017
Total Revenue	6301,42,857	6060,72,349
Less: Total Expenditure	6982,14,411	5833,63,626
Profit/(loss) Before Tax	(680,71,555)	227,08,723
Profit/(Loss) After Tax	(470,07,541)	221,89,740
Earnings Per Share (EPS)	(1.97)	0.74
Diluted EPS	(1.38)	0.74

The Company has posted a loss after tax (LAT) of Rs. 470,07,541 for Financial Year 2017-18 as compared to a PAT of Rs. 221,89,740 for Financial Year 2016-17. Consequently, there is deficit in the Profit & Loss Account to be carried forward of Rs. (405,62,498) in the financial year under reporting as against Rs. 97,05,786 for Financial Year 2016-17.

B. RESOURCE MOBILIZATION

During the year under review, the Company has diversified its sources of funds and raised a sum of Rs. 193,61,56,500 by way of Secured and Unsecured loans, as also non-convertible debentures ("NCDs").

The Company's Cost of Borrowing (Interest Expense) has decreased from 14.53% in Financial Year 2016-17 to 14.25% in Financial Year 2017-18. This does not include the upfront fee & other expenses incurred in availing the Fund.

This decrease in borrowing rate can be attributed to Company's ability of raising funds at lower cost, post the equity support from the existing investors.

C. DIVIDEND

During the Financial year under review, since the company has incurred loss, the board of Directors do not recommend declaration of dividend to Shareholders of the Company.

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

No Material change and commitments affecting the financial position of the company occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

E. ENERGY CONSERAVTION EFFORTS AND SUPPORT OF EQUIPMENT SALES TO CLIENTS

In order to satisfy the energy needs of its customers, Saija Finance Private Limited is providing solar product loan to its clients.

Apart from Bihar, we have also started energy lending program through our branches located in Jharkhand, UP and Haryana

During FY1718, the Company has sold 63,608 units of clean energy products and disbursed INR 16.87 Cr of energy loans.

USAID is providing technical assistance to Saija for its solar initiatives. We have used energy loans from DWM and Blue Orchard. During the year Blue Orchard has subscribed to NCD's for an aggregate of Rs. 10 cr.

Following is the sale detail of solar products sale during FY1718:

Product Name	No. of unit Sold
Dlight S300	26
Home light(BHR)	1,624
Home light(JHKD)	486
MS-16B(HAR)	36
MS-352B(HAR)	1
PROX light (BHR)	12,500
PROX light (JHR)	3,716
PROX light (UP)	5,246
Solar Boom Light (BHR)	22,083
Solar Boom Light(JHKD)	5,236
Solar Boom Light(UP)	1,200
Solar Fan(BHR)	33
Solar Fan(JHKD)	48
Solar lamps GLP (BHR)	8,120
Solar lamps GLP (JHKD)	3,253
Total Sales(units)	63,608
Gross Profit(Rs)	33,718,237

Initiated Pilot for introduction of new products such as mobile and water purifier.

Following is the sale detail of these products sale during FY1718:

Product Name	No. of unit Sold
Mobile (BHR)	1478
Mobile (JHKD)	455
Water Purifier (BHR)	824
Water Purifier (JHKD)	97
Water Purifier (UP)	250
Grand Total	3104

F. SUPPORT FROM SIDBI (SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA) AND BLUE ORCHARD

Small Industries Development Bank of India (SIDBI) has granted following financial assistance to Saija:

1. SIDBI has sanctioned a grant amount of Rs. 5.93 lacs for the implementation of Progress out of Poverty index implementation tool.
2. Blue Orchard has sanctioned a grant of Rs. 8.25 lacs for implementation of Board and Management level Risk indicators and completion of its testing.

G. INTERNAL FINANCIAL CONTROLS

The Company has adequate internal controls and processes in place with respect to its operations, which provide reasonable assurance regarding the reliability of the preparation of financial statements and financial reporting as also functioning of other operations. These controls and processes are driven through various policies and procedures.

H. DETAILS PURSUANT TO THE PROVISION OF THE COMPANIES ACT, 2013

As stipulated under Section 134(3) of the companies Act, 2013 the following details are provided hereunder:

1) THE EXTRACT OF THE ANNUAL RETURN

Pursuant to Section 134(3)(a) and Section 92(3) of the CA 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at March 31, 2018 in Form MGT-9 has been annexed as **Annexure - I** to the Directors' Report.

2) NO. OF MEETINGS OF THE BOARD

The details of the number of meetings of the Board of Directors have been provided in the **Annexure -II** dealing with Corporate Governance.

3) DIRECTOR'S RESPONSIBILITY STATEMENT

- (i) The Director's confirm that in the preparation of the annual accounts for the financial year ended 31st March 2018, the applicable accounting standards have been followed;
- (ii) The Directors had selected such accounting policies and applied them consistently, and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year under review;
- (iii) The Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the CA 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors prepared annual accounts of the Company on a "going concern" basis;
- (v) The Directors laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and
- (vi) The Directors devised proper systems to ensure compliance with the provision of all applicable laws, and that such systems are adequate and operating effectively.

4) CORPORATE GOVERNANCE

The Company has adopted best corporate practices, and is committed to conducting its business in accordance with the applicable laws, rules and regulations. The Company follows the highest standards of business ethics. A report on Corporate Governance is provided elsewhere in this Annual Report as **Annexure II**.

5) EVALUATION OF DIRECTORS, DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF DIRECTORS.

- i) The Nomination and Remuneration Committee has formulated the criteria for evaluation of Director, the Board and its Committees. The same are provided below:
 - The criteria for evaluation of performance of Independent directors
 - a) Attendance in the meetings of the Board as well as the committees thereof.
 - b) Effective participation in the meetings and providing timely inputs on the matters brought before the Board or the Committees.
 - c) Adherence to and affirmation with ethical standards and the Code of Conduct of the company and timely disclosure of interest, if any, acquired subsequently and affirmation to the Board about the continued "Independent status" as provided in section 149(6) of the Act.
 - d) Raising of valid concerns to the board and the Committees and constructive contribution to the resolution of issues at the meetings.
 - e) Inter-personal relation with other directors and management.
 - f) Unbiased and objective evaluation of the Board performance.
 - g) Understanding of the company and the external environment in which it operates.
 - h) Protecting the interest of Whistle Blower under vigil mechanism and safeguarding the confidential information of the company.
 - The criteria for evaluation of performance of the non-Independent Directors/Executive Directors.
 - a) Attendance in the meetings of the Board as well as the committees thereof
 - b) Effective participation in the meetings and providing timely inputs on the matters brought before the Board or the Committees
 - c) Adherence to and affirmation with ethical standards and the Code of Conduct of the company and timely disclosure of interest, if any, acquired subsequently and affirmation to the Board about the continued "Independent status" as provided in section 149(6) of the Act.
 - d) Efforts for improvement in operations of the company for its long term revival
 - e) Team work attributes and supervising and training of staff members.

- f) Protecting the interest of Whistle Blower under vigil mechanism and safeguarding the confidential information of the company.

In compliance with the provisions of the CA 2013 and the SEBI (LODR) Regulations 2015, the Board has, on the recommendation of the NRC, approved the Policy for Selection and Appointment of Directors. The aforesaid Policy provides a framework to ensure that suitable and efficient succession plans are in place for appointment of Directors on the Board so as to maintain an appropriate balance of skills and experience within the Board. The Policy also provides for a selection criteria for appointment of Directors, viz., educational and professional background, general understanding of the Company's business dynamics, global business and social perspective, personal achievements and Board diversity. In addition, the policy also contains principles relating to remuneration payable to Directors.

6) DISCLOSURE PURSUANT TO SECTION 197 (12) READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The details required under Section 197(12) read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in "**Annexure III**"

7) SHARE CAPITAL

The Company has issued 15,000,000 Compulsorily Convertible Preference Shares each to Accion Africa Asia Investment Company and Pragati India Fund Limited during the financial year 2017-18.

8) AUDITOR'S

M/s BSR & Associates LLP, Chartered Accountant, Gurgaon are the Statutory Auditors of the company. Under the provisions of the Companies Act, 2013, they are eligible for re-appointment.

9) COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has appointed three committees namely:

- (i) Audit Committee
- (ii) Nomination and Remuneration Committee
- (iii) Board Risk Management Committee

10) VIGIL MECHANISM

The Company has redrafted its vigil mechanism for its Directors and Employees to report their genuine concerns or grievances. Since the Company has an Audit Committee, the responsibility to oversee vigil mechanism has been entrusted to the Audit Committee. The Chairman of Audit Committee has been authorised to ensure effective implementation of the vigil mechanism established by the Company.

The details of vigil mechanism are as under:

- (i) The Vigil (Whistle Blower) Mechanism aims to provide a channel to the Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of Conduct or policy.
- (ii) All Protected Disclosures under this policy will be recorded and thoroughly investigated. The Vigilance Officer will carry out an investigation either himself/herself or by involving any other Officer of the

Company/ Committee constituted for the same /an outside agency before referring the matter to the Audit Committee of the Company

- (iii) If an investigation leads to a conclusion that an improper or unethical act has been committed, the Chairman of the Audit Committee shall recommend to the Board of Directors of the Company to take such disciplinary or corrective action as it may deem fit.
- (iv) The complainant, Vigilance Officer, Members of Audit Committee, the Subject and everybody involved in the process shall, maintain confidentiality of all matters under this Policy, discuss only to the extent or with those persons as required under this policy for completing the process of investigations and keep the papers in safe custody.
- (v) The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.
- (vi) All Protected disclosures in writing or documented along with the results of Investigation relating thereto, shall be retained by the Company for a period of 5 (five) years or such other period as specified by any other law in force, whichever is more.
- (vii) The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Directors and employees unless the same is not communicated in the manner described as above.

11) SECRETARIAL AUDIT REPORT

M/s C Gaur & Associates were appointed as Secretarial Auditors of the Company and the report submitted by them is placed as "Annexure –IV".

12) RESPONSE OF THE BOARD TO THE AUDITOR'S COMMENT

M/s BSR & Associates LLP, Chartered Accountants (ICAI Registration No. 116231W/W-100024), are the Statutory Auditors of the Company, hold the office till the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of auditors, if re- appointed.

The Auditors" in their Report to the members, have given following observations, the response of your Directors with respect to it are as follows:-

Sr. No.	Auditor's Comment	Management's Reply
I	An amount of Rs. 162,240 pertaining to Income Tax for the Assessment Year 2013-14 is disputed before CIT-Delhi.	An appeal has been filed before the CIT-Delhi. Matter is under process.
II	An amount of Rs. 4,877,819 pertaining to Service tax for the AY. 2011-12 to 2015-16, is due to be paid.	Various appearances have been made before Service Tax Dept. to resolve the issue. The matter is still under process.

III	There is misappropriation of cash by the employees of the Company amounting Rs. 2,267,780 and cash loss in transit amounting to Rs. 1,308,656.	The services of employees involved in misappropriation of cash have been terminated. The outstanding balance aggregating to 1,308,656 with respect to cash loss/cash theft has been recognized as insurance claim receivables in books of accounts.
IV	During the current year, the Saija Management and Employee Welfare Trust ('The Trust') has transferred 224,748 number of equity shares without any consideration, to two of its existing shareholders (who are also the promoters) of the Company, out of which one is the Managing Director of the Company. This may not be in compliance with Section 185 and related provisions of the Companies Act, 2013.	The Company will carry out a detailed legal evaluation of the transaction and assess consequential impact, if any.

13) RESPONSE TO THE BOARD ON SECRETARIAL AUDITOR'S COMMENT

Sr. No.	Secretarial Auditor's Comment	Management's Reply
I	The Company has not paid bonus to its employees as required under Bonus Act. However, as per the information provided by the management adequate provision has been made for the same.	The Company has considered required provision for payout of bonus as per the provisions of Payment of Bonus Act, as part of its Employee benefit expenses.
II	During the current year, the Saija Management and Employee Welfare Trust ('The Trust') has transferred 224,748 number of equity shares without any consideration, to two of its existing shareholders (who are also the promoters) of the Company, out of which one is the Managing Director of the Company. This may not be in compliance with Section 185 and related provisions of the Companies Act, 2013.	The Company will carry out a detailed legal evaluation of the transaction and assess consequential impact, if any.

14) ACKNOWLEDGEMENT

The Directors take this opportunity to express their deep and sincere gratitude to the MFIN, The Reserve Bank of India, the Government of India and Regulatory Authorities for their co-operation, support and guidance.

The Directors would like to express a profound sense of appreciation for the commitment shown by the employees in supporting the Company in its endeavour towards becoming a leading microfinance institution of the country. The Directors would also like to express their gratitude to shareholders, bankers and other stakeholders for their trust and support.

On behalf of the Board

(Shashi Ranjan Sinha)
Chairman cum Managing Director

Date:

Place:

(Rashmi Sinha)
Whole-Time Director

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2018
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

i	CIN	U65929DL1997PTC089892
ii	Registration Date	26-09-97
iii	Name of the Company	SAIJA FINANCE PRIVATE LIMITED
iv	Category/Sub-category of the Company	Indian Non-Government Company
v	Address of the Registered office & contact details	F-128, 3rd Floor, R.K. Puram, Mohammadpur, Delhi-110066
vi	Whether listed company	Company limited by shares and Non-Convertible Debentures are listed on Stock Exchange
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Ltd. (For Debentures only)

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	FINANCIAL AND RELATED ACTIVITIES	9971	100%
2			
3			
4			

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

SI No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	NIL	NIL	NIL	NIL	
2					
3					

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian	NIL	2,000,000	2,000,000	6.38	NIL	2,224,748	2,224,748	7.10	0.72	
a) Individual/HUF	NIL	NIL	0	0	NIL	NIL	0	0%	NIL	0
b) Central Govt.or State Govt.	NIL	NIL	0	0	NIL	0	0	0		
c) Bodies Corporates	NIL	NIL	0	0	NIL	0	0	0		
d) Bank/FI	NIL		0	0	NIL	0	0	0	NIL	
e) Any other	NIL	5870000	5870000	18.73	NIL	5645252	5645252	18.02	-0.72	
SUB TOTAL:(A) (1)		7870000	7870000	25%		7,870,000	7,870,000	25%	0	0
(2) Foreign										
a) NRI- Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	10741278	12723204	23464482	74.89	10741278	12723204	23464482	74.89	NIL	
d) Banks/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any other...	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB TOTAL (A) (2)	10741278	12723204	23464482	74.89	10741278	12723204	23464482	74.89	NIL	
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	10741278	20593204	31334482	100%	10741278	20593204	31,334,482	100%		0
B. PUBLIC SHAREHOLDING	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(1) Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Cenntrol govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Fund	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIIS	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB TOTAL (B)(1):	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(2) Non Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) Bodies corporates	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB TOTAL (B)(2):	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)= (B)(1)+(B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	10741278	20593204	31334482	100%	10741278	20593204	31334482	100%	NIL	NIL

(ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the Company
1	Mr.Shashi Ranjan Sinha	1002125	3.20	NIL	1114738	3.56
2	Ms.Rashmi Sinha	997875	3.18	NIL	1110010	3.54
	Total	2000000	6.38		2224748	7.10

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company	No of shares	% of total shares of the Company
	At the beginning of the year	2000000	6.38%	2000000	6.38%
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (Transfer - 26/09/2017)	224748	0.72%	224748	0.72%
	At the end of the year	2224748	7.10%	2224748	7.10%

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

Sl. No	Shareholders Name	Shareholding at the end of the year		Type of shares	
		No. of shares	% of total shares of the Company	Equity	Preference
1	For Each of the Top 10 Shareholders				
2	Accion Gateway LLC	1,960,396	6.26	Equity	
3	Accion Africa Asia Investment Company	10,762,808	34.35	Equity	
4	Pragati India Fund Limited	10,741,278	34.28	Equity	
5	Saija Mannagement and Employee Welfare Trust	5,645,252	18.02	Equity	

(v) Shareholding of Directors & KMP

Sl. No	For Each of the Directors & KMP	Shareholding at		Cumulative	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Shashi Ranjan Sinha				
	At the beginning of the year	1002125	3.20%	1002125	3.20%
	Change in Shareholding	112613	0.36%	112613	0.36%
	At the end of the year	1114738	3.56%	1114738	3.56%
2	Rashmi Sinha				
	At the beginning of the year	997875	3.18%	997875	3.18%
	Change in Shareholding	112135	0.36%	112135	0.36%
	At the end of the year	1110010	3.54%	1110010	3.54%

			Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year						
i) Principal Amount			1,860,475,024	367,268,093	-	2,227,743,117
ii) Interest due but not paid			-	0	0	0
iii) Interest accrued but not due			45,624,665	251,249	-	45,875,913
					0	
Total (i+ii+iii)			1,906,099,689	367,519,342	-	2,273,619,030
Change in Indebtedness during the financial year						
Additions			1,786,156,500	150,000,000		1,936,156,500
Reduction			889,475,317	17,268,093		906,743,410
Net Change			2,757,156,207	500,000,000	-	3,257,156,207
Indebtedness at the end of the financial year						
i) Principal Amount			2,757,156,206	500,000,000	-	3,257,156,206
ii) Interest due but not paid			3,314,679	-	-	3,314,679
iii) Interest accrued but not due			47,193,235	7,645,071	-	54,838,306
Total (i+ii+iii)			2,807,664,120	507,645,071	-	3,315,309,191

VI

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A.

Remuneration to Managing Director, Whole time director and/or Manager:

Sl.No	Particulars of Remuneration		Name of the MD/WTD/Manager	Total Amount (in Rs.)
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	(i) 3866936 (ii) 3338710	(i) Shashi Ranjan Sinha (ii) Rashmi Sinha	7205646
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961		-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		(i) Shashi Ranjan Sinha (ii) Rashmi Sinha	
2	Stock option		-	-
3	Sweat Equity		-	-
4	Commission		-	-
	as % of profit			
	others (specify)			
5	Others, please specify		-	-
	Total (A)	7,205,646		7205646
	Ceiling as per the Act			

B. Remuneration to other directors:

Sl.No	Particulars of Remuneration	Name of the Directors	Total Amount
1	Independent Directors	NIL	NIL
	(a) Fee for attending board committee meetings	NIL	NIL
	(b) Commission	NIL	NIL
	(c) Others, please specify	NIL	NIL
	Director Remuneration	NIL	NIL
	Director Remuneration	NIL	NIL
	Total (1)	NIL	NIL
2	Other Non Executive Directors	NIL	NIL
	(a) Fee for attending board committee meetings	NIL	NIL
	(b) Commission	NIL	NIL
	(c) Others, please specify.	NIL	NIL
	Total (2)	NIL	NIL
	Total (B)=(1+2)	NIL	NIL
	Total Managerial Remuneration	NIL	NIL
	Overall Ceiling as per the Act.	NIL	NIL

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		CEO	Company Secretary	CFO		
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	NIL	NIL	3,27,592	NIL	NIL
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	NIL	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	NIL	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL	NIL
4	Commission	-	-	-	-	-
	as % of profit					
	others, specify	NIL	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL	NIL
	Total	NIL	NIL	3,27,592	NIL	NIL

**PENALTIES/PUNISHMENT/COMPOUNDING OF
OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	None	None	None	None	None
Punishment	None	None	None	None	None
Compounding	None	None	None	None	None
B. DIRECTORS					
Penalty	None	None	None	None	None
Punishment	None	None	None	None	None
Compounding	None	None	None	None	None
C. OTHER OFFICERS IN DEFAULT					
Penalty	None	None	None	None	None
Punishment	None	None	None	None	None
Compounding	None	None	None	None	None

**REPORT ON CORPORATE
GOVERNANCE**

A. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance is creation and enhancing long-term sustainable value for the stakeholders through ethically driven business process. At Saija, it is imperative that our Company affairs are managed in a fair and transparent manner.

Saija Finance Private Limited recognises its role as a responsible corporate citizen and follows best practices and the highest standards of Corporate Governance through its four pillars which are its core values. i.e. Transparency, Discipline, Excellence and Social Responsibility.

Saija's Vision is to be a value-driven company that creates significant social impact through high-quality sustainable microfinance and allied services and it has mission to bring innovative and transparent microfinance to millions in urban and rural India.

For the fulfilment of its vision and mission company maintains a team of skilled person which provide customer focused and efficient services. Saija has been balancing its dual objectives of "social" and "financial goals since its inception. "Discipline", "Social responsibility" and "transparency in all its dealings with its customers, lenders, investors and employees" have been the cornerstone of its operations. Transparency in the decision making process has been providing comfort to all stakeholders, particularly the lenders and investors.

B. RBI GUIDELINES ON CORPORATE GOVERNANCE

Saija follows the guidelines issued by RBI on Corporate Governance and updates itself with the guidelines issued by RBI on regular basis.

The need for adoption of good corporate governance practices continues to engage the regulator and stakeholder attention. This is also in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

C. BOARD OF DIRECTORS

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. Company has composition of both Executive and Non-Executive Directors.

Size and Composition of the Board

Composition of the Board and Directorships held as on 31 March, 2018:

Name	DIN	PAN	Designation	Date of Birth	Date of Appointment
Mr. Shashi Ranjan Sinha	00917884	ABYPS3955P	Chairman cum Managing Director	21-02-1956	1-01-2008
Mrs. Rashmi Sinha	01200048	ABYPS3958A	Whole Time Director	18-02-1960	02-09-2015
Mr. Dandapani Ravishankar	00047626	AAFPR1862E	Independent Director	10-08-1957	20-05-2010
Mr. Shaibal Gupta	1064233	ADNPG6888J	Independent Director	21-06-1953	15-06-2013
Mr. Vishwanath Prasad Singh	00015784	ALZPS7615K	Independent Director	25-01-1944	22-12-2015
Mr. Carlos Castello	06499244	NA	Nominee Director (ACCION)	12-01-1956	22-02-2013
Mr. Bhanu Prakash Verma	07391257	ABNPN5299A	Nominee Director (SIDBI)	01-03-1966	15-09-2016
Mr. Abhishek Agrawal	6760344	AECPA4338P	Nominee Director (ACCION)	08-08-1980	02-09-2015
Mr. Ashutosh Binayake Mahendra	7363604	ABVPB1878R	Nominee Director (Pragati)	03-03-1973	22-12-2015

D. BOARD MEETINGS

Scheduling and selection of agenda items for Board meetings

Dates for Board meetings in the ensuing year are decided in advance. The Board periodically reviews compliance reports of all laws applicable to the Company. The Board meets at least once a quarter to review the quarterly results and other items on the agenda. Additional meetings are held, when necessary. Committees of the Board usually meet the day of Board meeting, or whenever the need arises for transacting business. The recommendations of the Committees are placed before the Board for necessary approval. Six Board meetings have been held details of which are as below:

During the financial year 2017-18, the Board met (6) six times on 30th May, 2017, 26th September, 2017, 14th November, 2017, 08th December, 2017, 19th December, 2017 and 13th February, 2018.

Details of attendance of Directors at Board Meeting and Annual general Meeting (AGM) held during the financial year 2017-2018 was as under:

S.No.	Name of the Director	Number of Board Meetings attended	Last AGM attended (Yes/No)
1.	Mr. Shashi Ranjan Sinha	6	Yes
2.	Mrs. Rashmi Sinha	6	Yes
3.	Mr. Dandapani Ravishankar	3	No
4.	Mr. Shaibal Gupta	1	No
5.	Mr. Vishwanath Prasad Singh	2	No
6.	Mr. Carlos Castello	4	No
7.	Mr. Bhanu Prakash Verma	1	No
8.	Mr. Abhishek Agrawal	6	Yes
9.	Mr. Ashutosh Binayake Mahendra	6	No

The gap between no two Board meetings exceeded one hundred and twenty days.

E. DUTIES AND RESPONSIBILITES OF THE BOARD OF DIRECTORS

In accordance with the provisions of Section 166 of the Companies Act, 2013 and as a matter of corporate governance, the directors of the Company have the following duties:-

- (1) A director of a Company shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.
- (2) A director of a Company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (3) A director of a Company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.

- (4) A director of a Company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Company.
- (5) A director of a Company shall not assign his office and any assignment so made shall be void.

F. MINIMUM INFORMATION TO BE PLACED BEFORE THE BOARD

- (1) Annual operating plans and budgets and any updates.
- (2) Quarterly results for the listed entity and its operating divisions or business segments.
- (3) Minutes of meetings of audit committee and other committees of the board of directors.
- (4) The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- (5) Show cause, demand, prosecution notices and penalty notices, which are materially important.
- (6) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- (7) Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- (8) Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- (9) Details of any joint venture or collaboration agreement.
- (10) Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- (11) Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- (12) Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- (13) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- (14) Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- (15) The progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;
- (16) Conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

G. BOARD COMMITTEES

Audit Committee

The Audit Committee was constituted in the year 2013 and was reconstituted on 22nd December 2015 in accordance with Section 177 of Companies Act, 2013. The Board has approved a Charter for the functioning of the Committee, on 31 March, 2015. The terms of reference of the Audit Committee is as set out in Section 177 of the Companies Act, 2013. The primary objective of the Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting.

The Committee oversees the work carried out in the financial reporting process by the Management, the internal auditor and statutory auditor and notes the processes and safeguards employed by each of them.

The composition of the Committee is as follows:

S.No.	Name of Director	Designation	Position in committee
1.	Mr. Dandapani Ravishankar	Independent Director	Chairperson
2.	Mr. Shaibal Gupta	Independent Director	Member
3.	Mr. V. P. Singh	Independent Director	Member
4.	Mrs. Rashmi Sinha	Whole time director	Member
5.	Mr. Abhishek Agarwal	Nominee Director	Member

During the financial year 2017-18, (5) Five Audit Committee meetings were held on 30th May, 2017, 26th September, 2017, 14th November, 2017, 08th December, 2017 and 13th February 2018. The attendance of each member of the Committee at these meetings was as follows:

S.No.	Name of Director	No. of meetings attended
1.	Mr. Dandapani Ravishankar	3
2.	Mr. Shaibal Gupta	1
3.	Mr. V. P. Singh	3
4.	Mrs. Rashmi Sinha	5
5.	Mr. Abhishek Agarwal	4

Nomination & Remuneration Committee:

In terms of Section 178 of the Companies Act, 2013, the Board on 15th July 2016 re-constituted the then Nomination Committee and Remuneration Committee into the Nomination and Remuneration Committee.

The purpose of the Committee is to oversee the Company's nomination process for the senior management and specifically to identify, screen and review individuals qualified to serve as Executive Director, Non-Executive Director and Independent Director consistent with criteria approved by the Board and to recommend, for approval by the Board.

Following is the composition of Nomination & remuneration Committee:

S.No.	Name of Director	Designation	Position in committee
1.	Mr. Dandapani Ravishankar	Independent Director	Chairperson
2.	Mr. V. P. Singh	Independent Director	Member
3.	Mrs. Rashmi Sinha	Whole time director	Member
4.	Mr. Ashutosh Binayake	Nominee Director	Member
5.	Mr. Abhishek Agrawal	Nominee Director	Member

During the financial year 2017-18, One Nomination & Remuneration Committee meetings were held on 08th December, 2017. The attendance of each member of the Committee at these meetings was as follows:

S.No.	Name of Director	No. of meetings attended
1.	Mr. Dandapani Ravishankar	0
2.	Mr. V. P. Singh	0
3.	Mrs. Rashmi Sinha	1
4.	Mr. Ashutosh Binayake	1
5.	Mr. Abhishek Agrawal	1

Board Risk Management Committee

The Board of Directors of the Company observed that as part of the implementation of Risk Management Framework at Saija, it is necessary to constitute Board Risk Management Committee. The Committee was constituted on 27th September 2016.

Following is the composition of Board Risk Management Committee:

S.No.	Name of Director	Designation	Position in committee
1.	Mr. Dandapani Ravishankar	Independent Director	Chairperson
2.	Mr. V. P. Singh	Independent Director	Member
3.	Mrs. Rashmi Sinha	Whole time director	Member
4.	Mr. Ashutosh Binayake	Nominee Director	Member
5.	Mr. Abhishek Agrawal	Nominee Director	Member

During the financial year 2017-18, (2) Five Board Risk Management Committee meetings were held on 26th September, 2017 and 13th February, 2018. The attendance of each member of the Committee at these meetings was as follows:

S.No.	Name of Director	No. of meetings attended
1.	Mr. Dandapani Ravishankar	1
2.	Mr. V. P. Singh	2
3.	Mrs. Rashmi Sinha	2
4.	Mr. Ashutosh Binayake	2
5.	Mr. Abhishek Agrawal	1

Management Finance Committee:

The Management Finance Committee was re-constituted on 23rd April 2016. Pursuant to the provisions of Section 179 of the Companies Act, 2013, the consent of the members of the Board of directors was taken to constitute the "Management Finance Committee" for the purpose of discussing, transacting, and approving the matters relating to borrowing and investing the funds / money, availing credit facilities from bankers / funders of the Company.

Following is the present composition of Management Finance Committee:

S.No.	Name	Designation	Position in committee
1.	Mr. Shashi Ranjan Sinha	Chairman cum managing Director	Chairperson
2.	Mrs. Rashmi Sinha	Whole-Time Director	Member
3.	Vice-President (Finance)		Member
4.	Vice-President (Commercial)		Member
5.	Vice-President (Operations)		Member

H. Code of conduct

The Company has adopted the Saija Code of Conduct (CoC) for Directors, Senior Management Personnel and other Executives of the Company. The Company has received confirmations from the Directors regarding compliance of the Code during the year under review. It has also adopted the Saija CoC for Non-Executive Directors of the Company. Code of Conduct has been posted on the website of the Company.

I. Details of non-compliance

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities.

There has been no instance of non-compliance with any legal requirements, nor have there been any strictures imposed by any stock exchange or SEBI, on any matters relating to the capital market over the last three years.

DISCLOSURE IN DIRECTOR'S REPORT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

S. No.	Requirements	Disclosures						
1.	The ratio of remuneration of each director to the median of remuneration of employees of the Company for the Financial Year.	<table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Name of Directors</td> <td style="text-align: right;">Ratio</td> </tr> <tr> <td>Mr. ShashiRanjanSinha</td> <td style="text-align: right;">45.03</td> </tr> <tr> <td>Mrs. RashmiSinha</td> <td style="text-align: right;">38.88</td> </tr> </table>	Name of Directors	Ratio	Mr. ShashiRanjanSinha	45.03	Mrs. RashmiSinha	38.88
Name of Directors	Ratio							
Mr. ShashiRanjanSinha	45.03							
Mrs. RashmiSinha	38.88							
2.	Percentage increase in remuneration of each Director and Key Managerial Personnel in the Financial Year.	<p>Mr. ShashiRanjanSinha37.14% (Chairman and Managing Director)</p> <p>Mrs. RashmiSinha40.00%</p> <p>No increment in the remuneration of Company Secretary (KMP) of the Company.</p>						
3.	The percentage increase in median remuneration of employees in Financial Year.	During FY 2017-18, the percentage increase in the median remuneration of employees as compared to previous year was approximately 6.65%. Further, the number of employees at the end of FY 2017-18 is 806 as compared to 705 employees at the end of previous FY.						
4.	No. of permanent employees on roll of the Company	806						
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	<p>The average salary of employees other than Key Managerial Personal in the FY-2017-18 is increased approximately by 10% as compare to that of in FY 2016-17.</p> <p>There is no increment in the salary of Company Secretary (KMP) in the financial year due to resignation of the same.</p> <p>No exceptional circumstance is recorded for increase in the Managerial Remuneration.</p>						
6.	The key parameters for any variable component of remuneration availed by the directors.	SAIJA is in a growth phase and the main reason behind its successful journey in such short span is its effective Management. Its Directors are well experienced and knowledgeable. Company has also shown a projected profit over the last years. The overall profitability of the company has increased with a team effort of a capable						

7.	Affirmation that the remuneration is as per the remuneration policy of the Company.	management and equally motivated employees. Thus, average increase in remuneration and Company performance are directly related to each other. Yes, it is confirmed.
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General Note:

1. Profit of the Company is calculated as per section 198 of the Companies Act, 2013.
2. Managerial Personnel includes Chairman and Managing Director, Whole Time Director and Company Secretary (KMP).

'Annexure -A'

To,
The Members,
Saija Finance Private Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc. Further, our verification to the compliance of the laws applicable specifically to the company are limited to test check on random basis without going into the detailed technical scrutiny.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For and on Behalf of
C Gaur and Associates
(Company Secretaries)

Place: New Delhi

Date:



A handwritten signature in blue ink, appearing to read 'Chetan Gaur'.

Chetan Gaur
ACS No 37455
C P No. 19223